

# Small towns in development: A South African perspective

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David Dewar



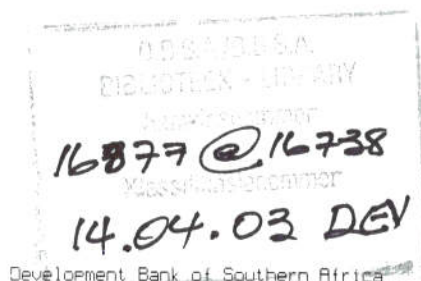
# Small towns in development: A South African perspective

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## Preface

There is a marked dearth of knowledge on the possible socio-economic role small towns can play in the interests of growth and redistribution at different levels of society. The result is a lack of insight into interventions which will promote appropriate and sustainable development in small towns.

The DBSA small towns report highlights key national policy issues associated with the development of small towns and provides some guidance to public and private sector investors when making financial investments into smaller towns.

Key themes which emerge from the report include:

- \* the need to view small towns as part of a coherent and integrated socio-economic system;
- \* the importance of small towns, in their own right as well as from a national development perspective, to the transformation of rural socio-economic conditions;
- \* the policy vacuum which exists in relation to small towns, both at a national and a project investment level and the need for a national policy on small towns.

We trust that the findings and recommendations of this report will contribute to more judicious investment and sustainable development in South Africa's small towns.

Chris Heymans  
Manager:Policy



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# Contents

Introduction	1
<b>Part One: An international perspective</b>	<b>2</b>
1. Introduction	2
2. Processes of small town development	4
3. Small towns in development	5
3.1 Marketing	6
3.2 Industry	7
3.3 Innovation diffusion	8
3.4 The capture of income leakage	8
3.5 Service provision	8
3.6 Conclusion	9
4. Major forms of small settlement intervention	10
4.1 Nodal settlement schemes	10
4.2 Villagisation	10
4.3 Rural service centres	11
4.4 Mobile services	15
4.5 Industrial decentralisation points or growth points	16
4.6 Secondary cities	17
4.7 The 'holding centre' or 'key settlement concept'	19
5. Some lessons from the international experience	20
<b>Part Two: The case of South Africa</b>	<b>25</b>
6. Introduction	25
7. Settlement patterns	26
8. Historical settlement-based policy interventions	28
8.1 Influx control	30
8.2 Betterment programmes	30
8.3 Industrial decentralisation programmes	32
8.4 The homelands development policy	34
8.5 The Group Areas Act	34
8.6 Conclusion	34

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9.	Dominant settlement dynamics	35
9.1	Overall settlement dynamics	35
9.2	Dynamics within the tribal areas	42
9.3	Settlement dynamics within the 'white' commercial farming areas	43
10.	Characteristics of small towns	48
11.	The issue of settlement classification	50
<b>Part Three:</b>	<b>Some lessons from the past and a prognosis for the future</b>	<b>54</b>
<b>Part Four:</b>	<b>Project appraisal</b>	<b>62</b>
13.1	The institutional issue	62
13.2	Project prioritisation	62
<b>Part Five:</b>	<b>Conclusion</b>	<b>70</b>
<b>Appendix A:</b>	<b>The Stutterheim experience - a review and appraisal</b>	<b>71</b>
<b>References</b>		<b>87</b>
<b>Tables and diagram</b>		
Table 1:	Urban population estimates, 1980-2010	36
Table 2:	South Africa - population estimates, 1980-90	37
Table 3:	Growth of South Africa's metropolitan population, 1980-90	38
Table 4:	Population of South Africa, 1990-2020	39
Diagram 1:	The conceptual ordering of regional space	60

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## Introduction

In 1995 the Development Bank of Southern Africa (DBSA) initiated a project to explore issues associated with small town development in South Africa. Central to this initiation was a concern among officials operating in the field about investment assistance and prioritisation: should certain towns be given assistance in preference to others and how should priorities be determined? It soon became apparent that there are also important national policy issues associated with small towns. The project, therefore, accepted two foci: one relating to national policy and one to project assessment.

Methodologically, the project was initially conceived in terms of three parts. The brief for the first part called for a 'desktop' survey of the international literature on the role of small towns in development and policy positions and experiences related to this; the nature and characteristics of small town development in South Africa; issues relating to classification; and local policy responses.

