

**World Bank-Netherlands Partnership Program (BNPP)
"Evaluating and Disseminating Experiences in Local Economic
Development (LED)"
Investigation of Pro-Poor LED in South Africa**

**A Framework for
Monitoring and Evaluation
of Pro-Poor Local
Economic Development**

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GLOSSARY

BID	Business improvement district
BNPP	World Bank-Netherlands Partnership Program
CBD	Central business district
EPWP	Expanded Public Works Programme
GDP	Gross domestic product
HDI	Human development index
IDP	Integrated development plan
IDZ	Intensive development zone
KPA	Key performance area
KPI	Key performance indicator
LED	Local economic development
LGWSETA	Local Government and Water Sector Education and Training Authority
M&E	Monitoring and evaluation
MDG	Millennium Development Goals
MFMA	Municipal Financial Management Act
MSA	Municipal Structures Act
NGO	Non-government organisation
PDI	Previously disadvantaged individual
PMS	Performance management system
REED	Rural Economic and Enterprise Development
SA	South Africa
SALGA	South African Local Government Association
SDBIP	Service Delivery and Budget Implementation Plan
SLA	Sustainable livelihoods approach
SMME	Small, micro and medium sized enterprises

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The report is available from dplg, LGSETA and www.khanya-aicdd.org.

EXECUTIVE SUMMARY

1 Introduction

1.1 The Dutch Government, through the World Bank-Netherlands Partnership Program (BNPP), approved a grant to the World Bank for a knowledge-generation activity entitled "Evaluating and Disseminating Experiences in Local Economic Development" with emphasis on their relevance to poverty reduction and applicability to low income countries". The programme included funding for a review of selected LED activities in South Africa and dissemination activities. Partners in SA have included Rhodes University, Khanya-African Institute for Community-Driven Development (Khanya-aicdd), University of the Witwatersrand, and University of KwaZulu-Natal. The SA Cities Network (SACN), SALGA, Local Government Sector Training Authority, DBSA and Mangaung Local Municipality served on a national reference group. This study is providing analytical outputs, lessons and examples to gauge the effectiveness of LED interventions. In the context of the latter consideration, identifying and refining approaches to monitor and evaluate projects and LED activities is a critical dimension.

1.2 Challenges for the study included how pro-poor versus growth considerations are incorporated into M&E, how LED is differentiated from economic development more broadly, how the multi-stakeholder nature of LED is accommodated in LED processes, and the need to undertake M&E of economic processes and outcomes, and not just projects.

1.3 This report draws on a questionnaire survey of the top 30 urban centres in South Africa, and these are used to provide an idea of how these centres are approaching economic outcomes, outputs and activities. In addition some comparative work draws on some conceptual work from the World Bank, GTZ and DFID/Khanya, and some examples of outcomes and outputs from cities and programmes in Europe. An initial draft report on M&E was produced in January 2005, and this has been updated in December 2005 after completion of the main study.

1.4 The objective of this assignment is therefore to *develop a framework for M&E of pro-poor LED*, building on current experience in SA, with reference to some examples of international comparative experience.

2 Conceptual framework for M&E

This section provides a conceptual basis which will be used during this project including:

- The approach to monitoring and to evaluation;
- Outcomes versus outputs and activities – a hierarchy of objectives and actions;
- Indicators, targets and means of verification.

The key questions for this project then become:

- (i) What types of **outcomes** are municipalities using and how are they appropriate, notably for pro-poor LED?
- (ii) What types of **outputs** are municipalities using and how are they appropriate, notably for pro-poor LED?
- (iii) What types of **indicators** and **targets** are appropriate for these?

- (iv) What types of **processes** are appropriate for following these:
- for evaluating achievements at output and outcome level;
 - for monitoring activities and outputs;
- (v) What **learnings** are there?

This report does not touch on (iv) in detail.

3 Review of practice in South Africa

3.1 In terms of Chapter 6 of the Municipal Systems Act (MSA) every municipality is required to develop and implement a performance management system (PMS). This must contain:

- Key performance indicators “*as a yardstick for measuring performance, including outcomes and impact, with regard to the Municipality’s development priorities and objectives set out in the IDP*”;
- Measurable performance targets for each of the development priorities and objectives.

Under the Municipal Finance Management Act (MFMA) three-monthly targets have to be set, and this came into effect from July 2005.

3.2 Of the 19 local authorities responding to whether they see **economic development as pro-poor or economic growth** focused, 13 see no distinction while 6 recognise one. Johannesburg adopts a middle of the road approach and stated: “*Poverty will be alleviated by long-term economic growth and job creation. In the short-term however, more direct interventions have to be made*”. There appears still to be a disjuncture in the minds of many local authorities between **economic development and LED**, which many saw as purely linked to community-based poverty relief interventions, because of the nature and focus of previous government LED support. Thus for Cape Town it is a question of scale, with economic development being seen as a city-wide strategy, while LED deals with local areas.

3.3 In terms of **outcomes**, many municipalities have both poverty, job creation and growth targets, using a variety of sources included Statistics SA to provide data. All the Metros are undertaking some form of research themselves, as well as a number of the smaller cities. Some cities such as Mangaung are concerned about the quality of data available, including that from the Census, and hence intending to undertake some direct research themselves.

3.4 In terms of **output** indicators, a wide range of strategies are suggested by different urban centres, with skills development, creation and expansion of SMMEs, development of sectors such as tourism, promoting the attractiveness for investment being commonly stated.

3.5 In terms of **activity** level indicators, municipalities are undertaking a wide range of activities to achieve these strategies. 22 types of activities were listed in the questionnaire, and municipalities also added 4 other possible activities. The larger metros are undertaking most of these activities, the smaller ones a much more limited number of these.

3.6 In terms of **processes** for M&E, Section 3.3 indicates a number of ways that municipalities are undertaking evaluative activities, from using census data, analysing business data, to specific household surveys. The Municipal Finance Management Act (MFMA) requires that 3 monthly targets are set for services and activities from July 2005, and

that a Service Delivery and Budget Implementation Plan (SDBIP) is drawn up for each Directorate. An example is provided of how Mangaung has approached this using a hierarchy of objectives, indicators and targets.

3.7 In terms of feedback from municipalities as to their economic **impacts** to date, feedback was extremely limited as LED is still relatively new and impacts are not properly monitored at this stage. Data collection is seldom done by municipalities and census data is not focussed enough to reveal localised LED impacts and staff are often new and have focussed primarily upon issues of policy and implementation rather than assessment. Where results were provided on impacts, this does not disclose an optimistic picture. The impact of LED is subservient to much broader shifts in the national economy. However Cape Town notes that a total of 19 356 direct jobs (82% for previously disadvantaged individuals) and 45 000 indirect jobs have been created. As a city with a well established LED policy, this finding is a positive indicator of what can be achieved over a period of 5 or more years through LED-type interventions.

4 Developing a conceptual framework

4.1 The **World Bank** suggests that LED should promote the welfare of the community by making it sustainable and functional along 4 dimensions, a sort of balanced scorecard:

- Liveability = social equity and environmental quality;
- Competitiveness = productivity and economic vitality;
- Good governance and management = within and beyond City Hall;
- Bankability = sustainable city or town finances and creditworthiness.

A series of possible general indicators are provided for these.

4.2 Some **GTZ**-funded work developed a model for Rural Economic and Enterprise Development (REED). This identifies a set of what are referred to as cornerstones. These are shown, including how they link to the Bank's 4 dimensions above.

4.3 **DFID** amongst other organisations has been promoting the sustainable livelihoods approach (SLA) as a form of best practice in addressing poverty. This includes the SL Framework and SL principles. The SL Framework provides some useful thinking about pro-poor outcomes (improved livelihoods, with improved assets, reduced vulnerability and improved sustainability). The principles also assist in looking at how development should happen to address poverty, and so notably touch on governance issues.

4.4 The above frameworks are used to devise an integrated framework for M&E of Pro-Poor LED which is shown in Figure 4.4 – including outcomes and outputs. What this diagram illustrates is how LED is integrated and interweaved with a wide range of other aspects of development – economic development both needs these in order to happen, and they are dependant on economic growth. It also reflects the complex range of aspects which need to be managed for pro-poor growth to happen.

4.5 The issue of M&E process is only touched on briefly in this report. Some of the issues that need to be considered include: the need for *indicators* to be set by people who understand the content; *Institutional location of M&E*; *Training of M&E staff*; *Collection of data*

including *Participatory methods; Verification of data; Reporting and Dissemination*. This will be discussed further in the next report.

Figure 4.4 Framework for M&E of Pro-Poor LED

Outcomes	<ul style="list-style-type: none"> • Improving jobs, growth rates and reducing inequality • Quality of livelihoods, which can be measured by: <ul style="list-style-type: none"> ○ Financial assets - level of incomes and wealth ○ Human assets – improved skills, confidence and security from crime, poor health and nutrition ○ Social assets – strong communities and social structures ○ Natural assets – availability and quality of natural resources for enjoyment and for economic use ○ Physical assets – access to suitable personal (eg housing) and public assets (eg electricity) ○ Reduction in vulnerability of households to stresses and shocks • Sustainable use of resources 	
Outputs	Livability (good area to live and work)	Effective governance and management
	<ul style="list-style-type: none"> • Availability of basic public services • Functioning and effective infrastructure • Sufficient environmental standards • Adequate housing • Secure and safe environment • Availability of amenities and culture 	<ul style="list-style-type: none"> • People centred and participatory - local organisations, groups and associations representing the poor recognised as building blocks with communities active and involved in managing their own development • Active and accessible network of community-level service providers • Effective, responsive, coordinated and accountable management and delivery of services, notably by local government • Autonomy of local government • Strategic direction, redistribution and oversight by national government • Vertical and horizontal coordination and partnerships, across government, as well as with private sector and non-government organisations • Effectiveness of leadership at different levels • Ongoing learning from success and failure by all stakeholders (learning institutions)
	Competitiveness	Bankability
	<ul style="list-style-type: none"> • Holistic and disaggregated understanding of local economy and livelihoods, local strengths, weaknesses, opportunities and threats • Active private sector institutions and linkages • Adaptive management capacity and entrepreneurial competence • Sound business environment that fosters investment and entrepreneurship • Access to integrated and open markets • Encouragement of creativity and innovation (closely linked to culture) • Access to modern technology • Sustainable transport system • Availability of business credit • Quality of human resources 	<ul style="list-style-type: none"> • Effectiveness of community’s financial management • Creditworthiness of local authority • Stability of intergovernmental fiscal flows • Attraction of local and non-local private investment

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5 Case studies of LED plans and targets

5.1 Mangaung's overall scorecard has four dimensions:

- Development - Promoting Economic Growth, Community Resilience and Self-Reliance;
- Service Delivery - Promoting Service Excellence;
- Managing Resources Efficiently;
- Governance - Promoting Civic Leadership and a Common Approach

They also explicitly recognise poverty reduction and economic growth targets as outcome-level targets. Their set of strategies (and so outputs) is shown. In terms of the structure of its framework of strategies and indicators, Mangaung seems to have covered this well and seems to be promoting LED through a wide variety of measures. However Mangaung does not yet have an effective programme for collecting the data to be able to evaluate success.

5.2 eThekweni has the following outcomes for its IDP;

- Strong economic growth and sustainable job creation (outcome)
- Fully serviced, well-maintained, quality living environments (livable)
- Safe and secure environment (livable);
- Healthy and well-developed citizens (outcome);
- Rich and vibrant sports, recreation, art, literature, culture and historical heritage (livable);
- Protected and sustainable natural and prolonged ecological integrity (outcome);
- Sustainable urban form and structure (outcome);
- Accessible, accountable and aligned local government (governance).

