

# TOWNSHIP ECONOMIC DEVELOPMENT & INTEGRATION

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# 1. WHAT IS A TOWNSHIP?



# WHAT IS A TOWNSHIP?

“In many ways, the townships and especially the informal settlements are similar to the slums in much of the developing world, although never was a slum formed with such central planning and purpose as were some of the larger South African townships”

World Bank, 2014

- A distance from economic activity
- Low levels of services & infrastructure (water, sanitation, electricity and tarred roads)
- Low levels of enabling economic infrastructure

# THE ESTABLISHMENT OF TOWNSHIPS

Under apartheid, South African townships were established under the following conditions:

- An adequate distance from the white town
- To, as far as possible, adjoin existing African townships
- To be surrounded by open buffer areas
- Land available to expand away from white areas
- Within reach of public transport
- One road that connects to the town
- To be a considerable distance from main and national roads

= Structural Spatial Inequality and a Dual Economy

QUESTION: HOW MANY TOWNSHIPS ARE THERE IN  
GAUTENG?

ANSWER: ±119

Alexandra | Atteridgeville | Azaadville | Bekkersdal | Bloubostrand | Boipatong | Bophelong | Braamfischerville | Central-Western Jabavu | Cosmo City | Dalpark | Daveyton | De Deur | Diepkloof | Diepsloot | Dlamini | Dobsonville | Doornkop | Dube | Duduza | Dzanani | Ebony Park | Eersterus | Ekangala | Eldorado Park | Emdeni | Ennerdale | Etwatwa | Evaton | Fine Town | Ga-Rankuwa | Geluksdal | Hammanskraal | Inkangala | Ivory Park | Jabavu | Jabulani | Kagiso | Kanyamazaye | Katlahong | Khotso | Khutsong | Klipspruit | Kliptown | Kwa-Xuma | Kwa-Mhlanga | Kwa-Thema | Kya Sand | Laudium | Lawley | Lebowakaomo | Lenasia | Maboneng | Majeneng | Mamelodi | Mapela-Makopane | Mapetla | Matsulu | Meadowlands | Merafong | Mofolo | Mohlakeng | Mokopane | Moletsane | Moroka | Mothotlung | Munsieville | Mzimhlope | Naledi | Olievenhoutbosch | Orange Farm | Orlando | Ormonde View | Palm Springs | Pimville | Protea | Protea Glen | Rabie Ridge | Ratanda | Refilwe | Reiger Park | Residensia | Rethabile | Rethabiseng | Riverlea | Rockville | Saulsville | Sebenza | Sebokeng | Senoane | Seshego | Sharpeville | Siyabuswa | Soshanguve | Soweto | Stinkwater | Tarlton | Temba | Tembisa | Thabatshwane | Thokoza | Thlamahashe | Tladi | Toekomsrus | Tsakane | Tshepiso West | Tshiawelo | Vosloosrus | Walkerville | Wattville | Westbury | Winterveldt | Zakariya Park | Zithobeni | Zola | Zola South | Zondi | Zonkizizwe

