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Place-based regional planning: shaping governance, planning policy and practices in a South African region, 1994–2022

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ABSTRACT

The governance of regions is activated through actors and institutions representing diverse interests. Using place-based planning, this paper reviews local planning in South Africa drawing upon a case study of the iLembe District. We argue that region building is constructed through economic and political forces, currently blocked by poor relationships between the state, civil society, business, and inter-governmental complexities. The study uses empirical evidence on the regional conditions of the iLembe District and associated municipalities, reviews of planning documents and legislation, and interviews with key stakeholders. The authors argue that the local planning framework is ineffectual, lacking strategic direction, and primarily servicing provincial and nationally derived compliance requirements, rather than meeting strategic developmental objectives. Most recently, the global pandemic emphasized interlinked vulnerabilities and weak linkages associated with globalisation and sustainable development, particularly with global supply and value chains, health systems, settlement patterns, energy production and food security. We argue for a new form of collaborative regional planning and governance framework which could be laid through a “learning region” approach as identified in the place-based literature. An example is unlocking green energy production as a value addition to the established but crisis-laden sugar industry in the case study.

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Governance; policy; place-based planning; regional economic development; green energy; South Africa

Introduction

This paper illustrates how regional economic decline can occur in otherwise promising regions, owing mainly to three factors – poor execution of otherwise sound national policy, lack of place-based planning, and failure to adopt so-called “quadruple helix” (Valdalisio & Wilson, 2015) approaches to innovation in regional development. Strategies and tactics for possible resolution of such deficiencies in the future are suggested.

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In many parts of the global South and, South Africa in particular, development and economic policies to achieve structural changes in regional economies are ineffectual in relation to government spending. In the case of South Africa, this is partly attributed to the ambitious scale of the transformative economic and social agenda since 1994. Another lies in the complex legislative and governance arrangements, conflicting priorities and corresponding to weak administration and uncoordinated capacity in government. These can sometimes raise conflicts between policy and politics which in turn can render national, provincial or metropolitan-derived development policies ineffectual (Horn, 2020). In addition, the persistence of what Asheim (2012) would term the negative “cognitive distance of key actors” in a potential “learning region” can thwart possible entrepreneurialism and development synergies in otherwise promising localities. The result is growing inequalities, spatially, economically and socially compounded by low economic growth, increasing unemployment and resultant poverty despite three decades of democratic governance.

The paper is structured in the following way: The literature on contested meanings of regional development planning is reviewed. A place-based approach is suggested along with the quadruple helix and learning regions concepts as holding potential for moving forward out of aspects of the current South African development malaise. A third section outlines the research methodology in which regional and spatial planning policy in South Africa since 1994 is traced, with specific attention to institutional planning frameworks at the district and municipal level. A fourth explores regional development planning through a place-based lens in the case of the iLembe District Municipality and its associated local municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe in the Province of KwaZulu-Natal (KZN). The planning practices in iLembe and associated local municipalities are analyzed using criteria associated with place-based planning, namely: institutional context, financing and capabilities, multi-sector stakeholder collaboration, and strategic planning competence and comparative advantage analysis. A case study of failed localized green energy initiatives is used to illustrate the conflicted relationships between different stakeholders. Findings from the evidence presented draw out potential new forms of regional governance and collaborative efforts toward integrated sustainable development.

Literature review

Spatial inequalities and uneven development have long been a concern for territories – nations, regions, cities and municipalities, and more so in former colonial territories, where discourses on regional development are contested and linked to what local and regional development is for, and what it is designed to achieve (Pike et al., 2007, p. 1254, 1262; 2014, p. 23). Policies and strategies vary in relation to complex global challenges including global recessions, pandemics and ecological and climate change, all of which have local territorial impacts.

The literature on learning and innovation argues that relationships between the state, markets and people, and educational and research institutions, are important considerations both in shaping regional planning (Jessop, 2002; Valdaliso & Wilson, 2015), and as a tool for transforming regional structures (Foray et al., 2018, p. 17).

In terms of impediments, historical roots are important. Critical scholars such as Escobar (2010) and Frank (1979) have traced the origins of post-colonial regional inequalities in Africa and South America. During the 1980s, Frank's (1979) writings influenced several in South Africa's leading African National Congress party. For these scholars, there was a necessary interdependence (through unequal exchange and value flows) in the development of "core regions" which were economically linked to the colonizing powers' interests, and the peripheries which were intended primarily as sources of cheap labor. More recently, regional planning has assumed that necessary interdependencies in the development of underdevelopment can be overcome, and a range of associated tools are now widely used in different scales of national, regional, metropolitan and economic spatial planning. Amongst these are strategies regarded as essential for supporting economic development and competitiveness in the epoch of globalization (Amin, 1999, p. 375; Brenner & Wachsmuth, 2012, p. 178; Castells, 2014, p. 6; Dawkins, 2003, p. 132; Porter, 1998, p. 78; Storper, 1997, p. 126).

Much of the South African interpretation of this literature however has been either guarded or pejorative with respect to competitiveness concepts. For example, concerns with rates of economic change and its positive or negative impacts are seen as "raising the specter of competitiveness" for socialist-minded policymakers and politicians alike, especially in a country where socialist or at least social-democratic sentiments hold sway within the ruling party. The so-called Reconstruction and Development Programme (RDP) which dominated the South African policy landscape in the mid-1990s was one example of such scepticism (African National Congress, 1994). There were however growing exceptions. The more recent National Development Plan (South Africa, 2011) for example articulated a strong position for developing the competitiveness of the South African economy. Proposals included improving productivity, innovation, developing a knowledge economy and promotion of green energy, in line with global discourses and the African Union's agenda (NEPAD, 2014).

Whilst competitiveness and its application to regional and territorial cases continue to be challenged (Amin & Thrift, 2000; Boschma, 2005; Garretsen & Martin, 2010; Turok, 2004), there is some agreement that territorial competitiveness refers to the "presence of conditions that both enable firms to compete in their chosen market, and allow the value those firms generate to be captured ..." (Valdaliso & Wilson, 2015, p. 50). Storper and others (Jessop, 2014; Storper & Scott, 1995) suggest that competitiveness must be consistent with the capacity of a region to "attract and maintain firms with stable and rising market shares in activities whilst maintaining increasing standards of living for those who participate in it" (Storper, 1995, p. 286). In sum, it includes the assets of a region such as the level of human and innovative capacity, and quality of local infrastructure. Hence the idea of competitiveness is place-based in which "people, firms, and other institutions all need the right environment to thrive ..." (Valdaliso & Wilson, 2015, p. 1). Importantly, these concerns are not just about the financial bottom line, and include social, economic and ecologically sustainable development, and place-based interventions that have strategic intention.

Furthermore, significant differences in regional development experiences, institutional and legal contexts, particular planning cultures and traditions, and identity, are present (Friedmann, 2001; Healey & Upton, 2010; Paasi, 2013; Scott & Storper, 2007). Regions

that face serious economic and social problems, are referred to as “problem regions”, “lagging regions”, “less favored regions” and “underperforming regions” (Hall, 1992, p. 63; Pike et al., 2007, p. 1262). Three main views about such problem regions dominate the regional development literature where Todes and Turok (2018, p. 3) provide a useful conceptual framework, namely spatial rebalancing, space-neutral and place-based.

