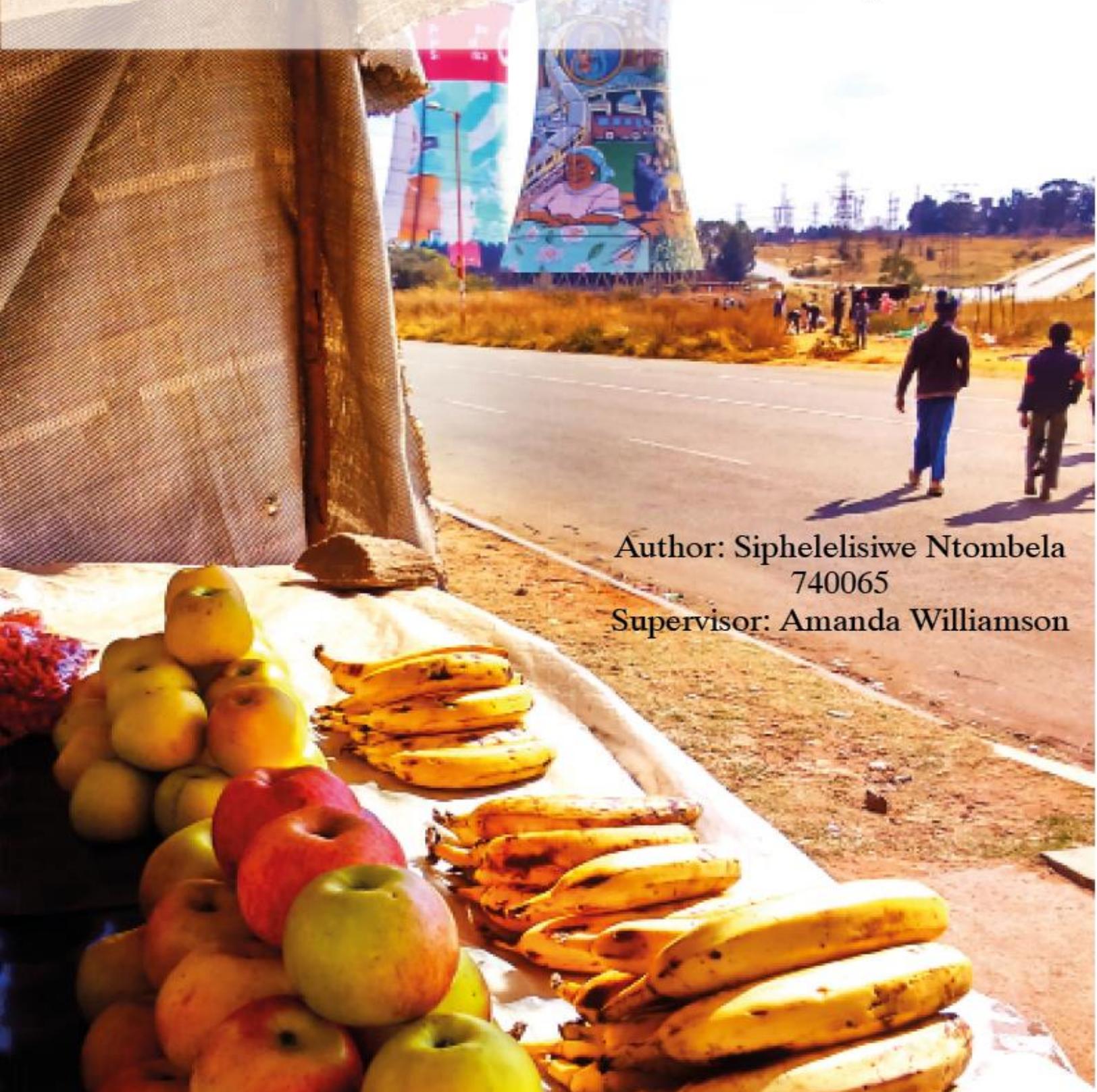


# The Effects of Spatial Planning on Local Economic Development: How has the Orlando eKhaya precinct plan impacted upon local businesses in Orlando, Soweto?



Author: Sipelelisiwe Ntombela  
740065

Supervisor: Amanda Williamson

A research report submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, Johannesburg in fulfilment of the requirements for the Bachelor of Science with Honours in Urban and Regional Planning  
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## Declaration

I declare that this research report is my own unaided work. It is submitted for the BSc Honours degree in Urban and Regional Planning to the Faculty of Engineering and the Built Environment at the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination to any other University.



Siphelisiwe Ntombela

November 2016

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## Abstract

Post-apartheid transformation is based on focusing on previously neglected areas and improving their economies to eradicate inequality and segregation. Strategic spatial plans tend to focus on a limited number of strategic areas that require intervention, while LED focuses on the improvement of the local economy. Both of these planning mechanisms can be regarded as tools to restructure the space economy in post-apartheid SA. Government initiatives, namely the National Treasury's Neighbourhood Development Partnership Grant (NDPG), have been designed to facilitate economic growth and development in township areas, informal settlements and other marginalised settlements. The importance of focusing on improving the economic vitality and fostering social development in townships is twofold: firstly, for eradicating the economic stagnation and correcting the infrastructure deficit in townships and secondly, addressing the lack of integration of townships within the greater economy of the city.

As a recipient of the NDPG, the Orlando eKhaya plan provides a useful scale to understand the relationship between strategic spatial planning and LED. The study sought to find out how this plan impacts upon local businesses in Orlando, Soweto, and specifically those in and around Bara Mall. The study draws on the experiences and perceptions of small business owners, in both the formal and informal sector. Face to face interviews with the business owners were conducted and policy documents were also consulted to provide a background to the planning interventions observed in Soweto. A desktop analysis of the spatial changes and economic performance of Soweto was also done to understand the realities of the space economy of Soweto and Johannesburg.

It was found that all business were first time business owners, which may be an indication of a blossoming entrepreneurial spirit in the township. However, this entrepreneurial activity occurs in a survivalist manner as business owners had minimal prospects of growing their businesses. The study found that formal businesses at Bara Mall are not profitable as most of them only make enough money to cover expenses. Many shops at the mall have closed due to high rents and their businesses are not benefitting from the surrounding developments. The main issues faced by the formal business owners were the lack of integration with surrounding developments and increased competition from informal traders. Another challenge was the departure of bigger businesses and banks (which results in fewer customers for the small businesses that remain). The shopping mall has provided a new trading zone for informal traders but their timeous evictions by the police reveal that hostile working conditions persist despite the traders' negotiations to occupy the space. Although they benefit from the foot traffic

outside the mall, the traders only make enough profits “to put food on the table” – like the majority of survivalist enterprises. All interviewees continued to buy their supplies from the city centre – which continues to reinforce the spatial and economic inequality between Johannesburg and the township. The poor performance of both formal and informal businesses provides some insight into the manner in which strategic planning and LED intersect in the township context. The dominant model for LED in townships has been found to be shopping malls – which attract informal activities. While the research sought to interrogate the Orlando eKhaya precinct plan’s ability to bring about LED, it emerged from the research findings that everyday realities may hinder the realisation of integrated strategic spatial planning in the envisaged manner. It has emerged that strategic spatial plans bring about unintended consequences, some of which are positive and benefit small businesses. Strategic planning in post-apartheid South Africa (especially in the township context) has been found to have minimal impacts on the ground and unable to adequately grapple with local conditions. There is an insufficient use of strategic planning as an instrument in LED in the case of Orlando eKhaya as the development of small businesses is not prioritised. Following the findings and analysis, the study provides recommendations for LED, strategic planning and the facilitation of the development of small businesses.

**Key words:** Strategic spatial planning, LED, post-apartheid, NDPG, Orlando eKhaya, township, shopping mall, small business, informal traders

## List of acronyms

**ASM** – Albonico Sack Metacity

**CBD** - Central Business District

**COJ** – City of Johannesburg

**FIRE** – Finance, Insurance and Real Estate

**GCRO** - Gauteng City Region Observatory

**GLA** – Gross Lettable Area

**GVA** – Gross Value Added

**IDP** – Integrated Development Plan

**JPC** – Johannesburg Property Company

**KFC** – Kentucky Fried Chicken

**LED** – Local Economic Development

**NDPG** – Neighbourhood Partnership Development Grant

**RSDF** – Regional Spatial Development Framework

**SEZ** – Soweto Empowerment Zone

**SMME** – Small Medium and Micro Enterprises

**UJ** – University of Johannesburg

**ULM** – Urban Landmark

**WB** – World Bank

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## **Chapter 1: Introducing the context of post-apartheid spatial planning**

Urban development patterns in South Africa have been largely shaped by colonial and apartheid policies. These policies created racially-segregated dormitory settlements on the urban periphery (known as townships) to provide labour to urban centres. In the post-apartheid era, there has been increased recognition by the state that townships require further attention in terms of correcting the inherently unequal space-economy of apartheid and fostering spatial transformation. In the Johannesburg metro area the Regional Spatial Development Framework (RSDF) is a key policy document for spatial transformation.

Strategic spatial planning has been a key planning tool used in the attempt to redirect investment and infrastructure to previously marginalised areas such as townships. Strategic spatial plans focus on a limited number of strategic areas that require intervention. They involve the pursuit of a long range vision of the desired spatial form of an area and depict a feasible idea of a potential future (Sartorio, 2005) that can be realised through spatial interventions. According to Todes (2008), spatial planning concepts make implicit assumptions about movement patterns, livelihood strategies and the nature of employment. These assumptions are not easily understood when conceptualised within a plan that broadly assesses key spatial issues. The extent to which spatial plans for townships have spurred development remains unclear. Many development policies make the assumption that economic growth will improve the living and working conditions of people and give rise to increased social benefits such as poverty alleviation. This assumption is problematic, however; as it does not tackle social issues such as unemployment, poverty and illiteracy. It is these issues which are manifested in economic conditions through a lack of a local economic base, an entrepreneurial environment and growth without development.

As one of the largest townships established under apartheid, Soweto has been prioritized by the state as a key focus area (CoJ, 2013) that requires significant attention in terms of resource distribution, infrastructure and capital investments. However, Gotz et al. (2014) question how equitable this transformation has been and who in Soweto has benefitted given that developments and growth are inherently uneven. Where developments have occurred, they have largely been in the retail, housing and religion sectors without any other significant private sector development. Formal retail has expanded but this has not significantly contributed to employment generation and the reduction in economic inequalities. The aim of economic development, especially in the post-apartheid era, is to improve people's lives by providing employment and a higher standard of living. However, the current

spate of development, which is mainly controlled by the private sector, is not advantageous to the people it is meant to benefit. There is a disjuncture between the aims of strategic spatial planning and the consequences of the spatial interventions they propose. In the pursuit of economic growth and improved living environments, spatial planning has brought about unintended repercussions such as the infiltration of national chain stores into township spaces, which provide increased competition to local businesses (Urban LandMark, 2013). This has occurred in the context of worsening existing social ills such as unemployment and poverty. Strategic spatial plans and interventions aiming to restructure the space-economy have not adequately considered the repercussions of the approach undertaken – which assumes that economic growth leads to development and that the introduction of large-scale retail developments will benefit all those they affect. This is however, not necessarily the case as attempts at improving the economy of the township may inadvertently thwart the development prospects of small businesses and displace informal traders.

### **Problem statement**

Township regeneration plans have been developed as a result of funding from the National Treasury in a programme known as the Neighbourhood Development Partnership Grant (NDPG). The state introduced the NDPG in 2006 as funding that would be used by municipalities to drive economic growth and development in township areas, informal settlements and other marginalised settlements. The economic development of township areas is a major priority in the post-apartheid era as it is where the spatial transformation of the city's economy can make the greatest impact given the intentional underdevelopment of townships during apartheid. While the capital grant funding for such efforts to release spatial transformation is provided at the national level by the National Treasury, the changes that the grant assists in realizing are made manifest at the local level.

Soweto was the largest township created under apartheid and has become the focal point for state-led post-apartheid restructuring. Under the RSDf for Region D, the Orlando eKhaya Precinct plan focuses development on a particular precinct in the Orlando/Diepkloof area. Orlando eKhaya was a precinct plan formulated to strategically develop and regenerate Orlando. It is one of many state-funded initiatives (through the NDPG) that aim to foster local economic development and spatial transformation in a township space.

It is at this level that the manner in which the township has transformed may be analysed. This research study seeks to use the precinct plan for Orlando eKhaya as a lens through which the township has

transformed spatially and economically. However it is important to interrogate the extent to which such an initiative has been able to make a difference in the township economy, the spatial organisation of economic activities, and the lives of township dwellers. Demonstrating the relationship between policy, national funding and the amount of transformation they can foster is important for assessing the efficacy of the state's approach to township development. It is also important for understanding the impact of planning tools such as strategic planning in realising the envisaged spatial transformation in post-apartheid South Africa.

## Rationale

This is an important research endeavour as the majority of black South Africans live in townships. The importance of focusing on improving the economic vitality and fostering social development in townships is twofold: firstly, for eradicating the economic stagnation and correcting the infrastructure deficit in townships and secondly, for addressing the lack of integration of townships with the greater economy of the city. The millions of people living in townships have created vibrant social spaces, in spite of their derelict physical and economic circumstances (Harrison, 2013). Therefore, research needs to be conducted into these areas in order to begin to understand how public sector planning and investment can more effectively respond to these issues. The improvement of the quality of life for black South Africans living in townships would have a major impact on inequality and persistent poverty that is prevalent across the country and is made manifest in township areas. Additionally, research into previously disadvantaged areas will also allow the state and planners as agents of the state to assess the efficacy of strategic spatial plans in improving the economy of Orlando. While the state conducts such evaluation research in its own capacity, this research will assist in understanding the impacts of the township development initiative from the perspective of the business owners themselves.

This research forms part of an enquiry into the contribution of strategic spatial plans to fostering township economic development, the impact of strategic plans on SMMEs and the initiatives that the City of Johannesburg (CoJ) has developed to improve the economic and social standing of Soweto. The study illustrates the impacts of local economic development initiatives on their primary target– small business owners. This information thus aims to fill a void in existing scholarship by providing not only detailed issues surrounding shopping mall development in townships, but also contributing to a wider enquiry on the issues hindering spatial transformation in the post-apartheid era.

## Aims and Objectives

This study aimed to assess the outcome of Orlando eKhaya (at its current stage) which is a component of the broader regional spatial development framework for the area. The impact of the strategic plan on small businesses in Orlando is explored in order to decipher how this planning tool facilitates local economic development.

The research had three main objectives:

- Exploring how this spatial planning tool facilitates local economic development
- Investigating the aspects that are hindering the development of small businesses in Soweto
- Considering the contribution of township redevelopment to the broader goal of spatial transformation

## Research questions

The main research question is “How has the Orlando eKhaya precinct plan impacted upon local businesses in Orlando, Soweto?”

In order to answer the main research question, the following sub-questions need to be addressed:

- What have been the effects of spatial development plans on small businesses, and particularly those in South African townships?
- How does the City of Johannesburg envisage the development of Soweto and what policies have been created to realise this vision?
- How have small businesses and informal traders been affected by the retail developments in Orlando?
- How do the spatial planning initiatives in Orlando contribute to restructuring the space economy in post-apartheid Soweto, Johannesburg?
- What environment is necessary to facilitate the development of small businesses in Orlando?

## Research methods

### Qualitative research method

In terms of the methodological utility of the study, the purpose is to explore the impact of the Orlando eKhaya plan on local businesses. These findings may also offer broader comments on strategic spatial plans and their contribution to LED and township renewal. A combination of case study and qualitative research methods were used to acquire information to answer the research question. The qualitative method of research required the researcher to collect data on site where the respondents experienced the issue or problem being studied (Crowsli, 2009). An important feature of qualitative research was talking directly to people and seeing people act within their context with face-to-face interaction as the researcher did. The researcher was the key instrument in the study as qualitative researchers collect data themselves through examining documents and interviewing respondents (Crowsli, 2009). By using multiple sources of data, the researcher was able to interpret the data that was collected. By making these interpretations, it became apparent how multiple views of the problem can emerge. A holistic account of the problem being studied then developed – guided by multiple views, perspectives and experiences.

### Case study method

The case study has been chosen as the research method as it assists in understanding a contemporary issue of township redevelopment and how such an initiative has impacted on local business owners. Orlando eKhaya has been chosen as the case for this research for its illustrative value rather than its representative value. It is the site of many retail and commercial developments such as Bara Mall and the Builders Trade Depot.

The case study is focused on grasping contemporary conditions and current history as influenced by historical conditions (Yin, 1994) such as apartheid spatial planning and its economic impacts in this case. This is due to the fact that a case study is premised upon an attempt to comprehend a decision or a set of decisions in terms of the reason why they were taken, how they were implemented and the result of these decisions (Yin, 1994). This has been identified as an appropriate method as the aim is to understand the impacts of the Orlando eKhaya Precinct Plan of 2007 in countering the apartheid legacy.

The use of multiple sources of evidence illustrates various view points and factors that have contributed to Orlando's current realities. Exploring the transformation of the area in this way aids in developing a

complex picture of the issue (Crowsli, 2009). The precinct plan for Orlando eKhaya was developed as a result of the NDPG as an attempt to redefine the space-economy of the township and promote economic development therein. The manner in which this spatial plan was implemented, its ability to respond to the issue of township underdevelopment, and the result it has had on local businesses is what this research uncovers. The use of multiple sources of evidence illustrates various view points and factors that have contributed to maintaining the status quo. This also aided in developing a complex picture of the issue (Crowsli, 2009).

The case study method also has a wider application beyond the case study itself and it can be used to inquire into a social issue (such as township redevelopment). This method is an empirical enquiry that seeks to understand whether or not a particular phenomenon is only evident due to its particular context or if it is widespread. In this research, the case study method was used to understand the nature of the space-economy in Orlando and unpack the conditions that have led to its current standing. The case study was used as a research method to understand the current state of Orlando in the context of South African townships, which have recently become the site of major investments yet still face socio-economic disparities.

### **Data sources**

The research required information on the concentration of businesses in Soweto. This information contributed to understanding the space economy of the area. Orlando's precinct plan aimed to promote economic development, thus, an inquiry into the number of businesses in the area as a means of understanding the composition of business in the area and their respective sizes. This information was intended to be obtained from Gauteng City Region Observatory (GCRO) and through an interview with the Soweto Empowerment Zone (SEZ). However, this particular information was not available at the level that the GCRO undertakes research as this information was very detailed whereas the GCRO undertakes research at the city scale. In addition, the SEZ was also not willing to distribute such information; therefore, only the concentration of businesses throughout the city was obtained.

Five interviews with formal and informal business owners in the area were vital in understanding the changes that the area has experienced, arising from the implementation of the plan. This assisted in appreciating the meaning that business owners attach to the problem and how the plan has affected them in their surroundings (Crowsli, 2009). This is also an important feature of the research through qualitative means as one of the aims was to understand the changes that the area has experienced and the impacts of developments from the perspective of the business owners.

In terms of the planning documents, these were analysed in terms of their aims. While it may be useful to analyse these aims and assess their impacts as an evaluation, the research only aimed to understand the impacts of the plan in terms of the perceptions of business owners. Therefore, the business owners provided an assessment of the plan’s impacts through their perceptions and experiences in the area.

The research requires several types of information. These can be separated into two categories: planning documents and changes to the township economy.

Planning documents:

- The intentions of the **Orlando eKhaya Precinct Plan**: the analysis of this document is important for understanding what the precinct plan had set out to achieve initially.
- The analysis of the **NDPG** is also beneficial to this research as it is through the grant and the developmental agenda of the NT that the plan came to be operationalised.
- **The City of Johannesburg’s policies** concerning the development of Soweto: the Five Year Soweto Economic Development Plan (2008),\_the RSDF for Region D (2010) and the Growth Development Strategy (2011)

An inquiry into the township economy required:

- An analysis of the **concentration of businesses** in Soweto in comparison to the greater Johannesburg region
- An analysis of the **changes in land use** which serve as a reflection of a wider socio-economic transformation;
- The amount of **retail and office space** available currently as opposed to prior to the plan’s implementation;
- Perceptions from local businesses about business performance.

### Data collection strategy

What information	Source of information	How data will be collected
1. Intentions of the plan	Policy documents: RSDF, NDPG Orlando eKhaya Precinct Plan	Desktop analysis
2. Changes to the township economy	Established businesses (formal and informal traders)	Semi-structured interviews Desktop analysis

Table 1: Data collection techniques

The research required a critical analysis of both the NDPG and the Orlando eKhaya precinct plans. In terms of the NDPG, the analysis of the plan assisted in understanding the intentions of the plan as well as the developmental approach (how the NT envisaged the development occurring and how its goals would be achieved). The perceived impacts of the plan according to business owners assisted in understanding the contribution of the precinct plan to LED.

Also, the CoJ's e-services platform was used to track the land use changes in the broader area of Soweto as well as the surrounds of Bara Mall. This information was used in conjunction with the information from the GCRO which illustrates the location of businesses in the Johannesburg metro. In this research, face-to-face interviews with business owners were conducted to draw on people's experiences and perceptions in order to make sense of the impacts of state-led planning interventions designed to stimulate LED in the area. Two categories of businesses were identified and interviewed. These are:

- Formal small businesses operating within the mall (tenants)
- Informal businesses located outside Bara Mall

Five businesses were interviewed in total (three informal business owners and two formal business owners). Statistical representativeness is not the aim in qualitative research but the sampling needs to be done purposefully. Hence, the respondents were selected based on their ability to generate useful data for the project (Patton and Cochran, 2002). To ensure that the sample covered the main groups that the research is interested in, the maximum variation sample technique was used. This involves selecting key demographic variables which are likely to impact upon the interviewee's opinion on the topic (Patton and Cochran, 2002). The research is focused on townships and key demographics that determined the sample are:

- Race (black individuals – this includes all previously disadvantaged groups such as Black, Indian and Coloured groups)
- Nationality (only South Africans as they have been affected by the past spatial and economic inequalities of the country)
- Adults
- For the informal traders, the focus was on low income traders who predominantly used their business as a livelihood strategy

- Respondents must live in the township or have had experience of living in a township

Information was collected in a detailed verbal form in order to understand people and their current situation (as impacted upon by the precinct plan) rather than measure them. The research aimed to capture people’s interpretations. The research sought to gain different types of information from the business owners in the area. From the formal business owners who were drawn into the area after the plan was implemented, the aim was to ascertain what drew them into the area and if the business environment in Orlando is conducive to the success of the business. From the informal traders, the aim was to understand from their perspective if and how the developments in Orlando have accommodated them. Additionally, interviewing informal traders provided a perspective on how formal development plans affected formal and informal business operators.

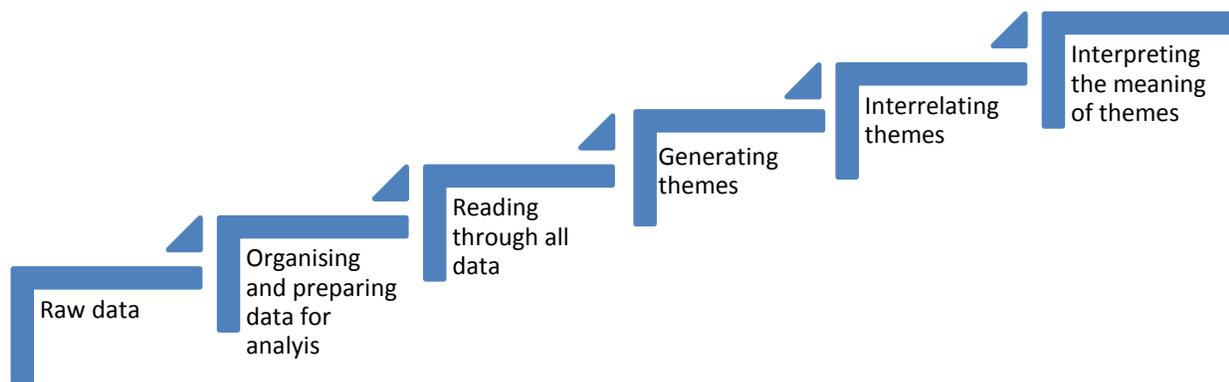


Figure 1: Data analysis in qualitative research (adapted from (Crowsli, 2009))

### Data analysis and interpretation

Once the information was collected, it was important to analyse and interpret the data to generate findings and conclusions. While there are various techniques to analyse qualitative data, Crowsli (2009) argues that data analysis should be conducted while the data is being collected by making interpretations throughout the data collection process. This process involves collecting data through semi-structured interviews by asking the respondents open-ended questions and developing an analysis from their responses. The data was collected, analysed and a few themes were then generated from the responses given by the respondents.

Figure 1 illustrates the process of data interpretation that was used in this study. Firstly, in organising and preparing the data for analysis, interviews were transcribed, field notes were typed out, and data was sorted into the various types of data (depending on the sources of information). Secondly, the

researcher read through all the data to obtain a general sense of the information that had been collected and to reflect on what this information might mean and understand the kinds of issues that were being brought up.

Each interview was looked at separately while trying to understand what each interview is about and its underlying meaning. Once this was completed for each interview, a list of all topics that had emerged from the process was made. Similar topics were grouped together, unique topics together and the outlying topics were also clustered into one group. This list was used to categorise information and draw links between themes which overlap. Once all the information had been categorised and organised, it became easier to interpret the data and extract meaning from the information that had been gathered. Most of the information gathered was matched to the themes that emerged from the literature while the outlying findings were also made note of and discussed.

