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# **Sustaining Livelihoods in Southern Africa**

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**Issue: 7 September 2002**

**Theme: Local Economic Development and sustainable livelihoods**

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**Contents of this issue:**

**Background to LED LED tools Useful Internet Resources  
SL Activities Upcoming Events**

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## **Editor's notes**

This month's theme is Local Economic Development and sustainable livelihoods. This edition provides a generic description of the concept of Local Economic Development. In addition, the newsletter highlights the links between LED and Sustainable Livelihoods Approaches. Karren Harrison of the National Department of Provincial and Local Government and Diane Abrahams of Khanya-managing rural change are the co-editors of this newsletter. Please also note a national workshop on community-based planning for 29/30 October which we highlight at the end of the newsletter.

## **Some background to Local Economic Development**

Local economic development (LED) will not happen by only relying on national economic measures. Indeed, sometimes the interests of local and national governments do not coincide. It is against this background that developmental LED has emerged.

### **What is LED?**

There is no single theory that explains LED but several help to understand the rationale of LED. The term 'local economic development' refers to a process of creating wealth through the mobilisation of human, financial, social, physical and natural resources or capitals. The core issue in LED is about the creation of wealth and jobs. The aim of local economic development ultimately is to produce higher standards of living, improve the quality of life, alleviate poverty, create more and better jobs, advance skills and build capacity for sustained development in the future.

There has been a shift from non-developmental LED approaches, where social objectives are secondary to investment attraction, to developmental LED, where the aim is to promote the local economy but also to integrate disadvantaged communities into the formal economy. This has meant that a wide range of actors have to be included in the process and although local government is a major actor, the inclusion and participation of other actors is key to the sustainability and success of LED initiatives. The approach now is for local government and the community to manage their existing resources and enter into partnerships with the private sector or other players to create jobs and stimulate economic activity in a defined economic space.

## Developmental LED and community involvement

Internationally, local economic development strategies have been regarded as important in developing neglected and stagnating local economies and LED is seen as an ideal measure to tackle rural poverty. International experience suggests that most community economic development efforts arose out of anti-poverty efforts by communities. A good economic plan is one that is not only realistic but one which also recognises the place of the local community in the context of the broader economic and political environment.

The following themes are noted as key components of developmental LED which benefits local communities:

- Communities need to be involved in and own the process of development from planning through to implementation;
- Good, respected local leadership is key to the LED process;
- Community plans must be realistic and practical, taking into account short-term achievements as well as long-term goals so that communities have a clear vision of what they want and believe that it is attainable;
- A partnership and a shared vision with other role-players is important;
- Communities need to organise themselves and to achieve this they can use external skills and resources which is usually available in the form of NGOs and other development institutions.

## Common LED Tools

Some of the key tools that can be used to promote LED include:

- focus usually on small and medium-sized enterprises;
- building on local strengths eg local infrastructure such as ports, or niches for the area, such as motor-manufacturing of the famous Italian fashion clusters;
- business support to help existing businesses grow, or new ones start-up;
- subsidies, eg for employment, rate reductions, to attract inward investment, perhaps linked to special development zones;
- availability of premises, such as managed workspaces, sometimes associated with specialist support such as IT (telecentres), administrative services etc;
- creation of local supplier linkages, business databases etc;
- market information, tender advice, export etc;
- use of special structures such as Economic Development Agencies as mechanisms for partnerships, and also to avoid bureaucratic culture.

## LED & the Sustainable Livelihoods Approach

LED can be seen to be relevant to the SL principles:

- **Poverty-focussed, and Sustainability.** The aim of local economic development ultimately is to produce higher standards of living, improve the quality of life, alleviate poverty, create more and better jobs, advance skills and build capacity for sustained development in the future. It thus will address poverty, providing a developmental approach is taken which addresses inequalities;
- **People-centred.** Developmental LED strategies place people back in the centre of development, understanding their strengths and weaknesses rather than focusing on the resources that they use;
- **Holistic.** Cross - sectoral and multiple strategies are key to LED, since LED plans require a broad approach to the local economy;

- **Strengths-based.** Central to LED is the theme of endogenous development, which stresses the use and potential of *local*/human, physical, social, natural, financial and institutional resources;
- **Participatory , responsive and empowering.** The active participation of the local community in LED is vital to its long-term success;
- **Partnerships.** An important component of LED is building on the range of local actors and their differing roles and competences to promote development and economic growth;
- **Micro-macro linkages.** LED encourages links between macro level policies, meso level institutions such as local government, and local communities, SMMEs etc. In essence, LED is the meso and micro level strategy and tools to implement macro-level policy.

## Key documents on LED

**Local Economic Development: LED Quick Reference. Prepared by Urban Development Division. The World Bank, Washington DC. (2001).** This reference booklet provides a brief introduction to the concept and provides a historical background to the evolution of LED. It suggests possible strategies for building and executing LED, programme options and indicators. The book can be obtained from The World Bank, Urban Development Division, 1818 H Street NW, Washington DC. 20433 USA. E-mail: [LED@worldbank.org](mailto:LED@worldbank.org).

