



Examining the Role of Local Economic Development (LED) on Employment Creation through Small, Medium and Micro-Enterprises (SMMEs) in South Africa

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Abstract

Local Economic Development (LED) has acquired universal support as a locality-based approach to solve socio-economic challenges including poverty, rampant unemployment and injustice. International agencies argues that governments through LED directorate have utilized Small, Medium and Micro-enterprises (SMMEs) as a tool to boost local economies and to achieve sustainable economic growth that brings more economic opportunities, benefits and quality of life to every community member. Despite the implementation of LED in municipalities, unemployment and poverty remain major barriers to and threats to South African economic development. Moreover, it raises questions as to whether does municipalities have enough resources to implement LED projects including SMMEs as major employment creators in the City. Therefore, the inability of LED as municipal policy to stimulate economic activities led to the collapse of some SMMEs. This paper is a desktop study, which reviewed existing literature, policy documents and South African statistical data to assess how LED initiatives have influenced employment through SMMEs. It explores the effectiveness of various LED frameworks, including government support programs, financial agencies, capacity building initiatives and regulatory reforms. The findings indicate that LED initiatives have made significant strides in fostering SMMEs growth and employment; however, there are still gaps that needs to be addressed. This paper recommends a policy framework aimed at supporting SMMEs to create more sustainable employment opportunities. By leveraging the full potential of SMMEs, South Africa can make significant progress in reducing poverty and unemployment.

Key words: LED, Policy, Poverty, SMMEs and Unemployment

INTRODUCTION

South Africa is one of the fastest growing economies in Africa, with the dominance of enterprises. The South African government to steer its economic ship has introduced Local Economic Development (LED) directorates as a strategic tool to support Small, Medium and Micro-enterprises (SMMEs) (Makgamatha, 2022; Msomi, 2023). LED is a community-centric approach that utilize local assets/resources, fosters private-public collaborations, and executes customized initiatives to enhance economic activity and generate employment opportunities within distinct areas (Mashamaite, 2023). The role of LED is to foster an environment tailored to the distinct strengths and requirements of certain regions, facilitating the growth and expansion of SMMEs, which in turn enhances their ability to create employment opportunities and bolster overall economic resilience. SMMEs constitute a substantial segment of the South African economy,

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contributing over 34% to the nation's GDP and employing approximately 60% of the formal sector's workforce (Saah, 2021). The Small Enterprise Development Agency (SEDA) reports that South Africa has over 2.5 million active SMMEs, with around 70% functioning within the informal sector (Vacu-Ngqila and Ho, 2023). These SMMEs are recognized as essential for job creation, particularly in underserved and rural areas where extensive industrial expansion is frequently constrained.

Despite various LED initiatives aimed at fostering economic growth and reducing unemployment, the effectiveness of these programs in supporting SMMEs remains uncertain. This study seeks to assess how LED strategies influence the sustainability and expansion of SMMEs, their contribution to job creation, and the challenges they face. However, despite the potential of SMMEs in South Africa have various challenges, such as restricted access to financing, regulatory constraints, poor infrastructural facilities, and inadequate business support services. Approximately 10% of small, SMMEs succeed in obtaining external capital, frequently impeding their ability to expand and provide employment (Vacu-Ngqila and Ho, 2023). Moreover, a 2021 study from the Department of Small Business Development (DSBD) indicated that SMMEs in South Africa have a significant failure rate, with approximately 70-80% failing within the initial five years of operation (Mhlongo and Daya, 2023). LED strategies aimed to mitigate these problems by cultivating a supportive environment for SMMEs. Municipalities throughout have instituted diverse LED initiatives aimed at delivering financial assistance, enhancing market access, and providing business development services to nascent firms (Mashamaite, 2023). The National LED Framework emphasises the necessity for local governments to collaborate with the private sector and civil society to enhance SMME development, especially in high-growth areas including agriculture, tourism, and manufacturing (Enaifoghe and Vezi-Magigaba, 2023).

The paper examines the role of LED in fostering employment through SMMEs in South Africa, emphasizing the sector's problems and potential. By examining policy frameworks, government interventions, and real-world case studies, the research aims to provide insights into how LED can be optimized to enhance employment opportunities through SMMEs. This study aims to provide insights into how local governments and stakeholders may further augment the capacity of SMMEs to foster inclusive economic development and job creation by analysing the impact of LED policies and programs on their growth.

