



LOCATI- Newsletter

No. 7, September 2003



The first phase of LOCATI reaches its end

The first phase of the LOCATI project is nearing its end. We started with a first mission in November 2001, discussing possible LED training activities with stakeholders in a variety of municipalities. We ran workshops and other know-how transfer activities in April, June, August and November 2002, and in February, May and August 2003.

In this edition of the LOCATI Newsletter, we will address two topics. First, we will summarise some of the points we discussed during the LOCATI Network meeting in May, where we looked at monitoring and evaluation of LED activities. Second, we will summarise some of our main observations and lessons learnt.

For the time being, this is the last edition of the LOCATI Newsletter. It is very likely that there will be a second phase of LOCATI, running from 2004 to 2006. There will be a new tendering process, and we will have to see who wins that one.

Monitoring and Evaluation of LED

The issue we addressed at the LOCATI Network meeting in May was monitoring and evaluation. What came out of our discussion there were three points.

1. There is no monitoring and evaluation of LED going on for the very simple reason that there is little to monitor and nothing to evaluate. In none of the locations which were represented at the meeting, a proper LED project has been completed (so that it

might be evaluated), and few projects are actually going on. Most of the locations are still at the planning stage for LED activities.

2. Hardly anybody has thought about monitoring and evaluation of LED. Since it appears so difficult to get practical LED activities going, monitoring and evaluation take a back seat. Also, there are no clear guidelines on how to set up a monitoring and evaluation system which goes beyond

Local Competitive Advantage Training Initiative / Mpumalanga
A programme implemented on behalf of InWent (formerly CDG,
www.inwent.org) by IFOK (www.ifok.de) and PACA (www.paca-online.de)

financial controlling. The main concern so far is to prevent misappropriation of funds. Few thoughts have been spent on the other big question: How can we make sure that our LED interventions have a significant impact?

3. When we then brainstormed on how to do monitoring and evaluation, we came to a rather simple and straightforward conclusion: You better think about this at the very beginning of any LED activity. Even if you decide to evaluate a project only after it has been terminated, you make this work much easier if you define goals and criteria early on. The most adequate way of doing this is to have the stakeholders who define and run the project agree on goals and criteria. In fact, this cre-

ates a nice opportunity for learning processes among the people involved in an LED activity. If you think of monitoring as a continuous process which is done by the people who run a project themselves, you can significantly reduce the risk of them denying that something is going wrong, if something is going wrong. Likewise, evaluation should be an iterative process. Don't do it only at the end of a project. Define milestones, and as you reach those milestones conduct a participatory evaluation, that is have the persons in charge of the project do most of the evaluation work. Pull in external persons mostly as moderators of this process and as a devil's advocate.

Topic of the Month: What is wrong with LED, and what can you do about it?

The impact of LED in Mpumalanga is not exactly impressive. But it would be unfair to blame local stakeholders in Mpumalanga for this. The situation is not much different in other provinces. The kind of problems we are observing in Mpumalanga hamper the progress of LED all over the country.

What is "economic"?

LED is being approached from three different angles.

First, there is the poverty alleviation angle. Probably the majority of "LED

projects" are not intended to create sustainable businesses or to improve the environment of existing businesses. They rather address the immediate problems of marginalised persons who have little or no income and opportunities. These projects usually go wrong. These days, the country is littered with failed poultry, brick making, bakery, and vegetable garden projects. The failure of these projects is primarily due to the basic design. Many funders demand that such a project is driven by a group of people,

not by an individual, and that they make no profit (but also no loss). This leads to unclear governance structures inside the project – nobody is really in charge, and as soon as anything goes wrong everybody blames everybody else. Also, what is the incentive to put in hard work if you can't make a profit anyway?

The solution is not to outright stop projects which benefit the really poor. Poor people with little or no education need and deserve the support of the society. But it is completely wrong to call activities which are supposed to benefit them "LED projects". These projects are an outcome of social policy. They do not have an economic rationale. They do not aim at stimulating business and economic growth. They rather help those people who would continue to be poor and marginalised even if there was economic growth. These projects are poverty alleviation projects that are supposed to stimulate self-help, and they should be named accordingly.

Second, there is the urban planning angle. This includes infrastructure development and, most of all, the IDP process. This approach to LED is planning-driven, which effectively means that there is a long period of time between conceiving a project and observing an impact on the ground. Planning and proper LED are closely related, but it is fatal to assume that

planning is the same as LED. An urban planner is perfectly happy if something he is planning today has a practical impact three years from now. From a business perspective, this is totally unattractive. A given business doesn't even know whether it will still exist three years from now. For a business, LED is only attractive if it leads to visible improvements within a short period of time.

This takes us to the third angle, namely business-oriented LED. This is a rare phenomenon in South Africa. The business sector is only occasionally involved in LED – and often drops out if LED is much talk and little action. Which takes us to the next problem.

What is the purpose of an LED Forum?

There is a widespread opinion that the best way to start LED is by creating an LED Forum. Our observation tends to be that this is the best way to assure that LED is stillborn. At a later stage an LED Forum may serve well as an information platform for coordination, leveraging and troubleshooting (see Newsletter No.4). However, if an LED Forum is created at the outset, this usually means that representatives from all sorts of sectors – business, health, social, education, security – spend a lot of time figuring out how to approach and implement LED. As

there are no consistent guidelines on what LED means, how to do LED and how to organise an LED Forum, bewilderment may quickly turn into frustration, as the Forum cannot agree on its purpose. Stakeholders start dropping out – first of all business representatives, who are under serious time constraints. In the absence of the business perspective, however, the Forum then easily wanders into the social policy / poverty alleviation field and is soon afflicted by Projectitis.

Warning: Projectitis is contagious!

Projectitis is an illness which minimises the number of people who benefit from LED. There is a widespread conviction that LED means projects, where “project” means an initiative with a small number of clearly defined beneficiaries, such as twenty ladies raising chicken or twenty youngsters being trained in sewing. The responsibility for such projects usually lies with the municipality. Now, the number of LED officers in municipalities is limited. Let us assume that one LED officer can manage five such projects. This takes us to 100 direct beneficiaries. Counting their families in, we may that may reach 1,000 beneficiaries. If your municipality has 400,000 citizens, you can count that more or less 100,000 persons are looking for jobs or other economic opportunities. So you need many projects, and many

LED officers, to have a significant impact. But how likely is it that you get, say, 25 skilled LED officers?

How to get LED back on track?

What we have learned in the course of LOCATI, also drawing on international experience, is this:

- LED must be less concerned with individual little projects with a small limited number of beneficiaries, and more with the growth of the local economy.
- LED projects must address critical bottlenecks for growth of existing business, rather than solely focusing on creating new businesses.
- LED must be driven by a clear sense of business, and a sound understanding of business logic.

Conceptually, this takes us to the Hexagon of Local Economic Development, which we presented briefly in No. 2 of the LOCATI Newsletter. It was the structure we used in the one-week training-courses we organised, jointly with GTZ, in March and August. And it is the concept that will hopefully drive our work in Phase 2 of LOCATI.

For the time being we would like to congratulate all of you for your activities and enthusiasm for LED, we believe if tackled productively you can make a real difference in pushing forward LED.