

# THE MANDELA INITIATIVE

*Dialogue and action to overcome poverty and inequality*

SOUTH AFRICAN RESEARCH CHAIR IN  
**SPATIAL ANALYSIS  
& CITY PLANNING**



## Theme: Urbanisation, Informality and Spatial Inequality

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### 1. What are the major issues you have identified about the manifestations of structural poverty and persistent, deep inequalities, in the domain of informality?

The National Development Plan (NDP) identified spatial exclusion as one of the causes of inequality in South Africa, arguing that we must “respond systematically, and over time, to entrenched spatial patterns across all geographic scales that exacerbate social inequality and spatial inefficiency” (RSA, 2012, p.1). Spatial inequality intersects of course with many other dimensions of inequality such as gender, ethnicity, race, class, income, level of education, social contacts and access to political power; but where people live and work matters as livelihood opportunity, physical infrastructure and public services are distributed extremely unevenly across space. To be confined spatially in a poorly resourced or isolated place severely reduces life chances. This applies to the international scale where borders between countries really matters but also down to a very local scale where different neighbourhoods offer very different degrees of access to social and economic opportunities.

An important dimension of inequality which plays out spatially is the varying capacity that individuals have to meet the regulatory

### About this brief

This brief was commissioned by the Mandela Initiative to help inform a synthesis report on its work since the 2012 national conference, *Strategies to Overcome Poverty and Inequality*, organised by the University of Cape Town. The MI provides a multi-sectoral platform to investigate and develop strategies to overcome poverty and reduce inequality in South Africa. While the Nelson Mandela Foundation is a key partner, the Initiative has relied on collaborations between academics and researchers, government, business leaders, civil society, the church and unions.

The synthesis report serves as a framework for reporting on the work of the MI at a national gathering on 12 – 14 February 2018 at the University of Cape Town. The MI *Think Tank* has identified the objectives for the gathering as:

- to anchor the contributions of the MI within an analysis of the current South African political and economic context;
- to share the recommendations emanating from the MI-related work streams at a policy/strategic level to advance the goal of eliminating poverty and reducing inequality;
- to critically engage with the potential impact of the recommendations on eliminating structural poverty and inequality; and
- to discuss ways of promoting popular conversations and debate about what needs to be done to eliminate poverty and reduce inequality, beyond the MI.

The synthesis report aims to assist participants to prepare for the national gathering. The report drew on findings from the sectoral research projects of Think Tank members; the MI’s *Action Dialogues*; a report on an MI *Community of Practice workshop* with research chairs from different universities to identify cross-cutting themes emerging from the MI’s *research programme*; and the work programmes of others who have expressed an interest in contributing to the goals of the MI.

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requirements of the state. Many individuals and households occupy precarious, marginalised spaces, sometimes deliberately hidden from the punitive attention of authorities. Their activities are often excluded from the protection of the state and may even be the target of deliberate efforts at erasure. It is for this reason that livelihood practices are deemed informal, or illicit, and sometimes even illegal. In our research we focus primarily on informality and to some extent, illicit actions.

The existence of spaces and activities labelled as ‘informal’ presents dilemmas for policymakers and regulatory authorities who are not attuned to the routine complexities and contesting interests within the city. On the one hand, there are demands for greater order and regularity in the urban environment while, on the other hand, is the role that ‘disorderly space’ plays in supporting the lives of the most vulnerable segments of society. Similarly, there is the concern that these environments are often materially dangerous and could potentially contribute to poor health and shortened life-spans whilst simultaneously offering sometimes the only possibility of income generation or shelter. Our case studies highlight these dilemmas in different ways. In the, Johannesburg inner city, city dwellers literally hide physically from the view of authorities, occupying basements and other secreted spaces to live and work. In Delft, Cape Town most households rely on informal sources of income and makeshift services to get by, in both cases these activities are typically regarded as being contravention of bylaws and various health and safety standards.

## **2. What do you think are the main reasons for the persistence of the deep inequalities and poverty in contexts marked by informality?**

There are multiple reasons for persistent spatial inequality including the entrenched legacies of the past; interests in maintaining a spatial *status quo*, patterns of land and property ownership; the ways in which property markets operate; the hugely variant capacity across territory to address developmental challenges and a lack of a strategic and coordinated approach to spatial development. In this research, we address one of the key causes of persisting socio-spatial inequality which is the unwillingness or inability of state agencies to acknowledge the role of the spaces and practices that support the lives of millions of poor people and that contribute also to the broader functioning of towns and cities. Arguably, the situation persists because of a lack of political interest to change the *status quo*, a lack of preparedness within government to navigate the socio-spatial complexities of the city and the demands of engaging with ‘informality’; and, the absence of incentives for state officials at all levels to question or adapt their behaviours. The consequence is that regulatory frameworks contribute to social exclusion and precarity. There are multiple examples of this: eradication of informal settlements, raiding street trading, denying access to services such as health and education, etcetera. Where authorities are not actively hostile to the activities and spaces outside their regulatory reach, there are often attitudes of ambivalence, or a simple inability to create mechanisms that would support legitimate (although not necessarily legally compliant) practices.

