Regional and Local Economic Development (RLED) Summit Report

Broadening the Participation Continuum in Regional and Local Economic Development Implementation for Sustainable Job Creation

Inkosi Albert Luthuli Convention Centre, Durban, Kwa-Zulu Natal.

13-14 October 2014

A 4th RLED Annual Summit

hosted by Department

of

Economic Development, Tourism and Environmental Affairs

in partnership with

Co-operative governance and Traditional Affairs,

Agriculture and Rural Development

and

South African Local Government Association
Acknowledgements

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Executive Summary
On 13-14 October 2014, the Departments of Economic Development, Tourism and Environmental Affairs (EDTEA), Agriculture & Rural Development (DARD), Cooperative Governance and Traditional Affairs (COGTA) and South Africa Local Government Association (SALGA KZN), hosted the 4th Regional and Local Economic Development Summit on Broadening the participation continuum in RLED implementation for sustainable job creation in Durban, Inkosi Albert Luthuli Convention Centre (ICC).

The RLED Summit drew 550 participants from different sectors - industry experts and practitioners from national provincial and local spheres of government, the Traditional houses, non-governmental partners, Further Education and Training institutions (FET), business (formal and informal), academia, labour and general members of the public.

Deputy Mayor Cllr. Nomvuzo Shabalala (Ethekwini Metropolitan), opened the Summit, in the presence of the Honorable C Xaba (MEC for Agriculture and Rural Development), Cllr Sibusiso Mdabe (Mayor of iLembe District Municipality and Chairperson of SALGA KZN), and Honorable Andries Nel, Deputy Minister of Cooperative Governance and Traditional Affairs. The Deputy Mayor gave a broad overview of the City’s economic performance and economic growth plans as part of the opening address.

Cllr Mdabe, made a statement emphasizing the major role that is played by municipalities in pursuit of Regional and Local Economic Development (RLED) in their respective localities. As SALGA KZN, he mentioned that they will continue to support municipalities as they embrace this opportunity, collaborating with business, labour and social partners in growing the local economy.

The Key note address was given by Honorable Andries Nel, Deputy Minister of Cooperative Governance and Traditional Affairs, stating that the action plan that has been endorsed nationally for effective local government that centres around getting the basics right. The first day was marked by intensive discussions in four commissions, whereby Summit delegates shared innovative development approaches, ideas and explored strategies and actions on broadening economic growth and creating jobs through agriculture and manufacturing.

The Member of the Executive Committee for EDTEA, Mr. Michael Mabuyakhulu, in the presence of
Traditional Authorities, Mayors and Deputy Mayors, Head of Departments, Chief Executive Officers of the public entities, development practitioners, exhibitors, business and state officials, opened the second day of the Summit by his presentation on *Broadening participation towards radical economic transformation.*

He stressed the importance of forming partnerships in implementing RLED citing examples of countries like Mozambique, China, and Uganda where effective partnerships have worked. He encouraged the Summit participants to seize the opportunity and become agents of change by improving their work ethics in their respective localities. The MEC advocated for the change in mentality of how LED is handled at the municipalities with no budget allocated to the functions since “LED is the goose that lays the golden eggs”. The Honorable MEC concluded his presentation by quoting Karl Marx, “The Philosophers have only interpreted the world in various ways. The point, however, is to change it”.

A focused plenary session, subsequently, set the context of the Summit with panelists including, Mr. Mabuyakhulu and Cllr SW Mdabe. The Mayor of iLembe District Municipality and Chairperson of SALGA, highlighted various regional and local economic initiatives, challenges as well as solutions to overcome them. Delegates enthusiastically engaged with a ‘question time’ session following the opening address by the Honorable MEC Michael Mabuyakhulu.