**Managing the economy locally in Africa. Assessing local economies and their prospects. ECOLOG handbook. March 2001. Prepared by Club du Sahel/OECD.** ECOLOG is a programme aimed at reviving local economies in West Africa. The programme was launched jointly by the Club du Sahel and the Municipal Development Programme (West and Central Africa module) to support the current decentralisation process in the region. The handbooks consist of three volumes. The first volume provides practical ways of assessing the local economies, and their prospects. The second volume deals with organising local debates and how actors define strategies. Volume three deals more specifically with ways of developing local coalitions to revive local economies and tax systems. Contacts for obtaining the handbook: Municipal Development Programme, BP 01 3445, Cotonou, Benin. E-mail: [pdm@intnet.bj](mailto:pdm@intnet.bj), Club du Sahel Secretariat, 94 Chardon\_Lagache, Paris 75016, France. E-mail: [sahel.contact.@oecd.org](mailto:sahel.contact.@oecd.org).

**Creation, Development and Management of Regional Development Agencies: does it have to be so difficult? EURADA, 4<sup>th</sup> Version. February 1999.** The report is divided into two sections. The first section provides a definition of Regional Development Agency, its objectives and roles. It also provides basis for organisation, budget and marketing. The second section highlights the activities of Regional Development Agencies, namely; strategic planning, financial and non-financial services to SMME's, training and evaluation. For details contact Christian Saublens, EURADA, Ave des Arts 12, Brussels, Belgium, tel: +32 2 218 4313, fax: +32 2 218 4583.

## Useful Internet resources on LED

1. Council for Urban Economic Development: [www.cued.org](http://www.cued.org).
2. European Union: [www.europa.eu.int/scadplus/leg/en/chat/c10101](http://www.europa.eu.int/scadplus/leg/en/chat/c10101)
3. Organisation for Economic Co-operation and Development: [www.oecd.org/EN/home/](http://www.oecd.org/EN/home/)
4. U.K Department of the Environment, Transport and the Regions: [www.detr.gov.uk](http://www.detr.gov.uk)
5. U.S Economic Development administration: [www.usaid.gov/eda](http://www.usaid.gov/eda)
6. European Association of Development Agencies: [www.eurada.org/Projects/projects](http://www.eurada.org/Projects/projects)
7. Department of Provincial and Local Government, Republic of South Africa: [www.dplg.gov.za/Documents/Publications](http://www.dplg.gov.za/Documents/Publications)
8. Friedrich-Ebert-Stiftung (FES), South Africa: [www.fes.org.za](http://www.fes.org.za)
9. The Alexander Renewal Project, Republic of South Africa: [www.alexandra.co.za/focus\\_eco/led\\_plan](http://www.alexandra.co.za/focus_eco/led_plan)
10. The Cator Manor Development Project, Republic of South Africa: [www.cmda.org.za](http://www.cmda.org.za)

## SL activities/programmes

1. Using the Community-based planning methodology, Khanya-managing rural change is facilitating the Limpopo Province Rural Development Programme strategy. The programme is funded jointly by Limpopo Province's Department of Agriculture and Finnish Department of Foreign Affairs/ Department for International Development Co-operation. For more information, please contact Dr. Baba Tiertto at [tiertobn@agricho.norprov.gov.za](mailto:tiertobn@agricho.norprov.gov.za).
2. CARE-South Africa-Lesotho is implementing a pilot project called LEAP, which has developed a methodology for conducting Local Community Economic Assessment (LCEAs) in partnership with NGOs/CBOs involved in LED. For more information contact Bheki Madolo, Project Manager, at [bmadolo@caresa.co.za](mailto:bmadolo@caresa.co.za).
3. Mangaung Local Municipality, DPLG, SALGA, Free State Department of Local Government and Housing and Khanya-managing rural change will host a national workshop on community-based planning methodology on 29/30 October 2002. The purpose of the workshop is to share the learning from implementation of community-based planning in SA, Ghana, Uganda, and Zimbabwe with South African local government practitioners, advocates and commentators from spheres of work (government, NGO, CBOs or private sector). For information, please contact Teboho Maine at [maine@civic.mangaungcity.co.za](mailto:maine@civic.mangaungcity.co.za) or Ian Goldman at [goldman@khanya-mrc.co.za](mailto:goldman@khanya-mrc.co.za) and for registration contact Evodia Kok, at: [evodia@civic.mangaung.co.za](mailto:evodia@civic.mangaung.co.za), Tel: 051 405 8643, Fax: 051 405 8676 A video is now available on this project which can be obtained from Keatlaretse Sebate at [keatlaretse@khanya-mrc.co.za](mailto:keatlaretse@khanya-mrc.co.za).
4. CARE is implementing a new programme in Lesotho called Livelihoods Recovery through Agriculture which will be assisting Lesotho's Ministry of Agriculture, Conservation and Land Reclamation to implement their unified extension strategy, using a farmer facilitator approach. This will concentrate on homestead production, and families affected by HIV. For further details contact Jo Abbot at [JoAbbot@care.org.ls](mailto:JoAbbot@care.org.ls).

## Future topics

We welcome feedback, ideas and contributions for upcoming topics. Future topics will include Artisanal Mining, Community-based service delivery, a follow-up edition on Community-based Planning and Community-Based Natural Resource Management.

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*Sustaining Livelihoods in Southern Africa is an initiative of Khanya-managing rural change, PLAAS of the University of the Western CAPE, and CARE. The editor is Tsiliso Tamasane and he can be contacted at [tsiliso@khanya-mrc.co.za](mailto:tsiliso@khanya-mrc.co.za), tel 082 499 5497. Previous newsletters are available at the Khanya website, [www.khanya-mrc.co.za](http://www.khanya-mrc.co.za). We welcome contributions, of events, relevant documents, comments etc.*

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