### **3. What is being recommended at a macro policy/strategic level to deal with informality and spatial inequality?**

In the first instance, it is vital that public officials who interface with residents and businesses on a daily basis reorient their mindsets to not simply see their role as enforcers of uniform regulations and standards. Instead, they need to appreciate the makeshift and adaptive nature of poor peoples' livelihood strategies. The question must then become: How can the state support and enhance the livelihood ambitions of these actors and households? Instead of: How can we stamp out informality and/or illegality? However, this mindset change must be supported by new institutional modalities of interface and regulation. For example, it is important that public officials work with a spectrum of informality-to-fully-compliant-formality. This implies recognising that people need support and incentives to progress from what they are doing outside of formal norms and standards, to gradually move to a situation where they are compliant. Such an approach requires that we figure out what regimes of 'soft regulation' might mean for different sectors such as early childhood development (ECD), street trading, informal service businesses, and so on.

One example illustrates the imperative of 'soft regulation' well. One of the main drivers of poor education outcomes is the lack of effective ECD schooling. The scale of the demand is so vast, it is impossible for the state to meet this need and it is therefore important to focus on supporting informal ECD facilities in poor areas. However, as things stand, the environmental health standards of municipalities are too onerous for most informal crèches to comply, which in turn cuts them off from public subsidies and other forms of state support such as teacher training and materials provision. Instead of adopting an attitude of benign neglect, the state should rather place these crèches on a spectrum of compliance and provide systematic support and incentivisation for them to improve their infrastructure, facilities and pedagogic content, that encourages greater formalisation when the people involved are ready and can afford it. Such an approach would then have a multitude of positive spin-offs: uninterrupted education but improving conditions for poorer children and teachers, capacitation of teachers and access to grants.

In light of this broader point, we strongly urge that a systematic review should be conducted of all domains of daily regulation across the various sectors of informal work, service provision and building. Such a review must comprise of appropriate government officials, interested non-governmental organisations, researchers, and of course representative organisations or networks of ECD centres or whatever institution might be under consideration. Based on such an assessment, an alternative sector-specific regime of soft regulation need to be developed to underpin new patterns of interface between the state and the interested parties. This group can also pronounce on what would be more appropriate regulations that take into account 'reasonableness' and the imperatives of 'incrementalism'. They can also reflect on what should be regulated and what not. In other words, we can only address the disjuncture between everyday livelihood practices and effective regulatory regimes through a co-produced governance approach.

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Beyond specific sectors such as ECD or informal trading, it will be important for the public sector to devise ways to progressively adopt integrated local management approaches so that the links between these sectors are understood and supported through better coordination. In this way, the philosophy of soft regulation reinforces synergies between sectors and strengthen community leadership around the imperatives of holistic development processes. It is beyond the scope of this briefing note to elaborate on how this might work.

#### **4. What do you think the potential impact of the recommendations will be on eliminating structural poverty and reducing inequality?**

It is obviously difficult to answer this question since the drivers of structural poverty and inequality extend beyond the informal livelihood practices of poor households. However, assuming that broader structural changes in economic and social development policies come to pass, the recommendations presented here will greatly empower poor households that are confined to township-like conditions to lift themselves out of material poverty and make use of new opportunities that will become available in the society.

More concretely, the following impacts can be anticipated if the approach discussed above is indeed mainstreamed into public institutions:

- Capacity will have been established in these communities for ‘community management’ for integrated planning and aligned investments across diverse sectors, matched to capacity in public bodies to work collaboratively with communities to oversee the consistent implementation of appropriate regulations and standards. This will manifest in a sensitive, responsive, adaptive local state.
- Local households and business will increase productivity, generating more resources for value internment in the community and the expansion of economic activities and value-add.
- A cultural transformation will set in, manifested as communal wellbeing and mutuality.
- Violent social crimes will be dramatically reduced.
- Activities can ‘come out of hiding’ and gain support and grants that will promote their inclusion in the economy, and assist in driving growth at a variety of scales including the household level.
- The externalities that are due to poor conditions such as unhygienic working and living environments will be reduced, reducing the personal costs and costs to the national budget.

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