

ARCICAL STOWNS

NEW STRAFESIES FOR SHOWER AND SAMELORMISH



CDEResearch

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SOUTH AFRICA'S SMALL TOWNS: NEW STRATEGIES FOR GROWTH AND DEVELOPMENT

There are almost five hundred small towns of less than 50 000 persons in South Africa. They accommodate about one tenth of the country's population and yet little is known or said about the future of these places in national debates. This CDEResearch focuses on the development conditions and possibilities of South Africa's small towns.

The report contains a number of analytical and policy conclusions:

small towns are defined by the government as neither urban nor tutal and are therefore generally ignored; the almost invisible small town network throughout the country is a potential resource in meeting the country's growth and development challenges. Hitherto small towns have tended to be seen as objects for control and administration rather than vehicles for development;

located in the heartland of the areas of greatest need in the country, small towns can promote and assist rural development;

in many respects the small towns on the former—white' platteland are still mini-citadels of apartheid, the country needs to maximize returns on existing investment—facilities and infrastructure in small towns need to be desegregated and fully utilized;

small towns should develop a vision of their future and a coalition of stakeholders to achieve this vision. Four strategies will be required. These will focus on reconciliation, economic growth; socio-economic development; and linkages beyond the town itself:

provincial governments should reallocate resources and establish a small team and budget to promote and facilitate small town development; they should link small towns into national programmes and monitor the towns in terms of their growth and development performance, desegregation and full utilization of facilities; central government should drive the process for the establishment of a Small Town Institute to support the towns with information, training, lobbying and other skills; and a Small Town Development Fund which will reward innovation and excellence in small towns. Both these initiatives should be in the form of partnerships with civil society and small towns;

central government departments should consider the potential impact on small towns of all national policy and programme decisions; and

small towns themselves need to think entrepreneurially, share resources and build networks and lobbies to promote small town interests. Small towns should establish a Small Town Network to share information, ideas and lobby for their needs. Small towns will need to ensure they receive their fair share in the national allocation of resources.

BACKGROUND: WHY ARE SMALL TOWNS IMPORTANT?

One of South Africa's advantages as a developing country is the strength and diversity of its settlement system. Unlike many other developing countries there are numerous towns, cities and metropolitan areas which have the capacity and infrastructure to expand and accommodate a growing urban population. In the context of South Africa's realities (expanding population, enormous needs, limited resources)

success in the development arena will depend on getting the maximum out of historical (or sunk) investments. Existing facilities, amenities, social and physical infrastructure must all be fully utilized. New development initiatives should not be embarked upon unless it is clear that citizens are getting the greatest value for money out of what already exists. Small towns dotted throughout the South African landscape could be a vital element in this equation.

The new government is committed to providing a better quality of life (jobs, housing, schooling, water, etc.) for all

the citizens of the country. There is a temptation amongst state planners in the context of this vast challenge, to veer between either a state-centred idealism which envisages massive expenditure (and thus taxation) for welfare and public works; or a negativity about the ability of the South African state to do anything meaningful towards development in the context of global economic forces. The consequence may be reluctance or inability to maximize what development resources we do have.

An outlook which is pragmatic and realistic, need not veer between fantasy and apathy, but should rather look at the scale of demand in relation to both revenue available for current expenditure and the historic or sunk assets which can be used to maximize returns on these expenditures. Noone in the country is currently thinking about small towns in these terms, despite the fact that these towns, with all their sunk investments, are located in the very midst of the greatest concentrations of national poverty and unemployment — the rural areas.

SMALL TOWNS IN SOUTH AFRICA

- There are approximately 500 small towns in South Africa.
- They contain over 3,3 million people (8% of the total population).
- Some 75% of the country's poor and 81% of the ultra-poor live in rural areas, most live in the hinterlands of small towns or within small settlements themselves.

Any approach to rural poverty and underdevelopment which does not begin with maximizing returns on existing small town infrastructure and investment seems wasteful. Rehuilding the country, developmentally, around what exists, is preferable to costly and potentially ineffective schemes in remote areas. Small towns can promote their own local development initiatives, act as nodes for rural development programmes and conduits for the distribution of welfare support to the most destitute areas. It is crucial that existing investment, skills, resources and capacity in, what often appears to be, an invisible small town network are maximized. Development of the capacity of small towns can create an alternate focus to urban growth in Targe cities. This would make full use of existing investment and partially limit the scale of the current crisis of unemployment and inadequate service provision in the large cities.

WHY ARE SMALL TOWNS IMPORTANT?

- Small towns are located in the heartland of the areas of greatest need in the country.
- Small towns can promote and assist rural development.
- South Africa needs to maximize returns on existing investments.
- Facilities and infrastructure in small towns need to be fully utilized.
- Small town development can provide an alternative place of residence and opportunities for potential city migrants.

What are Small Towns – Towards a Definition

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The Centre for Development and Enterprise (CDE) has defined small towns as centres having less than 50 000 people. This division should not, however, be viewed as absolute, and exceptions to the rule will occur. Within this CDE category of small towns, three distinct forms of settlement can be identified. These are:

- Small towns in commercial farming areas, often experiencing economic decline. (These centres approximate to international experience).
- Former homeland area small towns (largely artificial and generally unconnected to agriculture).
- 'Dense homeland settlements' which lack services and facilities and which are concentrations of landless and often displaced people whom CDE has previously referred to as 'apartheid's hidden urbanites'.

In terms of the above breakdown, this document focuses on the first two settlement types. It is our view that dense homeland settlements need to be treated as a separate category. The strategic challenges that face these artificially created 'apartheid distortions' differ from those of small towns, and as such, they merit separate policy and support strategies which are not discussed in this document. Dense settlements will receive attention in later *CDE* research.

APARTHEID'S HIDDEN URBANITES

'Dense homeland settlements' usually amount to little more than a clustering of a large number of generally rural people into a small geographical area using rurally-based construction methods and materials. These settlements are a product of a combination of: landlessness amongst former homeland residents; apartheid constraints upon the ability of such people to settle elsewhere (influx control, the Land and Group Areas Acts); and the relative access of the dense settlements to inter-urban road networks. They are literally places of displaced people where those people have gathered together, within the context of extraordinary historical legal constraints to survive and make the best out of long distance commuting networks. For example, Bushbuckridge in Mpumalanga and Botshabelo in the Free State. There are many other such places.

It would be misleading to call these places towns. They are apartheid creations often in the middle of the veld. There is no economic base and few if any community facilities. One thing is certain: many of these people — probably the majority have no connection at all with agricultural production. These dense settlements should not be ignored by policy makers.

In contrast to dense homeland settlements' small towns have developed in rural areas, often over a long period of time, and have permanent investments in the formal sector and a range of typical urban services (e.g. water, electricity etc.). There is a symbiotic relationship between small towns and their agricultural hinterlands which seldom exists with dense settlements.

The key features of the small towns discussed in this document include:

- close links with, and servicing the needs of, surrounding rural areas;
- a higher density of buildings and concentration of services and facilities than rural areas;
- low levels of economic and retailing specialization and concentrations of either branch firms or small, purely local concerns;
- small town populations contain a larger proportion of young and aged than in cities; with less skill and income variety than larger centres; and
- more obvious physical expressions of their history and the importance of the surrounding natural environment than larger centres.

CDEResearch Approach and Findings

The CDE research method entailed blending a series of South African case studies together with international experience of small town development. A balance was sought

between the different economic roles of small towns, the perspectives of small town residents themselves and those of external experts.

The first phase of the *CDE* research programme comprised a preliminary survey of 50 small towns in the country and the selection of eight for detailed study. Towns were selected to reflect regional and size differences, differences in natural environmental context (e.g. high/low rainfall) as well as the important distinction between former homeland and 'white platteland towns. A small town 'voice' survey involved surveys of hundreds of small town residents. A rural area in Kenya was also researched to examine post-colonial realities as they affected small towns there. Wider international perspectives supplemented South African research and were investigated to illustrate policy alternatives.

Overall the research sought to balance local and external viewpoints, to learn from national and international success stories and to examine a representative sample of South African towns.

PAST AND CURRENT APPROACHES TO SMALL TOWNS IN SOUTH AFRICA

Small towns have seldom been conceptualized as key elements in South African national development. They have, instead, been seen as entities for administration or, at best, growth points' for single sector development strategies. Under apartheid, racial divisions in the control of towns ensured discriminatory service provision between 'white' and 'black' areas, whilst in the former homelands, whole towns tended to be unplanned and under-serviced. The failure of the industrially focused Regional Industrial Development

Policy, has left an anomalous legacy in numerous small towns of abandoned factories in under-serviced areas.

The private sector tends to view small towns as distribution centres for the produce of the cities. They are rarely seen as areas of production although occasionally they are sites for a resource-based industry, often producing goods to be absorbed in the larger centres. Small towns have thus become the Cinderella of South Africa's settlement system. Like the rest of the country they are afflicted by the legacy of apartheid with sharp divisions between neglected townships and burgeoning unserviced squatter areas and the historically 'white towns with their high standard of services and facilities. But unlike the cities, there appears to be little in the way of either creative vision or resources devoted to their rational post-apartheid development.

