



LOCATI- Newsletter

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Between 05 and 13 November 2002 we will conduct the next round of LED-related workshops in a number of locations in Mpumalanga. This concludes the first year of the LOCATI Project. Where do we stand in the five locations where LOCATI activities have been going on? The following table gives you an overview.

<i>Place</i>	<i>State of LOCATI after the first year</i>
Highveld East (Govan Mbeki)	After a good start, LOCATI activities in Govan Mbeki have slowed down in the last months. One of the challenges is the role of Sasol: On the one hand, it is substantially supporting the Stakeholder Forum; on the other it still is seeking to co-ordinate its own economic activities with those of the Stakeholder Forum. As Sasol is the main economic shaping force in the local economy these endeavors need to be fostered further – not least in order to move successfully from planning to the actual implementation of projects. In the last workshops we had with local stakeholders, these issues were addressed and possible solutions discussed. LOCATI activities have recently been limited to the evolution of the Youth Workshop format, and we are grateful to Sasol's Corporate Affairs for giving us this opportunity.
Middelburg	LED activities have been making good headway in Middelburg, creating a very favourable environment for LOCATI. Not only did we have very stimulating workshops with the Local Economic Development Forum. Moreover, we also had a number of exciting sessions with the entrepreneurs in the Stainless Incubator and some of the producers involved with the Something Out Of Nothing initiative.
Thaba Chweu	In Thaba Chweu (Lydenburg, Graskop, Sabie) LED is currently primarily caught in the difficulties of merging three municipalities into one new entity: this is a huge challenge and may be seen as one explanation why the LED process here has taken a secondary role for the moment. Another reason is the fragmentation of the tourism sector – otherwise a promising sector for LED-activities. There are, however, a number of exciting initiatives originating in the Beehive and a group of individuals, and we have been happy to work with them.
Barberton	In Barberton LED is also at a very early stage, and we have not moved far beyond initial discussions with local stakeholders on what LOCATI might do there.
Nelspruit	The municipality has created a relatively strong LED unit, and we had a number of discussions with the team. However, as they are receiving support from GTZ, we are limiting the LOCATI time.
LOCATI Network	The LOCATI network has evolved beyond our wildest expectations. We sense that there really is a need for LED practitioners from different places to meet to discuss experiences, and apparently the LOCATI network is one of the very few opportunities to do that.

Topic of the Month: What is the Purpose of a Local Economic Development Forum?

A local economic development forum (LEDF) is a gathering of organisations and individuals involved in local economic development. The purpose of a LEDF is to share information (co-ordination), to share and pool resources and experiences (leveraging), and to solve problems which come up in the course of LED projects (troubleshooting). An LEDF is not an executive body which is itself implementing LED projects.

Let us look at these points one by one. To start with, what is a LED project? LED projects are activities which create business opportunities, employment and income. They are not by themselves business ventures; business ventures are executed by individuals or companies who have spotted an opportunity to make a profit. A typical purpose of an LED project is to create conditions which then stimulate business ventures or create conditions for business ventures to emerge. Usually, business ventures are launched and executed by individuals or companies who perceive an opportunity. However, it is not rare to find that a given business opportunity is judged to be too risky by the individual or company, even though if successful it might create many jobs and a lot of income. Consider business opportunities whose success depends on comple-

mentary activities. A typical example is tourism: various complementary activities (accessible scenic attractions, recreational activities, accommodation, transport) must be in place to create an attractive business opportunities. For a large tourism corporation it is possible to take care of all these complementary activities. But it is a different story for small businesses. Accordingly, in a typical LED project LED promoters would facilitate the co-operation between various small tourism businesses.