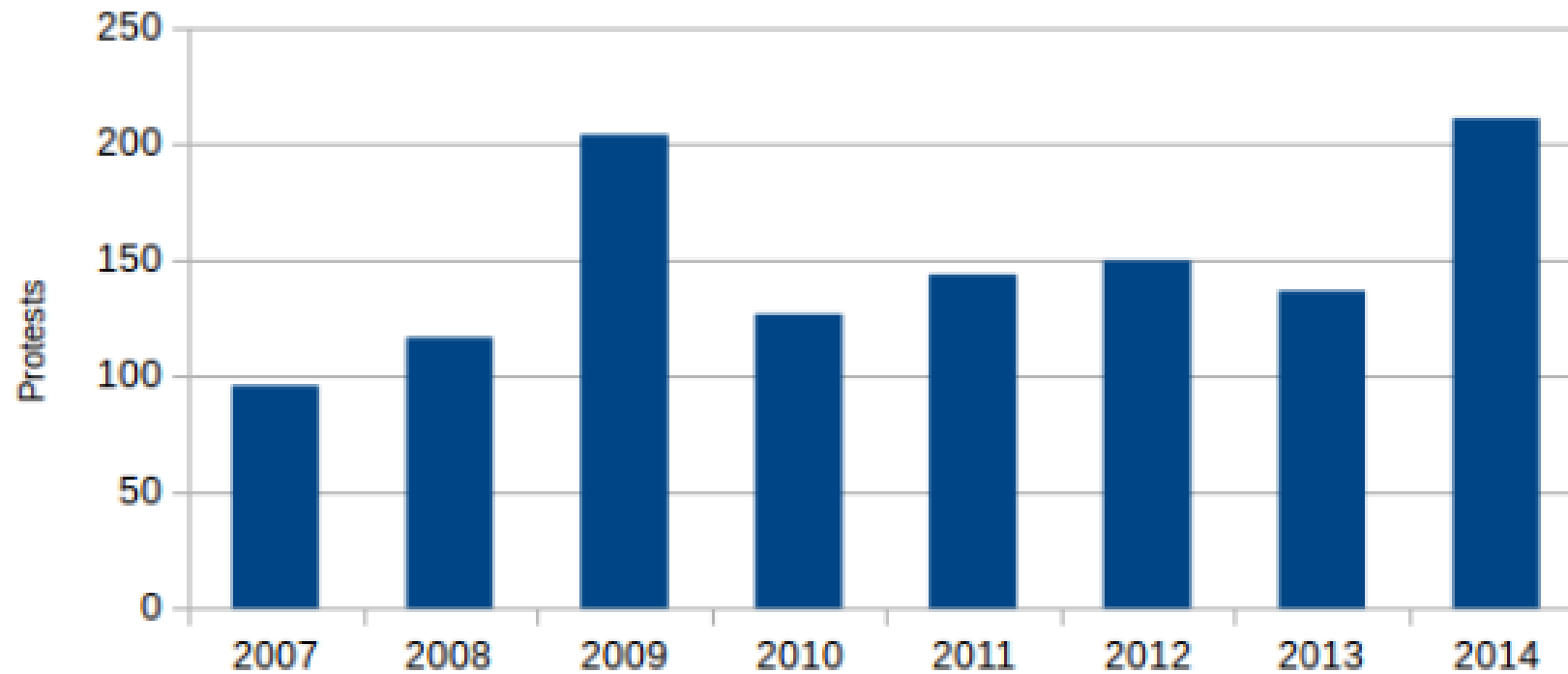
## 2. CHARACTERISTICS OF TOWNSHIPS

- A Microcosm of South Africa's Challenges
- Socio-Economic Characteristics
- Income and Poverty
- Access to Services, 2000 – 2011
- The Labour Market



# A MICROCOSM OF SOUTH AFRICA'S CHALLENGES

Number of Protests, 2007 - 2014



# A MICROCOSM OF SOUTH AFRICA'S CHALLENGES

Geographical Spread of Protests, 2012 – 2014 (%)



- Gauteng
- Western Cape
- Kwazulu-Natal
- North West
- Free State
- Limpopo
- Eastern Cape
- Mpumalanga
- Northern Cape

City Spread of Protests, 2012 – 2014 (%)



- Johannesburg
- Cape Town
- eThekweni
- Ekurhuleni
- Tshwane
- Nelson Mandela Bay
- Buffalo City
- Mangaung
- Non-Metros

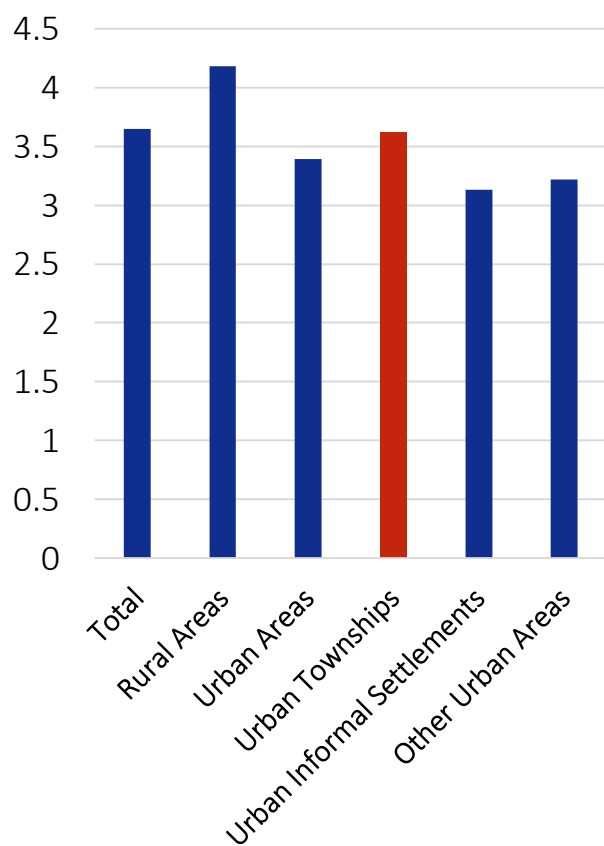
Grievances, 2012 – 2014 (%)



