



Innovation for equitable local socioeconomic development: Action agenda for resource-poor municipalities

Executive summary

The need for resource-poor municipalities to foster innovation-driven local socioeconomic development is compelling and must be tailored to local circumstances if the most marginalised residents are to gain lasting benefits from such innovations. To tailor innovative solutions to local needs, fit-for-purpose information and decision-making tools are essential. The Rural Innovation Assessment Toolbox (RIAT) is an action-oriented set of information and decision-making tools designed to assess innovation in spatially marginalised contexts and close innovation evidence gaps. This policy brief describes how municipalities can benefit from RIAT and what they should do to maximise the benefits of these tools.¹

Active users of these tools can benefit extensively from them. Among the wide-ranging benefits, the following stand out. Municipal users of the tools can strengthen their innovation champion or brokerage roles in local socioeconomic development planning. The tools help municipalities to better promote participatory governance

which empowers local communities, especially the marginalised, in creating the development future of municipalities. Users of RIAT are empowered with an open-ended understanding of innovation which goes beyond the limits of technological innovations. Tool application also promotes interactive learning between local municipalities and knowledge producers at universities.

To gain the immediate and longer-term benefits of these information and decision-making tools, critical policy actions must be taken.

Introduction

Local municipalities in South Africa have a developmental mandate which is wide-ranging in scope and formidable in its demands for adequate resources. The White Paper on Local Government (RSA 1998) acknowledges that this developmental mandate stretches far beyond merely involving residents in local governance. Service delivery priorities are the focus of this mandate. This includes the provision of safe water, appropriate sanitation, affordable



energy and groups of administrative services to households within a municipality's territorial and political boundaries. Furthermore, municipalities have been tasked with heading socioeconomic development initiatives to uproot underdevelopment and raise living standards in their jurisdictions. How can local municipalities help to transform local economies to satisfy the needs for equitable social services of their poorest and marginalised residents?

A 2009 review found that 'many municipalities are not in a position to meet their developmental mandate due to an inadequate economic base or high levels of poverty and unemployment' (COGTA 2009: 57). Some municipalities fail to attract sorely needed private and public investments, a situation that is worsened by wasteful expenditures and weak accountability systems within municipalities (NPC 2012: 435–437). Prioritising improvements in the financial performance of municipalities is crucial to achieve the outcomes of local economic development (LED) plans. But this does not make up the totality of the obstacles municipalities face, nor does the municipal financial predicament exist separately from other difficulties. Lack of adequate investment intersects with capacity constraints and governance deficiencies that also harm the local development imperatives of municipalities (Madumo 2015). This situation is particularly alarming in remote and resource-poor local municipalities (COGTA 2015).

Realising the developmental priorities of local municipalities also highlights the urgency for new or improved ways of doing things. Municipalities face increasing pressures to find innovative solutions to local development problems (COGTA 2014). While science, technology and innovation have tremendous promise in this regard, it is not easy to translate this promise

into tangible benefits for communities surviving on the socioeconomic and political margins of these areas. A major concern is that innovation is hardly a primary criterion to identify, finance and promote local socioeconomic development initiatives (DST 2015; Ndabeni et al. 2016; SALGA 2016). Whenever innovation is mentioned in the strategies of municipalities, it tends to be restricted to periodic transfers of new or substantially improved technology into local areas from elsewhere. Drawbacks and inherent risks of this technology transfer model relate to the strong likelihood of disagreement between the supplied innovations and what communities actually need, thus leading to the rejection of some technological innovations or low levels of adoption (Hart et al. 2015).

The need for resource-poor municipalities to foster innovation-driven local socioeconomic development is compelling, and must be tailored to local circumstances if the most marginalised residents are to gain lasting benefits from such innovations. To tailor innovative solutions to local needs, fit-for-purpose information and decision-making tools are essential. Yet information about the innovation potential of resource-poor municipalities in South Africa is largely non-existent. Traditional innovation surveys have focused on formal enterprises, usually in big cities or towns, and have neglected rural and/or informal enterprises. This general lack of reliable information on innovation in rural areas hinders the effectiveness of interventions meant to overcome the curse of rural socioeconomic deprivation (Hart et al. 2015).

RIAT is an action-oriented set of information and decision-making tools designed to assess innovation in spatially marginalised contexts and close innovation evidence gaps.