In the spatial rebalancing frame, the supply of decentralized state-led infrastructure is seen as a way of narrowing the gap between well-performing economic areas and lagging regions whereby economic convergence is ostensibly promoted (Pike et al., 2017, p. 51). In the space neutral or “space blind” perspective emphasis is on “new economic geography” and endogenous growth theories (human capital and innovation) prioritizing agglomeration economies, distance, and the role of cities (Krugman, 1995, 2011), where maximum growth is achieved through improving efficiency and more equitable outcomes are also expected. The place-based concept emphasizes that spatial planning can play a key role in fostering more balanced, sustainable, territorially integrated development through multi-level, multi-scaler and multi-actor governance arrangements (Barca et al., 2012; OECD, 2015; Rodríguez-Pose & Wilkie, 2017), and discussed more fully below.

Place-based planning

The attributes of a place-based approach include enhancing the comparative advantage of an area, its human and natural assets, and social, cultural and institutional capabilities. The quality, capacity, regulatory environment, leadership and adaptive learning capability are also emphasized wherein institutional issues are key in considering why place-based policies and strategies have or have not been effective (Barca et al., 2012, p. 136; OECD, 2015, p. 208; Todes & Turok, 2018, p. 6). In addition, there is an emphasis on public policy in revitalizing local economies through innovation, new technologies and commercialization and production thereof, improving the effectiveness of supply chains, public and private sectors, civil society, building social capital and collaborative efforts, and “co-operative competition” (Nalebuff & Brandenburger, 1997, pp. 20–30).

Todes and Turok (2018, p. 21), suggest that deep infrastructure deficits in South Africa created by historical conditions, necessitated a state-led spatial rebalancing approach along with space-neutral interventions to achieve economic redistribution, growth and efficiency. Rodríguez-Pose and Wilkie (2017, pp. 158–159) warn of the dangers of horizontal and vertical co-ordination failures in a multi-level governance system, like South Africa, where dominance of one group over others can result in “sub-optimal” outcomes in place-based planning. In the case of South Africa, Todes and Turok (Todes & Turok, 2018) Rogerson (2014) and Rogerson and Nel (2016) argue that place-based development planning is still nascent and should not be seen as the panacea for the current challenges faced by different places. A mix of space rebalancing, space neutral and place-based planning appropriate to the context is suggested, along with spatial awareness associated with sector policies and interventions.

The quadruple helix and learning regions

Whilst the place-based literature has offered some potential for understanding “problem regions”, it has not been especially useful in offering tools for diagnosing lack of

responsiveness to otherwise positive place-based policies and strategies. Based on the anomalies from the evidence in iLembe, we suggest that two concepts – the quadruple helix and learning regions – offer potential in that regard.

In the case of the European Union, and successfully applied in African countries, the “quadruple helix” framework for innovation as part of the Research and Innovation Strategies for Smart Specialization (RIS3) regional strategy offers new insights (Dosso et al., 2022; Foray et al., 2018). The roots lie in what Asheim (2012) termed a “learning regions” where common features in organizational evolution include: relatively diminished roles for the state and state bureaucracies in directing regional dynamics (partly due to lack of state capacity and/or interest); convergence of multiple interest groups with common concerns about the trajectories of sustainable development within a given geographical area; and their active and material contributions toward regional economic development. In addition, there is common recognition amongst such participating interest groups that innovation, knowledge and learning enhancements focused on the region of concern are vital to the economic future of the region.

Asheim (2012, p. 994) suggests a widely accepted view that “learning regions should be looked upon as a strategy for the formulation of long-term partnership-based development strategies initiating learning-based processes of innovation and change”. A key conclusion reached for success in such strategies deserves highlighting: “The cognitive distance of key actors in the broadly and narrowly defined innovation systems should not be too wide, and the connectivity within and between the systems high” (2012, p. 1002).

We will return to this important point about strategy for regional development change later, but for now, the approach discussed by Asheim (2012) has been applied in some of sub-Saharan Africa’s highest economic growth contexts. Dosso et al. (2022, p. 2) note in their introduction to a case study of Cote D’Ivoire that:

“Smart Specialisation Strategies (S3) are based on the concept of knowledge-based economic transformation agendas. They aim at developing the competitive advantages of a territory – country or subnational region – by matching the research and innovation assets with the local challenges and business sector needs and capabilities. To achieve this, policies must be evidence-based and tailored to the local context, acknowledging that different pathways for regional innovation and development exist”.

Dosso et al. (2022, p. 6) observe with regard to Cote D’Ivoire – which has experienced 6% – p.a. GDP growth by comparison with South Africa’s 1% p.a. – that the growing alignment between training and R&D institutions and the (mainly agri-value chain) economic growth potentials offer the cornerstone for expanding inclusive growth, focusing on strengthening institutional learning, innovation and emphasis on inclusive stakeholder practices. In the discussion to follow, we suggest that these ideas offer the potential for resolving the ongoing negative development trends within one particular lagging South African region.

Method

The research is based on a case study of the iLembe District and associated local municipalities, a typical example of a post-apartheid municipality associated with national policy deployment and planning at the local level. The data collection included document analysis of planning and policy documents, Statistics South Africa (StatsSA) data, and 24

structured interviews with key planning and development role players, amongst other sources.

The research questions related to a large extent to our initial research problem: Why was it that a region with so much potential – good quality agricultural land, excellent road and rail infrastructure, with a new international airport close by, and located adjacent to southern Africa’s two busiest ports – was/is going into economic decline and deepening social inequalities? Part of the answer we hypothesized, must lie in the national context mixed with local complicating factors. Before considering the complexities of the local context, however, a review of the national context, especially those aspects relevant to land and development planning follows.

Contexts: South African settlement history and policy, institutions and competitive advantage

The idea that history matters, that regional strategies can be employed for any place, and that development is not an event but a process are well documented in the literature (Barca et al., 2012, p. 136; Freund & Witt, 2010, p. 4; Harrison & Todes, 2001, p. 66). Previous public policies help shape the structural conditions in which the economic sectors, assets of a place, capabilities and skills base are situated, in what Valdalisio and Wilson (2015, p. 113) refer to as “path dependent” processes.

The broad history of settlement, warfare and land dispossession in South Africa is well-known, but for present orientation, a key feature of that history is how land was divided between commercial farming areas owned largely by white settlers and smaller amounts of communal or “tribal” lands occupied by indigenous Africans, and codified in terms of the 1913 Land Act soon after the formation of the Union government. In the Province now known as KwaZulu-Natal (KZN) this division was reflected in the separation of the province into Natal and the former KwaZulu Bantustan.