METHODOLOGY

This study used a desktop analysis to examine the role of LED in promoting employment creation through SMMEs in South Africa. The desktop study relied on secondary data, encompassing of scholarly literature, governmental reports, policy documents, and pertinent statistics information. This approach was adopted to effectively assess the effects of LED programs on SMMEs, taking into account aspects like financial access, market connections, infrastructure, and



capacity development (Enaifoghe and Vezi-Magigaba, 2023). The analysis entails examining case studies of effective LED interventions, contrasting various regions and their efforts to assist SMMEs, and evaluating the impact of government policies in fostering a favourable climate for enterprise development. Furthermore, the paper evaluate the obstacles encountered by SMMEs, including legislative constraints, restricted access to financing, and impediments to market entry, which may impede their capacity to create jobs. The article synthesizes these findings to elucidate how LED efforts foster employment growth via SMMEs and presents recommendations for improving their efficacy.

THEORETICAL FRAMEWORK

Location theory provides a fundamental foundation for comprehending how the spatial positioning of economic activities affects growth, development, and employment creation (Pászto, 2020). The theory asserts that SMMEs strategically select locations to optimize profit and minimize expenses, taking into account aspects such as market access, labour availability, infrastructure, and natural resources (Banwo, Du and Onokala, 2017). Rural areas and townships have developmental stagnation, resulting in prevalent poverty and unemployment, attributable to inadequate infrastructure that fail to attract SMMEs and foster an inclusive national economic environment (Matubatuba, 2022). In the context of LED, the theory facilitates the analysis of how various regions, cities, or towns in South Africa might enhance employment through strategic initiatives focused on supporting SMMEs. LED emphasizes the utilization of local resources, fosters entrepreneurship, and advocates for sustainable development within designated geographic regions, hence generating prospects for grassroots employment creation (Matubatuba, 2022). In South Africa, SMMEs have become essential contributors to addressing unemployment, a significant socio-economic issue facing the nation. Comprehending the influence of location on business decisions enables LED programs to more effectively assist SMMEs through customized policies, including enhanced market access, infrastructure development, financial and technical assistance, and the establishment of conducive business environments (Aydemir, 2024). These interventions boost the competitiveness of SMMEs and provide localized employment, especially in underserved and rural regions. By applying location theory inside the LED framework, South Africa may promote job creation by facilitating the growth of SMMEs in economically distressed areas, so fostering a more equitable and inclusive national economic environment.

THE CONCEPT LOCAL ECONOMIC DEVELOPMENT

The concept of LED lacks a globally accepted definition, as experts and advocacy groups supporting LED regulation interpret it differently. Mashamaite (2023) defines LED as a collaborative approach wherein local governments, communities, and various stakeholders work together to enhance economic activity, generate employment, and elevate the overall quality of life within a designated geographic region. Moreover, LED in South Africa is regarded as a



strategic initiative designed to foster economic growth, alleviate poverty, and generate employment opportunities in designated areas. The notion asserts that local entities-such as governments, enterprises, and communities-are optimally situated to recognize and utilize the distinct economic potential of their regions (Makhubu and Vyas-Doorgapersad, 2022). The South African government, acknowledging socio-economic challenges, especially elevated unemployment and inequality, implemented LED to promote inclusive growth. LED emphasizes the empowerment of local economies through the utilization of existing assets and the leveraging of local resources, skill, and innovation. It underscores the importance of collaboration among many stakeholders to provide tailored solutions that meet the distinct requirements of communities (Makhubu and Vyas-Doorgapersad, 2022). Essential components of LED encompass enhancing infrastructure, delivering training and capacity-building for entrepreneurs, easing access to financial resources, and establishing market linkages for local enterprises, especially SMMEs (Mashamaite, 2023). These SMMEs are essential for stimulating local economies, as they frequently serve as the principal source of employment and revenue in numerous regions. LED aims to diminish dependence on external entities by promoting self-sustaining economic ecosystems capable of thriving autonomously. In the South African context, LED is perceived as a mechanism to rectify historical disparities by empowering marginalized communities, promoting entrepreneurship, and guaranteeing equitable access to economic opportunities (Mashamaite, 2023). It also corresponds with the national development objectives of mitigating unemployment, particularly among youth and women, and diminishing the economic gaps between urban and rural regions.

CHALLENGES OF IMPLEMENTING LED IN SOUTH AFRICA

Despite its potential, LED encounters numerous problems, such as insufficient funding, coordination difficulties among governmental tiers, and talent deficiencies within local businesses. Nonetheless, it continues to be an essential framework for promoting localized economic resilience and enduring sustainability in South Africa.