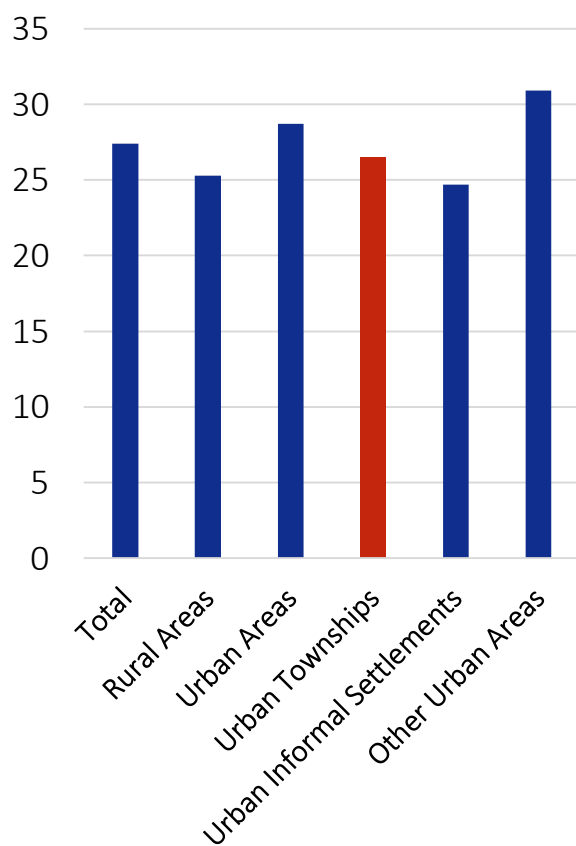
- Non-Municipal Services
- Party Political
- Municipal Governance
- Socio-Economic
- Unspecified Services
- Municipal Services

