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LOCAL ECONOMIC DEVELOPMENT IN SOUTH AFRICA: A CRITICAL REVIEW

Анотація. Місцевий економічний розвиток (МЕР) застосовується як стратегія розвитку в багатьох країнах, зокрема у Сполучених Штатах Америки (США), Німеччині та Італії, а також у Бразилії та Південно-Африканській Республіці (ПАР). Цей підхід розглядається як низова стратегія, за якої місцеві ресурси та ідеї мобілізуються для досягнення місцевого розвитку, тоді як держава забезпечує сприятливе середовище. Він пов'язаний із децентралізацією повноважень і мобілізацією місцевих ресурсів для реалізації локальних ініціатив, що відповідають потребам територіальних громад. У Південній Африці планування місцевого економічного розвитку здійснюється державою, і місцеві муніципалітети зобов'язані стати органами місцевого самоврядування розвитку типу з відповідальністю за реалізацію економічного розвитку на місцевому рівні. Ця державно-керована модель МЕР, яку надалі іменуємо «МЕР у ПАР», не повністю відповідає міжнародним приписам у сфері місцевого економічного розвитку. Для виявлення обмежень, з якими стикається ця стратегія у ПАР, було застосовано метод систематичного огляду. Систематичний пошук у провідних електронних базах даних дозволив сформуванню масиву наукової літератури, використаної в цьому огляді. Також було опрацьовано сіру літературу з вебсайтів урядових органів та організацій. Платформа ResearchGate, яка дає змогу надіслати авторам запити на повні тексти публікацій, використовувалась насамперед для пошуку найновіших статей. Критерії включення/виключення ґрунтувалися на тому, чи містили анотації відібраних статей поняття «місцевий економічний розвиток» або «МЕР». Виявлені проблеми охоплюють труднощі, зумовлені централізованим державним плануванням, браком партнерської взаємодії, низькою спроможністю, недостатнім фінансуванням, а також нерозумінням сутності цієї стратегії. Успішна реалізація МЕР у ПАР є можливою за умови дотримання необхідних і достатніх умов. Після впровадження державного планування слід розробити механізм переведення управління ініціативою на низовий рівень, налагодження партнерств, покращення фінансування та спроможності, а також замовлення досліджень для критичної оцінки її результативності, що підвищить шанси на успіх. Такі дослідження мають оцінювати вплив місцевих ініціатив розвитку та встановлювати, якою мірою стратегічні плани в межах муніципалітетів були реалізовані. Окремі оцінці підлягає також рівень розуміння місцевого економічного розвитку серед усіх практиків, залучених до реалізації МЕР у ПАР.



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Ключові слова: Південна Африка (ПА), місцевий економічний розвиток (МЕР) у ПА, обмеження, державно-кероване планування, потенціал, фінансування.

JEL Classification: O18, O55, R58, H70

Absztrakt. A helyi gazdaságfejlesztést (Local Economic Development) fejlesztési stratégiaként számos országban alkalmazzák, többek között a globális Északhoz tartozó Amerikai Egyesült Államokban, Németországban és Olaszországban, valamint a globális Délhez sorolt Braziliában és Dél-Afrikában. Ez a megközelítés alulról építkező stratégiaként értelmezhető, amelyben a helyi erőforrásokat és elképzeléseket mozgósítják a helyi fejlődés elérése érdekében, miközben a kormányzat támogató környezetet biztosít. A helyi gazdaságfejlesztés összefügg a hatáskörök decentralizációjával és a helyi erőforrások mozgósításával olyan helyi beavatkozások megvalósítása érdekében, amelyek a helyi közösségek szükségleteire reagálnak. Dél-Afrikában a helyi gazdaságfejlesztési tervezés állam által irányított folyamat, és a helyi önkormányzatok számára kötelező, hogy fejlesztésorientált helyi önkormányzatokká váljanak, amelyek felelősséget viselnek a gazdaságfejlesztés helyi szintű megvalósításáért. A Local Economic Development ezen államvezérelt dél-afrikai formája, amelyre a továbbiakban „dél-afrikai Local Economic Development”-ként hivatkozunk, nem felel meg teljes mértékben a helyi gazdaságfejlesztés nemzetközi előírásainak. A tanulmány szisztematikus áttekintési módszert alkalmazott annak érdekében, hogy azonosítsa azokat a korlátokat, amelyekkel ez a stratégia Dél-Afrikában szembesül. A felülvizsgálatban felhasznált tudományos szakirodalom azonosítása nagyobb elektronikus adatbázisokban végzett szisztematikus keresések alapján történt. Emellett áttekintésre került a kormányzati és szervezeti honlapokon elérhető szürke szakirodalom is. A ResearchGate platformot is felhasználták, különösen a legfrissebb tanulmányok felkutatására, mivel ezen keresztül közvetlenül lehet teljes szövegű hozzáférést kérni a szerzőktől. A bevonási és kizárási kritériumok azon alapultak, hogy az azonosított tanulmányok absztraktjai tartalmazták-e a „helyi gazdaságfejlesztés” vagy a „Local Economic Development” fogalmát. Az azonosított kihívások közé tartozik a felülről lefelé irányuló, államvezérelt tervezés, az együttműködő partnerségek hiánya, a kapacitáshiány, a finanszírozás elégtelensége, valamint annak hiánya, hogy a szereplők pontosan értsék, mit is foglal magában ez a stratégia. A dél-afrikai Local Economic Development sikeres lehet, amennyiben teljesülnek a szükséges és elégséges feltételek. Az államvezérelt tervezés megvalósítása után olyan mechanizmust szükséges kialakítani, amely lehetővé teszi a kezdeményezés helyi, alulról építkező szintű irányítását, a partnerségek kiépítését, a finanszírozás és a kapacitások javítását, valamint olyan kutatások megrendelését, amelyek alkalmasak a stratégia teljesítményének kritikus értékelésére, ezáltal növelve sikerének esélyét. E kutatásoknak értékelniük kell a helyi fejlesztési beavatkozások hatását, valamint azt, hogy az önkormányzatok stratégiai terveinek mekkora része valósult meg ténylegesen. Emellett vizsgálni szükséges azt is, hogy a dél-afrikai Local Economic Development gyakorlati szereplői milyen mértékben értik a helyi gazdaságfejlesztés lényegét.