Briefly, in what is now the iLembe District on the mid-to-northern coastal areas of KZN, a sugar industry established itself in the “white” commercial farming areas and played a key role in road and rail infrastructure whose original alignment was intended to service the sugar mill towns. Otherwise, in land ownership and occupation terms, the iLembe District like others in the province had become segregated along racial lines with borders dating back to the nineteenth century following the Anglo-Zulu wars (Fair, 1982). Several KwaZulu areas remained insulated from the influences of the sugar industry, and cattle and maize were staples of the largely subsistence economy in these areas (Rogerson & McCarthy, 1992). There was almost no endogenous economic activity in these former KwaZulu areas, with most income coming from pensions or other state grants. Poverty and unemployment, worsened by periodic droughts, and rising input costs, have further undermined already marginal agricultural activities.

The political amalgamation of such underdeveloped areas with former “white” areas characterized by an already declining sugar industry, and with some coastal tourism growth nodes, was the set of contradictions inherited by a new group of District development planners post-apartheid. Understanding the dilemmas of a new generation of “regional planners” working with this older set of challenges, but now in a new institutional environment, requires a review of the evolution of that development planning environment over the past three decades.

South African spatial planning post-1994

At a national level, there was a transition into a new local government along with new policies, political and administrative systems, structures, institutions, legislation and other characteristics. The derived systems are extremely complex, and we can only touch on that complexity here.

In brief: Under apartheid, regional planning was defined largely in terms of industrial decentralization and growth centers focused on the so-called “homelands” (Dewar et al., 1986). Since 1994 regional planning fell away as a discredited instrument for growth and development, apart from a brief flirtation with growth corridors linking former Black and White areas (Harrison & Todes, 2001, p. 67). More generally, regional planning was replaced with newly demarcated political and administrative boundaries defined by the Local Government Municipal Government Demarcation Act of 1998, the Municipal Structures Act of 1998 and the Local Government Municipal Systems Act of 2000, and others, with defined responsibilities (Berrisford, 2011, p. 254). The economic base of a District was a factor considered in such demarcations, with an emphasis on functional economic regions. Nine new provinces were defined which reintegrated the Bantustans with formerly white areas. Shortly thereafter District and Local Municipalities were established, also according to racially integrated political criteria shown in Figure 1.

Furthermore, there emerged a complex government system in which a total of 29 national ministries (down from 45 in 2019), 9 provinces, 257 municipalities made up of

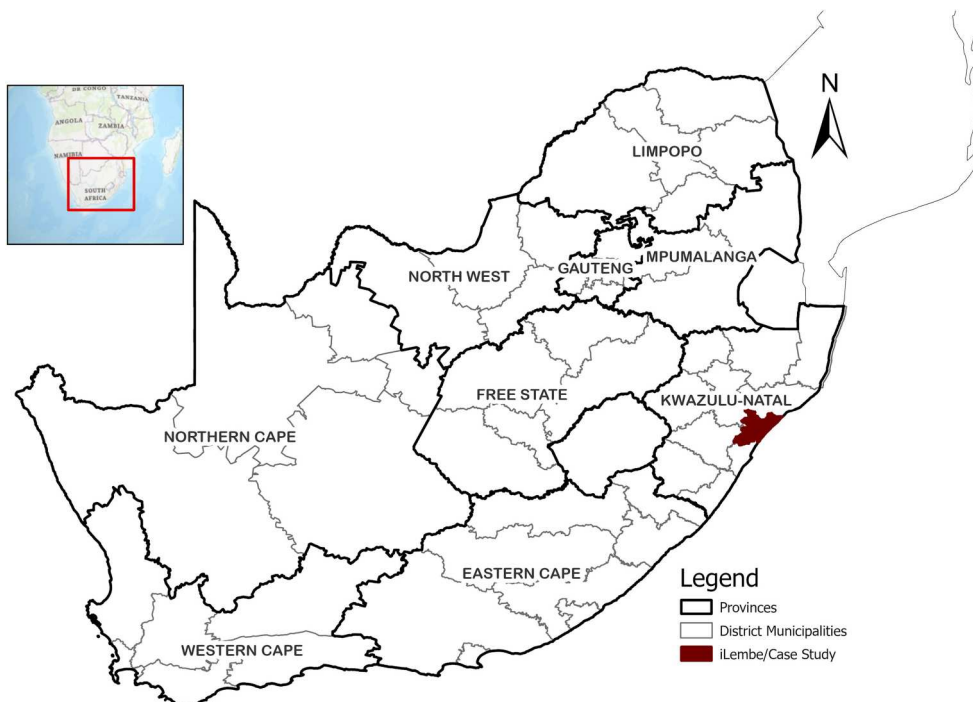


Figure 1. South Africa post-1994 showing Provinces and Districts, and iLembe District. Source: Kitching, J. and Ponnusamy, N. (Department of Town and Regional Planning, DUT, using GIS) in Lincoln (2020, p. 158).

8 metropolitan municipalities, 44 district municipalities and 205 local municipalities (<http://www.gov.za/>), service a population of 62 million South Africans (Statistics South Africa, 2022). Funding of local government is undertaken by the National Treasury as mandated by the Constitution and Intergovernmental Fiscal Relations Act of 1997 and the annual Division of Revenue Bill. Provinces and municipalities are funded through a system of grants, a provincial unconditional equitable share grant based on population distribution whereby basic services to poor households, institutional administrative support and community services are considered, and other grants as determined by the Fiscal and Finance Commission (Pearson et al., 2016; South Africa, 2014; Wittenberg, 2003).

Regional planning is the least developed planning instrument and allocated to the Provincial sphere in terms of Schedule 5 of the Constitution (South Africa, 1996). The enactment in 2015 of the Spatial Planning and Land Use Management Act, Act No. 16 of 2013 (SPLUMA) (South Africa, 2013, 2014) initiated a new level of planning and a resurgence of regional planning. Recent national economic policies include the New Growth Path (South Africa, 2010), the National Industrial Development Framework (South Africa, 2007), the 2017 Industrial Policy Action Plan (South Africa, 2017) and the most recent South African National Investment Plan 2050 (South Africa, 2022). These, ostensibly, were to facilitate re-industrialization, economic diversification, the green economy, labor-absorbing industrialization and developing of a knowledge-based economy.

These goals are not dissimilar to the African Union's Science, Technology and Innovation Strategy for Africa (STISA 2024) principles (Dosso et al., 2022, p. 4) and position of the United Nations' Sustainable Development Goals (Cumming et al., 2017). South Africa's National Development Plan Vision for 2030, argues for a developmental state and a more inclusive and dynamic competitive economy in which the benefits are shared more equally, including an ambitious 5% growth rate and targeting reductions in unemployment from 36% to 6% (South Africa, 2011). The National Spatial Development Framework 2050 (Department of Agriculture et al., 2023) is the latest long-term plan adopted in 2022, and aims to address inter alia spatial transformation, human settlements and sustainable development of regions. However as one respondent indicated, national policy does not feature in local-level planning in a systematic and coordinated way:

“In our planning of SDFs and IDPs, there is a section that speaks about the NDP, provincial policy and so on. But specifically, when you talk about how do we at a local level achieve a 5% economic growth rate, I don't think there is a concerted drive to say these are things we are introducing, or interventions that we want to make. We are not thinking about this in terms of infrastructure, electricity, water, sanitation, housing, business needs and others.”
(Respondent 5)

Government coordination is managed through the Intergovernmental Relations Framework Act of 2005 (IGR), made up of crosscutting ministries, clusters, and technical committees, and is complex and burdensome for the size and shape of the public administration system, population characteristics and market needs. Whilst there are spatial planning instruments at provincial, district and local municipal spheres, at the national level these are lacking. Likewise, 129 national state-owned enterprises (SOE's) mainly responsible for supply-side infrastructure, such as transport, energy and financing, represent state monopoly over key areas, in which inefficiencies and high costs of doing business, especially for local

municipalities dependent on bulk supply of services in a local context are present. More recently, many SOE's are reportedly in a state of collapse due to maladministration, political interference and corruption (Smit, 2023).