The Head of EDTEA, Mr. Golding, then synthesized the key Summit outcomes, summarized and declared the Resolution for the 4th Annual RLED Summit 2014.
1 introduction

Background
The Department of Economic Development, Tourism and Environmental Affairs (EDTEA) in partnership with Co-operative Governance and Traditional Affairs (CoGTA), Agriculture and Rural Development (DARD) and South African Local Government Association (SALGA) hosted the 4th Annual RLED Summit on Broadening the Participation Continuum in RLED Implementation for Sustainable Job Creation at Inkosi Albert Luthuli Convention Centre (ICC) in Durban. The Summit built on the 2013 RLED joint summit held in Durban which resulted in the supply chain management system reforms by Provincial Treasury to boost emerging Co-operatives and Small, Medium and Micro Enterprises. In 2012, it was resolved that various role players must collaborate in planning and implementation for long-term economic growth as a result a memorandum of understanding was signed by EDTEA, COGTA and SALGA.

Each party has its funding instruments for various programmes and projects as well as joint and complementary initiatives such as skills development programme where SALGA conducts introductory LED course for newly elected councils, COGTA provides NQF 5 LED courses and EDTEA sponsors NQF 6 for LED practitioners in partnership with the universities of Johannesburg and Kwa-Zulu Natal respectively.

The communication forum that was created through the MOU is used as the platform where Summit resolutions are translated into an operation plan and delegated to responsible stakeholders for implementation and monitoring.

Summit Objectives
The main objective of the provincial Summit 2014 was to provide a platform for the strategic engagement of key stakeholders for the development of strategic priorities for economic development thereby facilitating sustainable economic growth, reducing growing inequality and promoting environmental sustainability. Building upon the principles set out in the PGDS 2011, the Summit seeks to ensure that all stakeholders namely, business, organized labor and civil society and the different spheres of government and state owned enterprises, collaborate effectively in pursuit of shifting KZN’s growth path towards shared growth and integrated, sustainable development.

The Summit’s specific objectives were to:
- Provide a platform for information sharing and raise awareness of national and provincial plans, strategies and priorities;
- Stimulate collaboration and partnership amongst key social partners to ensure that strategic outcomes are achieved through improved alignment, coordination, and good governance;
- Provide an opportunity for new and innovative ways to be explored to bring about the required growth and development that is sustainable to the natural resources;
- Orientate councilors and officials with the current economic policy environment and assist them in shaping their own IDP and LED planning processes; and
- Provide a platform for role players to reflect on the RLED landscape, programmes and initiatives since the last summit.
The Summit’s objectives and outcomes were presented by Mr. Duze, Acting Deputy Director General, for Co-operative governance and Traditional Affairs who was also the Programme Director on Day One.

**Summit Participants**

The Summit was attended by a total 550 participants from different sectors - industry experts and practitioners from national provincial and local spheres of government, the Traditional houses, non-governmental partners, business (formal and informal), labor and general members of the public. Representatives from leading academic and training institutions also contributed.

**Summit Structure**

The Summit was organized as follows for Day One:

Session1 – Official Opening

Session 2 – Breakaway Session – the participants were divided into the following commissions

- **Commission 1:**
  Integrated strategic planning and implementation for RLED (Informal Economy, Tourism, Development Agencies, maritime)

- **Commission 2:**
  Spatial equity and inclusive rural economic development (Access to land – ITB, space economy)

- **Commission 3:**
  Agricultural responsiveness towards sustainable economic development

- **Commission 4:** An integrated revitalization of the manufacturing sector (the role of industry, government and labor, the value chain between skills development and productivity – how to promote skills development in the manufacturing industry and entrepreneurship).

Day Two was structured in a plenary session and the main speaker was Mr. Mike Mabuyakhulu, MEC for Economic Development, Tourism, and Environmental Affairs. Mr. Golding, Head of Department, EDTEA, was the Programme Director on the second day.
2 Report of the Summit

**Opening Session on Day One**

The first day of the 4th Annual Regional and Local Economic Development Summit 2014 was moderated by Acting Deputy-Director General, Mr. Mthokozisi Duze (COGTA). As a symbol of unity, Mr. Duze opened the Summit with our National Anthem, *Nkosi sikelel' i Afrika*, followed by the introduction to the two-day agenda. He then introduced the panel, Deputy Mayor of Ethekwini Metropolitan Cllr. Nomvuzo Shabalala, Cllr Sibusiso Mdabe (Mayor of iLembe District Municipality and Chairperson of SALGA KZN), Mr. Andries Nel, Deputy Minister of Cooperative Governance and Traditional Affairs.