Kulcsszavak: Dél-Afrika, helyi gazdaságfejlesztés (Local Economic Development) Dél-Afrikában, korlátok, államvezérelt tervezés, kapacitás, finanszírozás.

Abstract. Local economic development (LED) has been applied as a development strategy in many countries, including the United States of America (USA), Germany, and Italy in the global North, and Brazil and South Africa (SA) in the global South. This approach is viewed as a grassroots strategy where local resources and ideas are mobilized to achieve local development with the government providing an enabling environment. It is associated with devolution of authority and the mobilization of local resources to implement local interventions that address the needs of localities. In South Africa, local economic development planning is state-led, and it is mandatory for local municipalities to become developmental local governments with the responsibility of implementing economic development at the local level. This state-led brand of LED, hereafter referred to as “LED



in SA”, does not conform entirely to the international prescripts for local economic development. A systematic review process was used to identify constraints faced by this strategy in SA. Systematic searches of major electronic databases were used to identify the academic literature used in this review. Grey literature on government and organizations' websites was also reviewed. ResearchGate, from which full-text requests can be made directly to authors, was utilized, especially in search of the most recent articles. The inclusion/exclusion criteria were based on whether the abstracts of the identified articles contained the concept 'local economic development' or 'LED'. The identified challenges include those presented by the top-down state-led planning, lack of collaborative partnerships, lack of capacity, lack of funding, and lack of understanding of what the strategy entails. It is possible for LED in SA to be successful if the necessary and sufficient conditions are met. After the state-led planning is implemented, a mechanism should be developed for managing the initiative at grassroots level, building partnerships, improving its funding and capacity, and commissioning studies that can be used to critically evaluate its performance, thus increasing its chances of success. The studies should evaluate the impact of local development interventions and assess how much of the strategy plans within municipalities have been implemented. The understanding of local economic development among all LED in SA practitioners should also be evaluated.

Key words: South Africa (SA), local economic development (LED) in SA, constraints, state-led planning, capacity, funding.

Problem description. Local economic development (LED) has been applied as a development strategy in many countries, including USA, Germany, Italy in the global North and Brazil and South Africa (SA) in the global South. LED is viewed as a grassroots approach where local resources and ideas are mobilized to achieve local development with the government providing an enabling environment. However, local economic development in South Africa (henceforth LED in SA) is unique in the sense that it is centrally planned. LED is mentioned in the SA constitution as a development strategy in sections 152 and 153. SA is probably the only country in the world which mentions LED in its constitution ([1]), making the concept quite central to its development efforts.

Unlike in many developing countries, in industrialised countries which apply LED, it is an established discipline taught and studied in universities [2]. It is also important to note that LED in industrialised economies, where people generally live in large concentrations in cities, is mostly concerned with urban economic growth ([3], [4]), however, in developing countries, LED is also concerned with rural economic growth, employment creation and poverty reduction. It's an understatement to say that these problems plague SA hence the need for LED.

Scholars have noted that there are important differences between LED in the global 'North' (advanced economies) and the global 'South' (developing countries) ([5]). Generally, "... the LED policies that emerged in recent decades are rooted in the recognition that initiatives must be territorially based and locally managed" ([6, p. 954]). Although one might say LED in SA is 'locally managed' by local government, control is still centralized and there is very little, if any, effort to devolve management to local actors, including the affected communities, which has been a precondition in many developed countries where LED has been successfully applied such as



‘Regionalem Wirtschaftsförderung’ (Regional Economic Development) program in Germany. Within this LED framework where devolution of control has occurred, such as in Brazil, government plays the crucial role of creating a favourable business environment and addressing some specific market failures ([6], [7]).

