

Template for proposals for Jobs Summit

V2. May 2018

1 Problem statement

Please provide no more than half a page providing an outline of the impediments to job creation that exist and how the proposal will meet the challenges.

Local Government is obliged to prioritise service provision as a core function due to its constitutional mandate. As such, economic development is frequently considered to be a secondary or supportive objective. Furthermore, it is not the direct responsibility of Local Government to ensure job creation. Job creation falls largely within the ambit of the national sphere of government. Municipalities are responsible for ensuring local economic and social conditions that are conducive to the creation of employment opportunities.

Municipalities are operating within the context of limited resources and every increasing demand for services from communities. Opportunities to create employment therefore require innovative approaches.

As the opportunity to facilitate job creation through the implementation of the Local Government mandate has not been fully leveraged, this proposal is based on the premise that a new approach to planning can result in increased job opportunities. The proposal advocates for the development of an Economic Impact Assessment and Planning Tool for Local Government, which will provide municipalities with an approach that can be used to assess the economic impact of the entire local government function, such as the regulatory function, infrastructure provision or service provision, in terms of direct and indirect job creation. Through this Tool, project can be prioritised based on impact on the economy and job creation specifically.

2 Jobs impact

Indicate the impact on employment of the proposal and what is required to make sure that there will be a positive impact on employment

Please also indicate other anticipated benefits from the proposal, if any.

The Economic Impact Assessment and Planning Tool aims to meet the increased demand of resource constrained municipalities, while allowing municipalities to plan within a format that prioritises investment in activities that yield optimal economic and job creation outcomes.

Municipalities are enjoined by the Constitution to ensure that their administrations are run in such a way that they have maximum impact on the economy. While municipalities develop spatial, economic, infrastructure and land use plans which all have a bearing on the economy, the impact of these plans and the implementation thereof is not always clear. By understanding the impact of the whole of local government on the economy municipalities can make more discerning investment and planning decisions to ensure that they not only meet their constitutional mandate, service delivery but also have optimal impact on the economy and jobs in particular.

The economic role and impact of municipality will be assessed, in one intermediary city, which will then provide a methodology for assessing the economic and job creation impact of a municipality on its settlements. This will allow the municipality to course correct, that is to make changes to their regulatory, planning, investment or service functions so as to maximise impact on the economy and labour markets.

In order to ensure that the Tool has a positive impact on employment:

- The format of the tool will need to be easily accessible to Local Government.
- As municipalities have different levels of capacity, the process will be designed with guides and support aspects that can be accessed throughout the process of data population.
- The tool will need to be disseminated to Local Government through a range of capacity building and knowledge sharing interventions. As such a programme for municipal institutional support will be developed and implemented.

3 Theory of change

Please provide no more than half a page that indicates in practical terms, how the proposal would work – what has to be done, what the outputs would be, how that would lead to the desired outcomes.

The Economic Impact Assessment and Planning Tool will be developed through a collaborative process involving technical input from economists which will be piloted on different types and sizes of municipalities (local, district, intermediary cities, metros) with the input from municipal practitioners.

The outputs for the project will include:

- 1) A model for Economic Impact assessment
- 2) Municipal planning model for quantifiable economic impact

4 Existing initiatives/experience

Indicate if the proposal has been attempted or piloted, and broadly what was learned.

- The project is currently being scoped in limited fashion (assessment only) in one intermediary city.
- Red tape reduction initiatives have been undertaken, but these have limited scope and measure the quantitative improvement on procedural processes rather than the quantitative impact on the economy

5 Constituency participation in implementation

What is the potential for constituencies to participate in the implementation of the proposal.

- The community and business sector should participate to ensure that the impact assessment is credible

6 Benefits

What social/economic groups would benefit from the proposal directly and indirectly? Please use the following table, and do not list more than 5 groups. Please describe the benefits as precisely as possible.

Group	Job creation	Other benefits	Time frame for success
Informal economy	Significantly increase the size of certain sectors of the informal economy; e.g. waste sector	Ease of doing business with the municipality	2 years
Formal economy	Increase the number of businesses Increase efficiencies which may lead to increase jobs but at a minimum not shed jobs	Ease of doing business with the municipality	2-3 years
Micro and small business	Increase the number of businesses		5 years

Group	Job creation	Other benefits	Time frame for success
Sectors of the economy which rely heavily upon municipal functions	Increase efficiencies which may lead to increase jobs but at a minimum not shed jobs		5 years

7 Cost and potential sources of funding

What social/economic groups would bear the cost of implementing the proposal directly or indirectly? Please use the following table, and do not list more than 5 groups. Please describe the costs as precisely as possible. In the case of financial costs, who would pay them?

Group	Anticipated costs	Potential sources of funding to implement the project	Time frame for impact
Local governments	Assessment: R500 000 to R750000 Planning: varies according to the interventions required; ongoing, multi-year interventions	Co funding from business sector and government sector	1-5 years

8 Risks

What are the main risks that would prevent the proposal from achieving the anticipated outcomes? Describe *at least* two.

- Ability to Implement Change: local government is already quite beleaguered, to add this exercise would arguably be a burden as it might have a significant impact upon the reordering of functions in a municipality
- Timeframes: the intervention should be seen as short, medium and long terms interventions, as a result municipalities might falter on commitment if some of the larger and long term results take longer and require greater effort.

9 Risk mitigation

What should be done to mitigate the identified risks? Which stakeholder would be responsible for the risk mitigation activity?

- Select well performing municipalities with good governance
- Ensure quick wins are built into the project as well as strategic wins along the way

10 Additional comments

Economic Impact Assessment and Planning Tool							
	Municipal Functions	Economy		Economic units		Contribution	Cost
		Direct Jobs	Indirect Jobs	Informal business	Formal business (small, medium, large)		
	Regulatory Function (land use, etc)						
	Planning function (spatial, economic, infrastructure)						
	Infrastructure Investment function						
	Administration						
	Procurement function (goods and services)						
	Salaries (staff households)						
	Services:						
	<i>Electricity</i>						
	<i>Refuse removal/dumps</i>						
	<i>Water</i>						
	<i>Sanitation</i>						
	<i>Municipal Health Services</i>						
	<i>Child Care Facilities</i>						
	<i>Firefighting</i>						
	<i>Public transport</i>						
	<i>Trading regulations</i>						
	<i>Cemeteries</i>						
	<i>Cleansing</i>						

	<i>Control undertakings that sell liquor</i>						
	<i>Local amenities</i>						
	<i>Local sport facilities</i>						
	<i>Street lighting</i>						
	<i>Markets</i>						
	<i>Street trading</i>						
	<i>Parks and recreation</i>						
	<i>Traffic and parking</i>						