Redefining the Role of Townships in Economic Development

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Presentation Outline

• Policy context
• Towards the Township Economy
• Key Steps in Transforming Townships
## Context - policy

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Township Economy Strategy

- The Gauteng economy has major structural problems characterized by massive **unemployment, poverty, inequality** and **exclusion of a large number of the black population from meaningful economic participation and ownership**.

- Most of these people are in townships (70 -80%) which have been turned to mainly centers of consumption than productive economic activities.
Key Steps in Transforming Townships

a) Ensuring Appropriate Legal and Regulatory Environment
b) Promoting Manufacturing and Productive Activities
c) Economic Infrastructure & Clustered Enterprise Development
d) Promoting entrepreneurship Development
e) Access to Markets and Procurement
f) Promotion of Innovation and Indigenous Knowledge Systems
g) Establishing the Social and Economic Value of Township Enterprises
Key points for consideration

What is the post-apartheid role of townships?
- In Gauteng Townships are recognised for the inherent economic potential but still faces structural economic impediments.
- Drive social cohesion and economic solidarity.

What skills exist in townships that are key for economic development?
- Light manufacturing skills

What is the contribution of townships in the South Africa’s economic development efforts?
- There is limited beneficiation and value addition thereby leading to perpetuation financial and investment leakage.

What sectors could be brought to townships?
- Development of proper support programs for existing sectors i.e. market access opportunities.
- Retail, financial services, construction, manufacturing, creative industry, transportation.
Key points for consideration

Who are the drivers of township economic development?
• Government is leading the programme to revitalise the townships.
• Private sector has also started investing in key infrastructure

What are the obstacles of township economic development?
• Economic Infrastructure
• Markets
• Limited skills in some key enterprise development areas.

Exploring the impact of the retail sector in townships
• There has been a substantial investment in the townships but does not necessarily complement the economy.
• The traditional township retail business has crumbled not merely due to competition but also proven uncompetitive behaviour by property developers and established/big retailers

Turning townships from consumption hubs to production hubs