

Nurturing Sustainable Growth: The Integrated Development Plan And Local Economic Development In The AbaQulusi Local Municipality

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Abstract—Over the past two decades, local economic development (LED) has emerged as a pivotal strategy South African local governments employ to promote pro-poor sustainable development. Driven by legislative mandates, local governments are required to formulate integrated development plans (IDPs) that outline their LED objectives. Despite the well-defined policy framework and legislative guidance, there has been a notable absence of substantial local-level growth and development stemming from LED initiatives. Using qualitative data from a study conducted in the AbaQulusi Local Municipality in KwaZulu-Natal, South Africa, this paper delves into the integration of these two concepts. It explores their role in addressing good governance, promotion of competitiveness, enterprise development, and the informal economy while linking their impact to inclusive and pro-poor development and the promotion of public-private partnerships. The findings indicate that the AbaQulusi Local Municipality's current economic trajectory is unsustainable, with poor governance, lack of communication between all stakeholders, stagnated economic growth, and high rates of poverty, unemployment, and inequality. Drawing from the results of this study, the paper underscores the need to combine pro-poor interventions with market-driven strategies that promote economic transformation, support labor-intensive growth in agriculture and tourism sectors, and modernize network industries, such as energy, transport, and telecommunications, to promote competitiveness and inclusive growth.

Keywords—Local Economic Development, Integrated Development Plan, AbaQulusi Local Municipality, sustainable growth, socio-economic growth.

I. INTRODUCTION

In the AbaQulusi Local Municipality, situated within the KwaZulu-Natal province of South Africa, the integrated development plan (IDP) serves as a guiding blueprint for sustainable development and improvement of local living conditions [1]. Central to this plan is the concept of local economic development (LED), which aims to stimulate economic

growth, create job opportunities, and enhance the overall well-being of residents. The LED concept is derived from the Constitution of the Republic of South Africa (Act 108 of 1996), which outlines the role of local government in LED [2]. Sections 152 (c) and 153 (a) of the Constitution of the Republic of South Africa state that local government must “promote social and economic development” and must “structure and manage its administration, budgeting, and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community” [3].

Section B 1.1 of the White Paper on Local Government (1998) elaborates on this mandate by stating that “the powers and functions of local government must be exercised in a way that meets basic needs of the poor and the growth of the local economy” [4]. In advancing the National Framework on LED, the Department of Cooperative Governance and Traditional Affairs (CoGTA) also notes that it promotes “robust and inclusive local economies that exploit local opportunities to achieve real potential, innovative, competitive, and sustainable advantages in addressing local needs and contributing to national development objectives” [2]. This paper explores the views and experiences of 64 participants in the AbaQulusi Local Municipality on the role of the IDP in facilitating local economic development in the Local Municipality.

The South African government has instituted a range of policies and legislative measures to incentivize local authorities' active engagement in strategies promoting LED. Among these, the most all-encompassing are the IDPs, which impose an imperative upon local governing bodies to align with LED policies [5]. This legislative evolution has catalysed a profound transformation in South Africa's approach to development, underpinned by the global trend towards greater decentralization and transference of power, authority, and resources to subnational levels of government [6].

Nonetheless, a widely noted trend is the unequal advancement and implementation of LED

throughout South Africa [7]. Notably, substantial disparities exist in policy establishment, institutional integration of LED, and practical execution between the larger, more resourceful municipalities and the smaller urban and rural counterparts [8]. It is acknowledged that the effective decentralization of power for implementing LED is hindered due to skill deficiencies in formulating and executing Integrated Development Plans (IDPs), along with insufficient funds and resources to support LED offices, training, and projects in many local municipalities [6]. Often, these plans serve as little more than aspirational catalogues of objectives that remain elusive due to existing fiscal constraints.

II. THE THEORETICAL FRAMEWORK OF THE STUDY: THE SUSTAINABLE DEVELOPMENT THEORY

The sustainable development theory is adopted as the relevant theoretical framework for this study. Sustainable development emphasizes the need to advance the lives of citizens living in rural areas and their involvement in economic events that benefit them and their communities. Sustainable development entails “development that meets the needs of the present generation without compromising the ability of the future generation to meet their own needs” [9].

A study in Nigeria that employed the sustainable development theory contends that sustainable development in rural areas is achievable through the implementation of political, financial, and administrative independence of the local governments. The authors argue that sustainable growth has developed into a central matter in the economic and social growth and management of ecological resources of society [10].