Limited Financial Resources

The constrained availability of financial resources, particularly at the municipal level, poses a significant obstacle to LED in South Africa (Abrahams, 2018). Most of the 257 municipalities in South Africa are heavily dependent on grants from the national government and operate with constrained budgets (Nyatanga, 2023). According to the National Treasury, intergovernmental transfers account for nearly 40% of municipal revenue, while only 15% is generated locally (Jacobs, 2019). The remaining revenue is derived from other sources, including service charges. The capacity of local governments to devise and implement robust LED programs is significantly restricted by their heavy reliance on external funding. The South African Local Government Association (SALGA) conducted a study in 2022 that revealed that nearly 75% of municipalities encountered difficulties in financing LED initiatives as a result of reduced revenue bases and



limited financial autonomy (Maziwisa and Chigwata, 2023). This dearth of funding is particularly severe in rural, smaller municipalities that are tasked with fostering local economic development but frequently experience elevated levels of poverty and unemployment. Rural municipalities in provinces such as the Eastern Cape and Limpopo, for instance, report budgetary shortfalls of up to 25%, which impede their capacity to invest in infrastructure, business development services, and skills training for SMMEs (Sibelekwana, 2018). Consequently, the issue of under-resourced local governments has been further exacerbated by the fact that certain LED initiatives are either incomplete or fail to achieve the desired results.

Political and Administrative Instability

Substantial obstacle to the successful implementation of LED in South Africa is the political and administrative instability. At the municipal level, long-term development planning and execution are disrupted by political interference, governance issues, and frequent leadership changes (Masiya, Davids and Mangai, 2021). Service delivery and the implementation of local initiatives were directly impacted by leadership instability in 28% of municipalities, as detailed in the 2021-2022 report by the Auditor-General of South Africa (Mamokhere, 2022). Corruption and mismanagement further aggravate the situation, with the South African Municipal Demarcation Board reporting that approximately 64% of municipalities were classified as dysfunctional or in need of support in 2021 (Mamokhere, 2022). Inefficient LED initiatives, stalled projects, and poor resource allocation are the consequences of this instability, which complicates the process of generating sustainable employment and promoting local economic growth. Subsequently, the capacity of LED to effectively address economic disparities and unemployment is compromised by the political climate in numerous municipalities (Masiya *et al.*, 2021).

Poor Coordination and Policy Coherence

LED in South Africa faces substantial obstacles due to inadequate coordination and policy coherence. Misalignment between national, provincial, and local economic strategies is frequently the result of the fragmented nature of governance (Nel and John, 2006; Mamokhere, 2022). About 70% of local municipalities reported experiencing challenges in implementing LED initiatives as a result of inconsistent policies and insufficient support from higher levels of government, as per a report published by the South African Local Government Association (SALGA) (Tshishonga, 2021). According to research, approximately 60% of LED projects encounter overlaps with initiatives from other governmental entities (Mamokhere, 2022). This lack of alignment not only impedes effective resource allocation but also leads to duplication of efforts. Additionally, the World Bank emphasizes that the efficiency of local economic programs can be enhanced by 30-50% through effective collaboration among stakeholders (Kang, Mulaphong, Hwang and Chang, 2019). Nevertheless, the lack of a unified approach undermines these potential gains, resulting in numerous municipalities struggling to accomplish their



developmental objectives and restricting the overall impact of LED on economic growth and job creation.

SMMEs and their challenges

The SMMEs encounter numerous obstacles that impede their expansion and viability. Access to financing continues to be a considerable obstacle, since numerous SMMEs encounter difficulties in obtaining money from conventional banking institutions. Moreover, insufficient infrastructure, especially in rural regions, substantial collateral, and inadequate business support services hinder the prosperity of small firms. Confronting these issues is essential for realizing the complete potential of SMMEs in fostering economic growth and employment.