Cllr. Shabalala who welcomed the participants and in her brief address, emphasized the significance of the 4th Annual RLED Summit in the midst of mega projects that have been recently launched in the province such as Aerotropolis, Dube Trade Port which has been declared as the Special Economic Zone, Operation Phakisa and other Strategic Infrastructure Projects (SIPS) initiatives. She encouraged all delegates to actively participate in the deliberations for fruitful results to change the lives of the citizens.

Cllr. Mdabe followed up with a presentation highlighting the role of municipalities and councilors in RLED, challenges encountered when implementing RLED projects, and stating that the rolling out of development agencies as one of the solutions will hopefully be responsive and accountable as they implement LED. He urged RLED practitioners and role players to collaborate with Municipalities when implementing economic initiatives within their economic spaces.

In presenting, Mr. Nel, underlined the fact that the National Development Plan made mention of a capable state, of which local government forms part, therefore, it is responsible for creating an enabling environment for LED. This must be seen as the constitutional responsibility. However, Local government cannot realize this alone, it requires forming partnerships with multiple stakeholders.

He shared with the delegation the resolutions that were adopted by the Business summit which was themed *Getting the basics right*. At that summit they agreed with the business sector on a plan of action that would ensure that basic services are provided efficiently, effectively and in a caring manner. In restoring business sector confidence, municipalities will receive technical support and they will be closely monitored to ensure that they adhere to legislation and regulations.

**Breakaway Sessions**

Following the opening session, the Summit delegation was broken into four commissions. The expectations from the commissions were structured such that they were going to be facilitated by an expert in that theme, marked by robust discussions on experienced challenges followed by practical solutions. Recommendations from these groups were summarized and recorded and presented by the rapporteurs to all delegates in the plenary session of the summit.
**Commission 1: Integrated strategic planning and implementation for RLED**

**Facilitator:** Mr. Vukile Nkabinde, DTi

**Rapporteur:** Mr. Eugene de Beer, Urban Econ

Commission 1 was given an opportunity to review the overall LED framework, identify common challenges faced during implementation as well as proposing some practical solutions. The key discussions and solutions were as follows:

- A need to demystify the LED as a concept through periodic disseminating of LED information and related processes and projects.

- A need for a systematic and integrated approach to policy and strategy development as well as its implementation since currently there are too many plans (SDF, GDS, LED, etc.) and strategies that need to be integrated into a single plan.

- The District must be seen as the unit of implementation of LED initiatives.

- A strong emphasis on investing in economic infrastructure across key sectors is critical but there are challenges such as land issues and related matters that must be clarified.

- Municipalities must define their roles in this regard. The inclusion of Traditional leadership in LED is critical, especially for land allocation in rural development.

- Traditional leaders need to be involved both during planning and implementation phases.

- Consensus must be reached on strengthening human capital, not just at the municipal level, but also reaching ordinary people and the private sector.

- All the remarkable strides achieved by UKZN and EDTEA are acknowledged and commended.

- A need for an Outreach Programme to address uncertainties and concerns from practitioners concerning the roll out of District Development Agencies for LED.

- Systematic attention to monitoring of Provincial and National legislations’ turn-around times when development application is made.

- Compliance to timeframes by policies of sector departments should be prioritized, including developing effective mechanisms to reduce red-tape.