Sustainable development is an all-inclusive thought that merges features of environmental, societal, and financial existence concerned with humanity's two huge concerns: the capability to generate and sustain [11]. It focuses on the availability and sustainability of resources in the current and future generations' best interests. It regards the environment as essential to guard while exploiting these resources. Thus, sustainable development has become necessary in the context of the socioeconomic growth of societies, especially those once deprived communities, to ensure that they develop socially and economically while continuing to preserve the environment [12] (see Figure 1).

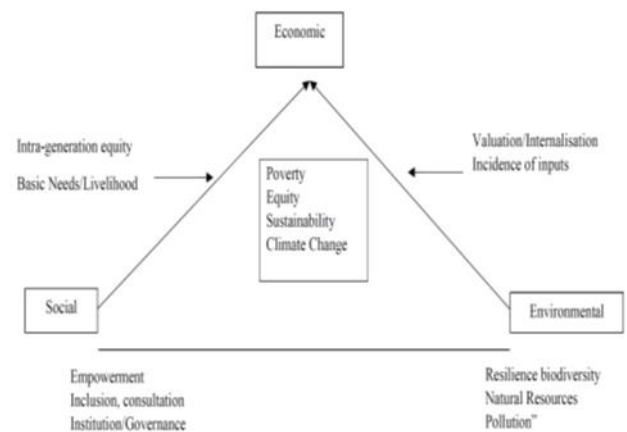


Figure 1: The objectives of sustainable development

Adapted from Duran and colleagues (2015) [11]

Broad guidelines for sustainable development have inherent elements, as illustrated by the Global Multidimensional Poverty Index, created by the Oxford Poverty and Human Development Institute [13]. It focuses on, among other things, learning, health, food, energy, and water supply. These measurements do not just point to the importance drawn from integrating ideas from the development economics and political expert groups but provide opportunities for fine-tuning specific issues in our local and international societies [9].

The theory of sustainable development posits that applying its principles in real-life situations leads to several benefits. These include preserving natural resources, safeguarding the environment, boosting the country's economy, fostering community well-being by respecting human rights, and promoting peace. This theory is integral to various aspects such as land use, water management, farming practices, building design, energy conservation, education, equal opportunities, and legislation, ensuring progress towards a sustainable society. (United Nations, Department of Economic and Social Affairs, 2022). In this study, the AbaQulusi Local Municipality should seek to exploit the available resources efficiently, bringing about present sustainable growth in the communities it serves and for future generations.

III. METHODS

Employing a case study approach, this qualitative research explores how stakeholders assess the implementation of Integrated Development Plans (IDPs) in AbaQulusi Local Municipality, encompassing diverse settlements like coal mining, cattle ranching, and urban zones, with Vryheid Town as the primary center. Other areas covered by AbaQulusi include Louwsburg, eMondlo, Hlobane, Coronation, and Bhhekuzulu. The municipality is

divided into 23 Wards, covering approximately 4185km², and housing around 243,795 people. Through purposive and snowball sampling, 64 participants took part, including community members, officials, leaders, private sector representatives, and councilors. Data was collected via in-depth interviews, ensuring participant anonymity. Thematic analysis was employed, utilizing a coded structure and NVivo 12 software for data coding and analysis. The research objectives directed the final analysis [14].

IV. RESULTS

The findings of this study emphasize the AbaQulusi Local Municipality's involvement in IDP implementation for local economic development. These outcomes are categorized into three themes derived from the study: effective governance, enhancing competitiveness, and fostering enterprise growth and informal economy, all connected to promoting inclusivity, pro-poor development, and public-private partnerships.

a) *Good governance*

In terms of understanding the link between the implementation of the integrated development plan and the local economic development in Local Municipalities in South Africa, good governance is regarded as one of the most important elements in attracting investments and the creation of employment opportunities. Effective and efficient IDP planning, formulation, and implementation is central to LED. A significant challenge underscored in this study is the requirement for greater alignment between IDP and LED execution within AbaQulusi Local Municipality. Private sector representatives and municipal officials noted that the lack of coordination between these two aspects in planning, formulation, and execution has hindered the municipality from fully realizing the potential advantages of their successful implementation. One private sector representative highlighted:

"We lack leadership in this sphere. The Local Municipality needed to conduct a rigorous needs assessment of the people's needs and aspirations because these form the foundation of the IDP. Inclusive consultations with residents, businesses, and civil society organizations are crucial to identifying key priorities and challenges, but these were not conducted" PSR05.

