

LOCAL GOVERNMENT'S ROLE IN THE CREATION OF AN ENABLING DEVELOPMENTAL ENVIRONMENT

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ABSTRACT

This article aims to analyse the developmental role of local government in South Africa as tasked by the Constitution, 1996, and the White Paper on Local Government of 1998. An integral part of the developmental government concept is the creation of an enabling environment by local government. The new municipal dispensation that started in 2000, reduced the number of municipalities from 843 to 284 and recently to 278. This resulted in the new amalgamated entities struggling to adapt to the new developmental role due to a lack of appropriate national and provincial policies, skills, capacity and funding.

The Fezile Dabi District Municipal, also known as the Northern Free State region has been selected as the geographical focus area for the study. Twelve factors that affect local government in the creation of an enabling developmental environment, have been identified. These factors have been applied to the municipalities in the study area, and the results show that all five municipalities are struggling to create a positive developmental environment. Local government requires clear policy direction and assistance to enable an environment that promotes local development. This article attempts to provide some guidelines and solutions in this regard, based on an enabling environment “matrix” developed for this purpose.

KEY WORDS: developmental government, good governance, local government, enabling environment, development economics, strategic planning, local economic development (LED), solutions.

INTRODUCTION

Minister Valli Moosa (RSA 1998a:1) stated that “local government has been given a distinctive status and role in building democracy and promoting socio-economic development”. Local government is the sphere of government closest to local business and communities, tasked with ensuring growth and development in such communities. Since 2000, local government in South Africa has been allocated the critical role of rebuilding local communities after the apartheid era, to create integrated, economically and socially resilient communities (RSA 1998:3). The greatest potential for development support exists at the local government level, with a focus on attracting investments, creating jobs and boosting demand. Local government’s role has expanded from providers of public goods and basic social services, to include local economic development initiatives (LGSPA 2009:7).

The South African Constitution (RSA 1996) requires local government to be developmental and to promote participatory citizenship. Local communities have the right to socio-economic development within their areas. According to the Public Administration and Management Bill (RSA 2008:42), the Constitution requires all spheres of government to take legislative, policy formulation, and other actions to achieve the required socio-economic development. The Education and Training Unit (ETU)(2012:4) states that developmental local government means local government that maximises social and economic growth, provides infrastructural services, creates liveable living areas and facilitates integration and partnerships.

South Africa’s post-apartheid development policy focuses on developmental government with a community focus and a pro-poor emphasis. Local government has been encouraged to intervene and play a leading role in job creation and the reduction of poverty. The main constraints in delivering results in pro-poor implementation are poor analysis of local economies, unsustainable community development projects, lack of capacity, and lack of resources (Nel & Rogerson 2005:16). Municipalities in South Africa do not have adequate economic strategies in place to address the issues of poverty, unemployment and inequality. Local economic development (LED) has been identified as an important tool for development in the municipal sphere, but it is still not a priority

due to limited funding, skills and capacity. LED strategies lack detailed plans for interventions, monitoring and evaluation and small rural municipalities especially struggle to implement LED initiatives (SACN 2004:167).

According to Rogerson (2009:51), a lack of direction from higher spheres of government has resulted in local government being unsure of what functions to prioritise. A decision has to be taken regarding a balance between pro-poor and pro-development strategies. LED requires clear leadership, which has not been forthcoming. Improved integration and co-operation between stakeholders and government departments are required to avoid duplication of tasks, with the establishment of complementary roles for all stakeholders. An integrated approach includes linkages to the integrated development planning (IDP) process, infrastructure development, marketing and investment plans, skills development, entrepreneurship development and creation of an enabling environment for business development. Sibisi (2009:14) states that rural communities are especially in need of strong local government, but have the weakest local government structures with lack of information, skills, funding and capacity.

In order for local government to attempt to create a more enabling environment, a number of challenges exist. Some of these challenges include skewed settlement patterns, an unequal distribution of economic and social activities, financial instability and poor capacity (RSA 1998a:16). According to the Community Law Centre (2008:2), local government's developmental function is "strangled" by a plethora of complicated laws such as the Municipal Structures Act (117 of 1998) and the Municipal Systems Act (32 of 2000). Government's answer to this is the introduction of even stricter laws, rather than support and supervision. The consequences of the "strangulation" include high costs and capacity allocated to compliance, opting out of functions as listed in the Constitution, and stifling of ideas, and initiatives (Community Law Centre 2008:20).