The functions and powers of districts and local municipalities are set out in Chapter 7 of the Constitution (South Africa, 1996) and are fairly typical of municipalities worldwide. However, many South African local municipalities do not enjoy autonomy primarily due to an absence of jurisdictional independence at some levels of administration, limited fiscal powers to raise local taxes and dependency on grant funding from the National Treasury. In some areas of jurisdiction, there is an absence of taxation and levies on land and services, particularly in the former Bantustan areas and informal settlements (Rogerson & Nel, 2016, p. 129)

In 2019, the District Development Model (DDM) was launched in response to the crisis in local government (with many municipalities being technically bankrupt), the intention of the DDM was to improve coordination and alignment of scaler state activity, improve IGR, accountability and to integrate service delivery under a single development plan per district municipality (Mkhabela, 2019). However, the DDM did not address the roots of municipal financial crises. By 2021, the acuteness of the crisis associated with financial stress, mismanagement and deterioration of service delivery, potentially sounded the death knell of the initial developmental local government intention, as reported by successive Auditor General reports (Auditor General South Africa, 2018, 2019; 2020, p. 9). Hence criticism of the DDM continues as being ineffectual in addressing core problems that beset local government (Nel & Minnie, 2022, p. 50).

Case study: iLembe district municipality

This section deals with the policy environment and place-based impact for the District of iLembe and in which four Local Municipalities (KwaDukuza, Ndwedwe, Mandeni, and Maphumulo) and one District Municipality (iLembe) navigated national, provincial and local policies and strategies from 1994 to the present.

Institutional context and capabilities: policy, economy and institutional reform 1994–2022

The historical context and emerging regional development setting in iLembe have a bearing on the shape and form of the capabilities of the region. We have already referred to the prior apartheid context, but it is further elaborated here, as it has direct bearing on the ongoing structural challenges faced by the region. The last 30 years has been a bag of mixed fortunes for the iLembe District. The adoption of the Constitution in 1996 in which “developmental local government” was established, and in which the functions and responsibilities for co-operative governance between the spheres of government were initiated, ushered in a new period of institution building at a local level. In 1996, Transitional Local Council's (TLC's) were established across South Africa, along with the introduction of integrated development planning (IDP) as one of their functions.

In 2000, the Municipal Systems Act established, for the first time, a wall-to-wall municipal system that transcended the apartheid constructs, and brought local government to areas previously denied such services access. The demarcation process was

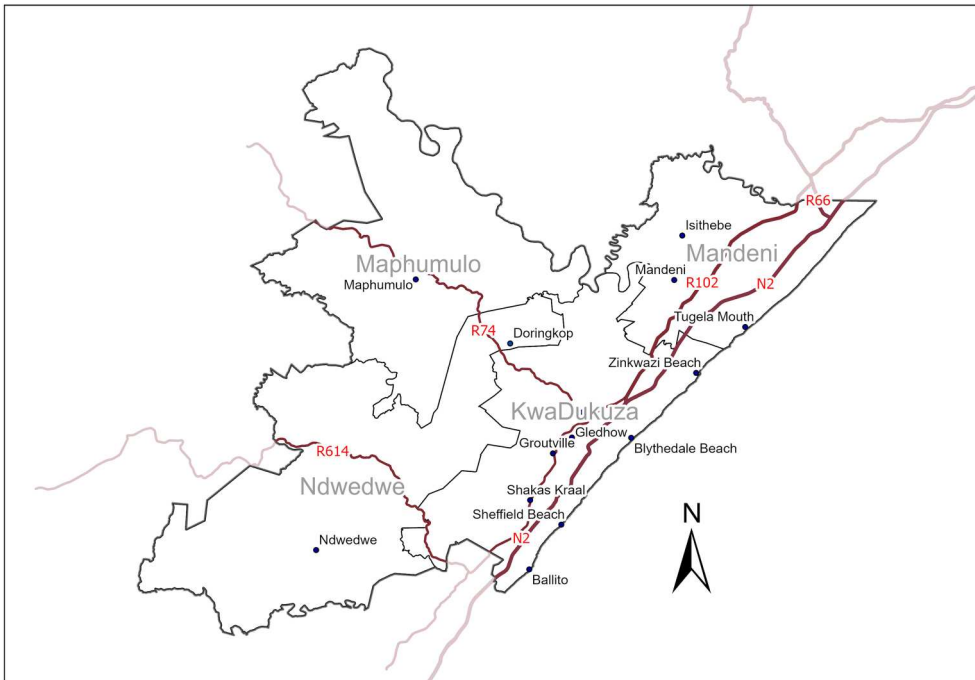


Figure 2. Locality map of the iLembe District and surrounding areas. Source: Kitching, J. and Ponnusamy, N. (Department of Town and Regional Planning, DUT, using GIS) in Lincoln (2020, p. 215).

completed in 2003 followed by the first democratic local government elections held in 2003. In the case of iLembe, District Municipality DC29 was established, incorporating the local municipalities of KwaDukuza, Mandeni, Maphumulo and Ndwedwe, represented in Figure 2. The required administrative and human capacity to support this enlarged local government structure was largely absent at the time and highlighted the structural disparities between places (Todes et al., 2003).

In the case of iLembe, three distinct periods of development from the post-1994 period to the present may be identified:

- (1) In the 1990s the main objective was to dismantle apartheid and build a new society based on Constitutional values and Bill of Rights, to restore dignity to all South Africans, and Black African people in particular, and building new local government administrative structures.
- (2) From 2003, the goal was consolidation of national policy objectives, socio-economic service delivery linked to local IDP's and aligned to national outcomes with IGR impact. Various national and provincial development strategies provided the backdrop. Attention on corridors and nodes cascading from a national, provincial and local context signalled a focused and spatially targeted approach. This was complemented by local economic development strategies, including co-operatives, infrastructure-led growth, agro-processing, and related activities. However: The articulation of national departments charged with economic policy and instruments were largely ineffectual at a local level. Moreover, business strategies and interests

were insufficiently considered, and collaborative building was within government rather than with its people, civil society organizations and businesses.

- (3) The period from 2009 signalled the operational and financial failure of local government and service delivery and a focus on “Back to Basics”, in response to increasing service delivery protests at the local government level (South Africa, 2016).