These sentiments shared by the private sector representative were echoed by other private sector representatives and community members in the study, with another private sector representative stating that:

"The lack of coordination and integration between the two (IDP and LED) poses a problem in engineering development in the AbaQulusi Local Municipality. There is a complete disjuncture in formulating and

implementing the IDP and LED, yet they should speak to one another. Initially, the IDP should be a vehicle that drives LED, while successful and sustainable LED will drive the successful implementation of the IDP in the future. The successful and sustainable LED will mean that poverty, unemployment, and inequality are reduced and more financial resources in the Municipal fiscus, which will mean that the AbaQulusi will have more money to use for health, education, social development, and creating a vibrant economic hub" (PSR04).

Differing from the perspective of private sector representatives, a municipal official highlighted the challenges of advocating for economic-focused strategies centered on LED, especially within AbaQulusi Local Municipality, which grapples with significant poverty, unemployment, and inequality issues. The participant stated that:

"While it is critical to focus on economic-driven policies and strategies anchored around LED, it is difficult because of the high rates of poverty, unemployment, and inequality in the AbaQulusi Local Municipality. The Municipality's priorities are focused on providing basic services and amenities to the most vulnerable and marginalized groups. Also, due to the Municipality's financial constraints, it is not ideal to invest that scarce money into LED programs at the expense of roads, water, sanitation, health, and education services and infrastructure. However, this is not to say the Municipality does not promote LED. We have an LED Unit with the AbaQulusi Local Municipality that primarily focuses on improving business (both formal and informal), agriculture, mining, and tourism" (MO2).

While pro-poor development is essential in an unequal nation like South Africa, it is imperative for these initiatives to generate spin-off effects that stimulate local economies, foster job creation, drive overall growth, and not create a dependency syndrome, and over-reliance on state provision. Furthermore, while the Municipality maintains an LED Unit, the findings suggest its focus is primarily on providing non-financial assistance. This perspective was also echoed by another municipal official:

"The main purpose of LED is to support economic development initiatives that will empower the community, create job opportunities, and minimize income leakages and growth by building partnerships with relevant stakeholders to create a conducive environment for job creation" (MO3).

Executing the IDP for LED within AbaQulusi Local Municipality faces challenges stemming from inadequate financial resources and conflicting

viewpoints among its diverse stakeholders. The debate between the private sector representatives and the municipal officials is a classic case of a lack of a consultative process that negatively impacts principles of transparency, accountability, and, most importantly, community ownership. Community members and private sector representatives also emphasized the fact that the IDP implementation in the AbaQulusi Local Municipality was a top-down approach to management, making it difficult to link it with LED, as noted by one private sector representative:

“Successful formulation and implementation of LED projects requires local government, businesses, and community members to all be involved in the planning phases. These three stakeholders must set strategic priorities according to the available resources. This is not what is happening here in AbaQulusi Local Municipality. I have never been consulted on the planning or formulating of the IDP” PSR02.

In line with the above, municipal officials were asked about their views and experiences in the planning, formulation, and implementation of the IDP to promote LED. All municipal officials in the study indicated that while they did not necessarily go door-to-door informing residents of the AbaQulusi Local Municipality about the IDP planning, formulation, and implementation processes, the Local Municipality did this through its elected ward councillors, who were the brokers between communities and the Local Municipality.

However, while these mechanisms of information dissemination may be justifiable in the political sense, they are difficult to support in accordance with the local government's developmental mandate. The municipal officials have to implement projects that prioritize the needs of the people served by the Local Municipality. Therefore, municipal officials are mandated to go to communities and establish the needs of the people they provide services to.

Due to this disconnection and lack of communication between the community members, businesses and the municipal officials, the participants indicated lack of good governance in terms of resource allocation for priority community needs. The participants also argued that the lack of monitoring and evaluation by the municipal officials on the projects they were implementing in communities negatively impacted the successes of those economic-driven projects anchored in LED. The community members noted the lack of project progress assessments, identification of bottlenecks, and necessary adaptations should there be any need.

b) Promotion of competitiveness

The second critical aspect of implementing the integrated development plan that promotes local economic development is improving the competitiveness of the AbaQulusi Local Municipality using different approaches. One of the biggest challenges highlighted in the literature on the synchronization of the IDP and LED is the lack of adequate manpower with the right skills, knowledge, and capacity to implement both IDP and LED [5].