This article analyses the role of local government in creating an enabling developmental environment. The assumption is that if local government can create an enabling developmental environment, local businesses and

communities will prosper. Historical and contextual aspects are discussed, local case studies are analysed, the factors in the creation of an enabling environment are listed, and these factors are applied to the northern Free State region, which is the study area.

CONTEXTUAL BACKGROUND

The Constitution of South Africa provides the over-arching framework within which all planning activities for government in all three spheres of government must take place. In terms of Section 152 of the Constitution, local government needs to focus on the following aspects (IIED 2000; RSA 1996; RSA 1998a:3):

- Provide democratic and accountable government for all communities.
- Ensure service provision in a sustainable way.
- Promote social and economic development.
- Promote a safe and healthy environment.
- Encourage community participation and involvement in matters of the area.

The Constitution states that a municipality must “structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community, and participate in national and provincial development programmes” (RSA 1996).

The Development Facilitation Act (DFA), (67 of 1995) was introduced as an initiative to replace some of the outdated, apartheid spatial planning legislation. The main contribution of the DFA was the land development principles, listed in Chapter 1 of the Act. These principles were a first attempt to integrate spatial planning principles with economic development principles to create integrated sustainable development. The principles summarise the new spatial planning principles to facilitate developmental local government, *inter alia* to:

- Promote the physical, social, economic and institutionally integrated aspects of development.
- Promote integration of rural and urban development in support of each other.
- Promote the availability of residential and employment opportunities in close proximity, and ensure their integration with each other.
- Optimise the use of existing resources, such as agricultural land, minerals, transport and social facilities.
- Promote a diverse combination of land uses.
- Discourage urban sprawl and promote more compact and dense urban areas.
- Contribute to the correction of the historically distorted spatial patterns in settlement.
- Promote the establishment of viable communities, meeting the basic needs of local communities.
- Encourage environmentally sustainable land development.

The White Paper on Local Government (RSA 1998a), states the following objectives of local government in economic development planning, namely: to maximise, integrate and co-ordinate social and economic growth, redistribute resources, provide good basic services for the private sector to prosper, simplify regulations, support local procurement policies, provide one-stop facilities marketing, investment, training and research, and establish links and partnerships with local role players (RSA 1998a).

In 2006 the former Department of Provincial and Local Government (DPLG) released an official guideline document to facilitate LED strategy development (DPLG 2006). The policy focuses on resilient and inclusive local economies, maximising local resources, opportunities and competitive advantages, and addressing local basic needs in line with national development priorities.

This LED strategy guideline also outlines the roles and responsibilities for all three spheres of government (DPLG 2006:18-20). Local government needs to

play the following roles within the local economy, *inter alia* provide leadership, direction and policy guidelines, create an enabling economic environment, facilitate the implementation of LED projects, support SMMEs, formulate creative innovation and solutions for local challenges, maximise local resources and potential, and develop local skills (DPLG 2006:22).

According to Atkinson (2003:1) local government has experienced three waves of development since 1994. The first wave, from 1994 to 1997, was the political unification of municipalities separated under apartheid. During this phase, the focus was on political transformation rather than municipal functioning and development. The second wave started in 1998 with the concept of developmental local government. Municipal boundaries were amended and a 'wall-to-wall' municipal system was introduced through the Municipal Structures Act (117 of 1998) and the Municipal Systems Act (32 of 2000). The developmental state was defined within the framework of four principles, namely maximisation of social and economic development, integrated and co-ordinated development activities, citizen participation and strong leadership-building capacity. The third wave started after the first fully democratic municipal elections in 2000, when municipalities were reduced from 843 to 284 and recently to 278. This last wave, requiring municipalities to fulfil the development paradigm with economic development and service delivery, has proven to be difficult to implement (Atkinson 2003:2).

Developmental local government needs to comply with various requirements and the Department of Co-operative Governance and Traditional Affairs (COGTA) has identified various issues to be addressed to establish an "ideal" developmental municipality. These issues include the Constitutional responsibility to provide for the basic needs of local people, sustainable service delivery, promotion of social and economic development, clear responsibilities to all officials, and capacity and financial resources to carry out all functions (COGTA 2010b:51). The overall aim of COGTA is to improve co-ordination across the three spheres of government for faster and improved service delivery. The concept of "co-operative" governance is promoted through greater emphasis on working with communities (COGTA 2010a:8).