In many respects the small towns on the former 'white' platteland are still mini-citadels of apartheid. Whilst the visible effects of apartheid have been diminishing for some time in the cities and metropolitan areas, most of the platteland towns still seem very much like they were twenty years ago. Most, in terms of almost every aspect of segregation, remain 'apartheid success stories' to this day. Virtually all resources in the form of both private and public assets remain in the hands of the ageing and diminishing white population. This is of course a situation which cannot last indefinitely. If small towns are simply left to atrophy there will eventually emerge a politically polarized and economically unstable set of conditions in these areas, not to mention the lost opportunities for growth, development and racial reconciliation. The danger exists that without adequate planning and vision, crisis management will ensue which will detract from the realization of proper returns to the enormous sunk investment and capacity that exists in these towns.

At present, small towns do not feature in the policy priorities of government. The Ministries of Agriculture and Land Affairs focus primarily on land and agricultural challenges. The former Reconstruction and Development Ministry sub-divided its foci into 'Urban and 'Rural' portfolios, with small towns falling between the two. It is really only in the provincial Ministries of Local Government and Housing that small towns are receiving attention, albeit in a limited fashion. There tends to be little more than an attempt to keep previously-established mechanisms of development control operational whilst at the same time integrating the former homeland and white provincial components of the bureaucracy. As a result of this, some of the most creative thinking about the future of small towns emanates from local institutions of civil society within certain small towns. But this response is uneven and what is achieved

is seldom published or shared with small towns elsewhere in the country.

CURRENT GOVERNMENT THINKING ON SMALL TOWNS

- Small towns fall between the two stools of GNU urban and rural distinctions.
- Rural development thinking sees the key issues in terms of land and agriculture with insufficient attention to the 'where' of both of them.
- Urban development thinking focuses on the metropolitan areas and/or the larger cities.

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Small towns must receive greater attention in policy debates. The focus on metropolitan areas which pioneered the shift to non-racialism and democracy has tended to sideline smaller towns. A parallel reality is the broad, yet pessimistic, policy consensus on rural areas. Whilst much lip-service is paid to the notion of rural development, implicitly, the rural areas are being seen as welfare zones. Natural resource depletion, overcrowding, lack of services, poverty and the failure of past schemes inform this approach. Current planning for land reform and support of small black farmers, seems to focus mainly in relatively remote parts of the former 'white' farming areas. As yet little thought appears to have been given to where such land reform should occur and why.

In consequence it is fair to say that: *Urban development* and *rural development* have been polarized and pursued in almost total isolation: rural development is about agriculture and urban development is about the management of big cities' ²

International Experience and South African Literature

The small town experience of South Africa has parallels with that of other countries. Capital intensification of agriculture and improved communication in North America and Australasia heralded the demographic and economic decline of small centres there. Parallels also exist with developing countries where rural decline and overpopulation leads to step-wise migration to urban centres. Population growth and part-time farming are often noteworthy features of small towns in developing countries.

Strategies of small town revival are more developed in western countries. Emphasis is often placed on economic renewal, beautification and tourism. In the developing world, strategies tend to focus on the extension of sources of mixed household income. In all areas there has been a shift from traditional, 'top-down usually growth-point planning strategies towards 'bottom up' approaches. This shift comes in the wake of the very disappointing experience of centrally planned growth points' during the 1950s and 1960s. Here, as in the South African Regional Industrial Development Programme experience (1970s and 1980s), a selection of small towns were identified for special incentives by central government. This was usually done on the assumption that such incentives would attract investment away from the metropoles, and result in self-sustaining growth in the selected towns, from which benefits would spread to their hinterlands. In practice, the policy failed everywhere in the world and in South Africa.3

The new 'bottom-up' approaches seek to capitalize on local strengths and to promote local economic development. Planning manuals and guidelines to achieve this have been developed and are available in many countries.⁴

South African literature on small towns is sparse, with the exception of a few isolated examples and the study of the town of Stutterheim in particular. Little research has been undertaken about the relationship between towns and their hinterlands.

SOME SMALL TOWN STRATEGIES FROM INTERNATIONAL EXPERIENCE

A range of practical strategies have been developed in other countries to stimulate development in such towns. These are discussed on a country-by-country basis below. The list of such examples is by no means exhaustive, but simply illustrates the potential that exists to learn by example from elsewhere.

New Zealand

In 1990 the central government established the Community Employment Group (CEG) which aimed to 'foster and support positive community-led responses to employment and economic development' CEG operates according to the principle that it recognizes the importance of local employment and economic development strategies. In addition it believes that local communities need to be involved in local planning and action and that central government can play a valuable, supporting role in strengthening local structures and groups (see box).

KEY POLICY INSTRUMENTS OF THE COMMUNITY EMPLOYMENT GROUP NEW ZEALAND

Success has been achieved in small towns and Maori communities through commitment to four elements:

- use of community employment advisors;
- the collection and dissemination of information to keep communities and practitioners informed of recent developments. A monthly magazine called 'Employment Matters' is a key element in this strategy;
- part funding of local innovation and initiative; and
- set programmes which communities can utilize
 as vehicles to promote involvement in certain
 strategic decisions. Programmes such as 'Be
 Your Own Boss' are designed to provide funding
 and technical assistance and to support various
 employment strategies.

Two other key programmes pursued in New Zealand are:

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- 'Bootstraps' is designed to assist small town and Maori communities. The strategy is designed to encourage communities to take charge of their economic future. Key features of the strategy include the analysis of one s community, the exploration of alternatives and the planning, implementation and evaluation of action strategies.
- 'Mainstreet' is aimed at revitalizing the retail areas and main streets of rural towns through enabling communities to focus on the following considerations: organization of joint actions by key role-players, design to enhance the town s physical appearance, heritage conservation, business development and promotion and marketing of the town.

Australia

Australia's 'Strengthening Local Economic Capacity' programme aims to enhance the capacity of local communities to participate positively in economic and

employment development. Local authorities are taking a key leadership role in this initiative. The programme of the Victoria Municipal Association is an interesting example of intervention at the local authority level (see box).

THE VICTORIA MUNICIPAL ASSOCIATION LOCAL AUTHORITY INITIATIVE

This programme has identified five needs in relation to local government, namely:

- motivate local leaders to appreciate the catalytic role that leadership can play;
- demystify the concept of local economic development and provide a practical framework for involvement;
- identify cases of best practice and circulate information of such strategies, processes, tools and resources;
- develop necessary process skills; and
- encourage a positive economic development culture.

Current initiatives involve the development of a strategy that creates practical components to provide the necessary information, tools and skills to assist local government personnel with economic development, namely:

- prepare and disseminate a comprehensive resource kit to assist communities to analyze their current situation, identify development strategies and implement them;
- provide training;
- promote regular information exchange;
- establish local economic development teams to assist local government authorities; and
- provide innovative funding strategies for local economic development.

In Australia a key focus of small town economic development has been on enterprise development, both the stimulus of new enterprise opportunities as well as the growth of existing business. The concept of a Local Enterprise Development Agency (LEDA) and/or Enterprise Facilitators

has proven to be a valuable mechanism for fostering new enterprise development in numerous countries. A LEDA can provide support for enterprise development through leadership, facilitation and establishing linkages to business development; and it can support existing and new businesses and co-ordinate special community economic projects. LEDAs generally provide 'first-stop shop' facilities, employ enterprise facilitators and encourage linkages to broader resource and entrepreneurial networks. At least 200 Australian and 50 New Zealand towns have access to such support services. The activities of LEDAs in Australia indicate the type of support which can be given to destitute, essentially rural communities (see box).

LEDAS IN AUSTRALIA ABORIGINAL ECONOMIC DEVELOPMENT OFFICE WESTERN AUSTRALIA

This initiative involves a small, motivated team of Aboriginal people dedicated to enhancing the social standing of Aborigines through economic development. Support provided includes:

- business advisory services;
- one-stop financial advice;
- innovation in industrial niche areas;
- support for tourism initiatives;
- sales management training; and
- agricultural diversification.

BUSINESS BREAKTHROUGH PROGRAMME SOUTH AUSTRALIA

This strategy provides a comprehensive selfemployment programme for Aboriginal people based on the best practices of indigenous people's enterprise development from around the world.

America

In the USA, the National Association of Towns and Townships provides a range of strategic support mechanisms for small town revitalization. They provide study guides and training packages on the themes of:

- Harvesting Hometown Jobs;
- Growing Our Own Jobs; and
- Creating Jobs through Agricultural Diversification.

Tertiary institutions are also playing a key role in American small town revitalization. This takes the form of advice, support and training. Some of the best known programmes include:

- the Rocky Mountain Institute's 'Economic Renewal' Programme;
- the University of Wisconsin's 'Community Economic Analysis' Programme; and
- the North Central Regional Centre for Rural Development's 'Take Charge' Programme.

Namibia

In Namibia a private sector initiative entitled 'Creating a Participative Economic Capacity — A Campaign to Strengthen Local Economic Capacity' has been launched by the Namibian National Chamber of Commerce and Industry. The Chamber hopes to initiate a more participatory approach to development through the support and strengthening of its network of regional member chambers. They have embarked on a campaign of regional and local development to assist communities in the identification of strategies which will enhance and sustain local economic development. The campaign seeks to create a participative economic culture, to engage local people and to mobilize local ingenuity, resources and commitment. Five key strategies are contained in the programme:

- planning;
- development;
- advocacy
- leadership development; and
- participative democracy.

Namibia has also adopted programmes similar to Australia's LEDAs (see box).

THE NAMIBIAN LOCAL SMALL-SCALE ENTERPRISE TRAINING PACKAGE

This joint private sector/NGO training resource provides practical assistance to communities in the following areas:

- introducing communities to local small-scale enterprise;
- profiling the community;
- identifying new opportunities;
- selecting an enterprise to develop:
- choosing the best organizational and legal structure;
- identifying required skills;
- enterprise planning;
- starting the enterprise; and
- guidance on how to keep the enterprise going.