The improvement of competitiveness of the AbaQulusi Local Municipality requires improving local governance through municipal officials and local authorities ‘simply getting the basics right’ by undertaking their roles and responsibilities efficiently, transparently, and accountable. Beyond the personal credentials of municipal officials, the promotion of competitiveness of the AbaQulusi Local Municipality requires an enabling environment for local investment, often in terms of amending municipal regulations or assisting with licensing or procurement.

Participants were requested to share their perspectives and personal encounters regarding how the execution of the IDP within AbaQulusi Local Municipality has contributed to fostering competitiveness and enhancing LED. Participants mentioned agriculture, tourism, manufacturing, services, and mining sectors as areas of comparative advantage for the AbaQulusi Local Municipality.

c) Agriculture

Regarding the agricultural sector, participants offered diverse feedback on the effects of IDP implementation in the Municipality on their agricultural endeavors. Municipal officials provided an overview of AbaQulusi Local Municipality's agricultural landscape. A specific municipal official highlighted that:

“In AbaQulusi Local Municipality, agricultural land is the dominant form of land use. The major agricultural practices are crop production, occurring mainly in the highveld areas and fertile valleys of the major rivers that run through the area, cattle farming, ranching, and game farming. Several commercial farmlands are also subject to land restitution” (MO4).

The municipal officials were also asked to elaborate on the farming activities in the AbaQulusi Local Municipality. A participant in this category highlighted that:

“Current crops produced in the AbaQulusi Local Municipality are maize, groundnuts, soya beans, sunflowers, fruits, and sorghum. Cattle farming has played a major role, but this market is also strained due to rising input costs and stock theft. International and national meat exports have also been affected due to mad cow disease and foot-and-mouth disease. Small game farming provides an opportunity for economic development and

provides a solution to stock theft, domestic diseases, and the demands made by the national and international market” (MO6).

In response to inquiries about the significance of the agricultural sector to the economy of AbaQulusi Local Municipality, the majority of private sector representatives emphasized its vital role in fostering growth and economic advancement. One of these representatives specifically emphasized that:

“The agriculture sector is also regarded as a critical driver of the local Municipality, contributing just over 10% annually to the local economy. It is also a sector providing many jobs to the population ranging from skilled to semi-skilled and unskilled. A major investment and boost to the agricultural sector within AbaQulusi Local Municipality can be credited to the ongoing development of the Agri-processing Industrial Economic Hub. Due to the intense focus on agriculture, the AbaQulusi Agri-Business Forum was also established to unleash the agricultural potential within AbaQulusi Local Municipality, uplifting the emerging farmers, and promoting agricultural activities for emerging farmers” (PSR4).

Nevertheless, while the aforementioned viewpoints were common among private sector representatives and municipal officials, the perspectives, and encounters of community members in the study diverged. These individuals conveyed that the benefits of the agricultural sector in AbaQulusi Local Municipality were concentrated among a limited number of predominantly white farmers. A community member residing in an informal settlement expressed that:

“You see, for us who do not have land, our lives and livelihoods are in the hands of a few white farmers with the land, cattle, and crops we must buy to survive. Agriculture does not benefit people experiencing poverty. We do not even have small pieces of land to grow the vegetables we need to cook for our families. We can never think about cash crop production, especially knowing that we do not have land and water resources like boreholes and irrigation systems” (CM7).

Community members residing in traditional regions echoed comparable feelings to those in rural and informal settlements regarding their lack of financial gains from the agricultural sector. However, they highlighted that they could still engage in crop cultivation and cattle farming. A member of the community in these traditional areas specifically pointed out that:

“Agriculture is not the same for us and those commercial farmers. Those farmers have huge land to grow cash crops and cattle farming. We must conduct small-scale

farming to feed our families because our land is small, and our livestock is not much. Only when we have extra that we can sell or when we need money to cover other expenses such as school fees or medical bills, we then sell our crops or livestock” (CM8).