## **Ethics**

Since the research involved interviewing business owners, vulnerable groups such as children under the age of eighteen were not affected. However, the awareness of the presence of immigrants in townships as shop owners is important and they were not involved in the research to prevent any harm or unwanted attention that the research may bring to them. For the purposes of transparency and honesty, the respondents were informed from the initial stages of the intentions and parameters of the research in order for them to be aware of how the information they provided would be used. Anonymity of the respondents was maintained at all times to ensure that respondents were at ease to share information and that the information they provided did not bring their business into disrepute. Respect for the respondents was maintained at all times as they were not forced to participate in the research but were doing so voluntarily. However, while appreciation was shown to the respondents, it was important not to promise any rewards or compensation to the respondents for their participation in the study to maintain the integrity of the research and to not influence the responses of the respondents in any way. The research methods were framed by the University of the Witwatersrand's ethical standards which have been adhered to throughout the research process.

## Chapter outline

### **Chapter 1: Introduction**

This chapter has introduced the research topic and discussed the rationale behind the research. The issues behind township economic restructuring and the related past economic inequalities form part of the problem statement which frames the argument for the importance of this research.

### **Chapter 2: The effects of spatial development plans on small businesses in SA townships**

The purpose of this chapter is to provide an overview of the scholarship on township economies, the issues affecting their development such as shopping mall development and a critical view of the approaches to LED in South Africa. The chapter discusses various bodies of literature on townships in the post-apartheid era and the initiatives that have been introduced in order to develop the township economy and mitigate the economic disparities in the country.

### **Chapter 3: The developmental trajectory of Soweto**

The purpose of this chapter is to provide an analysis of the CoJ's initiatives to develop Soweto as well as how the economy of Soweto has evolved. It provides a discussion on the hierarchy of policies informing Soweto's development and how these policies seek to transform Soweto. Additionally, the chapter analyses data on the concentration of businesses in the city, employment statistics and key industry indicators for the businesses and services sectors. These different sources of information were used to broadly understand the economy of Soweto in the post-apartheid era as well as the spatial portrait of socio-economic activities around Bara Mall.

### **Chapter 4: The effects of retail developments on small businesses**

The purpose of the fourth chapter is to report the responses of the business owners and informal traders who were interviewed. This includes how they perceive and experience economic development in Orlando. The chapter provides a report on the findings of the research in the following manner: the first section reports on the interview with Nicholas Sack from ASM (Albonico Sack Metacity); the second section details the findings from the respondents' interviews according to the business typologies identified, i.e. formal traders followed by informal traders.

### **Chapter 5: Facilitating the development of small businesses in Soweto**

The purpose of this chapter is to analyse the findings from the literature review in chapter 2, the case study in chapter 3 and the responses from the interviews in chapter 4. This was done in order to better understand the dynamics at play and to examine how the spatial planning initiatives in Orlando contribute to restructuring the space economy in Soweto. The chapter also demonstrates, through the findings, the disjuncture between what strategic plans are meant to achieve and what outcomes they actually produce.

### **Chapter 6: Restructuring the space economy of post-apartheid Soweto – the prospect of economic development**

The final chapter concludes with main outcomes of the research through a careful summary of each chapter. Recommendations are then provided to interrogate how planning might respond to the issues raised in the research. Hence, the main purpose of the chapter is to decipher what the findings imply about post-apartheid spatial and economic restructuring of townships as well as how the development of small businesses can be fostered through planning instruments.

## **Chapter 2: The effects of spatial development plans on small businesses in South African townships**

The purpose of this chapter is to provide an overview of the scholarship on township economies, the issues affecting their development such as shopping mall development and the approaches to LED in South Africa along with its critiques. The chapter is divided into five parts: first, an overview of townships; secondly, a discussion on the aims of strategic planning and its critiques; thirdly, the NDPG as an enabling policy for spatial transformation; fourthly, LED as a tool for township regeneration; and lastly township retail trends.

### **Townships within the SA space economy**

During the apartheid era, townships were established as dormitory settlements to house the black population (as well as the Indian and Coloured communities who were also grouped into their own respective areas). Townships were intentionally designed for control and exclusion; they were thus located along the peripheries of cities to operate as satellite settlements that provided labour to the city (Pernegger and Godehart, 2007). These spatial patterns were largely driven by the exclusionary principle of separate development that promoted the physical segregation of races. Townships were characterised by inadequate infrastructure, monotonous housing patterns and low support services owing to the unfair distribution of resources during apartheid (Lester et al., 2009).

The 'township economy' refers to the microeconomic and related activities that take place within township areas. These tend to differ significantly in terms of their histories, current dynamics, location characteristics, constraints and future potential (McGaffin et al., 2014). Broadly however, townships have some characteristics in common. Firstly, township economies still serve the purpose of providing cheap labour to established nodes in the city. Secondly, they are poorly located and spatially disadvantaged in terms of facilitating economic activity, accessing economic nodes and employment opportunities (McGaffin et al. 2014). Lastly, they generally have a disproportionate concentration of low income households and lower skills levels.

South Africa's history of apartheid has left indelible marks on the spatial fabric of South African cities such as highly unequal patterns of urban development between urban areas and within them (Robbins, 2012). In the planning of township spaces, there was some provision of business centres prior to 1994. However, these were never developed and this was part of a deliberate apartheid strategy to ensure that favourable development occurred in towns instead of townships (Malefane, 2013). Towns were places where significant public and private sector investment occurred, which was consistent with

apartheid legislation. Towns have well-established businesses which benefitted from consistent support from the state over a period of decades to the detriment of the township's development (Malefane, 2013). Black ownership of businesses in townships was prohibited during the apartheid era and black people faced the threat of prosecution for engaging in business activities. The history of the country thus prevented the entrenchment of a sense of ownership amongst black people and rather created a system of dispossession and marginalisation of the black community from the economy of the city.

The SMME sector of towns is well established and thriving as a result of the environment within which they operate, and this in turn nurtures their growth potential and is appealing to investors. The SMMEs in towns are mostly formal businesses and have better prospects for creating jobs and accumulating assets which in turn have a great influence on their competitiveness, productivity and profit margins (Malefane, 2013). These factors render towns ideal for SMME location and investment. However, this situation encourages the further expansion of businesses in towns while their counterparts in townships bear the brunt of an inherently unequal economy.

The state has sought to address these inequalities in the space-economy through national programmes, such as the Special Integrated Presidential Projects (SIPPs), the Urban Renewal Programme, the NDPG; as well as provincial and municipal government economic and spatial development frameworks. Recent developments that have occurred in townships have mostly been through retail developments in the form of shopping malls (Ligthelm, 2008). The NDPG is one funding mechanism which has been employed to foster such development, as will be discussed later.

### **Strategic spatial plans: promises and pitfalls**

Strategic spatial planning is an ambiguous concept that gained traction in late 20<sup>th</sup> century as a response to the critiques of comprehensive master planning. As noted by Albrechts (2006), a strategic approach to the organization of space at different levels of scale became more prevalent in the 1990s. Planning in this sense represents a set of procedures and tools that must be tailored carefully to suit various contexts to ensure that desirable outcomes are achieved (Sartorio, 2005). In the context of globalisation and cities competing for investments, strategic spatial plans contribute towards a slow convergence of public actors and economic actors towards one another (Sartorio, 2005). Strategic plans also require the planner to know the city's major issues while also avoiding being too detailed. They are selective and target based and they also consider the physical aspects alongside the economic and social issues of the targeted area (Akhavan and Behbaham, 2013). The approach of the plan depends on the challenges faced in the area, the particular context of the place as well as the values and attitudes of the main

actors in the process (Albrechts, 2006). Strategic spatial planning also takes into account power structures (political, cultural, economic and gender issues) as well as competing values.

Strategic spatial plans aim to address long-term development in a broad-based manner. However, this broad-based approach is sometimes problematic as it creates difficulties in moving from the broad, conceptual vision to more immediate development. In post-apartheid South Africa, strategic spatial plans have largely relied on an abstract design approach (Todes, 2009), which largely presumes that the creation of nodes and corridors will lead to businesses locating along corridors and nodes. However, this simplistic view that the provision of an appropriate spatial structure will lead to development has not always been realised. It is generally broad and does not pay specific attention to economic activity in the greater context of the plan (Todes, 2009).

The focus on key issue areas is a crucial aspect of strategic spatial planning. It involves identifying and engaging major actors (both public and private), allowing for a broad and diverse engagement during the planning process, and creating long-term visions and strategies which are workable and achievable in the political, economic and cultural context (Albrechts, 2006). This seeks to articulate a more coherent and coordinated long-term spatial logic for land-use regulation, multilevel governance and for directing investments for regeneration and infrastructure projects (Albrechts, 2006). Patsy Healey (1997) understands strategic spatial planning to be more about the process rather than the output of plan-creation. The output is seen as not just a plan for land use but rather a set of interrelated strategies for the management of land, infrastructure and institutional development (Healey, 1997). If strategic spatial planning is understood as a social process, then perhaps the work of planning will not lose sight of the primary goals of planning; which are improving the living conditions and wellbeing of city dwellers through regulating the use of land in the public interest (Polat, 2009). The influence of neoliberalism however, has threatened the potential of strategic spatial planning to reach its primary goals, as discussed below.

In the **international context**, strategic spatial planning has been seen to succumb to the neoliberal agenda. In the 1980s, the core idea of planning was under stress in the increasingly neoliberalising political climate where state-led planning was mistrusted. This was due to the belief that it restricted growth and competitiveness (Olesen, 2013). Neoliberalism propagates a market-led logic instead of a state directed one to govern the socio-political and economic functions of society. It is based on the premise that the privatisation and outsourcing of public tasks will make the public sector more efficient (Olesen, 2013). New forms of neoliberal governance were mostly due to a response to the constrained

public budgets of many European cities. As a consequence of this, planning projects were increasingly directed towards the market and focused primarily on large scale urban development and infrastructure projects (Olesen, 2013).

Planning tends to speedily accustom itself with the dominant ideology and the priorities of the age (Allmendinger and Haughton, 2012) and this has been true of the neoliberalisation of spatial planning as well. Spatial planning practices have recently taken a neoliberal turn where narrow neoliberal political agendas seek to direct the policy trajectory towards economic growth and competitiveness. In a time when economic growth and competitiveness are being normalised as policy objectives, there seems to be little scope for preparing strategic plans which detract from this direction (Olesen, 2013). In Britain, concerns have arisen that the reformist strategic planning approach will be hijacked and misused to further the neoliberal agenda for spatial development (Olesen, 2013). The greater concern that has emerged is that neoliberalism is promoting a new form of socio-economic regulation, which is characterised by a shift away from distributive policies, welfare state policies and the direct provision of services towards market oriented approaches (Olesen, 2013). Neoliberal governance depoliticises the emancipatory notions of participation and empowerment, which spatial planning seeks to develop. To seek legitimacy, neoliberalism adopts a socially concerned approach of social upliftment by emphasising partnership and consensus. It is argued that strategic planning played to this political agenda by positioning itself as a means for reconciling differences and achieving social justice. However, English spatial planning particularly has become hegemonic where it meets neoliberalism as it mobilises and reproduces submission to policies and strategies that favour certain groups or interests (Allmendinger and Haughton, 2012). This marginalises radical alternatives for the sake of following the mainstream growth agenda. Therefore, although strategic spatial planning seeks to correct spatial imbalances and redirect investment to strategic sites, the hegemony of neoliberalism in the international context is increasingly compromising the transformative potential of strategic plans.

### **Critiques of strategic planning and the challenges of spatial transformation**

In the case of South Africa's cities, strategic spatial planning is a powerful planning tool which the CoJ has applied widely to begin the project of post-apartheid reconstruction. However, while strategic spatial plans have been a useful tool in pushing the agenda for transformation, they have also been criticised for having a limited understanding of township economies and related property markets (Todes, 2009). They have also been found to be at odds with property and housing industries in the proposals made. This undermines the capacity of the private and public sectors to effectively intervene

in these markets that need to be strengthened and grown (McGaffin et al. 2015). Further, strategic spatial plans have been neglected in decision-making at the local site level and they also ignore local conditions. The way informal activities organise spatially is sometimes not considered, making it difficult to support informal traders. The focus on the design approach and the use of corridors and nodes has meant that studies on the nature of economic activity, where it is located and how it is organised and the associated infrastructure requirements are not seen as important in strategic spatial planning and are thus rarely undertaken (Todes, 2009). Given that township areas have developed into more economically and socially sustainable communities, the growing interest in these spaces needs to be equally met with increased research into these economies and their property markets.

As many attempts in planning have fallen short of their objectives, the transformation of the space economy of Johannesburg has not occurred in the envisaged manner nor has it occurred at the anticipated pace. According to Turok (2012), there appear to be three reasons for the limited progress on transformation in South Africa since 1994. Firstly, path dependence and historical inertia are identified as being a hindrance in the drive towards transformation. The Constitution safeguards private property rights, which was a distinctive outcome in the negotiated political transition into democracy. The state thus has a limited ability to control how land owners use or develop their land (Turok, 2012). Hence, the Constitution gave the state limited control over how development was to take place. This proved to be controversial as the current land ownership patterns reflect the history of segregation and dispossession of land from black occupation to white ownership. Thus, the transformation of space in the post-apartheid era has largely been thwarted due to the conferring of use rights on land owners, who are predominantly white. There are also urban consequences of the constitutional protection of private property rights. Land owners in well located areas are reluctant to allow the construction of low-income housing on neighbouring land as they claim it limits their use and enjoyment of their land (Turok, 2012). Furthermore, municipalities are inhibited from trying to restrict private sector-led development in well-located areas in an attempt to direct investment into deprived areas. Hence, building state housing on outlying green field sites has proved a much simpler and less contentious option.

Secondly, there are economic forces that have allowed the continuing fragmentation of South African cities. These include low employment growth, skewed private investment location decisions and continued income disparities (Turok, 2012). The extreme income inequalities present in the country have translated into spatial segregation through the housing market which separates people spatially

according to their income groups. Although people have the freedom to live where they choose, the reality is that households end up choosing a place to live according to their ability to pay for the quality and location of their housing (Turok, 2012). Income inequalities thus promote the spatial segregation of communities, which hinders attempts to transform the spatial organisation of urban settlements in the country.

Thirdly, the shortcomings of current governance systems have inhibited attempts to transform the city. The most negatively influential aspect of governance has been the prescriptive housing delivery model that has been adopted. This model has tended to produce inflexible and unaffordable housing typologies that lack the amenities and opportunities that people require to thrive (Turok, 2012). Public transport also has major links to housing (especially low income and township settlements) given their peripheral location and the need to travel to work on a daily basis for inhabitants of such settlements. However, transportation policy has failed to promote the integration it promised. Transport infrastructure (especially rail and bus) is worn out and has also failed to accommodate the ever increasing demand for affordable public transportation. The relatively new transport initiatives such as the Bus Rapid Transit System and the Gautrain are attempts to improve the public transport system but are not integrated and fail to complement each another (Turok, 2012). They each service different groups and serve contradictory purposes. Leadership to drive the CoJ's transformation agenda also seems to be lacking in many respects and hinders the realisation of spatial transformation goals.

Another major contributor to the continuing spatial segregation is the fact that land use planning until very recently has been governed by the pre-1994 laws that were designed for spatial segregation and social control. It has been difficult to promote integration and transformation in a system that continues to reflect apartheid's grand plan for segregation and inequality (Turok, 2012). However, the Spatial Planning and Land Use Management Act (SPLUMA) of 2013 is a national legislation recently introduced to provide a framework for spatial planning and land use in South Africa. SPLUMA also provides for developmental, equitable and efficient spatial planning to address the past spatial and regulatory imbalances (The Presidency, 2013). The framework is guided by the principles of spatial justice, spatial sustainability, spatial efficiency and good administration. These principles are important for spatial transformation in the post-apartheid era but are yet to be mirrored in urban space as SPLUMA has only recently begun to be implemented.

As a consequence of all these issues, spatial planning has tended to have little positive influence on development patterns on the ground. However, some suggestions on the way forward for strategic

planning have been considered. Bosselman (2008) suggests in a study of urban renewal in America that the process of reconstruction needs to start with identifying the remnants of existing vitality in neighbourhoods and gradually adding new, appropriate development that will act to strengthen the qualities that have survived the decline that an area may have faced. He further states that such a development model requires a strategy as it cannot be realized through individual development decisions in an *ad hoc* manner. In South Africa, (Todes, 2008) has made suggestions on how to improve spatial planning so that it is based less on the abstract design approach, and more on the socio-spatial dynamics of the city, understanding the workings of urban economic space (how planning relates to markets) and establishing stronger links between infrastructure and planning. Elaborating on these points, Todes, (2008) points out that the dominant concept driven approach in South Africa neglects activities occurring at the local level, movement patterns and how people use space. Hence, spatial planning needs to grapple with these complexities in order to respond appropriately. The main principle in the design approach is based on creating nodes and corridors to drive businesses to locate in the strategic area, as anticipated by the plan. However, (Todes, 2008) suggests that detail on what sort of economic activity, the location and how much economic space is required need to be made explicit to make the implementation of nodes and corridors more impactful.

The continued patterns of development that favour private car use (along highways and away from areas of poverty) have also largely been ignored by strategic planning and land use decision making has been relatively *laissez faire* (Todes, 2008). Despite these patterns being contrary to the intentions of strategic spatial plans and their normative principles, few plans have policies which respond to these issues as developer needs increasingly drive decision-making in South Africa (Todes, 2008). However, SPLUMA may have the potential to address the weaknesses of both the abstract design approach of strategic plans and its neoliberal critiques. This is because SPLUMA's objectives are to ensure that spatial planning promotes social and economic inclusion, provide for cooperative government and intergovernmental relations amongst the spheres of government and to redress the imbalances of the past to ensure equity in the application of spatial development planning (The Presidency, 2013). Although these objects do not explicitly address the weaknesses of the design approach of strategic planning and its neoliberalisation, SPLUMA provides for development principles, norms and standards that can drive the transformation of strategic planning. The limited pace of transformation in SA may continue with the slow implementation of SPLUMA. However, if its intentions are realised, it is sure to mitigate the stagnation in spatial transformation and realise the ideals of transformative spatial planning in post-apartheid SA.

The term transformation is value-laden and is there are various perspectives on what it means and how it can be achieved. It must be recognised that over time, there have been spatial changes but these need not be equated to transformation necessarily. Due to this being a contentious and ambiguous term, this research focuses rather on changes that have occurred spatially without deeming it spatial transformation as this requires more than physical changes but also economic and social reform. The changes that have occurred over time have been both negative and positive and some have resulted in unintended consequences, which is what this research has focused on. However, SPLUMA contains within it principles that are said to guide the spatial transformation in South African cities. The question that arises now is discerning how these principles would be made manifest in a township environment, which is inherently unequal and in need of spatial change.

### **LED as a tool for township regeneration**

LED in South Africa emerged as a post-apartheid response to socio-economic effects of apartheid. It became a strategy to address the resultant effects of the regime such as poverty, unemployment and the lack of services in marginalised second economy areas. The concept of LED was influenced greatly by decentralisation and the need to consider the effectiveness of local government in LED.

The second economy operates outside the formal, planned economy and consists of a host of illegal and informal organisations (Ericson, 1984), which are predominantly found in townships and informal areas.

LED is inextricably tied to attempts to reconfigure the space economy of South Africa and mitigate the negative impacts of economic marginalisation. LED in South Africa seeks to address economic dualism and marginalisation (Trah, 2002). Given that the country's history is such that poverty is tied to the intentional prevention of the development of black people through the apartheid policy of Separate development, poverty alleviation and LED are often understood to be the same concept. However, there is frequent conflict between a focus on poverty alleviation in poor communities and a focus on creating a competitive advantage of the local economy as a whole (Trah, 2002).

## LED approaches in South Africa

Pro-growth/market-led	Pro-poor
Urban efficiency	People-centred
Investment attraction	Investing in human capital
Local boosterism/place marketing	Working with endogenous factors
Major focus on private sector	Public private partnerships

**Table 2: Key features of LED approaches**

The main approaches to LED in South Africa have been the market oriented or pro-growth approach and the pro-poor approach. The market-led approach focuses on developing an enticing environment for businesses to attract investment into the area while the pro-poor approach is people centred and focuses on working with endogenous factors in order to create a better quality of life for the marginalised (Nel and Rogerson, 2005). While these approaches may seem to be contradictory, they have converged in LED policy in South Africa. The convergence of the pro-growth and pro-poor approaches have been noted by (Rogerson, 2009) who stated that the general policy orientation in South Africa for LED practices includes sets of initiatives designed both to promote growing local economies as well as to address poverty alleviation especially in second economy areas (Rogerson, 2009). This has been through financial support to firms and community groups; through land and building developments by providing infrastructure and acquiring land for development; training and employment as well as information and marketing assistance (Nel, 2000).

Although these approaches are different by nature, there are also many synergies and overlapping elements. These overlaps are evident in the national LED framework and policy for South Africa. The national policy thrust for LED in South Africa is one which is based on competitiveness, public sector leadership and governance as well as sustainable developmental community investment (DPLG, 2006). The competitiveness aspect of the LED policy aims to increase investments by building the competitiveness of local economies. Public sector leadership is concerned with integrating service delivery and takes an integrated and holistic approach to service delivery. Sustainable developmental community investment is concerned with mobilising communities to form co-operatives and social enterprises to develop sustainable livelihoods and meaningful productive activity (The DPLG, 2006). Additionally, improving the multiplier effect of the local economy (especially in marginalised areas) is imperative as it will allow these areas to contribute meaningfully to the national economy (DPLG, 2006).

### Shortcomings of LED

The South African Constitution stipulates that the municipality is responsible for local economic development that will derive benefits for the poor segments of society as well as the community at large (SACN, 2010). This is important to balance public and private interests as the developers' primary interest is to ensure that their investment is financially viable and profitable. This requirement in the Constitution is often misinterpreted in such a way as to place sole responsibility of LED on local government and ignores other important stakeholders such as businesses and civil society in the development process (Trah, 2002). The challenges that LED seeks to address may be too complex or great for the local authorities to handle. There is thus a need to ensure the adequate incorporation of various actors and affected parties in the development process in order to ease the responsibility from local municipalities, which may have inadequate capacity, funding and expertise to undertake such a complex task. In this space where private and public interests are often at odds with one other, the planner should play an integral role in thwarting the attempts of the market to marginalise or exploit the poor further.

Despite LED being heralded as the antidote to economic marginalisation and spatial inequalities, there are some areas where LED initiatives fall short of expectations especially in the developing world. After analysing LED projects in the developing world, it has been found that many of them at the outset, seek to improve local incomes and assist communities rise out of poverty yet the initiatives have failed to generate effective linkages with the market through which such communities are expected to generate an income (Robbins, 2012). In addition to this, some have argued that such interventions often disregard the existing forms of economic activities, which often involve formal and informal markets. These interventions thus contribute negligibly to altering the competitive position of local businesses (Robbins, 2012).

The economic realities of African cities compel many communities to seek their own solution for the trying economic situations in which they find themselves. Hence, LED in sub-Saharan Africa has taken a survivalist approach as opposed to the focus on increasing the competitiveness of businesses as practiced in more developed countries (Robbins, 2012). The manner in which informal activities are organised in developing countries and the character of informal business renders many conventional LED approaches quite inappropriate and in need of significant restructuring when applied in the South African context. This is due to the fact that traditionally, LED has relied on formal processes and structures (Robbins, 2012). The application of formal development processes and the introduction of

formal economic development principles, institutions or structures have not been appropriately matched with the largely informal survivalist nature of business enterprise in sub-Saharan Africa. Thus, the use of LED and the manner in which it is applied in developing countries needs to be made suitable for the context of developing countries. There have been distortions of local imperatives when they conform to the direction that is of most interest to the majority of investors. Strategies may be geared towards the private interests of a few rather than the collective interests of the society in the locality. Also, initiatives that are dependent on state funding are threatened by changes in policy and financial reductions (Humphreys and Nel, 1999).

### **Prospects for LED in South Africa**

Some suggestions on how to improve LED facilitation and implementation have surfaced. Future LED projects need to deal with access to labour markets for the marginalised, creating physical connections between the township and other economic areas. While this has begun to occur in Johannesburg through the Rea Vaya Bus Rapid Transit System (BRT) and Gautrain systems, these interventions have not been as successful as anticipated. In addition to these, investments into public goods need to be made to improve the diversity of existing economic assets such as upgrading informal market areas (Robbins, 2012). Marketing and business development services need to be made available and accessible to emerging businesses while also working with stakeholders to improve the regulatory environment and enhance the workings of the market (Robbins, 2012). What was also found to be an important aspect by Robbins (2012) is ensuring that external businesses enter into the township economy without detriment to local business, and negotiating with property developers to commit to making an impact beyond their direct business. This is coupled with the need to manage the impact of displacement on small business owners and informal traders.

The economics of South African townships have been studied and have resulted in policies, suggestions and directives being promulgated that are believed to be the key to growing township economies in various ways. The World Bank (WB) is an international financial organisation which provides loans to developing countries for capital programs. Urban Landmark (ULM) is a South African research and development initiative that focuses on making urban land accessible to the poor. Both these organisations have conducted research into the development of township economies in South Africa, which are underlain with a different developmental perspective and approach. The WB is more geared towards a neoliberal and pro-growth agenda while ULM is more pro-poor in its approach.

Both these organisations have suggested various alternatives that are said to strengthen the economy of township economies. One of these alternatives suggested by ULM is to strengthen the endogenous sources of stability and growth of the township economy (McGaffin et al. 2014). These include agricultural and agri-processing activities, small scale manufacturing, retail trade and tourism. Some of these activities would be linked to the nodes of the township's surrounding cities, through direct and indirect links (McGaffin et al. 2014). This suggestion stems from the concern that the township is missing many economic activities that a prototype (or basic economy) has. The activities that do occur in townships are usually of a lesser scale because the township was established for non-economic reasons. These economies thus do not possess the location attributes needed by economic activities and this reduces the effective demand for commercial, retail and industrial spaces in townships (McGaffin et al. 2014).