# SOCIO-ECONOMIC CHARACTERISTICS

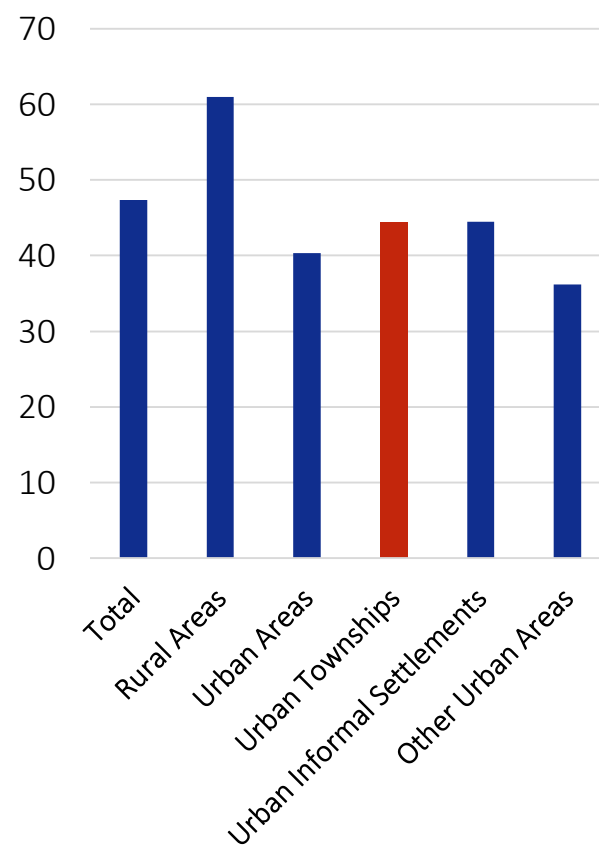
## Average Household Size, 2011



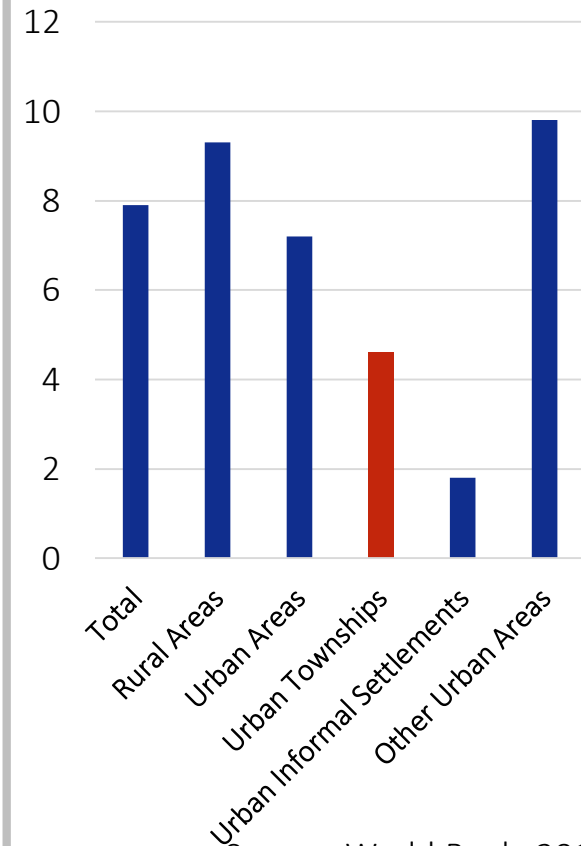
## Average Age, 2011



## Young Dependency Ratio, 2011

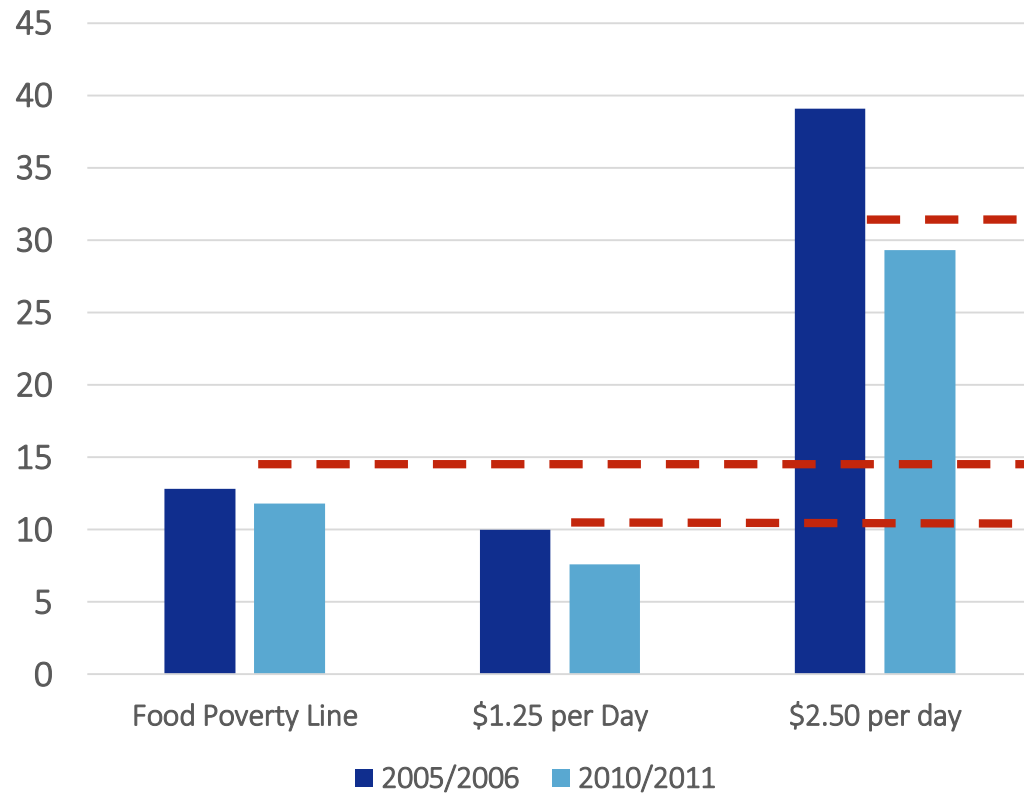


## Old Dependency Ratio, 2011

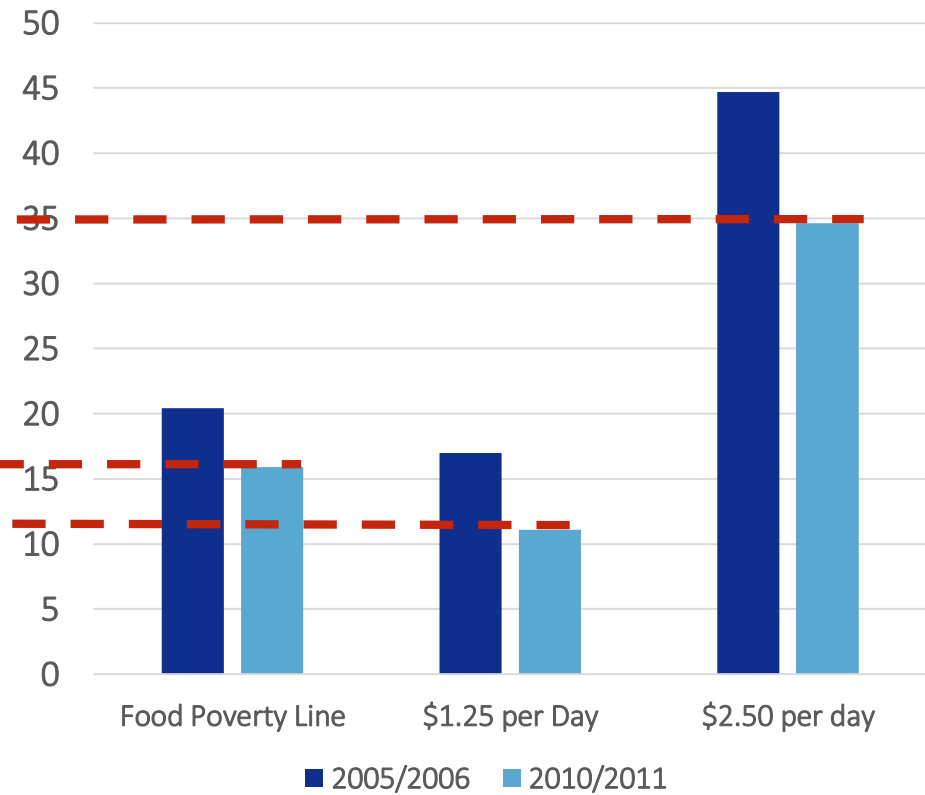


# INCOME AND POVERTY

Poverty Headcount (%), Urban Townships



Poverty Headcount (%), Total



# ACCESS TO SERVICES, 2000 – 2011

Improvements	Ongoing Challenges
<p><b>Housing</b></p> <ul style="list-style-type: none"><li>• Proportion of households living in RDP houses ↑ 17.3%</li><li>• But 59% living in shacks</li></ul> <p><b>Water</b></p> <ul style="list-style-type: none"><li>• 86.3% have access to water inside dwellings</li></ul>	<p><b>Sanitation</b></p> <ul style="list-style-type: none"><li>• Use of buckets down to 1% nationally, but 1.9% in townships and 4.4% in informal settlements</li></ul> <p><b>Electricity</b></p> <ul style="list-style-type: none"><li>• Proportion of households connected to electricity mains ↓ 0.6 percentage points with 80.6% of households having access</li></ul>

Challenges in meeting increasing demand as population grows

# THE LABOUR MARKET

	2000	2011
Working-Age Population	7.4 million (27% of total)	10.2 million (31% of total)
Labour Force	4.8 million (29% of total)	6.5 million (36% of total)
Employed	2.9 million (24% of total)	4.3 million (32% of total)
Unemployed	1.9 million (42% of total)	↑ 2.2 million (49% of total)
Discouraged Workers	0.4 million (27% of total)	↑ 0.5 million (20% of total)
Other Non-Economically Active	2.2 million (23% of total)	↑ 3.3 million (26% of total)
<hr/>		
Unemployment Rate, Narrow (%)	39.1%	33.4%
Unemployment Rate, Broad (%)	44.2%	38.2%
Labour Force Participation	64.8%	63.2%
Employment Rate	39.5%	42.1%

# 3. THE TOWNSHIP ECONOMY

- Dependence on Exogenous Growth
- Challenges in Township Development
- Key Sectors