The second part was to consist of a number of case studies, selected in terms of taxonomies identified in the first part. This phase was to culminate in a workshop.

In the final phase, DBSA officials would use the information generated to articulate a policy perspective, for broader debate.

Operationally, this method was adjusted slightly for logistical reasons. The first phase extended beyond a review of the literature and attempted an initial policy perspective (Dewar, 1995). This was then used to structure the brief for the case studies, which were designed to test propositions made in phase one in the field. In fact, only one case study - that of Matatiele in Natal - was undertaken (Integrated Planning Services, 1996). Finally, a workshop, attended by DBSA officials, informed individuals and representatives of government departments, parastatals and NGOs concerned with small towns, was held in Johannesburg in May 1996.

This document reflects the initial policy perspective, adjusted in accordance with insights generated by the subsequent phases of activity.

The definition of 'small towns' in this project has been left deliberately vague, because it is impossible to arrive at a size-based definition which has any real significance developmentally. Urban settlements within a national settlement system inevitably form a size continuum, but the precise nature of that continuum varies contextually and no neat cut-offs present themselves. From a policy perspective, the distinction which is commonly drawn is between large (and often primate or primary) cities or metropolitan areas, secondary cities, and intermediate and small towns, since these categories represent different types of developmental opportunities and problems. Rondinelli (1983) defines secondary cities as settlements between one million and one hundred thousand people. The looseness of this definition reflects the generic problem of classifications of this kind: the looseness of the definition is frequently reflected in a looseness of conceptualisation. As a rule of thumb, and only to establish a focus and a 'ball-park' sense of scale, the distinction between small towns and intermediate towns,



for the purposes of this study, can be taken to be fifty thousand people.

Much more importantly, however, the conceptual focus is on those settlements of which the economic base is primarily based on the provision of services for their local hinterlands, which are most commonly rural.

The document is structured in three parts: Part One provides an international perspective; Part Two focuses on South Africa; and Part Three draws some lessons from the past and suggests some directions for the future.

## **Part One: An international perspective**

### **1. Introduction**

In reviewing the international literature on small towns, the overwhelming impression is that there is little excitement about the topic, and certainly very little new in terms of theory building or concept formation, in most writings since the 1980s. The period from the late 1960s to the mid-1980s was one in which considerable emphasis was placed on small towns in national and regional development arenas, both in terms of theory building and actual policy formation. The dominant thrust theoretically was to view small towns as playing a central, though not always positive, role in a number of comprehensive (and often diametrically opposed) developmental paradigms, particularly modernisation and dependency paradigms. They also played a role in various operational offshoots of these, for example, accelerated growth models, redistribution through growth, basic needs approaches, and agropolitan development. In policy terms, the period was marked by aggressive national and regional plan formation and, in many countries, ambitious projects - often implemented for very different reasons - to promote small town development.

In the developmental literature since that time, most references to small town development are either oblique, or take the form of frequently rueful or critical reviews of policies implemented in the previous period in an attempt to stimulate small town development or to stimulate economic development in rural areas through small town programmes. The track record of these policies and programmes has generally been disappointing. Most recently, however, there has been a renewed burst of interest in small towns, primarily as the focus of local economic development programmes.

The literature on small towns in African countries is particularly thin, which is somewhat surprising since there has recently been a marked growth in the small town sector. During colonial times and in the early stages of independence, urbanisation in Africa tended to be highly centralised (El Shahks & Obudho, 1974). By contrast, small towns tended to grow rapidly in the 1980s (Baker, 1990). The number of people in Africa living in towns of less than 100 000 increased from 24 million to 58 million between 1960 and 1980 (Rondinelli, 1988). There appear to be a number of reasons for this (Pedersen, 1991b) and the relative importance of these factors varies from country to country.



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- \* One reason is the decline or even breakdown in the large-scale, semi-monopolistic formal sector in the large centres - what Mabogunje (1986) calls a 'retreat from the formal sector'. This has left a void which has made it possible for small-scale and frequently informal activities to develop in smaller towns on the periphery.
  - \* In a number of countries, changes in marketing and pricing regulations led to increasing rural incomes.
  - \* There has been increasing acceptance of the importance of the small-scale productive and service sectors.
  - \* In some cases there has been a process of decentralising public administration and spreading public services.