General Themes

Beyond these actual cases there are a number of general policy themes which tend to influence small town development in many countries. Two examples of such themes are considered below.

Enterprise Promotion Strategies: The growth of existing businesses and the establishment of new enterprises is an important focus. Support given tries to address the constraints of isolation, limited capacity and lack of finance which will be more acute in smaller than in larger centres. There are fundamental difficulties which this sector faces. According to the World Bank, the existence of various local constraints that impede the possibilities for small enterprise development need to be recognized. Action can be taken to address these issues and enhance the capacity of firms at the local level. The constraints are: limited market opportunities; limited availability of credit; limited business skills; existing regulations; lack of premises; lack of role models; and lack of advisory services.

Small-Scale Industry Sector Productivity Enhancement: In numerous countries, productivity enhancement strategies are pursued which target specific sectors, which develop support programmes to address issues such as training in technical and business skills, provide work space and encourage networking (see boxes for examples).

FINE WOOD CRAFT PROJECT IN WESTERN AUSTRALIA

This project sought to support local fine wood craft operators (carvers, furniture manufacturers etc.) through the creation of solidarity and networking (formation of an association, production of industry newsletters etc.), training in technical and business skills, professional enhancement (study tours, interstate and overseas industry scholarships), epprenticeship development, innovation grants, provision of shared workspace facilities, etc. The value to the local economy and the number of jobs created by the project are cumulatively doubling each year. (A similar project has been initiated in Namibia—the Kavango Wood Carvers' Project).

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This is an initiative to improve the income and living standards of 1500 Sasak Potters in three villages on the island of Lombok. Within the framework of traditional methods, the project has assisted the potters to improve their designs, the quality of their ware and their firing methods. In addition the project has focussed on improving marketing tachniques. The results in terms of income and jobs has been remarkable.

Kenya

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Small town-hinterland relationships are crucial, as research in Kenya illustrates, where small-scale African farming has led to extensive off-farm activity in retail and service centres. This activity is usually aligned along road networks linking small towns. Drawing upon Kenyan experience, one might argue that the post-apartheid prospects and realities for South African small towns require a new look at the prospects for rural regeneration and development of the 'rural-non farm sector,

Particularly important here are the lessons of successful spatial integration of different types of farming and nonfarming developments associated with post-colonial land and agricultural reform. The study conducted for CDE of the Eldoret district of Kenya reveals that subdivided farms (owned mainly by Africans following land reform), smallholdings on the periphery of town (likewise owned/ operated by Africans) and large commercial farms (several white-owned) have accommodated themselves in different zones, each of which are best suited for their particular purposes. Thus, for example, the subdivided farms tend to be aligned along the busiest transport routes and are intermingled with kiosks and small trading centres, where the functional linkages between part-time farming, smallscale commerce and access to the passing trade are of greatest relevance. By contrast, the large commercial farms show no such intermingling of uses, since this is not relevant to their

Developing countries like Kenya and elsewhere have lessons for South Africa in terms of anticipating and planning for more rational spatial use and apportionment of land in the small town context. Study of such experiences could do much to allay unnecessary anxieties about socio-economic change in rural districts in South Africa today.

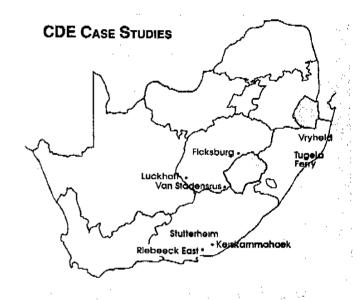
SMALL TOWNS IN SOUTH AFRICA

The wide array of case studies and strategies referred to above stands in stark contrast to the lack of knowledge that exists of South African small towns, let alone the absence of effective development strategies. In order to fill this gap, *CDE* undertook a series of detailed case studies and interviews in a number of different small towns. The result of these surveys helped to provide analytical data, to identify key features of small towns and to inform the policy analysis. In this section, the key features of the selected range of small towns are discussed, namely former homeland towns, small towns of the former 'white platteland' and larger, growing centres in productive farming areas. In addition a more general analysis of small town demographic and economic trends is provided at the end of the section.

Former Homeland Towns — Welfare Distribution Centres?

Two towns were researched, namely Tugela Ferry (KwaZulu-Natal) and Keiskammahoek (Eastern Cape). The investigation permitted the identification of a range of key features of these centres.

Homeland towns are located in the areas of greatest development need. Poverty levels and unemployment are exceptionally high. These towns have few comparative advantages, inadequate levels of communication, public service provision and amenities. They do, however, play a vital role as centres for the distribution of welfare payments and pensions. They have experienced little, if any, investment from the private sector and rely on state employment and support. In consequence, there are only limited prospects for the towns in private, entrepreneurial terms, beyond that of rurally oriented micro-enterprise. Most of the development initiatives in these areas have come either from government or from externally-funded NGOs.



TUGELA FERRY ON A ROAD TO NOWHERE?

- Situated in the Msinga district of Kwazulu-Natal (about 120 km north of Pietermaritzburg);
- the Msinga district is known for its faction-fighting, gun-running and dagga trade, but above all for its poverty;
- a dramatic population imbalance with dependency ratios of 1:12, and young and aged in the vast majority (52% under the age of 15);
- male absenteeism exceeds 54%;
- professionals (such as doctors, teachers and nurses) working in the area tend to be weekly migrants and return to the larger cities over weekends;
- unemployment exceeds 76%;
- wages are low and illiteracy is high;
- monthly pension payouts form the focus of community life;
- control is exercised by tribal authorities which can create development inertia. The tribal land tenure system, with the chiefs needing to give 'permission to occupy' land can hinder development and private initiative in the area;
- development work is largely initiated by international donor agencies and churches;
- communications are very poor, there is one public telephone for a district of 500 000 people;
- electricity and water supply is erratic;
- there is a successful small-holder irrigation scheme, but few people participate in viable commercial agriculture;
- very harsh environmental conditions and frequent periods of drought;
- soils are relatively poor and have been depleted by population pressure and overgrazing;
- informal trading is important but is not sufficiently varied, there may be potential for indigenous craft-making; and
- there are a small number of mini-factories initiated by KwaZulu Finance Corporation.

KEISKAMMAHOEK DECLINE IN LIMITED ECONOMIC ROLES

- Lies in the former Ciskei homeland, 40 km northwest of King Williamstown;
- population of ±1 000 people;
- focal point for service delivery to an impoverished hinterland although improved road access to bigger towns
 has led to a decline in this role;
- role in regional tourism all but disappeared with the emergence of new resorts elsewhere in the region;
- pensions and remittances account for two-thirds of income;
- agriculture only provides 5% of district income;
- median incomes in 1990 ranged from R100-200 per month;
- there has been little private sector investment due to poor infrastructural and services support, and scepticism regarding development potential;
- disinvestment has occurred; and
- state employment in education and health is the primary economic base.

LUCKHOFF A TOWN OF CONTRASTS

- In the south-western corner of the Free State;
- total population of 2 000;
- the number of whites has been relatively static since 1951 (±200 white residents), whilst in contrast, the black population (african and coloured) has increased;
- conditions are cramped in the township with demand for stands and housing outstripping supply, 45 informal structures reveal an attempt to deal with housing shortages in the township; on the other hand, extensive development space exists in the former 'white' areas;
- unemployment is high and the town is home to many displaced farm workers;
- despite the farming background of many people, a needs assessment revealed that black residents place far
 more emphasis on urban service provision (especially the provision of electricity) and job creation in the
 townships than on land for farming. They see a small town future for themselves unrelated to agriculture;
- the 'white' town has a conservative political and cultural ethos; and
- divided community leadership will hinder any future growth initiative.

The towns function largely as welfare distribution centres. The future of such towns in the poorer parts of the former homelands pose a challenge to the country more generally. To abandon them in policy terms is effectively to abandon some of the poorest and most marginalized of South Africa's rural population. Yet to seek to promote them in terms of a logic of comparative and competitive advantages is likely to yield disappointing results. Their roles as places for the efficient disbursement of welfare benefits are likely to be an element of any realistic future development strategy.

Smaller 'Platteland' Towns — Service Centres or Reservoir of Displaced Workers?

Three centres were identified for study in this category. Two towns were studied in the relatively dry semi-Karoo region (Luckhoff and Riebeek East) and a third from the fairly well-watered eastern Free State (Van Stadensrus). Towns in these areas serve as supply and distribution centres in what are generally areas of extensive farming. Drought and farming bankruptcy has impacted negatively on the towns economically and they have become the destinations for displaced farm-workers.

The natural environmental contexts of these towns is fundamental to their relative fortunes and growth trends; agricultural decline in many areas has impacted negatively on towns. Several of these towns clearly have a latent potential in the tourism sector. White populations are declining and black populations rising, but there are uneven responses to changed demographic and political contexts.

Many of the migrants to towns are displaced farm-workers, whose interest in farming is often low, due mainly to harsh environmental conditions (especially low rainfall). In addition there clearly is spare capacity in the former 'white parts of the town in terms of facilities and amenities which can be used to assist the development needs of the black community.

Larger Centres in Productive Farming Areas — Regional Comparative Advantage?