Reddy (1999:8) lists possible requirements of developmental local government including factors such as a legal foundation in terms of national, provincial and local laws, autonomy to take decisions, implement policies, and allocate resources and it is able to promote participation and create linkages with local communities. Developmental local government, in terms of the White Paper on Local Government, needs to provide the basic infrastructural services to local communities, create integrated and sustainable living areas, ensure local economic development and facilitate community empowerment and development (RSA 1998a:12).

An enabling developmental environment is defined by Christy et al (2009), as “a set of policies, institutions, support services and other conditions that collectively improve or create a general business setting where enterprises and business activities can start, develop and thrive.” Such an enabling environment boosts the competitiveness of a specific region or area (Konig et al, 2013:5).

According to Turok (2008:3), the development state concept is an attempt to bridge the gap between a centrally planned economy and a free market economic system. Government needs to define the roles of the various spheres of government clearly to ensure effective implementation and limitation of duplication. All spheres of government must be integrated vertically and horizontally. Koven and Lyons (2003:52) listed economic development tools in the local sphere as financial incentives, grants, loans, development zones, and economic research and marketing. These aspects relate to the concept of the developmental state, which has decentralised powers, partnerships, poverty reduction projects and environmental management (Munslow 2001:508).

Government’s role in development is to remove barriers for development and show strong leadership and co-ordination with effective service delivery. Government also needs to step in if market forces fail, for example through skills training and land development. For government to be successful in development, it needs to have capacity and skills. The improvement of capacity for local government is one of the goals of the National Development Plan (NDP). Increased capacity and skills leads to increased service delivery. Political stability

and commitment is just as important as economic and social stability (Meyer 2013:284).

According to Blakely (1989:61-65), local government can create an enabling developmental environment by limiting local bureaucracy, upgrading infrastructure, the provision of training and skills programmes and information, as well as ensuring law and order, whereas government can assist in supporting existing businesses, attracting new businesses and finding export markets. In terms of policies by the National Research Institute (NRI 2006:15), LED initiatives need to encourage local participation and consensus-building, in order to determine economic and social welfare initiatives for the area and the local community, and to promote local ownership and partnership formation. LED can only achieve success if an enabling environment to stimulate new opportunities for economic growth exists in the local area.

The development state needs to focus on both economic development spending and social spending. There must be a balance between pro-poor development (social and welfare) versus pro-growth development (market oriented). A number of lessons are learnt from the success of global government activities, *inter alia* that partnerships with the private sector are important for development, support policies are required for entrepreneurial development, local economies need to be internationally competitive, and the creation of jobs is far more important than increasing dependence on welfare (CDE 2008:6).

Good governance relates to institutional capacity in management and administration and includes formal and informal structures within government institutions. It encompasses the ability to co-ordinate and to assist with implementation of policies, projects and action plans, and includes public involvement, institutional development, transparency in decision-making processes and accountability. Good governance underpins LED, and the main link between the two concepts is to provide a local business-enabling environment (Trousdale 2005:20).

A critical part of developmental local government is economic development. According to Todaro and Smith (2011:14-18), economic development means the sustained growth of income per capita to enable a community to export its output at a faster rate than population growth. Blakely and Bradshaw (2002:56) state that local and regional economic development potential equals a local area's capacity in terms of the economic, social and technology sectors and its resources, which include the physical environment, location, labour, capital investment, entrepreneurial climate, transport, export market and government spending.

Lewis (1966:1) states, "development economics is not very complicated as the secret to successful economic development planning lies in sensible politics and good public administration." The World Bank (1991:49) defines economic development as development conceived through a multi-dimensional process, including aspects such as social and institutional restructuring, accelerated economic growth, improvement of levels of equality, and eradication of poverty. Economic development is the sustained improvement, over a long period, of the material and spiritual welfare of people through the sustainable alleviation of poverty and inequality, as well as the creation of adequate and sustainable jobs. Successful economic development requires government intervention by means of effective policy formulation (World Bank 1991:28).

Development planning interventions through policy implementation are difficult due to aspects such as poor planning and implementation, insufficient and unreliable data, unforeseen economic disturbances and external impacts, institutional weaknesses and lack of political will (Todaro & Smith 2011:526). There is a shortage of public administrative capabilities with challenges such as the lack of training and experience, and political instability. This component should not be underestimated (Todaro & Smith 2011:762).

