

LOCAL ECONOMIC DEVELOPMENT: A CRITIQUE OF THE AFRICAN EXPERIENCE

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ABSTRACT

About 30–40 years ago, Local Economic Development (LED) was conceptualised in developing countries and is still gaining momentum in these countries. It has been practised as a development strategy in various forms, more particularly in developed countries. In the African context, LED has been incorporated with local or community development, and these poverty alleviation strategies have focused on social goals over the short term, rather than economic goals that are more broad-based and longer term. Particular emphasis has been placed on survival strategies and remedial measures to address social problems, as opposed to sustainable development over the longer term. Globally, LED strategies seek to enhance economic growth. In the African context, the approach adopted includes the former, but prioritises poverty alleviation and greater inclusion of previously excluded groups. African countries that develop a positive linkage between growth and poverty alleviation are the exception rather than the rule. Only countries that are reasonably well developed, diversified, globally linked and have an urbanised economy would fall into this category; South Africa has managed to bridge this divide and is a rare exception. The African Continent as a whole is experiencing distinct challenges in implementing LED, namely a lack of human resources, and limited financial, institutional and technical capacity. Furthermore, the development environment is not very enabling and this has also proved to be a stumbling block in facilitating LED in many countries.

Key words: Local economic development; African experience; challenges and capacity

INTRODUCTION

Africa's population is estimated to be approximately 900 million, with an annual growth rate of 3%. The average population density on the continent is 26 persons/km². Nearly 50% of Africa's population is subject to some form of local government and administration (Thornhill 2010, 74). It has been argued that Africa is 'different' (Economic Commission for Africa 2005: 25–27; UN Millennium Project, 2005: Chapter 10) from the other continents and that consequently, policies designed for other parts of the world will not be successful in Africa. However, in response to this argument, Rodriguez-Pose and Tijmstra (2005: 9) pointed out that numerous development policies exclusively designed for the continent did not take cognisance of and cater for its internal diversity and consequently, were unsuccessful.

LED has generated considerable interest and gained much prominence in Africa since the 1990s. Donor communities and governments focused on LED as a possible strategy for facilitating economic growth and more importantly, promoting the welfare of local communities (Mataya undated:1; UNCDEF 2007:2 ; Reddy and Wallis 2011: 25–26). In the African context, national government intervention still dictates the economic development of regions and localities. In the majority of cases, the interventions have been implicit and discrete rather than based on an explicit LED policy (UNCDF 2007: 2). It is generally accepted that a basic structure for economic development can be provided by the public sector through infrastructural development. However, it is a reality that the local private sector will facilitate growth and ultimately address poverty alleviation. Of late, LED has featured prominently in discussions and debates, particularly in countries undergoing a process of restructuring and transformation due to, *inter alia*, decentralisation, globalisation, democratisation and state building, where new opportunities have arisen. Rodriguez-Pose and Tijmstra (2005) stated that 'strategically planned LED strategies can provide a viable alternative to traditional development strategies in tackling the issues of low economic growth and widespread poverty'. However, despite recent trends and developments on the continent and the interest generated in this new local development strategy, LED practice is still in its infancy. Several challenges that undermine its implementation and effectiveness are highlighted in the latter part of this article (UN Habitat in Reddy and Wallis 2011: 26 adapted).

This article will provide a brief theoretical appraisal of LED in an African context, and thereafter review recent trends and developments in selected countries on the continent. The information presented will be analysed in a comparative context, with particular emphasis on the challenges being experienced. The final part of the article will propose possible solutions to address some of the challenges that are highlighted. The research methodology for this article will primarily be

a literature/desk top review of the latest trends and developments in LED across selected countries on the continent. In the past decade, a significant amount of work has been undertaken on LED by international development agencies and the donor communities. Consequently, emphasis will be placed on lessons that can be learned, thereby mapping the way forward.