There seem to be two main interrelated reasons for this lack of attention given to small towns. The first is a lack of theoretical clarity. On the one hand, small towns have been seen as positive phenomena; as service centres through which resources, commodities and information are distributed to the rural areas (Rondinelli, 1985). On the other, leaning particularly on dependency theory, they are viewed negatively as 'centres of exploitation' through which resources are sucked out of the rural areas by unproductive middlemen (Friedmann & Weaver, 1979; Southall, 1988a). In Africa, where urban centres in the past were frequently centres of colonial control, this latter view has tended to dominate.

The second is that rural planners almost entirely ignored small towns, which were viewed as centres of the rural bourgeoisie and unproductive middlemen (Pedersen, 1991b). Rather the focus in most rural programmes has been on the farmer and on agricultural production. This has, however, not brought about decentralisation as was intended. On the one hand, it has led to a strong concentration in the capital urban centres of decision-making, processing and agricultural marketing activities (Hinterdink & Titus, 1988) relating to commercial agriculture and, on the other, to very small-scale processing and marketing activities at the level of the individual farmer or small group of farmers - that is, activities at a subsistence or artisan level (Helmsing, 1987).

Nevertheless, despite these lacks and conflicting positions, a number of themes are emerging in the literature, of which two are particularly important. The first is a cautious return to the realisation that small towns are extremely important in their own right and in terms of their role in promoting national and regional economic and social development. They provide potentially fruitful targets for developmentally based initiatives (Southall, 1988b). This is increasingly the case with the accelerating globalisation of economies. As Heymans (1996) comments, with increasing globalisation, the hierarchical focus of economic planning is changing from a sequence of 'national-provincial-local' to one of 'global-regional-neighbourhood'. In a rural context, the small town becomes the logical focus for local economic development initiatives. There are a range of examples of such initiatives internationally, including those of New Zealand (the community employment group, Booktraps and Mainstreet programmes), Australia (Strengthening Local Economic Capacity programme; the Local Enterprise

Development Agency), the USA (National Association of Towns and Townships) and Namibia (a private sector initiative entitled Creating a Participative Economic Capacity - A Campaign to Strengthen Local Economic Capacity).

The second is a move away from grand theory building in which small towns are considered a generic category and in terms of which their importance is systemically derived, towards a position which views the potential of small towns in a contextually specific manner (individual towns are considered as entities in themselves) and which emphasises the linkages between small towns and their immediate agricultural hinterlands.

Finally, it is important to stress that the circumstances of small towns vary considerably, both internationally and nationally. In some countries, the small town sector is relatively vibrant and stable; in others the dominant tendency is one of economic and population decline; in still others (eg, in many countries in Africa) the tendency is towards population growth but much slower economic development. Frequently all these tendencies are reflected within one national settlement system. Similarly, dynamics of growth, decline and change have manifested themselves over time in relation to all settlement systems. Changes in relative fortunes are most commonly triggered by shifts in the political economy and by technological changes, particularly in terms of production and transportation technologies. Given this degree of variation, it is important to stress that small towns are in no way a homogenous group (Hardoy & Satterthwaite, 1986). Generalisations must be treated with circumspection and must always be subjected to contextually specific analysis.

## **2. Processes of small town development**

For a settlement to qualify as a 'town' it must have an economic base. The economic base provides the reason for the town's existence, and its fortunes (whether it grows or declines; whether its inhabitants are better or worse off; and so on) are tied to the fortunes of that base. Some small towns have arisen around limited, specialised functions, for example, the exploitation of a local mineral resource, transport, tourism, defence, or administration. Although the town will inevitably perform some functions for its hinterland, its fortunes are inextricably linked to the specialist function which called it into being. When the function prospers, the town prospers; if the need for the function disappears, the town will normally die. Most commonly, however, small towns arise to perform functions for their (usually rural) hinterlands.