LED and the basic needs approach is closely linked with development economics and provides communities with an enabling environment that is required by local communities to improve quality of life, reduce poverty levels and levels of inequality (Todaro and Smith 2011:19). According to Todaro and Smith (2011:21),

the core values of development are the ability to meet the basic needs of people such as shelter, food, health and protection, good individual self-esteem with a sense of worth and self-respect and to be able to have choices or human freedom in terms of the economy and social choices.

The integrated linkage between development economics, developmental governance and strategic spatial planning initiatives, allows for optimal implementation of the concepts. For this reason, the use of LED initiatives in collaboration with spatial planning concepts, are critical. LED initiatives are planned within a specific spatial environment. Such initiatives will have a high level of failure if the spatial planning concepts such as nodal and corridor development are not incorporated. A positive spatial planning system is required at the local level because it provides direction for what type of development is desirable within a specific locality. Resources must be used in a sustainable manner and this assists in achieving a higher quality of service delivery, with development priorities being set and the avoidance of duplication of efforts by various levels of government (DPC 1999:20; Meyer 2013:285). The overall aim is to create a spatial environment that promotes integration and economic activities (Madell 2008:52; Donaldson 2001:2).

Most development strategies and projects are not spatially referenced, and as a result, do not have the required pro-poor or pro-growth impact. A development strategy must attempt to lessen the impact of apartheid policies regarding access to jobs, distribution of assets and economic and spatial marginalisation (Sibisi 2009:7). Building of the rural poor's asset base is important for poverty reduction. Asset formation includes improved access to basic services and needs, improvement of access to safety nets, improved local skills levels and allowing economic opportunities (Sibisi 2009:8).

LOCAL CASE STUDIES

Human et al (2008:8-64) analysed three local municipalities in the Free State Province namely Mantsopa Local Municipality, Nala Local Municipality and Setsoto Local Municipality regarding institutional arrangements and the state of

the developmental environment. The following conclusions could be derived from Human's analysis. A strategic approach is needed and none of the three rural municipalities have integrated LED with IDP processes. The job creation potential of infrastructure development is not recognized. LED is downgraded in stature as only poverty alleviation projects and community projects. Although strategies were formulated, no implementation plans or structures were put in place. Local business support is limited to local procurement. Partnership formation has been limited and the business sector has not really been included in IDP or LED initiatives in all three municipalities. Limited regional or district co-ordination exists between the district municipalities and the local municipalities. Regional co-operation and alignment is of key importance where the economies can complement and support the region. A lack of strong institutionalisation exists at the municipalities. LED projects are scattered throughout the three municipalities, at no single department or unit (Human et al, 2008:8-64).

In 2003, the Human Sciences Research Council (HSRC) conducted an investigation into a number of local municipalities in the Free State Province including Nala Local Municipality, Dihlabeng Local Municipality, Moqhaka Local Municipality, Matjhabeng Local Municipality, Maluti-a-Phofung Local Municipality and Mohokare Local Municipality. The aim of the survey was to analyse the success of development efforts relating to the creation of an enabling environment (HSRC, 2003).

From the analysis, it appears that efforts to create an enabling developmental environment have been limited with few successes. The concept of LED is not well embedded and integrated into local government structures. Political instability has a negative impact on development and prevents the formation of partnerships. Developmental projects, driven by the private sector, are more sustainable and have a greater chance for success. The development of infrastructure with capacity plays an important role in the creation of an enabling environment (HSRC, 2003: 35-62).

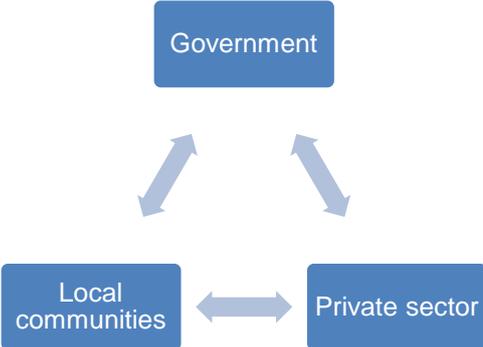
KEY FACTORS FOR THE CREATION OF AN ENABLING DEVELOPMENTAL ENVIRONMENT

This section consists of the listing of specific factors which are required for the creation of an enabling environment in the local government sphere of government. It is accepted that other spheres of government will assist and co-operate with local government regarding some of the factors. A total of twelve factors have been identified. It should be noted that certain aspects could be shared between factors in cases where aspects are applicable to more than one factor. The following factors are not listed in a specific order.