These phases indicate the institution-building influences over the last 30 years, in which vertical and horizontal government formations and institutions have had impacts on local areas. The electoral mandate for district and local-level municipalities is five years. The first District Council in iLembe was established in 1996 known as a transitional authority and was named the King Shaka District Municipality. It was headed by the Inkatha Freedom Party, the regional competitor to the nationally ruling ANC party, and represented a highly contentious period of transition in the province of KwaZulu Natal.

Since 2006, a majority ANC-led government has headed both the Province and District and facilitated relative stability in the political and economic climate, alignment to national policy and development of planning and related activities. The policy frameworks during this period, numbering some 24 national and 10 provincial plans, amplify the significant roles of national and provincial government and difficulties faced by local places to forge economic development strategies appropriate to their context, thus reinforcing the co-ordination dangers identified by Rodríguez-Pose and Wilkie (2017, pp. 158–159). As highlighted in interviews with spatial planners, the challenge of local planning and changes in political leadership creates further messy governance arrangements:

“The reason I am mentioning this is because of the changes that are made after every electoral period. If politicians don’t like the plans they say let’s redo it and it doesn’t consider the continuity of planning processes”. (Respondent 1)

iLembe district and local municipality context

iLembe is the smallest District in KwaZulu Natal in terms of land mass and population. According to the 2022 census, it is home to approximately 782 661 people, (just over 1% of the South African population of 62 million) which has been growing at a rate of some 1,7% p.a, with a youthful population where some 30% are under the age of 15. The gender breakdown is 52% female and 48% male. The unemployment rate was 31% in 2011, and among the youth (aged 15-35) was higher at 37%. Almost 40% of households earn no income, the majority of the population live on less than R 500 (US\$ 30) per month and are dependent upon state grants (iLembe District Municipality, 2023, p. 89).

Despite existing poverty levels, there is potential. The iLembe Integrated Development Plan (IDP) 2017–2022 (iLembe District Municipality, 2017) define the District as well located between two of Africa’s busiest ports, Durban and Richards Bay, and closely located to the new King-Shaka International Airport and its associated Dube Trade Port. It is also on the primary KwaZulu Natal Provincial economic development corridor, and well positioned in terms of local and international markets. The main economic activities are commercial farming (mainly sugar, some forestry and emerging mixed farming), and associated milling industry (Gledhow and Darnell mills), a Sappi Paper mill at Mandeni, property development and tourism.

Land holdings in the District present an interesting case. The majority of land (63%), is controlled by Traditional Authorities, jointly owned by the State and Ingonyama Trust Board (ITB) (iLembe District Municipality, 2023). The tribal authorities and communal land system sit alongside current administrative systems in which complex dual land use authority operates in the municipal space. The significance is that opportunities for land development are constrained because of communal tenure and continue to be a barrier to capital formation and accumulation for local populations. The productivity of land in large parts of ITB area is poor and, in some cases, topography and landscape exclude agricultural exploitation.

A further 31% of land contributes to commercial farming and is mainly privately-owned sugar cane. Both Tongaat Hulett and Illovo companies are major private land-owners in iLembe, and engaged in agricultural activity and milling operations, and are not insignificant multinational players in the South African economy. Their economic footprints extend into Mozambique and Zimbabwe, and until recently (2019), were listed on the London Stock Exchange. Arguably, the latter could be styled as operating in the mode of “dependent accumulation” as characterized by Frank (1979) of the necessary interplay of global capitalism and regional inequalities in South America.

Between Illovo Sugar and Tongaat Hulett, some 18 789 hectares (approximately 11, 18% of Tongaat Hulett’s South African land assets) in KwaZulu-Natal, have been transferred to 170 emerging small-scale Black farmers through land reform. Outside of these two large landholders, there have been some positive state-led land reform redistribution outcomes. This includes attempts at developing small and medium-sized small-scale farmers in KwaZulu-Natal, who now have access to 22,3% of freehold land representing 74,600 hectares (South African Sugar Association, 2016, p. 5). Since undertaking this research however, Tongaat Hulett has been placed under business rescue and the sugar industry as a whole has been plunged into crisis, the outcome of which at the time of writing is unresolved.

As discussed, National Treasury budget transfers to local municipalities since 1994 are mainly in the form of fiscal equalization instruments, or specific grants to deal with infrastructure and service backlogs. iLembe’s overall low income and tax base linked to high unemployment, highlight the extent of dependency through the large number of grant instruments collectively drawn upon by the District and local municipalities. This local fiscal dependence is compounded by some 40% of the District population that are, in turn, dependent for their survival upon pensions and other national grants, as well as multiple minor income streams (e.g. part-time, very low-wage work). An even greater proportion of the populations of the inland areas of Mandeni, Maphumulo and Ndwedwe are in a condition of poverty, whereas 70% of households were reliant upon a range of social grants by 2016 as part of the government’s pro-poor policy in eradicating poverty and reducing inequality (Lincoln, 2020, pp. 248–250). This reliance has likely deepened due to unemployment generated by the COVID-19 pandemic, widespread economic riots in KZN in 2021, and significant flood events in 2022 where after economic recovery has been slow.

Private sector and international development agency initiatives such as European development agencies and their local consultants have promoted “bottom-up” local economic development strategies in iLembe since the 1990s (PACA, 2005). Some

impact may have been achieved in setting up parastatal entities such as Enterprise iLembe which interfaced with the District Council and sponsored some small but creative development projects. However, these initiatives seemingly did not capture the imagination of either the major established businesses operating in the region or the Trade Unions. As Responded 6 indicated:

“Some of the LED initiatives of Enterprise iLembe have not integrated with the regional plan. These capital investment projects, the agricultural hubs, King Shaka Tourism Route and so forth will not take us to being a competitor, it will not help to unpack our opportunities in terms of linkages. Many of the current projects are not functioning, for example the agri-farms collapsed and are currently being repaired. ... The plan looked good on paper but was short on implementation.”

Likewise, KZN’s three major research and tertiary education institutions (DUT, UKZN, and UNIZULU) also remained largely outside of these initiatives. Indeed, the absence of these key potential players accounts for the almost negligible impact of bottom-up initiatives on aggregate outcomes in terms of economic growth and employment. By comparison, consider the apparent contrasts for example with high-growth Cote-D’Ivoire, as discussed by Dosso et al. (2022).

The downturn in the national economy since 2009 has resulted in economic contraction and higher unemployment in all sectors in South Africa generally and iLembe in particular as indicated in the Quarterly Employment and Labour Force Survey reports (Statistics South Africa, 2017). Agricultural employment has been particularly hard hit, including in iLembe. Moreover, in line with the country as a whole, this contraction was pronounced by 2020, and in KZN non-metropolitan areas during the pandemic, the number of unemployed rose year-on-year by a margin of 29.6% p.a (Statistics South Africa, 2021b).

