



**AGRISA**

# Conference

Challenges and opportunities of the business sector on  
local government level



# 1. Introduction

- Deepening of local government crisis
- Consequences for political and social stability
- Effect on business, welfare and employment creation
- Business cannot function optimally
- Particularly concerned about the effect on agriculture



## 2. Effect on LED

- LED at the cutting edge of development
- Malfunctioning local government system:  
Consequences for LED
- Investment climate negatively effected
- Lack of cooperation with private sector and civil society at local level
- Private sector must create wealth and jobs
- New inclusive form of cooperation important



### 3. The challenges and priority areas

- Huge service delivery and backlog challenges (housing, water and sanitation)
- Poor communication and accountability relationships with communities
- Problems with the administrative interface
- Corruption and fraud
- Poor financial management, eg, negative audit opinions



## 3. Challenges and priority areas

- Increase in number of violent service delivery protests
- Weak civil society formations
- Inter and intra political party issues negatively affecting governance and delivery
- Insufficient capacity due to scarce skills

## 4. Differentiated picture of municipal capacity

- Of the 237 local munics and metro's:
  - 26 (11%) high capacity
  - 120 (51%) medium capacity
  - 91 (38%) low capacity



## 4. Differentiated picture

- Of the 46 district municipalities:
  - 14 (32%) high capacity
  - 16 (34%) medium capacity
  - 16 (34%) low capacity



## 5. Impact of the crisis

- Political: Violent protests, instability, role of youth and lack of cooperation
- Economic: production, exports, and LED
- Social: Health and human development affected



## 6. Reactions to the crisis

- Apathy and alienation
- Rates payers associations withhold payments and take services over
- Strikes and violent protests
- Cooperation and partnerships (AHI)



## 7. The AHI's involvement

- Requests from AHI chambers and provincial head committee
- Started under Project Consolidate (2003/2004)
- Predates any other form of cooperation with GCoG (COGTA, dplg)
- Facilitated Nelspruit, Brits, Ladismith (Cape) and Worcester
- Positive outcomes



## 7. AHI's involvement

- Since 2007: Broadened cooperation
- Koukama, Marble Hall, Umfuleni and Madibeng (Brits)
- Water, sanitation and management/financial crises
- AHI influence re state of local government, LED and turning strategy reports
- Establishment of Joint Vehicle/Adopt a municipality
- Cooperation with Ilima Trust



## 8. AHI and LED

- Consortium AHI, DCoG, GIZ (GTZ) and Idasa
- GIZ expert seconded to AHI
- Towns include:
  - Bela Bela (Warmbaths)
  - Graaf Reinet
  - Harrismith
  - Malelane
  - Lepahlale
  - Tzaneen
  - Upington?



## 8. LED challenges in SA

- Different cities: production, consumption and service, knowledge
- Differentiated approach necessary
- Big cities competitive; secondary – readjustment; and small towns declining
- Need cross sector partnerships
- Build trust and social partnerships
- Need deep dialogue



## 8. Pillars of LED in small towns

- Dialogue for change between community, state and the private sector
- Finding common ground amongst partners (vision, process and strategy)
- Identification of quick wins and catalytic projects
- The promotion of local leadership
- Documentation of learning



## 8. Pillars of LED

- The development and operationalisation of intergovernmental response system
- Integration of projects into budgets and planning systems
- Management of shared learning



## 9. Role of private sector

- Promoting the New Growth Path at local level
- Joint vehicle at national level? (PPPS)
- Development hubs at local level?
- Outsourcing maintenance to private sector
- Establishment of business and community forums at local level
- Private sector to drive projects
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- Involve civil society