- This commission concluded by stressing the need for a simplified legislative framework so that it does not hinder economic growth and development.
Commission 2: Spatial Equity and inclusive rural economic development

Facilitator/s: Mr. Thulani Bhengu

Rapporteur: Mr. Thulani Bhengu

Discussions in this commission were around illustrative examples of challenges and good practices that were presented by theme experts. Participants in this commission discussed common challenges encountered during spatial planning processes. These challenges concern land tenure and related matters especially under the Ingonyama Trust Board. A model was presented as the hallmark of best practice when dealing with rural and urban development planning as well as practical solutions with an emphasis on a shared vision and understanding of a notion of inclusivity. The key points were summarized as follows:

- Due to spatial inequalities, consensus must be reached to guide development especially in rural areas;
- Building close partnerships with various stakeholders is required in order to address legislative/regulatory mechanisms for effective and practical solutions in development planning;
- A critical analysis of development rights for rural communities needs to be carried out.
- Traditional leaders who do not comply with applicable policies and legislation must be assisted through capacity building workshops;
- Need for clarity between land use management and land governance and administration.
- Illegal land use must be addressed – business rights must not be issued without confirming land use rights with the relevant municipality;
- Greater need to raise awareness regarding on land development processes and legislation.
- Vast tracks of land lay fallow and or underutilised, rural communities must be encouraged to make use of productive land that has been restored to them;
- Interventions needed that address the change of mind-set in respect of poverty.
- Need to recognise Indigenous knowledge in farming practices. This must be strengthened for sustainable development;
- Development of a single procedure that will not alienate potential investors;
- A single comprehensive rural development strategy must be developed to deal with inclusive rural economy.
Commission 3: Agriculture as the drive of sustainable economic development & job creation

Facilitator: Mr. Carlos Boldogh, DARD and Jerry Mfusi

Rapporteur: Mr. Theo van Rooyen

Commission 3 focused on the direction that agricultural development should take to ensure economic growth and job creation, with the emphasis on agro-processing, discussing strategies to resuscitate land reform farms, as well as highlighting the role of municipalities in creating a conducive environment for agriculture as the driver of economic growth. Key findings from this commission were summarized as follows:

• There is a need for agricultural policy that will guide municipalities on agricultural development;

• An integrated approach must be followed when determining enablers in this sector that include conducting a comprehensive agricultural land audit;

• Identification of graduates to develop the economy in this sector, commercialisation of communal land as potential areas of growth, paying more attention to district viable commodities, solicit buy-in from traditional leaders as well as the private sector in improving primary production and agro-processing;

• Development of an agro-processing strategy - focusing on vegetables such as beans, animal by-product as well game and sugar cane;

• Forming strategic partnerships/investors with private sector for skills development and mentorship;

• In resuscitating land reform farms, an early warning mechanism to identify problems must be put in place, opportunities for economic growth must be identified, capacity building and training must be a priority.

• A review of land policies is necessary and shareholding must be considered for land owners who are knowledgeable and skilled;

• The critical role played by municipalities is encouraged especially through the provision of infrastructure for economic development, monitoring of support provided, identification of economically viable projects for implementation;

• Strengthened partnership with relevant sector departments and development agencies for effective economic growth and job creation.
Commission 4: An integrated revitalization of the manufacturing sector

Facilitator: Prof. Daresh Ramjugernath, Co-facilitator: UKZN Prof. Shahida Cassim, UKZN

Rapporteur: Prof. Daresh Ramjugernath, UKZN

Discussions in this commission were marked by illustrative examples of challenges faced by SMMEs, looking at what hinders growth and development of the manufacturing sector as well as proposing practical solutions. Participants actively engaged with these issues and they are summarized as follows:

- Challenges that were identified included: lack of research and development. Theme experts stated that often emerging entrepreneurs do not have sufficient resources to undertake research to better inform their ideas, thus end up becoming uncompetitive;
- Barriers faced by SMMEs when seeking funding were discussed at length. Consensus was reached in stating that funding is not the greatest challenge but access to thereof, awareness mechanisms must be in place to ensure that SMMEs know where they can get support.