THEORETICAL CONSIDERATIONS AND CONCEPTUAL FRAMEWORK

A definition introduced by one of the early researchers on LED still has considerable relevance, that is, ‘it refers to the process in which local governments or community based (neighbourhood) organizations engage to stimulate and maintain business activity/or employment. The principal goal of local economic development is to stimulate local employment opportunities in sectors that improve the community, using existing human, natural and institutional resources (Blakely 1994: XVI). The Global Forum on Economic Development (2010: 50) defined economic development as ‘an outcome which implies a positive, sustained and comprehensive change in the quality of people’s lives and a measurable improvement in their economic well-being’. It added that ‘LED implies the application of these principles in a defined territory (region, province, city district or town)’. The adjective ‘local’ denotes the ‘how’ of development and more specifically, the ‘where’, with considerable emphasis placed on the actors and the resources harnessed for the process at local level. The effective utilisation of a territory’s human, natural and capital resources, and the strategic deployment and continuous development of its comparative advantages forms an integral part of the process (Global Forum on Economic Development 2010: 50).

According to the World Bank (quoted in Reddy and Wallis 2011: 5), the main objective of LED is ‘to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which the public, business and the non-governmental sector partners work collectively to create better conditions for economic growth and employment generation’. The World Bank summarises this as a process ‘by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. The aim is to improve the quality of life for all’. LED is a distinct process with a defined goal and outcome. In support of this argument, Nuwagaba (2008: 6) stated that LED was a locally driven strategic planning process among local governments, the business community and non-governmental organisations (NGOs) that sought to identify, harness and utilise resources to stimulate the economy and more importantly, create new job opportunities in a locality. It was

the sum total of individual contributions of a broad spectrum of the local community (authority, business, labour, NGOs and individuals) in improving their economic status by combining skills, resources and ideas (International Republican Institute and National Business Initiative 1998: 2). The focus is on local, as opposed to regional or national development, with local authorities playing a pivotal role in developing their localities or areas. Two important aspects can be underscored, that is, LED is an ongoing process and more importantly, it is driven by local actors from different societal sectors, implying collaboration and co-responsibility between the public and private sector in developing a region or location (Patterson 2008: 3).

Municipalities enter into collaborative partnerships to create new jobs and stimulate economic activity in a defined locality. This can be viewed as an enterprise approach. Considerable emphasis has been placed on 'endogenous development policies using the potential of local human, institutional and physical resources' (Harris et al. in Reddy and Wallis 2011: 7). The approach adopted for LED, places considerable emphasis on endogenous development policies for utilising the intrinsic local potential (human, institutional and physical) resources effectively controlled by the locality, rather than relying on the allocation of external resources from national level (UNCDF 2007: 2). LED strategy should form an integral part of the broader strategic planning process for a sub-national region, city, town or rural area. Sound LED strategic planning ensures that priority issues are addressed and scarce resources well targeted (Breitenbach in Reddy and Wallis 2006: 7). Harrison et al. (2003: 178) also alluded to the fact that LED was process-orientated, involving the development/nurturing of new institutions and companies; the establishment of alternative industries and new markets; and capacity development and transfer of knowledge to improve quality. The quantitative increase and furthermore, the variety of local job opportunities created, are a critical factor in this equation. It is expected that local government and or/community groups will actively initiate developments and more importantly, utilise resources to develop the local economy. According to the UNCDF (2007: 2):

'A LED-related strategy would involve a re-orientation of local governments from a predominantly traditional role of delivering social services to one which includes facilitation for private sector development and investment, taking into account present level of skills, employment and poverty. LED necessitates a deliberate policy by local authorities to develop partnerships with the private sector, community and non-governmental organizations, for not only social services provision, but employment creation through investment promotion and an enabling business environment within the overall context of poverty alleviation.'

LED differs from traditional economic development in several ways, namely: it is territorial (not sectoral), bottom-up (as opposed to being top-down, with related issues of empowerment), decentralised/co-operative (not managed by central administration,) and it maximises local potential (as opposed to the focus on large industries, projects and incentives) respectively (Hardingham et al. and Rodriguez-Pose and Tijmstra in Reddy and Wallis, 2011: 6).