Economic activity in iLembe in 2023 remained dominated by agriculture, including monopoly, large-scale sugar farming, some mixed farming, small-scale food production, subsistence agriculture and related informal sector activities. By comparison with the KZN province, the iLembe district had proportionately twice the provincial average number of employees engaged in agriculture (South Africa, 2020). Service industries in iLembe support farming-related activities in nodal towns, for example, servicing of farm vehicles, light engineering, insurance and farming-related inputs and equipment. However, in terms of economic output agriculture has been in decline in the KZN province in general and iLembe in particular. Recent Value Added (GVA) statistics offered by the government statistics agency as of 2021, showed that in 2010 GVA for agriculture in KZN province peaked in 2014 at R22.6 million (constant 2010 prices) and declined by 2016–18.2 million (Statistics South Africa, 2021a Table 26, GDP PO441). No equivalent geographically disaggregated data is available after 2016, but financial reporting figures from the leading agricultural companies in the province and iLembe District indicate a deepening of this decline after 2016. One example is the fall in the share price of the iLembe-region-focused Tongaat Hulett sugar farming and milling company to about a tenth of its 2016 value by 2020 (Tongaath Hulett, 2020).

Another key challenge is that of skills. According to a recent government report on iLembe (South Africa, 2020, p. 19):

“About 46% of the population is unskilled or semi-skilled, 39% are skilled, 15% are highly skilled. ... 2% are in possession of an undergraduate degree and only 1% have higher. 15% have no education at all and 16% have some primary education”.

The government recognised this local education and skills situation as a challenge, and that the focus should be on upskilling technical skills (2020, p. 20). The government pointed to a Further Education and Training (FET) teaching facility in Richards Bay some 60 km to the north of KwaDukuza/iLembe, but it also conceded that existing education and training facilities in iLembe are limited to two privately-run Colleges in the richer coastal strip focused more on routine engineering/maintenance skills.

Governance and multi-sector collaboration

Collaborative governance and networking in the place-based literature is to facilitate dialogue and participation with local actors and stakeholders, empower local economic actors, and facilitate common strategic objectives and purposes. It is also intended to provide an understanding of the capabilities and constraints of a place, and to encourage broader voices being articulated in developing the strategic territorial approach (Bentley & Pugalis, 2014; Rodríguez-Pose & Wilkie, 2017; Valdalisio & Wilson, 2015). Within iLembe and the four local municipalities, there is a large number of institutional organizations and structures that exist which could provide support to government, businesses and communities. In practice, however, our document reviews and interviews indicate that this rarely occurs.

In iLembe, there is documentary and oral evidence of “consultation” with communities and other organised stakeholders as statutorily mandated, limited to engagement with the IDP process, yet there is little public reporting on outcomes, nor has it resulted in strong governance and collaborative efforts. Organised business respondents expressed the need for more robust engagement and a willingness for collaboration in areas of strategic policy-making and implementation. In interviews conducted with planners from the study area and provincial planners that play an oversight role (Interviews 8,12,16 and 18), many commented that despite the legal requirement for participation, this has been lacking mainly due to financial resources and capacity and limited to the public municipal ward meetings rather than the desired qualitative outcomes. There is also little documented evidence of engagements with the business sectors (formal and informal), trade unions, civic associations and other local actors as shown in [Table 1](#).

Organised business indicated that consultation was limited and inadequate given the extent and reach of business interest in the District.

“The lack of institutional obligation to engage with the private sector ... lack of qualitative input in the District’s planning activities in terms of how influential the contribution is and what is the eventual output in terms of how the planning processes is changed or manifests itself as a result of the business community contribution, I have my doubts. I think that sometimes it is about compliance rather than really engaging with what the interests are of the business community”. (Respondent 17)

Evidence of cross-border and wider engagements with role players varied within the District and between the local municipalities. Respondents from KwaDukuza expressed the need to engage with the economically large eThekweni Metro centered some 60 km to their south, but did not necessarily mention the immediately poorer, neighboring

Table 1. Caption: Reported participatory processes and outcomes in four Local Municipalities and iLembe District Municipality.

Municipality and meetings relating to IDP and other related municipal strategies	Ward Meetings and Traditional Councils	Rate payers / Business / Labor / CBO's	Other
iLembe District	Attended 45 Local Municipality ward meetings (2016/17) Nov-Dec 2022 IDP public participation roadshow 2020–2023 Community Needs Assessment with 4 LMs	None reported on	
iLembe District Growth and Development Plan 2015 (Strategic Vision: 2050)		iLembe Chamber, Ingonyama Trust, HSRC (2014), Labor, Ratepayers Association, Taxi association	Enterprise iLembe
iLembe District LED Covid 19 Economic Recovery Plan – developed 11-point plan		District Command Council, iLembe Chamber of commerce, Enterprise iLembe, LMs, sector depts,	
KwaDukuza Local Municipality	29 ward meetings – 2016/17 IDP review reflects on details of community needs for the 1st time in IDP reporting – most issues identified are operational Local Municipality functions that are not being done Amakhosi – no detail of outcomes	iLembe Chamber, KwaDukuza Informal Traders Chamber, Millers, Farmers, Tourism Industry Players, SMME Forum	-
Mandeni Local Municipality	15 Ward (2016/17) Amakhosi	1 ratepayers / business	-
Maphumulo Local Municipality	7 Ward (2015/16) Amakhosi 2017–3 events combining 18 wards	-	-
Ndwedwe Local Municipality	10 Ward (2015/16) Amakhosi	-	-

Source: Lincoln (2020, p. 269).

municipalities. Whilst these are potentially easily connected, their policy neglect increases the *de facto* isolation of Maphumulo and Ndwedwe local municipalities. Massey (2004, p. 122) refers to this uneven development and inequality as the constituted relations of production where labor and different classes in society are represented in the spatial structuring of those unequal relationships “and which imply positions of dominance and subordination” and “a relationship between the periodization of an economy and its regionalization – its forms of uneven development.” Similarly, the economic development agency Enterprise iLembe has a strong presence in the wealthier towns of KwaDukuza and Mandeni, but it is difficult to see its impact on other poorer local municipalities – and in particular, it is difficult to see practical engagement with the idea of the “iLembe economic region”.

Place-based economic assets, characteristics and comparative advantage of iLembe

Public sector attempts at strategic planning for the iLembe District began in earnest in 2012, culminating in the 2015 District Growth and Development Strategy. In addition, a Local Economic Development Report was commissioned by the Department of Trade and Industry, in which industry value chains with the highest potential were identified and included horticulture, wood processing and sugar (United Nations Industrial Development Organisation, 2012, p. 21). The 2012 iLembe Economic Development

Strategy tended to build around the historical key economic sectors of agriculture (leading industry), manufacturing, tourism, information and communication technology, although it did hint at the green economy and a city building strategy as a “high road” scenario for future strategic direction to 2030 (iLembe District Municipality, 2012, pp. 20–27). Until recently these hints remained just that – notions without much further development.