5.3 Birmingham is the largest unitary local authority in the UK and its key performance areas in 2000/2001 were around:

1. Developing People and Communities;
2. Improving Business Competitiveness and Diversity;
3. Investing in Sustainable Development and Infrastructure.

Birmingham's economic scorecard focuses on the competitiveness aspects and issues about bankability in particular are not strong. In addition sustainability does not feature strongly.

4.5 Cork is Ireland's second city. The **Cork** City Development Plan 2004 (Ireland) sets out policies for the development for improving the social, economic cultural and environmental health of the City, through direct action and in conjunction with state, private and community sectors. It is based on three fundamental and interrelated goals (outcomes) which underlie all the policies contained in the Plan:

- To promote and provide for the sustainable development of Cork City enabling it to fulfil its role as a National Gateway City;
- To promote social inclusion and to facilitate equality of access to employment, education, transport, suitable housing and social and cultural activities;
- To provide for a high quality natural and built environment and improved quality of life for those living and working in and visiting Cork City.

In Cork's case, livability is seen as very important for sustainable development of the City. This also shows the difficulty in disentangling economic development from the broad approach to planning and development of the City. Sustainability is specifically mentioned, but appears to be addressed primarily in terms of transport.

5.4 The **Neighbourhood Renewal Unit** has been set up in the UK to promote development of some of the most deprived areas in the UK, usually in cities. The vision is that *"within 10-20 years, no-one should be seriously disadvantaged by where they live. People on low incomes should not have to suffer conditions and services that are failing, and so different from what the rest of the population receives"*. The vision is reflected in two long-term goals (outcomes):

- In all the poorest neighbourhoods, to have common goals of lower worklessness and crime, and better health, skills, housing and physical environment;
- To narrow the gap between these measures between the most deprived neighbourhoods and the rest of the country.

Being a programme focusing on poverty and social inclusion most of the targets are focused on different aspects of poverty (ie outcome targets), eg human assets (health), financial assets (employment), physical assets (access to housing). These also impact on livability. There are also indicators around competitiveness, rather than governance and bankability. Most of the targets given are those that are politically easier and so more attractive, eg new resources allocated, rather than the tougher output targets, eg 750 000 people have improved basic skills.

6 An emerging framework for M&E of pro-Poor LED

6.1 This report has discussed extensively the use of indicators of outcomes, outputs, activities and inputs. What becomes apparent is the need for a balanced scorecard. The 4 dimensions suggested by the World Bank would appear to be a useful way of looking at this, while drawing from the SLA for concepts of outcomes:

Outcome level:

- Indicators of levels of assets (human, social, financial, physical, natural)
- Indicators of vulnerability
- Indicators of sustainability

Outputs

- Liveability = social equity and environmental quality (including poverty);
- Competitiveness = productivity and economic vitality;
- Good governance and management = within and beyond City Hall;
- Bankability = sustainable municipal finances and creditworthiness.

This demonstrates how economic development is embedded in all aspects of development – it is not just the “what is needed” but “how things need to be done”. This is even more important where a pro-poor approach is taken, which reinforces a broader understanding of poverty and social inclusion, rather than a narrow view of growth and income poverty. This reinforces the importance of LED being embedded in all aspects of the work of the municipality, and the Integrated Development Plan.

6.2 The embedding of LED throughout the activities of municipalities implies that activities will be very varied. Specific activities that promote pro-poor growth and primarily competitiveness that were included in the survey are shown in Table 6.2. Activities to promote bankability, livability and governance are not covered here but as discussed are important to create the climate for pro-poor LED.

1 INTRODUCTION

1.1 Background to the project

The Dutch Government, through the World Bank-Netherlands Partnership Program (BNPP), approved a grant to the World Bank for a knowledge-generation activity entitled "Evaluating and Disseminating Experiences in Local Economic Development" with emphasis on their relevance to poverty reduction and applicability to low income countries". The motivation for the grant was specifically to expand knowledge about programs and approaches for "pro-poor" local economic development that have had some evidence of success and may be applicable to the conditions of low income countries and cities, specifically those in Sub-Saharan Africa. The program includes funding for a review of selected LED activities in South Africa and dissemination activities. South Africa was identified for the study as a country that has had a deliberate policy and practice of strategic local economic development, intended to support opportunities for low income individuals and their communities.

Partners in the project included Rhodes University, Khanya-African Institute for Community-Driven Development (Khanya-aicdd), University of the Witwatersrand, and University of Kwazulu-Natal. The SA Cities Network (SACN), SALGA, Local Government Sector Training Authority, DBSA and Mangaung Local Municipality served on a national reference group.

The project purpose is "By December 2004, to have developed an understanding of how pro-poor LED is interpreted and applied on the ground in South Africa, placing specific emphasis on pro-poor outcomes and mechanisms which can serve to realistically lay a basis to develop a monitoring and evaluation framework. The outcomes will be of relevance to local stakeholders and have potential significance for the application of LED in other countries".

In this SA context, the World Bank/Netherlands partnership is seeking to show evidence of the impact of pro-poor LED, including both community economic development and growth measures on poverty. Hence pro-poor refers to impacts, not necessarily to means, and the improvement in quality of life, incomes, employment and livelihoods for poor residents. This is in the context of the Millennium Development Goals of halving poverty by 2015. The emphasis is on urban areas and what local governments can do as a catalyst or key locus of intervention. The World Bank is seeking to promote replication, dissemination and scaling-up, avoiding "islands of excellence" and using this study for analytical outputs, lessons and examples and to gauge the effectiveness of interventions. In the context of the latter consideration, identifying and refining approaches to monitor and evaluate projects and LED activities is a critical dimension. A parallel study has been funded by DBSA to look at pro-poor LED in rural municipalities, and the EU through its CWCI Initiative will be funding dissemination.

1.2 Approach

Overall this study aimed to provide a basis for investigating the key facets of pro-poor LED in SA. An additional element was developing a framework for the monitoring and evaluation of LED and to identify areas which can be followed up in more detail in subsequent research. Some key issues which needed to be covered include the implications for M&E of:

- pro-poor versus economic growth approaches and LED versus economic development;
- LED as a multi-stakeholder process;
- Moving beyond M&E of outputs to outcomes, and the causal links between them.

1.2.1 Pro-poor versus economic growth approaches

A key challenge is to establish how pro-poor approaches are incorporated into LED. Most LED planning is dominated by activities geared to achieving high growth rates. There is however an increasing focus upon issues of pro-poor LED, and in South Africa there is now a debate initiated by the President about supporting the first (formal) versus the second (informal) economy. Bond (2002, 2003) argues that LED activities should be rooted in the *developmental* and pro-poor responsibilities that have been given to South African municipalities. His work potentially represents a call for a 'new era' of LED planning which would allow "municipalities finally to embrace their own capacities, nurture and sustain a more genuinely developmental approach to their local economies, and reverse worsening patterns of uneven development that have followed from decades of pursuing non-developmental approaches" (Bond, 2003). The key challenge is how to measure both the economic growth and the pro-poor and poverty reduction elements.

The main report of this project suggested that while municipalities are placing much emphasis on improving growth and employment prospects in their planning documents, this is often not integrating effectively into resource allocation and day to day activities. This situation has its roots in a complex set of circumstances which include national policy and legislative frameworks, immaturity of local government systems and leadership and a range of contextual matters relating to the state of local social and economic processes.

1.2.2 LED as a multi-stakeholder approach

LED outcomes are essentially determined by actions in the private sector, rather than government, although there are key roles that governments can play. For example national and provincial government support plays a key role at the local level in areas such as small business support. Therefore partnerships are critical to effective LED. Many different actors have to be involved, including local government, private sector, community and NGOs. In practice LED initiatives often operate independently, and are insufficiently coordinated with other role players. Fiszbein and Lowden (1999) point to the importance of a learning/knowledge element in scaling-up partnerships, and the importance of information, communication and M&E. The M&E process must account for this diversity of actors and be realistic in terms of the complexity of dealing with this.

1.2.3 Moving beyond the M&E of projects

In practice in SA, monitoring and evaluation mechanisms tend to be weak. They are commonly linked to the conception of LED around projects, a reflection of a historical legacy in South Africa associated with dplg's former LED Fund. We need to move beyond this conception of implementing projects and physical items (buildings) to supporting economic processes, while recognising that basic infrastructure for businesses is essential. M&E has to widen to take account of this greater complexity.

1.3 Methodology

The overall project purpose is:

To have developed an understanding of how pro-poor LED is interpreted and applied on the ground in South Africa, **placing specific emphasis on pro-poor outcomes and mechanisms which can serve to realistically lay a basis to develop a monitoring and evaluation framework**. The outcomes will be of relevance to local stakeholders and have potential significance for the application of LED in other countries.

The research process of this overall study includes an overview of the application of pro-poor LED nationally and locally, with a particular focus on issues of monitoring and evaluation. It also seeks to:

- Identify and describe key aspects of LED policy and practice in South Africa in general and with specific reference to a series of locality-based case-studies.
- Evaluate what has been achieved in terms of LED in the country and the case-studies, with specific reference to pro-poor considerations and to use the findings and research to lay a basis for developing appropriate Monitoring and Evaluation techniques.

In undertaking the research the team was guided by the need to ensure objectivity in the research and analysis and identify and develop appropriate methods for monitoring and evaluation, and the determination of relative success in social and economic terms.

This study therefore serves as an early contributor on conceptual thinking on the use of M&E for LED, how it is being used, and issues that can be considered during the case study work. This framework draws on a questionnaire survey of the top 30 urban centres in South Africa (including the major 6 metros with populations of over 1 million, secondary cities, smaller cities and regional centres). There were 22 responses overall dated end of 2004, and early 2005, and these are used to provide an idea of how these centres are approaching economic outcomes, outputs and activities. The list of municipalities contacted is shown in Table 1.3. The responses used are those from the initial 16 responses to the survey.

In addition some comparative work draws on some conceptual work from the World Bank, GTZ and DFID/Khanya, and some examples of outcomes and outputs from cities and programmes in Europe.

This element had very limited resources and so this report is necessarily limited in scope, but hopefully makes a contribution to thinking about how Pro-Poor LED can be evaluated, and in particular the types of targets which need to be set.

Table 1.3 South Africa's Major Urban Centres (ranked according to population size)

CITY NAME	MUNICIPAL NAME (if different from city name)	POPULATION (of Municipality i.e. main centre + hinterland)
A) METROPOLITAN CENTRES		
1) Johannesburg		3 225 812
2) Durban	Ethekwini	3 090 121
3) Cape Town		2 893 246
4) Ekurhuleni		2 480 277
5) Pretoria	Tshwane	1 985 983
6) Port Elizabeth	Nelson Mandela	1 005 778
B) SECONDARY CITIES		
7) East London	Buffalo City	701 890
8) Bloemfontein	Mangaung	645 441
9) Vereeniging	Emfuleni	597 948
10) Pietermaritzburg	Msunduzi	553 223
11) Welkom	Matjhabeng	476 927
12) Nelspruit	Mbombela	425 663
13) Polokwane		424 976
Ci) SMALLER CITIES		
14) Klerksdorp		335 237
15) Rustenburg		311 324
16) Newcastle		287 260
17) Mafikeng		242 193
18) Witbank	Emalahleni	236 680
19) Krugersdorp	Mogale City	223 657
20) Carltonville	Merafong City	209 776
21) Kimberly	Sol Plaatjie	204 263
22) Richards Bay	Umhlathuze	196 183
Cii) REGIONAL CENTRES		
23) Thohayandou	Thulamela	*
24) George		*
25) Umtata		*
26) Upington		*
27) Kroonstad		*
28) Tzaneen		*
29) Ladysmith		*
30) Port Alfred **	Ndlambe	*

Source: Demarcation Board, 2001; Gaffney's, 2003; SACN, 2004

Key: * urban population of the centre difficult to determine owing to the presence of multiple urban centres in the municipality and/or a large rural population.