1. Partnership formation

The partners in development include the public sector, local business and local communities as part of the LED service delivery triangle (see Figure 1). Local government must ensure strong and high quality public participation. Institutional relations between all stakeholders are a requirement (Blakely 1989:67). Competitive advantages are best achieved when strong public-private partnerships and relations are created (Davis 2004:11; Koven & Lyons 2003:52; Human *et al.* 2008:60). Better relations are associated with faster growth and ease of regulations (UNIDO 2008:43).

Figure 1: LED service delivery triangle



Source: Own compilation

2. Local government structures, policies and initiatives

Effective integrative policies and institutional capacity are required in line with the principles of good governance which include the principles of a compact and

streamlined institution (Human *et al.* 2008:8; CIDA 2009:1; Hindson & Meyer-Stamer 2007:5; Smith 1776; Trousdale 2005:20; Blakely 1989:67). Local regulations need to be relaxed to promote business development, and policies need to be more investment friendly, while capacity building and skills training are also important factors (Hindson & Meyer-Stamer 2007:16; Davis 2004:11; Trousdale 2005:6). Decentralisation of decision-making is one of the main factors supporting developmental local government (IFAD 2001:6). Business registration and licencing need to be relaxed (UNIDO 2008:24). Local government needs to focus its budgeting and spending to promote development and provision of basic needs. Sufficient budgeting needs to be allocated to operational and capital development projects (Blakely and Bradshaw 2002:56).

Local government also needs to focus on research and innovation and develop incentives such as tax reductions, land development incentives and support, marketing and strengthening of institutional capacity (Blakely 1989:67; Human *et al.* 2008:53; Smith 1776). Developmental local government needs to eradicate corruption, and ensure an agile structure that could adapt rapidly to changes in the development environment. Public works projects and, if suitable, industrial development zones (IDZ) need to be established (Porter 1985:15). Good governance and political stability are important factors for economic development and poverty reduction (Konig *et al.* 2013:23; Abdula 2008:34). A good and clear tax management policy is also important. Tax incentives grant investors an advantage over other businesses and manufacturers (Konig *et al.* 2013:25).

3. Local leadership

Strong local leadership including political stability, is a requirement for developmental local government (Blakely & Bradshaw 2002:39; Swinburn *et al.* 2006:7; Todaro & Smith 2011:526). Local leaders include leaders from government, political parties, the business sector and local communities. Local leaders need to collaborate as “local champions”, driving the local development agenda. Structures should be in place to ensure that clear policies are formulated and decisions could be made fast and efficiently (Rogerson 2009:51; Sunter 2012:6).

4. Poverty alleviation and social development initiatives

Local development is not only about economic development, but also the improvement of the quality of life of local communities. The provision of basic needs and social welfare community facilities forms the pro-poor component of development. A lack of basic requirements keeps people trapped in poverty and prevents them from climbing the ladder of social and economic success. Basic needs include nutrition, health care, water, sanitation, shelter, education, skills, a sense of well-being and belonging, access to land and the ability to find work (NRI 2006:15; Sachs 2005:45; The Presidency 2012:4; Davis 2004:11; Todaro & Smith 2011:21).

Local government must play a role as poverty relief agents for higher spheres of government (Nel & Rogerson 2005:17). The poor need to be protected from shocks by means of the provision of safety nets, as they are the vulnerable section of the rural community (Meyer 2013:289). The provision of safety nets for the poor also assists in poverty reduction. Safety nets include social grants, housing subsidy and other forms of subsidies, and the allocation of ownership through housing and land reform projects (IFAD 2001:2; World Bank 1991:28; Koven and Lyons 2003:52; ASALGP 2005; Human *et al.* 2008:60; Netshitenzhe 2011:8; HSRC 2003:23).

The creation of an enabling developmental environment also includes non-economic development aspects such as arts, culture and recreational activities and facilities. Such facilities need to be provided to promote integration of communities (World Bank 1991: 28)

5. Economic development initiatives

Inclusive economic development, leading to growth with jobs, is required for any successful region. Jobs lead to improvement in quality of life and development. Ultimately, the goal is for economic development to grow faster than population growth, leading to an increase in per capita income (Todaro & Smith 2011:28). As stated in the New Growth Path (NGP), economic sectors, which have the potential for labour intensive job creation, need to be supported. These sectors

include manufacturing, mining, tourism, agriculture including agro-processing, the green economy and retail. The agricultural sector must lead to agro-processing and, eventually, industrial development. Strategies to develop the non-agricultural sectors include provision of improved transport, a focus on competitive advantages, infrastructure development, industrial cluster development and the improvement of the enabling economic environment (Meyer 2013:286).