Two provincially integrated strategies were proposed:

- There is a need for an integration of systems that are offered by a variety of institutions (such as CIPC, SEDA, SEFA, SARS etc.), these must be strengthened for efficiency to prevent entrepreneurs being sent from pillar to post. Coordinated programmes are encouraged to enable entrepreneurs to fulfill requirements needed by manufacturing startups – they tend to have very stringent regulations
- Alignment of Development Agencies: a simplified approach is required to nurture new entrants in the manufacturing sector. There seems to be a myriad of agencies but very few are effective and efficient in providing required technical support by SMMEs.

Key resolutions for the manufacturing sector:

- Development of targeted incentives: setting up a specific database of retrenched and/or skilled individuals (i.e. textile and clothing industry);
- Promotion of the green economy initiatives: use of waste from the manufacturing industries in order to create more opportunities (timber, sugar). Incentives must be in place for municipalities who prioritize green economy initiatives;
- Nurture the entrepreneurial mindset we need to transform our current education system so that it begins to foster and nurture aspirant entrepreneurs as early as the primary/secondary levels and encourage FET education since artisans skills are obtained at FET colleges rather than in universities;
- Engage in a radical and innovative skills development programme by investing in Research and Development for SMME development and create partnerships with tertiary and other educational institutions;
- Sharing of information about the incubation programmes that exist and consider designing of incubation programmes such that they are multi-sectoral and include linkages to market;
- Sensitising developmental funders to the needs and challenges that entrepreneurs face and to demonstrate flexibility when they provide funding (and not cap funding at small amounts).
The plenary session on the second day of the 4th Annual RLED Summit was programme directed by Mr. Desmond Golding, the Head of Department of EDTEA. He opened the Summit with the national anthem followed by the recapitulation of day one’s key activities.

Mr. Golding then introduced the MEC, Michael Mabuyakhulu, who presented his address themed *Broadening participation towards radical economic transformation* in the presence of His Worship, Cllr Sibusiso Mdabe, the Mayor of iLembe District Municipality and Chairperson of SALGA KZN as panelists.

The MEC remarked that given the crisis of unemployment, glaring inequalities and grinding poverty, as an appropriate response by the state and all development partners, we need to adopt radical transformation approach. Radical economic transformation concerns chiefly, *inter alia*, competitiveness of our industries, unleashing the full economic potential of all of our people in order to ensure that they contribute meaningfully to their own advancement. He raised the following salient points as definitive features of radical transformation: “Radical economic transformation is...

- Changing the structure of the provincial economy to reflect the country’s racial and gender demographics in both the ownership and participation patterns;
- Focusing on robust government implementation of policies and strategies;
- Promoting issues of localization, industrialization, beneficiation, infrastructure development, skills development and entrepreneurship development;
- Implementation of broad based black economic empowerment”.

The MEC further elaborated on the provincial cabinet’s expectations of this Summit which are summarized as follows:

- Collaborative understanding and shaping of the LED landscape;
- Effective dialogue that produces decisive mechanisms towards LED Support;
- Creating an affective vehicle to craft and provide sustainable enablers for LED to drive urban and rural economies;
- Provision of a vehicle for decisive implementation plans towards achieving a radical economic transformation and job creation; and
- To allow for an orderly and effective interface between different role-players in the RLED space to deliberate and arrive at mechanisms to aggressively prop up the Social Partnership agenda of economic emancipation and empowerment.

Following the conceptual understanding and RLED benefits expected, the MEC highlighted some of the practical ideas that need to be explored as we expedite sustainable local economic development. These were summarized as follows:

- Promotion of small businesses for LED development: exploring non-refundable venture capital for innovative ideas to create wealth and employment. This would be used for the purpose of funding machinery, equipment, tools and working capital. Forming partnership with financial institutions would be a prerequisite in this regard;

- Promotion of the co-operative sector as a focal point of our LED approach: encouraging investors to source provision of services from cooperatives, e.g. cleaning of state properties internally, externally and gardening services, integrating closely
associated skills from various soft skills disciplines for the purpose of building capacity and transferring knowledge as well as enhancing competencies and finessing delivery capability should be prioritized;