The notion of ‘locality’ is key to LED, as considerable emphasis is placed on both the proactivity and mobilisation of local communities and individuals, NGOs, labour and business. It is an ongoing process that is longitudinal, rather than being an isolated project or steps that should be followed for a particular activity. It includes all the key players and stakeholders in the locality, who are involved in a diverse range of local initiatives, addressing a range of socio-economic development needs over a wide spectrum of activities (Reddy and Wallis 2011: 5). Indicators for LED success are: ensuring that all key players and stakeholders are on board; maximising local resources and current opportunities; identifying and developing future opportunities; and harnessing critical external resources and skills. Each municipal area has its own natural assets and physical characteristics, and consequently there is no blueprint for LED success in every locality. The selection of plans and strategies for a given municipal area is to a large extent determined by the availability of land, infrastructure, natural resources and a skilled workforce (Scheepers and Nonchusi 2002: 83). Each locality has its own distinct unique natural assets and resultant opportunities and consequently should ensure that it derives the maximum benefits from economic development opportunities that arise in this regard (Reddy and Wallis 2011: 6).

At a global level, it is a given that the local government sphere is critical in facilitating an enabling environment for local development. The limited success achieved by central government in ensuring economies of scale resulted in socio-economic planning being devolved from ‘national institutional cores to individual localities in municipal areas’ (Parnell and Pieterse and Binza in Reddy and Wallis 2011: 6). In support of this argument, Helmsing (2001: 63) stated that the conditions for LED had changed considerably of late, and that there were four main aspects that had to be taken cognisance of, namely:

- Central government has lost its economic co-ordinating role as other actors were drawn in to make the market economy work through interdependence.
- Winners and losers were created by the new geo-economy, as some localities exported goods to larger markets, while others were losing local resources (capital, firms and educated people) to greener pastures.

- Localities were increasingly coming under pressure to create place prosperity, i.e. the right conditions for local economic advancement. Local government was important, but so were the private sector, CBOs and NGOs.
- The public sector had new roles as a result of LED. Public services had to be provided through the right mix to galvanise other actors, communities, private companies, workers and NGOs to action in terms of a contribution. The public sector provided the impetus for economic growth of the community and the private sector.

Of late, globalisation has of late been accompanied by a growing trend towards increased localisation of governance structures and furthermore, economic activity. In this context, Rodriguez-Pose and Tijmstra (2005: 6) noted that ‘paradoxically, many of the same technological advances that created an opportunity for greater international connectedness have also enabled and stimulated the agglomeration of production, further urbanisation and the decentralization of governance’. Local responses have been developed to address global challenges, and in this context, LED is a key component of globalisation. Globally, localities are critical to investment, decision-making and development. This was acknowledged by the United Nations Habitat and the World Bank, as highlighted in the recent Report on the State of the World Cities and the establishment of the South African Cities Network and Local Economic Development Network for Africa (LEDNA). It is important that the benefits of global participation and local successes benefit both the developed and developing sectors of society and furthermore, that the required policy support and resources are provided to ensure sustainable growth and development. Several international declarations, namely Local Agenda 21, the International Union of Local Authorities Worldwide Declaration on Local Government, the European Charter for Self Government, the Cardiff Consensus on Local Economic Development, and the Global Forum on Local Development have placed an obligation on local authorities globally to play a key role in stimulating local economies, acting in concert with the private sector in the respective localities. This point was emphasised by Binza (2010: 256), who stated that in the 21st century, local authorities must: foster a stable and diversified economy; create and sustain employment opportunities; improve living conditions and sustain quality communities; improve the skills and qualifications of the workforce; deliver services that best meet local needs; and build and maintain quality facilities and infrastructure for LED.

REVIEW OF SELECTED AFRICAN EXPERIENCES

Uganda

Although LED has not been undertaken in its entirety in Uganda, there have been several initiatives which, if taken to their logical conclusion, can be categorised as LED activities or initiatives. These would include, *inter alia*, various forms of Public Private Partnerships (PPPs) at sector level; support to various private sector forums, in turn supported by development partners and different levels of micro-support to communities (UNCDF 2007: 5). The Local Government Sector Investment Programme (LGSIP) launched a national process of facilitating LED through, *inter alia*, a LED Strategy Document; LED Policy; and an expressed intention to partner with the United Nations Capital Development Fund (UNCDF) and the United Nations Development Programme (UNDP) in its pilot projects, in 10 districts in the country. LED is a key component of the three-year rolling development plans of local authorities driven by communities, starting at the village level. The District Development Programme (DDP), supported by UNCDF assisted government to implement its decentralisation policy by introducing local planning, management and performance=linked financing procedures that form part of official policy (Wallis and Reddy: 2011). Currently, policy in specific areas of local participatory planning, local revenue enhancement, local justice administration and gender mainstreaming are being piloted through this programme. The DDP was developed with a view of supporting local implementation of the National Poverty Eradication Action Programme through key pro-poor infrastructural development, greater participation in decision-making, control and the equitable distribution of resources (Reddy and Wallis 2011: 15).