By contrast, a recent study on innovative resource development of biofuels (Beires & Lincoln, 2017), made a strong case for developing new value chains in biomass energy for the region from underutilised potential in the sugar sector. Since 2000 the sugar industry has been in decline, with sugarcane production decreasing from 23 million tons to 18 million tons per annum. Small-scale farmers have been the hardest hit, their numbers reducing from 29,000–14,000. In the same period (2000–2016), mill capacity utilization dropped to less than 75% and 18 500 direct jobs have been lost (South African Sugar Association, 2016). This trend, along with the current Tongaat Hulett crisis, will continue as long as the industry depends only on sugar revenue, and not the full value of the sugarcane stalk. Various stakeholders have long argued that revenue from the production of electricity (derived from clean-burning cane tops and stalks) and derivation of ethanol as a by-product have become potential markets for the industry. Implementation in iLembe is however lacking. Yet this very implementation has become an international best practice, with the likes of Brazil and India both having very successful ethanol and renewable energy regimes in place for their sugar cane industries (Dubb et al., 2017, pp. 462–463). Importantly, ethanol production may not need to be concentrated in the established coastal economy of KwaDukuza but could rather be based inland in Ndwedwe and Maphumulo.

Regarding electricity, the SA Sugar Association argues that if the sugar industry were to be given a proper market regime for the sale of their renewable energy, they could produce in the region of 1000–2000MW and create 34 106 jobs (South African Sugar Association, 2016). The recently approved South African Sugarcane Value Chain Master Plan to 2030 (2020) supports creating diversified revenue streams and developing the value chain of sugar. Much of this could happen in the iLembe District, where several sugar mills are located. In the small sugar-producing nation of Mauritius, which is of similar geographical population and size to iLembe, about half of all electricity requirements are being met via electricity cogeneration from sugar mills. The following market innovations in iLembe are therefore suggested by Beires and Lincoln (2017, p. 1666):

- (1) New agreements between the sugar mills and the municipalities for part of the mill-generated electricity output at a set tariff, which would justify the significant capital costs.
- (2) Sugar mills could enter into offtake agreements with end-user industrial customers directly.
- (3) eThekweni (Durban) and iLembe municipalities in partnership with the industrial and commercial sectors could examine the option of developing an energy trading market.

They further argue that if a local biofuels regime were also to be considered the fastest implementation could be linked to the diversion of export sugar into fuel ethanol production and the sustainable expansion of sugarcane agriculture. The sugar industry

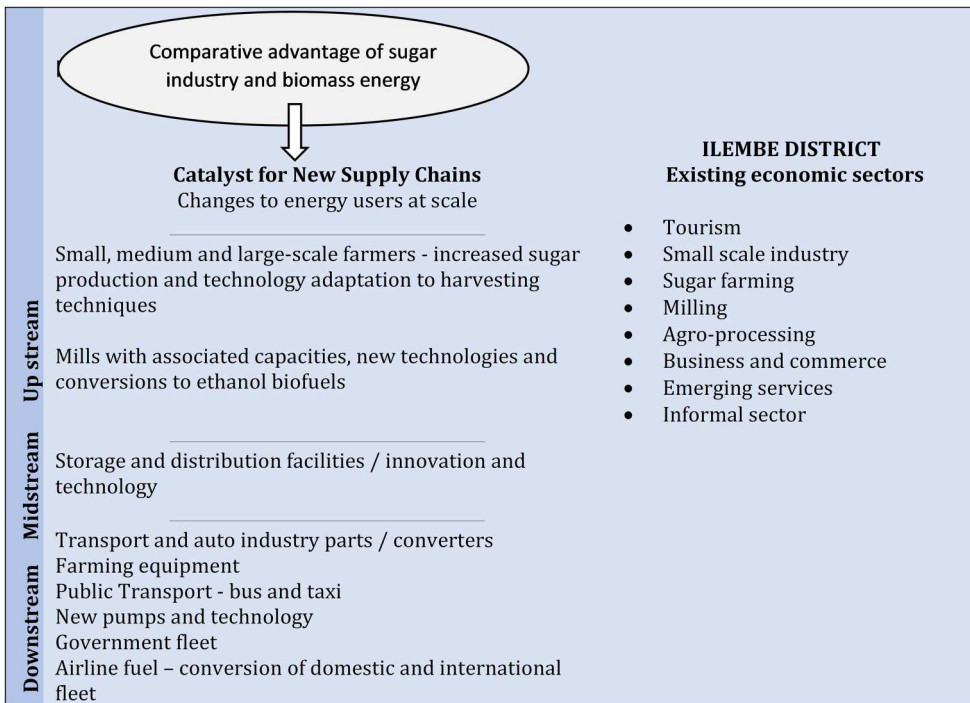


Figure 3. Comparative advantage of sugar industry and value chain potential in biomass energy. Source: Beires and Lincoln (2017, p. 1670).

produces 600 000–1 million tons of surplus sugar and this could potentially be converted to 360–600 million liters of bioethanol. The value chain potential is identified in [Figure 3](#) in which the comparative advantages in biomass energy could support the revitalization of a dominant local industry into a competitive local market with agglomeration effects.

Affordable energy supply continues to experience significant backlogs and is a lost opportunity in the District, particularly for the poor. Energy provision continues to be supply-driven and based on sectoral rather than territorial dimensions. A major opportunity is the potential to generate new income streams for local government whilst creating new employment based on sustainable industries. In particular, it offers areas where leakage is contained and the potential for sustainable local accumulation is stimulated. In all cases, there is unemployed and underutilised potential to bring in new entrants, especially small-scale farmers from Ndwedwe and Maphumulo. New job creation projections are substantial, as is the potential for value chain development in the food sector.

However, key constraints to the localized generation and production of energy as suggested by the biofuel case are: at the national government and policy level, the lack of a tariff regime and incentives despite a history of lobbying from the sugar industry that could have seen the supersizing of sugar mills to become major energy generators; the cumbersome procurement process outlined in the Municipal Finance Management Act (Africa, 2003), and which does not allow for long term offtake agreements because of the associated risks. In addition, the current collapsed state of local governments poses a challenge for implementing such a strategy. In the case of iLembe, there was no coordinated effort by business, local government and workers, despite rising cost

pressures of a new carbon tax regime which potentially incentivizes change. The fallback position has been continued sugar production and easy wins such as recyclable packaging, and agricultural diversification.

Findings and constraints

A key question for consideration before concluding is “Why are some of the opportunities referred to above not currently being taken advantage of within place-based regional development planning?” Our analysis suggests that to achieve sustainable regional transformation for the iLembe district, two key changes are required: First the current, complex governmental status quo represented as “disarticulation” requires change, and, second, the new modes of regional collaboration and skills development are needed.

Institutional reform in the governance and administrative system is required. Impediments to the realization of local energy production and distribution – for example – are known to be due to conflicting intergovernmental perspectives. Many have already tried and failed within iLembe to get localized, sugarcane-based forms of new energy supply operational, because they were blocked at the political center – notably via the National Energy Regulatory Agency (NERSA) and the implicit influences of the state-owned national energy producer (ESKOM) on central government departments (Republic of South Africa, 2018). South Africa has a so-called comprehensive approach to planning, but there are vertical and horizontal public policy coordination failures, increasingly felt at the local level. Partly due to duplication and capacity constraints, in poorly resourced municipalities the degree of co-dependency on national and provincial government as well as external agents for technical support leads to large-scale disarticulation of the system.

