
Sustaining Livelihoods in Southern Africa

Issue: 7 September 2002

Theme: Local Economic Development and sustainable livelihoods

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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** , in LED is vital to
- **Partnerships.** differing roles and
- **Micro-macro** institutions such meso and micro

Key document

Local Economic Dev
World Bank Washi

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 tiertto@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.
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 or Ian Goldman at goldman@khanya-mrc.co.za and for registration contact Evodia Kok, at: 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 Keatlaletse Sebete at keatlaletse@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.

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.

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, tel 082 499 5497. Previous newsletters are available at the Khanya website, www.khanya-mrc.co.za. We welcome contributions, of events, relevant documents, comments etc.
