



The District Development model April 2020

President Cyril Ramphosa has identified the district development model as a game-changer in South Africa's policy implementation landscape. The sixth administration believes this model will resolve persistent governance challenges in most municipalities across the country. It is designed around two fundamental pillars: intergovernmental coordination and local social compacts. The main aim is to address service delivery backlogs and pursue alternative local economic development, which prioritises employment creation and localisation in product markets.¹ Government has launched several pilot projects across the country to test whether the model achieves its intended policy goals.

The President's statements in this year's State of the Nation Address indicate his enthusiasm for expanding this model to different parts of South Africa. The emphasis on collaborative stakeholder 'hubs' complements his overarching strategy of using social compacts to improve the economy. This model may just be a great delivery mechanism for government's stimulus package that is targeted at municipalities as a response to COVID-19. When the President set out social and economic responses to COVID-19 on 21 April 2020, he indicated that government will allocate R20 bn to municipalities. State capacities and deficiency in delivery of public services have been the major drawbacks in government's performance. The district level can demonstrate greater utility in coordinating programme delivery and increasing impact.

This district developmental model proposal requires both financial and human resource coordination. Government needs to consider governance capacity within all spheres of government when designing the envisioned district implementation plans. The Auditor's General Report, which assessed 257 municipalities, points to several governance shortcomings in government's bureaucracy. This report cites vacancies, flouting of legislated governance frameworks, corruption, and poor oversight as main service delivery impediments. It concludes that 'only 18 municipalities managed to produce quality financial statements and performance reports, as well as comply with all key legislation, thereby receiving a clean audit'.² The poor performance cited in the report needs to be addressed otherwise the district development model will fail. Trade unions representing employees in the public service should play a significant role in resolving these pervasive governance challenges. This can only be achieved if union representatives are consulted when developing district implementation plans, so that these strategies draw from public servants' experience. The current policy debate on district development models focuses on business and community partnerships. It does not factor the importance of building local stakeholder relations with public service unions. International evidence shows that governance improves when trade unions form part of essential decision-making structures in local states.

¹ Levin, R. (2019). *Understanding the proposed District Coordination Model*.

² Auditor General Report (2019).

A good example is cited in the Public Service International (PSI) news report. It explains how trade unions and local state officials in a French municipality set up joint structures to promote 'socially responsible procurement'. South Africa's policymakers should study these cases when designing district development models.³

Another pillar of President Ramphosa's plan is to revive and improve local economic plans through the district development model. This proposal cannot be discussed without considering national and provincial spatial development frameworks. South Africa has formulated a National Spatial Development framework, which outlines essential sectors and socio-economic targets. Yet, uneven development amongst and within several municipalities continues with citizens raising several of government's failures. The main challenges are building capacity within municipalities to create impactful local economic development plans and maintaining policy alignment across government. The Mapungubwe Institute for Strategic Reflection (MISTRA) has published two research reports, which provide additional reasons why local economic development plans fail. These reports cite the following essential factors: inadequate human resource capacity, lack of economic diversification and infrastructure backlogs in local states. These challenges have limited the socio-economic impact of local economic development plans in several ways. Policy makers need a different approach to spatial development, which addresses these obstacles and considers new ideas in local economic development practice.

One of the new innovative ideas is developing local economic development plans around sustainable development models. The global discussion on a transition towards the low-carbon economy is at the heart of this innovative approach in local economic development. Municipalities can play an essential role in this process by using public service provision and public infrastructure to implement sustainable development. There are two proposals that can be implemented immediately: retrofitting public buildings/social infrastructure and expanding renewable energy use in municipalities. These projects will create many jobs and ensure that local states use natural resources more efficiently. They also present opportunities for rebuilding South Africa's manufacturing sector if certain infrastructure materials or components are sourced locally. This emphasis on efficient resource management and alternative energy sources should feature prominently in government's district development model. Sustainable development models will increase employment and decrease uneven access to public goods such as energy within municipalities.

The success or failure of the district development model is also dependent on monitoring systems. South Africa's post-apartheid government has formulated and designed many local development policy plans. There are different policy models tested in various municipalities across the country. These development frameworks include the township economy, global city region and smart city models. All these local development plans have been implemented with minimal in-house monitoring and evaluation measures. There is minimal coordination of socio-impact assessments and stakeholders disagree on the extent to which these plans are suitable for meeting local development needs. It is, therefore, important to create coordinated and inclusive systems of monitoring district development model plans. This process must include non-state actors who can objectively assess the progress and shortcomings in these local economic development strategies.

³ Public Service International (PSI). 2019. Local government officers and members of the CFDT Interco trade union embark on a ground-breaking initiative to promote responsible public procurement in the Bordeaux Metropolitan Region. **PSI is an international trade union federation for public servants.**

President Ramphosa and his cabinet colleagues have set an ambitious target of implementing this model in 44 districts. The implementation progress will be determined by their ability to address governance challenges mentioned in previous sections. Consultation with key stakeholders such as public service trade unions is important for improving governance in the local sphere of government. Policy makers are also advised to innovate and adapt local economy strategies to new development models. The discussion on building a low-carbon economy presents an opportunity to shift local development away from traditional sectors, which have produced minimal socio-economic impact. All these proposals cannot be successfully implemented without creating new methods of mutual accountability through effective monitoring and evaluation.