A Joint Annual Review Document to assess progress on LED implementation has been introduced (UNCDF 2007:5). As part of its annual review, a Decentralisation Working Group (DWG) will prioritise LED and has pledged its support for the UNCDF/UNDP pilot project highlighted earlier. The decentralisation policy enables local authorities to exercise administrative, financial and judicial powers, denoting a national framework supportive of LED. The Republic of Uganda 1995 (Article 195) and the Local Government Act, 1997 (Section 7) empower local government to approve and execute development plans. Liberalisation policies promoting local enterprise development and public private partnerships have been in force since the 1980s. Local structures were empowered to mobilise and plan for the required human and financial capacity to benchmark potential economic activities. The Ugandan system reveals similarities with South Africa as far as structures are concerned, and

‘participation is at the heart of policies concerning local government’ (Thornhill 2010: 84). To date, more than 20 LED projects have been identified, supported by: National Agricultural Advisory Services (NAADS) and civil society practitioners (Nuwagaba, 2008: 26). The impediments to LED identified to date, include, *inter alia*, unattractive localities for investment, given the poor physical infrastructure; declining agricultural production due to low technological innovations, low prices, smallholder farming, and a constrained land tenure system; unsupportive local economic governance relationships and more specifically, a contradiction between political decentralisation and economic empowerment; limited entrepreneurship among the local populace; negative attitudes to work by the youth; low levels of technological development; and political interference in local revenue generation (Nuwagaba, 2008:8).

Malawi

Poverty reduction is a major priority for the Malawian government, followed by addressing hunger and the reduction of HIV/Aids. The NGO community is a key stakeholder in LED initiatives. The Ministry of Local Government and the Decentralization Secretariat work closely with the district and city assemblies to identify funding from government and its development partners, and thereafter consolidate project proposals (Mataya undated:14–16). The District and City Assemblies, as well as Area and Village Planning Committees, are key stakeholders in the process in terms of the local governance structure. In the Malawian case, the private sector is not very active in LED, and there are few prospective partners. Public institutions can facilitate the LED process, but some constraints have been noted, namely: limited financial resources and inadequate human and physical capacity. According to Mataya (undated:14–16), six distinct challenges have hampered the process, that is, no LED strategic framework; inadequate implementation of local governance policy and adherence to related acts; most projects being rurally based, focusing on food security; poor communication of project data and information; political interference and conflict among institutions; lack of a business culture and poor resource mobilisation capacity; and a dependency on donors.

Tanzania

Several policies that facilitate LED, were identified, namely: the Development Vision 2025; the Decentralisation Policy and Local Government Act, 1982; the Local Government Reform Policy (1999); the National Economic Empowerment Policy; the National Economic Policy; and the National Economic Empowerment Act, 2004. Kawa (undated: 5) pointed out that the National Economic Empowerment Policy has

resulted in a number of linked strategies/programmes/institutions being introduced of late, namely: the National Strategy for Growth and Reduction of Poverty (NSGRP); National Strategy for Registration and Formalisation of Property (MKURABITA); Business Environment Strengthening for Tanzania (BEST) Programme (2000); and Joint Assistance Strategy for Tanzania for 2006-10. He added that a National Business Council; Tanzania Investment Centre; and a Business Registration and Licencing Agency (BRELA) had been established, as well as a Private Sector Development Foundation in collaboration with the bilateral donor community. The establishment of the Local Government Capital Development Grant System provided an enabling environment for LED, as it involved the devolution of the development budget; fiscal decentralisation and facilitated ‘streamlining’, planning, appraisal, monitoring and reporting procedures; and assisted local authorities with grants for capacity building and capital investment. Key challenges were: ascertaining the level of government engagement and commitment to LED; mapping LED or its functions and mandates; reviewing and documenting donor sponsored LED support programmes; mapping LED-related competence or knowledge base/skills centres; assessing the business regulatory environment at national, regional and district levels; mapping of Micro Small and Medium Enterprises (MSMEs) and Microfinance institutions at local level; and mapping business associations and centres (TCCIA, National Business Councils, Investment Centres) at regional and local levels (Kawa, undated:17-18). Kawa (undated:18) made a final observation ‘that there is limited understanding of the concept and practice of LED though many interventions are inherently LED in quality, locality and economic perspective’. He added that although there was no official or national definition of LED, there was a sufficiently enabling environment for promoting LED at national and local levels.