Lack of Access to funding

Access to finance continues to be one of the most significant obstacles encountered by SMMEs in South Africa (Makgamatha, 2022). Approximately 50% of small businesses reported that they had been denied funding, as indicated by the 2021 FinFind SMME Access to Finance Report (Msomi, 2023). Additionally, a considerable funding gap is underscored by the fact that only 24% of SMMEs have access to formal financing (Msomi, 2023). This dearth of access can be ascribed to a variety of factors, such as the strict lending criteria and the necessity of collateral, which many small businesses are unable to provide. SMMEs are estimated to contribute approximately 34% to South Africa's GDP, according to the World Bank. However, they are confronted with an annual financing deficit of approximately R86 billion (approximately \$5.6 billion) (Jama, 2022). High-interest rates, which can range from 10% to 30%, further exacerbate this disparity, rendering loans unaffordable for numerous small business proprietors (Jama, 2022). The 2022 Small Business Institute report also revealed that 60% of SMMEs depend on personal savings or loans from family and friends to finance their operations, which highlights the limited options for external financing (Kelly-Louw, 2023). Moreover, micro and small enterprises, which frequently operate in informal sectors where financial institutions are hesitant to lend, are disproportionately affected by the absence of access to finance. In contrast, large enterprises are able to more easily obtain financing due to their established credit histories and collateral. As these enterprises are essential to the overall health of the economy, it is imperative to address the financial challenges encountered by SMMEs in order to promote economic growth and job creation in South Africa.

Lack of proper infrastructural facilities

Infrastructure challenges present substantial obstacles for SMMEs in South Africa, which have a direct effect on their productivity and growth potential. The World Bank estimates that South Africa's infrastructure quality is 95th out of 141 countries, suggesting that there are significant deficiencies in essential services (Wolhuter, de Beer, Niemczyk, Botha, Gore, Marimo, Neethling,



Santhakumar, Seleti, Steyn and Taylor, 2020). For instance, the frequency of power outages, which are frequently referred to as "power reduction," has increased significantly (Zulu, 2023). In 2022, the country experienced more than 200 days of load shedding, which disrupted businesses and resulted in an estimated economic loss of approximately R100 billion (approximately \$6.6 billion) in 2023 (Hartley, Mills and Soko, 2023). The operations enterprises are further impeded by inadequate transportation infrastructure, in addition to energy challenges. Nearly 40% of the roads in South Africa are in poor or very poor condition, according to the South African National Roads Agency (Mazele and Amoah, 2022). This can result in increased transportation costs and delivery times for small enterprises. SMMEs encounter significant challenges in efficiently accessing markets due to the absence of dependable logistics and transport services, which may result in potential losses in consumer trust and sales. Additionally, restricted access to high-quality internet connectivity presents an additional obstacle, particularly SMMEs that are interested in utilizing digital platforms for marketing and sales (Arthur, 2020). Market reach and business development opportunities may be restricted by the fact that only approximately 62% of the population has internet access, as reported by the Independent Communications Authority of South Africa (Mapiye, Makombe, Molotsi, Dzama and Mapiye, 2023). SMMEs' operational capabilities are impeded by these infrastructure challenges, which also restrict their competitiveness in both local and global markets. Consequently, the necessity of targeted interventions to enhance infrastructure in order to promote economic development is underscored.

Substantial collateral

SMMEs in South Africa face a significant obstacle in obtaining the necessary financing due to the substantial collateral requirements (Kelly-Louw, 2023). As per a 2020 report by the International Finance Corporation (IFC), over 70% of small and medium-sized enterprises (SMMEs) in South Africa encounter difficulties in obtaining loans as a result of inadequate collateral, which is frequently a requirement for obtaining credit from formal finance institutions (Jordaan, 2020). This financing imbalance is estimated to be approximately R346 billion (equivalent to \$23 billion) (Jordaan, 2020). The situation is further complicated for micro-enterprises and businesses, as collateral requirements may exceed 200% of the loan amount (Bushe, 2019). The Banking Association of South Africa also reports that small businesses are perceived as high-risk clients, which results in increased interest rates and stricter loan conditions, discouraging a significant number of applicants from submitting applications. Consequently, these organizations are unable to expand their market reach, invest in new technology, or extend operations due to a lack of financing. The Small Enterprise Finance Agency (SEFA) and the South African government's numerous loan guarantee schemes are among the government's initiatives to resolve this matter (Nkoana and Mashamaite, 2024). Nevertheless, numerous small business proprietors continue to encounter substantial obstacles, as the administrative procedures are complex and awareness of these programs is still low. The growth potential of SMMEs, which are essential for the creation



of jobs and economic development in South Africa, is directly restricted by the challenges associated with collateral and finance access.