- Activation of Chambers of Business to use their national and international networks for the purpose of developing new and penetrating existing export markets for local co-operatives;

- Promoting Innovative ideas on lucrative programmes that can attract food stokvels beyond Christmas distribution of food packages but also indulge in poverty alleviation on a long term basis;

- Contextualizing radical economic transformation with LED initiatives: mobilizing financial support from both public institutions and private institutions to support the priority sectors in KwaZulu-Natal including, but not limited to, manufacturing, automotive sector, maritime, ICT, green economy and tourism. This can be done through forging partnerships with relevant stakeholders to support local enterprises, co-operatives and SMMEs that will produce goods and services that meet the needs of locals. This is embraced in the strategic objectives of EDTEA’s RLED unit;

- Positioning the informal economy sector as a pillar for LED, highlighting how far we have gone in establishing informal economy chambers in all districts, which districts are outstanding and how do we aim to take this forward;

- Highlighting the training and capacity building initiatives to ensure LED succeeds: partnership between EDTEA and UKZN was mentioned as an illustration of skills development for LED practitioners;

- Synergizing complimentary planning activities across government spheres: In an effort to forge coherence and synergies in the economic cluster among the RLED stakeholders, EDTEA; COGTA and SALGA have signed an MOU or a Collaborative Agreement;

- Highlighting existing and ideal partnerships with funding agencies for LED projects: The RLED unit has developed strong financing relationships with funding agencies as well as financial institutions. These relationships were formed in terms of securing funding for RLED projects whether it was contribution to the project, working capital or asset finance. Through these relationships, there is now easier access to finance which was a major stagnating point for the LED Projects.

MEC Mabuyakhulu, closed his addressed by the following quotation by Karl Marx:

“The philosophers have only interpreted the world in various ways. The point, however, is to change it”
At the end of the MEC’s presentation, delegates were given an opportunity to ask the panel pertinent questions and issues that affect the implementation of LED in the province. As the panelists responded, delegates received tailored responses and advise from the panelists and experts. The Summit delegates warmly congratulated the MEC on his Broadening participation towards radical economic transformation presentation and expressed the hope that his Department would continue to support small, micro and medium enterprises and co-operatives.

Exhibition
During tea/lunch breaks, delegates participated in the exhibition by getting more information and buying traditional products displayed at the Summit. These exhibitors were show casing their talent as entrepreneurs and cooperatives selling a variety of traditional products including beadwork and demonstration on the Mamma Mia ovens.

Meanwhile, the University of KwaZulu Natal had their exhibition stand interacting with the Summit delegates with an aim of recruiting LED practitioners and officials for post graduate programmes in local economic development.
Summit Resolutions

The resolutions of the 4th Regional Local Economic Development, convened in Durban on 13-14 October 2014, as presented by the Head of Department of Economic Development, Tourism and Environmental Affairs were the following:

- Meaningful LED will only be realised through radical economic transformation to broaden participation, unlock full potential and fundamentally changing strategic government policies (including procurement etc.)

- Government, business, Amakhosi and broader communities need to work together in consort to promote localised economic growth

- Real growth will need to be broadened and deepened to benefit those who remain in the margins such as women, youth, townships and rural economies, with pointed targets

- Systematic promotion of spatial planning and equity remains the epicentre of meaningful LED, and promote access to land (incl ITB)

- Institutional measures must be improved and sharpened to promote coordination, impactful implementation and monitoring and evaluation

- Agriculture and manufacturing must be revitalised to promote real business enterprise, job creation and poverty eradication.

- Communities to be encouraged to be self-reliant through radical mind-set shift, skilling and instilling the spirit of self-empowerment of individuals (Asisukume sakhe sonke)

For further information on the 4th Annual RLED Summit 2014, please contact Summit Organizers:

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This summit declares that it will actively pursue the resolutions/actions in a practical manner and in partnership with RLED stakeholders to create regional and local competitive advantages that will radically transform and unleash the full economic development of the province.