SA faces the triple threat of poverty, unemployment, and inequality ([8], [9], [10], [11]). To this laundry list, one can also add crime ([9]) and poor delivery of basic services ([8]). Poor service delivery has sometimes resulted in violent protests ([12], [13], [14], [15], [16]). These social ills have persisted, if not deepened, from independence levels ([17], [9]). Thus, the effects of Apartheid exclusion factors, particularly, broad income inequality and the concentration of wealth in a few hands, continue to plague the SA economy ([11]) close to 30 years after independence. Koma [8] points out that similar problems of unemployment, inequality, growing poverty levels and the limited- service provision to local communities are faced by most municipalities around the world. So, this is not necessarily a unique situation to SA. However, it is the depth and pervasiveness of these social factors that is disturbing in SA as demonstrated by the statistics. Currently in SA, using the experience of hunger, the national poverty rate is estimated to be 63.9 percent. Within the racial groups it is estimated as follows, White, 43.2; Indian/Asian, 46.9; Coloured 55.1 and Black African, 64.8. The Gini Coefficient, a measure of inequality is estimated to exceed 0.6 making SA one of the most unequal countries in the world ([18]). Official year on year unemployment was estimated to be 32.7 percent in the last quarter of 2022 ([19]). It is against this backdrop that the challenges are regarded as a severe emergency requiring immediate attention in the National Development Plan (NDP) 2030. Therefore, the major thrust of government policy is poverty eradication, and the reduction of inequality and unemployment ([20]) In 1994, the democratic government of SA inherited, from the Apartheid government, a local government system that well served the minority 20 percent of the White population but poorly served the poor Black majority population. It was immediately envisioned that transforming local government to developmental state ([21], [17]) would provide part of the solution to creating jobs and reducing poverty within the Black population. LED was envisioned as one of the appropriate vehicles for creating employment and reducing poverty and inequality. SA has openly embraced LED as an approach to address the post-Apartheid racial economic disparities. Nel et al. [22] observe that after the demise of Apartheid, LED was quickly embraced as part of mainstream economic development. The manifestation of this acceptance was observed in the fact that in SA, LED planning became mandatory in local government administration with all municipalities required to develop sophisticated LED strategies as prominent components of their economic development efforts. This open embrace of LED was also a result of the fact that pre-1994, the Apartheid government was characterized by strong central government control which implemented regional planning policy. Therefore, the LED approach, which espoused devolving, delegating and decentralising authority to lower levels of government ([23]) seemed to offer a fresh start. LED has been similarly



embraced in other African countries. For instance, LED was embraced in Rwanda where decentralization was one of the attractive LED characteristics ([24]). Ghana has also applied LED for a long time ([25]).

Based on theory, the SA context is ideal for the application of the LED approach. The nine largest cities of Johannesburg, EThekweni (Durban), Cape Town, Ekurhuleni (East Rand), Tshwane (Pretoria), Nelson Mandela Bay (Port Elizabeth), Buffalo City (East London), Mangaung (Bloemfontein) and Msunduzi (Pietermaritzburg) account for more than two third of the economy (measured in value added) but account for less than 40 percent of the population ([22]). This means that more than 60 percent of the population has to eke out a living in the (economically) less favoured municipalities which consist of small towns and rural areas where poverty is rife, a legacy of Apartheid ([22]). This situation is ideal for the applications of LED through the cluster industries approach as an LED tool ([26]).

The above is a description of LED as understood from theory and widely accepted international prescripts. LED in SA is not quite the same as LED anywhere else in the world. Two characteristics stand out about LED in SA when compared to other countries. Firstly, Sections 152 (c) and 153 (a) of the constitution of SA specifically mention the role of local government in local economic development ([1], [10]). Secondly the post-Apartheid government of SA used the Reconstruction and Development Programme (RDP) and the Growth Employment and Redistribution policy (GEAR) as the two main national policies to address economic growth and reduce poverty in SA ([17]). The fusion of these two policies led to the developmental local government (DLG) concept. It is these two characteristics that distinguish LED in SA approach to any other country and from LED as understood from international prescripts because these characteristics essentially meant that LED in SA was not voluntary but mandatory ([23]). Nel et al. [22, p. 225] observe that “LED is now firmly established on South Africa’s development agenda and enjoys widespread acceptance as an applied intervention with good potential for responding to the country’s development needs” which include general economic growth and specifically reduction of inequality, poverty reduction, and employment creation. In response to whether this potential has been realized Nel et al. [22] call this a misplaced expectation. Misplaced because the results from LED efforts in South Africa have been poor and at best lukewarm ([33]), and within municipalities there has been a general failure to provide services, an area where the LED approach is supposed to significantly enable, and this has led to increased social protests in municipalities. Irrespective of this, in the global South, SA is considered somewhat of a front runner in LED especially in LED planning ([22]). That SA is at the cutting edge of LED policy making is unquestionable and SA is conceivably the only country in the world which mentions local economic development in the constitution ([1]). The extant literature seems to suggest that there is no other country which has followed SA’s lead in centrally planning LED. As a result, South Africa remains at the cutting edge of LED planning only, not LED practice. There is no doubt that there is a potential role