These findings suggest that not all individuals within AbaQulusi Local Municipality experience direct benefits from agriculture. While certain residents engage as producers, the majority, particularly those residing in rural and informal settlements, function as consumers.

d) Tourism

Shifting focus to tourism, participants were queried about their perspectives on IDP implementation within AbaQulusi Local Municipality and its influence on the sector. Many private sector representatives and municipal officials emphasized the significance of tourism for LED within the municipality. Nonetheless, this sentiment was not echoed by community members, with the majority indicating minimal gains from local tourism. One community member specified that:

“You see, tourism only benefits those already rich and has businesses that attract tourists who visit the Local Municipality. If you do not have anything to sell or offer to tourists, then there is nothing you benefit from tourism. The Municipality collects money from tourism, but that money is not for us as the citizens of the AbaQulusi Local Municipality. We do not even know how the money is spent” (CM12).

When queried about their thoughts regarding the community members’ opinions on the advantages of tourism for LED, municipal officials highlighted that these community members might possess misconceptions about how tourism contributes to the economy. A specific municipal official remarked that:

“Tourism in the Municipality benefits the AbaQulusi Local Municipality, the Zululand District Municipality, and the South African economy. The vast tourist attractions in the Municipality have witnessed an influx of tourists from other parts of the country and other countries, and we also have local tourists. This continues to bring revenue into the Municipality coffers” (MO7).

The study findings underscore the necessity for increased advocacy concerning the significance of tourism for AbaQulusi Local Municipality. Moreover, there's a call for greater transparency in explaining how tourism contributes to the broader economy and overall local economic development. This includes illustrating how the financial gains can positively impact marginalized and poor groups within the community.

e) *Manufacturing sector*

Study participants were requested to share their perspectives and encounters concerning the implementation of the IDP and its effects on the manufacturing sector within AbaQulusi Local Municipality. Both private sector representatives and municipal officials noted that the manufacturing sector's contribution to the local economy was limited. However, both groups expressed some optimism for its potential growth. One municipal official specifically mentioned that:

"The manufacturing sector has the potential to expand due to the natural resources and land available within the Municipality. The Municipality is currently working with the Department of Economic Development and the Department of Small Business in exploring and growing the Sewing industry and Food processing plants within the area" (MO10).

These findings elucidate the obstacles confronted by the manufacturing sector within AbaQulusi Local Municipality, while also offering insights into potential avenues for its expansion and advancement.

f) *Services sector*

Study participants also underscored the significance of the services sector in LED. Nevertheless, private sector representatives and municipal officials pointed out that enhancing the sector's growth is essential since Vryheid town stands as the sole primary service hub within the Local Municipality. A municipal official specified that:

"Vryheid serves as the primary service center for AbaQulusi Municipality, offering diverse services. These services vary from financial, administration, and government to manufacturing and retail. However, with the large geographical extent of AbaQulusi Local Municipality hindering development, the Municipality has taken strides to increase access to various services. An example to note is the eMondlo Thusong Center which recently opened and functions as a multi-purpose center for the community, offering government, administration, and financial services to the people, preventing long-distance traveling, traveling expenses, and the overcrowding of services in Vryheid Town" (MO4).

Another municipal official further highlighted that the concentration of services in a central location restricts many individuals from accessing the services that should be accessible to them. The participant remarked that:

"The widespread population within AbaQulusi Local Municipality is a great concern because people are currently restricted to services that they are supposed to be exposed to daily, and

therefore the development of a Capital Investment Framework will assist the Municipality in identifying the gaps and improving service delivery" (MO7).

The study outcomes underscore the notable difficulties that AbaQulusi Local Municipality encounters in extending services beyond Vryheid. Nonetheless, the Municipality has also acknowledged its efforts to address the gaps in service delivery processes.

g) *Mining sector*

Participants were also queried regarding the implementation of the IDP and its repercussions on mining within AbaQulusi Local Municipality. Private sector representatives, municipal officials, community members, and leadership (both Traditional and Community) detailed the adverse impact of coal mine closures on the municipality's economy, causing a rise in unemployment, poverty, and inequality. Providing a comprehensive perspective on coal mining in AbaQulusi Local Municipality, a councilor highlighted that:

"Coal mining historically provided a major force in the local economy of Northern KwaZulu-Natal. However, over the past 15 years, several mines in the area ceased operation, negatively impacting the regional economy. The AbaQulusi Local Municipality was particularly affected by the closure of the Coronation and Hlobane mines in 1997 and 1998, respectively. This proved to be a turning point in the economy of the AbaQulusi Local Municipality, as many people were left unemployed. The area also experienced a 'brain drain', where many professional, skilled, and semi-skilled workers migrated elsewhere to seek employment opportunities" (WC5).