The WB, through the Diepsloot study, has developed mechanisms that it anticipates will generate the desired results in township economies. Through the study of Diepsloot (a township in the north of Johannesburg), it was found that fast-paced growth in the urban informal or township economy is consistent with the growth in the urban formal sector and that it is not advanced economies that grow fast but rather the lagging economies (Mahajan, 2014). Hence, while the township economy can continue to grow alongside the urban formal economy it also holds that potential to become an important driver of growth (Mahajan, 2014). In order to break out of the current mould that the township finds itself in, it is suggested that the policy thrust should seek to strengthen the economic and institutional linkages between the township economy and the urban formal economy. Additionally, it is suggested from this study that the human capital and infrastructure base of the township economy should be elevated and the investment climate should be improved and better the access to credit of entrepreneurs in townships (Mahajan, 2014).

The policy action suggested by the WB seeks to ensure that capital flows into instead of out of the township and that labour becomes more mobile towards the advanced urban economy while entrepreneurs have improved access to its markets (Mahajan, 2014). In order for this integration to be realised, policy action will first need to successfully integrate the township's economy with the urban formal economy by strengthening the economic and institutional linkages between them. These policy suggestions have been reflected in the developmental policies formulated by the CoJ for Soweto, as will be shown later in Chapter 3.

## **The role of policy in post-apartheid township reconstruction: The NDPG**

Interventions have been initiated to correct the spatial injustices of apartheid and rectify the segregated space economy. One of these interventions has been the NDPG, a major policy intervention by the National Treasury. The NDPG is the key policy tool formulated at national level by the National Treasury to address spatial imbalances and economic inequalities. The emergence of the NDPG was spurred by a realization that the majority of black South Africans continue to live in townships. The NDPG was introduced by the National Treasury in 2006 as a means to address the economic privation of townships through infrastructure provision, leveraging private investments and improving social capital through the provision of a grant to respective municipalities.

The convergence between spatial planning and LED in South Africa has become materialised through the NDPG. LED in South Africa aims to reconfigure the space economy and mitigate the negative impacts of economic marginalisation (Trah, 2002) by developing the local economy and thus alleviating poverty. The mandate of strategic spatial planning seems to be in parallel with LED as it aims to redirect investment and infrastructure to previously marginalised areas. It is at this point that LED and strategic planning have converged in pursuit of a common goal: to restructure the space economy and drive economic development in marginalised areas such as townships. Although the NDPG is not an LED initiative or strategic plan in itself, it is the funding support and assistance that it provides that allows the realisation of LED and strategic planning initiatives in the country.

The approach of the NDPG is one which assists municipalities to redesign and implement projects within the greater context of township regeneration strategies (National Treasury, 2006). The NDPG was designed to provide support for neighbourhood development projects, provide community infrastructure, and create a platform for private sector investment and the improvement of quality of life in townships, low-income areas and informal settlements (National Treasury, 2006). Municipalities apply for NDPG funding but the funds are not allocated in a lump sum but according to the milestones of the funded projects. The projects that the NDPG provides funding to include nodal and precinct development plans; linkage projects, as well as greening projects (National Treasury, 2006). There are two funding mechanisms: the technical assistance fund and the capital grant fund. The technical assistance fund has three purposes: it assists in the preparation of township development plans and strategies, developing a business case through feasibility studies and business plans and it also provides for training, capacity building, project management and project facilitation. The capital grant fund is

used to cover the maintenance and capital costs of the project that are associated with the implementation phase (National Treasury, 2006).

The policy also aims to keep the incomes generated within the boundaries of townships to ensure internal growth of the local economy. The grant offered through this policy is thus a tool for municipalities to stimulate and accelerate investment in poor, residential neighbourhoods (National Treasury, 2006). The strategic public sector investments in public facilities and infrastructure are expected by the NDPG to be catalysts for sustainable investments by the private sector (National Treasury, 2006). The funding provided by the NDPG aims to unlock the resources in townships and initiate property developments which will create economically functional areas that have access to shopping facilities, markets, community facilities and public transportation (National Treasury, 2006).

However, the aim of the NDPG to stimulate township economic growth and generate a high economic multiplier is inherently contradictory (Ligthelm, 2008). It does not identify poverty alleviation as an objective but hopes to achieve poverty alleviation as one of its outcomes. This implies that the policy assumes that the benefits of economic growth in townships will be distributed amongst its people to address poverty and inequality. However, as seen in many cases, the trickle-down effect has not been realized as economic growth cannot be equated to material redistribution. Given that South Africa has one of the highest rates of inequality across the world, the NDPG's approach to achieving the reduction of poverty through economic growth may not be a suitable one. A critical assessment of the NDPG echoes the critiques of earlier LED policies in South Africa. In a meeting between the National Treasury and the Standing Committee on Appropriations in 2011, it was noted that capital projects did not contribute to increasing the quality of life for communities where plans were wrongly executed or if projects were poorly planned (Sogani, 2011). This reflects Robbins' (2012) concern that the use of formal processes and conventional LED approaches in developing countries is inappropriate and needs to be restructured.

The key question in developing responsive policies in the post-apartheid era has been whether socio-economic issues in townships can be resolved by intervening within the township's economy or by improving the access of township residents to opportunities outside those areas (McGaffin et al. 2014). The NDPG approach seems to use a combination of these approaches, but initiatives seem to be focused more improving the local economy through infrastructure, service and private retail developments as opposed to establishing strong economic linkages between towns and townships. New linkages between the township and the city centre have not necessarily been created but pre-existing linkages have rather

been maintained through the supply of labour to Johannesburg and through outbound shopping. Hence, the relationships between towns and townships have not been transformed. Rather, retail trends have ensured that township residents sustain the CoJ's economy by supporting external businesses and by providing labour to such areas.

The NDPG is one of the commendable state interventions that have sought to address the high levels of poverty and unemployment in townships, as well as their segregated nature. However, these interventions have often been ineffective due to a lack of understanding of the basic elements of a functioning economy. If the fundamentals of an economy are absent, the attempts to support and grow local township economic activities or to attract external businesses will have limited success (McGaffin et al. 2014).

### **Township retail trends**

Townships are a major supplier of labour to nearby cities and towns, with wages and salaries being the main sources of income in these areas. Therefore, township economies depend on the state of the economies of the cities and towns to which they are linked (McGaffin et al. 2014). The trend of outbound shopping is intricately tied to the dependency relationship between the city and the township, which remains intact in the post-apartheid period.

In the pre-1994 period, the retail landscape of townships was often dominated by small, informal businesses that offered household necessities. This limited range of retail services resulted in township residents' preference for shopping outside townships in a trend known as out-bound shopping (Ligthelm, 2008). This pattern's continuation was later noted in the 2014 WB study of Diepsloot, where the township economy is dominated by informality and out-bound shopping. The local economic multiplier was found to be low largely because the bulk of goods and services used by its residents are sourced from outside the township (Mahajan, 2014). The study also revealed that local economic activities are highly dependent on imports from external suppliers. This highlights the challenge that township economies are faced with: whether their dependence on external suppliers stems from the infiltration of large suppliers into the township or from the preferences of relatively poor South Africans for the same quality of products that are enjoyed by their richer counterparts, which is reflected in the continuation of outbound shopping (Mahajan, 2014). Despite the dominance and growth of the retail sector in townships, it has increased competition for small township retailers. These consumer trends are rooted in the unequal distribution of service facilities established during apartheid. Despite the

abolition of apartheid policies, these consumer patterns still remain the same as those detailed in the Diepsloot study (Mahajan, 2014). Out-bound shopping poses a threat to prospects of developing the township economy as the economic multiplier remains low. Consumers from townships contribute to developing external economies at the expense of their own, thus reinforcing the unequal economic relationship between the township and the city.

However, in the post-apartheid era, there have been significant shifts in the nature of activities in townships. The prioritisation of townships in state programmes has been due to a policy trajectory towards spatial integration as well as the visible developmental benefits within these spaces (Pernegger and Godehart, 2007). In recent years, there has been a growing realisation that townships are not as devoid of economic activity as many would assume (Robbins, 2012). In fact, townships are rich with economic vitality and often have varied informal businesses in public areas as well as private household spaces. These spaces provide retail, manufacturing as well as other service related market segments (Robbins, 2012). In some townships, large areas have transformed over time from residential to commercial spaces due to the proliferation of informal trade activities. Hence, the nature of development in township spaces needs to be carefully studied to determine how LED initiatives may be applied in such a context. This is specifically important as informal trading can alter the built form of an area, often in a desperate attempt by people to escape poverty.

Informality has greatly affected development patterns in South Africa as shown in a 2006 study conducted in KwaMashu in Durban (Godehart, 2006). The study juxtaposes formal developments implemented by the public and private sector with informal interventions by residents and compares their impact on the spatial structure of the township (Godehart, 2006). The key findings in the research were that townships have become spatially more functional, increasingly dense and mixed use urban areas. The study revealed that planning instruments, however, were still shaped by the development model of former white areas and contradict the current development trends witnessed in townships (Godehart, 2006). Further, it was recommended that development models for townships acknowledge informality as a major force in urban development and as a livelihood strategy for poor households (Godehart, 2006). Therefore, Orlando's spatial organisation of economic activities should be analysed in a way that takes cognisance of the different ways in which formal and informal business operations affect or are affected by economic development.

Shopping mall developments have taken centre stage in the drive to promote and improve township economies. Retail centres have often been propagated as anchors for development especially in townships and informal areas. There is potential for a retail centre to act as a focal point from which future development may happen (SACN, 2010). However, there is debate about the appropriateness of such a development approach within a township context. This is because the establishment of conventional shopping malls within a low-income area such as a township with the goal of promoting economic development may be inappropriate and contribute to exacerbating urban sprawl (SACN, 2010). Local dynamics, needs and trends need to be considered as there are different challenges, opportunities and costs that are faced in each case. These factors play an important role when determining the type of retail centre to be developed and the manner in which it is developed within a particular area (SACN, 2010). Juxtaposing such conventional markers of economic development with the realities of unemployment, poverty and inequality of a township is perhaps what makes township retail centres a topic of debate in literature. Introducing these retail centres into township spaces has proven to be beneficial for some business owners while also negatively affecting others.

Given that shopping centres are developed to be drivers of economic growth, some areas have experienced the presence of shopping malls positively. National chain stores are often the anchors of shopping malls especially in the township context. If businesses are able to survive competition from such stores, they can benefit from the general development of the area which the shopping centre may promote. Shopping centres bring about increased pedestrian traffic volumes and service related industries such as hair dressers and shoe repair businesses may benefit from this (SACN, 2010). Particularly for businesses in second economy areas, the presence of a shopping mall may bring about several benefits. These include a rise in the number of consumers along main roads that lead to the centre, improved access to banking facilities and supplier linkages as well as increased levels of security within the mall and its surroundings (SACN, 2010). In addition to this, there are opportunities for local businesses to become tenants within the retail centre. For informal traders, the nature of their business allows them to move to different areas by locating where pedestrian volumes are the highest. Informal traders may thus have an opportunity to create new trading areas or work zones due to the changes in traffic flows and pedestrian movement brought about by the mall (SACN, 2010).

However, shopping malls have been known to negatively impact upon local businesses in township spaces especially where informal trading is quite prevalent. The most significant manner in which local

businesses are affected is through the pressure of increased competition on smaller businesses. Shopping malls attract large chain stores that offer products at discounted prices due to their access to a vast customer base and market presence. In order to survive such competition, local businesses may be forced into adapting their product offering or services in order to retain their customers and attract new ones (SACN, 2010). Some smaller traders may lack the necessary skills or resources to develop their business and survive the competition. In this way, large chain stores may inadvertently displace local businesses. Additionally, franchising opportunities may exist with the introduction of the mall but not all traders are equipped with the knowledge, skills or capital required to operate their businesses within a shopping centre environment (SACN, 2010).

The introduction of shopping mall developments in townships does not automatically contribute to positively transforming their local economies. This is because private shopping complexes and malls have large chain stores which are not locally owned and thus do not contribute to developing the local economy by retaining the profits within the township's borders. Instead, these developments create low-skill temporary work (mostly in the construction industry), threaten the development prospects of small businesses, and may inadvertently displace informal traders in an attempt to maintain a clean, sanitised environment to operate their businesses. The introduction of shopping malls in townships is occurring in the context of unequal private investment patterns in the city. The development energy and market excitement is orientated towards the historically white northern suburbs in the greater Johannesburg area, as highlighted by Gotz et al. (2014). This occurs at the expense of equitable transformation of the space-economy. Indeed, the city is transforming spatially but where and how these developments are occurring need to be questioned if segregation and economic inequalities are to be overcome (Gotz et al. 2014).

In terms of the suitability and utility of a shopping mall, some suggestions have emerged from the literature that provides strategies for successful retail development. While shopping malls may be perceived as catalysts for LED especially in township areas, they contribute minimally to growing local businesses and do little to transform the space economy between towns and townships. One of the main criticisms against the introduction of shopping malls in townships is that retail development is only one option for driving development (SACN, 2010). It has been suggested that while shopping malls are good anchors for development, in some areas other development initiatives may be more appropriate. From a development perspective, a shopping mall is not an end in itself as the centre will not be able to

singlehandedly drive the general development of an area but should rather act as one strategic part of a coordinated development initiative (SACN, 2010).

In order to improve shopping mall development to make it more beneficial, measures should be taken to develop local businesses. A municipality should consider providing various support mechanisms for various kinds of retail activities from local small scale traders and spaza shops to the more upmarket retail centres.

### **The challenges of an unequal space economy: SMMEs as drivers of spatial and economic transformation**

SMMEs can be defined by five categories; namely survivalist, micro, very small, small and medium enterprises. According to (Malefane, 2013), these businesses can be very diverse, with some employing from as little as two to ten people and others are differentiated from their counterparts through their operation in the formal as opposed to the informal sector. The growth in the local economy is driven by the development of SMMEs, as argued by (Malefane, 2013). Further, SMMEs have been found to play a major role in achieving the goal of an LED strategy, which aims to demystify new opportunities in growing the local economy (Malefane, 2013). The focus on SMMEs as a generator of economic development is one which has been widely adopted worldwide. SMME development is seen to have considerable potential to reduce unemployment, generate assets and income, contribute to skills development, reduce crime and attract investments especially into former townships which require special attention (Malefane, 2013). The 2.5 million SMMEs that existed in 2011 (91% of which were formal businesses) contributed 25-57% to the GDP and 61% to job creation (Malefane, 2013). These figures begin to indicate the contribution that SMMEs can make in generating employment opportunities and their potential in restructuring the economic base of South Africa's local municipalities by creating economically productive areas.

The literature on SMMEs is confident in the opinion that the development and support of SMMEs is the key to successfully restructuring the local economic base of South African local government and to decrease the spatial inequalities in townships. Malefane (2013) takes the position that SMMEs are the drivers of local economic growth and that geographical areas where SMMEs are concentrated are economically productive. These areas are thus able to generate more revenue than those areas where SMMEs are sparsely distributed. However, the SMME sector has been performing poorly in South Africa (Malefane, 2013) as a result of the lack of attention and support given to township enterprises during

the apartheid era. SMMEs in townships are also exposed to various obstacles that prevent their growth and development potential (Malefane, 2013). The poor performance of the small business sector creates a major barrier to the growth of the economy, and township economies in particular. The disbanding of apartheid has had little impact on unleashing the potential of the SMME sector in townships (Malefane, 2013). As a result of this, the spatial inequalities between towns and townships have intensified. For those living in townships, commuting from home to town for work is very time consuming and it also represents a major disinvestment by township residents from their largely fragile economies (Malefane, 2013). Spatial inequalities contribute to increasing income inequalities (as travelling for work has cost implications) and also make it increasingly difficult to integrate capital markets.

Township retail activities take various forms, from established large scale, regional shopping centres to small, informal businesses. Both forms of retail trade tend to be inwardly focused, supplying the surrounding communities (McGaffin et al. 2014). Informal businesses in townships have the tendency to market their goods and services within townships. This limits their growth potential and does little to contribute to the expansion of their tax base and the overall need to restructure their economic base (Malefane, 2013). Retail activities will benefit from changing consumer patterns but will also require deeper markets than those currently available in townships (McGaffin et al. 2014). There are mainly two constraints to the growth of the retail sector in townships: firstly is that there are low incomes and the shallow local market supports mainly smaller enterprises (and the limited number of large shopping centres). Secondly, the costs of developing new retail space cannot always be passed onto small tenants through the charging of high rents (McGaffin et al. 2014). Private sector investments in retail developments in townships are important for catalysing further economic growth but this growth is hindered by the inherent economic inequalities that are made manifest in township economies.

## **Conclusion**

It can be argued that spatial planning and LED goals have converged in the NDPG. The impacts that these spatial development plans have on small businesses is complex, owing to the social and spatial elements that are tied to South Africa's space economy. The trend of out-bound shopping has persisted and compromises the development prospects of local businesses in townships. Although LED has been employed as a policy tool to regenerate and develop township economies, the approaches undertaken have often resulted in the adoption of inappropriate and ineffective LED initiatives. The retail sector appears to be the dominant industry to stimulate the economy of townships. However, the

sustainability or viability of this approach needs to be interrogated if changes to the local space economy are to occur. If an LED plan is premised upon promoting small businesses then there would be support for them through a facilitation of their development, the provision of operating premises, funding mechanisms and negotiated rents for tenants with the developers in the case of a shopping mall. These elements are absent from the LED initiatives undertaken, which limits the effectiveness of the Orlando eKhaya plan - an NDPG funded LED initiative.

In the township context, the spatial plan for its redevelopment needs to be conceptualised with a consideration of what implications there might be when revitalising or generating economic activity. What has emerged from the literature is that SMMEs need to be cultivated in the township and their distribution throughout the City needs to be balanced to bring productivity into townships. A stronger link between infrastructure and LED planning thus needs to be established to ensure that physical improvements to the township advance its economic and social conditions through business development. In many cases, the businesses in shopping malls are displaced by larger retail developments or chain stores. LED programmes should consider the complexities of informality more carefully and seek to incorporate the informal sector into formal development plans to ensure development that is inclusive and fosters a vibrant, diverse township environment.

A hostile working environment is created by the lack of recognition of informal traders and this hampers their potential for growth in the township. By moving away from an abstract design approach as suggested by (Todes, 2009), spatial planning can deal with the township context more effectively and with more sensitivity to local dynamics. Developments should also be integrated as guided by IDP processes and strategic planning to prevent individual developments occurring in an ad hoc manner. Strategic spatial planning appears to be divorced from SMME development as a definite link between spatial change and LED is not expressed in the development agenda for Soweto. The failure to foster the development of the township economy would make this an era of lost opportunities, not only for townships but also for the country. With unemployment concentrated in townships and informal settlements, the battle to reduce South Africa's high unemployment rate will likely be won or lost in township spaces (Mahajan, 2014). Perhaps the transformation of the township's economy will be realised with the full realisation of the objectives detailed in SPLUMA. The sets of interventions formulated to mitigate the slow pace of transformation need to be centred on formulating strategies on improving the local space economy; not only through retail development but also through SMME growth which is at the root of a sustainable and productive local economy.

## Chapter 3: The development trajectory of Soweto

The chapter details how the City of Johannesburg envisages the development of Soweto and what policies have been created to realise this vision. The chapter first provides an economic profile of Soweto by considering the concentration of businesses in Soweto, the performance of key sectors related to business and unemployment levels. Secondly, the chapter analyses the hierarchy of policies affecting Soweto and how these policies seek to transform and improve Soweto. Thirdly, the land use changes and developments in Soweto and the study area are analysed. Thereafter, the spatial portrait of the case study area details the activities occurring around the site.

### Case of Soweto

The study area for this research is located in the City of Johannesburg's Region D (figure 4), which comprises Soweto, Doornkop, Dobsonville and Protea Glen. Soweto is located in the south west of Johannesburg (hence the name, South Western Township). The chosen study area is located within Soweto in a suburb known as Diepkloof. The NDPG provided capital funding which was utilised to develop a spatial plan for the redevelopment of Orlando (seen in the Orlando eKhaya Precinct Plan). Bara Mall is located on the border of two suburbs in Soweto known as Orlando East and Diepkloof.



Figure 2: Johannesburg in the context of Gauteng

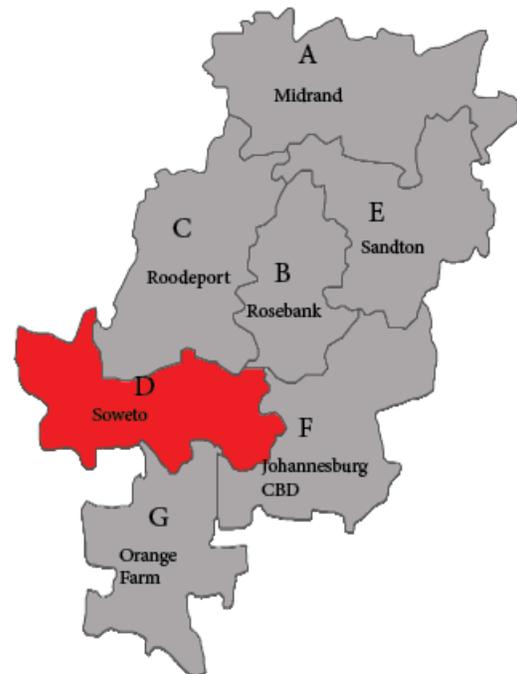


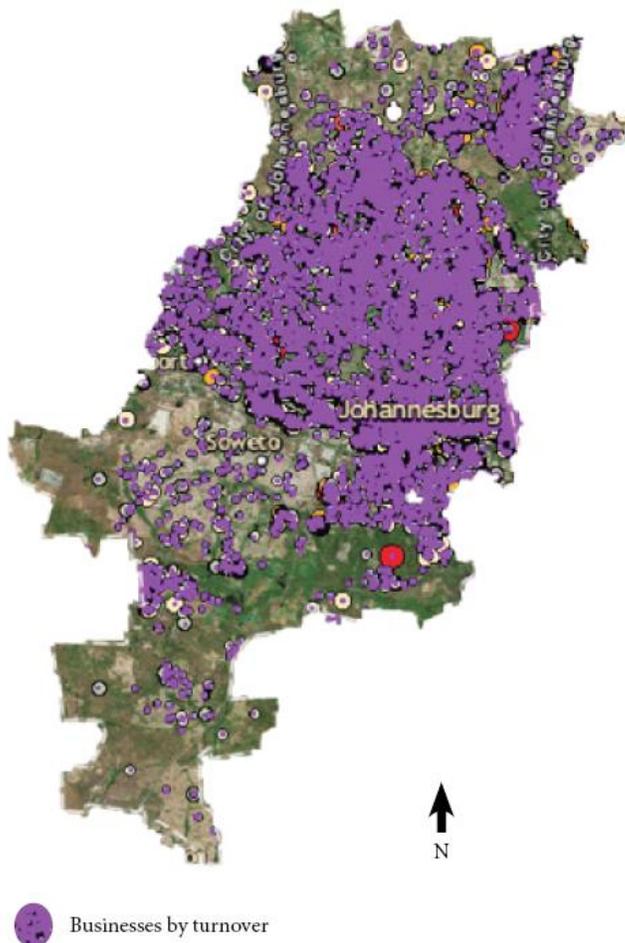
Figure 3: Regions of Johannesburg

While many people living in townships still commute to various parts of the city for employment, the township of Soweto has begun to change through the upscaling of investments. This transformation has occurred in such a way that Soweto can no longer be considered as a marginalised and deprived area (Gotz et al. 2014). Although there has been significant public investment in former townships, creating more integrated environments remains a challenge. There have been continuous additions to the urban fabric through retail and housing developments. While these new additions may have a major impact on the ground in terms of the daily activities of people and how they interact with the space, the monotonous apartheid form of single, detached housing remains. The region is characterised as being poor in terms of the quality of its settlements and the nature of the urban fabric which continues to sprawl (CoJ, 2010). Formal, non-residential development driven by the private sector is still concentrated in the north of the city (Gotz et al. 2014). The developments that have occurred in townships are not distributed equally between settlements, with the more established and better-off areas receiving most of the investments (Harrison, et al. 2008).

The economic growth and property boom has eventually come to the reach of townships. The income growth of township residents since 1994 has resulted in new lucrative markets emerging in townships. This market is increasingly being explored by retailers through shopping malls with supermarket chain stores as anchors (Harrison, 2015). In Orlando, the Bara Mall and the adjacent As'hambe Convenience Retail centres were allocated retail spaces designed to be a part of the greater Orlando eKhaya precinct plan to develop the local economy. Soweto has been the site of many developments since the disbanding of apartheid in 1994. While retail developments in Soweto only began taking shape in 2005 (as seen in table 2), the spate of such growth is unprecedented in a former township area (Gotz et al. 2014). Consistent efforts have been made in the post-apartheid era to redevelop townships and introduce much-needed retail activities in township spaces. Various malls have been developed in response to this policy orientation that warrants the diversification of township activities. Maponya Mall, Bara Square and Jabulani Mall are some of the most significant sites of commercial and retail activity in Soweto.

### Economic performance of Soweto: indicators

The concentration of businesses in Johannesburg has been influenced by the history of the City. This is because the development of businesses in townships was prohibited during the apartheid era and like many spatial legacies of apartheid, this trend persists. Since Soweto was developed as a shelter for transitory migrant labourers, it was not able to develop its own economic base. The region continues to be economically entrapped in the post-apartheid era (CoJ, 2010), with the majority of businesses being located in the CBD and the northern suburbs (as seen in Figure 4) where the white group areas were previously located. Most of the residents in Soweto still work outside of Soweto and most of their disposable income is spent outside the region (CoJ, 2010). The sparse distribution of businesses in the township thus reflects the trends of outbound shopping and a lack of productive activities in the township. As discussed in Chapter 2, the main economic activity in Soweto is retail – which is not labour absorptive and promotes the support of external businesses (large chain stores) at the expense of those which are locally owned. The presence of businesses in Soweto as of 2011 depicted in Figure 4 do however indicate that there is some progress being made in the effort to grow the township economy.