Opportunities for developing a strategic vision and regional identity, using a place-based territorial regional planning approach are constrained by a number of factors, but opportunities to change this also exist. It is here that the factor of “cognitive distance between key actors” (Asheim, 2012) referred to in our discussion of learning regions becomes vital. Initial analysis of the institutional and operational aspects of the planning and related governmental system suggests gaps and challenges for place-based planning. These include:

- (1) Poorly developed institutional capacity (people, skills and resources) to facilitate and develop cross-municipal-border planning, and duplication in spatial planning and management-related activities;
- (2) Mechanisms for collaborative planning efforts are not effectively utilised or sufficiently inclusive to include a wide range of stakeholders around policies, and associated different cognitive understandings of what the region and its economy might mean;
- (3) In the absence of a regionally situated R&D and tertiary education collaboration, there is a lack of a durable and strategic approach to sustainable energy and resource use – in particular developing the comparative advantages of the region, a long-term view of infrastructure and skills investment;
- (4) The current land arrangements across the commercial, private and communal land markets remain unresolved;

- (5) Lacking local leadership and resistance to adaptive learning in a rapidly changing environment; and
- (6) Contrasting the status quo of local municipalities versus a district municipality, but in which common challenges of poverty and unemployment, in particular amongst the youth, and a stagnant economy are evident.

Whilst recognizing that planning and administrative complexity is not unique to South Africa, opportunities for a place-based approach are evident where the potential benefits of a local industry facing challenges could be used as an opportunity to develop a win-win scenario with the potential to benefit numerous stakeholders. The governance responsibilities include a shared and collaborative approach to regional planning and development of local leadership capacity in all sectors and the development of a long-term territorial strategy for place-based planning. Table 2 suggests how such an approach could be utilised.

However, in policy terms, current land arrangements must also undergo change if transformation and new forms of development are to be achieved. Widespread local public participation in the benefits of local electricity and biofuels production for example will require reform of land ownership and tenure. The unresolved land reform issues as well as the traditional land arrangements do not provide the necessary certainty in which new forms of local capital accumulation can thrive, not only in iLembe but throughout the country. A recent OECD analysis of the South African economy concludes that: “**Land is a main source of inequality in South Africa**” (OECD, 2020, p. 6 emphasis original). How land reform is implemented in iLembe could prove critical to local economic development, whereas at present policy uncertainties in this domain are likely both undermining investor confidence, and perpetuating poverty.

Table 2. Proposed criteria for strategic regional place-based planning.

Assessment of local conditions	
	Robust understanding of how the local economy operates – what are the unique aspects of the locality, how can this be strengthened for comparative advantage. Identifying the challenges reshaping locational patterns of production, efficiency, innovation, technology, AI and finance, strategies that boost the competitiveness of local firms and market development in targeted areas.
	– Assessment of underutilised potential for enhancing regional competitiveness, reduce persistent inefficiency and inequality / focus on growth and jobs.
	– Use / develop quality data for better informed policy making, GIS, StatsSA, Business data, household surveys
	– What financial, technical and other resource can the strategy draw on?
	– What are the endogenous assets that can be used to mobilize and attract investment? What are the strategies to target inward investment?
	– What are the strategies to improve local human resources skills of local population?
	– What are the local strengths, viable economic activities, growth opportunities?
	– What are the weaknesses and threats (technical and institutional)?
	What are the bottlenecks to infrastructure development
	– what can be done about it?
	– Interactions between institutions and consideration of the wider regional context – what needs to be strengthened, how will this be done, who will do it? Who should be driving development?

Local stakeholder participation and engagement	<ul style="list-style-type: none"> – An important point of departure is that the knowledge needed for exploiting growth potential of a place must be produced through purposeful collaboration involving local and external actors. – Purpose is to empower local economic actors and individuals and build social capital. – Provides insights into local capabilities and resources. – Encourages articulation of views, concerns, issues that create the base of knowledge that informs the design of territorial specific economic development approach. – Importance of developing consensus, trust, resolve conflicts, mobilize resources, agreement on the provision of public goods – leads to buy in and payment for goods and services (avoid free rider problem).
Delineation of aims, priorities and objectives	<ul style="list-style-type: none"> – Participants include representatives of different communities, levels of government, organised business, informal sector, organised community representatives, trade unions, amongst other identified agents – Serves to unify and align priorities and actions and informs the establishment of priorities and objectives that are specific. – Corresponds to strengths, opportunities, constraints and limitations linked to the priorities of stakeholders. – Informs policies and initiatives.
Selection of policies, projects and initiatives to develop a long-term territorial strategy with the right policy mix and instruments	<ul style="list-style-type: none"> – Should inform territorial economic development approach leading to integrated place-based development that identifies general and specific strategies (Reasoning for and what will be done). – Vertical priorities (exogenous factors – climate change, capital mobility, migration), economic and technological factors; Horizontal priorities and capabilities of a region. – Place-based interventions should include integrated policies that co-ordinate infrastructure provision, amenities, facilities and services, business development and promotion of innovation. – Should be long-term development strategy where endogenous growth and strategies derived from contextual specificity with investment and other asset-backed vehicles. – Should have a growth pre-disposition that favors investment over subsidies

Source: Lincoln (2020, pp. 357–358).

Conclusions

Consistent with the research findings on place-based planning to date (Pugalis & Gray, 2016; Rodríguez-Pose & Wilkie, 2017; Todes & Turok, 2015), the application to the iLembe District Municipality is a mixed bag. Whilst the local state, in this case, the District, is empowered legislatively, financially and institutionally, in practice it is largely compliance-driven and administratively bound. Some ventures into cross-border planning are proving to be useful in erasing barriers to cooperation. There is the weak articulation of local economic voices, in which traditional business interests are asserted and those of emerging business and informal sectors are muted. Stakeholder participation is uneven, where the weakest voices are missing, and historical racial divisions undermine trust. Youth unemployment in particular requires urgent attention if the economic prospects are to be realized. In short, the necessary institutional maturity required for a place-based approach in iLembe does underly why place-based policies and strategies have not been effective.

The research suggests that for regions to realize comparative advantage and subsequent competitiveness, a place-based regional approach is key to addressing planning

concerns, upgrading and broadening the economic, institutional and social base and allowing innovation and entrepreneurship to flourish. A place-based approach requires functional regional planning relationships that reinforce widespread collaborative practices and move beyond the restrictions of administrative boundaries. The public sector holds significant power and authority in order to achieve this, and a new decentralized approach to green energy production would be a good place to start a variety of new inclusive growth paths.

Research ethics and consent

Written and informed consent to undertake interviews was obtained from the authorities of the District and Local Municipalities associated with this research, and ethics approval was granted from the Institutional Research Ethics Committee of the Durban University of Technology.

Disclosure statement

No potential conflict of interest was reported by the author(s).

Data availability statement

The data that support the findings of this research are part of a PhD study and is available from the corresponding author, [GML], upon reasonable request.

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