International evidence suggests that there is usually an identifiable process of agricultural development over a long period of time (Haggblade et al, 1989). Initially, agricultural homesteads are relatively self-sufficient, both in terms of agricultural production and support processes. Over time, specialisation begins to occur, fuelled by population growth and thus market creation and opportunities for trade, technology transfer, the introduction of new crops, and different skill and resource endowments. Specialisation, in turn, brings increased productivity and higher incomes, which lead to a demand for non-farm goods and services. Initially, this is met via the farm-based homesteads, but non-farm settlements gradually arise to provide these functions and certain farm-related activities and services are centralised in



these settlements. Functions such as transport, financial services and metal working are frequently the first to centralise while others such as weaving, tailoring, resource extraction and construction tend to remain integrated in the household longer. In the parlance of economic geography, these urban functions performed for the hinterland are termed 'basic functions' - they are the functions which call the settlement into being. As the settlement grows, additional functions and services ('non-basic functions') arise to meet the needs of the people. This, in turn, both increases levels of convenience in the rural areas and provides an additional market, thereby increasing rural incomes. Agro-industries such as food processing and packaging may also take root.

Evidence from Africa and Asia suggests that, in situations like these, agricultural growth, through a network of consumption, production and service linkages, can generate sizeable non-farm employment and income multipliers - both farmer-demand led multipliers (eg, fertilisers, equipment, repairs and construction needs) and second-round consumption multipliers. It was estimated that Africa's rural agricultural growth multipliers were in the order of 1:0,5 and the Asian equivalent at about 1:0,8 (Haggblade et al, 1989). Viewed thus, the development imperative is to increase agricultural productivity in order to generate non-farm growth (Dewar & Dewar, 1990).

Two points need to be stressed. The first is that small town development and increased agricultural productivity are fundamentally interrelated: neither can occur in a sustained way without the other. This is a point that will be returned to in Part Two, when the South African experience is discussed. The second point is that the dynamics which underpin processes of settlement formation are specialisation and diversification: the mechanics thereof hinge on the linkages between town and countryside. The town provides economic, social, cultural, religious and frequently administrative services for the hinterland, and an important (initial) demand for its products; the hinterland in turn supports these functions and produces food and raw materials for the town. The fortunes of the town, therefore, are closely linked to those of its rural hinterland.

### **3. Small towns in development**

Most of the major approaches to, and theoretical explanations of, development which have emerged since the 1970s (eg, modernisation, accelerated growth, redistribution with growth, basic needs, agropolitan development), have stressed the importance of small towns and the need to generate or stimulate them. This is not, however, entirely consistent. One body of writing, which derives its theoretical underpinning primarily from dependency theory, seems to transmit to small towns the same negative characteristics it ascribes to large cities, namely that they are centres of political, economic and social hegemony and that they dominate power relations. By definition then, small towns are exploitative. They entrench urban biases in national and regional investment and they extract productive human, financial and natural resources from the rural areas. Significantly, however, while there has been some analysis of exploitative relations nationally and internationally (Frank, 1971; Dos Santos, 1973; Soja, 1982), very little work has been done on relationships between small towns and their hinterlands from the perspective of this paradigm. It is unproblematically assumed that the

processes are similar.

Even with respect to basically pro-small town developmental approaches, however, significant differences exist regarding the role of these urban centres in promoting rural development.

Sector theory, accelerated growth and, to a lesser degree, redistribution through growth approaches emphasise the concept of 'rural modernisation'; that is, the idea that the aim of rural development is to commercialise the peasantry. It is believed that rural productivity will be raised if urban centres, and thus markets, are made accessible and that peasants can be induced to produce more by exposure to the goods and services available in urban centres, since these will affect motivation to earn more. This urban-rural exchange function is thus best promoted by dispersed urban development. In addition, rural modernisers argue that small urban centres can absorb population from the land in the long run and this again aids the development of agriculture through land rationalisation and increased farm sizes in the hands of the more successful farmers (World Bank, 1981).