In contrast with the preceding two categories, the larger small towns are clearly more prosperous, having well-developed infrastructure, facilities and services. Two towns were studied, namely Ficksburg (Free State) and Vryheid (KwaZulu-Natat). These centres tend to serve important roles as regional centres, meeting the needs of their own and surrounding rural communities in what are often extensive hinterlands. The facts contained in the table of facilities in the towns studied vividly illustrate this point (see p.15). In addition, such centres have considerable sunk investment within them. This heritage can and should be used more effectively to reduce input costs in future development projects. There are stark inequalities between the former 'white and black components of the town in terms of resource and facility distribution. The underutilized educational institutions in formerly 'white' parts of towns are only the most glaring examples of existing investments which could he used for the benefit of the broader community, through the effective integration of the schools, sharing of facilities, after-hours teaching adult education etc. The ability of such

RIEBEEK EAST GHOST TOWN?

- in the Eastern Cape on the margins of the Karoo (about 40 km west of Grahamstown), currently has a population of 500 (half that of the 1940s), both white and black numbers are declining;
- the 'white' town is dominated by religious and Afrikaner cultural symbols;
- a place where welfarist projects for poor-white Afrikaners were established (largely by the church) during the first part of the 1900s;
- its role as a service centre has declined over a long period of time;

- black people have virtually no interest in farming although some indicated an interest in providing for household food needs through gardening;
- unused capacity in the former 'white' town might offer some opportunities to the local black community;
- tourism projects may be viable because of the town's location close to Grahamstown and on the main Eastern Cape road and rail routes; and
- the town may be reduced to a base from which people commute to jobs elsewhere in the Eastern Cape.

VAN STADENSRUS SIGNS OF COMMUNITY INITIATIVE

- In the south-eastern corner of the Free State, a fairly viable agricultural area, although output is declining;
- the 'white' town has only 33 of its total 450 erven developed and Thapelong (the former township) which is 1
 km north of the town, has 298 fully built erven and a further 44 sites under construction. The commonage
 between the two is leased out for grazing purposes to farmers, including black farmers living in or near the
 town;
- the white population has declined significantly (from 228 in 1936 to 70 in 1994) compared to a sustained increase in the black population (900 black residents in 1994);
- unemployment stands at 60% although there is a strong desire among residents to work. The desire to work
 is illustrated by the IDT-funded brick-making project, which was initiated and run by community leaders in
 Thapelong, as well as the community gardening project, which utilizes vacant land in the centre of the former
 'white' town to grow vegetables;
- there is some sharing of facilities, for example, the local clinic is located on land between the town and township and is used by residents of both the town and township;
- there is a degree of goodwill between leaders of the white and black communities;
- the local municipal building/library seems to be well-used for meetings as well as for administration and library purposes;
- the town has a latent tourism potential due to its location on the 'Sandstone Route' for tourists to the eastern Free State and its small but attractive hotel (which was abandoned at the time of writing);
- it is estimated that black farm-workers own one-third of all district cattle as part of their benefit as farm workers:
- almost 80% of township residents identified land for farming as a priority need (this compares to 40% in Luckhoff and even lower figures in Riebeek East); and
- the degree of local initiative is striking, with some strong local leaders having returned to the area and involving themselves in communal development initiatives (this is a rather unique occurrence among towns of this size).

centres to provide for the needs of broader regions is clear, and in some cases (e.g. Ficksburg) this is already the case with Lesotho citizens making use of local facilities.

Other key features of these centres include the fact that they have more complex, multi-sectoral economies than smaller places. This in turn encourages a close interaction between the towns' economies and those of their rural hinterlands. The towns often have a regionally specialized comparative advantage (e.g. tourism or agriculture) which

is being exploited. Finally, it is noteworthy that there is definite interest in farming amongst black residents, although this does depend on agro-ecological contexts.

Stutterheim: The Unique Experience of a South African Small Town?

Stutterheim in the Eastern Cape has become the most widely studied and influential case of small town development in South Africa. Prior to 1990, like most other towns, it had a

stagnant urban economy, it was experiencing the effects of rural decline and had serious shortfalls in urban services and facilities. The town was also scarred by high levels of political conflict. Consumer boycotts of the 'white town by black residents deepened the economic crises of the town. The launching of the 'Stutterheim Initiative through the formation of the Stutterheim Forum in 1990, resolved the political conflict issues, unified the black and white communities and began to address the other problems experienced in the town.

Stutterheim has a well-developed industrial, commercial and agricultural base, with timber resources supporting

numerous industries. Protracted decline in the agricultural sector and the closure of the town's woolwashes aggravated unemployment levels which exceed 50%. Racially, the town of some 31 000 people is subdivided in typical apartheid fashion. The unfulfilled plan to move the African population to the Ciskei led to the serious neglect of the African areas. With the exception of the agricultural co-operatives it is estimated that about 30% of sales and business in the town is derived from residents of the surrounding rural areas. Of that 30%, the majority is from african farm-workers or residents of the various 'black spots' in the area. The erosion of the buying power of the white commercial farming sector has been a discernable trend over the last ten years.

FICKSBURG REGIONAL URBAN SERVICES CENTRE?

- The town lies in one of the country's more prosperous agricultural regions, right on the border with Lesotho;
- it has a well-developed agri-business sector and a concentration of shops, factories and service industries to meet requirements in its hinterland, which importantly includes part of Lesotho;
- the national headquarters of SENTRACES (the agricultural insurance house) are located here and much of the servicing of the small-scale agricultural activities of Lesotho is facilitated by shops, factories and service industries in Ficksburg;
- the total population is estimated at ±41 000, about 85% of which is crowded into the former black townships;
- the black population tripled in an eight-year period (1985-1993), from 10 000 residents in 1985 to 35 000 in 1993, some of this growth has been attributed to the 'Lesotho factor', where migrants from Lesotho are settling in Ficksburg's townships;
- the level of interest in farming amongst black residents is not as high as elsewhere. This may be due to the
 large presence of Lesotho migrants in search of urban services and work opportunities; it might also relate to
 the stigma attached to farm work amongst many Free State urban residents who have perceptions of farm
 worker ignorance, hardship and servility on many of the white farms in the region;
- the development challenge of the future lies in marrying the success of regional agriculture with black aspirations
 through small-holding projects, eco-tourism and participation in agri-business; the town's commonage could
 well play a role in this context and the new Council has already secured international backing for land reform
 and agricultural projects in the region;
- there are striking differences in resource allocation between the black and the white parts of the town, with, for example, a stark contrast between the well-equipped technical high school in the 'white' town and the dismal corrugated iron high school in Megheleng township with overcrowded classrooms and a science laboratory that could fit into a small suitcasa; and
- the local business leadership is enterprising and they developed a vision of the developmental prospects of Ficksburg which was encapsulated in a local 'Win with Ficksburg' campaign. This provided a springboard for more recent development initiatives in the town.

VRYHEID EDUCATIONAL, TOURISM AND PERI-URBAN AGRICULTURAL POTENTIAL

- Vryheid lies in a successful north-western KwaZulu-Natal farming area (mainly beef);
- mining has played an important, albeit declining, role in the town (in 1970 mining accounted for 48% of Vryheid's GGP, by 1983 it had fallen to 23%, mine employment decreased by 26% in the same period);
- the town also functions as a major, regional service, distribution and educational centre (numerous high quality schools and a technical college in a relatively small town of 30 000 people);
- several high quality hotels and nearby game reserves provide tourism potential for the town;
- a pragmatic and tolerant political climate, which is attractive to investors, exists;
- commerce is buoyant, but industry is limited, with agricultural service industries being the only major option;
- a survey of 400 black peri-urban residents revealed that 80% of them were interested in small-scale farming;
 and
- peri-urban farming, with measures of state support/loans to support this should be considered, as well as making this town an educational centre.

Following the protracted standoff of the mid-1980s, an ambitious local development plan was initiated, under the guidance of talented local leaders. Financial support and advice from external agencies has been critical in the process. Key achievements are:

- · the drafting of an urban development plan;
- the launching of steps to improve service provision in the townships (for example, the building of new schools);
- the creation of several hundred short-term jobs and training of community contractors;
- identification of projects which used labour-intensive techniques to provide 900 serviced residential plots, two schools, numerous day-care centres and improvements to the town's physical infrastructure;
- efforts to improve the quality of education and to provide day-care facilities;
- a Business Advice Centre offers business training and support to prospective entrepreneurs. Training courses in applied skills are regularly hosted;
- supporting small-scale black farmers in the district;
- the operation of periodic markets in the district; and

 the launching of various strategies which add value to local produce and which provide jobs to urban and rural people.

The experience of Stutterheim vividly illustrates the potential of local strategies of self-reliance and the degree to which a town can develop through exploitation of its rural-urban linkages. By 1993 over 60 towns had sought the advice of the Stutterheim Forum on how to address their own challenges.

It is important to note the critical role of leadership factors in the Stutterheim experience which raises significant questions about the relationship between local leadership and external intervention. On the one hand it is clear that there was a considerable degree of involvement of local leadership which was important to the successes that the town was able to achieve. Yet, on the other hand, external leadership was also a key factor, including the intervention of the country's largest industrial corporation, Barlow Ltd, through their Small Business adviser (who was simultaneously the Mayor of Stutterheim), the Development Bank of Southern Africa (DBSA) (which funded one of the country's leading urban specialists as the Stutterheim Forum's consultant to advise on development strategy for the town), and others. These latter actors facilitated access inter alia to DBSA, USAID and IDT funding, grants from private corporations and foreign governments.