for LED in SA's economic development ([22]). For instance, because of its, albeit theoretical, potential to increase the revenue bases of poor rural municipalities, LED seems to be a survival necessity for them ([9]). However, it is clear that LED in SA faces contextual as well as practical challenges in implementation. Generally LED in SA has not delivered the wide range of benefits and impacts that were anticipated ([33], [22], [34]). Local government has generally performed poorly and in order to tackle the poor performance, national government has made many attempts to address the challenges faced by local government, including Project Consolidate:2004-2006; Siyenza Manje Programme:2006-2009; Local government Turnaround Strategy (LGTAS): 2009; Operation Clean Audit Programme: 2009- 2014 and the current Back-to-Basics Programme which started in 2014 ([35]). The results of these programmes in assisting local government to overcome the challenges have not been encouraging because the local state is still in distress. This means that, given their poor record in both LED and service delivery, SA's local government has been incapable of achieving the developmental goals set for it in the SA Constitution ([17]). The problem addressed by this study, therefore, centres around what are the constraints faced by LED in SA that cause its performance to be below expectation.

Literature review. Some distinguish LED theory based on four factors, namely, location factors, the assumption that all public goods and services that are made available by government do not cover some geographical areas, that economic agents have different roles and participate differently in LED compared to other economic theories and that multidisciplinary and decentralisation are central to LED compared to other theories [2]. The logic of LED, in part, is that "...indigenous development and local capacities ...[can] generate self-sustaining economic growth." ([27, p. 219]).

LED theory, therefore, borrows from many economic and development theories, including economic geography. Its implementation incorporates many styles and ideas. As a result, no single paradigm or set of assumptions can be used to define it. It can therefore be said to belong to the realm of theoretical eclecticism. Nel et al. Nel et al. [22, p. 225] note that LED "...around the world and in South Africa, is associated with concepts such as partnership-based development, and local responses to local crises and opportunities using local inputs and resources as far as is practicable." LED is locality-specific and people-centred, and communities should not be objects of but should lead their own development and should be involved from project initiation through implementation ([11]). In the LED approach, specific target areas that are based on the general economic vision of the locality are identified and specific LED interventions are formulated to address locally identified development deficiencies and/or market failures.

LED must create a business enabling environment. The public sector has the mandate to facilitate the provision of business support services including specialised custom-designed support, facilitating financial services and catalysing the development of business enablers such as information technology ([24]). In order for LED to succeed, local government must ensure effective service delivery to both their



communities and to the business sector. The specific service requirements of the business sector like infrastructure requirements and business development services, where local government must take the lead, need to be identified. It is in this way that the private-public- partnerships are developed, collaborative work is established, a shared understanding of the local economic development trajectory is envisioned and as Murasi and Auriacombe [24, p. 159] rightly put it, “Good governance should also be considered as one of the main pillars of robust local economies.”

The incidence of geographically uneven economic development necessitates local responses ([22]). Food security and global food supply chains were disrupted by the COVID-19 pandemic with local responses filling in the gaps ([29], [30], [31]), highlighting the need for local responses in the same way as the LED approach. The LED approach creates conditions that are conducive to economic growth and employment generation by bringing together the public, business and non-government sector partners and creating conditions whereby they can work collectively. In contrast to national government which strengthens a country’s position in the global economy by applying macro-economic reform policies, LED uses local governments’ development planning and implementation capacities to grow the local economy and, in the process, finding local-level solutions to market failures, unemployment and poverty ([24]).

As a result of these characteristics, LED in SA is viewed as an important tool for alleviating poverty and reducing unemployment ([10], [11]). According to Kamara [32, p. 236] LED “...offers special possibilities for societies to become aware of their endowed assets and utilise them optimally to the mutual benefit of their localities.” It is believed that robust and sustainable local economies can be built through the LED approach. LED can promote job creation and local areas can also be made pleasant places to live and work through LED ([24]). LED is concerned with achieving sustainable economic growth through local people working together and bringing economic benefits such as quality of life and improvements for all in the community ([28]). It involves the delegation, devolution, and decentralisation of authority from higher to lower levels of government.