South Africa

The post-apartheid local government dispensation in South Africa resulted in a plethora of legislative and policy developments that facilitated the LED process. The Constitution of the Republic of South Africa (Act 108 of 1996) provided the constitutional basis for LED, that is ‘a municipality must structure and manage its administration, budgeting and planning process to give priority to the basic needs of the community, and to promote the social and economic development of the community’. Developmental local government” was constitutionalised by promoting socio-economic development as a key outcome. Public participation was viewed as critical to local governance, and was regarded as a key objective to promote socio-economic development. The White Paper on Local Government emphasised that ‘local government should be committed to working with citizens and groups

within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives' (Republic of South Africa 1998: 17). The Act provides for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities'. It made integrated development planning compulsory and furthermore, legislated a number of key LED functions, roles and responsibilities.

The Reconstruction and Development Programme (RDP) policy document published in 1994, made implicit reference to the notion of LED through its apparent support for community-based development and locality-based initiatives (Patterson, 2008: 7). The then Growth, Employment and Redistribution (GEAR) Strategy attempted to develop a competitive economy through a combination of social policy objectives and economic priorities to address unemployment; redistribution; opportunities for the indigent; access to education and other services; a secure environment and enhanced productivity (SALGA in Reddy and Wallis 2011: 17). It was anticipated that public investment would be utilised to upgrade municipal infrastructure, thereby ensuring a balance between social policy and the economic imperatives of globalisation as key development challenges to be addressed then, and even now, namely: unemployment, social inequalities and poverty alleviation (Harrison et al. 2003: 177). A policy framework for municipalities embarking on strategic LED actions was detailed in the White Paper on Municipal Service Partnerships (MSP 2000: 7). It emphasised a conducive environment, capacity development and a monitoring framework.

Over the years, Government introduced several other policies and programmes that have impacted on LED in one way or another. These include: the Microeconomic Reform Strategy, focusing on growth and competitiveness in a geographical context; SMME development and Black Economic Empowerment, that are critical for economic development; the Integrated Manufacturing Strategy, linked to the Microeconomic Reform Strategy to promote development in competitive sectors, equity and growth; the Municipal Infrastructure Grant that co-ordinates and directs support from a range of state programmes and aligns this support with local integrated development plans; the Extended Public Works Programme that promotes both employment and infrastructural development locally; and the National Spatial Development Perspective that identifies areas in the space economy which have competitive advantage and encourages locally appropriate development (DPLG in Reddy and Wallis 2011: 16). The National Guidelines on LED (2006) pointed out that local government had three roles to play in the process, namely: provide leadership and direction in policymaking; administer policy, programmes and projects, and be the main initiator of economic development programmes through public spending:

regulatory powers, and their promotion of industrial, small business development, social enterprises and co-operatives.

Of late, a new approach to LED has been to establish economic development agencies. Of the 30 in existence, at least 20 have been funded by the Industrial Development Corporation. A development agency is essentially an entity with public interest and accountability that uses private sector tools and strategies. It is a delivery tool owned by the municipality to co-ordinate and manage public resources, potential investors and regional investment opportunities, in accordance with the identified development objectives (Patterson 2008: 29). The goals of such an agency are to promote and develop local/regional economic potential; support innovation and entrepreneurial thinking; and leverage private and public financial and other resources for development (SALGA 2010: 5). The National Network for LED Agencies (LEDAs) use private sector approaches to achieve public sector goals. There has been some success to date, but skills shortages, the willingness of local authorities to adopt this approach, allocation of resources, and the ability of the agencies to build public-private partnerships have been problematic. Key to the success of a development agency are partnerships among stakeholders; an entrepreneurial approach with public interest; a strategic vision of the potential development of the area; community/local support; participation and mobilisation: and leveraging of resources in an area (Patterson 2008: 33).