TABLE 1: Public amenities/facilities in each town. F — ficksburg; K — Keiskammahoek; L — Luckhoff; R — Riebeek East; S — Stutterheim; T — Tugela Ferry; VS — Van Stadensrus; V — VRYHEID

	F	κ	L	R	s	т	vs	V
Library	2	1	1	-	1		1.	1
Museum	- 1			_	_			3
Post Office	1	1	1	1	1	1 .	1	1
Town/Community Hall	3	_	1	<u>.</u>	1	-	1	1
Tourist Info. Centre	1		-	-	1		-	1
Clinic	4	1	, 1	_	3	2	, 1	1
Hospital	1.	1		-	1	1	+	1
Pre-Primary/creche	2	2	1	1	. 15		1	3
Junior Primary school	1	-	3	1	3	1	1	1
Senior Primary school	5	<u>-</u> '	-		3	. 1	1	3
High school	4	,	-		2	1	•	3
Tertiary centre	2	-	-	-	2	-		1
Airport	1	-	-		р	_	-	1
Railway station	1	-	ļ -	-	1	-		1
Bus station	1	-	1	•	-	-	-	1
Municipal parks/gdn	4	_	1		1	-	-	5
Soccer field	5	1	1	_	-		1	٦.
Rugby field	10	1	1 1	-	1	<u>-</u>	-	7
Tennis court	5	1	1	1	1	-	1	1
Swimming pool	1 1	-	1	-	1	-		ļ 1:
Sports club	11	-	2	-	1	\	<u> </u>	37
Bowling green	1	-	1	-	1	-	-	1
Police station	2	1	1	1	1	1	1	1
Fire station	1	-	-	-	-	-	-	1
Magistrate's court	1	1 1	-	-	. 1	1	-	1
Caravan Park	2	-	_		1p	-	+	1
Cemetary	2	1	1	2	-	2	2	1
Agricultural co-op.	1	1	1	-	1	-	-	1
Municipal nursery	-			-	-	-	-	1
Fresh produce market	3	-		-	-		-	2
Abattoir	1	-	-	-	2p	-	+	1 . 1

Note: Statistics derived from Town Clerks.

p - privately owned.

The question of the sustainability and replicability of the experience needs to be posed. Is Stutterheim a 'model' for development in other South African small towns? Quite clearly the town could not have implemented most of its projects without external support. To a large degree most of the employment which has been created by the Forum is of a short-term nature and when the funding dries up most of

the job opportunities which exist might well disappear. The payment of the salaries of the key role-players by external agencies is also indicative of the unsustainability of the project in its present form. To the credit of the town, however, strategies which use local resources and skills and which add value to local resources are being actively pursued. It might also be argued that the level of resources committed

TABLE 2: DEMOGRAPHIC TRENDS FOR A SAMPLE OF SMALL TOWNS

Province (Former Homeland) ⁶	Town ⁷	Functional Urban Pop, 1991 ⁸	Formal Urban Pop. 1991 ⁹	rban Pop. Urban Pop.		Average Annual Growth Rate 1991-1995 Funct, Formal Urban Urban	
	Forme	er Homelan	d Towns				
KN (KwaZulu)	Ulundi	12 773	9 614	16 691	12 822	77	
EC (Transkei)	Port St Johns	2 199	1 682	2 215		7,7	7,7
EC (Transkei)	Bizana	5 624	981	5 356	1 695 934	0,2	0,2
EC (Ciskei)	Sada	25 987	19 647	28 494		-1,2	1,2
EC (Ciskei)	Middledrift	1 899	1 451		21 537	2,4	2,4
MP (KwaNdebele)	Vaalbank	11 579		2 224	1 700	4,3	4,3
MP (Kangwane)	Kamhlushwa	1 1	8 913	11 647	8 963	0,2	0,1
NP (Gazankulu)	Giyani	4 505	3 468	5 344	4 113	4,7	4.6
NW (Bophuthatswana)	Madikwe	16 430	12 625	19 043	14 629	4,0	4,0
NP (Venda)	Thoyandou	1 705	1 312	1 634	1 259	-1,0	-1,0
NP (Lebowa)	Hiogtlou	25 271	19 453	30 327	23 341	5,0	5,0
	T Hoggadu	7 334	5 635	7 800	5 994	1,6	1,6
	Large	e Platteland	Towns				:
KN	Empangeni 7	15 379	12 755	15 998	13 265	1,0	1,0
	Ngwelezana J	22 584	4 525	20 330	4 072	-2,5	-2,5
EC	Aliwai North/Dukathole	33 819	19 600	46 826	21 364	9,6	2,3
FS -	Harrismith/42nd Hill	31 423	17 568	31 816	17 828	0,3	
MP	Nelspruit	22 160	18 379	23 737	19 684		0,4
NC .	De Aar 7	29 238	23 669	32 351	26 185	1,8	1,8
	Nonzwakazi J	5 924	4 187	5 612	l	2,7	2,7
NP	Louis Trichardt	17 044	13 914	21 606	3 966	-1,3	-1,3
NW	Brits/Lethabile	35 434	28 767	41 431	17 659	6,7	6,7
WC ·	Beaufort West/Sidesaviwa	32 555	26 254	34 637	33 759 27 926	4,2	4,2
· · · · · · · · · · · · · · · · · · ·		l Platteland		04 007	27 320	1,6	1,6
KN	Bergville					l ·	T
EC	Rhodes	787	658	761	635	-0,8	-0,9
FS	1	43	36	45	38	1,2	1,4
FS	Clarens/Kgubetswana	1 359	1 072	1 526	1 205	3,1	3,1
	Boshoff 7	2 846	2 360	3 152	2 613	2.7	2,7
мР	Seretse J	1 791	1 368	1 613	1 230	-2,5	-2.5
NC .	Graskop	1 923	1 608	2 187	1 830	3,4	3,5
	Jan Kempdorp	234	193	301	251	7,2	7,5
NC ND	Pofadder	3 294	2 745	3 640	3 034	2,6	2,6
NP	Alldays	471	395	493	411	1,2	1,0
NW	Koster/Reagile	7 366	5 837	7 732	6 128	1,2	1,3
NW NVS	Groot Marico	183	153	154	128	-4,0	-4,1
wc	Klawer	3 221	2 685	3 231	2 692	0,1	0,1

by such external donor agencies may not be disproportionate to what regional or central government might be able to do for towns of similar size and potential. This will require provincial governments to reallocate their resources from cost-ineffective staffing and development strategies inherited from the past.

South African Small Towns — Demographic and Economic Trends

It is very difficult to generalise small town demographic and economic trends because of the diversity of South African small towns. However, a few significant points do emerge. The analysis of economic trends undertaken (see box on page 18/19) reveals that nearly seven out of ten small towns appear to be experiencing economic decline. Many of these towns are simultaneously having to cope with population increases for example, Nelspruit (Mpumalanga); Beaufort West (Western Cape) and Harrismith (KwaZulu Natal). Fortunately, this is not a uniform trend, there are areas which are buoyant. For example, small towns in the north western Free State, the eastern part of the North West and Northern Cape provinces, the tourist and fruit-growing areas of the West and East Cape are escaping the decline. There are over 60 small towns making a meaningful contribution to national economic growth. They have discovered their competitive advantages and are functioning as centres of opportunity for many people who would otherwise be forced to move to cities.

Only a cursory examination of the patterns in the economy of small towns has been possible in this research. A more detailed examination of factors supporting the economies of the approximately 60 successful towns is vital. Statistics are hard to come by and this necessitates considerable data gathering within the small towns themselves and more broadly. Only when this more comprehensive data is available can an accurate and definitive explanation be given for economic trends in South African small towns.

KEY ANALYTICAL AND POLICY THEMES FROM SOUTH AFRICA

The preceding case-studies permit the identification of several key variables in terms of the features and characteristics of South African small towns. Over and above obvious similarities in terms of poverty race-based inequalities and economic decline the research has highlighted a range of themes from which practical guidelines can be derived.

Diversity

The research clearly revealed significant disparities between the small towns studied, in terms of their demography, facilities, history regional context, economy and development potential. The differences between small towns are clearly more striking than those between intermediate cities and metropolitan areas. Such differences are accounted for by differences in the natural and agricultural environments and the fact that larger small centres (25 000 50 000 people) appear to be more viable irrespective of agricultural context. Small towns in former homelands differ markedly from those in former 'white areas being based more on the needs of administration, welfare and commerce, than on agriculture.

One of the important policy conclusions to flow from this diversity of small town and rural contexts is that it is important to ensure that autonomous rural district councils, or some equivalent, are empowered to make local decisions about their own approaches to small town and rural reconstruction. This is a desirable approach since centralism is insensitive to local variations. Naturally, where there are capacity and other constraints, external support will be essential. Highly specialized and unique economic mixes require in situ innovation, leadership and vision, and, by implication, necessitate the application of local economic development (LED). Such strategies may be more relevant in small towns than in the more economically diversified metropolitan areas and large cities (where LED is currently being emphasized). Multi-sectoral development approaches which can be pursued in cities will almost always be inappropriate in the more narrowly focused economies of small towns.

Leadership

The quality and calibre of local leadership plays a critical role in the development performance of small towns as the success stories mentioned in the case-studies illustrate. Towns lacking in opportunities tend to lose their skilled people, whilst those with opportunities tend to retain them, to their benefit. The cumulative impact of both local leadership and local circumstances partially accounts for the great variability in small town performance. Leadership can, however, play a key role in areas with adverse backgrounds as is illustrated in the Stutterheim case.