Goals of the article. The objectives of the study are to: 1) identify and discuss the constraints faced by LED in SA; 2) proffer recommendations that can improve the performance of LED in SA.

Methods and methodology. This study followed the systematic review process ([36]). Systematic searches of major electronic databases such as Google scholar, IBSS, Science Direct, SpringerLink, AGRICOLA, Web of Science, SCOPUS, and SciELO were used to identify the academic literature used in this review. A broad Boolean search string was used initially as follows: ‘Local economic development’ AND ‘Worldwide’ The search was then focused on the regions and countries of interest by adding specific regions and countries like Global North, Global South, Europe, USA, South Africa, Germany, Brazil and Italy. Adding a country or region to the search string eliminated the need to search by time period. Free access for full text



articles was identified using links on the main search engines. We also utilized grey literature on government and organizations' websites. ResearchGate, from which full-text requests can be made directly to authors, was utilized, especially in search of the most recent articles. The inclusion/exclusion criteria were based on whether the abstracts of the identified articles contained the concept 'local economic development' or 'LED'.

Main research results. LED is defined as: "...the structural and growth process which, by making full use of local resources, leads to a continuous increase of the welfare of the people living in a local area or region within a country. The process includes three dimensions: economic...sociocultural...and the administrative and political dimension..." ([2, p. 51]). LED in SA is beset by several constraints, including but not limited to state-centred LED planning, lack of collaborative partnerships, lack of capacity, LED as an unfunded mandate, and lack of understanding of LED. This list is clearly not exhaustive; however, these are the constraints that feature significantly in the extant literature regarding LED in SA.

State Centred LED planning. Several factors and practices in the planning process for LED in SA seem to pose constraints. First, the hierarchy of the planning documents for LED begins with the LED Strategy and the IDP (at local municipality level), the Provincial Growth and Development Plan and then National economic development planning e.g. The National Framework for LED. Local municipalities develop LED strategies that are encapsulated in their IDPs ([10]). The constraint arises from the process followed in developing LED strategies and their incorporation into the IDPs. One of the necessary conditions of a successful and representative LED strategy development process is that it should include participation which creates a shared understanding of the proposed development ([10]). So, the questions that need to be asked about the process of developing LED strategies for LED in SA is whether there is participation in their development. It seems that the normal practice is that consultants who hardly involve local business, the community and or civil society develop LED strategies in consultation with the local municipalities. After development, many LED strategies seem to be shelved, partly for lack of funding, as will be discussed later, and partly for lack of relevancy to important local partners and sectors. The fact that IDPs encapsulate the LED strategies suggests a need for them to be consultative as well, albeit not as widely consultative as the LED strategies. However, for properly incorporating the LED strategies into the IDPs it is a good idea for the relevant sectors to have representation during development of the IDPs. Based on a study of LED in the US, [37] question whether the planning process of LED truly addresses local priorities. In fact, [37] concluded that the perspectives of officials on economic development were inherently in conflict with those of citizens, making the consultative process even more imperative. Given the development process of the LED strategies and IDPs for LED in SA a similar question can be posed: Whose interests are represented in the LED development proposals that are included in local municipalities' LED strategies and IDPs?



Second, all the planning documents for LED in SA, particularly the Policy Guidelines for Implementing Local Economic Development in South Africa of March 2005 and also the LED strategies and their incorporation into the IDP process reflect a state-centred planning approach to LED in SA. The state-centred approach to planning LED in SA is problematic because international trends in LED show that the promotion and implementation of LED is closely associated with political decentralization and the mobilisation of local level actors and resources where the state, including local government, plays an enabling rather than driving role ([33]). This is an important distinction between LED in general and LED in SA because it raises the critical question regarding which parts of LED theory in general are relevant to informing LED in SA? Moreover, the question also comes up, post planning, which the state does, regarding at which level in the state-centred planning approach should the other important actors, namely; community, local business and civil society be involved? It is very important to answer these questions regarding LED in SA, otherwise it becomes exclusionist and ineffective. Actually, one wonders whether this is not an accurate descriptor of LED in SA: exclusionist ([22]).