The lack of economic activity in Soweto can no longer be a defining feature as private sector investments have been made through developments malls and tourist destinations. The catalyst for this retail boom was the Soweto Retail Strategy of 2005 (cited in Harrison, 2013); which argued that retail spending in Soweto could be doubled from 25 percent to 50 percent (Harrison, 2013). The performance of Soweto’s economy at the regional level has been compared to that of Gauteng and the CoJ in Figure 5. While the overall performance of Soweto has not been as significant as that of the CoJ and Gauteng, the growth level (percentage change in performance) is competitive with that of Johannesburg and the province. Despite the CoJ having an historical advantage in economic performance, the township of Soweto appears to be growing at almost the same rate as the CoJ. This could indicate that the growth in the FIRE industries of Johannesburg and the province have plateaued and Soweto’s economic performance has grown owing to the private and public investments injected into its economy to stimulate its development. This growth, however competitive, is negligible and quite sluggish. The slow growth of the economy of Soweto and the sparse distribution of businesses in the township may be reflection of the greater challenge of spatial reconstruction in the post-apartheid era. Perhaps it will take more than two decades to restructure the space economy given that the country was governed by apartheid for much longer than the two decades of democracy the country has enjoyed.

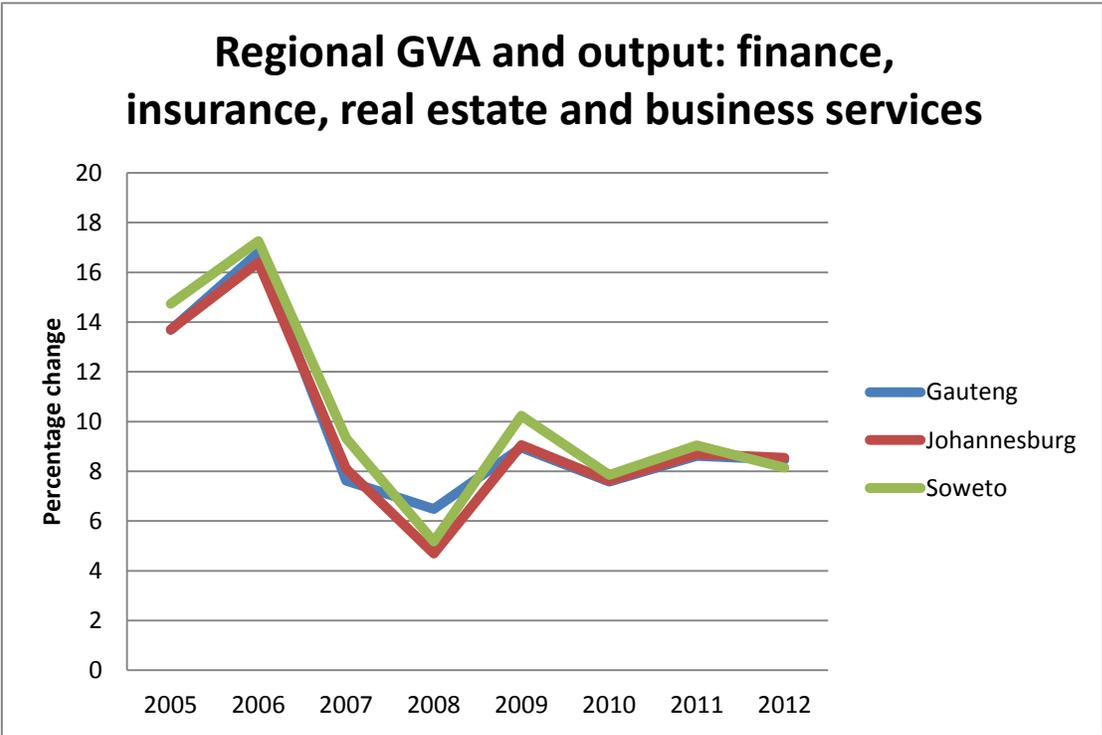


Figure 5: Comparison of regional GVA of FIRE industries (Source: Quantec EasyData accessed September 2016)

The economic development of Soweto has occurred in complex ways. This is because the economy of the township is growing but unemployment levels continue to increase as well, as seen in Figure 6. This is an indication that the township may be experiencing jobless growth, which is a threat to the socio-economic development of the area. Due to both the high unemployment rates and the lack of business density in the township, Soweto contributes very minimally to the economy of the city. This was echoed in the Economic Analysis of 2003, which stated that Soweto only contributed to 4 percent to Johannesburg’s GVA, despite being home to 40 percent of the city’s population. Hence, unemployment remains high as there is a shortage of local businesses that can absorb the unexploited labour in the township.

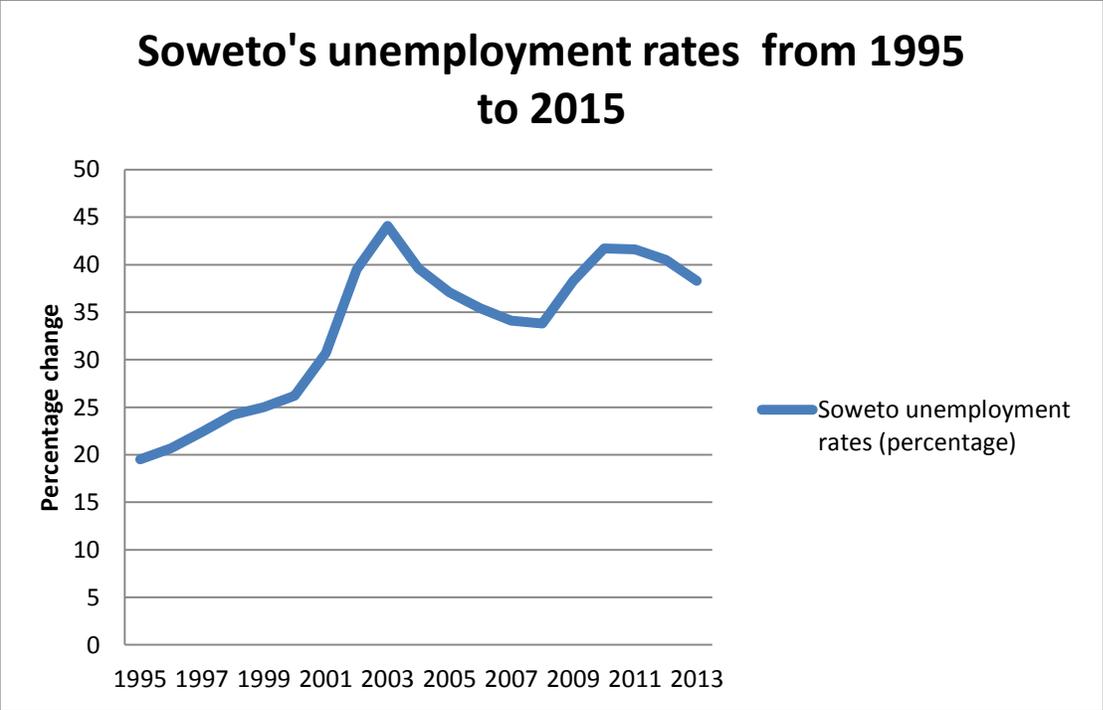


Figure 6: Soweto's unemployment rates (Source: Quantec EasyData accessed September 2016)

**Education levels and income indicating buying power**

Since the post-apartheid era, the levels of education in the township have shown a steady increase (as seen in Figure 7). The increase in education levels has also been accompanied by a gradual increase in income levels as well (Figure 8). These improvements are an indication that the disbanding of apartheid has allowed space for upward social mobility, which is also tied to the emergence of a black middle class. The social and economic status of the population appears to have changed especially in the late 1990s with more people acquiring an education and having an increased income. However, this growth

seems to have plummeted from the early 2000s and steadily decreased thereafter (as seen in Figure 7) while the income levels have been unstable and volatile for most of the post-apartheid period. These graphs indicate that while there may have been improvement in the socio-economic standing of the people of Soweto in the late 1990s, this progress has been backtracked in the post 2000 period.

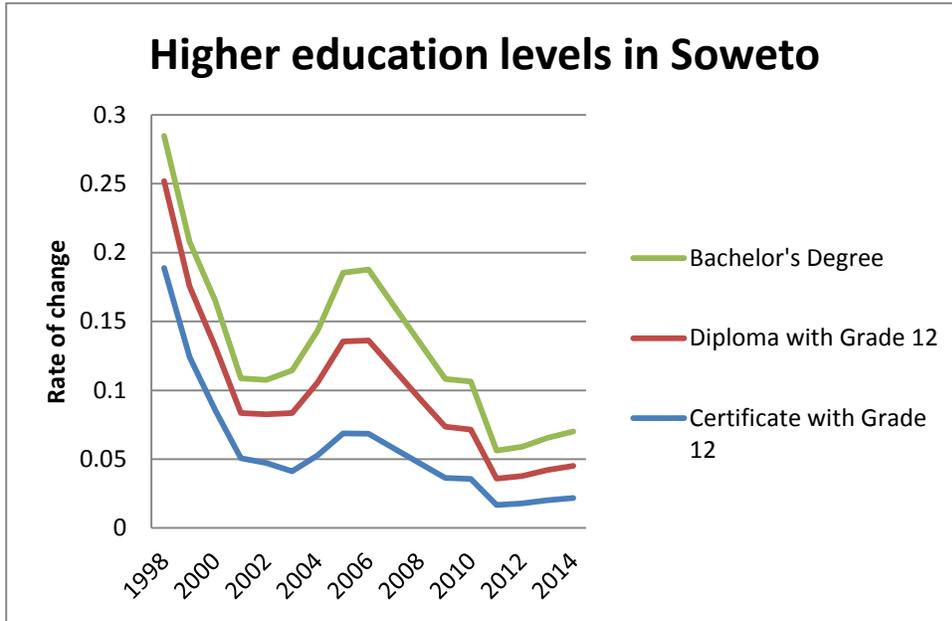


Figure 8: Changes in levels of higher education in Soweto from 1998-2014 (Source: Quantec Easy Data October 2016)

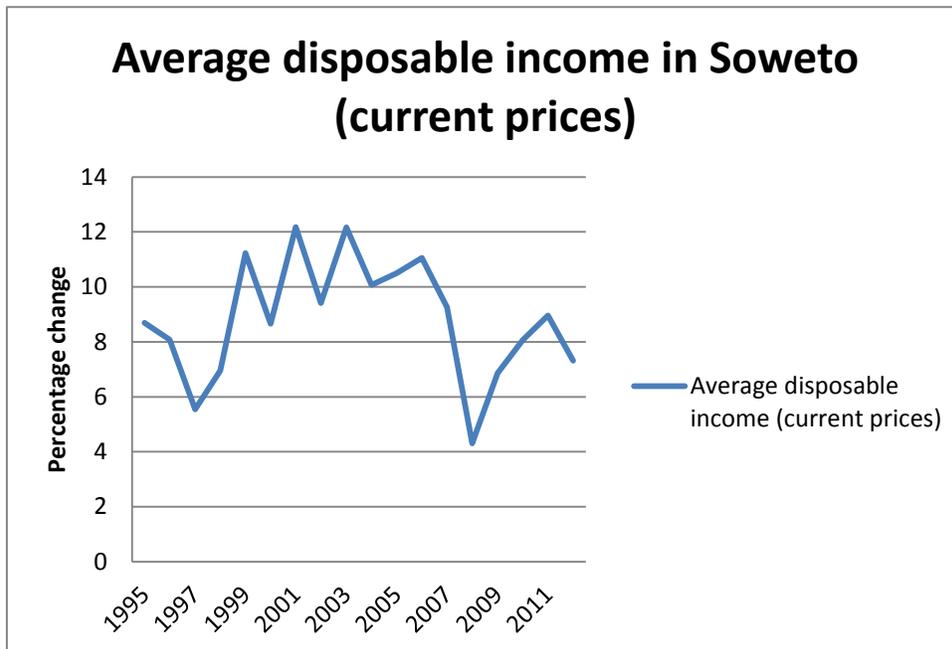
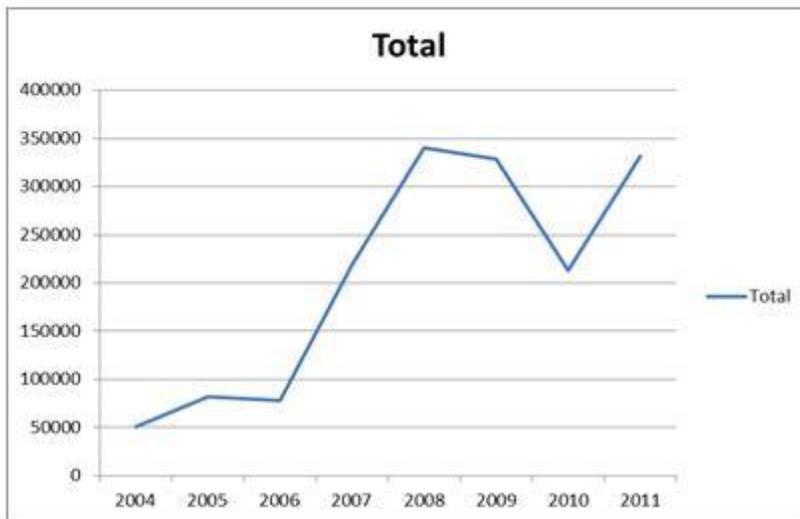


Figure 7: Disposable income trends in Soweto from 1995-2011 (Source: Quantec Easy Data October 2016)

The townships in Johannesburg have seen a sharp rise in property values between 2004 and 2008 (as seen in Figure 9), with property values remaining constant during the nation-wide slump in 2008. However, there has been a steady decrease in the number of formal property transactions since 2004 (Harrison, 2013), as illustrated in Figure 10. This decrease in property transactions came at a time when property prices were increasing – which begs the question why sales were decreasing when prices were increasing. This can be attributed to two factors: firstly, there may have been an increase in the transfers of lower valued houses through informal means (which are not recorded); secondly, there may have been a tendency for property owners to hold onto their dwellings as they offer opportunities for additional income through backyard renting (Harrison, 2013).

Apart from retail developments, there have been very little developments in the formal economy. There is some tourism in the better known townships but office development has not followed the retail and industrial areas near or within townships is still perceived as being risky by potential investors in the township.

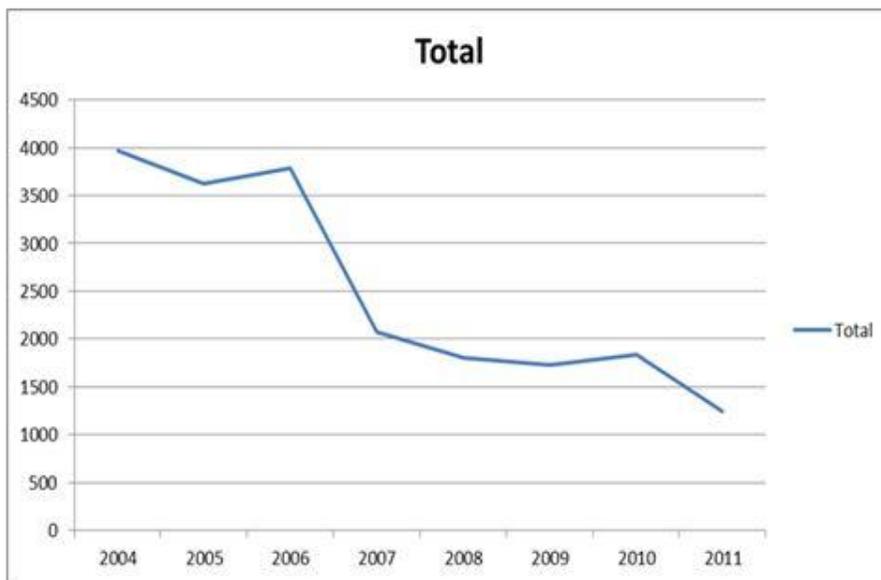
**Average property values for the historically black townships of Johannesburg, 2004-2011  
(excluding post-1994 housing estates)**



Source: Produced by P. Harrison and P.Njiro from data derived from the Affordable Land and Housing Data Centre, Urban LandMark and Finmark Trust

Figure 9: Average property values in Johannesburg’s townships (Harrison, 2013)

**The total annual number of transactions for the historically black townships of Johannesburg, 2004-2011 (excluding post-1994 housing estates)**



Source: Produced by P. Harrison and P.Njiro from data derived from the Affordable Land and Housing Data Centre, Urban LandMark and Finmark Trust

Figure 10: Total property transactions in Johannesburg’s townships (Harrison, 2013)

### Tracking land use development in Soweto

Following on from the business concentration in the CoJ (illustrated in Figure 4), it is important to understand at a more detailed level how the changes in the space economy are unfolding. This can be understood by assessing the land use changes at the level of the case study area. Residential developments continue to dominate its landscape (as shown in Figure 12) despite the introduction of retail and tourist activities. Informal activities proliferate throughout the settlement (City of Johannesburg, 2010) and are often located near formal retail. This is seen in Figure 11 the Motsoaledi informal settlement has expanded with the introduction of Bara Mall.

The six year intervals shown in Figure 11 illustrate the incremental developments that have occurred in Orlando, – namely, the construction of Bara Mall in 2006 and the Builders Trade Depot in 2012 adjacent to the mall. This reflects the impact of development on the surrounding areas as people move closer to economic opportunities, which is reflected in the proliferation of informality. Between 2006 and 2010, Soweto accounted for only 3 percent of the rezoning applications in Johannesburg (Harrison, 2013). This illustrates that the developments in the area are quite insignificant or perhaps, that many of these changes may be occurring informally.



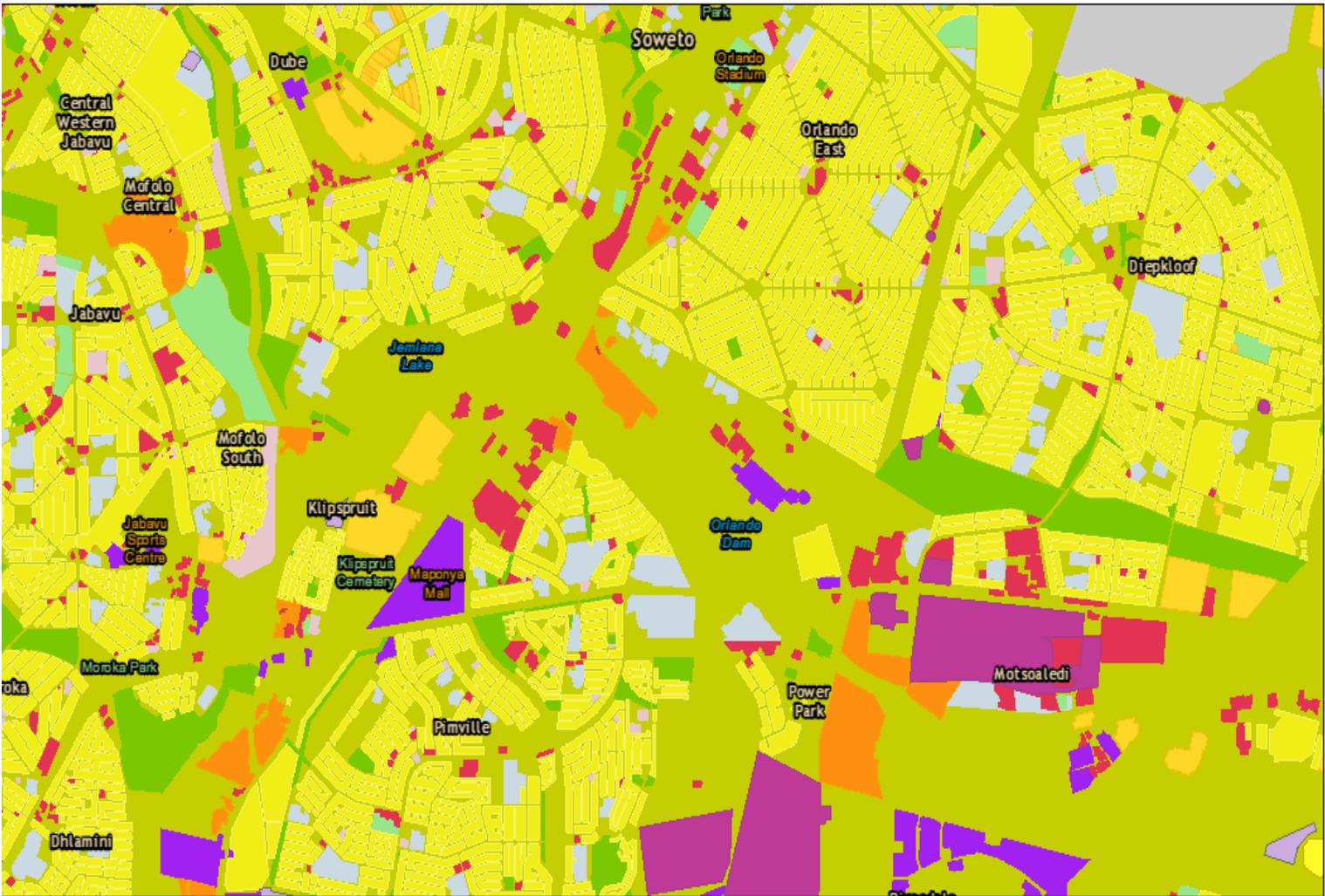
Figure 11: Land development from 2000 to 2012 (Source: COJ eservices.joburg.org.za accessed July 2016)

Centre name	Location	Classification	Date of development	(GLA)
Protea Gardens Mall	Protea South	Community centre	2005	17 400 $m^2$
Bara Mall	Diepkloof	Community centre	2006	12 345 $m^2$
Jabulani Mall	Jabulani	Minor regional	2006	44 355 $m^2$
Diepkloof Square	Diepkloof	Community centre	2007	20 000 $m^2$
Maponya Mall	Klipspruit	Regional centre	2007	65 000 $m^2$

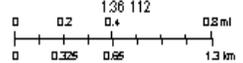
**Table 3: Retail space in Soweto (Source: Demacon Ex. SACSC, 2010)**

At the beginning of 2005, Soweto had 60 000  $m^2$  of retail space. The construction of various shopping centres of varying sizes significantly increased the amount of retail space in the township. The most significant of these was the development of Maponya Mall in 2007 which doubled the amount of retail space in Soweto overnight, adding 65 000  $m^2$  of Gross Lettable Area (GLA). Other smaller developments that were added incrementally from 2005 added 16 000  $m^2$  to the retail space bringing the total amount of retail space in Soweto to about 175 100  $m^2$  by the end of 2007 (Demacon, 2010). This number continues to grow as the Orlando eKhaya development is yet to be completed. The precinct plan had envisaged 30 000 $m^2$  of retail space for Orlando eKhaya alone as well as other commercial activities and a conference and business centre. The retail spaces envisaged for the development have taken shape but the developments around the waterfront have not yet been actualised.

The goal of the CoJ was creating 70 000 to 100 000 $m^2$  of retail space in Soweto. The spate of development has exceeded the City's expectations as there is currently over 250 000 $m^2$  of retail space. Figure 12 illustrates the nature of activities in Soweto in 2007, which was relatively diversified due to the introduction of retail developments (both small and large scale), educational institutions, health facilities (both public and private) as well as the development of prominent tourist destinations in Orlando East.