This also indicates the potential scope for policy intervention. By way of examples, the town of Van Standensrus was notable for its local leadership which meant that the IDT could use existing community structures to channel drought-relief funding into the community. In

ECONOMIC TRENDS IN SOUTH AFRICA'S SMALL TOWNS

A detailed analysis of ecconomic trends in South African small towns was undertaken. The best available data was the Central Statistical Service's **Gross Geographic Product** by magisterial district for 1991 and 1994. These GGP estimates were used as an indicator of economic growth/decline trends within small towns. In order to compare the 1991 and 1994 GGP figures, the average **Consumer Price Index** (1,362) was used to adjust the 1991 figure to one that was comparable to the 1994 figure. A rough estimate of the percentage of economic growth/decline in small towns between 1991 and 1994 could thus be calculated. Although there are a number of limitations to this analysis 4, it was the only way, within the context of very poorly developed statistical information (especially at small town level) to provide some indication of general patterns of growth/decline of small towns in South Africa. Some significant trends emerged.

- Nationally, of 217 small town magistrial districts, 69% experienced economic decline over the period.
- In focussing on the magisterial districts with small towns in them, it became evident that there was only
 one province, the NorthWest, where more than half of the magisterial districts were growing economically.
 In all the rest of the provinces, more than half of the magisterial districts were declining economically.
- Four towns with growth greater than 30% are Coligny (North West), Clanwilliam (Western Cape), Christiana (North West), Joubertina (Eastern Cape). Five towns experienced a decline of 30% or more, namely, Heidelberg(Western Cape), Murraysburg (Western Cape), Boshof (Free State), Wakkerstroom (Mpumalanga), Babanango (KwaZulu Natal). Whilst there are various reasons for such extreme rates of growth/decline, a major factor is the dependence of the town on a single economic sector. Wakkerstroom, for example, experienced the closure of a major ESKOM power station; and Clanwilliam has a prosperous fruit-growing and fruit-processing economic base.
- Western Cape: The fruit-growing and tourist-oriented towns showed growth trends (e.g. Caledon, Bredasdorp, Hermanus, Calitzdorp, Hopefield, Clanwilliam, Vredendal, Vanrynsdorp, Calvinia).
- Free State: Growth was focussed around the north western part of the province (Bothaville, Hoopstad, Viljoenskroon, Wesselsbron, Hennenman and Bultfontein.

(Continued on opposite page)

Stutterheim part of the success of what happened there stems from the reality that the leaders represented both black and white communities and had good working relationships. There should, therefore, be an emphasis on encouraging leadership training in small towns if policy interventions are going to have maximum effect. A mechanism is needed which offers support, advice and training, undertakes relevant research and helps leaders to 'leapfrog the current development vacuum which exists. A similar need is identified in the government's draft Rural Strategy document which indicates the need to create access to information and to appoint community development facilitators. The question is who should be the key catalytic agent in promoting all of this, and to what extent should government, NGOs or the private sector be involved?

Linkages to Land Reform and Rural Development

Given the rural and regional context of small towns, they are a logical focus for activities geared to improve conditions in rural areas. Protracted agricultural decline has, however, negatively affected small towns. In future, to help address these issues, the links between small towns and their hinterlands need to be strengthened. Small towns can also play a key role in future land reform programmes and support strategies for small-scale black farmers. Simultaneously, agricultural revitalization in the vicinity of some towns might be linked to the revitalization of the towns themselves. In this regard there may be scope for small town municipalities to link into the recommendations of the 1996 Green Paper on South African Land Policy. Many displaced farm-workers

- Northern Cape: Experienced growth in areas close to the eastern boundary of the province with the Free State, North West and Eastern Cape provinces. In all cases, growth occurred in towns that are relatively accessible to the eastern part of the country, and are at intersections of good transport routes.
- North West: There is an eastern band of growth. Two of the growing areas are on the border with the Free State (Christiana and Bloemhof). Other areas of growth include Groot Marico, Swartruggens, Coligny, Delareyville and Schweizer Reneke. Many of these growing towns are in the better-watered and more agriculturally prosperous parts of the North West Province.
 - Eastern Cape: Has magnet of growth around Grahamstown (Grahamstown, Port Alfred, Alexandria, Kentonon-Sea). Joubertina and Graaff Reinet with nearby Pearston also revealing growth trends. Many of these growing towns are attactive as retirement centres and/or tourist destinations.
 - KwaZulu Natal: Numerous coastal towns (both on the north and south coasts) are growing. This can be attributed to tourism and commercial sugar farming. Towns in northern Natal which have had fairly successful campaigns to diversify from mining, also reveal growth trends (Ladysmith, Glencoe, Newcastle). These towns also have a small but growing tourist industry which utilises their location on the battlefields of Natal. Other areas of growth include Eshowe and Melmoth, Bulwer, Camperdown (on the Durban-Pietermaritzburg corridor), and New Hanover which relies on mixed farming and forestry.
 - Mpumalanga: Growth is concentrated on or near the borders of the province except for Bethal which is on a
 national route through Pongola to the KwaZulu Natal north coast. The Nsikazi area outside Nelspruit is
 iocated on the PWV-Komatipoort corridor which explains its growth.
 - Northern Province: Only the capital Thoyandou and Giyani are growing. The low levels of economic growth in this province generally, are reflected in the lack of small town economic growth.
 - Gauteng: There is no significant small town growth, growth is of a metropolitan nature in this province.

living in towns have an interest in farming. A majority of black peri-urban residents questioned indicated a willingness to engage in some form of farming, if they had more land available. People living in the drier areas expressed the least interest in farming. Other research has indicated that because of limited potential, farming needs to be viewed as part of a mixed-income strategy for many, to supplement income derived from other work. Encouraging small-scale farming in and around small towns is a logical route to follow in this regard. Small town development in the former 'white platteland and the associated promotion of small-scale black farming in their vicinity are now both potentially complementary and politically feasible. Research undertaken in Kenya indicates that farmers and non-farmers in rural and peri-urban areas have linked themselves into a functional

division of space. This has enabled them to better access markets and supplies from small towns, by undertaking a range of activities alongside access routes to such centres.

Isolation

Small towns tend to experience geographic, political, socioeconomic and cultural isolation, being cut off from the centres of decision-making and control. They often develop a dependence on larger centres. Whilst links to much larger centres are important, the latter should not become 'models' because small towns will then always be seen in an inferior light. On the other hand, if leadership in small towns were to conceptualize their developmental challenges in terms of their hinterlands and their own comparative and competitive advantages in relation to the approximately 500 other South African small towns/hinterlands, an entirely different developmental milieu could emerge.

Fostering of local pride, realism, identification of competitive advantages and the search for a niche in a competitive regional and global economy are all important routes for small towns to consider. Local leadership in the small towns need to find ways of communicating with each other about the lessons that they have learned about the opportunities and constraints of bottom-up, local development. Lateral links between various small towns, and between racially separate areas within individual towns, need to be encouraged in terms of communications, innovation, diffusion and developmental agendas.

DEVELOPING SOUTH AFRICA'S SMALL TOWNS: POLICY CONSIDERATIONS

It is neither possible nor desirable to formulate a single small towns development strategy for almost 500 different small towns and their hinterlands in South Africa. Whilst an emphasis upon tourism may make sense, for example, in the historical village of Riebeck East or in Van Stadensrus, this would not make as much sense in a place such as Keiskammahoek where government welfare services and timber-related industries would be appropriate. Local leadership living in small towns are best attuned to assessing the unique attributes of towns. Two conclusions arise from this:

- it would be totally undesirable to have a uniform small town development policy executed at national level;
 and
- within the framework of the constitution and the bill of rights, towns will need sufficient policy autonomy to experiment with different strategies for growth and development.

There are, however, certain common features of the developmental challenges and prospects of all these towns which do warrant serious national attention. These include: an emphasis on local leadership development; the need for networks amongst small towns; and the promotion, where relevant, of expanded small-scale agricultural production. Other issues of national policy importance will no doubt emerge when more attention is focused on small towns and more experience is gained in formulating development strategies for individual small towns. What is clear is that mechanisms are needed to achieve the required

complementarity between these national small town policy needs and the highly localized needs of individual small towns and their hinterlands.

The small towns themselves need to be brought into this process and at the very least there will have to be initial effort devoted to a national network of communication amongst the small towns so that they can organize an informed and coherent input. There is also considerable international experience on which South Africa can draw in this regard.

An examination of a range of small town development strategies and cases indicates that they seldom happen as a result of the activities of a single agency or the government acting in isolation. Successful projects usually stem from *joint ventures*, in which the private sector and local interests often play a leading role sometimes working with or without government support. Collaboration amongst a range of institutions will be required to address development needs. The role of developmentally oriented local authorities and municipal associations should not be underestimated in this connection, as well as the roles of NGOs and CBOs.

Dealing with the Apartheid Legacy

The apartheid legacy poses both challenges and opportunities. Serious inequalities in terms of service provision and facilities need to be addressed. On the one hand there is scope in many small towns to utilize surplus capacity in the former 'white towns e.g. underutilized schools for township pupils and/or night school and/or training modules for local entrepreneurs etc. Recently, local disadvantaged communities have begun to demand that underutilized schools, for example, are made available for their use. The town of Hofmeyer (Eastern Cape) is a case in point and there are numerous other towns where this pressure for full utilization of existing resources is beginning to surface. On a related issue, using the sunk investment in towns, particularly regional centres is an effective mechanism to improve conditions in a broader region. Maximizing the potential of such centres has the ability to promote development in both the urban and rural areas.