2 CONCEPTUAL FRAMEWORK FOR M&E

It is important to distinguish certain concepts at the outset to facilitate discussion of these issues.

2.1 Monitoring versus evaluation

Monitoring is the routine checking of information on progress, so as to confirm that progress is occurring against the defined direction. It commonly involves monthly to quarterly reporting, on **outputs**, **activities** and use of **resources** (eg people, time and money). It should be used to ensure that what has been planned is going forward as intended, and within the resources allocated.

Evaluation is used to ensure that the direction chosen is correct, and that the right mix of strategies and resources were used to get there. It can typically be **formative** (helping to develop learning and understanding within stakeholders) or **summative** (ie indicating the degree of achievement). It typically focuses on **outcomes** and their relationship with outputs.

2.2 Outcomes versus outputs and activities – a hierarchy of objectives and actions

It is important to distinguish therefore the consideration of:

- **Outcomes** – the long-term benefits, intended or unintended. These can be relatively short-term (eg during a project life, commonly referred to then as **project purpose** or **objective**) or long-term, commonly referred to as a goal or long-term objective;
- **Outputs** – the major results needed to achieve the outcomes;
- **Activities** – the things that need to be done to achieve these outputs;
- **Inputs** – the human, financial and other resources expended in undertaking the activities.

Some examples of this in relation to LED are shown in Table 2.2.

Table 2.2 Examples of LED outcomes, outputs and activities

Level of objectives	Examples
Outcomes	GDP growth Improvement in incomes Reduction in equality Creation of jobs
Outputs	Skills developed or people trained New businesses created or expanding
Activities	Training Provision of business advice etc
Inputs	Funds People Land

2.3 Indicators, targets and means of verification

Indicators are the means of knowing that the objective (outcome, output etc) will be achieved. These can be:

- **direct** (eg for job creation – an indicator could be the numbers of jobs created and sustained for at least 1 year as a direct result of the intervention), ie a close match to an objective of job creation;
- Or **indirect**, sometimes referred to as **proxy** indicators, ie where an indicator has to be used to represent the objective. For example for skills developed, a proxy indicator could be the number of learnerships agreed, which is not a complete indicator for skills developed (there may be other sources), but could represent at least part of the objective;
- The **target** provides the actual number and the timescale;
- The **baseline** provides the reference point in terms of quantity, quality and time, against which the targets can be measured.

To be useful the indicator and targets should be SMART:

S	Specific
M	Measurable
A	Appropriate
R	Realistic
T	Time bound

For an indicator to be useful, it is important that there is a suitable **means of verification**. It is of little use to suggest an indicator which it is impossible to measure. The means of verification is often from secondary data eg reports, by direct measurement, eg from a survey, or from perceptions, eg through interviews.

We will use this terminology in the rest of the report. Based on this the question about M&E framework can now be rephrased:

- (i) What types of **outcomes** are municipalities using, and which are appropriate, notably for pro-poor LED
- (ii) What types of **outputs** are municipalities using, and which are appropriate, notably for pro-poor LED
- (iii) What types of **indicators** and **targets** are appropriate for these?
- (iv) What types of **processes** are appropriate for following these:
 - for evaluating achievements at output and outcome level;
 - for monitoring activities and outputs;
- (vi) What **learnings** are there?

This report does not touch on (iv) in detail.

3 REVIEW OF PRACTICE IN SOUTH AFRICA

3.1 Requirement for Municipal performance monitoring and management

This summary is drawn from dplg (2000). In addition to the requirement for developing an integrated development plan (IDP) the Municipal Systems Act 32 of 2000 (MSA) requires that the IDP is implemented and that the Municipality monitors and evaluates its performance. In terms of Chapter 6 of the MSA every municipality is also required to develop and implement a performance management system (PMS). This must contain:

- Key performance indicators “as a yardstick for measuring performance, including outcomes and impact, with regard to the Municipality’s development priorities and objectives set out in the IDP”
- Measurable performance targets for each of the development priorities and objectives.

The Local Government Municipal Planning and Performance Management regulations, 2001, describe the role of the PMS in monitoring, evaluation and review:

“7. (1) A Municipality’s performance management system entails a framework that describes and represents how a Municipality’s cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed.....

Some of the elements of the system include:

- Setting key performance indicators (KPIs);
- Setting targets;
- Developing a monitoring framework;
- Designing the performance measurement system, including analysis;
- Conducting performance reviews – this includes the IDP annual review;
- Improving performance;
- Reporting of performance;
- Organisational performance and employee performance.

Under the Municipal Finance Management Act (MFMA) three monthly targets have to be set, and this will come into effect from July 2005. Since this is still being put in place, there is no precise system currently in operation, and municipalities such as Mangaung have designed their own system.

3.2 Overall approach to local economic development observed by case study municipalities¹

3.2.1 Pro-poor versus economic growth

The survey of larger urban centres looked at their perception of pro-poor LED and whether addressing poverty is perceived as distinct from promoting economic growth. Of the 19 local

¹ Drawn from the Survey of Pro-Poor LED in SA report

authorities responding to this question, 13 saw no distinction while 6 recognised one. The 13 all regard poverty relief and economic development as being linked concepts. For example, Nelson Mandela Metro (Port Elizabeth) states that ‘they are integrated and both are addressed in the Economic Growth and Development Strategy’. George regards economic growth as being a stimulus for job creation and hence poverty alleviation, while Ndlambe (Port Alfred) argues that providing services and infrastructure should provide for growth and addressing both poverty.

By contrast, Johannesburg adopts a more middle of the road approach and stated:

“Poverty will be alleviated by long-term economic growth and job creation. In the short-term however, more direct interventions have to be made”.

Of the 6 municipalities which see the two concepts as distinct, 2 argue the job creation focus of poverty approaches. Umhlatuze (Richards Bay) states that ‘poverty alleviation is temporary but economic growth is permanent’. This linkage is an aspect which needs to be explored further as economic growth per se is not sufficient to address poverty, notably where there is persistent and widespread inequality as is the case in South Africa (see main report).

3.2.2 Differentiation between LED and Economic Development

This question was posed as earlier research revealed a disjuncture in the minds of many local authorities between economic development and LED. Many see the latter as purely linked to community-based poverty relief interventions, because of the nature and focus of previous government LED support. The results indicate that this distinction still appears to exist, albeit to a diminished degree. 11 out of 16 reporting local authorities see no distinction, whilst 5 recognise a difference.

The comments about those who recognise a distinction are important to note, particularly since some of the 5 are among the biggest municipalities in the country. For example according to Umhlatuze:

“LED is about job creation through local partnerships; Economic development is about growing and retaining GGP and increasing revenue.”

In the view of Johannesburg, LED is a ‘*micro and meso-level intervention*’ and economic development is a ‘*macro approach*’. For Cape Town it is a question of scale, with economic development being seen as a city-wide strategy, while LED deals with local areas. Rustenburg sees economic development about ‘broader’ development and LED about ‘local’ issues. Ndlambe associates LED with the Government’s former LED Fund.

3.3 Outcome level (E) Indicators and means of verification (methods)

The performance management system (PMS) required of municipalities means that outcome and output data is being expressed in specific targets (see examples from Mangaung and eThekweni in section 4). Table 3.3.1 draws from the responses to the questionnaires and shows that many municipalities have both poverty, job creation and growth targets. Specific sources of information mentioned to access this information include:

- national census data;

- use of a specific information provider, Global Insights, using this for labour, income and growth data;
- using business levy data (Regional Services payments) to assess growth;
- undertaking of targeted household surveys.

All the Metros are undertaking some form of research themselves, as are a number of the smaller cities. Some cities such as Mangaung are concerned about the quality of data available, including that from the Census, and hence intending to undertake some direct research themselves.

It is interesting that Tshwane, in their response to the questionnaire presented an 8 year time-trend on income data, poverty and Human Development Index. However many municipalities were not clear on how to evaluate poverty. Some examples are:

- use of the human development index (HDI) (Tshwane);
- use of unemployment data (many);
- use of poverty gap (Johannesburg).

Table 3.3.1 Outcome-related targets from case study municipalities²

Municipality (name of major urban centre in brackets)	Growth targets	Poverty targets	Examples of evaluative mechanisms
Metropolitan centres			
1. Johannesburg		No specific targets. Aims to use growth to reduce poverty gap Have HDI figures (0.73)	Have growth rate figures
2. Ethekewini (Durban)	Strong economic growth and sustainable job creation ³	No Not measuring effect on unemployment	Tracking growth using Global Insight
3. Cape Town	Explicit focus	Also explicit focus	Calculate growth data from business tax data ⁴
4. Tshwane (Pretoria)		Tracking poverty, unemployment and Gini coefficients from 1996	Re poverty using census plus Global Insight income distribution and labour model
5. Nelson Mandela (Port Elizabeth)		Explicit target Job creation target Sustainability	
Secondary cities			
6. Mangaung (Bloemfontein)	Yes (see Table 5.1)	Yes (see Table 5.1)	Have problems with statistics. Proposing to undertake household survey
7. Matjhabeng	Growth declined since		Census on growth

² Information derived from responses to the survey unless stated otherwise

³ eThekweni Municipality: Reviewed Integrated Development Plan 2003-7, Review 2004-5.

⁴ RSC levy data

Municipality (name of major urban centre in brackets)	Growth targets	Poverty targets	Examples of evaluative mechanisms
(Welkom)	1985 by 2.1%		and income distribution
8. Mbombela (Nelspruit)			
Smaller cities			
9. Rustenburg		Rural development targets inc agric dev	
10. Newcastle		Focus poverty alleviation and sustainable job creation.	
11. Sol Plaatjie (Kimberly)			No economic measuring tool in place – developing PMS at present
12. Umhlathuze (Richards Bay)	Goal of LED strategy to increase employment by >2000 a year for 5 years ⁵	None	Using Stats SA for long-term growth Done households survey for rural and urban areas to get better picture
Regional centres			
13. Thulamela (Thohayandou)		Livelihoods sustainable	
14. George			Officials just appointed so too early
15. Moqhaka (Kroonstad)		Define economic development as poverty alleviation through job creation	Using census data for unemployment , income distribution
16. Ndlambe (Port Alfred) **			

3.4 Output level Indicators and means of verification (methods)

A wide range of strategies are suggested by different urban centres. The achievement of these represents intermediate results which would be outputs. Some of the strategies are common:

- Improving the business environment (18 cases);
- Provision of suitable infrastructure and planning (18);
- Attracting inward investment (12);
- Skills development (10 cases);
- Establishing new or expanding existing SMMEs (8);
- Sector support including tourism (7);
- Environmental management (2);
- Services (2).