One community member in the study elaborated on the effects of the mine closures. The community member highlighted that:

"The effects of the closure of the mines can still be felt and seen today, with the high unemployment rates, poverty, and the additional pressure on the Local Municipality to provide services. Many hostels (former mining housing) and developments within these areas have been left to deteriorate" (CM19).

When questioned about their reaction to the issues arising from the shutdown of coal mines in AbaQulusi Local Municipality, municipal officials acknowledged that the Local Municipality was actively conducting a situational analysis to revive the former mining settlements. A specific municipal official remarked that:

"We understand the challenges being faced due to the mine closures, particularly regarding human settlements. The AbaQulusi

Local Economic Development unit is undertaking a study to revitalize former mining towns/settlements. It must also be noted that not all mines within the region have shut down, as a few are operating on a microscopic scale" (MO3).

The information gathered from participants in this study demonstrates the adverse consequences of coal mine closures on the broader scope of the Local Municipality. These consequences include the loss of revenue generated through taxes paid by mining companies, along with increased expenditures on providing social security services to those unemployed individuals who lost their jobs in the mines. The findings also illustrate how mine closures pushed community members who were already in poverty into even deeper crises, aggravating inequality within the Local Municipality.

h) Enterprise development and the informal economy

The third result of enacting the integrated development plan that advances local economic development involves fostering the growth of enterprises, primarily focusing on small, micro, and medium enterprises (SMMEs). Given that a considerable number of SMMEs within AbaQulusi Local Municipality operated informally and lacked registration, many community members contended that instead of receiving support from the municipality for their informal businesses, they faced harassment and violations of their trading rights. A community member expressed that:

"The Municipality does not care about us or our livelihoods. We do not have employment, so we look for money to start our small businesses to sell fruits and vegetables. However, the Municipality comes and then confiscates these products from us. How are we supposed to earn a living? Instead of assisting us with providing proper vending places, we are harassed, made to pay fines, and our stock is taken away from us. What do the municipal officials think we will survive on? We cannot get money to buy food, send children to school, or buy clothes if we do not sell these fruits and vegetables" (CM19).

Municipal officials were prompted to address the opinions and encounters of community members regarding the development and expansion of SMMEs within AbaQulusi Local Municipality. The majority concurred that the Municipality's responsibility lay in facilitating and empowering SMME growth in the communities. Nonetheless, they pointed out that certain informal traders were conducting sales in restricted zones, and others lacked the necessary trading licenses. A specific municipal official remarked that:

"The role of the AbaQulusi Local Municipality in promoting LED for SMMEs is to capacitate and empower the informal traders to play a

role in local economic growth. We facilitate meetings with informal traders to assist them in establishing structures like the Informal Economy Chamber. This Chamber coordinates the tariffs imposed on the informal traders for trading licenses and rental fees to assist the Municipality in paying for the upgrade of the vending facilities and the sustainability of the operations of the facilities. The AbaQulusi Local Municipality also currently supports the development of SMMEs within its area as it provides on-site training, workshops, seminars, and registrations of businesses. As we speak, the Municipality plans to build more market stalls for the informal traders to promote and improve the economy while improving their livelihoods and those in their communities. However, illegal vending in prohibited areas without an operating trading license is not permitted by law and is punishable by a fine" (MO6).

The findings highlight the necessity for informal traders and AbaQulusi Local Municipality to collaboratively formulate strategies that encourage the creation and advancement of SMMEs in manners that mutually benefit both the traders and the Municipality. Regardless of the legal debates that surround the informal economy in South Africa, the informal traders play significant roles in the socio-economic fabric of South Africa. Informal traders, commonly operating in street markets, townships, and public spaces, constitute a substantial portion of the South African economy. They provide accessible goods and services to communities, offer employment opportunities, and contribute to the local economic base. Integrating informal traders into LED initiatives, including assistance with registration and other legal obligations, and access to finance and infrastructure can have a transformative impact on local economies, fostering inclusivity and sustainable growth.

V. DISCUSSION

The economic challenges faced by the AbaQulusi Local Municipality are extensively documented. The Local Municipality is under the administration of the KwaZulu-Natal Provincial Government. The findings from this study indicate that in the past few years the Local Municipality has witnessed sluggish productivity growth, with signs of further deceleration, the unemployment rate has recently been increasing from already high levels, while inequality remains at a troubling level. This data is supported by the recent assessments of the AbaQulusi Local Municipality's 2023/2024 IDP and Budget Process Plan that indicate potential growth underscore a pattern of low and waning growth rates [15].