On the other hand it is important to recognize that many, if not most, small towns now find themselves in the position where they do not have the internal resources to redress their apartheid legacies themselves. A scan by *CDE* in March 1996 indicated that not only are many local authorities in small towns now virtually bankrupt, but they face declining grants from provincial governments and do not have the internal skills and resources to make applications for government grants such as those from the RDP fund, the Provincial

INTERNATIONAL EXPERIENCE: WHICH AGENCY SHOULD INITIATE DEVELOPMENT?

There is no single strategy which can be applied to promote small town development. International experience indicates that the initiative or supporting mechanisms can be undertaken by:

- the small towns themselves;
- central (or provincial) government;
- the private sector;
- local authorities;
- an association of towns;
- tertiary educational institutions; and
- NGOs and CBOs.

At the local level the development initiative is often seized by key local agencies acting in unison. At the broader level the initiative needs to be seized by at least one of the above key role-players. The establishment of a dedicated facility to assist in this regard is clearly a high priority.

Housing Boards, etc. To simply devolve downwards all responsibility for small town developmental futures in such a context would be both harsh and irresponsible.

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Thus, small towns need to be considered when national challenges such as the capacity of local authorities or the problem of non-payment for rents and services are dealt with. Most importantly when government formulates its strategy to deal with local government finances the different needs of small towns need to be considered as well as those of the larger cities. The urgency of dealing with all three of these issues — capacity, non-payment, finances — cannot be overemphasized. The government must therefore not ignore the needs of the small towns in major national campaigns.

Key Local Actors and Joint Ventures

Both local and international experience suggests that initiating and sustaining a process of small town development normally takes place under the auspices of a local joint venture with or without external support. Key local actors

(many of whom can tap into broader resource and skills networks) need to be drawn into the process because of the skills and experience which they have and the networks which they can access. In the South African context, there is now a significant tradition of civil society participating in local development initiatives, and this tradition can be built upon rather than replaced by ineffective government. For example, the ability of the Anglican church's Department of Social Responsibility in the Eastern Cape to draw on its diverse resources and credibility in communities and with business has led to the establishment of several successful joint ventures between community groups and external business agencies. Key actors include: churches, social workers, local authorities (and broader municipal associations), private business (and their chambers as well as the enterprise networks of individual firms), community groups, trade unions, political movements, farming associations, CBOs and NGOs. It is important to note that successful development requires a sense of compromise at the local level and a preparedness to work together if such endeavours are to succeed.

Entrepreneurialism and Welfare Distribution

Whilst certain towns can succeed with entreprencurial approaches which, to a large degree, can be locally-driven, most towns will require outside support and facilitation; and many others, because of capacity and resource constraints, will need to rely on welfare distribution for both their survival and as their economic function. The cases of Keiskammahoek and Tugela Ferry illustrate this well. These realities need to influence planning and the most dependent communities should not be abandoned. South Africa has a historically-determined pattern of comparative advantage and disadvantage, and to expect that those in patently historically disadvantaged regions should now compete on level playing fields is unrealistic.

Development is about people not places

Small towns are important because they represent hidden and underutilized capacity in the South African settlement system. This document is about recognizing the sunk investments and resources that could be tapped in the small towns in order to encourage growth and development in the country. It must be acknowledged, however, that some places will not find the local leadership to turn around the decline of their areas. More and more people will move away from these places and in time they will die. The country does not have the resources to prop up small towns that are not viable or cannot create the potential for a new and vibrant future. National resources must be used where the country can obtain best results *i.e.* more jobs, wealth creation and development

opportunities. This does not mean that officials in provincial or national capitals should decide which places should live or die. Who knows what talent and creativity can be unlocked when communities in small towns are provided with opportunities and constraints are removed? The most unexpected towns will flourish and certain winners' will not make it through a combination of unforescen factors. The process must be driven from the bottom-up. Yet the reality that some places will not succeed must inform the policy and strategy process.

STRATEGIC PROPOSALS FOR SMALL TOWN DEVELOPMENT IN SOUTH AFRICA

any international strategies can usefully be adapted to the South African small town context. LEDAs, enterprise promotion strategies, productivity enhancement initiatives, joint ventures, small-scale agricultural initiatives and a small town network, for example. The key policy challenge in South Africa, however, will be:

- to prioritize amongst the myriad possibilities those which hold the best prospects for success in the South African situation; and
- to determine which level of government, or which role player, should be doing what.

In this context it is important to distinguish between what small towns can and should do on their own; and what small towns need from others in order to help them succeed. In essence, this boils down to the question of appropriate role definitions for:

- small towns;
- provincial government;
- · central government; and
- other players (e.g. the private sector, NGOs, CBOs).

Small Towns

Small towns can launch their own development strategies. The key players in developing the small towns are the people who live in the town. A commitment to the future of the town on the part of the local leadership is essential. For local initiative to be effective there needs to be a degree of consensus among local residents around a vision for the future of their town. This consensus is more likely to emerge if

local leaders are working together to initiate local economic development.

The starting point for any town's development will be for leadership across the different communities to formulate a shared vision for the future of that town. This vision must be produced by a set of local stakeholders who form a coalition for implementation. This coalition will have to draw upon black and white community leaders, the local authority, the churches, community organizations and business. It is essential that the vision be based upon a realistic assessment of the town's strengths and weaknesses. External support is desirable and may well be a necessity for the poorest towns.

Enhancement of the role of the town within its broader region has the potential to promote symbiotic development in the urban area and its rural hinterland to the mutual benefit of both areas. Rather than looking to bigger centres or metropolitan areas within the region, small towns should therefore look to developing close linkages with their own rural hinterland, and networks with other small towns nearby. There are a range of cost-saving possibilities for small towns that club together and share resources (e.g. one public-works department, one treasurer etc.).

In each town it is likely that four different strategies will be necessary in order to implement an effective new vision:

- reconciliation: black and white communities will need to understand and mutually recognize that their joint futures are tied in with each other. Not only is racial reconciliation an imperative for a positive future but it can also be turned into a 'selling point' for a town, as happened in Stutterheim.
- economic growth: racial reconciliation will be difficult in a declining local economy. Small towns will need to be creative in devising and implementing new approaches to job and wealth creation in and around their centre. New possibilities will need to be explored in areas such as tourism (where creativity in respect to the domestic black tourist market could have payoffs); small enterprise development; and 'buy local' campaigns where national farming or other economic activity is operating (e.g. subcontracting for local production of uniforms or worker housing etc.).
- socio-economic development: in addition to ensuring that existing facilities are fully utilized and available to all town residents (18 hours a day) there are other development projects that can be explored. Poor

communities can improve their houses and services with training, small grants and their own contributions of resources and 'sweat equity' Town residents with skills could run training courses for those lacking skills; local businesses could run mentoring/apprentice schemes; and the local churches could start development programmes. Each town will need to devise strategies appropriate to their circumstances and to their vision of the future of the town.

• linkages: any small town will need to build into their plan of action, a strategy for linking their town with other communities. National programmes could be of assistance and importance to a particular town's strategy other towns nearby might be able to share resources and experiences; national organizations such as development organizations, trade unions or business associations might have something to offer a town. So a critical component for success will be a strategy for linkages.

Provincial Roles

It was noted earlier in this report that at present the provincial governments are assuming most of the responsibility for small towns, yet often their approach is merely an administrative one and there also are reports (unconfirmed) of declining intergovernmental transfers from the provinces to small town local authorities. Whilst it is recognized that provinces cannot be expected to play leading roles in relation to small towns, it is also clear that without provincial support many small towns would not be able to marshall sufficient resources either to initiate development applications to provincial or national line function departments, or to link up with other small towns in their region, or to develop their own local strategic plans. In general, the smaller the town, the more likely it is to need provincial support.

In this regard it is suggested that all provincial governments in South Africa consider setting up, probably

KITBAG OF SMALL TOWN DEVELOPMENT OPTIONS

The following list represent some of the key development issues which need to be considered by small towns:

- adopt a developmental attitude and approach;
- encourage reconciliation in the community;
- place emphasis on the concept of joint ventures which involve all key local stakeholders;
- strive for compromise and joint improvement of a town rather than conflict and resultant failure;
- devise and adopt local economic development strategies;
- network with other communities/towns, especially successful towns;
- identify your town's strengths, weaknesses and opportunities and its comparative and competitive advantages;
- identify a vision for the town and appropriate strategies to realize it;

- develop enterprise-support and training programmes;
- attempt to increase local productivity, launch 'buy local' campaigns and involve the whole community in conscious efforts to improve facilities and the attraction of the town;
- review the possibility of tourism as a strategy for local economic development;
- look for market niches and economic networks which can assist the town;
- use all facilities/resources which you have available (especially if there are underutilized resources in the former white' parts of town for training etc.);
- develop linkages to rural areas and promote small-scale farming; and
- investigate sharing staff and functions with neighbouring towns wherever possible.

as a combination of their Economic Affairs and Local Government Ministries efforts, a small team and budget specifically dedicated to facilitating small town development. Very important functions of this team would be to:

- assist towns to develop a vision for their future that has the support of black and white leadership and communities, and the strategies to achieve this vision;
- assist the under-staffed and under-resourced local authorities in small towns to link into national programmes so as to access their fair share of national resources; and
- monitor the towns in terms of their growth and development performance, their desegregation and full utilization of all existing facilities, etc.