The Government seeks to halve poverty and unemployment by 2014. In pursuance of this objective, the national Department of Co-operative Governance and Traditional Affairs (in collaboration with the Department of Trade and Industry) was tasked to develop the capacity of local authorities to support LED as part of the then ASGISA process (www.pmg.org.za/bills/060206malambo-ngcuka.htm in Reddy and Wallis 2011, 16). It was also expected to improve the regulatory environment for the operation of small businesses in municipalities; extend the lifespan of the Expanded Public Works Programme; and address the skills problems identified through Project Consolidate, necessitating the deployment of 150 expert staff (Mlambo-Ngcuka in Reddy and Wallis 2011:16). Following a review of local government for the first term (2000–2006), a strategic agenda was developed for the second term (2006–2011), which highlighted all the roles and responsibilities of key role players in local governance, including LED (SALGA 2010: 6).

Patterson (2008: 4) believes that national policies governing LED and more specifically, the role of two national departments, notably Co-operative Governance and Traditional Affairs and Trade and Industry were based on conflicting paradigms: a poverty alleviation focus for poor communities, and engagement with global economic forces to ensure competitive advantage respectively. He added that these were based on different policy paradigms; i.e. people-centred and market-orientated

development respectively, and consequently did not provide direction in terms of generating competitiveness and shared growth. However, the approach to human and social capital development and the role of local authorities in this regard also remained loose and unfocused (SACN in Reddy and Wallis 2011: 16). It is generally accepted that one of the main reasons for the social unrest of late, was poor service delivery and more specifically, the failure of LED, particularly in the poorest areas. Some of the key challenges in the South African context are: high levels of poverty and unemployment; a lack of common understanding of the role of LED and the resultant processes; lack of business support services and inadequate entrepreneurial skills; limited private investment in job-rich sectors, despite significant opportunities; limited public sector participation in sustainable development projects; an increasing urban-rural divide in LED processes and practices; a non-conducive business environment to promote LED and constraints of local economic planning; a less than effective working relationship among provinces, districts and local authorities, and weak capacities to perform a new developmental role; a lack of effective LED networks in the main areas and limited interaction between the emerging and formal business sectors; and the inability of many local authorities to clearly define an LED strategy within the broader Integrated Development Plan (IDP) process (SALGA 2010: 5; Phutiagae 2007: 139). It seems clear that much more emphasis should be placed on support for LED in South Africa.

A recent study by the World Bank (quoted by Rodriguez-Pose and Tijmstra 2005: 28) indicated that in terms of regional and local government elections and voter turnout, countries such as South Africa, Uganda and Namibia have made the greatest progress, while sub-national governments are still largely appointed in Chad, Niger and Eritrea. In terms of financial resources allocated to sub-national governments, South Africa and Uganda have been rated high, whereas the rating for Namibia is low and comparable to Eritrea. It seems clear that the issue of political stability, progressive thinking and good governance does impact on the process.

THE AFRICAN EXPERIENCE IN SUMMARY

In reviewing the African experience, it would appear that LED has been incorporated into mainstream local development and that pro-poor LED strategies basically seek to address strategic economic goals over a longer period. The emphasis seems to be placed on short-term survival and remedial action for addressing social problems, as opposed to long-term sustainability and development (Rodriguez-Pose and Tijmstra in Reddy and Wallis 2011: 40). LED strategies are aimed at economic growth. However, poverty alleviation and addressing the issue of unemployment and greater inclusion of previously excluded groups feature quite high on the

developmental agenda. Rodriguez-Pose and Tijmstra (2005: 40) pointed out that LED strategies that combine a pro-growth with a pro-poor dimension are rare and that generally, countries that are developed, diversified, globally linked and have an urbanised economy fell in this category. South Africa was therefore a rare example. The Global Forum for Local Development (2010: 52) pointed out that a critical issue in 'formulating a national policy framework for LED is finding the right balance between pro-growth and pro-poor, and also between national controls and local economy on the other'. In this context, a World Bank Netherlands Partnerships Programme Study (2008: 85) cautioned of 'LED debates getting bogged down in terms of a search for an equitable or desirable balance between programmes that promote growth and competitiveness on the one hand as opposed to poverty reduction on the other'. It added that 'equally the danger must be avoided of taking a position that it is possible and acceptable to achieve both global competitiveness and poverty reduction independently from one another. Failure to move beyond considerations of a balancing act is set to perpetuate the widely accepted concept that poverty reduction programmes are for the poor and global competitiveness projects are for the non-poor'. It should be noted that successful and effective LED will in the final analysis also impact on Millennium Development Goal (MDG) One, that is the reduction of extreme poverty. The Global Forum on Local Development (1910: 49). pointed out that without MDG, other goals are almost unattainable. A pro-poor, gender-sensitive approach was vital in drafting decent policies and legislation.