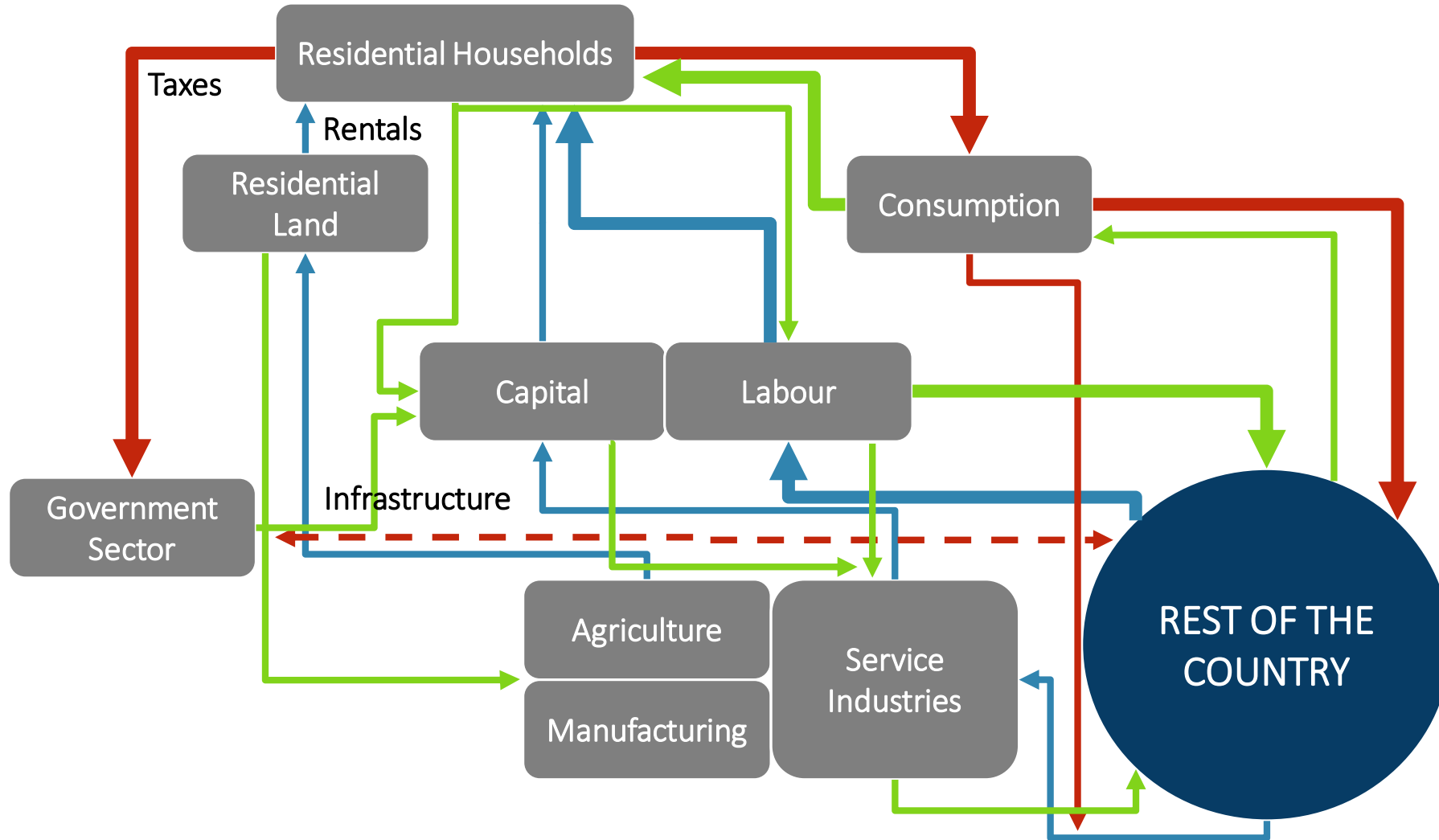
# THE TOWNSHIP ECONOMY

“Advanced economies don’t grow fast, lagging economies do. Thus the township economy not only can chug alongside the urban formal economy, but also can potentially become an important driver of near-term growth.”

World Bank, 2014



# DEPENDENCE ON EXOGENOUS GROWTH



- Reliant on residents working outside townships for capital = Reliant on exogenous sources of growth
- Townships not necessarily positioned to take advantage of growth in the broader economy
- Townships account for **31% of working-age** South Africans, but home to **49% of its unemployed**

