



NEWS

A NEWSLETTER FOR P³ PARTNER MUNICIPALITIES & ASSOCIATIONS | 2010/1

PARTNERSHIP | PARTICIPATION | PROGRESS

Cape Agulhas – doing it for themselves

When Cape Agulhas Local Municipality hired an LED Manager in 2009, they knew they didn't have the budget of R400–500k typically needed for consultants to draft an LED strategy. Instead they hired Eben Phillips as LED Manager, and gave him the time and space to complete an LED strategy internally. Eben had experience in strategy development, although he had never completed a strategy on his own before. A year later Eben talks about what he learned from doing the Cape Agulhas LED Strategy in-house.

The success of the strategy is that municipal staff were part of the process of designing it, and now they are able to implement it through their daily work. "Officials in different line functions were not exposed to LED. They thought it didn't affect them. LED is not a thing that you do, but a way that you do things. People came forward with valuable suggestions after they understood this."

The process that Eben followed was to start by collating all existing data and studies to develop a picture of the Cape Agulhas local economy. Questions like which sectors dominated the local economy were at the fore. The results were then presented to stakeholders for discussion.

Eben says "We did a database of stakeholders, as there was no interaction previously. We needed to engage. I con-

tacted business, introduced myself, and asked if they wanted to participate. They were hungry for engagement. They saw the benefit of a strategy."

Participation levels were high, and further up-to-date studies were integrated to create a better picture of the local economy. Then the questions were asked: Where do you want to take the economy? What are the key sectors for development? That led to a common vision, using consensus-based prioritisation. Tourism and agriculture emerged as priority sectors.

Eben says the key lesson is not to operate in isolation. Often municipalities don't want to engage with the private sector due to their prejudice toward the municipality. He explained that people often have a perception of the municipality as sub-standard. When he talked to them about the local economy they realized. "He knows what he is talking about." They were surprised and changed their attitude.

Cape Agulhas Municipality now has a better relationship with the business sector. Eben and his staff recommend that other municipalities take the leap of faith, and set aside time to do their LED strategy internally. He acknowledges the Municipal Manager for shielding him from other work and allowing him the few months needed to properly manage the strategy development.



Building trust in Namibia

– initial findings from LED Roundtables

LED Roundtable meetings were held in the six partner municipalities in Namibia in February and March 2010. These meetings brought business stakeholders together with their municipalities to discuss issues affecting their local economies. Common trends across Namibia that emerged were

- *Land delivery* – a lack of serviced land for expanding or starting businesses, and under-utilised serviced land

P³ is a cooperation between the national associations representing local governments in Sweden, South Africa, Namibia and Botswana. Assisted by funding from the European Union and the Swedish International Development Agency, the cooperation focuses on the importance of transparency in the relationship between local governments and their communities. The cooperation is implemented through two projects during 2009–2011.

The P³ Transparency and LED Projects work with partner municipalities to improve transparency and performance and to facilitate local economic development.

PARTNER MUNICIPALITIES

| | |
|-----------------------|-----------------|
| South Africa | Namibia |
| <i>Eastern Cape</i> * | Mariental |
| Senqu | Otjiwarongo |
| Elundini | Walvis Bay |
| Intsika Yethu | Gobabis |
| Emalahleni | Arandis |
| | Omaruru |
| Western Cape | Botswana |
| Theewaterskloof | Kgatleng DC |
| Cape Agulhas | Lobatse TC |
| Hessequa | Southern DC |
| Mossel Bay | Chobe DC |
| | Ghanzi DC |
| Free State | North West |
| Naledi | DC |
| Kopanong | |
| Mohokare | |
| Setsoto | |

* further partners to be confirmed



This cooperation is funded by the European Union and Sida



- **Trust** – stakeholders blamed municipalities for not being transparent, and the business community had lost trust in the local authorities. There was also no trust between white and black business, so much so that they were affiliated to two different business forums in the same towns
- **Marketing and support** – smaller businesses especially felt that municipalities do not market their towns strongly enough to promote business
- **Red tape** – the issue of bureaucracy. For example, it takes too long to get a reply from the municipality for a business registration, an application for land, etc.

The type of discussions varied according to the size of the municipalities. Discussions in larger municipalities focused on issues of safety and security, lack of

skills and strategic business networking. Discussions in smaller municipalities were on trust issues and the relationship between the council and stakeholders. These events created a platform for municipalities and business to restore mutual trust, and there are good prospects for follow-up, quarterly Roundtable meetings.



Ivin Lombardt, P³ manager in Namibia, presenting the P³ Cooperation structure

From the editor



Thank you for taking the time to consider some of our P³ findings and achievements. With the daily pressure and demands, it is sometimes difficult to find time to reflect. But it should be worth it, as sharing with and learning from others in the same situation is one of the best ways to reflect on our practice and how to improve it.

This newsletter aims to keep our P³ partner municipalities updated, but also to share learning among P³ teams and the associations, and to interest other municipalities and stakeholders who may get involved in P³.

The first edition focuses on LED. Subsequent newsletters may focus on one of the participating countries, on interesting partner municipalities, or a specific problem that all countries share.

Each edition has an editor, and we encourage you to give feedback and contact him/her to share your experiences, ideas, questions and stories, so that the mutual learning can continue.

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Bottom-up LED

– P³ tests leak plugging



PHOTO: INTERNET

Leak-plugging is about internal investment and wealth retention in local economies, using the analogy of a leaking bucket to demonstrate flows of resources. Many of the P³ municipalities have opted to use this LED tool. Economic theory tells us that the more a unit of currency circulates in a local economy, the more wealth it creates. This is particularly important in poorer communities, where government is often the main employer. By increasing the interconnectedness within local economies we increase this local multiplier effect.

One of the biggest problems with municipalities competing to attract external investment is that the competition can lead to the offering of incentives that outweigh the benefits to local communities. This is known as ‘the race to the bottom’. Municipalities may offer rates rebates, cheap electricity and water, subsidi-

dized industrial sites, etc. But these lost revenues sometimes outweigh the benefit of the often low quality, poorly paid jobs created. The profits of investing companies quickly leave the area, to remote stock exchanges and shareholders elsewhere.

Leak-plugging in the local economy is a bottom-up approach to LED, and does not rely on experts. By running leak-plugging workshops, P³ will build the capacity of local groups to respond to challenges in their local economies, and build entrepreneurial spirit in communities.

P³ has linked up with the New Economics Foundation to implement the ‘Plugging the Leaks’ toolkit, and will be holding workshops in the second half of 2010 to identify economic opportunities and start shaping community enterprise. We are forging links with similar projects in Durban and further afield in Brazil, to share lessons and expertise.

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