



Sub-national regional development

Basic principles:

- Dynamic qualities of areas are developed historically and culturally over a long period of time.
- Sub-national regions are not uniformly good at everything
- Different regions have different economic potentials and the spatial variations in the incidence of poverty are also vastly different.
- Thus policy response itself should be differentiated and respond to the distinct challenges, opportunities and potential of each region –

In no country in the world is social and economic development and potential evenly distributed & it is not possible for social and economic development & potential to be distributed evenly across geographic space.

Diverse and disparate spatial contexts suggests that policy design must be informed by the specific conditions in particular areas - a policy approach which itself should be differentiated and conducive to the requirements of the different contexts

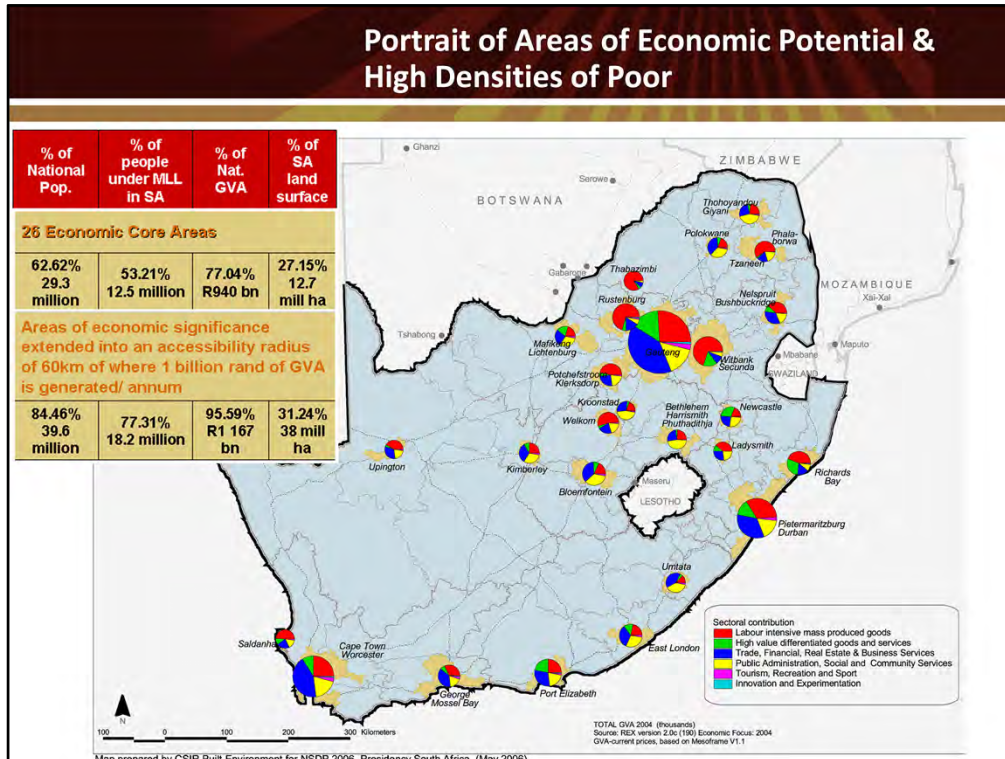


The **spatial concentration of growth** in South Africa reveals the following:

- **South Africa is not unique.**
- However, the **spatial configuration of our country is not only the product of growth but also apartheid spatial planning** – a disjuncture exist between where people live and where economic opportunities exist.
- **Apartheid spatial planning ensured that the mass of our people were located far from social and economic opportunities.**
- This **spatial marginalisation** from economic opportunities is still a significant feature of our space economy that **need to be addressed in order to reduce poverty and inequality, AND ensure shared growth.**

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Bullet 1: spatial inequality is a product of growth and the dynamic qualities of areas are developed historically and culturally over a long period of time



Space economy displays quite stark disparities and is significantly polarised.
Has macro and microscale aspects to them

Macro scale:

Concentrated areas of high economic activity, high population densities & levels of poverty

Low economic activity, lack of significant diversification, high densities of poverty

Within the macro picture micro-scale inequalities:

Legacy of local apartheid – dualism (townships and suburbs)

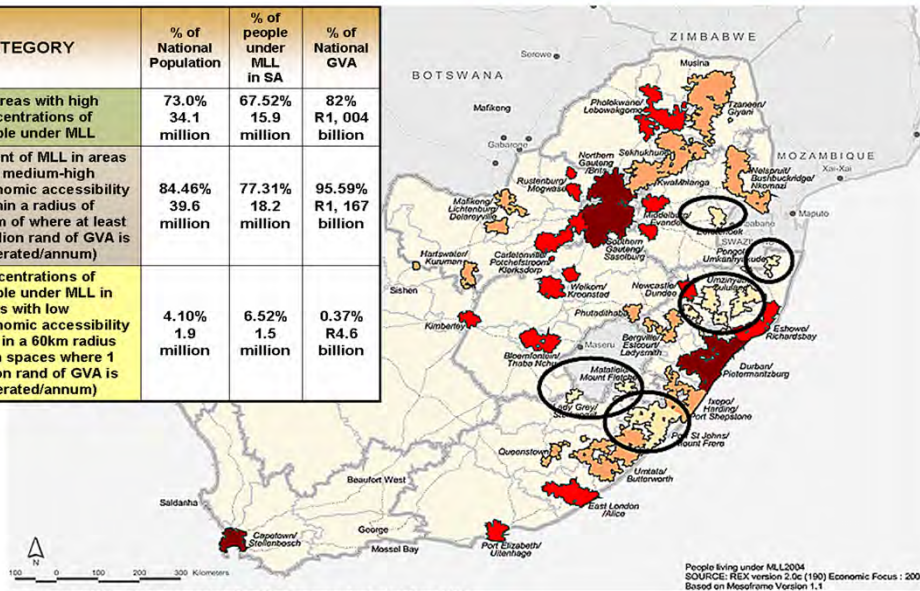
Service delivery backlogs

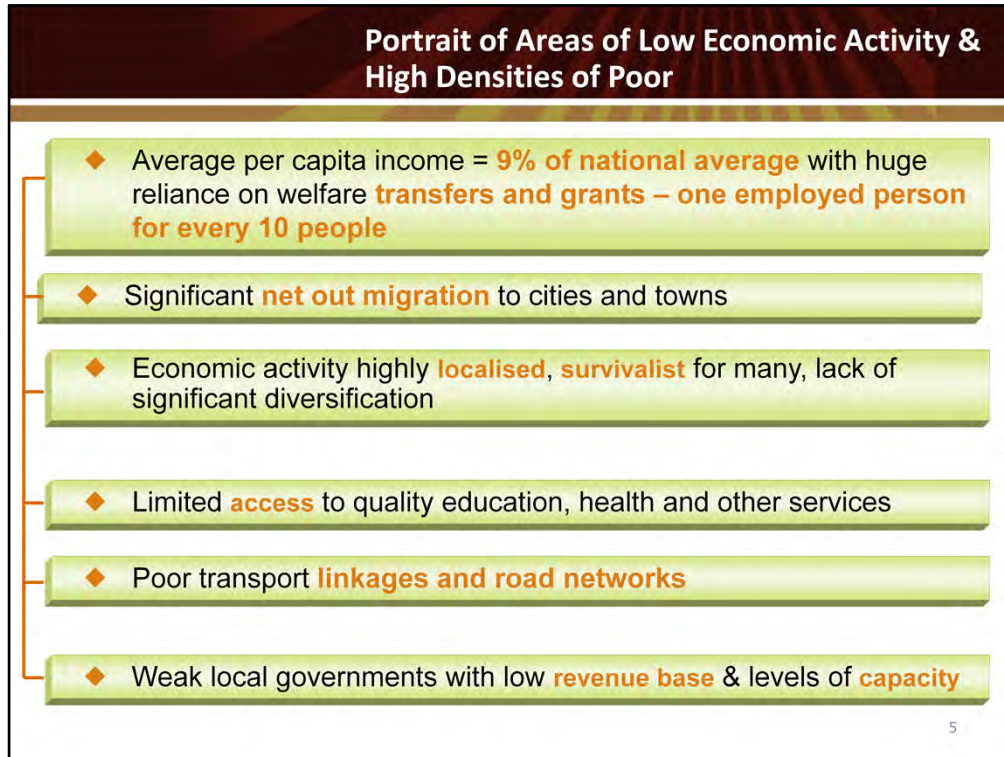
Spatial fragmentation

social and economic exclusion of settlements on the fringes of cities and towns

Interpreting: Portrait of Areas of Economic Potential & High Densities of Poor

CATEGORY	% of National Population	% of people under MLL in SA	% of National GVA
33 Areas with high concentrations of people under MLL	73.0% 34.1 million	67.52% 15.9 million	82% R1, 004 billion
Extent of MLL in areas with medium-high economic accessibility (within a radius of 60km of where at least 1 billion rand of GVA is generated/annum)	84.46% 39.6 million	77.31% 18.2 million	95.59% R1, 167 billion
Concentrations of people under MLL in areas with low economic accessibility (not in a 60km radius from spaces where 1 billion rand of GVA is generated/annum)	4.10% 1.9 million	6.52% 1.5 million	0.37% R4.6 billion





Indicates the substantial thresholds we have to overcome.

General approach is 'aspatial aspects' & redistributive intervention mechanisms to increase productivity of households own income.

By.....

Ensure the provision of essential services & social transfers – improve households own productivity

Main focus of public investment is on human capital development

Reduce migration costs – labour market intelligence, reception centres

Sound rural development policies and programmes, aggressive land and agrarian reform and expansion of agricultural extension services

Functionally linked network of service nodes to facilitate access to key health, education, welfare, financial and other social services

Develop functional linkages to major centres where possible creating opportunities for access to markets, skills and financial capital. – this is based on the view that convergence is more successful where lagging regions are functionally linked and connected to centres of economic activity.



Assumptions about territorial development