Provincial or subregional clusters of towns themselves may also wish to act in concert, with or without direct support from provincial government. For example, clusters of small towns in a subregion may wish to rationalize and share resources amongst themselves (e.g. several small towns may wish to share the cost of one municipal engineer, one public works department, one town planner, etc.). This is something that the towns themselves can initiate and perhaps subsequently seek support from provincial government.

Collections of small towns in a province or subregion may also want to employ their own facilitator or lobbyist to interact with provincial and/or central government to have their collective concerns placed on the agenda, and to secure their share of resources. The lobbyist/facilitator could also be looking out for civil society organizations that could assist the small towns through project or programme activity.

National Roles

A number of national sectoral emphases will enhance the prospects of small towns. Tourism, small-scale agriculture, small medium and micro enterprises (both of a commercial and industrial nature) are all possible strategies which small towns can look to for local economic development. Interfaces should be established between the small town roles and national roles in respect of the promotion of such sectors.

Tourism is the world's largest industry and it is a highly effective employer in terms of job creation and labour-intensive operations. Central government, by emphasizing tourism as an economic sector, will implicitly assist many small towns. Scope to capitalize on this dimension in the rural areas/small towns of South Africa exists. The issue of

violence in many areas will, however, dampen the potential of such activities. Small town rejuvenation, eco-tourism, cultural villages, traditional crafts and heritage trails are some of the more successful international ventures in this regard which have been undertaken in countries such as Fiji, New Zealand, Australia and America. These examples provide numerous models for South Africa.

Small-scale agriculture is an obvious strategy being adopted by central government, and this is of relevance within small towns and their surrounding rural areas. It could take on a range of forms from community gardens (where vegetables are grown for household needs and any surpluses are marketed within the community or more widely); to stock farming (where cattle are grazed on the town commonage); to peri-urban agriculture and small holding projects for emergent black farmers. The viability of agriculture as an economic strategy in small towns depends on numerous factors including environmental variables (such as soils and rainfall) and social variables (such as the perceptions of local residents about farming and their willingness to engage in farming activities). These factors need obviously to be taken into account as a small town grapples with its strategies for local development. Marketing of produce and other related agri-businesses could be encouraged within small towns if viable agricultural activities were occurring.

The growth of existing businesses and the establishment of new enterprises is important to central government and is also critical to the lifeblood of any small town. It is encouraging to note that the World Bank has found that the small, medium and micro enterprise sector in South Africa has doubled in the last three years. Small towns need link up with central government efforts in this regard and to adopt policies which provide a favourable environment for the functioning of small businesses and industries. The Department of Trade and Industries proposed Local Business Service Centres programme is obviously a key component in this approach and could be used by small towns to encourage small business development in their town.

A national, co-ordinated strategy to develop the potential of small towns will, however, also need to involve the creation of specific, dedicated structures to support small town initiatives. *CDE*'s key policy proposal in this regard is that South Africa establishes a national Small Town Institute (STI) which is specifically dedicated to the functions and opportunities that have been identified here. This institution should probably be situated in a suitable small town, (chosen by open tender between competing towns) with a branch office in each province. It should not be a government institution but a partnership venture between the public and private sectors (including business, NGOs, CBOs, trade

unions) so as to infuse the institution with an entrepreneurial and developmental ethos. Its form and direction should be influenced by inputs from the leadership of small towns. Its role would be to provide information, design appropriate methodologies and tools for small town development; and to enhance local capacity building through workshops and informal education. In addition it could provide organizational support and advice at the local level, undertake research and encourage public policy change.

The establishment of a Small Town Development Fund, either by national or provincial government is also essential. This fund could assist small town development initiatives and finance the activities of development facilitators where capacity constraints prevent local, self-initiated programmes. This fund should identify criteria around which low-interest loans/grants will be awarded and invite towns to compete on an annual basis for these resources. The fund should be run by an independent board of trustees representing both public and private sectors.

A national Small Town Network which can promote interaction and exchange of ideas between towns of similar

size and lobby on their behalf would be an additional very useful support structure in the South African context. It is important that such an initiative take place and that it is run by the small towns themselves in their own interests.

CONCLUDING COMMENTS

Small towns are a neglected component of the urban hierarchy in South Africa. These centres have unique difficulties requiring both targeted intervention and local, innovative strategies. Given the reality of political change in the country at the national and local government level, the development thrust of the central government and the desirability of programmes of community and local economic development, it is appropriate that national, provincial and local strategies of small town development be implemented.

Government should not ignore what are some of the most destitute areas in the country, but rather seize the initiative and launch strategies which can promote small town development. A parallel call is made to small towns not to

CDE PROPOSALS

It would be totally undesirable to have a uniform small town development policy executed at national level. Within the framework of the constitution and the bill of rights, towns will need sufficient policy autonomy to experiment with different strategies for growth and development appropriate for local conditions.

Central government should promote the establishment of a **Small Town Institute** to support these towns with information, training, lobbying and other skills. A **Small Town Development Fund** should be created to promote and reward innovation and excellence in small towns. Both these initiatives should be in the form of partnerships between civil society and small towns.

Provincial governments should direct more resources towards small towns and establish small task teams to promote and facilitate small town development. Provincial governments should link small towns into national programmes and monitor the towns in terms of their growth and development performance, desgregation and full utilization of facilities.

Small towns should develop a vision of their future, and bring together a coalition of stakeholders to achieve this vision. Required strategies will need to focus on four areas, namely: reconciliation; economic growth; socioeconomic development; and establishing linkages beyond the individual towns.

Small towns need to think entrepreneurially, share recoures and build networks and lobbies to promote small town-interests. The towns should establish a national **Small Town Network** to share information, ideas and lobby for their needs. Small towns must ensure that they receive their fair share of national resources, programmes and attention.

develop a sense of hopelessness and dependency, but rather to adopt assertive developmental strategies which can improve local conditions. Within this overall context, collaboration amongst a range of institutions — business, NGOs, CBOs and government at various levels — will be required. Development may also require the blending of the largely entrepreneurial focus of international experience with the very real contemporary South African need to also focus on at least a part of the small town/rural hinterland challenge as a welfare distribution challenge. Without this blend it is not possible to address the full diversity of small town/rural hinterland needs.

Small towns need to be on the national agenda for growth and development. In order to do that they will need better linkages into the national and provincial policy and political process. They will need a lobby to ensure their fair share of resources and attention from national decision-makers, politicians, programmes and policies. Simultaneously, central and provincial governments concerned about delivery would be well advised to look carefully at South Africa's small towns. This 'Cinderella' of the South African settlement system has capacity and potential to play a bigger role in national growth and development in the future.

Endnotes

- CDEResearch 1, September 1995, PostApartheid Population and Income Trends: A New Analysis.
- David Dewar, 1994, Reconstructing the South African Countryside, Development Southern Africa, Vol. 11, No. 3, 1994, 351-362.
- 3 Urban Foundation, Policies for New Urban Future, 3, 1990, Regional Development Reconsidered, gives a detailed analysis of the international and South African experience.
- 4 UFresearch 10, 1994, Local Economic Development: New Strategies and Practical Policies, gives a detailed examination of local economic development strategies.
- 5 Statistics for small towns are drawn from the Demographic Information Bureau (DIB) which uses 1991 census data as basis and verifies this using multiple checks run by researchers in the various regions. These checks include discussions with relevant town clerks. DIB constructed average annual growth rates for each population group per town, using various sources and secondary information.
- 6 Codes used for provinces are as follows: KN KwaZulu Natal; EC Eastern Cape; FS Free State; NP Northern Province; MP Mpumalanga Province; NW North West; WC Western Cape; NC Northern Cape; GT Gauteng.
- 7 "Town' includes both the former 'white' town and former township which are now one local authority. The South African Municipal Yearbook was used as guide to the new transitional local authority areas for each province. Where the demographic trends for the former town and township were significantly different the breakdown has been given.
- 8 'Functional urban' includes semi-urban, peri-urban and squatters. People who are, for all practical purposes, urbanized, but who are living outside the boundaries of the proclaimed town.

- 9 'Formal urban' areas are areas that fall within the areas of jurisdiction of proclaimed local authority boundary. The previous 'white' and 'black' towns have been viewed collectively here, except where their demographic trends differ significantly in which case the breakdown of previous 'black' and 'white' town is shown.
- 10 The average annual growth rate has been calculated using the following formula:

 (1995 population − 1991 population) −4 (No. of years) × 100

 1991 population
- 11 Professor Lawrence Schlemmer conceptualised this analysis of GGP data for magisterial districts and assisted CDE in carrying out the trends analysis.
- 12 The gross geographic product equals the remuneration received by the production factors land, labour, capital and entrepreneurship for their participation in production within defined area.
- 13 The CPI gives an indication of general inflation which averaged out at 36,2% between 1991 and 1994. It is recognised that inflation varies for different sectors of the economy and therefore differs from town to town depending on what sector their economy is based on. However, for this analysis which aims to reveal general trends the average CPI of 1,362 between 1991 and 1994 was used.
- 14 A major limitation, for example, was the absence of GGP data for magisterial districts in the former homelands or self-governing territories. In the CSS data, the entire GGP for each former homeland is attributed to one or two of the major magisterial districts within the former homeland. A second limitation of the analysis is that it is being assumed that trends at a magisterial district level reveal trends at the small town level. In many cases there is more than one small town within particular magisterial district and they may be experiencing different levels of economic growth/decline. This analysis would not reveal these differences at small town level.
- 15 World Bank, 1993, Characteristics of and Constraints Facing Black Business in South Africa, World Bank, Washington, DC.

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