- GCR boundary June 2009
- Provinces April 2009
- Local Municipalities (2011)



Copyright Note, GeoTerrainage (GTI), GCRD, Municipal Demarcation Board,

Commercial	Residential - formal housing
Community	Residential - formal/informal housing
Education	Residential - high rise
Government	Residential - informal housing
Industrial	Services
Mining	Small holding
Open space	Transportation - air
Park	Transportation - other
Recreation	Unknown
Residential - cluster housing	

Note  
 Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Geomatics, Aergrid, IGN, IG P, swisstopo, and the GIS User Community

Figure 12: Land use occupation in Soweto 2007

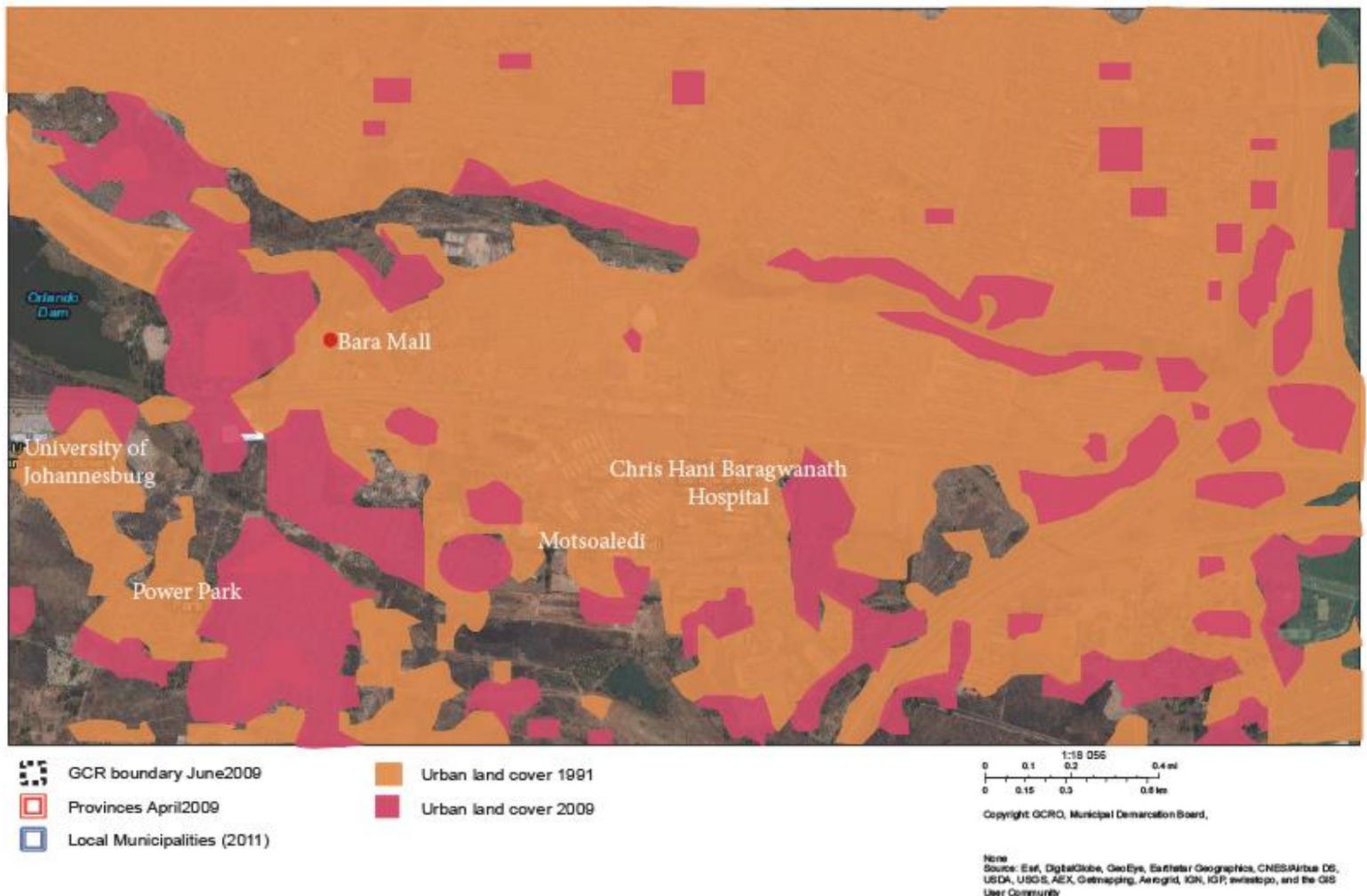


Figure 13: Spatial change and land cover from 1991 to 2009

Figure 13 illustrates the additions to the urban landscape of Orlando and Diepkloof since 1991. As shown in the Figure, in 1991 there was dense urban occupation in Diepkloof and Orlando. This was through the density of occupation through residential settlements as well as the Chris Hani Baragwanath Hospital. However, between 1991 and 2009, there were significant additions to the urban form in the study area (shown in pink). These developments contributed to making the area more urbanised and increased the amount and diversity of activities occurring in the area.

## **Spatial plans and development policies for Orlando, Soweto**

This section presents a description of the policies that have been formulated to develop the township of Soweto.

The Johannesburg Growth and Development Strategy (GDS) 2040 provides an overall development trajectory for the CoJ, while the Economic Development Pan for Soweto begins to grapple with local issues in the township – detailing the obstacles to economic development and proposals to improve the township in this regard. The RSDf represents the prevailing spatial plan within the City (CoJ, 2010). Hence, the RSDf is a spatial representation of the policy instruments being employed by the City and it also provides details of where investments are being directed to in the strategic sites across the township, which includes the precinct plan for Orlando eKhaya.

It is evident that the goal of integrated development is an imperative goal for the City as it is reflected in three levels of plans for Soweto: the RSDf for Region D, the Baralink node and Orlando eKhaya. The RSDf places the transformation of marginalised areas as a high priority and aims to change townships from their dormitory status to vibrant, integrated communities which also align with the principles of the GDS (CoJ, 2010). The urban design framework for Baralink provides a package of the plans within Baralink. It also postulates a coordinated approach to the implementation for projects. The guidelines for the Orlando eKhaya stipulate that an integrated mixed type of development is to be supported in the retail, office and entertainment and residential sectors (CoJ, 2010).

### **The Johannesburg Growth and Development Strategy (GDS) 2040**

The GDS is a long term strategy for the city, which is a model of the city's path towards development. The strategy states the CoJ's mission to correct past injustices through making Johannesburg more equitable as well as dealing with current challenges and anticipating encounters for the future (CoJ, 2011). The guiding principles of the programme are:

- Eradicating poverty
- Building and growing an inclusive economy
- Building sustainable human settlements
- Ensuring resource security and environmental sustainability
- Achieving social inclusion through support and enablement
- Promoting good governance

The Joburg 2040 vision is to become a world class African city of the future, which is pulsating, equitable and strengthened through its diversity. The City will create an atmosphere that provides a real quality of life and sustainability for all its citizens as well as a resilient and adaptive society (CoJ, 2011).

### **Five Year Soweto Economic Development Plan, 2008**

The Five Year Soweto Economic Development Plan was prepared by the CoJ to act as a guiding instrument to direct the interventions in current and future economic development. The plan also seeks to provide a basis for building Soweto as a productive and competitive regional economy (CoJ, 2008). In addition to this, the plan aims to present Soweto's strategic interventions to accelerate economic growth and enhance development of the township. These developments need to occur in such a way as to benefit the people of the region while also contributing towards the transformation of the economy of the greater Johannesburg region (CoJ, 2008). The development environment which the plan seeks to create is one in which the people of Soweto participate in the forging a growth path for the city that can achieve great impact through its interventions (CoJ, 2008). The principles governing the economic plan are accelerated and shared growth; local competitiveness; a robust, resilient and vibrant regional economy; redressing poverty and proactive absorption of the poor into the mainstream economy; learning and skills development and creating an investor friendly environment (CoJ, 2008). The approach of this plan is quite similar to national LED policies which were critiqued in Chapter 2. Much like the LED approach in South Africa, this economic development plan for Soweto does not consider the prevalence of informal activities in Soweto nor does it address the question of how it will facilitate increased access to markets for the marginalised. Additionally, the plan adopts the conventional LED approach that necessitates the growth of the local economy without considering the business development of SMMEs (which are the drivers of the local economy).

**Regional Spatial Development Framework (RSDF) for Region D (Soweto), 2010**

This policy document was prepared by the CoJ as a spatial policy document and adopted as an integral component of the City’s Integrated Development Plan (IDP). The RSDF for Soweto outlines three main focus areas that are envisioned to be the catalysts to boost local economic development through the targeting of key infrastructure areas to boost developments. The RSDF is part of the greater SDF for the CoJ. The RSDF states that Soweto and other marginalised areas are high priority for public transport and will thus receive capital investment and service upgrading within the financial period 2008-2011 (CoJ, 2010). These capital investments were realised through the development of the Baralink node. The Soweto Empowerment Zone (SEZ), Bara Central and Orlando eKhaya are priority areas within the Baralink node. Each of these developments has its role to play in realising the vision for Soweto’s economy and the reorganisation of spatial activities.

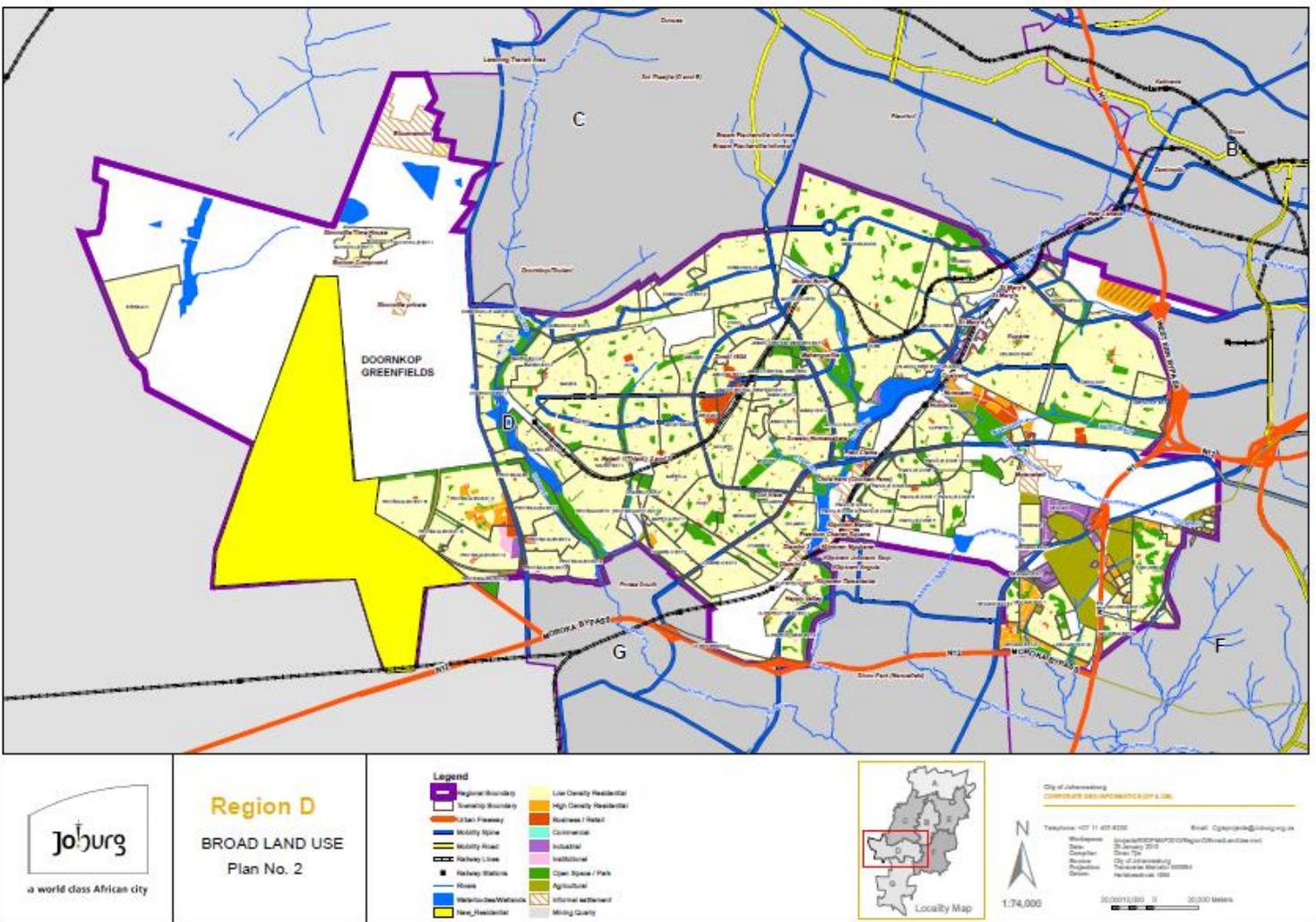


Figure 14: RSDF Broad land use plan for Region D (CoJ, 2010)

The SEZ has the developmental objective of creating employment opportunities within and close to Soweto. This will be achieved by providing an investor friendly environment that is strategically located on the highway and is connected to the labour markets around the suburbs of Soweto (CoJ, 2010). The development of such a space for entrepreneurs and locally owned businesses will assist in reducing the spatial and economic disparities that exist across the city as reflected in the relationship between the former township of Soweto and the urban nucleus of Johannesburg. The development of this zone is projected to contribute towards reducing the 40 percent unemployment rate of Soweto and provide impetus to minimising the 30 percent of households living in abject poverty (CoJ, 2010). The SEZ also has the aim of enhancing the social and economic integration of the previously marginalised area of Soweto into the greater economy of the city as a whole. It also seeks to generate wealth within Soweto while also empowering its people to establish their own businesses in an area where entrepreneurial activity and creativity was previously suppressed.

Bara Central is a development that is located within the Baralink node adjacent to the Bara Central Public Transport Facility. It proposes the introduction of mixed use activities that are geared towards creating a pedestrian friendly environment. Public spaces are to be developed in such a way as to ensure that they are multifunctional and provide for a variety of needs (CoJ, 2008). This node thus serves the purpose of using mixed use activities in the space to promote the multi-functionality of a previously mono-functional space.

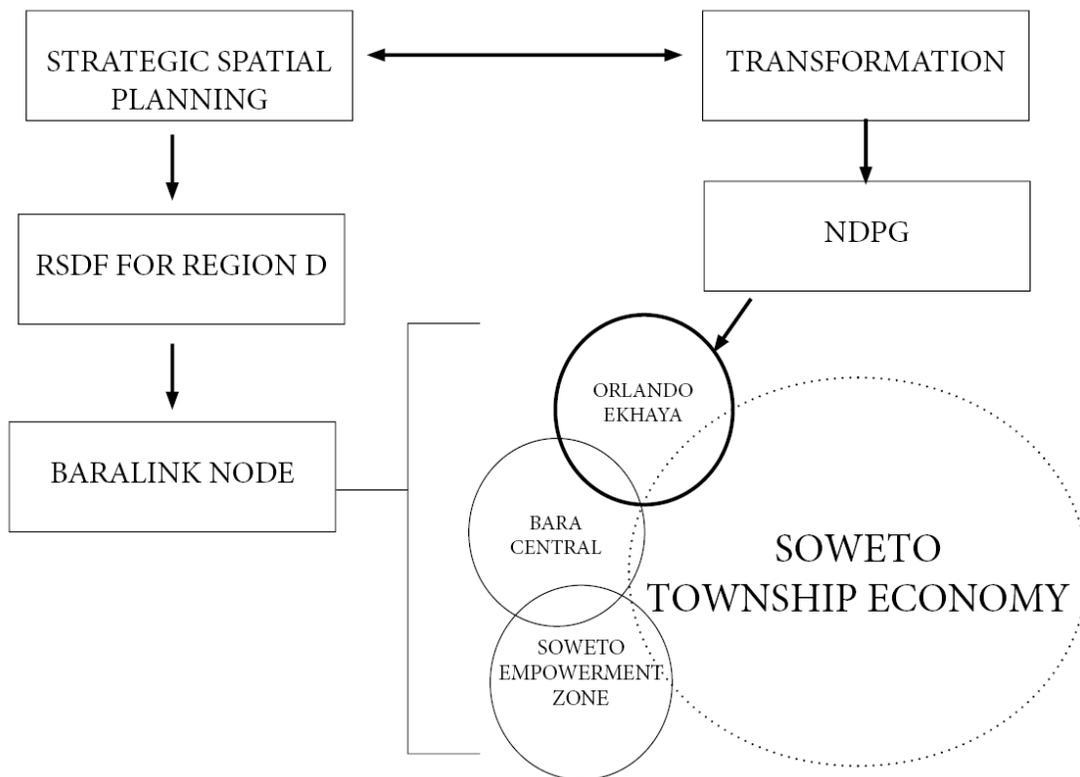


Figure 15: Diagram illustrating the state's efforts to improve Soweto's economy

### **Orlando eKhaya**

Orlando eKhaya forms part of the greater Baralink node that was developed to regenerate the spaces in Diepkloof/Orlando and add vitality in terms of diversifying the activities occurring in the township space. The precinct plan was designed to develop the waterfront of Orlando eKhaya, support private sector investment; structure the pedestrian connections and public transport facilities, create linkages with the University of Johannesburg (UJ) located south of the site; define the public facilities that could be located within it to activate the site; and identify key catalytic projects (ASM, 2016). The precinct plan sets out 30 000 square metres for retail space, a conference and business centre as well as commercial activities as seen in land use delineations in Figure 16. The objective of developing such a precinct was to establish a site of innovation that is world-class and will contribute to changing the face of Soweto from a marginalised community to one which is a sought-after destination for investment, tourism and business (City of Johannesburg, 2010). The project was initiated by the Johannesburg Property Company (JPC). The JPC manages city owned assets with the primary goal of expanding the rates base of the city and ensuring that the city's property is utilised to its best potential (Sack, 2016). For Orlando eKhaya, the JPC brought in various specialists and consultants who formulated ideas about what should happen in the space. Albonico Sack Metacity (ASM) was commissioned by the JPC in 2004 to formulate the urban design framework for Orlando eKhaya. The urban designers sought to achieve the redevelopment of a

very large area. They identified development opportunities for the private sector to engage in and provided guidelines for development.



Figure 16: The envisaged developments at Orlando eKhaya (number 12 on map illustrating Bara Mall)

(Sources: [http://www.joburg.org.za/images/stories/2009/may/urb\\_asm280607.jpg](http://www.joburg.org.za/images/stories/2009/may/urb_asm280607.jpg); <http://www.asmarch.com/orlando.html> accessed September 2016)

*It has always been a collection of strategies which have been used to encourage development. We worked on identifying a major project to catalyse development.*

-Nicolas Sack of Albonico Sack Metacity, 2016

One of these catalytic projects identified was the Orlando dam. It was identified as being the central organising component of the plan. Orlando Dam was seen as an enabling device that would function as an urban lake. There was input from traffic engineers and services engineers who projected the impact on traffic and infrastructure demand (Sack, 2016). Many stakeholders were involved in the process of

the formulation of the plan as well as its development and operationalisation. Among those involved were six main stakeholders whom are outlined below as explained by Sack.

The community, which included the residents of Power Park, was a major stakeholder in the development of Orlando eKhaya. The role of the community ranged from their involvement in the community participation processes to the design and implementation of the project. The UJ community was involved in the precinct plan in order for a direct link to be created between the precinct and the UJ Soweto campus. This involved aligning the entrance of the university to that of the precinct and creating a new crossing that would incorporate the BRT. There are several boating organisations that also became involved in the project due to the dam being the focal point of Orlando eKhaya. These organisations became involved to improve their environment as users of the dam. The departments from the CoJ were also involved in facilitating community development. Importantly, JPC was the main state entity that was involved as it has the responsibility to manage the City's assets and ensuring that the city's property is utilised to its best potential. Various development companies were involved in the project as the success of the plan required a public-private partnership. Among the developers involved were Katavi Properties, which is developing the residential component of Orlando eKhaya and Elangeni Property Investments, which was commissioned to develop an outdoor events stage and organise events around the dam.

In the process of implementing the plan, Sack stated that the project did not face any obstacles in its development except issues with the environmental compliance of the plan.

*The environmental issue is very significant because legislation restricts what you can do within a certain distance from a body of water. So in order to do what we have planned we had to engage with planning processes which deal with environmental constraints*

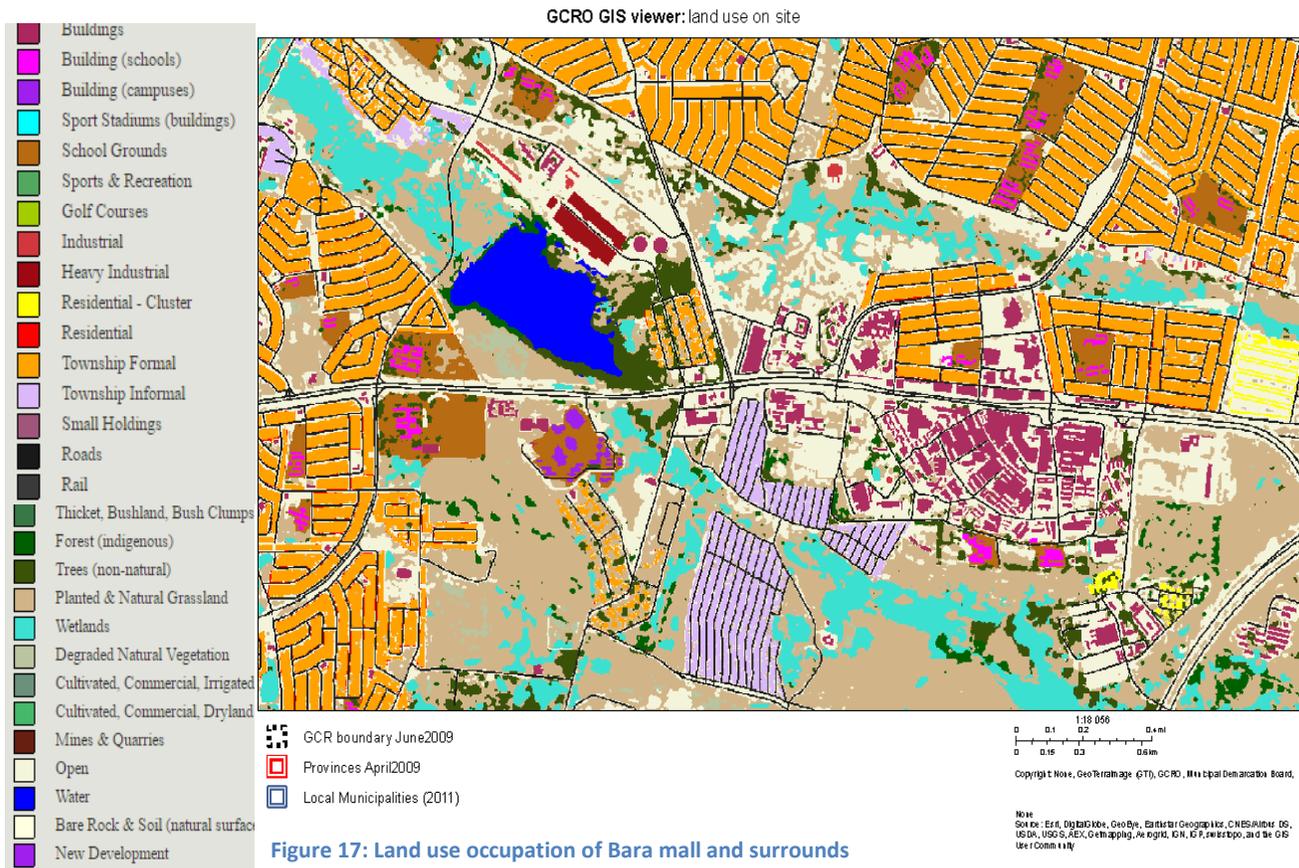
-Nicolas Sack of Albonico Sack Metacity, 2016

In terms of influences in its approach, the CoJ appears to follow policy suggestions by the WB and ULM. Orlando eKhaya explicitly illustrates the attempt to strengthen the endogenous resources of the township through a comprehensive precinct development plan that encompasses numerous development projects. These include commercial, retail, and tourism. If a general conception on the market-led versus the pro-poor approach is used to understand the policy approaches of ULM and the WB, it can be said that the WB advocates for the market-led approach and ULM's policy suggestions are pro-poor. The market-led approach of the WB promotes investment attraction and there is a major

focus on the private sector. Its neoliberal, pro-growth agenda aims to strengthen economic and institutional linkages between the urban formal economy and that of the township. The WB policy suggestion necessitates an improvement in the investment climate of the City and also improving access to credit for township entrepreneurs. This illustrates that this policy approach is geared towards the growth agenda and has characteristics of a market-led approach. On the other hand, the policy suggestions of ULM reveal a people-centred approach that is pro-poor and seeks to invest in human capital. The approach of ULM is one which is focused on strengthening the endogenous resources of an area, which is a defining feature of the pro-poor approach to LED.

While the City has seemingly aligned itself with Urban Landmark’s recommendations, those of the World Bank are less explicitly expressed at the local level but are more overtly identifiable at the scale of the RSDF. This is because the World Bank makes various suggestions that would improve the operating environment and development prospects of small businesses, which the Orlando eKhaya plan largely ignores. Thus, the City’s development prospects for townships appears to be one which favours the growth of the township economy and forging linkages with the city’s nodes but at the local level, little is being done to deliberately ensure that small and micro businesses (as the drivers of LED) are given the primacy and support they require.

### A spatial portrait of Orlando: the status quo



The activities in the Orlando/Diepkloof area have diversified greatly since the proposed interventions have been implemented as seen in figure 17 above. The University of Johannesburg Soweto campus is located within the Orlando eKhaya precinct, along with Chris Hani Baragwanath Hospital as well as the Bara Public Transport Facility. The area around the mall is dominated by the presence of pylons, minibus taxis and informal trading. The upgrade and extension of the University of Johannesburg's campus formed part of the Baralink Business plan. There are various forms of activity occurring around Bara Mall including informal trade, minibus taxi operations, shoe repairs and informal mechanic operations.



Figure 18: Mapping activities on the site

While these activities may be thought of as being incompatible and undesirable to have around a mall, they create a unique atmosphere where the people in the area are able to live and operate their businesses. The nature of activities in Orlando is such that people no longer need to travel to the CBD to access retail services and to conduct other shopping functions as the malls in the township have the same level and quality of shopping facilities. This has aided in improving the quality of life of people living within the settlement.

The surrounds of Bara Mall are rich with informal activities as seen in Figure 18. This is evident not only in the informal trading around the mall but also through the informal taxi rank and the informal settlement across from the mall. The presence of such activities is juxtaposed with the realities of formal developments. Where there is the formal retail development (the Mall), there are informal traders; where there are formal housing developments (on Nicolas Road), there is an informal housing settlement and where there is a major public transport interchange (Bara Central along Chris Hani Road) there is also an informal taxi rank. These activities may indicate the tendency for formal developments attract informal activities. This trend may be caused by an issue of affordability (traders and residents may not afford to interact with or use formal developments) or may also indicate that the developments are inappropriate for the said space and people then formulate their own solutions which are more suited to their needs. Nevertheless, the presence of this informality on the site demonstrates that informality remains a dominant feature of the township despite the introduction of formal developments into the area.