The study results show that the existing state of the AbaQulusi Local Municipality economy is not

sustainable. The data shows that persistent poor socioeconomic development exacerbates unemployment, poverty, and inequality, while the pronounced earning disparity fosters social disintegration and jeopardizes local economic progress. This high inequality gives rise to conflicting perspectives, making it difficult to reach compromises among the upper, middle, and the lower classes. This impasse leads to policy and strategy uncertainties, contributing to local economic frailty. The resolution of these financial challenges necessitates an instant concentration on policies and strategies that can bolster the AbaQulusi Local Municipality's potential for growth. However, these should be coupled with measures that reshape the distribution of development benefits and primarily reshape the proprietorship and control structures that oversee the local economy.

Efforts aimed at restructuring the AbaQulusi local economy need to adhere to the principles of sustainability and intergenerational equity. This implies that economic reform should be carried out in a way that doesn't jeopardize the enduring competitive advantage of the local economy within regional, provincial, and national labour and product markets. This highlights the significance of concurrently prioritizing local economic transformation, inclusive growth, and competitiveness, as it offers a coherent strategy for tackling the issues of unemployment, poverty, and inequality.

In the case of the AbaQulusi Local Municipality, local economic transformation signifies a swift and profound alteration in the mechanisms and arrangements of economic rights and domination. The central goal of this transformation is to establish opportunities for all residents of the AbaQulusi Local Municipality to lead productive, prosperous, and dignified lives. Several factors impede the greater participation of new businesses in the local economy, including scale economies, regulations favoring incumbents, ineffective policies assisting competitors, and competition laws biased towards larger firms. Additionally, historically entrenched spatial planning disadvantages previously disadvantaged individuals in terms of travel costs and job searches, hindering equitable participation in the economy. These factors, among others, obstruct meaningful local economic transformation in the AbaQulusi Local Municipality.

In terms of reducing inequality in the AbaQulusi Local Municipality, it is recommended that the Municipality applies inclusive growth when expanding its local economy. This will ensure that the benefits of growth are broadly shared. In other words, economic growth must be accompanied by a reduction in inequality. However, the starting point should be an economy that grows. A decline in investor confidence, compounded by political and policy uncertainties, institutional weaknesses, and unresolved regulatory disputes, has led to a low-

growth environment in the AbaQulusi Local Municipality. This limited growth jeopardizes the local economy's transformative potential, as it endangers vital social expenditures by the local government and the general progressiveness of taxation and expenditure policies. Moreover, limited growth obstructs the ability to use fiscal and tax policies in a counter-cyclical manner, strategies that could otherwise be employed to strengthen overall demand. In the long run, continual low growth might also jeopardize the local economy's prospects for sustained growth if it inhibits the execution of essential measures that enhance growth, such as productive infrastructure or high-quality education and skills training. A shift to a higher growth trajectory can result from structural transformation or expanding existing sectors with a clear comparative advantage, for example, high-value agriculture, which is labour-intensive.

CONCLUSION

Results from this study indicate that local economic development (LED) is a crucial strategy for addressing poverty and inequality in the AbaQulusi Local Municipality and South Africa in general. To achieve this, the formulation of IDPs and LED strategies should be pro-poor and aligned with redressing South Africa's historical imperatives. The legacy of apartheid has left a significant portion of the population marginalized and poor. Consequently, local governments in South Africa have embraced a pro-poor LED mandate, aiming to uplift disadvantaged communities, provide basic services, and improve their overall quality of life.

However, for sustainable development, it is vital to address the challenge of limited spin-off effects. While pro-poor LED initiatives are vital for addressing social inequalities, their success also hinges on generating spin-off effects that contribute to local economic growth. These spin-offs involve the creation of jobs, increased economic activity, and improved infrastructure, thereby stimulating the broader economy.

Therefore, a more balanced approach that combines pro-poor interventions with market-driven strategies is essential. By encouraging private investment, supporting entrepreneurship, and facilitating economic growth, LED initiatives can not only uplift marginalized communities but also create a broader positive impact on the local economy. South Africa's journey toward a more equitable and prosperous future requires an integrated approach that harnesses the power of both pro-poor and market-driven LED strategies.

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