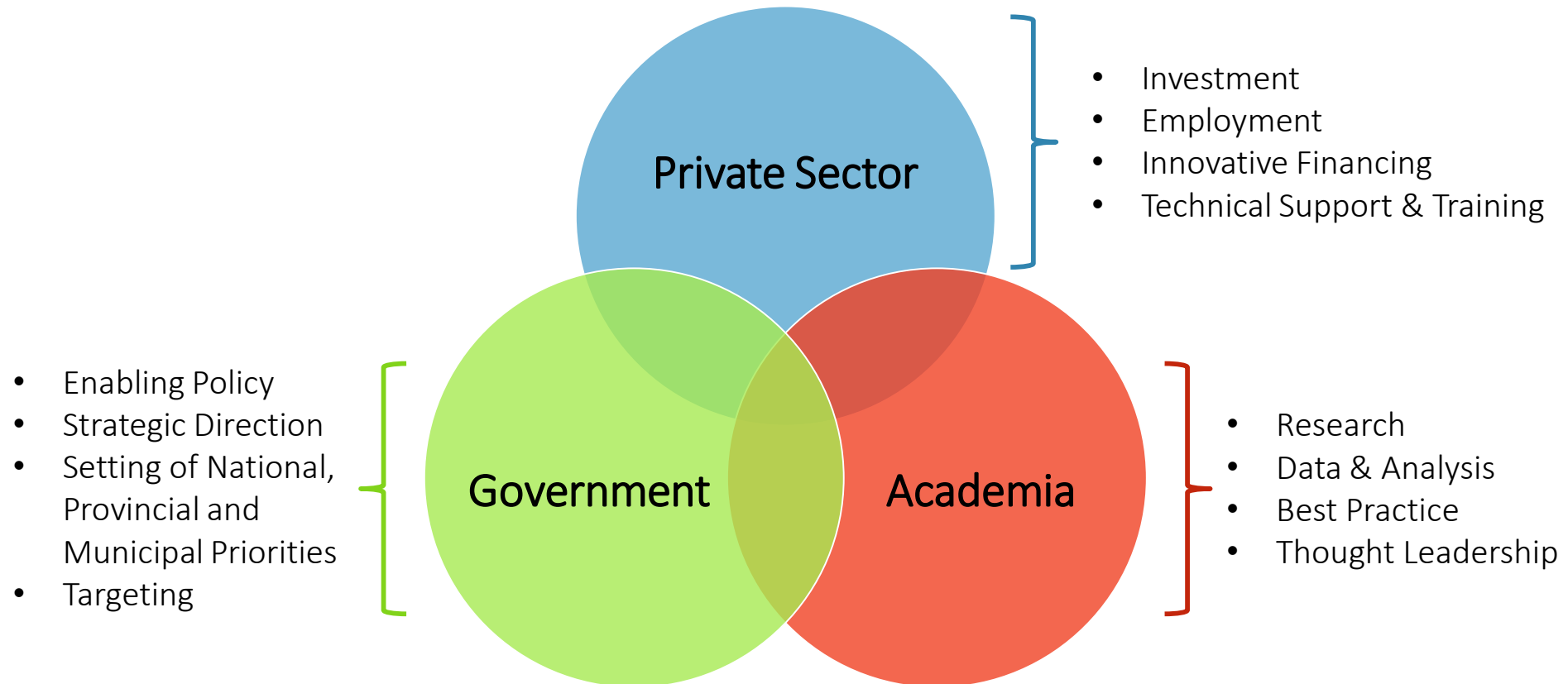
# KEY SECTORS

Sector	Challenges	Opportunities
<b>Agriculture</b>	<ul style="list-style-type: none"><li>• Scarcity of land</li><li>• Challenges of land + infrastructure + market access = economies of scale difficult</li></ul>	<ul style="list-style-type: none"><li>• Successful projects exist</li><li>• Sector important at subsistence and commercial level</li></ul>
<b>Manufacturing</b>	<ul style="list-style-type: none"><li>• Lack of infrastructure / access to suppliers / distribution networks</li><li>• General decline in sector</li></ul>	<ul style="list-style-type: none"><li>• Cheaper land often available</li></ul>
<b>Retail</b>	<ul style="list-style-type: none"><li>• Lower income</li><li>• Costs of new retail space</li></ul>	<ul style="list-style-type: none"><li>• Change expenditure patterns</li><li>• Rising middle class</li></ul>
<b>Services</b>	<ul style="list-style-type: none"><li>• Low activity in other sectors</li><li>• Skills and education constraints</li></ul>	<ul style="list-style-type: none"><li>• Growing middle class</li><li>• Public facilities could result in downstream demand</li></ul>
<b>Transport</b>	<ul style="list-style-type: none"><li>• Unidirectional flows</li><li>• Distance</li></ul>	<ul style="list-style-type: none"><li>• Increased provision of public transport infrastructure</li></ul>
<b>Tourism</b>	<ul style="list-style-type: none"><li>• Access to finance for marketing</li></ul>	<ul style="list-style-type: none"><li>• B&amp;Bs entrepreneurially driven</li><li>• Locational advantage</li></ul>

## 4. ENABLING SUCCESS

- Coordination and Alignment
- Promotion of Endogenous Growth
- Innovative Approaches