- **Location is critical for the poor to exploit opportunities for growth.**
- **Where poor concentrated around economic centres have greater opportunity to gain from economic growth.**
- **Areas with demonstrated economic potential provide greater protection due to greater diversity of income sources.**
- **Areas with demonstrated economic potential are most favourable for overcoming poverty.**
- **The poor are making rational choices about relocating to areas of opportunity - urbanisation**
- **Governments have not been able to ensure that poor are able to benefit fully from growth and employment in economically vibrant areas.**

Is redirecting investments to poor areas (especially those with low economic potential) effective at reducing poverty?

Is it always true that poverty is best addressed where it manifests itself? What if the conditions are such (i.e. social and economic activity are at such a low ebb) that it is not possible to sustain livelihoods in the foreseeable future?

What types of investments are effective in poor areas with poor natural resources and economic potential?

What kinds of environments afford the poor with greater protection against shocks and to diversify incomes?

Is the aggregate impact on poverty reduction greater by focusing on areas with high poverty rates or high poverty densities?

Is it possible in all circumstances to locate jobs where people reside or does it make more sense to move people to jobs?



Given our objective to grow the economy, create jobs, address poverty and promote social cohesion

- Where should government direct its investment and development initiatives to ensure sustainable and maximum impact?
- What kinds of spatial forms and arrangements are more conducive to the achievement of our objectives of democratic nation building and social and economic inclusion?
- How can government as a whole:
 - Capitalise on complementarities and facilitate consistent decision-making?
 - Move beyond mere focusing on integration and coordination procedures to establishing processes and mechanisms that would bring about strategic co-ordination, interaction and alignment?

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Key purpose is to guide infrastructure investment, social spending in a coordinated and spatially targeted way.