⁵ City of uMhlathuze; LED Strategy October 2003

Table 3.4.1 Key outputs/strategies by case study municipalities

Municipality (name of major urban centre in brackets)	Outputs
Metropolitan centres	
1. Johannesburg	Increasing investment efficiency Conducive environment for investment Skills development Sectoral support Reduced crime Urban regeneration Black economic empowerment
2. Ethekwini (Durban)	Building a globally competitive region. Growing existing businesses New business investment Improving public management of informal sector
3. Cape Town	Strengthening development of urban core Building competitive advantage Sustainable job creation Upgrading existing settlements to places of dignity and opportunity Building cohesive self-reliant communities Improving access and mobility
4. Tshwane (Pretoria)	
5. Nelson Mandela (Port Elizabeth)	
Secondary cities	
6. Mangaung (Bloemfontein)	Business development support Developing regional economic centre Improved business environment Developing key economic sectors CBD regeneration
7. Matjhabeng (Welkom)	Diversification of the economic base Creation of distribution hub Sector development Using manual labour as a means of job creation Local procurement
8. Mbombela (Nelspruit)	
Smaller cities	
9. Rustenburg	Sustainable job creation Development of entrepreneurial skills Expansion of SMMEs through procurement Investors retained
10. Newcastle	Skills development Attracting new investment Support to existing business to grow Poverty alleviation projects
11. Sol Plaatjie (Kimberly)	Expansion of specific sectors HR Development Rural community development Service development
12. Umhlathuze (Richards Bay)	Business retention and expansion Establishment of soft infrastructure Clustering Critical infrastructure and services

Municipality (name of major urban centre in brackets)	Outputs
	Specific sectors (tourism, agriculture)
Regional centres	
13. Thulamela (Thohayandou)	Local employment creation Skills development SMMEs supported Investment attracted Local procurement
14. George	
15. Moqhaka (Kroonstad)	Capacity-building Job creation programmes SMMEs supported to grow Poverty alleviation programmes
16. Ndlambe (Port Alfred) **	

3.5 Activity level/service Indicators and means of verification (methods)

Municipalities are undertaking a wide range of activities to achieve these strategies. 22 types of activities were listed in the questionnaire, and municipalities also added 4 other possible activities (see Table 3.5). As the main survey report indicates, the larger metros are undertaking most of these activities, the smaller ones a much more limited number of these.

Table 3.5 Support measures (activities) included in the questionnaire

Output	Support measures (activities)
Appropriate enabling environment by:	Development of economic strategy
	Improving the local business climate eg improving processes and procedures for business registration, taxation
	Privatisation to improve services
	Grants/rebates to attract inward investment
	Grants/rebates to attract local investment/ expansion/ retention
Improved infrastructure	Investment in Hard Strategic Infrastructure.
	Investment in Industrial /Commercial Sites/ Premises
Strengthened SMMEs	Support for procurement by SMMEs from large orgs
	SMME support centres
	Subsidising general business advice for SMMEs
	Support for creation of new businesses
	Support for growth of existing businesses
Improvement for specific targeted groups/areas	Development of specific sectors/ business clusters
	Schemes to support the informal sector
	Schemes to support urban agriculture
	Schemes to support particular groups eg women, youth
	Special employment schemes eg EPWP
	Special development zones (IDZs, inner city, BIDs...)
Other	Research and information re economic development
	Support for export/ marketing/ quality
	Marketing of the area
	Non-financial support in promoting inward investment

3.6 M&E processes

Section 3.3 indicates a number of ways that municipalities are undertaking evaluative activities from using census data, analysing business data, to specific household surveys. No information was provided by municipalities on the actual monitoring that occurs at output and activity level. One of the challenges is that official statistical services produce little information that is useful for local policy (eg see Satterthwaite and Tacoli, 2002), and for example current dissatisfaction with census statistics in Mangaung is affecting policy-making. This is a challenge in getting meaningful information which can address a sophisticated scorecard. Thus for example Mangaung, which has embarked on an innovative community-based planning process, needs information disaggregated at ward level to inform these planning processes.

Another key national process has been set in train by the Municipal Finance Management Act (MFMA), which requires that 3 monthly targets are set for services and activities from July 2005. The MFMA requires that a Service Delivery and Budget Implementation Plan (SDBIP) is drawn up for each Directorate. Mangaung has structured this according to a causal chain of:

- Overall municipal scorecard indicators;
- Specific IDP programme indicators;
- IDP Programme Strategy and service indicators;
- Specific project and services with their budgets.

Annual targets have to be set, and 3 monthly targets to achieve these. Annex 2 shows an extract from the SDBIP for Mangaung. This provides a format which is easy to monitor.

The Annual Report also has to indicate achievement by the Municipality against performance targets. In addition at least in the larger municipalities, all senior management have fixed period performance contracts based around key performance indicators (KPIs). This is forcing a very focused attitude from staff on these targets and their achievement, which can also have perverse consequences if these are not well defined (people focusing on the targets rather than what common sense says is needed)⁶. This is true for economic as well as other municipal functions.

The process of M&E is not discussed in any further depth but this is now becoming a very important function for all municipalities that they are required to do, but in many cases do not have the capacity or data to use for such a system.

3.7 Overall feedback from municipalities in terms of the impacts of their LED work⁷

Feedback on impacts from the 16 responding municipalities was extremely limited. Explanations are:

- LED is still relatively new and impacts are not properly monitored at this stage;
- Data collection is seldom done by municipalities and census data is not focussed enough to reveal localised LED impacts;

⁶ The issue of targets skewing incentives is also mentioned by Atkinson (2003).

⁷ Drawn from the main survey report

- Staff are often new and have focused primarily upon issues of policy and implementation rather than assessment.

Where results were provided, this does not disclose an optimistic picture. This points to the degree to which LED is subservient to much broader shifts in the national economy and the resultantly limited impact which LED may be having in a scenario of deindustrialization, mine closure and increasing poverty.

Only 4 centres reported on growth in their local economy. The figures reflect all forms of growth and not just LED-related effects. In all cases, whilst the data is interesting, it masks national trends of capital intensification and hence job loss not gain. Reported figures were:

- eThekweni – 2.7% GDP growth p.a.;
- Johannesburg 4.2% growth between 1996-2002;
- Cape Town 4.1% growth in 2002;
- Umhlatuze 4% growth p.a. between 1999-2001.

None of the municipalities except Mangaung appear to have **poverty reduction targets** in place. Johannesburg simply notes a poverty rate of 25% and indicates that reducing it is a macro-goal.

Worryingly Tshwane notes that in 1996 24.3% of households were poor and that by 2003 this had increased to 29.7%, which indicates the enormity of the development challenges and possibly also the limited impact of LED interventions to date. In terms of overall unemployment, this rose from 26.6% to 31.7% from 1996-2003.

On a more positive note, and specifically related to LED, Cape Town notes that a total of 19 356 direct jobs (82% for previously disadvantaged individuals) and 45 000 indirect jobs have been created. As a city with a well established LED policy, this finding is a positive indicator of what can be achieved over a period of 5 or more years through LED-type interventions.

Specific programmes which have helped reduce poverty are noted in 3 centres:

- SMME support and innovation support in eThekweni;
- Rural planning in Rustenburg, and;
- Small business support in Ndlambe.

4 DEVELOPING A CONCEPTUAL FRAMEWORK

We include some international examples to compare the SA experiences. These include the World Bank, GTZ and DFID/Khanya) and we use these to develop a conceptual framework which is then tested on SA and international examples.

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4.1 World Bank

The World Bank (2001) suggests that LED should promote the welfare of the community by making it sustainable and functional along 4 dimensions:

- Liveability = social equity and environmental quality
- Competitiveness = productivity and economic vitality
- Good governance and management = within and beyond City Hall
- Bankability = sustainable city or town finances and creditworthiness

They suggest the following as possible indicators (see Table 4.1):

Table 4.1 Suggestions for LED-related indicators (World Bank, 2001)

<p>Livability</p> <ul style="list-style-type: none"> • Poverty • Basic public services • Environmental standards • Housing • Security and safe environment • Amenity and culture • Learning institutions 	<p>Governance and management</p> <ul style="list-style-type: none"> • Autonomy of local government • Effectiveness of leadership • Inter-governmental coordination • Structure and effectiveness of service delivery • Transparency of local government
<p>Competitiveness</p> <ul style="list-style-type: none"> • Economic structure and productivity • Sound business environment • Access to markets • Access to modern technology • Availability of business credit • Quality of human resources 	<p>Bankability</p> <ul style="list-style-type: none"> • Effectiveness of community's financial management • Creditworthiness of local authority • Stability of intergovernmental fiscal flows • Attraction of local and non-local private investment

The World Bank indicators are a type of balanced scorecard and illustrate that it is the integration of social, economic and governance factors which lead to an effective growth environment which improves the quality of life. The livability box is essentially one of **outcomes**, while the other 3 are **outputs**. This illustrates one of the challenges of isolating the M&E of LED from a broader municipal PMS.

4.2 GTZ

Some GTZ-funded work developed a model for Rural Economic and Enterprise Development (REED). This identifies a set of what are referred to as “cornerstones”. These are shown below, including how they link to the Bank’s 4 dimensions mentioned above:

- An **enabling environment** that provides for an attractive investment climate and fosters dynamic entrepreneurship (competitiveness);
- Adequate mechanism processes and structures that **address local needs** (governance);
- Active **private sector institutions** and linkages (competitiveness);
- Functioning and effective **infrastructure** (hard and soft) (competitiveness);
- Access to integrated and open **markets** (competitiveness);
- Access to effective and efficient **support services and resources** (governance);
- Adaptive **management capacity** and entrepreneurial competence with business and enterprises (competitiveness);
- **Local organisations**, groups and associations (representing the poor) as building blocks (governance);
- Active **participation** in and ownership of development processes by well-linked stakeholders (governance);
- Ongoing **learning** from success and failure by all stakeholders (governance)

4.3 The Sustainable Livelihoods Approach⁸

The livelihoods approach originates in the development of richer understandings of the dimensions of poverty, such as the sustainable human development approach adopted by UNDP, and the concept of capitals and capabilities of Amartya Sen. In some quarters (notably FAO) this is now being referred to as people-centred development (PCD). In the definition used by the UK's Department for International Development (DFID):

*A livelihood comprises the **capabilities, assets** (including both material and social resources) and **activities** required for a means of living. A livelihood is **sustainable** when it can cope with and recover from **stresses and shocks** and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base.*

There are several elements of the approach which are relevant and can be applied in different ways. This section describes some of these key elements.

- The sustainable livelihoods framework, and its elements (see Figure 4.3);
- The sustainable livelihoods principles (see Box 4.3);
- Six governance issues at micro-meso-macro level, developed by Khanya in applying the SLA.

The approach is relevant to this debate in looking at how poverty can be defined, and so how outcomes are set, as well as the type of interventions needed that are pro-poor.