The role of LED in facilitating creation through SMMEs

In South Africa, the creation of employment is significantly influenced by LED through SMMEs (Makgamatha, 2022). SMMEs are responsible for approximately 60% of all employment in the country, and they make a substantial contribution to job creation (Ramsuraj, 2023). As per a 2021 report by the Department of Small Business Development, SMMEs are critical generators of local economies, particularly in underserved communities, as they generate approximately 10.8 million jobs (Matubatuba, 2022). LED initiatives, which are frequently initiated by local governments, are designed to establish an enabling environment for SMMEs by enhancing access to financing, facilitating the development of skills, and providing infrastructure. For instance, the City of Johannesburg's LED strategy envisions the creation of more than 100,000 new employment and the support of 15,000 small businesses by 2025 (Scheba, Turok, Visagie and Salenson, 2021). Furthermore, the National Development Plan (NDP) intends for small and medium-sized enterprises (SMMEs) to generate 90% of the 11 million new employment that are anticipated by 2030 (Hlebela, 2020). Additionally, local municipalities provide mentorship, grant funding, and incubation programs to assist small and medium-sized enterprises (SMMEs) in both urban and rural regions (Hlebela, 2020). These endeavours are particularly beneficial in regions with high unemployment rates, as small businesses have the capacity to accommodate a substantial portion of the labour force. Local governments are promoting sustainable economic development and inclusive growth throughout South Africa by integrating LED strategies with SMME development.

Case Studies of Successful LED Employment Initiatives

The location theory, factors such as proximity to markets, access to transportation, availability of resources, and agglomeration economies influence business success. LED initiatives leverage these principles by developing business hubs, industrial parks, and regional clusters to enhance local competitiveness and attract investment. For example, supporting SMMEs in areas with strong supply chains or emerging industries can reduce operational costs, encourage collaboration, and create job opportunities. By aligning LED strategies with location theory, can stimulate regional economic growth and ensure that SMMEs contribute effectively to employment creation and poverty reduction

Brazil – Local Productive Arrangements (LPAs)

Brazil's Local Productive Arrangements (LPAs) program is a notable example of successful LED in promoting employment through SMMEs (Azevedo, Pereira, Ramirez and Santos Jhuniior, 2025). LPAs are regional clusters of businesses, government agencies, and educational institutions collaborating to boost local industries. One prominent case is the footwear cluster in



the Sinos Valley, where small shoe manufacturers received technical training, financial support, and access to international markets (Manning and Richter, 2023). This initiative created thousands of jobs, increased exports, and strengthened the local economy. By encouraging cooperation among small enterprises and providing targeted support, Brazil's LPA program has become a model for using cluster-based development to drive employment and regional growth (Azevedo *et al.*, 2025).

Nigeria - Youth Enterprise with Innovation in Nigeria (YouWiN!)

The Youth Enterprise with Innovation in Nigeria (YouWiN!) program is a government-led LED initiative aimed at reducing youth unemployment by supporting young entrepreneurs (Omoju, Ikhide, Olanrele, Abeng, Petreski, Adebayo, Odigie and Muhammed, 2023). Launched in 2011, YouWiN! provided business training, mentorship, and grants to thousands of young Nigerians to start or expand their businesses. The program was highly successful, creating over 22,000 jobs across various sectors, including agriculture, manufacturing, and technology (Omoju *et al.*, 2023). By focusing on entrepreneurship and supporting SMMEs with capital and business development services, YouWiN! contributed significantly to local job creation and economic empowerment, particularly for youth and women entrepreneurs.

The eThekweni Municipality's Local Economic Development Strategy (KwaZulu-Natal)

The eThekweni Municipality's Local Economic Development strategy is a highly effective effort that emphasizes employment creation through the empowerment of small enterprises and informal vendors. From 2015 to 2020, the municipality assisted over 300 small firms, resulting in the creation of nearly 5,000 employment (McGahey, 2022). The municipality operates a company incubation program that offers mentorship, skills training, and market access opportunities. In 2021, the program experienced a 15% rise in SMME survival rates, generating an estimated R100 million (\$6.6 million) in revenue from these enterprises (Ramsuraj, 2020).

Mangaung Metropolitan Municipality's Township Revitalization Program (Free State)

The Township Revitalization Programme, launched in 2017, seeks to invigorate local economies by assisting township-based small, medium, and micro enterprises (SMMEs) and cooperatives (Mosia, 2021). The program offers financial assistance, infrastructural improvement, and market connections to foster sustainable development in historically marginalized communities. By 2022, the effort had aided more than 400 township enterprises, resulting in the establishment of over 3,500 employment (Ntema, 2021). The program has resulted in heightened local procurement, with township enterprises now supplying services to the municipality valued at over R50 million (\$3.3 million) annually (Mosia, 2021).