LED initiatives are implemented by means of a well-formulated LED strategy, containing specific projects. Business development through the attraction of new business and assisting existing businesses is required (Blakely 1989:65; Human *et al.* 2008:53; Meyer-Stamer 2003:3). The economic base of the local area needs to be strengthened by focusing on export activities and value-added products (Blakely 1989: 66; Davis 2004:11). Local government needs to focus on locality development through marketing of comparative advantages, land development, business and SMME support (Hindson & Meyer-Stamer 2007:5; Blakely & Bradshaw 2002:165; Porter, 1985:15; OECD 2007).

LED initiatives include the creation of a positive investment climate, support to SMMEs and emerging businesses, attraction of new businesses, area based development plans for regeneration, and support to poor communities (World Bank 1991; Davis 2004:11; Trousdale 2005:6; Trollip 2001:45; DPLG 2001:38; ILO 2005:7; Van Der Heijden 2008:3). Export promotion will lead to increased productivity and better economic performance, especially in manufacturing but also in agriculture, mining and tourism (UNIDO 2008:48).

6. Environmental and spatial development actions

Clean, quality physical environments attract economic development where sound environmental management is practised (CIDA 2009:3; World Bank 1991:28; Blakely 1989:67; Koven & Lyons, 2003:52; Muslow, 2001:508; The Presidency 2012:4). Spatial planning is based on the strategic planning process, and is therefore vision-based, giving direction in local economic planning. Economic development planning must be integrated with spatial planning, which will ensure the spatial and geographic grounding of economic activities at optimal localities within a region. Spatial planning is integrative in nature and aims to ensure

integrated land use planning to address spatial imbalances of the past, assist in the creation of enabling environments, improve economic rural-urban linkages through development corridors, ensure compact urban areas, support active participation, and ensure sustainable environments with a sense of place and viable local communities (Meyer 2013:285).

Spatial planning initiatives must attempt to create integration of institutions and other planning activities such as economic and social planning. Spatial planning needs to provide direction to, and a long-term developmental vision for, a local area (Blakely and Bradshaw 2002: 56; DPC 1999:20; OECD 2007). Spatial planning initiatives can lead to the integration of the physical environment through principles such as nodes, corridors and densification of urban areas. This could lead to the correction of the historically created apartheid landscape (Mauree 2009:3; RSA 1995; Human *et al.* 2008:53).

7. Infrastructure development

The absence of basic infrastructure development and maintenance, as well as the lack of capacity, provides a barrier for development (Blakely 1989:65; CIDA 2009:2). Investment in new “hard” and “soft” infrastructure is a requirement for an enabling developmental environment (Sachs 2005:45; Trousdale 2005:6; DPLG 2001:28; Amis 2002:252). Infrastructure includes good capacity roads, water, sewers, ports, storage, cold chains, and energy generation (Konig *et al.* 2013:25; Davis 2004:11). The provision of well-developed infrastructure with capacity will allow for a comparative advantage and an enabling environment (Rogerson 2009:33)

8. Human resource development

The lack of a skilled workforce, entrepreneurial development, and promotion, marketing and management skills are all barriers to development (CIDA 2009:2). Labour regulations need to be simplified and a balance needs to be found between protection of workers and flexibility of labour laws (UNIDO 2008:33). Botreo (2004:1339) states that the heavy regulation of labour increases unemployment, especially amongst young people, while flexible regulations boost job creation. Human resource development includes skills development, training

programmes, and improvement of labours laws and regulations (DPLG 2001; Blakely & Bradshaw 2002:56; Trousdale 2005:28; World Bank 1991:28; Porter, 1985:15; Davis 2004:11).

9. Entrepreneurship development

The establishment of a culture of entrepreneurship and skills development is a long term investment and is necessary for building competitive and advanced industries (UNIDO 2008:40). High levels of taxation and local regulations are barriers to local business development and entrepreneurship (Meyer-Stamer 2003:10). Emerging entrepreneurs require mentorship, access to start-up finance, progressive and supportive policies, relaxed regulations, training and support (CDE 2008:6; Sibisi 2009:9, Trousdale 2005:6).