4.3.1 SL Framework

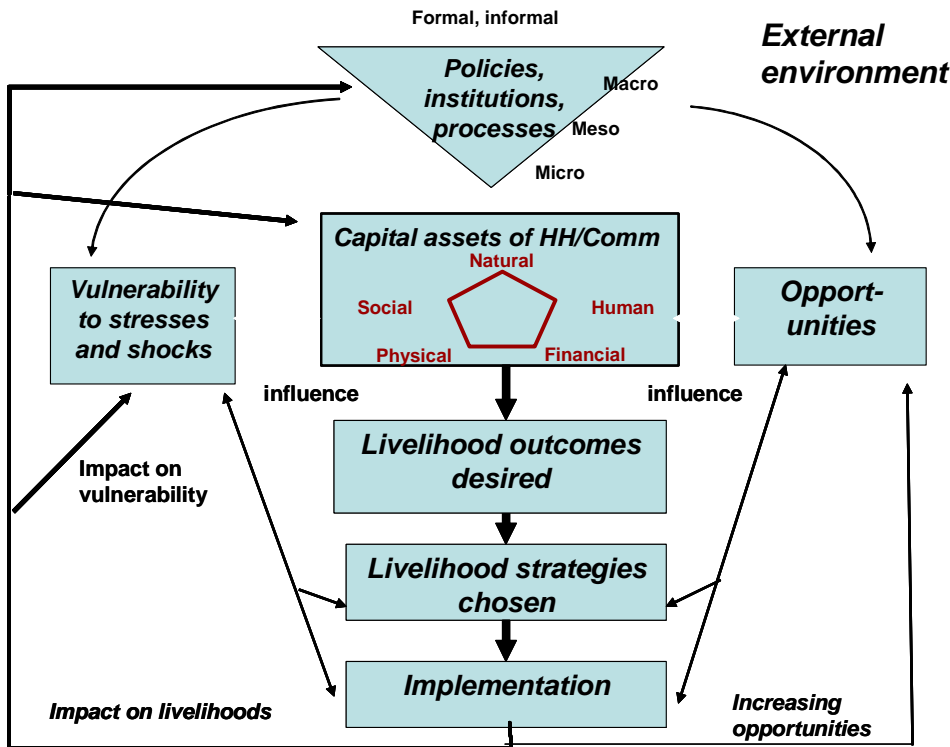
The SL framework (see Figure 4.3) provides a picture of the key elements in describing or understanding the issues affecting livelihoods in a household, community, region or country. This includes the concepts of:

- People's **assets or capitals** (natural, human, physical, financial, social⁹);

⁸ Drawn from Khanya-aicdd 2005 – see SL practice on www.khanya-aicdd.org

- People’s **vulnerabilities**, or susceptibilities to stresses and shocks (eg to vagaries of climate, conflict, crime etc);
- The **policies, institutions, processes and organisations** (PIP) which affect people (formal, informal, at different levels);
- The **outcomes** that people are looking for (which may be to increase the capitals, to reduce vulnerabilities, or others);
- The **livelihood strategies** people adopt to achieve these (which are affected by the PIP environment, vulnerabilities etc);
- The **opportunities** which people have to address the outcomes, which has proved very useful in planning (vulnerabilities=threats, capitals=strengths/weaknesses).

Figure 4.3 Khanya’s version of Sustainable Livelihoods Framework



This framework is helpful in looking at outcomes (in terms of assets and vulnerabilities) and to help in understanding **where interventions may be needed**:

- We recognise the importance of human capabilities as central to the debate on poverty;
- We need to understand the different types of capital (or assets) that people have;
- We need to understand their vulnerabilities;
- We need to understand how policies, institutions and processes support or hinder their access to these capitals, or increase or diminish their vulnerabilities;

⁹ And some would add political and spiritual. A useful distinction can be made between social based on trust, and political based on power. Khanya also has divided human into two so that it is not so large: human capacity development, and safeguarding the human resource (health, nutrition, security, welfare).

- We need to identify and build on the preferred outcomes of our people (and not decide them for them);
- We need to understand the livelihoods strategies they use and how they can be enhanced (and not assume what are the right strategies);
- We need to see who can assist to deliver these livelihood strategies, and how.

4.3.2 SL Principles

The Sustainable Livelihoods Approach is a broader concept than the Framework. The SL Framework is a way of **understanding** what is a livelihood. The SLA is a broader concept of **how** we need to intervene in order to promote poverty eradication. It is thus very relevant in designing interventions and so at the output level.

The core to the approach is a set of **principles**, which are shown in Box 4.3. In general the principles are elements of best practice which are widely shared by development practitioners, and will not be discussed in further detail here. Two that are new are the focus on micro-macro links, and the emphasis on strengths-based approaches.

Box 4.3 Revised version of SL principles¹⁰

- **People-centred:** sustainable development and poverty elimination requires respect for human freedom and choice as well as an understanding of the differences between groups of people and the development of focused interventions;
- **Empowering:** support should result in increased voice, opportunities and well-being for people, including the poor;
- **Responsive and participatory:** people must be key actors in identifying and addressing their livelihood priorities, including the poor. Outsiders and organisations need processes that enable them to listen and respond to people's views;
- **Holistic:** we need to understand people's livelihoods and how these can be enhanced in a holistic way, which recognises the interrelationships between the different aspects of their lives, although actions arising from that understanding may be focused. For better-off people, income can purchase some other assets, for poor people, the set of assets is critical;
- **Sustainable:** there are four key dimensions to sustainability – economic, institutional, social and environmental sustainability. All are important – a balance must be found between them.
- **Strengths-based:** it is important to recognise and understand people's strengths, including those of poor people, and not just their problems. This is respectful and provides a platform on which livelihood strategies can be developed. It is also important to build on the strengths of organisations;
- **Multi-level (or micro-macro links):** sustainable development and poverty elimination is an enormous challenge that will only be overcome by working at multiple levels. Micro-level activity should inform the development of policy and an effective governance environment. Macro- and meso-level structures and processes should recognise micro realities and support people to build upon their own strengths. Top-down strategic action as well as bottom-up participatory processes are required;
- **Conducted in partnership:** implementation of development requires using the strengths of different organisations, public and private, in the most effective way. Partnerships should include people and their organisations, including those for poor people. Partnerships should be transparent agreements based upon shared objectives.
- **Disaggregated:** it is vital to understand how the livelihoods of various disadvantaged groups differ – in terms of strengths, vulnerabilities and voice – and what effect this has. Stakeholder and gender analysis are key tools. This allows for targeted actions.
- **Long-term and flexible:** poverty reduction requires long-term commitments and a flexible approach to providing support, which can respond to emerging circumstances.

¹⁰ Developed by Diana Carney in a review of progress with the SLA for the SLSO. Two of the original SL principles, holistic and strengths-based, are also retained.

4.4 Towards an emerging framework

This section aims to link together these different approaches to see what conceptual framework can be used to look at Pro-Poor LED, and so to measure it. The SLA gives us a useful lens to look at how poverty and riches can be measured, in terms of assets and vulnerabilities. Figure 4.4 integrates these different approaches.

What this diagram illustrates is how LED is integrated and interweaved with a wide range of other aspects of development – economic development both needs these in order to happen, and they are dependant on economic growth. It also reflects the complex range of aspects which need to be managed for pro-poor growth to happen. This reflects the need for a pro-poor growth agenda to underlie all aspects of planning. The “local” in LED also implies the need for liberation of local energy (see governance), coordination of local actors (see governance), building on local strengths and opportunities (competitiveness), and the creation of an attractive area to live, work and invest (livability).

At activity level there are a wide range of activities that can be considered as shown in Table 3.5.

Note that some of these are outside a local government’s control, eg stability of intergovernmental fiscal flows, and would need to be

The next section then asks to what extent we see these five aspects – the outcome level and the 4 output boxes (livability, effective governance and management, competitiveness and bankability) in some case studies of LED planning.

4.5 Thinking about M&E Process

Doreen Atkinson (2003) suggests that an M&E system for LED needs to be strong enough to track and evaluate programmes and evaluate the fundamental assumptions of programmes and policies. She suggests the following issues need to be considered, all of which are about the process of LED:

- (1) *Indicators* – the need for indicators to be set by people who understand the content;
- (2) *Institutional location of M&E* – M&E needs to be incorporated into the daily work of officials at all levels;
- (3) *Training of M&E staff* – M&E is often seen as an afterthought, and simply becomes bean-counting. Training is needed for staff to understand the point of the exercise;
- (4) *Collection of data* – this is often shallow and systems need to provide incentives for municipalities to collect data regularly;
- (5) *Participatory methods* – the impact of LED on citizens’ livelihoods is the fundamental purpose of LED and communities/groups have to be involved creatively in the M&E process;
- (6) *Verification of data* – provision has to be made for checking the veracity of data and usefulness of M&E tools employed;
- (7) *Reporting* – decision-makers need to be clear about what they want to learn from M&E;
- (8) *Dissemination* – using M&E as part of mutually supportive learning networks.

Figure 4.4 Framework for M&E of Pro-Poor LED

Outcomes	<ul style="list-style-type: none"> • Improving jobs, growth rates and reducing inequality • Quality of livelihoods, which can be measured by: <ul style="list-style-type: none"> ○ Financial assets - level of incomes and wealth ○ Human assets – improved skills, confidence and security from crime, poor health and nutrition ○ Social assets – strong communities and social structures ○ Natural assets – availability and quality of natural resources for enjoyment and for economic use ○ Physical assets – access to suitable personal (eg housing) and public assets (eg electricity) ○ Reduction in vulnerability of households to stresses and shocks • Sustainable use of resources 	
Outputs	Livability (good area to live and work)	Effective governance and management
	<ul style="list-style-type: none"> • Availability of basic public services • Functioning and effective infrastructure • Sufficient environmental standards • Adequate housing • Secure and safe environment • Availability of amenities and culture 	<ul style="list-style-type: none"> • People centred and participatory - local organisations, groups and associations representing the poor recognised as building blocks with communities active and involved in managing their own development • Active and accessible network of community-level service providers • Effective, responsive, coordinated and accountable management and delivery of services, notably by local government • Autonomy of local government • Strategic direction, redistribution and oversight by national government • Vertical and horizontal coordination and partnerships, across government, as well as with private sector and non-government organisations • Effectiveness of leadership at different levels • Ongoing learning from success and failure by all stakeholders (learning institutions)
	Competitiveness	Bankability
	<ul style="list-style-type: none"> • Holistic and disaggregated understanding of local economy and livelihoods, local strengths, weaknesses, opportunities and threats • Active private sector institutions and linkages • Adaptive management capacity and entrepreneurial competence • Sound business environment that fosters investment and entrepreneurship • Access to integrated and open markets • Encouragement of creativity and innovation (closely linked to culture) • Access to modern technology • Sustainable transport system • Availability of business credit • Quality of human resources 	<ul style="list-style-type: none"> • Effectiveness of community's financial management • Creditworthiness of local authority • Stability of intergovernmental fiscal flows • Attraction of local and non-local private investment

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These represent some of the issues that need to be thought about in developing an appropriate M&E system. Due to the limited resources for this element of the study, this has not been addressed in any depth in this report.

The SDBIP system mentioned that is required by the MFMA will force detailed M&E of outcomes, outputs, activities and finances. So the question of how this is done to maximise the usefulness of this approach becomes very pertinent.

5 CASE STUDIES OF LED PLANS AND TARGETS

This section looks at some South African and international examples and how their targets and indicators match with the emerging framework suggested in 4.4. The **process** of M&E is only addressed very briefly, due to the time constraints of the project.

5.1 Mangaung Local Municipality – South Africa

Mangaung has special mention as the city are partners in the research and have made significant progress in M&E, and the lead author has worked closely with them on this work and has had permission to use key detailed documents. The key dimensions to this scorecard are described as the strategic wheel and are:

- Development - Promoting Economic Growth, Community Resilience and Self-Reliance;
- Service Delivery - Promoting Service Excellence;
- Managing Resources Efficiently;
- Governance - Promoting Civic Leadership and a Common Approach.

Figure 5.1 summarises the overall scorecard for Mangaung, and Annex 3 shows the detailed scorecard. Table 5.1 shows the actual indicators and targets for 2 of the key economic-development related indicators, around poverty reduction and economic growth.

Figure 5.1 Summary of overall performance scorecard for Mangaung

<p>Resource management</p> <ul style="list-style-type: none"> •debt/collection ratios •staff ratios •skills improvement •staff morale •re-organisation •finance leveraged 	<p>Services</p> <ul style="list-style-type: none"> •basic service coverage •quality - citizen satisfaction •efficiency •% into communities
<p>Governance</p> <ul style="list-style-type: none"> •decision-making •partnership •participation •citizen confidence 	<p>Development</p> <ul style="list-style-type: none"> •growth •jobs •investment •poverty % (HDI,IMR) •HIV/AIDS rate •housing •crime

The outcome level targets relate closely to the model in 4.4, with an overall focus on economic targets (income levels, poverty levels). What are missing are adequate incorporation of sustainability indicators.