## **Conclusion**

The spatial policies created and employed for Soweto have a specific developmental impetus: seeking to improve the local economy, creating a competitive regional economy, addressing infrastructure deficits, improving the quality of life in townships and attracting private investments. The GDS outlines the overall development trajectory for the CoJ and is therefore not detailed in how it seeks to realise its vision. The GDS thus appears to be all-encompassing; embodying features of both the market-led and pro-poor approach to LED. The policy seeks to correct past injustices, alleviate poverty, while also creating an inclusive economy through sustainable development. Hence, the policy advocates for both the growth of the economy and the social development of Soweto, as can be expected from a broad policy guiding the development of the city as a whole. However, the Five Year Soweto Economic Development Plan and the RSDF for Region D express the City's agenda more explicitly as these policies are focused on the development of Soweto in particular. The Five Year Soweto Economic Development

Plan provides the basis for building Soweto as a productive and competitive regional economy. The plan states that it seeks to accelerate economic growth in Soweto, boost local competitiveness, create an investor friendly environment and absorb the poor into the mainstream economy. This approach is greatly aligned to the market-led approach of the WB as it seeks to foster the growth of the local economy through neoliberal approach. In a similar way, the RSDF for Region D emphasises the importance of capital investments in the development of Soweto. It seeks to create employment opportunities, an investor friendly environment and generating wealth within Soweto to decrease unemployment. This echoes the market-led LED approach that is premised upon promoting the growth of the economy through investment attraction and private sector-led development. The pro-growth agenda thus appears to be absent in the policies that outline the development trajectory of Soweto. The policies place the development of the economy through market-led approaches at the forefront while the social development of the township appears to be expected as a result of economic growth. Investing in human capital, promoting the exploitation of endogenous resources and public-private partnerships all seem to be either absent or shelved to be dealt with by the trickle-down effect that the invisible hand of the market administers.

Since the policies have been in place for a while, there are trends and developments that these policies have given rise to. It is clear from this point that the market has not been able to effectively deal with inequality and economic imbalances as it has been entrusted or expected to. These imbalances and inequalities are evident in the statistical data that has been detailed in the chapter. The concentration of the majority of Johannesburg's SMMEs in the CBD is the first indicator of persistent economic and spatial inequality. The poor representation of businesses in Soweto has caused the township to make an insignificant contribution to the city's economy, despite housing almost half of its population. This situation has had an effect on the space economy of the city, which has remained skewed towards the previously enfranchised segments located towards the north of the city. The GVA of Soweto appears to be competitive with that of the City and the province and the township's economic performance has increased owing to public and private partnerships that have been introduced to foster economic growth in Soweto. However, this growth has been negligible and sluggish. Unemployment in Soweto has declined from 2009 but it remains high at 40 percent as at 2013. Additionally, education levels and disposable income of the people of Soweto have naturally increased since the disbanding of apartheid but began to plummet in the mid-late 2000s with income levels becoming volatile. Additionally, the property values for the township have increased over time but the numbers of property transactions have decreased, probably owing to the growth of the informal sector, which is not taken account of in

formal development statistics. Very little advances have occurred in the formal sector, aside from the retail and housing developments. This is also evident in the land use patterns in Soweto that illustrate the emergence of (informal) housing developments and the dominance of the retail industry.

The efficacy and successes of the policies developed for Soweto appear to have been short-lived as growth and development appears to have occurred during certain times and have not been sustained. Social development issues such as unemployment, weak buying power and an absence of SMMEs in Soweto have given rise to increased informal activities and a further reinforcement of economic inequalities. Therefore, the policies developed for Soweto have focused on growing the local economy, which has not been fruitful and has neglected the people-centred approach to LED, which has given rise to increased social issues and reinforced spatial inequalities. There is a lack of attention paid to developing small businesses or investing in human capital but the policies expect there to be a positive outcome of its pro-growth approach. It is therefore evident from this chapter that the market-led approach to LED has contributed to stifling social development and has created uncertainty as to the economic prospects of Soweto, owing to its limited success thus far.

Perhaps Orlando eKhaya is focusing on formal businesses instead of both formal and informal businesses. Catering for formal businesses alone however, has not had the intended outcomes as formal businesses are not taking up the office and commercial spaces allocated to them by the plan. Hence, there is very limited economic activity and it is still quite marginal. The research has been focused on interrogating the plan's ability to bring about LED. Orlando eKhaya is a way of realising the goals of the RSDf for Region D but it has its limitations due to its physical focus. These limitations include the piecemeal funding provided by the state from the NDPG and the uncertainty concerning the take up of adjacent properties. However, the latter concern is perhaps more problematic as private developers inevitably initiate developments on their own accord.

## Chapter 4: The effects of retail developments on small businesses

This chapter provides a report on the findings of the research in the following manner: the first section reports on the interview with Nicholas Sack from the urban design firm commissioned to create the urban development framework for Orlando eKhaya. The purpose of this section in the findings is to discuss the plan's intentions from an urban planning perspective. Further, it provides the views and perceptions of township development from the perspective of the urban designer and juxtaposes these findings with the business owners who experience the realisation of the plan on a daily basis.

Thereafter, the chapter details the responses of the interviewees according to the businesses typologies identified, i.e. formal traders and informal traders. Their responses are structured according to the categories of questions asked in the interviews. Namely, these categories are based on their daily experiences of operating their business, the impacts of surrounding developments, challenges to business growth, ways in which their operating environment can be improved and their perceptions on the changes that have occurred within the township.

Business/ owner name	Type of business	Product/service offered	Year of opening
Trader 1	Formal (Salon)	Hair treatment, cutting and styling, nail grooming and artificial nail installation	2016
Trader 2	Formal (Cosmetics)	Cosmetics, hair extensions, herbal medicine	2010
Frank	Informal	Fruit and vegetables, cigarettes, peanuts, sweets	2009
Mandla	Informal	Informal car repairs, window tinting, steering wheel covers	2010
California	Informal	Fruit and vegetables, cigarettes, peanuts, sweets	2012

Table 4: A profile of the business owners interviewed

**Albonico Sack Metacity Architects and Urban Designers:** The business was established in 1984 in Yoeville. It was part of an NGO called Planact. The practice became a close corporation in 2003 and

currently comprises a team of architects and urban designers. The company is involved in the development sector and deals with urban issues for both the public and private sectors.

The research design explained that the study would involve conducting interviews with six business owners operating in and around Bara Mall. Three formal business owners operating within Bara Mall were identified for the study but only two of them were available to be interviewed. Three informal traders operating outside the mall were also interviewed in the study. The two business types were used in the study in order to understand the impact of local economic development on both formal and informal businesses, which both form an integral part of the township economy in the post-apartheid era. The study aimed to interview black business owners in the mall to understand how the developments have improved their lives, considering business development in townships was thwarted under apartheid. However, when seeking black owned businesses in Bara Mall, they were very few locally owned black businesses, with most businesses being chain stores or franchises that would be found in most shopping malls.

The interviews were conducted between the 15<sup>th</sup> and 20<sup>th</sup> of July at the business premises of the shop owners. This included the informal traders who were interviewed at their stalls outside of the mall. The formal business owners had to be contacted beforehand for the interview to be set up on a day when they would be available or when their shop would not be busy as most of the business owners managed their own shops. For the informal traders, the same process was followed where they were asked before the interview about their availability. All the informal business owners responded by saying that they would be at their respective positions everyday thus setting up an interview date and time was unnecessary.

The interviews each took approximately twenty five minutes to complete. The interviews with the informal traders generally took longer than half an hour as there were customers passing by and buying from their stalls. What also delayed the interviews was the fact that they were not comfortable with being recorded so hand written notes were taken, which take long to write, especially in an environment which is not formally established (having furniture and a private space to conduct the interview). The informal traders were reluctant to participate in the study at first due to the fear that the information gathered during the research would be used against them and they would subsequently be evicted from their locations. This reluctance came from their fear of the police, who had evicted them many times in the past few years. During the interviews with the informal traders, a few police vans drive passed the mall on Nicolas road, where two of the traders interviewed were located. The passing of the police vans

halted the interview process immediately as the traders were fearful that they would be chased away once again. Fortunately, the police did not take any action against the traders on that day.

The interviews with formal business owners went smoothly as there were few distractions. They formal business owners were willing to provide written consent and did not feel it was necessary for anonymity. Hardly any customers interrupted the interviews as not many customers came into the shop. Consent to conduct the interviews was done differently for formal and informal businesses. The informal traders gave verbal consent as they were not comfortable with signing the consent form with their name to protect their identities. The names provided for the informal traders below are their choice of pseudonyms. The formal business owners are referred to as Trader 1 (Salon), and Trader 2 (Cosmetics). The informal traders are referred to as Frank, California and Mandla.



Figure 20: Frank and California's fruit and vegetable tables



Figure 19: Mandla's trading area at the northern side of Bara Mall

## The view from above: detailing Orlando eKhaya from an urban design perspective

### The planning process and design

In the design process of Orlando eKhaya, Sack stated that

*“Orlando eKhaya has never been utopian. We identified drivers to achieve the redevelopment of a very large area. We identified development opportunities for the private sector to engage in and provided guidelines for development.”*

According to Sack, the project has always been a collection of strategies which have been used to encourage development. The greatest task was identifying a major project that would be able to catalyse development. The dam was identified as this catalytic component of the plan.

The framework plan has enabled the development vision to form gradually for the whole area, according to Sack. The KFC, hardware store, shopping centre have emerged due to the development of the greater area. These were development opportunity sites which were taken up by individual developers. It was an “oil spot type of process”, as described by Sack. This means that they were not necessarily intended by the plan but were spurred by surrounding developments. However, according to Sack, “it is all happening too slowly for it to have a big impact.” UJ has gone through a very significant expansion and they have continued to invest in the expansion of the campus. Some of the housing proposed has been developed. However, major problems such as student housing remain and there is a need for an increase in the supply of housing. In a market survey that was conducted, it came about that there is a very big demand for a private school and a private clinic. “This gives an idea of how the process is employed. It is not a blueprint plan”, explained Sack when asked how the planning process was undertaken. He went on to state that,

*“..It’s a planning process to package the City’s assets in such a way that the outcome is as positive as it could be, and promotes economic development and expands the City’s rates base. It is done in a way that does not overlook its potential not just for commercial development but for delivering goods and services such as education and health.”*

## **Navigating the legislative and policy environment**

Sack identified the outdated legislative environment as an obstacle to the development of the township. Sack criticized this situation relating to the lack of uniformity in town planning regulations, stating that

“Townships had their own legislation which has not been repealed. It is waiting to be incorporated into the new town planning scheme. But it is just remarkable that after such a long time we still have to work with really outdated legislation.”

Given that informal traders are present throughout the township and outside Bara Mall specifically, Sack was asked about how the plan acknowledged informal trading and how it sought to accommodate informal traders. Sack said that informal trading never came up in the discussions surrounding the plan and that informal trade was not part of the remit of the work that ASM had done at the scale and scope of their work. He stated that it was unnecessary for them to engage with informal traders and plan for them in this project.

“It would become relevant at a much finer grain. The City has an informal trading policy. The level that we were working at, it was not necessary to engage with it”

Further, Sack observed that when it comes to a particular project for Orlando eKhaya, for example, the South Bank Park, it would then be useful to discuss and decide what would happen around the public space around a particular project and if informal trade is to be permitted.

## **Perceptions on changes in the township**

When asked about his experience of working in a township space, Sack was not unsettled by the question and stated that he had been involved in quite a few different projects in Soweto and it was not his first time working there.

“Working in Soweto is very different to working in the city. It is an interesting question (Laughs)... Apart from the obvious legacy of neglected development, its status as an apartheid dormitory town and everything that it lacks - it’s just amazingly exciting to see things are unfolding there. When you see these things become realised, you get a sense of healing taking place gradually on an urban scale.”

While Sack is positive about the changes occurring in Soweto in terms of the physical and urban landscape, he was not satisfied about the rate that spatial change is occurring. He believes that Orlando

eKhaya has not begun to spatially transform Soweto. According to him, development is happening too slowly to have a huge impact and there are major issues, such as environmental authorisations and the demand for student housing, which still need to be resolved.

He regards the township as an integral part of the overall urban space.

“The township is part of the city. But it is quite dysfunctional as part of the city because the amenities that it lacked still need to be introduced in a coherent fashion.”

Sack went on to discuss the question of where the centre of Soweto is, as some understand Soweto to be a city on its own. He asked himself if the centre of Soweto is in Jabulani, Vilakazi Street, or if it is potentially Orlando eKhaya. In a sense because there has been so much neglect of Soweto in the past, Sack is of the belief that you would expect to find more amenities and infrastructure in an urban space of that size and population. He was also confident that Soweto has endless possibilities and enormous potential to really become even better than other parts of the city. Sack was quite cognisant of the township’s past and its history of neglected development but was adamant that greater focus should be placed on the future of the settlement and the types of development opportunities that can be realised.

“Its history is really important but what is more remarkable at this point is its potential for amazing redevelopment. How do you unlock that?”

### **Getting the ball rolling: the current stage of development**

The project is not yet complete as developments are being proposed continuously. Currently, ASM is implementing parts of the South Bank Park (as shown in Figure 10). Half of the landscaping has been completed and public toilets as well as parking have been added. They still have to make the entrance that will connect the dam precinct to UJ’s campus. The project has not been fully implemented due to major funding backlogs.

“It will basically move on like that because the city does not put in big amounts of money. It has been piecemeal.”

According to Sack, the next challenge is how they are going to make the South Bank operate as a park. It has been conceived as an eventing space which came out of the stakeholder engagement. But to make that happen, Sack believes that the City needs to have partnerships with people who are interested in using the park as an events space. Sack is positive that if the park is used as an eventing space, it will be

good for the precinct as it may then become popular. It may also encourage a process of place-making and this will generate sites of activity where there previously was none. He hopes that with the development of the South Bank Park, UJ will move its entrance to engage with the space more directly.

“All the time, these little steps are about opening up new opportunities but there is no way of guaranteeing it will work or turn out the way that you expect them.”

### **Engaging with the business owners: perceptions from the ground level**

The subsequent sections deal with the responses of the business owners. The formal business owners' responses are provided first, using a series of themes generated from the field work. Thereafter, the informal traders' responses are also detailed, using the same method of themed sections.

The traders operating within Bara Mall were drawn to trade in the mall for different reasons. Trader 2 stated that he did not really come to Bara because of the area. The mall had empty premises and he was looking for premises within which he could trade. The other reason he gave was the taxi rank and Bara hospital which made the decision easier to come into the area. He was not trading before he opened his shop at Bara Mall.

“This is my first business. I was employed elsewhere before.”

This finding is similar to that of Trader 1 who also opened her first business in Bara Mall. However, her business has only been opened for five months as opposed to Trader 2 who has been operating at Bara Mall for six years. Trader 1 is a former student from the UJ Soweto campus, who graduated in accounting and opened the salon due to what she saw as a gap in the market.

### **The daily experience: the basics of running a business**

#### *Customers*

Trader 1 was very vocal and confident about her customers and the potential for expanding her customer base given that her business is relatively new. According to her, the mall is central. There are people coming from Orlando, Diepkloof and UJ. She stated that different people coming from different places provide opportunities for her business and that the salon is accessible because it is a walking distance from many places. Some of her customers stay at Power Park and study at UJ, which are both close to the salon. However, she emphasised that she is still building her clientele so her business does

not have a large customer base currently. Trader 2 was not as optimistic about the prospects of expanding his customer base. While he agrees that there is a large customer base, he feels that it only materialises at certain times of the month.

“If you have a business, it must run every day.” – Trader 2

### *Rent*

Trader 1 pays rent of R15000 per month and Trader 2 pays R18000. While Trader 1’s shop occupies a larger area in the mall than Trader 2, she pays a lower amount than Trader 2 as she negotiated with the mall management. She argued that the rent should be decreased because the shop had poor customer visibility - “it is not the best spot” – and succeeded in having her monthly rental decreased from R25000 to R15000. As a result, she felt that her rent is fair. However, Trader 2 strongly believed that the rent charged is not a fair amount to ask. He said that the mall is not the most popular mall but if it were, perhaps it would warrant that much.

### *Profit*

Both Trader 1 and 2 said that their businesses were only generating enough money to cover expenses. Trader 1 makes enough money to afford the necessities of the business such as inventory and paying employees. But her business is still far from reaching her own targets, but understands that this is because it is recently established new. Trader 1 also stated that he makes enough to pay his staff and his suppliers, but

“in terms of making a lot of money, you don’t really see that.” – Trader 2

### *Suppliers*

Both Trader 1 and 2 buy their products outside of Soweto and mainly in the Johannesburg CBD. Trader 1 buys her products from Joburg Africa near China Mall. Sometimes her clients come into the salon and they want a specific hairpiece and they want her to do their hair immediately. In that situation, they buy the hairpiece from Trader 2, who sells cosmetics and beauty products. Trader 2 has different suppliers and wholesalers in the CBD. He stated that within Soweto, there is no supplier.

## Employees

Trader 1 initially had five employees, but dismissed one due to theft. Trader 2 started with one employee and gradually added two more. He stated that he is unlikely to increase the number of employees as there are only certain days when his shop gets busy.

### **The impact of surrounding developments: relationships, opportunities and disconnects**

In terms of the surrounding developments and their impact on their businesses, the traders had contrasting views. On the one hand, Trader 1 has experienced the surrounding developments positively and she says they have brought in customers. She explains that

“Most of the time, a person is going to another area but because you are here, they come by to do their hair. People come from Chaf Pozi to buy alcohol here. Then they see the salon and decide to do their hair in the meantime. We have had that a lot of that [people from Chaf Pozi].” – Trader 1

*Chaf Pozi is a Shisa Nyama buy and braai restaurant that is located at the base of the Orlando Towers and is a 5 minute walk from Bara Mall. It is a local institution where people come together to experience local food and music which is authentic to South Africa.*

On the other hand, Trader 2 felt that there have not been many new opportunities because it is a small mall.

“It is fortunate that we have foot traffic coming from the taxi rank. If that had to move or something, there wouldn’t be anything here. The mall would be dead” – Trader 2

Additionally, the location of the mall according to Trader 2 is thwarting its potential to benefit from surrounding developments.

“The other developments have been providing [customers] but because the mall is on the opposite side of the developments which attract tourists. They don’t come this side.” – Trader 2

### **The business environment: operating within Bara Mall**

Trader 1 has faced many issues with the infrastructure services that have been provided at Bara Mall. She had an issue with water provision and people were also stealing the cables from the mall. As a consequence, her salon did not have access to electricity and water. She has experienced this incident

twice and the last time it happened was in June. This has since changed dramatically as she says the service has improved significantly. Tenants call the centre manager to complain and the matter is repaired promptly. Since these incidents occurred, her opinion on the services offered at the mall has improved. She comments on her experience of trading at the mall, saying:

“I am just happy about the services they offer. They have considered our safety. They understand that they cannot allow a business that offers the same services to come into the mall. There was a proposed nail bar but they did not allow it. I think that was considerate of them.” – Trader 1

She also stated that her business environment has improved as it is now safe and clean and there is security 24 hours a day.

“There was a lot of theft by young Nyaope [a drug prevalent in townships] addicts at the mall – so much that there was an incident of theft every month.” – Trader 1

However, she says that security has been upgraded and it is now safe and clean, which is good for her business.

### **Challenges to business growth**

Trader 1 stated that her employees are her main challenge. This is because when she is not around; her employees give the clients their personal phone numbers and offer to do their clients’ hair outside of the salon at a lower price. Additionally, some clients who stay at the informal settlements complain that the prices are too high and they could do their hair cheaper at the informal settlement at Motsoaledi.

Trader 2 stated that his main challenge is attracting customers to his shop. He felt very strongly that the closing down of a bank branch has been detrimental to his business.

“Originally there was Absa, which attracted a large crowd. People used to draw money and when they had cash they would buy. Now there is Edgars, which is not much of a crowd puller. This means now you have to entice the customers. I am in the fortunate position as I have certain products so they come pouring in. That makes a difference.” – Trader 2

Similarly, Trader 1 felt that her salon’s location near a chain store clothing was advantageous. She believes that

“shops keep closing down because the rent is crazy. Chesa Nyama is also closed now. In townships (most of the time), what kills most businesses is the rent.” – Trader 1

She went on to speak about the informal trader who is located outside the mall, selling the same products as Chesa Nyama used to sell but at a cheaper price. She believes that customers would prefer to buy from the informal trader as his stall is more accessible and his products more affordable as well. As a business owner, this is a concern for her.

“In town you wouldn’t see people selling such things on the street. It is rare. Here in the township people do their own thing. And that is an issue for businesses here.” – Trader 1

Trader 2 was adamant that the mall needs banks to attract the customers necessary for the shops and the mall as a whole to thrive. However, at present, the presence of branches of two other banks is not sufficient. He admits that the Standard Bank branch does not attract many customers, and

“Capitec has brought a bit of opportunity but we still need the other major banks here. You can’t run a mall without banks.” – Trader 2

### **Perceptions of informal trading**

Both traders felt that their businesses were negatively affected by competition presented by the informal traders. Trader 1 recalled that in the past, there were no hair salons in the area, but recently, “people just set up a small shack and do hair”.

Additionally, Trader 2 recognised that as they have very minimal overhead costs, the prices they can charge for their goods are cheaper than formal businesses.

“They do not pay rent or for water and electricity but they are doing the same business that we are doing.” – Trader 1

“They can cut prices. You must have a certain mark up to make up the rent, wages but they do not have to do that. They can sell products much cheaper than you and that is where you lose business. Informal traders are not good for the malls.” – Trader 2

Trader 2 said that he does not have a particular problem with informal traders, but he was concerned about how they can affect small formal businesses. He said that informal trading is acceptable if it is in certain areas, but “when they are standing right outside your doorstep that does not help.”

### **Improving the operating environment**

The traders both suggested increasing the size of the mall to improve their businesses. As some customers only see her salon on their exit, Trader 1 suggested a spatial rearrangement of the mall and its frontage so that upon entering, all the shops, including her business, would be more visible to potential customers. Combine with next sentence Trader 2 suggested that the mall should be upgraded to include more shops. Although he felt that business has not been bad since he opened his shop, the closing of Absa has made a difference to the success of his business.

“We must have two to three major banks to keep customers coming. The mall works on a feeder system. There are not a lot of food places. Steers and Chesa Nyama closed down.” –  
Trader 2

### **Socio-economic changes in the township**

The traders had mixed feelings when it came to their perceptions of how the township has transformed or improved in the post-apartheid era. Trader 1 felt that unemployment has improved as people are employed now. Her two employees were unemployed before she opened the salon. Further, she felt accessibility had improved for people as well.

“You do not need to go far now if you want something. Things you need can be found around here where you stay. You do not have to travel far and in that way you can save.” – Trader 1

Trader 2 felt that there is not much development in the area besides the housing development in Orlando eKhaya. He stated that even if there was a new shopping mall being developed it will not really make a difference but will actually make things worse. The development of another mall for him would mean that people would have the choice of going to Bara Mall or the new mall. This would mean that he would lose a certain percentage of business.

Trader 1 felt quite strongly about the outdated perceptions people have about the township although her own views had only changed recently as well.

“There is this thing that the services in the township are bad. I have changed my mind about it because of the services they have been offering to me. You would think there is a lot of theft but the security here is good.” – Trader 1

Concerning the infrastructure developments, Trader 1 believed that the developments in the greater context of the township have had a positive impact on people and their lives. She stated that there is much more infrastructure which has resulted in more job opportunities for black people as well as increased business opportunities.

“The more they develop these infrastructures they give us opportunities as black people. As a young woman I could not have this [business] during the apartheid era. We are able to start our own businesses and employ people [now]. That on its own is a blessing.” – Trader 1

Trader 2 was not as optimistic or satisfied. While he agreed that the improvement of living conditions is beneficial, he felt that people’s incomes and particularly their purchasing power has not improved sufficiently, and believes that people have less money now than they had before. He did, however, add that

“To an extent Soweto has become a city on its own. 30 years ago you would only see houses, no buildings. We still need to do a lot but the infrastructure is there. We just need to speed it up.” – Trader 2

## **Forging an informal trading space: the lived experience of informal traders at Bara Mall**

### *Origins*

The three informal traders began to trade at the mall for differing reasons. Frank started trading in 2009 after working for a money-lending organisation, and located his enterprise at the entrance of the mall because of the volume of foot traffic. California started trading in the area in 2012 after she lost her job at Maponya Mall, and similarly, her choice of location was based on its foot traffic. Mandla started selling ice blocks outside Bara Mall in 2010, and then began a car repair business when he saw a gap in the market.

### *Profitability*

Frank said that he makes an average amount of profit, while California said she only makes enough money to have a meal before bed and to buy basic necessities. Mandla also shared the same experience as California as he makes enough money to buy airtime and food.

## Customers

Frank stated that his customers are those who have change left over from their purchases or when they forget to buy something inside the mall. California was unable to specify who her customers are, indicating that “whoever wants to buy” from her is her customer. Mandla said he does not have many customers as there are similar businesses in the area. He emphasised that in his case, the quality of his work is important. Given that he spoke highly of his work, he explained that some of his customers come from Orange Farm and Protea Glen as his business is quite popular.

## Suppliers

All the informal traders buy their supplies from central Johannesburg. Frank buys from City Deep Market as they have a lot of stock. Sometimes he buys at Bara transport interchange (opposite Chris Hani Baragwanath Hospital) but he says they are expensive. California also buys from City Deep market. Sometimes she buys from within Soweto but they do not have all the products that she needs. Mandla buys his supplies from Fordsburg or the CBD. He does not buy his goods from Soweto as they are unavailable.

In terms of the profitability of their businesses, it was not easy to decipher as it was a sensitive issue to talk about (given the survivalist nature of their businesses). Frank said that he makes an average amount of profit while California said she only makes enough money to have a meal before bed and to buy basic necessities. Mandla also shared the same experience as California as he makes enough money to buy airtime and food.

## Challenges faced

The police were identified by the informal traders as a challenge to their business as the unexpected evictions bring about a sense of insecurity to their businesses. Frank said that the police always come without prior notice and then confiscate their goods and chase them away from the site. Lately however, it has been quieter. Frank added that as long as they are not here, we trade.