A UN Habitat Study (quoted by Simone in Reddy and Wallis 2011: 17) pointed out that in many African cities, the widespread insecurities in terms of tenure, livelihood and personal safety had made residents 'reluctant to invest time and resources into institutionalising a sense of place'. Furthermore, on an international level, although a large number of developing countries had derived benefits from globalisation, and the resultant localisation, economic growth and poverty reduction rates had been slow in many countries on the African continent. In addition, it would appear that the informal economy had been most active in most countries. Although the private sector was viewed as not being involved in policy-making, contrary to expectations, this sector had been growing on the Continent. In addition, the number of civil society organisations has also been increasing (Commission for Africa Report in Reddy and Wallis, 2011: 17). The abovementioned developments did create opportunities for new and re-vitalised partnerships between the public and private sector. LED could complement and also be an alternative to existing development strategies, the benefits including, *inter alia*, enhanced local participation, balanced development strategies, sustainable development and a new strategy for addressing the problems of urban centres and city regions (Rodriguez-Pose and Tijmstra in Reddy and Wallis 2011: 17). The lack of capacity, transparency and accountability;

limited funding; poor accessibility; relatively weak civil society; difficult local development environments; fragile democracies and corruption impacted negatively on the viability of LED (Commission for Africa 2005; Rodriguez-Pose and Tijmstra in Reddy and Wallis 2011: 17; Thornhill 2010: 91; Phutiagae 2007: 139). The challenges highlighted above should be viewed in the much broader context of the near absence of assistance from the state, implying that local initiatives fail to deliver the required employment opportunities, that were an expected outcome (Rodriguez-Pose and Tijmstra 2005: 42).

LED PROSPECTS AND CHALLENGES IN AFRICA

There have been some successes in LED implementation in the African context. However, some serious and ongoing challenges highlighted below, have impacted negatively on the process, and should be addressed for it to be sustainable over the long term:

- The difficult question of how African local governments can achieve a growth path or trajectory that seeks to simultaneously achieve the goals of enhanced competitiveness on the one hand and poverty reduction on the other, should be addressed. It is imperative that local authorities do not conflate economic growth and the objective of poverty alleviation (World Bank Netherlands Partnerships Programme Study 2008: 85 and 87 adapted). The Global Forum on Local Development (2011: 51) pointed out that such realities could only be addressed through an integrated and inclusive approach to economic development that attempted to create a balance between economic growth, equity, and environmental and social sustainability.
- The quality of governance does impact on the capacity of governments to design and implement successful development strategies. The role of the locality in development has become more marked, while the increasing reliance on LED strategies highlights the need for good governance at all levels of government (Rodriguez-Pose and Tijmstra 2005: 46; Thornhill 2010: 91).
- The participation of a variety of stakeholders in the formulation and implementation of local policies should be stimulated and facilitated, as well as liaison with formal and informal organisations in the locality. This is likely to have a positive impact on the success of LED (Klugman and Narayana in Rodriguez-Pose and Tijmstra 2005: 46).
- Traditional leadership is a critical government issue particularly in the rural areas, and it is imperative that it be drawn into any LED initiative. In some

cases, there are political tensions between councillors and traditional leaders while in other instances, they have been marginalised or alternatively, there has been no or limited participation on their part. They are critical to the issue of land tenure and ultimately, LED. One way of addressing the issue could be to ‘at least reform it so that it ceases to be an obstacle’ (Reddy and Wallis 2011: 20–22).