Table 5.1 Key outcome-level targets from Mangaung's IDP

Priority Area	Objective	Indicator	Baseline (2001/2)	Target for June 2006
Poverty Reduction	To ensure by 2006 poverty will have decreased by 10%	% Households earning less than R1100 real per month	50%	45%
		Expanded Unemployment Rate	35%	32%
Economic Growth	To ensure by 2006 that economic growth will have risen to 4.5% and 6000 new jobs will have been created	% real growth in RSC levies		
		% growth in non-domestic energy sales for previous 12 months over preceding 12 months		
		% of economically active population in formal jobs	45%	50%
Community Resilience and Self-Reliance	To ensure that external stresses and shocks on communities have been reduced and that communities are better able to withstand these	HIV prevalence amongst antenatal women in Mangaung	29%	20%
		Reported incidents of rape over previous 12 months	1290	1034
		Reported incidents of Murder over previous 12 months	318	252

Output level targets included in their scorecard (see Annex 3) and their relationship to the framework in 4.4 include:

- Availability of basic services and service satisfaction (livability)
- Community-based services (governance)
- Economic services (governance)
- Financial management and finance leveraged (bankability)
- Skills of workforce (competitiveness)
- Employment equity (outcomes – decreasing inequality)
- Information technology/eGovernance (competitiveness)
- Common approach (governance)
- Decision-making (governance)
- Public participation and civic leadership (governance)

There is a specific Economic Growth Programme. The main strategies (ie outputs) are:

- LED 1 By 2006 to attract 20 major **national and international investors**, creating 3000 new jobs;
- LED 2 To promote additional purchasing of **local products and services** to the value of R50m per annum by 2006, including other major employers in the area
- LED 3 To assist **key sectors** in Mangaung to develop (health, education, agriculture, tourism, sport and recreation, legal, manufacturing);
- LED 4 To support development of a well established and sound **SMME** sector, increasing the number of SMMEs by 35% and creating 1000 new jobs;
- LED 5 To ensure a skilled and well-trained **workforce** in the Mangaung area, with literacy rates of 90%;
- LED 6 To ensure **access to finance** for 90% of PDIs
- LED 7 To improve people's **livelihoods** through a range of community-based services, ensuring that at least five (5) different Municipal services are being delivered using community-based mechanisms;

- LED 8 To develop and establish **Mangaung Economic Development Partnership** by Dec 2002 involving 80% of the business sector and all key stakeholders.
- LED 9 Facilitate the N8 Corridor Development programme
- LED 10 Provide support to the Informal Economy sector

When this is compared with the framework in 4.4, many areas appear to be covered – what appears to be missing are some areas around competitiveness, eg Active private sector institutions and linkages, Adaptive management capacity and entrepreneurial competence.

Another area of particular interest in Mangaung, is its advocacy of a programme of community-based planning, whereby communities plan for their wards, for what they will do to implement their plans, and what the municipality and other actors needs to do in addressing these plans.

So in terms of the structure of its framework of strategies and indicators, Mangaung seems to have covered this well and seems to be promoting LED through a wide variety of measures. However Mangaung does not yet have an effective programme for collecting the data to be able to evaluate success. Current data from Statistics South Africa does not answer this on an annual basis. There have been discussions about undertaking an annual household survey and without something along these lines Mangaung will struggle.

5.2 An example of a Metro – eThekweni

The key outcomes in eThekweni's IDP include:

- Strong economic growth and sustainable job creation (outcome)
- Fully serviced, well-maintained, quality living environments (livable)
- Safe and secure environment (livable);
- Healthy and well-developed citizens (outcome);
- Rich and vibrant sports, recreation, art, literature, culture and historical heritage (livable);
- Protected and sustainable natural and prolonged ecological integrity (outcome);
- Sustainable urban form and structure (outcome);
- Accessible, accountable and aligned local government (governance).

Some specific KPIs related to economic development are shown in Table 5.2.

Table 5.2 Selected KPIs for eThekweni at output level (does not include all KPIs)

Strategic focus area	Key performance area	KPI	Baseline	5 year target
New business investment	Manufacturing sector support	No. of SMMEs supported through incubation		
	Primary sector support	% increase in muti and organics trade as a result of city intervention		
Supporting and growing existing businesses	Markets	% increase in Market sales performance	0.26% above national average	1% above national average
	Local Business Support Centres	Numbers of people able to access services in terms of business opportunities, access to finance, information, capacity-building by sector	500	20% increase from baseline

5.3 Birmingham City Council¹¹

Birmingham is the largest unitary local authority in the UK and we illustrate the key performance areas in 2000/2001. The 3 key performance areas were:

1. Developing People and Communities;
2. Improving Business Competitiveness and Diversity;
3. Investing in Sustainable Development and Infrastructure.

This illustrates Birmingham's version of a scorecard for its economic development, and the strategies employed in each. Once again these are related to the scorecard categories suggested in the framework in 4.4.

Key (performance) Area 1: Birmingham's unemployment rate is still more than twice that of the West Midlands Region and the UK as a whole. Much of this problem can be attributed to a lack of relevant qualifications and skills in the local labour force. These problems can be alleviated by training local labour in the skills required for new employment opportunities in the City.

Key Area One - Developing People and Communities (related to LED Framework)				
PRIORITY (with link to framework in brackets)	Capital £000s		Revenue £000s	
	Expenditure	Income	Expenditure	Income
Achieving sustainable area regeneration (outcome level)	9,937	6,102	2,200	2,044
Securing jobs for Birmingham people (outcome level)	13,277	8,225	212	0
Improving local learning and skills (competitiveness)	9,494	4,532	2,170	0
SUB-TOTAL	32,709	18,859	4,582	2,044

Key Area 2: The City Council's Priorities for Key Area 2 recognise that the introduction of the Euro has had a significant impact on the competitiveness of local business, particularly given that Birmingham has a high proportion of businesses in the manufacturing sector. Importance is also attached to the need to further diversify the City's economic activities, particularly given the dual pressures of globalisation and the single currency.

Key Area Two - Improving Business Competitiveness and Diversity				
PRIORITY (with link to framework in brackets)	Capital £000s		Revenue £000s	
	Expenditure	Income	Expenditure	Income
Improving the performance of local businesses (competitiveness)	7,622	3,556	2,711	2,147
Encouraging innovation and growth in the local economy (competitiveness)	2,006	1,572	0	0
Enhancing the role of Tourism in the development of the City's economy (competitiveness)	6,261	1,496	3,275	1,841
Supporting the development of world class conference, exhibition and leisure facilities (competitiveness)	101,784	87,700	0	0

¹¹ Available from <http://www.birminghameconomy.org.uk/sum/edp00sum.htm>

SUB-TOTAL	117,675	94,324	5,986	3,988
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Key Area 3: Modernisation of the local economy is constrained by an inadequate supply of quality land and building stock suitable for the demands of modern business. Importance is attached to attracting back businesses that have relocated out of the City as well as to modernising local transport and communications infrastructure to cope with the demands of modern commerce.

Key Area Three - Investing in Sustainable Development and Infrastructure				
PRIORITY	Revenue £000s		Capital £000s	
	Expenditure	Income	Expenditure	Income
Accelerating Development (livability?)	4,073	126	23,170	15,980
Providing and managing accommodation for business (competitiveness)	15,300	22,088	4,351	1,608
Developing and improving infrastructure (competitiveness)	135	0	5,474	879
SUB-TOTAL	19,509	22,214	43,563	24,449

As can be seen, Birmingham's economic scorecard focuses on the competitiveness aspects and issues about bankability in particular are not strong. In addition sustainability does not feature strongly.

5.4 Cork City Council, Ireland

Cork is Ireland's second city. The Cork City Development Plan 2004 sets out Cork City Council's policies for the development of Cork to late 2009. It outlines Cork City Council's policies for improving the social, economic cultural and environmental health of the City, through direct action and in conjunction with state, private and community sectors. It is based on three fundamental and interrelated goals (outcomes) which underlie all the policies contained in the Plan (Cork City Council, 2004):

To promote and provide for the sustainable development of Cork City enabling it to fulfil its role as a National Gateway City

This includes:

- Promotion of a range of commercial, industrial and cultural developments (competitiveness, livability);
- Increasing housing provision and reversing population decline (livability)
- Regeneration of the City Centre, docklands and other parts of the City (livability)
- To develop a sustainable transport system (competitiveness)

To promote social inclusion and to facilitate equality of access to employment, education, transport, suitable housing and social and cultural activities

This includes:

- Ensuring that all policies and actions contribute positively to social inclusion and the national Anti-Poverty Strategy (livability – for all)

To provide for a high quality natural and built environment and improved quality of life for those living and working in and visiting Cork City

This includes a range of measures to ensure a high quality built and natural environment (livability)

Note the key categories in the Plan include:

- Enterprise and employment (competitiveness);
- Transportation (competitiveness);
- Social issues and housing (livability);
- Built environment and urban design (livability);
- Environmental management (livability/outcome);
- Natural heritage and recreation (livability);
- City centre and docklands;
- Suburban areas;
- Development control standards (livability);
- Environmental appraisal.

As can be seen in Cork's case, livability is seen as very important for sustainable development of the City. This also shows the difficulty in disentangling economic development from the broad approach to planning and development of the City. Sustainability is specifically mentioned, but appears to be addressed primarily in terms of transport.

5.4 Approach of the Neighbourhood Renewal Unit in England

The last case study is a broader one with a focus on inclusion. The Social Exclusion Unit (later renamed the Neighbourhood Renewal Unit) has been set up in the UK to promote development of some of the most deprived areas in the UK, usually in cities. The vision is that "*within 10-20 years, no-one should be seriously disadvantaged by where they live. People on low incomes should not have to suffer conditions and services that are failing, and so different from what the rest of the population receives*" (Social Exclusion Unit, 2001, p 8). The vision is reflected in two long-term goals (outcomes):

- *In all the poorest neighbourhoods, to have common goals of lower worklessness and crime, and better health, skills, housing and physical environment;*
- *To narrow the gap between these measures between the most deprived neighbourhoods and the rest of the country.*

These outcomes therefore primarily reflect reducing inequality, in a multi-sectoral sense. The key outcome targets are in the following scorecard:

Employment and economies:

- Improving the economic performance of each region (competitiveness)
- Generating more sustainable enterprise in disadvantaged communities (competitiveness)
- Increasing the employment rates of disadvantaged groups, narrowing the gap between these rates and the overall rate (outcome level)
- Increasing employment rates in 30 local authority districts, and narrowing the gap between these and overall rates (outcome level)

Example of output/activity/input targets:

- Most targets given are resource or activity targets, eg a £96 million fund for business start-ups

Crime

- Reducing domestic burglary by 25%, with no local authority having a rates more than three times the national average (by 2005) (livability).

Example of output/activity/input targets:

- Again mostly activity or resource targets, eg a new National Drug Treatment Agency

Education and skills

- Reducing to zero the number of local education authorities (LEAs) where fewer than a set % of pupils achieve the expected standards of literacy (the % to be set later in 2001) (competitiveness/outcomes);
- >38% of pupils in every LEA obtain 5+ GCSEs at levels A*-C, and at least 25% in every school (competitiveness/outcomes).