*This sense of insecurity and uncertainty was present in the atmosphere on the day the interviews were conducted as three police vans passed in front of the mall. The informal traders felt uncertain about what would happen because evictions were always unexpected and they were also unsure whether they could trust me as a bona fide researcher. They had initially stated that they are weary of trusting me with their personal information and experiences as someone had come in the past asking questions similar to mine, which led to their eviction a few days later. When the police vans all the traders stood still in fear of what would happen. Fortunately, the police passed without confronting the informal traders.*

California spoke about the resilience of informal. She stated that when the police come they tell them that they are not allowed to trade there but they come back the next day and continue to trade.

Mandla said that it has been more than a year and a half since the police confiscated their products. He also said

“This side of the mall is not developed. It is an open space so they let us be.”

– Mandla



Figure 21: Informal trading space outside Bara Mall depicting high level of activity (where Frank and California operate from)



Figure 22: Depiction of the northern end of Bara mall where Mandla operates from

### **Business needs of informal traders**

All three informal traders stated that their primary requirement is the provision of formal, serviced trading spaces.

“We need good facilities to work from; good structures that are safe from the rain. This is how we live. We need to make money.” – Frank

Mandla said that a tent with services, safely located within the mall would provide him with a better working environment. Access to water was especially important to Frank and California who need water to ensure that the fruit are clean and presentable to their customers.

When Mandla was speaking about the development prospects of his business, he said

“There are a lot of entrepreneurs out here. We just need funding...not just a donor but a financial advisor as well.” - Mandla

Mandla and California mainly use their money to put food on the table and replenish stock. They felt that their businesses were not lucrative and that this was prohibitive to their growth. They believed that their businesses had the potential to grow if they had the support.

### **Perceptions and opinions on current developments**

Despite their businesses, dependency on proximity to the mall, the informal traders all said that they were unaffected by the mall. Frank feels the mall does not affect him purely because he is outside it. California said she is unaffected by the mall as it was already there when she started trading outside. She, however, recognised that

“If there was no mall, I would not be here. People do not come to an empty place. They come to the mall. That is how we are able to sell.” - California

Similarly, Mandla acknowledged that without the presence of the mall, he would not have been able to open his business. Further, he felt that the mall benefits him in other ways.

“They open these malls and informal traders open their stalls. Before the mall, there were no traders. Malls provide opportunities for traders to trade where there was no activity before”

– Mandla



Figure 23: Mandla's stall and proximity to the mall

Conversely, Frank felt that informal businesses performed better before the introduction of malls.

“Before the mall, it was better as there was less competition. Lots of malls are damaging the [informal trading] business” – Frank

He felt that mall development has only contributed modestly to combatting unemployment. “Only the few lucky ones got jobs”, and even then their incomes may be very low: some mall employees borrow money from him. California felt that the developments have helped some people. There was a sense of apathy in how she conceived the impacts of developments on people.

“Some work, some do not. Some trade, others do not. I can’t complain. I don’t go to bed hungry.” – California

The informal traders all felt that they had not been accommodated in the plans to develop the area due to the lack of trading spaces for them and the fact that the police evict them from their locations from time to time.

“We were not accommodated for even a single moment.” – Frank

“My business was not accommodated. Developers do not plan for us. You have to make opportunities for yourself.” – Mandla

With dissatisfaction, Frank stated that there have hardly been any new opportunities for them as informal traders.

“The malls are for certain kinds of people. We were not allowed into these places. Malls are not for us.” – Frank

With a sense of defeatism in her voice, California voiced as an afterthought that they have in a sense been accommodated as they are able to trade here even if they are not allowed to.

### **Transformation in the township**

“The life of someone you saw when you got here [long ago] as opposed to now is completely different.” – Frank

“Everything has changed. They have tried to improve our lives so that we can live in a dignified way.” – Mandla

The provision of housing and have improved people’s lives through better access to services. Mandla felt that his life had improved as he was now living in a newly provided RDP house in Orlando. In

terms of his business, he said the developers helped him to start his business by creating activity where there was previously none.

However, they recognised that the manner in which people have been affected by these improvements has not been equal: some are employed, while others are not; some have the opportunity to establish informal businesses, while others have been displaced due to increased competition.

California was less responsive as she had been employed at Maponya Mall but was forced into unemployment when she could not afford to move to Centurion as her employer had required her to. She had thus benefitted initially from the introduction of the mall into the township but she was later excluded from the formal economy once again when the employment opportunity offered to her was out of her reach.

### **Concluding comments**

This chapter has addressed the question of how small businesses and informal traders have been impacted by retail developments. The issue of displacement of small businesses by retail developments that was discussed in Chapter 2 has been revealed to be an unfitting conclusion for the case of Bara Mall, Soweto. Rather than displacing small businesses, it is evident that the mall has created opportunities for trading that did not exist before. While the displacement of small businesses is difficult to record, it is clear that the introduction of retail and shopping amenities has created opportunities for both formal and informal traders. The findings indicate that there are benefits to relocation from formal developments. The informal traders moved to that location because the mall presented an opportunity. It is difficult to know who was displaced as the research dealt with current realities and therefore businesses which are currently operational at Bara Mall. There does not seem to be a sense that the plan has recognised small businesses or that there are any efforts to accommodate them.

The erasure of this conception of the hostility of displacement brought about by retail developments has been legitimated by the experiences of the respondents, many of whom were first time business owners. The findings thus indicate that there is no hostility against the establishment of new, small businesses and the misconception that retail developments annihilate existing activity that is hostile has been proven to be untrue. Bara Mall is however a site of some hostility due to the illegal status ascribed to the informal traders. The environment that informal traders operate within is precarious due to their encounters with the police. Despite their environment being hostile, in practice, there are everyday accommodations with the police and with their customers as well, who support the informal traders' businesses.

All the respondents obtained their supplies from the CBD, which points to two issues; firstly, there are still very strong ties between the City and the township and secondly, the local suppliers in Soweto are unaffordable and have a limited range of goods. This does not necessarily reflect the absence of SMMEs in the township but the SMMEs present are financially inaccessible to small businesses and do not meet their business needs. This compels local business owners to continue supporting external businesses from the Johannesburg CBD. The respondents all stated that their businesses were not profitable, with the formal business owners breaking even and the informal businesses owners being circumscribed to operating on a survivalist basis.

All respondents were positive about changes in the township; however this does not necessarily mean that it is transformation. The state's efforts at undertaking development have had a great impact and targeting townships has had a positive influence. However, these developments become meaningless in the face of increasing marginalisation of the informal sector and the lack of support for small business growth and their potentials. SMME development; training and support do not seem to be part of the strategic plan. The subsequent impacts of strategic plans on small businesses thus mostly seem to be creating more complexities and resulting in unintended consequences for small businesses in the process of promoting LED.

## **Chapter 5: An analysis of findings**

The basic purpose is to analyse the findings (interviews and desktop analysis) to (a) better understand the dynamics at play, and (b) to examine how the spatial planning initiatives in Orlando contribute to restructuring the space economy in post-apartheid Soweto, Johannesburg. The chapter also demonstrates, through the findings, the disjuncture between what strategic plans are meant to achieve and what outcomes they actually produce.

The findings are analysed first, with a particular focus on the themes that emerged from the respondents' replies. Broadly, these themes are concerned with the changes in the township, the impact of the mall within the project context, the businesses' operating challenges and the challenges that hinder their businesses' growth. Secondly, broader observations are made, relating to the issues brought up in the literature review. These observations relate to outbound shopping, the fragility of small businesses, operating alongside larger businesses, the shallowness of Soweto's economy and the approaches undertaken in the public policy frameworks.

### **Operating a business in Soweto: Perceptions of opportunities and challenges to business growth**

This section analyses the respondents' replies according to four major themes: the perceptions of Sack on Orlando eKhaya's stage of development and its potential; the impact of the project (Orlando eKhaya) and Bara Mall on their businesses; the issues the respondents face in operating their business; and their perceptions on the extent of township transformation. The four sections together provide an examination of the issues that emerged from the interviews.

#### **Orlando eKhaya from an urban design perspective**

The interview with Sack reveals the ways in which the perspective from built environment perspective and that of the business vary. The framework plan has opened up opportunities for the development vision to be realised gradually. The development of the greater area of the precinct through retail opportunities illustrates that opportunities emerge to spur further economic activity. The dam was identified as a catalytic project that would spur further developments but it appears that retail and commercial developments have been instrumental in kick-starting the development of Orlando eKhaya. This reveals that there are no guarantees in what the outcome of a plan may be and that these unintended consequences of spatial plans need not be detrimental to the plan's goals. In this case, these inadvertent outcomes have resulted in opportunities for developments and small businesses in the area.

In terms of the challenges in implementing the project, the developments are happening too slowly to have a huge impact. Orlando eKhaya has not begun to spatially transform Soweto as the amenities that the township lacks still need to be introduced in a coherent fashion. This means that integrated development is of utmost importance if meaningful spatial change is to be achieved. The outdated regulations and lack of uniformity in legislation governing town planning in Soweto also contribute to slowing the pace at which spatial changes can be realised.

### **The impact of the Bara Mall within the project context**

The presence of Bara Mall has generated some opportunities for the respondents. For all the business owners, the mall has afforded them an opportunity to start up their businesses as they are all first-time entrepreneurs. Some were previously employees of private businesses, and have started their own businesses in an effort to survive. The respondents' backgrounds illustrate that the mall has generated opportunities for entrepreneurs, whose lives have improved. Although the informal traders are often evicted from Bara Mall, they are now being accommodated through de facto understandings and negotiations. In this way, the informal traders have managed to secure their livelihoods through the establishment of a survivalist, informal business.

A challenge for small and micro business owners at Bara Mall is that there is insufficient integration between the Mall and other activities in the precinct such as Chaf Pozi. The plan for the area contains many small developments that are meant to operate holistically and in an integrated manner. However, the areas targeted to tourists are seemingly more successful while the developments targeted at the local community are not integrated into the precinct plan. The mall thus appears to operate as an outcast to the whole area – a separate entity in the Orlando eKhaya plan, owing to it being developed privately and separately from the precinct plan. However, it would be premature to render Orlando eKhaya a failure as the project has not been completed due to the piecemeal funding that the project receives from the state. This incremental funding is hindering attempts to integrate developments. Hence, Orlando eKhaya demonstrates the need to soften the edges between developments to ensure that they operate in mutually beneficial ways, despite the intermittent implementation of projects.

### **Operating challenges and constraints to growth**

There is a need to focus on two broad issues, namely: the contextual sensitivities of SMMEs (including local dynamics and finer details at the local level); and small business dynamics. In terms of the local dynamics and contextual sensitivities of SMMEs, it emerged from the findings that due to past spatial inequalities, the concentration of businesses was most dense in the CBD, hence the continuation of outbound shopping. Additionally, most of the businesses interviewed were newly established and therefore quite fragile, especially without the support of local authorities through

the policies and plans. When interrogating the finer details at the local level, it became apparent that the tenant mix was important for attracting customers for small businesses and therefore was conducive to their growth and sustainability. The customer bases of township businesses are the residents, who still earn low salaries. However, the limitation to the income levels illustrated in Chapter 3 is that there are countless informal businesses and therefore undocumented income earnings that circulate the economy of Soweto. Thus, the small businesses in townships may not be supported due to the variety of informal businesses in the township that provide competition to formal businesses.

With regards to the small business dynamics, it was also found in Chapter 3 that the weak consumer spending power constrains business growth (seen in the unstable income levels in Figure 8). Small and micro retail business activities, which trade in low volume or low cost goods, can only afford to pay low rentals. Malls are described in the literature as providing opportunities for small businesses to formalise, consolidate and expand. However, many businesses cannot cope with the high rents charged by property managers which results in the closure of businesses, or their movement to premises with lower overhead expenses. Further, other emergent enterprises may not take up formal business premises due to the cost barriers, and instead operate informally from residential areas, places of high foot traffic volumes, or alongside formal developments – which is seen in the informal trading operations at Bara Mall.

### **Indications of changes in the township**

From the replies of the respondents, it appears that developments are fostering positive changes in the township. This was mostly in the sense that the development projects, improvements in infrastructure, a diversity of buildings in a previously dormitory neighbourhood and Bara Mall has provided opportunities for people that had not been available to them before. People no longer have to travel long distances to get the services they need while more employment opportunities have been generated. The improvements to the township environment have contributed modestly to reducing unemployment but generally, people's living conditions and quality of life has improved significantly.

The formal businesses have indirectly created some employment owing to the development of the project. The formal business owners each employ at least three people, which indicate that small businesses have an important role to play in absorbing latent labour, especially at the local scale. Consumers in the township have benefitted from the project's developments as they have easier access to shopping amenities without incurring high travelling costs. The introduction of retail and commercial activities in the township has created more intensive activity areas, pedestrian traffic

and attracted informal activities. These all contribute to the existence of both formal and informal businesses. However, the inherently uneven nature of development needs to be taken cognisance of as the scope of recent development projects and programmes is insufficient. The economy of Soweto has improved but in an uneven fashion (Gotz et al. 2014), as it is questionable how equitable this transformation has been and who in Soweto has benefitted. Not only does the pace of delivery of development need to be accelerated but it also needs to be diversified in order to derive meaningful benefits. A diversification of these developments beyond retail would include the support of SMMEs, the provision of affordable operating spaces and access to credit for newly established businesses in order to ensure the sustainability and viability of small businesses, especially in the context of market-led growth advocated by the policies guiding the township's development. These policies prioritise the creation of an investor-friendly environment and attracting businesses into the township and neglect that there are existing economic activities that need to be supported. An endogenous approach to development would be more appropriate for Soweto as there are existing economic activities (both formal and informal) that require support through investment in human capital.

## **Broader observations through the literature**

### **Easy come, easy go - the fragility of small business**

It appears that there is an ease of access into small and micro-scale businesses in Soweto, which has bolstered a spirit of entrepreneurialism. However, these businesses are not profitable and are limited to covering expenses. The small businesses from this study are operating in an environment that constrains their capacity to be profitable. The precarious working environment of the informal traders limits their capacity to grow; the weak spending power of the consumers implies that residents of the township may not be able to support small businesses and the continued linkages with CBD of Johannesburg continue to grow the economy of Johannesburg's CBD at the expense of township businesses. These factors limit the growth potentials of small businesses in townships. These small businesses endure high rental costs and competition between formal and informal businesses, threatening the survival and sustainability of these businesses. This reveals the fragility of township businesses, which close down due to these issues.

The resilience of these businesses is however evident in the increase in employees over the years and the ability of informal traders to sustain livelihoods. Despite the challenges of this operating environment and conditions, the businesses studied are benefitting from the opportunities derived from LED initiatives. Nevertheless, the current victories that LED has enjoyed in the township are downplayed by the defeats evident in the unsuitable LED strategies employed in South African

townships. Chapter 2 discussed the negative impacts of shopping malls on small businesses and one which is of particular importance here is that while shopping malls provide franchising opportunities, not all traders are equipped with the knowledge, skills or capital required to operate successfully in a mall environment (SACN, 2010). This means that although shopping malls (as the dominant anchor for LED) provide opportunities for small and new businesses, their prospects of succeeding in this environment are minimal due to the employment of formal development processes that disregard the complexities of informal markets and the low skills levels that township business owners may possess, as per Robbins' critique (Robbins, 2012). These businesses are thus unlikely to thrive in a shopping mall and their competitive position in the market remains marginal.

The literature indicates that local businesses are displaced due to the entrance of anchor and supermarket chain stores into the township contexts (SACN, 2010). This paints a picture in which small formal businesses are being displaced due to competition from more established, national chain stores. This does not reflect the issues and relationships between small business owners and informal traders at Bara Mall. The businesses in Bara Mall actually benefit from the presence of anchor stores such as Shoprite in the mall as they provide the necessary foot traffic for small and micro-enterprises. As discussed by (SACN, 2010), shopping centres result in increased pedestrian traffic and related industries such as hair dressers. This assertion is validated by the responses from the findings where new trading zones for informal traders were created around the mall and smaller businesses (such as the salon) were established in a viable environment. In addition to this benefit, shopping malls were also said to provide increased access to banks and supplier linkages. The findings indicate that access to banks has not been as effective as anticipated as some banks, namely Absa, is no longer a tenant at the mall. The supplier linkages that the mall is meant to secure have also not been visible as businesses purchase their supplies from the city centre and not from local suppliers as the literature suggests.

While they may provide competition for smaller businesses offering the same products, the businesses in the study were complementary to large chain stores and thus benefit from the presence of larger stores. Small business owners are subject to competition from informal traders, who do not need to pay for utilities, rent or employees. This means that informal traders can sell their products at a lower price as they have far lower expenses than formal businesses. Hence, small businesses in the township context are impacted by various influences acting upon them, which contribute to their viability and influence their performance. Their very existence is dependent on both the mall itself and these larger anchor tenants such as Shoprite, Edgars, and especially the banks. As discussed by Todes (2009), strategic planning makes assumptions about the local

economy, the nature of employment, livelihoods and movement patterns of the community. There is insufficient attention paid to these kinds of details that determine the success or failure of small businesses in townships. The relationships between the larger chain stores and smaller businesses indicate that the tenant mix is important in ensuring the success and viability of small businesses in shopping malls.

### **Leakages to established urban centres**

The space economy remains unequal as there are still leakages from the township economy to the benefit of the city. The business owners continue to use suppliers from the inner city – across the formal and informal distinction. These spending patterns result in losses for local businesses. Local economic activities are still dependent on exports (comparable to Mahajan's study of Diepsloot) as the township lacks local suppliers who can provide for the business needs of the local economy. The lack of affordable local suppliers in Soweto has resulted in business owners choosing to use suppliers from the CBD. Mahajan's study on Diepsloot and its outbound shopping trends does not present a holistic picture of the happenings at Bara Mall. According to (Mahajan, 2014), the bulk of goods and services used by residents are sourced from outside the township. What this research has revealed is that this is also true of business owners who all sourced their supplies from Johannesburg CBD. The purchasing patterns of all the businesses (across the formal and informal distinction) indicate that the township's ties to the city are still quite strong. It is these leakages that indicate the shallowness of the economy. Incomes generated within the township are spent externally in the City and there is a virtually non-existent economic multiplier reflected in the lack of support of local suppliers or outbound shopping. These trends show that there is also a shallow customer base in the township. The inability of local businesses to afford the prices charged by local suppliers' means that money does not circulate between local businesses in the township. The literature provides two factors that may be hindering the growth of township economies. There is either a dependence on external suppliers that stems from the infiltration of large suppliers into the township or there may be a preference for relatively poor township dwellers to enjoy the same quality for goods enjoyed by their richer counterparts. While these factors may be true, the findings indicate that for the case of Bara Mall, the infiltration of large suppliers (chain stores) has positively influenced both formal and informal traders by providing new opportunities and customers for them.

One of the policy objectives of the NDPG is to keep the money generated in townships within the township and to create a platform for private sector investment (National Treasury, 2006). While the goal to attract private investments has been realised through the development of the mall, most of the shops in the mall are not locally owned black businesses. This means that the capital generated from the mall leaves the township, at the expense of local businesses. While there is a lack of locally

owned businesses in the mall, the reality is that dominant the anchor tenants (such as Shoprite) the support smaller businesses. This is contradictory as the goal of LED is to promote local businesses but what is needed is getting the balance right between locally owned versus national chain stores. As shown by (Malefane, 2013), areas where SMMEs are concentrated are economically productive. While this may be understood as showing the dominance of Johannesburg in the space economy, the reality is that Soweto may continue to lag behind Johannesburg due to the city's status as the historical core. The growth of Soweto's economy may thus be slow and dependent upon the scale of support to SMME provided by Johannesburg's policies.

The exploitation of untapped markets by the private sector through the development of shopping malls has benefited SMMEs in townships as they have also been afforded the space to start up and grow their own businesses. However, small businesses in townships have become circumscribed to marginal trading that cannot generate large profits. This ultimately creates businesses with limited competitiveness and profitability. As discussed by (Malefane, 2013), the poor performance of the small business sector creates a major barrier to the growth of the economy, and township economies in particular. The lack of mutual support of locally owned businesses thus places the township economy in jeopardy as its businesses are not being actively being supported and lose potential earnings to external economies, which are already robust and secure. Only a select few were able to derive benefits from the development of the shopping mall. This is telling to the fact that development is inherently uneven and the benefits thereof are unlikely to be shared equally.

## **Public policy frameworks in the face of private sector investment**

### ***Businesses as stakeholders***

The literature review raised some important issues regarding consultation processes in LED and strategic spatial planning. The Constitution states that local government is responsible for LED but this has often been misinterpreted in such a way as to place sole responsibility of LED on local government; whereas there are stakeholders, such as businesses who are also important drivers of LED. However, since the business owners from the study were not in place at the time, their inclusion in the development process was unfeasible. The lack of involvement of business owners may have been due to the fact that a strong business presence had not yet been seen in the township, which is what the LED strategy may have been seeking to foster. The insensitive design of the building thus cannot be equated to a lack of consultation in the planning process as these were separate processes. However, it is important not to neglect the fact that there were businesses present in the township before the development and they were also not involved as stakeholders.

Strategic spatial planning requires an identification and engagement with major actors, allowing for broad and diverse engagement in the planning process. However, the neoliberalisation of strategic planning adopts a socially concerned approach by emphasising partnerships and consensus. In reality, it fosters the submission to policies that favour certain groups and silences dissent voices. The critiques of strategic spatial planning suggest that informal activities are usually not considered. As a township, Soweto still has informal activities throughout the settlement that have not been formally accommodated in the development plans. The Orlando eKhaya plan has not established informal trading spaces to support informal traders and they have also been evicted by the police; which demonstrate that this kind of activity is viewed as being illegal, undesirable and inappropriate around a formal development (Bara Mall). However, the practices in and outside of the Mall accommodate them as they have acquired a trading space through de facto negotiations and have managed to forge a trading space that institutes them as a valid part of the mall development. The relationships between formal and informal businesses in the township are thus quite complex and these need to be appreciated in the undertaking of development.

### *The policy approach*

The literature indicates that there are two typologies of LED policies: the market led approach and the pro-poor approach. The former is a neoliberal while the latter is a more socially redistributive approach to LED. The way in which the strategic spatial planning (the RSDF) is undertaken is project-led and is therefore narrow in its impact. The ideological stance for undertaking development and how development actually takes place are not matched. These should be infused as alluded to by (Healy, 1997) who spoke about the need for an integrative approach to development. Orlando eKhaya promotes the attraction of investments and property-led development (a neoliberal goal), but the plan is state –led (which is condemned by neoliberalism). This illustrates that Orlando eKhaya is a hybrid between market-led and pro-poor approaches – resembling the South African policy approach to LED. The status therefore is that the neoliberal agenda is running alongside that of the welfare state. The impact of the uncoordinated developments is that the impacts of Orlando eKhaya have been partial and contradictory. The greater concern is the adoption of policies that promote growth to realise development with the promise of a trickle-down effect, has proven to be ineffective in correcting the economic inequalities manifested in township spaces.

There are two main points from Todes' critique of strategic planning that are of particular importance here. First, is that strategic planning does not undertake sufficient research into the property markets of the locality and they are usually at odds with the property and housing industries. This relates to the property industry data from Chapter 3, which indicates that property transactions were decreasing while the prices were increasing. This leads to the second point, which is that

informal transactions may be on the rise through the proliferation of back-yard rentals - a unique township trend. The plan thus does not pay attention to local dynamics in its approach to development. While there is evidence that the implementation of the plan echoes some critiques of strategic planning, there is some evidence that strategic planning has begun to reduce the abstraction of strategic spatial plans. This is because (Todes, 2008) critiques that strategic plans do not provide detail on how much economic space is required but Orlando eKhaya illustrates these delineations through a detailed land use plan depicted in Figure 16 in Chapter 3. In terms of the more eminent realities, however, Orlando eKhaya has not begun to address local conditions more sensitively.

### **Transformation of the space economy as slow and contingent**

When observing post-apartheid planning in townships from an urban renewal perspective, it is important to understand that it was about gradually adding new and appropriate developments (Bosselman, 2008). Urban renewal requires a strategy as it cannot be realised through individual developments in an ad hoc manner. This is of direct concern as Bara Mall was developed not as part of the greater Orlando eKhaya plan, but more as a property development opportunity taken by a private developer. While the Orlando eKhaya plan should serve to guide developments in the area, it has not sufficiently ensured that developments are coordinated, integrated and mutually beneficial. This has implications for the growth prospects of small businesses in the township as they are not benefitting from the retail and tourist developments established as part of Orlando eKhaya – a plan developed to regenerate the spaces in Orlando and diversify its activities. This regeneration is heavily felt in some parts of the precinct (around Chaf Pozi), while other activity sites (Bara Mall) are lacking such regeneration and vitality. This has contributed to bringing the development prospects of small businesses in Bara Mall to an absolute minimum in terms of expanding their base.

This physical accessibility has not assured its use by all business owners, as there are many requirements that businesses need to meet to qualify as a client to the Jozi SME hub (many of which newly established businesses and informal businesses fail to meet). This also points to the over emphasis on formal development approaches that (Robbins, 2012) critiques for their inappropriateness in developing countries.

There are various factors that have led to the current stage of development of Orlando eKhaya and which will have an impact on the transformation of the township economy. Firstly, the involvement of multiple, diverse actors as stakeholders in the development of Orlando eKhaya has created a multiplicity of perspectives and interests which the project needs to be address (if the greatest satisfaction is to be achieved). Secondly, the state provision of funding is phased out according to

the stage of the project, as discussed under the funding mechanisms of the NDPG in Chapter 2. This issue impacts on the pace of implementation, which has been incremental and dependant on the state's discretion. Thirdly, the approval of plans takes a long time (with new developments being proposed in addition to the original plan). The development of Orlando eKhaya is sensitive to its location as there are restrictive conditions and regulations to developing around a water body. Acquiring the correct documentation and permission has taken several years for ASM but these have since been obtained.