Taking up this example, an obvious question would be: Is it the LEDF's task to organise a tourism initiative which consists of a variety of complementary small businesses? The answer is No. To explain this answer, let us look at the composition of the LEDF. Its members will usually come from a variety of organisations: public, private, community and business, and here from a variety of business sectors. Sticking to our example, it is likely that many of the members of the LEDF are not particularly knowledgeable in tourism. They should be aware that some activities are going on in the tourism sector, but they should not be bored with extensive details and organisational challenges of a tourism initiative. Therefore the LEDF should not run a tourism initiative. It should

rather set up a tourism committee which takes care of this initiative and which reports back to the LEDF.

This leads us to another observation regarding the proper organisation of an LEDF: There should be a number of thematic sub-committees or working groups which pursue specific LED project ideas, and which report back to the LEDF. For a number of reasons, such a smaller group is the appropriate place to organise a specific LED project: Since it is smaller than the LEDF, there is less risk of engaging in endless disagreements. As a group it shares concerns for a given sector and, furthermore, can share resources towards the development of a given sector – not just money but also information, know-how and other non-tangible resources.

Is there a standard blueprint regarding the structure of sub-committees or working groups? Again, the answer is no. There is no exact optimum organisation of sectors in a local economy. The number and profile of sub-committees or working groups of a given LEDF rather depends on two factors: The structure of the local economy and the presence of champions who are dedicated to keeping their respective committee alive and working. Moreover, the number and profile of sub-committees or working groups is not static. They may merge or subdivide: merging if the stakeholders in

different groups feel that complementary projects should be organised jointly, dividing if the stakeholders in the group sense that the working capacity of the group is being overstretched by too many, too diverse projects. New groups will be created as new opportunities arise or new stakeholders want to get involved in the process.



What an LEDF wants to achieve!

How then does this all feed into the LEDF? To start with, it is important to acknowledge that the status and mandate of a LEDF is unclear, as it is neither a clear part of the executive nor of the legislative branch of government. Instead, it overlaps with both of them, but without a clear democratic legitimacy. It is a consultative body whose function is basically to assist the legislative and executive branches in doing their jobs more effectively and efficiently. A LEDF will normally do three things:

Co-ordination: Representatives from the executive report on changes in legislation and upcoming government projects, including national and provincial/state-level initiatives. Members from the various sub-committees or working groups report back to the LEDF on the state of their respective initiatives. In this manner, it can be avoided that parallel initiatives to tackle the same issue are launched.

Leveraging: Stakeholders in the LEDF share resources (financial, know-how, information) and experiences. For instance, it will often occur that a given committee is seeking specialised know-how and is considering to hire an expensive external consultant, and at the LEDF it is discovered that this expertise is available locally at hardly any cost at all. Another example would be a committee which has identified a sponsor who is willing to support more activities and is just waiting for viable proposals – which may then be generated by the LEDF.

Troubleshooting: LED-projects usually run into problems – legal and bureaucratic obstacles, conceptual confusion, infighting between competitive stakeholders, lack of funds, and others more. The LEDF is the place where stakeholders from sub-committees or working groups can draw on the know-how and experience of the larger group to overcome these problems.

Last but not least, it is important to note that the LEDF itself may be a sub-committee – namely of a local development forum. Local development involves many more issues than just economic ones. Therefore, a local community may decide to create a Local Development Forum, and the LEDF is then in turn a sub-committee of the LDF. The basic logic is very similar: The LDF is the place where stakeholders from different groups – the LEDF, the Community Development Forum – gather for the purpose of co-ordination, leveraging and troubleshooting.

One final point: What about strategy? Should the LEDF be the place to discuss and elaborate a local economic development strategy? The answer is yes *and* no. In the early phase, when most stakeholders have little or no experience with LED, the answer is clearly no: Practically speaking it is usually not quite clear what LED is about in the first place, so instead of wasting time on an abstract, theoretical effort to elaborate an overall strategy it is much more important to experiment with different practical approaches. At a later stage, as stakeholders gain a clearer idea about LED, and why an overarching framework would be useful for a variety of projects and initiatives, they may decide to engage in the effort to formulate an explicit strategy.