Example of output/activity/input targets:

- Helping 750 000 people improve basic skills by 2004

Health

- To narrow the health gap in childhood and throughout life between socio-economic groups and between the most deprived areas and the rest of the country. Targets will be developed in consultation with external stakeholders and experts early in 2001 (outcomes).

Example of output/activity/input targets:

- Tough goals for reducing smoking by 2010

Poor housing and physical environment

- Reducing by 33% the number of households living in non-decent social housing, with most improvement in the most deprived areas, by 2004 (livability)

Example of output/activity/resource targets:

- An extra £1.6 billion investment in housing over the next 3 years

Being a programme focusing on poverty and social inclusion most of the targets are focused on different aspects of poverty (ie outcome targets), eg human assets (health), financial assets (employment), physical assets (access to housing). These also impact on livability. There are also indicators around competitiveness, rather than governance and bankability. Most of the targets given are those that are politically easier and so more attractive, eg new resources allocated, rather than the tougher output targets, eg 750 000 people have improved basic skills.

6 AN EMERGING FRAMEWORK FOR M&E OF PRO-POOR LED

6.1 Outcomes and outputs

This report has discussed extensively the use of indicators of outcomes, outputs, activities and inputs. We have seen different examples of their use in a variety of contexts in SA and internationally. A framework has been suggested which does provide a way of looking at how the different local governments are approaching Pro-Poor LED. The framework draws from the 4 dimensions suggested by the World Bank with additional indicators derived from relevant work from GTZ, and the Sustainable Livelihoods Framework, championed by DFID, FAO amongst others. So in general this covers:

Outcome level:

- Indicators of levels of assets (human, social, financial, physical, natural)
- Indicators of vulnerability
- Indicators of sustainability

Output level:

- Liveability = social equity and environmental quality (and there are links between this and the poverty indicators in Outcomes)
- Competitiveness = productivity and economic vitality
- Good governance and management = within and beyond City Hall
- Bankability = sustainable city or town finances and creditworthiness

This demonstrates how economic development is embedded in all aspects of development – it is not just the “what is needed” but “how things need to be done”. This is even more important where a pro-poor approach is taken, which reinforces a broader understanding of poverty and social inclusion, rather than a narrow view of growth and income poverty. This reinforces the importance of LED being embedded in all aspects of the work of the municipality, and the Integrated Development Plan. This is illustrated by:

- Measurement of poverty and livelihood outcomes being seen as cross-cutting, once a broader definition than income poverty is used, as is proposed by the sustainable livelihoods approach
- The **livability** cornerstone reflecting many aspects of life in the area
- **Competitiveness** covering issues ranging from entrepreneurial skills, to quality of services
- **Effective governance and management** – being critical for quality decision making, coordination, participation and liberating the energies of citizens.
- **Bankability** – considering the hard numbers of cost-effectiveness, value-for-money, and financial management

Table 6.1 Framework for structuring M&E of Pro-Poor LED

Outcomes	<ul style="list-style-type: none"> • Improving jobs, growth rates and reducing inequality • Quality of livelihoods, which can be measured by: <ul style="list-style-type: none"> ○ Financial assets - level of incomes and wealth ○ Human assets – improved skills, confidence and security from crime, poor health and nutrition ○ Social assets – strong communities and social structures ○ Natural assets – availability and quality of natural resources for enjoyment and for economic use ○ Physical assets – access to suitable personal (eg housing) and public assets (eg electricity) ○ Reduction in vulnerability of households to stresses and shocks • Sustainable use of resources 	
Outputs	Livability (good area to live and work)	Effective governance and management
	<ul style="list-style-type: none"> • Availability of basic public services • Functioning and effective infrastructure • Sufficient environmental standards • Adequate housing • Secure and safe environment • Availability of amenities and culture 	<ul style="list-style-type: none"> • People centred and participatory - local organisations, groups and associations representing the poor recognised as building blocks with communities active and involved in managing their own development • Active and accessible network of community-level service providers • Effective, responsive, coordinated and accountable management and delivery of services, notably by local government • Autonomy of local government • Strategic direction, redistribution and oversight by national government • Vertical and horizontal coordination and partnerships, across government, as well as with private sector and non-government organisations • Effectiveness of leadership at different levels • Ongoing learning from success and failure by all stakeholders (learning institutions)
	Competitiveness	Bankability
	<ul style="list-style-type: none"> • Holistic and disaggregated understanding of local economy and livelihoods, local strengths, weaknesses, opportunities and threats • Active private sector institutions and linkages • Adaptive management capacity and entrepreneurial competence • Sound business environment that fosters investment and entrepreneurship • Access to integrated and open markets • Encouragement of creativity and innovation (closely linked to culture) • Access to modern technology • Sustainable transport system • Availability of business credit • Quality of human resources 	<ul style="list-style-type: none"> • Effectiveness of community's financial management • Creditworthiness of local authority • Stability of intergovernmental fiscal flows • Attraction of local and non-local private investment

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6.2 Activities to promote competitiveness

The embedding of LED throughout the activities of municipalities implies that activities will be very varied. Specific activities that promote pro-poor growth and primarily competitiveness that were included in the survey were shown in Table 3.5. This is repeated in Table 6.2 with some additions reflecting the emerging framework above. Activities to promote bankability, livability and governance are not covered here but as discussed are important to create the climate for pro-poor LED.

Table 3.5 Possible activities to support competitiveness

Contribution to competitiveness	Activities
Appropriate enabling environment	Development of economic strategy, building on local strengths and opportunities
	Improving the local business climate eg improving processes and procedures for business registration, taxation
	Privatisation to improve services
	Grants/rebates to attract inward investment
	Grants/rebates to attract local investment/ expansion/ retention
	Non-financial support in promoting inward investment
	Research and information re economic development
Improved infrastructure	Investment in Hard Strategic Infrastructure ranging from electricity and roads to broadband communications
	Investment in Industrial /Commercial Sites/ Premises
	Sustainable intermodal transport systems
Strengthened SMMEs	Support for procurement by SMMEs from large orgs
	SMME support centres
	Subsidising general business advice for SMMEs
	Support for creation of new businesses (including cooperatives)
	Support for growth of existing businesses (including cooperatives)
	Supporting access to finance, including microfinance, community banking, as well as venture capital
Improved access to markets	Marketing of the area
	Physically eg construction of markets, construction of cargo airports
	Virtually eg electronic purchasing systems, support for exporting
	Developing mechanisms for bulk contracts and subcontracts to SMMEs
	Developing unique local products based on local strengths and opportunities
	Developing markets for local SMMEs and communities through contracting of services and local procurement, eg community-based waste management (see LED Main Report for example from Cape Town), or community-based road maintenance
Improvement for specific targeted groups/areas	Development of specific sectors/ business clusters
	Schemes to support the informal sector
	Schemes to support urban agriculture
	Schemes to support particular groups eg women, youth
	Special employment schemes eg EPWP, labour-based maintenance
	Special development zones (IDZs, inner city, BIDs...)
Improved skills of the workforce	Skills training, notably literacy

The activities suggested here should be considered by municipalities promoting LED, and these activities would then need to be monitored, using the SDBIP, and being monitored on at least a 3 monthly basis.

Annex 1 References

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Annex 2 Example of 2004/5 Service Delivery and Budget Implementation Plan format for economic development from Mangaung

1 Impact measures - Key IDP scorecard indicators the Directorate is addressing

Priority Area	Objective	Indicator	Baseline (2001/2)	Target for June 2006	Possible 2004/5 target
Poverty Reduction	To contribute to a significant reduction in poverty in Mangaung	% Households earning less than R1100 real per month	53.3%	48%	50%
		Expanded Unemployment Rate	104 583 (40%)	35%	2.5%
Economic Growth	To contribute to significant economic growth in Mangaung	Increase in number of formal sector jobs	156 874	162 874 (+ 6000 jobs)	1000

2 Key Economic Programmes from the IDP

Programme	IDP Programme objective including 2006 target or RG commitment	Indicator	Baseline (for which year?)	Proposed 2004/5 target
Promoting Economic Development	By 2006 economic growth will have improved to 4.5% and 6000 new jobs will have been created.	Increase in GGP	2% (2002/3)	2.5%
CBD Renewal Programme	By 2006 Mangaung CBDs are in demand by offices and retail, their GGP is growing at 4.5%/annum, at least 100 new businesses have been established, vacant office space has been reduced by 50% and more people are residing within the CBDs, which are vibrant both during the day and at night	GGP/annum No. of business Office vacancy rate: Retail vacancy rate: No. of residents	<ul style="list-style-type: none"> • GGP/annum • No. of business • Office vacancy rate: 55% (2001) • Retail vacancy rate: 25% (2001) • 6000 residents 	CBD masterplan completed this year. Detailed targets to be determined by CBD Masterplan and then added to score card

3 Proposed Directorate strategies/programmes and how they are achieving the IDP strategies

Original IDP Strategy or RG-related strategy	Proposed Directorate Programme/strategies (the total of which is your proposed programme for 2004/5)	Subdirectorate	Target for 2004/5
Promoting Economic Development			
LED 9 By 2006 to attract 20 major national and international investors , creating 3000 new jobs;	Same	Economic Development	5 major international and national investors commit to invest in Mangaung during the year
LED 10 To promote purchasing of local products and services to the value of R50m per annum by 2006;	To promote additional purchasing of local products and services to the value of R50m per annum by 2006; Including other major employers, including other major employers in the area	Corporate Support Management (Procurement Division) Economic Development	R25m internal R5m (external)
LED 11 To assist key sectors in Mangaung to develop (health, education, agriculture, tourism, sport and recreation, legal, manufacturing);	Same	Economic Development	Manufacturing 10 % Transport 15% Agriculture (large and small-scale) 6%
LED 12 To support development of a well established and sound SMME sector, increasing the number of SMMEs by 35% and creating 1000 new jobs;	Same	Economic Development	No of new SMMEs surviving beyond 2 years 1000 new jobs created
LED 13 To ensure a skilled and well-trained workforce in the Mangaung area, with literacy rates of 90%;	Same	Economic Development Corporate Services (training) Roads & stormwater (construction learnerships) Housing (learnerships linked with EPWP)	5 skills programmes for SMMEs 20 learners per learnership or skills programme Needs more thought but fundamental to growth
LED 14 To ensure access to finance for 90% of PDIs	Same	Economic Development (SMME division)	100 PDI SMMEs assisted with financing Not what Mangaung is assisting, but how it is helping to ensure appropriate finance systems in place so PDIs can access

Original IDP Strategy or RG-related strategy	Proposed Programme/strategies (the total of which is your proposed programme for 2004/5)	Directorate	Subdirectorate	Target for 2004/5
LED 15 To improve people's livelihoods through a range of community-based services, ensuring that at least five (5) different Municipal services are being delivered using community-based mechanisms;	Same		Social Development Housing Parks & Cemeteries Disaster Management Solid Waste Management	Targets for other directorates
LED 16 To develop and establish Mangaung Economic Development Partnership by Dec 2002 involving 80% of the business sector and all key stakeholders.	Establish the Mangaung Economic Development Partnership		Economic Development	3 partnership agreements concluded
	Facilitate the N8 Corridor Development programme		Economic Development	Finalise the business plan for the N8 Corridor development Facilitate the implementation of 5 key projects as part of the N8 Corridor programme
	Provide support to the Informal Economy sector		Economic Development	Finalise an Informal Economy policy Provision of hawking stalls in Botshabelo & Thaba Nchu Process applications for street traders permits Assist in capacitating of at least 5 emerging entrepreneurs
	Ensure the development of the tourism sector		Economic Development Social Development Environmental Management Parks & Cemeteries	Finalise the business plan for the Tourism Development Programme Facilitate the implementation of 2 key projects as part of the Tourism development programme. Specify projects what projects
CBD Renewal programme				
CBD 1 To ensure that 70% of visitors in the CBD find it a clean, safe, attractive and pedestrian friendly environment, thus enhancing a positive image of the CBDs;	Same		Solid Waste Management Parks & Cemeteries (horticulture) Planning (Transport planning)	50% of visitors find it a clean, safe, attractive and pedestrian friendly environment (in perception survey)
CBD 2 To develop and implement a plan by 2003/4 that	Same		Planning (spatial planning &	CBD Master Plan produced