- The LED promotion mandate and functional assignment is not defined adequately and articulated in the relevant local government legislation and consequently, is not recognised or reflected in the legal and regulatory frameworks (www.uncdf.org/english/about_uncdf/local_economic_development.php). Even if mandates have been clearly spelt out, local authorities have capacity and resource issues, rendering them ineffective and irrelevant and, in extreme cases, being perceived as obstacles to LED (Global Forum for Local Development 2010: 52). A supportive policy environment is imperative, notably national/state legislation, to empower local authorities and enable them to engage beyond the public sector, and to provide financial support, capacity development and external support and advice (World Bank Netherlands Partnerships Programme Study 2008: 87). The functions of local government should be integrated into the national economic objectives of the country and more importantly, economic development and poverty alleviation need to be localised. Local authorities should be viewed as partners in development, thereby enabling them to play a stronger role in implementing socio-economic policies in their respective localities (Reddy and Wallis 2011, 23–24).
- There is need to develop capacity, enhance business-related skills and inculcate an entrepreneurial attitude among local government functionaries. Kauza (2010: 22), writing in an African context, pointed out that there ‘is a need for public administration leadership in local governments which combines inspirational, integrative and entrepreneurial abilities’. Sachs (in Reddy and Wallis 2011: 22), in his discussion on new approaches to poverty alleviation, highlighted the need for a “sound management plan’ and more specifically, training programmes (or capacity building) as part of the overall strategy.
- It is imperative that a conducive and enabling development is created where the private sector and more specifically, small businesses, can be successful and flourish. It is also important to recognise the valuable contribution made by the informal sector/economy, and to ensure that it is supported and

developed in a regulated manner. The latter is generally not represented in formal structures, and is marginalised when it comes to development issues.

- Unequal development has consequences for LED, that is, unattractive localities for investment and poor physical infrastructure, notably road networks, electricity supply and an inadequate water supply. Reddy and Wallis (2011: 19 adapted) pointed out that in many countries that have been under colonial rule this has arisen from variations in how the experience influenced economic histories. The authors cited the example of Zambia's 'line of rail' and the Copperbelt geography of development with its associated neglect of areas that fell outside those regions. Consequently, in Africa there will be areas of economic concentration that are attractive for additional investment opportunities, whereas the rural areas that by any standard were quite substantial, are not, and would continue to be disadvantaged.

It was pointed out by Rodriguez-Pose and Tijmstra (2005: 6 adapted) that many of the characteristics of LED strategies highlighted earlier in the article such as, *inter alia*, territorial dimensions; enhanced participation of local communities and key stakeholders; sustainable, balanced development strategies; and the linkage of social and economic goals do appear to be more favourable in terms of addressing the challenges of the continent. They added that low population density and related spatial connectivity; poor integration of the primary and secondary education sectors; public servants' reliance on additional sources of income to survive; the predominance of the informal sector; and weak governance and limited capacities would continue to serve as major impediments to LED. Thornhill (2010: 71, 91) pointed out that most stable African governments had assigned extensive functions to local governments, but the issues of capacity, financial constraints, corruption and centralisation of policy-making had impacted negatively on the system. Widner (in Rodriguez-Pose and Tijmstra 2005: 8) alluded to this by pointing out that, African governments and societies were also prone to clientelism, patronage and corruption.

CONCLUSION

From the information presented in the article, it seems apparent that LED as a process is multifaceted, multi-dimensional, complex, and, given its origins, interdisciplinary in nature and content. At a global level, one cannot have a 'one size fits all' enabling and governance framework for LED, as the circumstances differ from continent to continent and country to country. In the African context, some basic conditions are in place for implementing LED in one form or another in a significant number of countries. However, in the majority of cases, limited

resources, poor capacity and weak governance and civil societies impact negatively on the process and will continue to do so for some time to come. However, it is imperative that LED is prioritised in local governance and more importantly, placed high on the local developmental agenda, in the African context, as it is key to addressing pressing socio-economic challenges like unemployment and poverty alleviation. Consequently, positive linkages should be developed among economic growth, equity, and social and environmental sustainability. More importantly, the required policy frameworks and local structures are critical in ensuring a conducive and enabling development environment for enhancing LED on the continent. It is also imperative that the required human resources and institutional capacity be strengthened, thereby ensuring successful participation in the LED process, so that the desired impact in terms of a qualitative impact on the quality of life is felt locally.

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