Third, even though the hierarchy of the planning documents for LED in SA begins with LED Strategy, IDP (at local municipality level), the Provincial Growth and Development Plan and then National economic development planning e.g. The National Framework for LED, the planning process actually begins with the national processes ([10]). This is problematic because in the context of LED this process is supposed to feed upwards from the grassroots, that is from the municipal (local government) LED strategy to the National planning processes. However, LED in SA it is top-down. This is an Achilles heel for LED in SA for two reasons. First, the top-down process is state-led and the issues related to this have been already discussed. Second, the role of District Municipalities in LED in SA still remains unclear. It is unclear in the developmental local government where the critical LED decisions are or should be made (national, provincial, district or local municipalities) ([23]). This problem is not unique to South Africa. Hussein [39] reports that in Malawi, local development planning is weakened by power struggle between the local, provincial and national levels. This may be a function of a fundamental lack of understanding of what LED entails. Misinterpretations of the LED concept can arise from the fact that a clear conceptual model that incorporates all its potentially important dimensions has not yet been developed for LED ([24]). Furthermore, while in theory LED should consider locally unique opportunities and circumstances to develop independent local economic development actions/s, the effort that is expended on high level policy planning for LED in SA ([38]) results in pressure on local governments to conform to the policies that are developed in the higher-level district and provincial development plans ([22]). If this is not addressed it has the potential to derail or compromise the effectiveness of LED in SA because it becomes, not only top-down but also mechanistic and rather uniform ([22]). Local government thinking and choices become a function of standard and broad state thinking and respond to interventions, like



public works and small business support that are funded by central government instead of the independent local economic development that is theoretically supposed to drive LED.

Partnerships (or lack thereof). Zulu and Mubangizi [9] remind us that, theoretically, LED is supposed to be driven by collaborative partnerships between local (not state) government, the private sector, community and civic groups who are supposed to jointly manage existing local resources to stimulate the economy of a locality and create jobs. Kanayo et al. [11] also write that in LED theory there is the expectation that key stakeholders in a municipality will come together and develop an arrangement whereby they make choices that can propel their local economy, thus creating income opportunities, especially for the poor. In this way the non-governmental sector, public, and business become allies who work together collectively to generate better conditions for residents in a local municipality. Meyer [40] refers to partnerships as the potential dynamic driving force behind LED interventions. However, regarding LED in SA, Nel et al. [22, p. 232] observe that, “Over and above internal government concerns, is the stark reality that, rightly or wrongly, LED has come to be perceived *as a local government mandate to the virtual exclusion of other role-players*”. (Italics added for emphasis). This is problematic because, for instance, instead of working together in a partnership, there is observable rivalry between local government sector and the local business community ([22]). According to Cloete [41] in SA, a historically adversarial relationship has existed between the traditional economic stakeholders, namely, private sector, the government, and labour. This has caused the private sector to view government with disillusionment and more suspicion, thus not helping the partnership cause. This negativity might also be catalysed by the non-inclusive LED in SA planning process. This situation results in the fact that on the ground there is weak cooperation between local businesses, the voluntary sector and government ([33], [40]) with the community and private sector actors feeling sidelined from government interventions ([33]). There is, therefore, a need to strengthen institutional arrangements through which partnerships can be created and managed for LED in SA ([34]) especially at grassroots level. Meyer [40] points out that if local government cannot, through policy and implementation, initiate developmental projects, which it can hand over to local communities and or the private sector as sustainable projects, then its failing as a developmental local government. This can be achieved though effective partnerships. Developing partnerships faces a challenge in that, as Huxham and Hibbert [42] point out, collaboration is notoriously hard to achieve. Thus, achieving collaborative partnerships has to involve concerted actions from the LED stakeholders, especially government which must provide an enabling environment. Kamara [32] argues that the challenge presented in developing partnerships can be addressed through cooperative governance because according to the World Bank [43] through cooperative governance, diverse stakeholders across private, public and civil society can be brought together in addressing common concerns at the community level. In order to address the issue of partnerships in Rwanda, a public-private partnerships (PPP) Unit was established in the Ministry of



Trade and Industry to be the custodian of the partnership formation and management processes ([24]). Perhaps, LED in SA should consider formalizing the issue of partnership formation in a similar way. Kamara [23, p. 99] makes this observation in terms of the expected collaboration between local government, business and civil society "...what would be the specific nature and role of the state, private sector and the civil society and as well as the relationship between the state, private sector and the civil society?". Answering this question would provide clarity as to what role can be played by such a PPP unit in LED in SA.

LED in SA is an unfunded mandate and worsens lack of capacity. Even though, as mentioned earlier, LED in SA is mandatory, it is an unfunded mandate ([22]). The funding for LED has not been readily forthcoming and often experiencing long gestation periods in the planning process ([22], [34], [11]). The inadequate financial support has many detrimental effects. First local government, especially the small municipalities that do not have broad revenue basis, develops grant dependence syndrome. Poor rural municipalities depend on central state funds to balance their books and the expenditure guidelines for such fund do not provide for LED expenditure ([22]). Second, the lack of funding means that no formal training is provided for those implementing LED. Meyer [40] points out that funding for capacity building is not prioritized. Furthermore, the projects are implemented under conditions of poor market research. Third, lack of funding often results in short term planning which tends to be politically influenced thus side-lining long term strategic interventions into which the short-term projects can and are supposed to feed ([22]). Sekole et al. [44] describe a well-planned LED project based on a proposed tourism route in Mbombela Local Municipality, Mpumalanga, South Africa. The project bears nearly all the hallmarks of an LED intervention. For instance, it is designed based on the locality (the township and business centres), it is likely to create local employment, the community was consulted and is involved in the proposed route at many levels and local businesses were also consulted and some of them form part of the tourist attraction along the route. The tourism route is likely to attract both local and international tourist. In theory, this is a well conceptualized, nearly perfect LED intervention. However, because of the unfunded nature of LED in SA, it might never see the light of day. It is this funding inadequacy that has led to LED in SA being referred to as an unfunded mandate ([22], [45]). The lack of funding makes LED in SA not only an unfunded mandate, but also an ideal that most municipalities find difficult to attain ([22]).