Original IDP Strategy or RG-related strategy	Proposed Programme/strategies (the total of which is your proposed programme for 2004/5)	Directorate	Subdirectorate	Target for 2004/5
integrate the Bloemfontein CBD with the historical precinct in the Westdene/Willows/Park West area and the recreational precinct in the Kings Park/Loch Logan area in order to create a coherent and integrated city centre;			transport planning divisions)	
CBD 3 To increase and provide an effective, efficient, convenient, reliable and integrated public transport system to service the CBDs;	To increase and provide an effective, efficient, convenient, reliable and integrated public transport system to service the municipal area, including CBDs		Planning	Completion of Transport Plan for the municipal area, including plan for Transport Authority
CBD 4 To improve the accessibility of the CBDs for all modes of transport by reducing traffic congestion problems along the Dr. Belcher Road/Fort Street road link with the CBD;	Same		Roads & Stormwater Planning (in EDP)	Completion of key performance areas (KPA's) 4-7 of Mangaung Activity Corridor and partial implementation of KPA's 1-3.
CBD 5 To establish an effective and efficient CBD business support system (addressed under the LED Programme);	Same		Economic Development	Comprehensive database on Business development Support Advisors in Mangaung
CBD 6 To increase the residential density within the CBDs;	Same		Housing	First project awarded for 5000 high density residential units and allocate 2000 to CBD housing
CBD 7 To establish Business Improvement Districts (BIDs) within the CBDs.	Same		Economic Development	1 BID established in Bloemfontein CBD
Sustainable rural development				
	Formulate a rural development programme in line with ISRDS and Mangaung EDS.		Planning Economic Development Environmental Management	Rural development programme formulated.
	Establish a Mangaung Rural Development Forum.			Mangaung Rural Development Forum established
	Facilitate the implementation of the agriculture development programme			Facilitate the implementation of the agriculture dev. programme
	Establish well-managed commonages and pounds for urban livestock.			Establish 2
	Formalise partnership with Traditional Council			Partnership with Traditional Council formalised

3 Proposed Directorate projects and how they are achieving IDP Projects and other services

Project identifier	IDP or Restructuring Grant Projects	Proposed Directorate Projects (the total of which is your proposed projects for 2004/5)	Capital budget for 2004/5	Operational budget for 2004/5
LED 5.1	Establish unit and provide for relevant job descriptions	Same		R 1 679 700
LED 5.2	Economic Profile and Strategy	Same		
LED 4.5.	Establish the Mangaung Economic Development Partnership			
LED 2.2.	Support for local purchasing	Same		
LED 3.1	Support for Science Park			
LED 2.1, LED 2.2.	Ensure support for & development of the SMME sector in Mangaung:			R960 000 Community Development Fund
LED 4.1.	Business Advisor Network	Same		
LED 4.2	Establish job centres	Same		
LED 1.2	Marketing plan	Same		R 232 000
LED 1.3 LED 1.5	Incentives and investment programme	Same		
LED 6.1	Feasibility study for IDZ in Botshabelo		R500 000	
LED 6.2	Infrastructure for IDZ		R 500 000	
CBD 1.7	Upgrading of Public Ablution facilities in the CBD	Same	R 250 000	
CBD 1.6	Renovation of historic buildings in the CBD	Same	R 150 000	
CBD 2.2	CBD Masterplan	Same		Restructuring Grant R1000 000
CBD 4.2	Expansion of taxi rank			
CBD 5.1	Integrated Transport Plan	Same	R18 000 (electronic speed measurement apparatus)	R300 000 (Restructuring Grant) R 1 970 190
CBD 5.2	Upgrade Dr. Belcher/Fort Street/CBD	Same	R900 000 (Restructuring Grant)	
CBD8.1	Establish Business Improvement Districts	Same		
Env 1	Develop & implement an Integrated Environmental Management Plan (IEMP)	Same		R 315 000 (Restructuring grant)
Env 5	Promote clean energy sources	Same		R 1 652 070
Env 4	Reduce pollution levels			
Env 3	Promote an environmental education system			

Project identifier	IDP or Restructuring Grant Projects	Proposed Directorate Projects (the total of which is your proposed projects for 2004/5)	Capital budget for 2004/5	Operational budget for 2004/5
HS 1	Provision of social housing for 500 beneficiaries	Same	R5 655 800 (National Housing subsidy programme)	
HS 2	Provision of institutional housing for 2000 beneficiaries through section 21 company	Same	R 28 279 000 (National Housing subsidy programme)	
HS 7	Accreditation - info centre and deeds searches		R 200 000	
HS 8	Maintain Council rental houses.	Same	R1 255 000 (issuing of electrical compliance certificates & upgrading of sewer system, installation of pre-paid meters, paintwork, paving)	R 1 767 790
HS 3	Establish housing advice centre			
HS4	Upgrade 1000 dilapidated houses.	Same	R 2 875 000 (funded from National Housing Subsidy - 100 houses)	
HS5	Improving quality of housing design and urban spaces.			
ED 1	Construction of new centres and renovate unused buildings			
ED 3	Development of infrastructure for skills learning			
ED 4	Construction of few new centres and renovate unused buildings within the municipality			
Transport Logistics HUB				
Rural development projects			R80 000	R 1 441 190
Equipment for agriculture projects			R80 000	
Hawking Stalls			R150 000	
Establish SMME Service Centre			R1 000 000	
Township			R1 900 000	R 13 049 750

Project identifier	IDP or Restructuring Grant Projects	Proposed Directorate Projects (the total of which is your proposed projects for 2004/5)	Capital budget for 2004/5	Operational budget for 2004/5
establishments				
Alterations to Civic Theatre			R 400 000	
Acquisition of land			R 1 850 000	R 2 647 550
Upgrading of Hostel I			R 10 000 000	
Subdivisions			R 150 000	
Provision of toilet facilities			R 500 000	
Asset Register				R87 000 (Restructuring grant)
Land Allocation Policy				R 100 000 (Restructuring grant)
Outdoor Advertising Policy				R 29 000 (Restructuring grant)

Annex 3 Strategic scorecard for Mangaung 2001-2 (note some targets still needed to be completed)

Priority Area	Objective	Indicator	Baseline	5 year target
<i>Development - Promoting Economic Growth, Community Resilience and Self-Reliance</i>				
Poverty Reduction	To ensure by 2006 poverty will have decreased by 10%	% Households earning less than R1100 real per month	50%	45%
		Expanded Unemployment Rate	35%	32%
Economic Growth	To ensure by 2006 that economic growth will have risen to 4.5% and 6000 new jobs will have been created	% real growth in RSC levies		
		% growth in non-domestic energy sales for previous 12 months over preceding 12 months		
		% of economically active population in formal jobs	45%	50%
Community Resilience and Self-Reliance	To ensure that external stresses and shocks on communities have been reduced and that communities are better able to withstand these	HIV prevalence amongst antenatal women in Mangaung	29%	20%
		Reported incidents of rape over previous 12 months	1290	1034
		Reported incidents of Murder over previous 12 months	318	252
<i>Service Delivery - Promoting Service Excellence</i>				
Basic services available	To ensure that, by 2006, all households on formal erven will have access on their stand to a water connection, 85% to basic RDP standard sanitation, and 65% to a properly drained all weather street.	% Households that have access to a potable water supply on site	78%	100%
		% Households that have access on their stand to at least a ventilated improved pit latrine (VIP)	62%	85%
		% Households that have a legal electricity connection	99%	99%
		% Households that have access to an all-weather street	50%	65%
		% Households that have access to a weekly door-to-door refuse collection service	78%	100%
	To ensure that all households earning less than R 1100 per month receive free basic water and electricity.	% Households, earning less than R1100 per month, who receive free basic water provision		
		% Households, earning less than R1100 per month, who receive free basic electricity	84%	100%

Priority Area	Objective	Indicator	Baseline	Target
Service Satisfaction	To ensure that citizens are satisfied with the quality of service provision committed to by the Mangaung Municipality	% Households satisfied with the quality of service provision in the Mangaung area, as determined by a citizen satisfaction survey		
		% Commercial property owners satisfied with the quality of service provision in the Mangaung area, as determined by a citizen satisfaction survey		
Community - based service delivery	To ensure the outsourcing of services, that are most effectively delivered by communities or SMMEs	% of the municipal budget allocated to communities for community-based service delivery		
Economic Services	To ensure that Mangaung is promoted as an attractive place to live, visit and invest by developing and implementing an incentive scheme and a marketing strategy	Indicator to be developed in line with marketing strategy		To be defined when economic strategy completed
Managing Resources Efficiently				
Financial Management	To ensure that the organisations finances are managed sustainably	<i>Debt Coverage</i> as defined in the Municipal Planning and Performance Management Regulations (2001)		
		<i>Outstanding Service Debtors to Revenue</i> as defined in the Municipal Planning and Performance Management Regulations (2001)		
		<i>Cost Coverage</i> as defined in the Municipal Planning and Performance Management Regulations (2001)		
		<i>Cash Collection</i> defined as Cash Collected (last 12 months) / Billings (last 12 months)	86%	97,5%
		% of total capital budget spent to date in year	19%	95%
		Salaries budget as % of total operating budget	31%	25%
		Provisions for bad debt/ (billings less cash collected less operating grants)		
Finance Leveraged	To ensure that required non-MLM resources are mobilised to support the IDP	% of capital resources to support projects that are sourced externally from MLM		

Priority Area	Objective	Indicator	Baseline	Target
Skills of workforce	To ensure that the municipality invests in the skills of its employees to fulfil its roles, in line with its skills development plan	% of Mangaung Municipality's salary and wages budget that has been spent on training	0.56%	0.6%
		% Skills levy received in rebate from the LGWSETA		70%
Employment equity	To ensure that the municipality ensures representivity in line with its employment equity plan	% employed in the three highest levels of management who are Black people (African, Indian, Coloured)	6	70%
		% employed in the three highest levels of management who are women	3	50%
Information technology	To ensure that Mangaung staff are able to access relevant data through the IT system and that it is linked to a GIS system.	% Services with key data captured in a management and geographical information system		100%
<i>Governance - Promoting Civic Leadership and a Common Approach</i>				
Common approach and programme	To ensure that Mangaung's programmes are aligned to the IDP	% of a municipality's capital budget spent on projects identified in the IDP	45%	80%
	To ensure that there is an agreed approach and programme with key stakeholders that are needed to deliver elements of the IDP	% of targeted departments and agencies with whom MLM has a memorandum of understanding which is being implemented	0	100%
Decision Making	To ensure that, the internal decision-making processes are efficient and effective	Average timespan between item being tabled on an agenda and a decision being taken, for all items tabled at MAYCO over the last twelve months	42	14
Public Participation	To ensure that citizens are given sufficient information, opportunity and encouragement to participate in and influence the affairs of the municipality	% of citizens that have participated in annual ward planning processes	1.2% (10 000)	
Civic leadership	To ensure that capacity of community leadership to support local development is strengthened	% of ward committees that have at least met monthly with a quorum		