In some versions of the redistribution through growth approach, rural modernisation is coupled specifically with the stimulation of rural industrialisation and by the spread of a range of services delivered through the urban centres. By contrast, agropolitan development and, to a lesser extent, basic needs approaches, attempt to move away from the association of 'urban' with 'modernisation'. They argue for a blurring of a functional distinction between urban and rural, particularly by promoting rural industrialisation, and hold that small urban centres should provide essential life-support systems to local development. In these approaches, urban centres can support rural areas by providing support services for agriculture, a locus for rural industry, a means of absorbing the surplus rural population who wish to remain in rural areas, and a spatial structure for coordinating local political, social and economic development. Significantly, however, a basic needs approach is not wholly dependent on the existence of small urban centres. Much of the infrastructure that would be provided for an area under a basic needs investment programme, such as electricity, water and sanitation, does not necessarily take on urban form; social services, however, usually do.

Despite this essential difference in emphasis, all approaches perceive of small urban centres as providing a number of functions for their surrounding rural hinterlands. The stress laid on different functions, however, varies with approach.

### 3.1 Marketing

The marketing function is central to modernisation, accelerated growth and redistribution through growth approaches in particular. Basically, these approaches argue that efficient marketing is essential for commercialisation, but in many areas it is impeded by poorly maintained roads and the absence of a functional hierarchy of settlements (Rondinelli, 1985). Both these problems make the collection of produce difficult and goods spoil owing to the time delays and poor roads. Further, low volumes of production and a lack of product standardisation often make it difficult to organise a state marketing system. There is therefore a need for centres that can provide the thresholds necessary to consume surplus products



produced on an irregular basis and to lower transaction costs. If such a settlement network does not exist, competitive markets do not arise, there is a lack of information about prices, and there is insufficient stability of demand to encourage sustained improvement in productivity and output. In both approaches, therefore, small settlements and the transportation network are orientated outwards to larger centres and larger markets.

In the basic needs approach and, to a lesser extent, in the agropolitan and territorial closure approaches, marketing as a condition for growth is not stressed. The emphasis in these approaches is on local, interpersonal marketing of foodstuffs. Small centres are still important as loci of efficient exchange but, in the definition of efficiency, the approaches tend to put emphasis on consumers as opposed to producers. Badly maintained roads and inaccessible or very distant market centres are still regarded as negative, but primarily because they impose higher costs on consumer goods and may make rural living more expensive, and certainly much more inconvenient, than urban living. In the agropolitan approach, the interconnection between different sizes of markets, and thus of marketing centres, is less important. Urban centres and transport networks are internally orientated towards their immediate hinterlands, rather than externally orientated towards larger markets.

### 3.2 Industry

All the approaches stress, to a greater or lesser degree, the importance of small urban settlements as loci for industrial location. Generally, these industrial activities are of two kinds: agro-industries using raw materials from the rural hinterland and small, often informal, manufacturing industries producing cheap, locally used consumer goods from local resources. There are several reasons for the emphasis on small urban centres in this regard:

- \* Even small-scale concentrations allow for the emergence of localisation economies. In particular, services such as electricity, clean water, suitable premises and finance can be provided more cheaply and efficiently.
- \* Concentration allows for a more efficient system of marketing.
- \* The stimulation of small industries requires organisational and financial input. The concentration of small-scale industries in small centres allows for the rationalisation of organisational assistance and for focused developmental efforts.
- \* Further, it is anticipated that the presence of these industries in proximate urban centres will provide, at least in part, a means of absorbing population from agriculture (Rondinelli & Ruddle, 1978; Haggblade et al, 1989).

The emphasis on this type of small-scale industrial activity is strongest in the redistribution through growth, radical basic needs and agropolitan development approaches, where it is seen as a means of transforming the structure of production and consumption. It is most marginal in the accelerated development approach, which basically argues that industrial activity in rural areas will largely follow rural modernisation and improvements in rural incomes and that emerging industries will locate at places which, in terms of the logic of the market, are the most efficient.

### 3.3 Innovation diffusion

In all of the growth-driven approaches to development the diffusion of innovation is seen as the vehicle of development. In terms of modernisation and accelerated growth approaches, the urban centres are central to these processes. Innovation is conceptualised as diffusing hierarchically from the largest urban centres, downwards through smaller centres and outward into the rural periphery. An integrated settlement hierarchy is therefore essential. It was this, coupled with the need to organise efficient marketing systems, which led to the focus on stimulating integrated urban systems found in so many national plans in the 1960s and 1970s. Such systems were stimulated through either promoting growth in some smaller centres or, in some cases, creating new centres.