Benefits of owning local innovation assessment tools for local municipalities

A central principle of the National Development Plan (Vision 2030) is to base policy conceptualisation, design and implementation on sound evidence (NPC 2012). This principle has become the distinctive feature across national, provincial and local spheres of government. More specifically, evidence-based policy intervention resonates with the ethos of the Back-to-Basics programme aimed at improving the performance of local government (COGTA 2014). In this context, municipalities need appropriate toolkits to measure, monitor and evaluate whether programmes improve the effectiveness and efficiency of how municipalities operate as well as better living standards for residents.

When determining the potential benefits of an innovation assessment tool for users, the tools must pass critical tests. The most important test of its scientific power is to check the reliability of the information base that underpins the assessment toolbox. In essence, this means the trustworthiness of the evidence. Other test criteria have to do with the timeliness and accessibility of the information. Furthermore, assessment tools aimed at policy action must be user-driven. RIAT comprises three sets of tools: the first toolset maps local innovation landscapes; the second promotes stakeholder conversations to explore innovative solutions; and the third helps to identify and support innovative initiatives with widespread and lasting developmental impact.

First, RIAT benefits resource-poor municipalities by enhancing their innovation champion or brokerage roles in local socioeconomic development planning phases and customising future interventions of municipalities. Information produced with the

help of complementary sets of tools (and frameworks) can be included in local and district-level integrated development plans and LED strategic plans.

Second, RIAT enables municipalities to better promote participatory governance which empowers local communities, especially the marginalised, in creating the development future of municipalities. At present, attempts by municipalities to improve the participation of the local population have not yielded adequate responses. RIAT specifically targets the participation of the poor and marginalised in local innovation networks, seeking to strengthen their voices as well as their inclusion in innovation value chains.

Third, RIAT fosters an open-ended meaning and understanding of innovation. New ideas, artefacts and practices of doing things better for societal gains are the benchmark definition. The tools derived from this concept rise above the limits of technological innovations or the sale of novelties to those with the ability to pay. This language and culture of innovation urge new ways of thinking about how municipalities function and interact with local communities.

Fourth, RIAT cultivates interactive learning between local municipalities and knowledge producers at universities. Local municipalities benefit from the innovations or knowledge produced by universities, while sharing their experiences with university experts. This ensures that local municipalities become co-producers of knowledge, and take part in the production of innovations for the poor. The involvement of university experts also ensures that local municipalities are connected to regional and national

systems of innovation, thereby exposing municipalities to cutting-edge innovations that can be adapted to local contexts.

In summary, existing and yet-to-be-realised benefits for municipalities that take ownership of new sets of information and decision-making tools for innovation-driven local development are many.

Embed innovation assessment tools in local municipalities

Undoing decades of unequal spatial development has been a complicated battle since 1994, as past and recent assessments of the transition towards developmental local government show (NPC 2012; Madumo 2015). Inequities continue to be clear in acute socioeconomic marginalisation of residents in remote and resource-poor municipalities. In these regions, appropriate investment in science, technology and innovation should be geared towards equitable local socioeconomic transformation. However, while encouraging more innovation in more places is necessary, it is also critical to know the kinds of innovation to be encouraged. Tailoring innovation to underdeveloped contexts demands customised and user-informed tools to guide such interventions.

Municipalities that adopt and actively use the information and decision-making tools for equitable innovation-driven development dramatically increase the likelihood of them capturing a substantial share of – if not all – the benefits summarised in the previous section. Yet perceptions that RIAT is an add-on or burden to the workload of overstretched LED offices persist, resulting in a lukewarm reception of RIAT among some municipal officials. Moreover, the overemphasis on LED offices – usually

not the influential and decisive locus of municipal decision making – is a key explanation for the slow and polarised institutionalisation of the toolbox to date. The benefits of RIAT thus continue to escape localities where they can generate substantial improvements.

Conclusion

Simply adopting the sets of tools is unlikely to produce any benefits. After all, every set of tools is action oriented – which means that it will only benefit intensive and creative users. Therefore, as the brokers of innovation-driven development, what actions can municipalities take to harvest the immediate and longer-term benefits of RIAT?

Recommendations

The following interacting policy actions are recommended:

1. Embed innovation at the forefront of strategic visions and plans for local development.
2. Entrench an innovation culture in the structures and operations of municipalities.
3. Build resilient networks with knowledge producers at universities and local actors who can help realise the developmental mandate of municipalities.
4. Invest in the adaptation and refinement of fit-for-purpose tools to measure and assess innovation-driven local development.

Endnote

1. RIAT has been transferred to 16 local municipalities in 8 rural district municipalities across 6 provinces. It seeks to empower municipalities with tools that they can use to ensure that the initiatives they support are innovative and have potential to spark, unlock and propel socioeconomic progress and improved living standards over time.

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