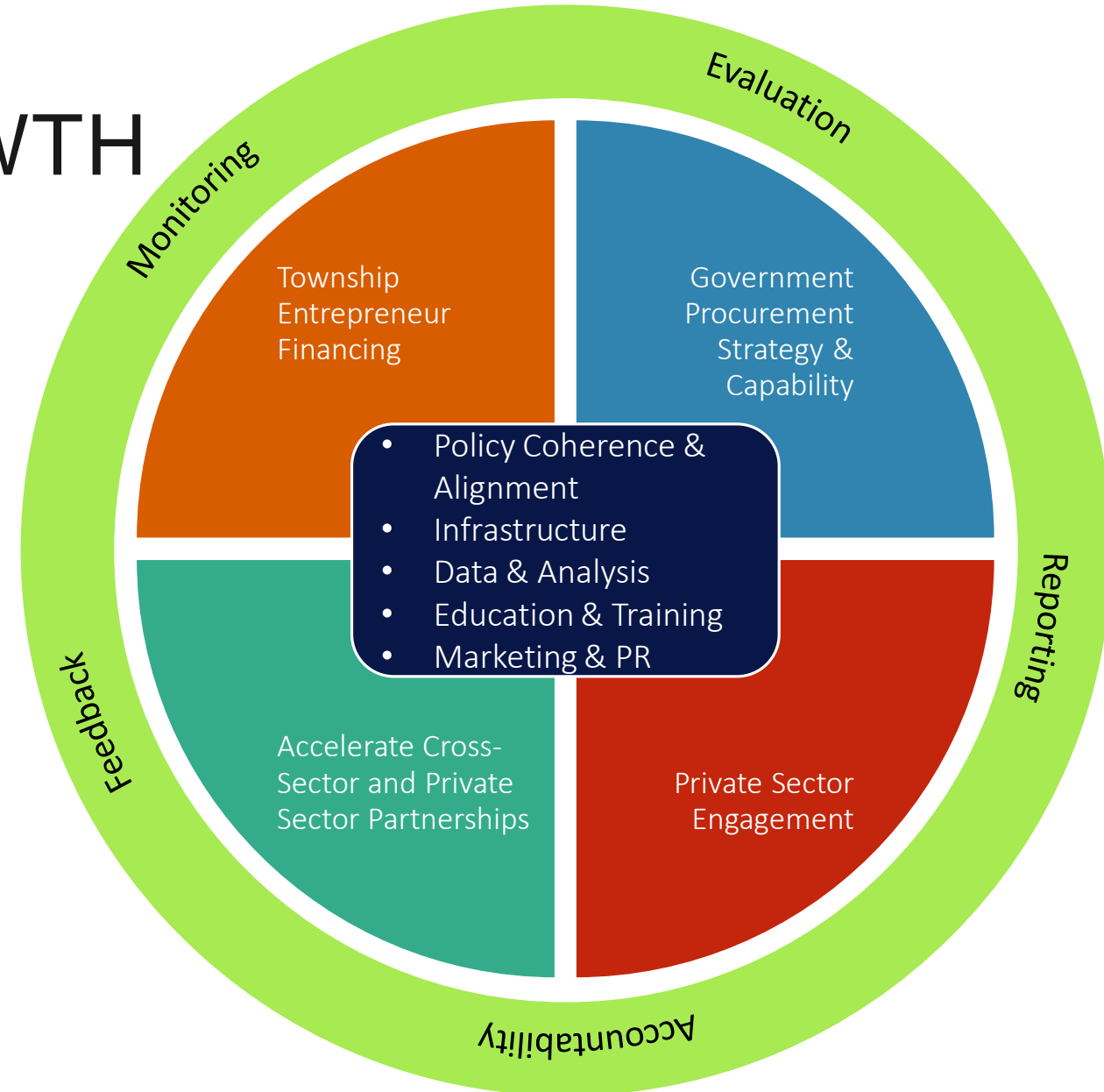
# COORDINATION & ALIGNMENT



# PROMOTION OF ENDOGENOUS GROWTH

## The Importance of:

- Multi-Focal Strategy
- Alignment of Government and the Private Sector
- Baseline Research
- Targeted and Informed Interventions



# INNOVATIVE APPROACHES

## Cairo, Egypt

- **Survey of Land:** Survey of state-owned land and understand the extent to land titles can be provided
- **Inclusion:** Recognise need to be part of the city
- **Finance:** Targeted – identified income segments and set regulatory reform and subsidy programmes for each segment

## Manila, Philippines

- **Land Tenure:** Issuance of presidential proclamations that declare state-owned land occupied informally as socialised housing sites
- **Housing Finance:** Development of the Community Mortgage Programme – access to finance for community associations (30 year repayment, 6% interest)
- **Housing Finance:** Microfinance provision, housing / community associations as intermediaries between households and banks

# INNOVATIVE APPROACHES

## Mumbai, India

- **Housing:** Relaxation of controls in the housing market, allowing the private sector to construct + considering tax on unused vacant land

## India

- **SMME Development:** Price advantages, thresholds and set-asides, and access to finance

## Sao Paulo, Brazil

- **E-Regularisation:** Use of information system to track housing / sanitation development targets and needs in settlements.
- **Feedback:** Information system feeds into strategic planning division of the municipality

## 5. CONCLUSIONS







# CONCLUSIONS

To be inserted