Given the abovementioned constraints, the transformation of the space economy in Soweto is likely to be slow and contingent upon consensus of actors, availability of funding and the rate of approval of development applications. Orlando eKhaya may not be fostering transformation of the township in the manner it was envisaged or at the pace it may have been anticipated to. The complexities, challenges and opportunities experienced at Orlando eKhaya demonstrate that township redevelopment and transformation is dependent upon funding, the rapidity of planning processes and stakeholder consensus. The resolution to unemployment, inequality and the legacy of apartheid spatial planning may not necessarily be found in precinct plans such as Orlando eKhaya. However, the growth of small businesses, the secured livelihoods of informal traders and the generation of employment (albeit few jobs) are beginning to indicate that strategic plans are not to be underestimated in their capacity and potential to begin the process of township regeneration and LED.

## **Chapter 6: Restructuring the space economy of post-apartheid Soweto – the prospect of economic transformation**

The final chapter provides the conclusion of the research. Recommendations are then provided to examine what environment is necessary to facilitate the development of small businesses in Orlando. Hence, the main purpose of the chapter is to decipher what the findings imply about post-apartheid spatial and economic restructuring of townships as well as how the findings contribute to new knowledge and perspectives on LED in Soweto.

### **Main outcomes of the research**

This section seeks to summarise and explicitly deal with these questions as they have been addressed throughout the research. The main outcomes of the research relate back to the main research question which is “how has the Orlando eKhaya precinct plan impacted upon local businesses in Orlando, Soweto?”. The research sub-questions are set out again below.

Sub-questions:

- What have been the effects of spatial development plans on small businesses, and particularly those in South African townships?
- How does the City of Johannesburg envisage the development of Soweto and what policies have been created to realise this vision?
- How have small businesses and informal traders been affected by the retail developments in Orlando?
- How do the spatial planning initiatives in Orlando contribute to restructuring the space economy in post-apartheid Soweto, Johannesburg?
- What environment is necessary to facilitate the development of small businesses in Orlando?

In order to address the research question, this section responds to each sub-question through a summary of each chapter.

### **The effects of strategic spatial planning on small businesses - it is not facilitating LED**

It has emerged from the research that although malls are developed as anchors for LED, the use of formal approaches to LED as adopted in South Africa has not been the most effective measures, as described in the critique of the NDPG and LED. The impacts that these spatial development plans have on small businesses is complex, owing to the social and spatial elements that are tied to South Africa’s space economy. The trend of out-bound shopping has persisted and compromises the development prospects of local businesses in townships. Although LED has been employed as a policy tool to regenerate and develop township economies, the approaches undertaken have often

resulted in the adoption of inappropriate and ineffective LED initiatives. The retail sector appears to be the dominant industry to stimulate the economy of townships. However, the sustainability or viability of this approach needs to be interrogated if changes to the local space economy are to occur. If an LED plan is premised upon promoting small businesses then there would be support for them through a facilitation of their development, the provision of operating premises, funding mechanisms and negotiated rents for tenants with the developers in the case of a shopping mall. These elements are absent from the LED initiatives undertaken, which limits the effectiveness of the Orlando eKhaya plan - an NDPG funded LED initiative.

There has been a tendency in strategic planning to focus on an abstract design approach (through nodal and corridor development), which neglects the socio-spatial dynamics of townships as well as the complex workings of economic space in the township. The details of the township economy are thus not sufficiently studied and it thus becomes difficult to develop appropriate responses to township development. By moving away from an abstract design approach as suggested by (Todes, 2009), spatial planning can deal with the township context more effectively and with more sensitivity to local dynamics. Developments should also be integrated as guided by IDP processes and strategic planning to prevent individual developments occurring in an ad hoc manner. Strategic spatial planning appears to be divorced from SMME development as a definite link between spatial change and LED is not expressed in the development agenda for Soweto. Perhaps the transformation of the township's economy will be realised with the full realisation of the objectives detailed in SPLUMA. The sets of interventions formulated to mitigate the slow pace of transformation need to be centred on formulating strategies on improving the local space economy; not only through retail development but also through SMME growth which is at the root of a sustainable and productive local economy.

The neoliberalisation of strategic spatial planning has created a new form of strategic planning that prioritises the voices of certain groups and marginalises radical alternatives for the sake of following the mainstream agenda. In addition to this, it has created a stakeholder engagement process which does not allow the vocalisation of opinions of the dissent and marginalised (such as township business owners – both formal and informal). The lack of broad stakeholder representation may be due to the fact that private developers, which do not necessarily share the state's developmental agenda, have been given the mandate of undertaking or implementing development initiatives. This is particularly concerning as strategic spatial planning in South Africa explicitly seeks to redress such imbalances and correct socio-spatial inequalities.

What has emerged from the literature is that SMMEs need to be cultivated in the township and their distribution throughout the City needs to be balanced to bring productivity into townships. In many cases, the businesses in shopping malls are displaced by larger retail developments or chain stores. LED programmes should consider the complexities of informality more carefully and seek to incorporate the informal sector into formal development plans to ensure development that is inclusive and fosters a vibrant, diverse township environment. A stronger link between infrastructure and LED planning thus needs to be established to ensure that physical improvements to the township advance its economic and social conditions through business development.

### **How the CoJ envisages the development of Soweto – the policy approaches**

The vision for Soweto has a specific developmental impetus: seeking to improve the local economy, creating a competitive regional economy, addressing infrastructure deficits, improving the quality of life in townships and attracting private investments. The GDS envisages Soweto as an economy which is inclusive and integrated; driven by LED to decrease poverty and one which is able to draw private investments through retail, real estate and tourist developments. The GDS thus appears to be all-encompassing; embodying features of both the market-led and pro-poor approach to LED. The policy seeks to create past injustices, alleviate poverty, while also creating an inclusive economy through sustainable development.

However, the Five Year Soweto Economic Development Plan and the RSDF for Region D express the City's agenda more explicitly as these policies are focused on the development of Soweto in particular. The Five Year Soweto Economic Development Plan provides the basis for building Soweto as a productive and competitive regional economy, accelerating economic growth and contributing to the transformation of the township. Although this policy is focused on growing the township's economy, it is flawed in its approach as it explicitly neglects the informal sectors of the township economy and fails to lay out a plan for the development of small businesses. This approach is greatly aligned to the market-led approach of the WB as it seeks to foster the growth of the local economy through neoliberal approach.

However, the RSDF contains some promising components that could potentially make a meaningful contribution to the transformation of the township. This is because the policy prioritises public transportation and outlines focus areas envisioned to be catalysts to boost LED through infrastructure. Under this policy framework, the Baralink Node was developed, which consists of three projects: The Bara Transport Interchange, the Soweto Empowerment Zone and Orlando eKhaya. The policies place the development of the economy through market-led approaches at the

forefront while the social development of the township appears to be expected as a result of economic growth. This is weakness in the approach of the policy. Investing in human capital, promoting the exploitation of endogenous resources and public-private partnerships all seem to be either absent or shelved to be dealt with by the trickle-down effect that the invisible hand of the market administers.

The market has not been able to effectively deal with inequality and economic imbalances as it has been entrusted or expected to. These imbalances and inequalities are evident in the statistical data that has been detailed in the chapter. The concentration of the majority of Johannesburg's SMMEs in the CBD is the first indicator of persistent economic and spatial inequality. The GVA of Soweto appears to be competitive with that of the City and the province and the township's economic performance has increased owing to public and private partnerships that have been introduced to foster economic growth in Soweto. However, this growth has been negligible and sluggish. Unemployment in Soweto has declined from 2009 but it remains high at 40 percent as at 2013.

Additionally, the property values for the township have increased over time but the numbers of property transactions have decreased, probably owing to the growth of the informal sector, which is not taken account of in formal development statistics. The efficacy and successes of the policies developed for Soweto appear to have been short-lived as growth and development appears to have occurred during certain times and have not been sustained. Therefore, the policies developed for Soweto have focused on growing the local economy, which has not been fruitful and has neglected the people-centred approach to LED. There is a lack of attention paid to developing small businesses or investing in human capital but the policies expect there to be a positive outcome of its pro-growth approach. It is therefore evident from this chapter that the market-led approach to LED has contributed to stifling social development and has created uncertainty as to the economic prospects of Soweto, owing to its limited success thus far.

### **Impacts of retail developments on small businesses and informal traders**

The issue of displacement of small businesses by retail developments that was discussed in Chapter 2 has been revealed to be an unfitting conclusion for the case of Bara Mall, Soweto. Rather than displacing small businesses, it is evident that the mall has created opportunities for trading that did not exist before. It has been expressed in the literature that shopping malls provide new customers and trading spaces for burgeoning entrepreneurs, but the respondents' businesses (both formal and informal) have not been profitable to date, revealing that small businesses in townships are largely survivalist in nature. The erasure of this conception of the hostility of displacement brought about by retail developments has been legitimated by the experiences of the respondents, many of whom

were first time business owners. The misconception that retail developments annihilate existing activity that is hostile has been proven to be untrue. Despite their environment being hostile, in practice, there are everyday accommodations with the police and with their customers as well, who support the informal traders' businesses.

The development of shopping centres in townships is very costly and the cost for such an undertaking is passed onto the tenants through high rental costs. Although there has been a diversification of services and activities in the township, markets and local suppliers offer the stock needed by business owners, often at high prices with a limited range of goods. This forces business owners to purchase their supplies from the city centre. While all respondents were positive about changes in the township, this does not necessarily mean that it is transformation. The state's efforts at undertaking development have had a great impact and targeting townships has had a positive influence. However, these developments become meaningless in the face of increasing marginalisation of the informal sector and the lack of support for small business growth and their potentials.

### **The contribution of economic development initiatives to post-apartheid spatial restructuring**

From the discussions in the research, it has become evident that the introduction of nodes, precinct development and shopping malls in the township has done little to realise the aims of strategic spatial planning in Soweto. People have easier access to services but business owners still obtain their trading stock from the city centre and support external businesses. However, one of the identifiers of transformation in the space economy is stitching the divided city together, which is perhaps what these relationships are accomplishing.

The issues which planning aims to mitigate are what planning developments have inadvertently (re)created in the township. The economy of the township is still lagging behind that of the city (as discussed in Chapter 3); public participation has been superficial and failed to engage the main actors in LED; and LED is difficult to realise due to the over emphasis on formal development approaches that (Robbins, 2012) critiques.

Shopping malls in the township context have assisted residents with having easier access to services but consumers have begun to make their purchases in township shopping malls. This is an important shift in spending patterns of consumers and also has positive implications for the economy of Soweto. Business owners continue to purchase their supplies from the city centre – maintaining the township's strong links with the city. The transformation of the space economy in Soweto is likely to

be slow and contingent upon consensus of actors, availability of funding and the rate of approval of development applications. Orlando eKhaya may not be fostering transformation of the township in the manner it was envisaged or at the pace it may have been anticipated to. The complexities, challenges and opportunities experienced at Orlando eKhaya demonstrate that township redevelopment and transformation is dependent upon funding, the rapidity of planning processes and stakeholder consensus. The resolution to unemployment, inequality and the legacy of apartheid spatial planning may not necessarily be found in precinct plans such as Orlando eKhaya. However, the growth of small businesses, the secured livelihoods of informal traders and the generation of employment (albeit few jobs) are beginning to indicate that strategic plans are not to be underestimated in their capacity and potential to begin the process of township regeneration and LED.

### **Recommendations: Facilitating the development of SMMEs**

The research has contributed to knowledge on the experiences and challenges of small business owners in townships. The research has also brought to the fore the perceptions of business owners on shopping malls and how they have been affected by development in the township. The manner in which changes are occurring in the space economy and transformation have mostly been positive but more needs to be done in order to ensure more material benefits for business owners.

The research has demonstrated that the current developmental approach for retail development in townships has been quite simplistic in its approach but has had greater impacts on small business owners. This developmental approach of the City is influenced by a neoliberal growth agenda that does not match with redistributive goals of post-apartheid planning. The functions of strategic spatial planning are to address long term development in a broad based manner; to focus on key issues; consider the physical aspects alongside economic and social issues and formulating a set of interrelated strategies for the management of land, infrastructure and institutional development (Albrechts, 2006; Healey, 1997; Todes, 1997). These functions should relate as they are the means through which the development of the township, as a key issue area, occur. The goals of strategic planning are focused on property-led developments and market oriented growth, which means that social issues (such as informality) are disregarded. The ineffective nature of strategic spatial planning in the township context is to the lack of engagement of strategic planning with social issues – which are most heavily felt in townships. A strategic spatial plan should be an instrument of LED. The functions of strategic spatial plans should be related more carefully to express a concern for the social development issues in township spaces. The main social development issue here is supporting the growth of small businesses – the drivers of LED. Planning needs to play a more proactive role in the implementation of LED to ensure the development of small businesses and securing sustainable

livelihoods for formal and informal businesses. A high entrepreneurial spirit is evident in the township and planning at the local level should work towards cultivating these through a robust and deepened LED programme.

The services that municipalities can provide to growing small businesses include among others, these services included feasibility studies, financial assistance, advisory services, training and skills developments. It appears that the SEZ is a response to the need for such services and is currently working to fill this gap. The SEZ is thus not only a response to the need for such services but it is also located within the township to ensure its accessibility. Small businesses need an environment that have premises (specifically for informal traders), easier access to supplies to increase the local economic multiplier and grow small businesses; adequate and reliable infrastructure and a consideration of the tenant mix to create a feeder system between big and small businesses.

After considering the abovementioned conclusions, the following recommendations have been suggested for the future development of strategic spatial plans, LED and the development of small businesses in the township context.

There is a need to establish a more explicit relationship between strategic planning and LED in policy directives. The rationale behind this is that it has emerged from the research that strategic spatial planning and LED have similar goals, which are spatial transformation and improving the economy of marginalised areas, with the greater goal of improving people's quality of life.

The development plans for Soweto (namely the RSDF and the Orlando eKhaya precinct plan) demonstrate a shallow understanding of the local economy, in terms of what constitutes it and the complexities involved in its functioning. The challenges faced by the participants and the slow growth of the township economy show that strategic spatial planning should better understand property markets and their dynamics. This includes an understanding of how economies function, what makes economic activities locate in certain areas and how to attract private investments – location characteristics. This is paramount to the development of Orlando eKhaya as the plan delineates space for private retail and office developments, which are yet to be taken up as anticipated. This relates to the criticisms of strategic spatial planning raised by Todes(2009) - specifically the assumptions of strategic plans that nodal and precinct development will lead to businesses locating in the desired ways. A detailed study of the township economy, its property markets, informal trading and unemployment issues needs to be undertaken in order to propose appropriate and effective development projects.

One of the most direct actions that can encourage the growth of small businesses is to foster more robust supply chain systems between small businesses. Creating a supply chain system between small businesses within Bara Mall and within the township as a whole could have significant benefits to small businesses as the local multiplier effect will increase and spur the growth of SMMEs. This will also diminish outbound shopping, which has been a hindrance to small business development. This will also work to deepen the local economy. However, as revealed in this research, strategic plans can only do so much in ensuring that implementation achieves the desired results. Unintended consequences emerge and new complexities may emerge, some of which are positive. One of these complexities is the tenant mix at Bara Mall. The tenant mix at Bara Mall was found to be a determining factor in the viability and sustainability of small businesses. The presence of large chain stores and banks are necessary to keep small businesses alive. The intention of the plan was not to achieve such an outcome as local business needs were not addressed. However, an unintended consequence was created albeit with a positive consequence. Strategic plans thus cannot fully direct what happens on the ground but provide the developmental impetus and focus to initiate change – even in marginal ways. Local planning authorities need to ensure that shopping malls in townships (as the supposed anchors of LED) are managed in such a way as to safeguard the needs of newly established businesses. The relationship between local planners, property developers and business owners can be facilitated through the broad based stakeholder engagement processes. Through this process, the stakeholders' roles in the development process can be allocated and the interests of all parties expressed.

In relation to the management of the mall, the high rent for tenants in township shopping malls needs to be addressed. SMMEs (especially newly established ones) cannot afford to keep up with the high rent and inevitably close down. There is a need to develop a model to ensure rents are kept low in township shopping malls. Part of the funding for the projects can be allocated to state subsidies, which would subsidise the rental costs of small, newly established businesses (at least in the initial stages of establishment). This would allow sufficient space for small businesses to establish a secure customer base and a stable profit margin. Building a mall is quite costly and the cost of such a development is usually passed onto tenants through high rents. Local planning authorities and those representing businesses interests (possibly the SEZ) need to negotiate on behalf of small businesses owners to reduce the high rental costs that hinder the development potentials of SMMEs in townships. While it may be difficult to persuade private developers into considering the needs of small businesses, the state can formulate enticing strategies to negotiate for lowered rents. The state can speed up the legislative approval process for developments in the precinct in exchange for the private developers' agreement to lower the rental costs for small

businesses. This will both speed up the pace of development and ensure that a deliberate effort to support the growth of small businesses is released.

The stakeholder engagements for the future developments need to include both formal and informal businesses. This is because a platform needs to be opened for small businesses to voice their concerns and aspirations as contributors to the local economy of Soweto. There needs to be recognition that businesses take different forms structures and that these are needed to develop the local economy. The local economy of Soweto comprises of many activities and actors, which all need to be engaged in inclusive development is to be realised.

The future implementation of Orlando eKhaya projects should be implemented in a coordinated and integrated fashion to ensure they meet the goals of integrated planning to obtain the highest benefits for consumers and businesses, and ultimately for the transformation of the township's economy.

The reliance of the township economy on external supplies need not be viewed as a hindrance to the realisation of a transformed space economy. The complete self-sufficiency of Soweto's economy would be detrimental to its viability and sustainability and is not desirable as strong economies require external markets and consumers to survive. Hence these existing linkages between the City and the township should be maintained but in a manner that does not relegate Soweto's economy to merely providing labour to the City. In a transformed pace economy, therefore, the businesses in Soweto would have strong supplier linkages to the City and the City would also depend on the growth of Soweto for its sustainability. There needs to be a mutually dependent relationship between the City and the township, which can be fostered through the development of small businesses and establishing supply chain systems between the historical core and the township. The diversification of development in the township beyond retail would also assist in developing a stronger economic base for Soweto as industrial and agri-processing industries in Soweto could supply a diversity of goods to the City – a potentially lucrative market for Soweto. A transformed space economy would result in fewer commuter trips from Soweto to Johannesburg for the purpose of providing labour but the SMMEs in Soweto would be able to absorb the latent labour in the township through these sectors. What is important in the relationship between the CoJ and Soweto is creating a balanced and mutually dependant relationship that is not based upon exploitation or marginalisation that would result in the deprivation of the township economy. The support and development of SMMEs in the township would substantially increase the township's productivity and boost its contribution to the City's economy. These economic changes have important implications for undoing spatial inequalities and ensuring the social development of the township.

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## Annexures

### Interview questionnaire

#### **Albonico Sack Mzumara (architects and urban designers) interview**

1. When was the firm established?
2. How did your relationship with the JDA begin?
3. What did the JDA enlist your services for?
4. How did you formulate your plan for Orlando eKhaya?
5. What motivated the organisation of land uses and the general layout of the plan?
6. Were there any other stakeholders involved in the design process? What roles did they have?
7. Strategic plans have been criticised for being too utopian and broad. Do you think Orlando eKhaya is any different?
8. How did the design for Orlando eKhaya contribute to the spatial transformation of the township?
9. How do the developments proposed seek to promote local economic development?
10. What do you think is the role of the township in post-apartheid era?
11. How has designing for a township space differed to designing for any other area in the city?
12. What challenges or obstacles did you face in designing Orlando eKhaya?
13. The township has many informal traders throughout. Did the plan seek to accommodate or promote it in any way?

#### **Business owners**

##### *Formal businesses operating within Bara Mall*

1. When did you establish your business in Orlando?
2. What attracted you into Orlando?
3. Where were you trading before you came into the area? How does it compare to Orlando?
4. How many people do you employ?
5. How much rent do you pay?
6. Where do you access your products from?
7. Do you have supplies that you buy within Soweto?
8. Do you have a large customer base?

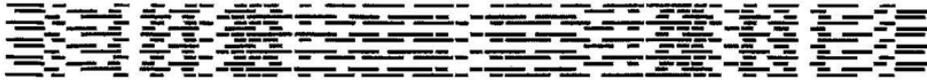
9. How profitable is your business?
10. What challenges has your business faced?
11. What new opportunities has your business been exposed to?
12. Do you think your business is easily accessible to your customers and suppliers?
13. Have the improvements to Orlando benefitted your business?
14. How would you comment on the facilities and infrastructure here?
15. How is your business affected by informal trading?
16. What has been your experience operating alongside informal traders?
17. How do you think the malls in Soweto are different to those in Johannesburg central?
18. Do you think you can find the same products here as you would find in Johannesburg central?
19. In what ways you think the developments have contributed to reducing unemployment and poverty?
20. How do you think the presence of the mall has changed your life? Has it improved your wellbeing and living environment?
21. Do you think your business has been adequately accommodated in the plans to redevelop Orlando?
22. How has private sector retail investment affected your business?
23. What challenges does your business face?
24. Have there been any negative impacts of the development of Orlando on your business?
25. What opportunities have these developments provided to your business?
26. In what ways do you think the economy of Orlando has improved?
27. In what ways has the township transformed?

*Informal businesses currently trading outside Bara Mall*

1. When did you establish your business in Orlando?
2. What made you choose this location?
3. What facilities do you need to operate your business?
4. Who are your customers?
5. Do you have more customers since the improvements to Orlando?
6. Where do you access your products from?

7. Do you think you can find the same products here as you would find in Johannesburg central?
8. How do you think the malls in Soweto are different to those in Johannesburg central?
9. Has trading here become more beneficial or profitable?
10. How has the mall affected your business?
11. Do you pay rent to trade here? How much? Is this affordable?
12. What are some of the challenges your business faces?
13. Do you think your business has been adequately accommodated in the plans to redevelop Orlando?
14. How do you think the presence of the mall has changed your life? Has it improved your wellbeing and living environment?
15. In what ways you think the developments have contributed to reducing unemployment and poverty?
16. In what ways do you think the economy of Orlando has improved?
17. In what ways would you say the township has transformed?
18. Have there been any negative impacts of the development of Orlando on your business?
19. What opportunities have these developments provided to your business?

## Ethic clearance



### SCHOOL OF ARCHITECTURE AND PLANNING HUMAN RESEARCH ETHICS COMMITTEE

#### CLEARANCE CERTIFICATE

PROTOCOL NUMBER: SOAP97/24/06/2016

**PROJECT TITLE:** The effects of spatial planning on local economic development: the case of Orlando eKhaya

**INVESTIGATOR/S:** Siphelelisiwe Ntombela (Student No. 740065)

**SCHOOL:** Architecture and Planning

**DEGREE PROGRAMME:** BSc Honours Urban and Regional Planning

**DATE CONSIDERED:** 18 July 2016

**DECISION OF THE COMMITTEE:** APPROVED

**EXPIRY DATE:** 18 July 2017

**CHAIRPERSON**   
(Professor Daniel Irurah)

**DATE:** 18.07.2016

cc: Supervisor/s: Amanda Williamson

#### **DECLARATION OF INVESTIGATORS**

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to ensure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee.

**Signature**



**Date**

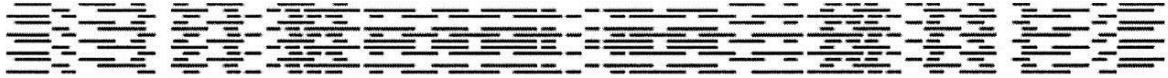
21.07.2016

School of Architecture & Planning  
University of the Witwatersrand  
Private Bag 3 Wits 2050  
Johannesburg South Africa  
www.wits.ac.za

T +27 11 717 7623  
F +27 11 717 7649



## Participant consent forms



### FORMAL (SIGNED) CONSENT FORM

I hereby confirm that I have been informed by the student researcher of the purpose, procedures, and my rights as a participant. I have received, read and understand the written participant information sheet. I have also been informed of

- the nature of my participation in the form of an interview
- the place and duration of the study
- the reasons for why I was selected to participate in the study
- the voluntary nature, refusal to answer, and withdrawing from the study
- no payment or incentives
- no loss of benefits or risks
- anonymity
- confidentiality
- how the research findings will be disseminated

I therefore agree to participate in this study by participating in the interview process.

**I AGREE / DO NOT AGREE** to audio-recording during interviews.

PARTICIPANT:

NICOLAS SACK

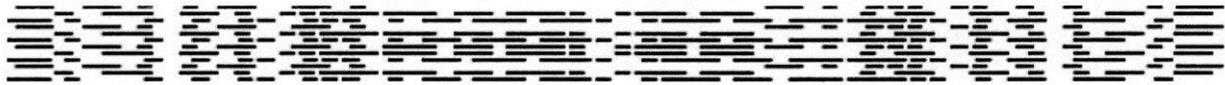
Printed name

Signature

15. Jul. 2016.

Date





**FORMAL (SIGNED) CONSENT FORM**

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PARTICIPANT:

Reketa

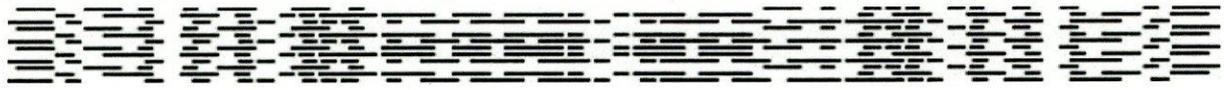
Printed name

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Signature

20 - 07 - 2016

Date



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PARTICIPANT:

D. GOVIND.  
Printed name

[Signature]  
Signature

20/7/16  
Date