Dependency-based explanations of development also considered diffusion important and here, too, urban centres were perceived to play a critical role. However, the direction of diffusion was reversed and the process was regarded as being essentially negative. Urban centres, through complex chains of exploitation, systematically exploit weaker areas and extract productive resources to progressively higher levels, thereby underdeveloping the periphery.

In the agropolitan model of Friedmann and Weaver (1979), which was heavily criticised for its 'naivete' and 'romanticism', diffusion of innovation was again presented as the vehicle of development, but the direction was from the bottom up. Grass-roots insights gained in situ are fed upwards into supportive policy responses.

### 3.4 The capture of income leakage

In most of the approaches, small urban centres are intended to play a part in capturing the benefits of rural development programmes and in preventing income leakage from local regions. Most commonly, income leakage occurs as a result of spending on consumer goods in outlets outside of the region, through the transfer of profits out of the region by multibranch stores, and through the importation of raw materials by manufacturers and the transfer of industrial profits out of the region. The degree to which this leakage factor can be controlled partly affects the degree to which the 'multiplier' factor occurs within the region. The role of small towns in this case is to provide a location for the establishment of small commercial and industrial establishments which will have strong linkages in the region (Whitsun Foundation, 1980).

### 3.5 Service provision

In most of the approaches the role of small urban centres in the efficient and viable provision of essential services is extremely important. There are, however, subtle distinctions in the way in which service delivery is perceived.

The equitable and immediate delivery of basic social and utility services that are essential for the satisfaction of basic needs - such as health services, education, potable water, sanitation, housing, communications and commerce - is central to the basic needs and agropolitan approaches to development. In the redistribution through growth approach this kind of service



provision is perceived to follow increases in rural and small-scale industrial productivity and output. However, agricultural back-up services - including extension, research, repair and maintenance, and financial services - are considered important for improving agricultural productivity. In this sense, therefore, service provision is central to the concepts of innovation diffusion and rural modernisation embodied in the redistribution through growth approach. The provision of agricultural back-up services is also critical in the agropolitan development and, to some extent, in radical basic needs approaches, although here the form and content of the services are somewhat different.

The provision of a rational location for mass-based organisation and decentralised administrative structures is stressed in all three approaches, although in slightly different forms. Redistribution through growth stresses the practical aspects of these functions, while basic needs and agropolitan development emphasise the role of local mass-based organisations in mobilising rural development (Friedmann & Weaver, 1979; Friedmann, 1980; Stohr & Taylor, 1981). Radical basic needs and agropolitan development proponents also stress this function since the poor gain greater control over the decision-making process. In accelerated growth approaches, little emphasis is placed on state intervention in the equitable delivery of services. Intervention is at best focused on 'productive' services, such as agricultural extension, and on the strongest regions. It is assumed that the market will deliver social and utility services at the most efficient places, according to the dictates of effective demand.

All the 'bottom-up' approaches - basic needs, agropolitan development and, to a lesser extent, redistribution through growth - emphasise appropriate forms of service delivery. How and in what form services are provided is considered as important as the provision of the service itself. The connection between service delivery and urban centres lies, first, in the need to create adequate thresholds to provide services viably and, secondly, to minimise the friction of distance for rural consumers. The concepts of range and threshold, therefore, which have long been central to central-place theory, remain in the forefront of small urban centre planning.

### 3.6 Conclusion

The most important point which emerges from this review is that, while there are differences of emphasis and interpretation, there is widespread agreement that all of the functions discussed above are important not only for the people who live in the towns but also for their surrounding areas. A characteristic of most rural and regional space is that densities, and therefore thresholds, are low. Much necessary investment needs to occur in concentrated form as there are insufficient resources to spread them equally. For reasons of efficiency and sustainability, these investments and functions require sufficient support to ensure their viability and this demands concentrated populations or, at least, concentrations of purchasing power at particular times.