10. Transport and access opportunities

This factor has to do with access to economic development opportunities. Access to markets (CIDA 2009:2), transport and ICT allows for economic opportunities (Hindson & Meyer-Stamer 2007:5; ILO 2005:7; Sibisi 2009:9). Access to resources such as land, finance, and technology will also contribute to development (IFAD 2001:2; UNIDO 2008:50; Blakely & Bradshaw 2002: 56; Sachs 2005:45). Clearly defined land and property ownership policies, with security of formal ownership, free from possible “land grabs”, are key components (Konig *et al.* 2013:24; The Presidency 2012:218).

11. Agricultural development actions

The agricultural sector is a major generator of employment as one of the job drivers of the NGP that also assists in poverty reduction and food security (CIDA 2009:2; The Presidency 2012:219). Access to land ownership through land reform projects, provides poor beneficiaries with an opportunity to break the cycle of poverty (IFAD 2001:2). Emerging, as well as commercial farmers, need to be supported by means of access to finance, infrastructure development such as irrigation systems, research regarding export opportunities, and new market identification and incentives (De Satge 2010:12).

12. Safety and security

Economic development can only prosper in an environment with high levels of law and order. High levels of crime have a negative impact on the local business and development environment (Blakely 1989:65; The Presidency 2012:61; Amis 2002:25).

FACTORS TESTED IN THE STUDY AREA

This section tests the above factors required for an enabling environment in the Fezile Dabi District Municipal area, which is situated in the northern Free State. The region includes four local municipalities namely, the Mafube Local Municipality with Frankfort as the main urban area, Metsimaholo Local Municipality with Sasolburg as the main urban area, Moqhaka Local Municipality with Kroonstad as the main urban area and Ngwathe Local Municipality with Parys as the main urban area. The region includes main geographical features such as the Vaal Dam and Vaal River to the north, the Vredefort Dome in the west and the N3 and N1 freeways, which transgresses the study area (Meyer 2013:179).

The level of compliance regarding the creation of enabling developmental environments are tested in the study region, based on the twelve factors as listed. Values are allocated on the level of compliance regarding a specific factor (3=compliance, 1.5=some effort to comply, and 0=no compliance). Table 1 lists the factors in a matrix format. The results from the matrix indicate that local government is struggling to come to terms with the concept of creating an enabling developmental environment.

The Metsimaholo Local Municipality scored the highest mark with 46 percent in the analysis. This municipality did well in terms of partnership formulation, especially with the local business chamber and Sasol industries, with strong and committed local leaders. However, the local uncertain and unstable political situation is a cause for major concern. Fezile Dabi District Municipality scored the second highest mark with 42 percent in the analysis. This municipality has been doing well regarding setting up of institutional structures and establishment of

agricultural projects throughout the region. The other three local municipalities scored between 19 percent and 27 percent, with local leadership and political stability affecting the local development environment. Table 1 provides a summary of the primary factors in the creation of an enabling environment with the secondary aspects in the format of a 'tick-off' list.

Table 1: Enabling developmental environment matrix: The northern Free State region

Factors	Mafube LM			Metsimaholo LM			Moghaka LM			Ngwathe LM			Fezile Dabi DM		
	Comply (3)	Some effort to comply (1.5)	Did not comply (0)	Comply (3)	Some effort to comply (1.5)	Did not comply (0)	Comply (3)	Some effort to comply (1.5)	Did not comply (0)	Comply (3)	Some effort to comply (1.5)	Did not comply (0)	Comply (3)	Some effort to comply (1.5)	Did not comply (0)
Partnership formation initiatives			0	3					0			0		1.5	
Local government structures and policies		1.5			1.5			1.5				0	3		
Local leadership			0	3					0			0			0
Poverty alleviation initiatives		1.5			1.5			1.5			1.5			1.5	
Economic development initiatives		1.5			1.5				0			0		1.5	
Environmental and spatial development actions		1.5			1.5			1.5			1.5			1.5	
Infrastructure development			0		1.5				0			0			0
Human resource development			0		1.5			1.5			1.5			1.5	
Entrepreneurship development			0			0			0			0			0
Transport and access opportunities			0		1.5			1.5				0		1.5	
Agriculture development actions		1.5				0		1.5			1.5		3		
Safety and security			0			0			0			0			0
Arts, culture, sports and recreation		1.5			1.5			1.5			1.5			1.5	
TOTAL	9/39 (23%)			18/39 (46%)			10.5/39 (27%)			7.5/39 (19%)			16.5/39 (42%)		