The funding and capacity constraints are related because some of the ways to address them are similar. Most researchers are aware of the fact that a practical challenge relating to LED in SA is that it has limited access to skilled personnel ([22]) and therefore has limited capacity to implement LED interventions ([11]). Khambule [46] notes that SA has not been able to realise its aspirations of turning the local government into a capable developmental state, partly due to overwhelming capacity deficits in the local government system. Whereas most literature has associated the poor results of LED with capacity and resource constraints ([22], [23]), Maserumule



[21] has also pointed at the challenge faced by municipalities in asserting themselves as developmental local government so as to be able to execute their LED mandate. Kamara [23] points out that the failure of municipalities to assert themselves as developmental local government stems from the limited experience which they have in promoting economic development. However, as asserted in the extant literature, the lack of capacity affects, not only LED in SA, but the local government as a whole. Local government is characterised by weak administrative capacity and poorly trained staff ([24], [35]), probably as a result of poor funding. Although LED lacks skills and capacity, it still is expected to address issues of poverty reduction and employment creation ([40]). Furthermore, within local government, there are internal dynamics that affect capacity. The LED units in local municipalities, especially those with a shallow revenue bases that depend on government grants to balance their books, face a cyclical capacity problem as follows: The lukewarm results of LED mean that the LED career path is perceived as being non-credible. Thus, in local government, there is high turnover and or LED units are treated as a dumping ground for ineffective senior officials or as a steppingstone for competent young personnel who seek better funded local government programmes ([23]). Therefore, the LED units lack capacity and produce poor results thus completing the circle of the capacity demise of LED in SA. Attempts have been made to build capacity for LED, for instance through the Intergovernmental Relation Framework (IGRF) ([23]). However, this was not successful as the capacity concerns in LED are still prevalent.

Understanding LED (or lack thereof). Zulu and Mubangizi [9] argue that municipalities are uncertain as to what LED actually means, what it is they are supposed to do and how they are supposed to go about it. For example, in most local municipalities, LED strategies are formulated but hardly are there structures and or implementation plans to execute the strategies ([40]). This lack of understanding LED is not without reason. Some argue that the conceptualisation of LED is theoretically underdeveloped and unclear and therefore some of the institutional, policy and political mechanisms to implement LED are often poorly conceptualized and therefore are usually lacking ([22], [23]). Similar conceptual challenges relate to the understanding and application of LED in SA. Furthermore, this lack of understanding diminishes the ability of municipalities to effectively conceptualise and implement strategies for LED ([23]). This confusion carries to departmental level because when the DTI makes a case for LED in its development plans, this creates paradigmatic problems because of the market-led approaches followed by DTI, but it also creates confusion about who oversees LED ([22]). Lack of understanding of LED is not unique to SA, Murasi and Auriacombe [24] report on the same phenomenon in Rwanda. However, in a survey report, the World Bank and Development Bank of Southern Africa found evidence which contradicts the lack of understanding argued by other researchers. The survey found that 92 per cent of the surveyed municipalities understood what LED is in a reasonably sophisticated way, had a reasonably sophisticated understanding regarding it as a combination of poverty relief and growth promotion intervention. What was observed to be limited was the ability to actually



promote development ([22]). The sample size of the municipalities for this study, how they were selected and therefore the statistical representativeness of the sample, was not described, however, this might be evidence that the lack of understanding LED reported by other researchers might not be as pervasive as suggested.

There are other constraints to LED in SA that are mentioned in literature. But that are not usually dealt with in-depth like the ones discussed above. These include, but are not limited to, lack of leadership, cadre deployment of unskilled personnel by government, nepotism, corruption and financial mismanagement/maladministration ([16], [23], [35], [11]). The challenges hinder local government from delivering required services and cause it to generally perform poorly on the LED mandate.

Conclusions and prospects for further research. If one assumes the international understanding of LED which is based on devolution, delegation and decentralization of authority and assumes local collaboration of stakeholders who mobilise local resources, including ideas, to develop and implement LED interventions, then the state-LED planning which characterises LED in SA presents somewhat of an oxymoron. One can emphatically conclude that clearly LED in SA is not using the generally understood and generally accepted LED prescripts. However, it is possible that SA can create, manage and successfully implement its own state-led brand of LED. An imperative, without which LED in SA might not succeed, is for local municipalities to be able to transform themselves into learning organisations so that they can function as developmental local government.

