

What is LED?

Local Economic Development (LED) means different things to different people. As a result, there are many definitions for LED. However, as part of building a shared and common understanding of LED across the country, government has, through a constructive and consultative process, with various stakeholders and actors in the field of development, undertaken to adopt a definition that would be able to meet the unique South African socio-economic development challenges.

Local Economic Development is an approach towards economic development which allows and encourages local people to continuously work together, and with other stakeholders, to achieve sustainable economic growth and development that brings improved quality of life for all in a defined municipal local area

The intended outcome of LED is to build resilient and vibrant local economies, and to maximize the economic potential of municipal localities throughout the country.

On National level the local economic development programme is located in the Local Economic Development Chief Directorate within the Governance, Policy and Research branch in the Department of Provincial and Local Government.

The fundamental purpose of the Chief Directorate is to manage the development and implementation of Policy, Strategy and Legislation that seek to strengthen the Local Economic Development across government. In this respect, the core functions of the Chief Programme are as listed hereunder:

- **Development and implementation of a policy framework on Local Economic Development**
- **Development and management of the implementation of LED Support programmes nationally**
- **Undertaking of research and knowledge management on Local Economic Development.**

Three directorates have thus been set up by dplg to undertake the execution of these functions. These are:

- **Local Economic Development: Policy and Strategy**
- **Local Economic Development Support, and**
- **Economic Research and Statistics.**

At provincial level, the Local Economic Development programme is located in the Department of Local Government and Housing

The strategic objective of the Local Economic Development programme is to maximize the economic potential of municipalities in the Free State. In order to achieve these the following core functions have been identified:

- **Development and implementation of a framework on LED and support**
- **Monitoring of LED in municipalities**
- **Undertake research and knowledge management on LED**
- **Facilitate workshops and summits**
- **Alignment of LED and IDP.**

One of the key focus areas will be to assist municipalities develop LED strategies and ensure that those are implemented effectively towards overall poverty alleviation and narrowing the gap between the first and second economy.

How can local government stimulate LED?

Local government has various means of stimulating local economic development. Firstly, the municipal functions of service delivery and infrastructure provision can be undertaken in a manner that supports LED. For example, efficient, responsive and well-integrated infrastructure can stimulate the development and expansion of large and small enterprises within a locality. Secondly, the manner in which the municipality carries out its business can impact on LED. For example, a municipality that efficiently process development applications and adopts affirmative procurement policies can stimulate SMME development. Thirdly, a municipality can support LED through providing direct and indirect economic services. Examples of these are:

- **Provision of business facilities**
- **Promotion of agri industry**
- **Support to tourism initiatives**
- **Human resource development programs.**

Local government has a further responsibility when stimulating and promoting local economic development. That responsibility is to take forward the broader agendas of government, namely those of:

- **Job creation**
- **Poverty alleviation and**
- **Redistribution.**

This implies that the local government has to consider the impact of the LED strategies it adopts. LED Fund projects, therefore, are not simply concerned with brick and mortar but with the ongoing impact of the projects to the quality of life of the poor within the community.

A function of local government is to promote economic development. The challenge is to generate innovative responses that will result in improved access to the formal economy by the poor.

Useful websites to be used by municipalities for Local Economic Development: UST attached

www.uyf.org.za
www.nda.org.za
www.dbsa.org.za
www.thedti.gov.za
www.dst.gov.za
www.dplg.gov.za (MIG)
www.escom.co.za
www.landbank.co.za
www.khula.org.za
www.fdc.co.za
www.dwaf.gov.za
www.welfare.gov.za
www.nda.agric.za
www.idc.co.za

www.seda.org.za
www.salga.org.za
www.csir.co.za
www.idt.co.za
www.npi.co.za
www.lgwseta.co.za/led
www.labour.gov.za
www.sacities.net

www.worldbank.org/urban/led
www.ilo.org
www.hologram.org.za
www.dplg.gov.za
www.fspg ofs.gov.za
www.asalgp.co.za