Source: Own compilation

Table 2: “Tick-off” list for the creation of an enabling developmental environment

Primary factor	Secondary aspects	Primary factor	Secondary aspects
Partnership formation	Partnerships with business and communities, high levels of participation, co-operation, integration, allocation of functions and roles, involvement, empowerment, engagement, institutional relations (vertical and horizontal).	Local government structures, policies and actions	Good governance (accountable and transparent), legislation, policies (aligned with national and provincial policies), institutional structures, marketing and investment, information provision and support, capacity and skills development, budgeting and spending, regulations, procurement, co-ordination, fast decision-making, research and innovation, stop corruption, political stability
Local leadership	Local champions and drivers (politicians, officials, business leaders, NGOs, religious leaders, traditional leaders), clear policy directions, political stability, appropriate policy development, efficient decision-making structures.	Poverty alleviation and social development (including arts, culture, sports and recreation)	Quality of life, redistribution, people centred approach, pro-poor focus, community development, basic needs (services and facilities), social cohesion, safety nets (grants/subsidies), grow asset base of poor.
Economic development actions including LED	Market interventions, job creation initiatives, research analysis with surveys, policies and strategies, funding, skills development, comparative advantages, project implementation, SMME support, diversification, value-added product support, export support, labour based job drivers (NGP), attract and retain, incubators and mentors.	Environment management and spatial development	Integration of SDF, IDP and LED, rural-urban linkages, mixed use development, corridor development, nodal development, compact and dense development, land use management, clean quality environment, environmental management.
Infrastructure development	Hard infrastructure, soft infrastructure, budget and funding, capacity extension, maintenance.	Human resource development	Skills development, SMME development, mentorship, incubators and job training centres, labour force development.
Entrepreneurship development	Training and support, ease of doing business, tax incentives, regulations, access to finance, policies.	Access opportunities including transport	Access to economic opportunities, transport, ownership and assets, markets, community facilities, ICT, housing development.
Agricultural development actions (rural areas)	Access to land, finance, funding and grants, infrastructure, market access, research, project development, training and support.	Safety and security	Law and order, crime prevention.

Source: Own compilation

CONCLUSIONS

Government's role in terms of development is to provide an enabling environment for the other role players of the service delivery triangle to be effective. Government, through policy and implementation, needs to initiate developmental projects, which must be handed over to the private sector or local communities as sustainable projects. The process of creating an enabling environment includes the economic, social, political, physical and basic needs environments. Good governance underpins local development, and provides the link between the two concepts in order to create an enabling environment. Good governance within any region is critical. Good governance relating to developmental local government means the co-ordination of all initiatives, clear policy formulation, well-planned interventions and the creation of quality physical and economic enabling environments.

Developmental local government needs to achieve the following goals, namely to improve quality of life, create more accessible economic opportunities, build capacity, reduce poverty and improve community development. In order to achieve the above goals, capacity needs to be improved regarding strategic planning, integration, co-ordination and community engagement.

The concept of an enabling developmental environment is still not well embedded in government structures. The analysis of the study area proves this, as listed in the enablement matrix. Reasons for this situation are poor strategy formulation and implementation, lack of clear policy and priority direction by national and provincial government, and lack of capacity, skills, commitment, and budget. The restrictive legislative environment also plays a role in the strangulation of local government to be developmental.

Success is, however, possible if the above issues could be addressed. In addition, success is possible if roles and responsibilities of all stakeholders are well defined, and the factors for an enabling environment, as listed, are addressed. Also of importance is the integration of IDP, SDF, LED and environmental management for optimal implementation. The establishment of

partnerships between government and other role players is critical for good service delivery. This however requires political stability.

Lastly, the 2011 World Economic Forum (WEF) report states that, globally governments need to transform themselves into FAST (flatter, agile, streamlined, technically-enabled) governments. The concept of FAST government consists of best practice governance aspects such as increased citizen engagement, administrative efficiency, decentralised decision-making, an agile highly-skilled workforce with problem-solving capabilities, a streamlined government with a reduction in the size of the public service, and a highly innovative and technically enabled government service (WEF 2011:12). Government, and especially local government, in South Africa need to adhere to these principles if the levels of service delivery are to be increased.

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