Tshishonga [35, p. 158] notes that a learning organisation is one which is “...capable of facilitating the learning of its workforce and harnessing the knowledge capability and experiences for the benefit of all its stakeholders.” This is exactly what local government in SA needs to do in order to effectively assume and execute the role of developmental local government so as to more effectively implement LED in SA and therefore be able to deliver on the mandate of developing local communities. Furthermore, municipalities, including district municipalities, have religiously developed LED strategies. However, how much of the plans that have actually been implemented have not been evaluated. Irrespective of all the challenges faced by LED in SA, in the global South, SA is considered a front-runner in LED. As a result, questions have been asked whether SA and other front runners like Brazil, can be used as examples for the LED approach by and in other developing countries. For LED in SA to be an example to other developing countries who want to apply LED as a development strategy, SA needs to understand and respond to these necessary and sufficient conditions for LED in SA to improve its current lukewarm, if not poor performance.

Finally, given the development of LED in SA, the question lingers: Is LED an approach, does it constitute different approaches or is it simply multi-dimensional in nature? It does appear as though LED cannot be used as a ‘one size fits all’ solution but rather as a solution that is integrated into local conditions. However, this needs to be corroborated by recent evidence, which currently, seems unavailable in the extant literature. More research needs to be done on LED, especially in developing countries,



where large areas are left behind by economic development which seems to centre on urbanization. Barberia and Biderman [6, p. 952] concluded that “...Brazil and other developing countries ... need a new generation of studies that go beyond describing LED experiences and toward evaluating these efforts.” It is also observed that studies have concentrated on developed countries, but more rigorous evaluations of local economic development policies remain a significant gap in the LED literature ([6]), both in the global North and South, but more so in the latter than the former. Some have even gone as far as to state that there is only very little evidence of the success of LED anywhere ([7]). Regarding LED in general, and LED in SA in particular, our literature search shows that in the last ten years, there appears to be a lack of recent studies or evidence of successful LED which can equip policy makers to carve out new directions for the approach. It is, therefore, of paramount importance to devote more resources to studying this approach which appears to hold some promise in addressing the regional economic differentials so apparent in developing countries.

In order for LED in SA to be successful, a necessary condition is that post planning, local government must create an enabling environment for the other actors, namely, private sector, civil society and the community to get involved and the point at which these stakeholders get involved needs to be identified and respectfully abided by. In this way local government avoids usurping LED as its sole mandate to the exclusion of other critical actors, like currently happens. The sufficient conditions will include but will not be limited to: (a) How local government acts in collaborative initiatives, especially those initiatives that it has provided funding for. (b). The creation of functional LED partnerships (c) how the state-led planning process accepts and incorporates feedback originating from the grassroots. Therefore, it may not be necessary for LED in SA to conform to the international understanding of LED, but it has to make LED in SA work, which it has struggled to achieve so far. Furthermore, the continuing dualistic nature of the South African economy, which needs to be corrected, might provide one strong justification for the state-centred planning.

If LED in SA is to succeed, after the planning has been done some way should be found to make it collaboratively governed at grassroots. This is also essentially why local municipalities, being the grassroots level arm of government closest to both local business and communities are well positioned to execute LED in SA. Thus, a mechanism to devolve LED in SA from the state-centred planning process to a more people-centred implementation process needs to be developed. It is within this devolution that collaborative partnerships should be developed and managed. Local stakeholders should develop a shared understanding and vision of the potential trajectory of LED in SA and its implementation at local level. These are critical missing ingredients in LED in SA. Furthermore, LED in SA planners should consider formalizing the formation and management of partnerships through a PPP unit. An example of how this has worked can be found in Rwanda.

It is also recommended that government needs to commission an independent study to find out how much of LED strategy plans, in absolute and in relative terms, within municipalities has been implemented in the past 10 years and what have been



the causes of non-implementation. Understanding this is likely to be the pedestal to launch LED in SA into the success realm. There are also many studies that analyse, and rightly so, criticise the planning and implementation of LED in SA. However, even given the length of time that LED in SA has been implemented, there are few, if any studies that analyse what impact LED investments have had on employment, inequality and poverty, particularly those studies that track the multiplier effects of such investment from the local to the national level. Another study that needs to be commissioned is one that seeks to evaluate to what extent LED is understood by those who implement LED in SA. This will provide a clear understanding of whether the deviations of LED in SA from international prescripts are intentional or coincidental, thus enabling better future implementation planning. It is also imperative that local municipalities evolve into learning organisations so as to achieve the developmental local government. Finally, LED should be formalized as a discipline to be studied in universities so that theories can be more sharply identified and described so as to better implement it in the global South.

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