The Johannesburg Informal Trading and SMME Development Initiative

To legalize and assist informal traders, the City of Johannesburg launched the Informal Trading and SMME Development Initiative (Stewart, 2022). This LED program has granted more than 10,000 informal traders access to commercial spaces, training, and market connections (Stewart, 2022). From 2016 to 2022, the project enabled the establishment of 7,000 new jobs, with numerous traders evolving into more organized small enterprises (Tati, 2021). The program earned an estimated R200 million (\$13.2 million) in supplementary revenue for the local economy (Tati, 2021).

Limpopo's Agricultural LED Initiative

Limpopo Province has leveraged its strong agricultural base to promote local economic development through its Agricultural LED Initiative (Rusere, Crespo, Mkuhlani and Dicks, 2019). This program, launched in 2016, focuses on assisting small-scale farmers by providing them with resources such as land, water, and technical support (Rusere *et al.*, 2019). By 2021, the initiative had created over 8,000 direct jobs, particularly in rural areas. Additionally, the program has boosted food security in the region and increased agricultural output by 20%, contributing R2 billion (\$132 million) to the provincial economy annually.

These case studies demonstrate the substantial impact of LED programs on job creation and economic empowerment in South Africa. By concentrating on SMMEs and particular community requirements, these programs promote sustainable development and assist in tackling the nation's enduring unemployment issues.

RECOMMENDATIONS

Local governments in South Africa can enhance the role of LED in fostering employment generation through SMMEs, thus promoting sustainable economic growth and alleviating poverty. The recommendations are as follows:

Strengthening Access to Finance for SMMEs

Local governments ought to collaborate more effectively with financial institutions to provide enhanced access to finance for SMMEs. This may encompass the provision of local government-supported loan guarantee programs, streamline application procedures, and deliver reduced interest rates. Furthermore, enhancing awareness of existing financial assistance programs, such those offered by the Small Enterprise Finance Agency (SEFA) and the National Empowerment Fund (NEF), will facilitate easier access to finance for SMMEs.



Promoting Skills Development and Training

LED projects should emphasize continuous skills enhancement targeted to the distinct requirements of SMMEs. This may encompass entrepreneurial training, digital literacy, and industry-specific skills that would enable small business proprietors to enhance productivity and foster innovation. Collaborating with academic institutions, business development agencies, and NGOs to implement such programs will cultivate a more proficient workforce, allowing SMMEs to expand and generate additional employment opportunities.

Enhancing Market Accessibility and Networking Opportunities

Local governments ought to enhance market accessibility for SMMEs through LED policies that emphasize business networking opportunities, trade fairs, and partnerships with larger enterprises. Establishing local hubs or marketplaces for SMMEs to exhibit their products and services may foster equitable economic development. These initiatives should also encompass assisting SMMEs in accessing overseas markets by offering guidance on trade legislation, export prospects, and digital platforms.

Investment in Infrastructure Development

The success of SMMEs is frequently impeded by deficient infrastructure, including unpredictable electricity and insufficient transportation networks. LED initiatives must emphasize infrastructure expenditures in regions with significant concentrations of small enterprises. Enhancing transportation, internet connectivity, and energy dependability will augment the operational capacities of SMMEs, facilitating their expansion, workforce recruitment, and efficiency.

Assessment and Evaluation of LED Initiatives

Establishing systems to monitor and assess the efficacy of LED initiatives in generating employment via SMMEs is crucial. Regular evaluations would yield insights into effective techniques and areas requiring enhancement. Municipal authorities ought to collect statistics regarding employment results, business expansion, and the socio-economic effects of LED programs. This would facilitate more data-informed policy modifications to improve their efficacy.

CONCLUSION

In conclusion, LED is essential for promoting job development through SMMEs in South Africa. Empowering local communities, fostering entrepreneurship, and delivering tailored assistance to small enterprises can catalyse economic growth at the grassroots level through LED programs. SMMEs contribute to employment creation, especially in marginalized regions, thereby



mitigating unemployment and alleviating poverty. To realize its full potential, LED should overcome constraints including restricted financial access, insufficient infrastructure, and regulatory obstacles. Enhancing public-private collaborations, advancing skills development, and cultivating a more equitable business climate are essential for ensuring that LED projects can sustainably promote SMME growth and generate long-term employment prospects in South Africa.

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