In practice, a number of forms of small settlement planning have dominated in the developing countries since the 1970s: strategies to transform patterns of land occupancy (nodal rural development schemes and villagisation); strategies to restructure the rural areas as a whole (rural service centres and mobile services); strategies which promote rural and regional

industrialisation (industrial decentralisation points and secondary cities); and strategies - more common in developed than developing countries - aimed at preventing the decline of infrastructure and services in small urban centres (holding centres or 'key settlement' concepts).

## **4. Major forms of small settlement intervention**

### **4.1 Nodal settlement schemes**

Nodal settlement schemes involve the concentration of investment over a limited area and for a limited number of people. They frequently take the form of irrigation schemes and are often run on government estates. Examples of these can be found in most developing countries. In Malawi, tobacco, sugar and tea estates have been set up by the government in conjunction with foreign companies, in the belief that economic development should be based on the expansion of large-scale agriculture (Christiansen & Kydd, 1983). In Zimbabwe, the pre-independence government set up 'rural growth points' based on irrigation schemes, largely to extend state control into the rural areas (Riddell, 1978). The schemes are normally capital-intensive and are aimed at encouraging the commercialisation of agriculture. They usually involve the provision of intensive training and other support systems to the more successful smallholders in the belief that the impact of organised markets, services and, particularly, extension programmes, will spread to the surrounding region. The idea, generally, is one spatial form of the capital-intensive approaches to agricultural development which dominated regional planning in the 1960s. More recently, however, the concept, if not the form, of these earlier approaches has been included in accelerated growth programmes.

In practice, the track record of these programmes has been poor. Benefits in general have failed to 'trickle down'. Individual input packages have reached few people and have proved too costly to replicate on a widespread basis, and the form of extension services offered has often been inappropriate to conditions prevailing outside the nodal scheme itself. Further, schemes have proved very expensive to maintain, as an initial pattern of concentrated investment has led to an enforced continuation of the pattern over time (Riddell, 1978; Dumont, 1979; Dewar et al, 1982a, 1984b).

### **4.2 Villagisation**

A common policy approach has been the removal of families occupying the land in a dispersed pattern in rural areas, and their relocation in a series of concentrated planned villages. Such an approach has usually had the following main aims:

- \* To provide basic, first-level services, such as clean water, primary education and primary health care
- \* To modernise agriculture by consolidating landholdings into units large enough for the efficient use of agricultural machinery, where appropriate, or to stimulate the emergence of cooperative and collective forms of production



- 
- \* To promote optimum land use by conserving the richest land for cropping, drier lands for grazing and worst agricultural land for residence
  - \* To improve farming practices
  - \* To combat erosion and to promote soil conservation.

The determination of the size of villages has been dominated by the concept of minimum thresholds, particularly for education and water provision. A figure of 250 families is often held to be the minimum effective size, though villages are often considerably larger. The spatial distribution of villages is determined by the need for concentrated populations to reach their lands daily, using locally available transport technology.

In some cases, these policies have been introduced for political reasons, a motive which has been more overt in some countries than in others. In especially the socialist countries, such as China, the policies have been used in an attempt to combat the power of wealthy landowners and to establish a spatial framework for political organisation. In the case of the Ujaama policy in Tanzania, which is probably the best documented case of 'villagisation' (Hyden, 1980; Von Freyheld, 1979; Raikes, 1975), the intention of the programme was to transform the countryside into a set of villages which would aid the collectivisation of agricultural production, the provision of shelter, mutual aid, popular participation in decision-making matters affecting the rural areas, servicing and marketing. Village development would provide a vehicle for the diversification of the rural economy and this, together with improved standards of living, would arrest urbanisation (Mascarenhas & Claeson, 1972). In other cases, such as the 'betterment schemes' used in the South African bantustans, it has been used as a means of social control and as a way of extracting labour from the countryside (see Yawitch, 1981).

The track records of village-creating programmes have been variable and have generally reflected the appropriateness of the plans themselves and the way in which they were implemented. Common criticisms levelled at these programmes include their exorbitant cost, the massive social upheaval resulting from relocation, the inefficiency of the daily journey-to-work patterns imposed by the schemes, and the inappropriateness of many schemes to local conditions. In some cases, village creation has not been accompanied by the provision of necessary services. The Tanzanian programme, particularly, suffered from bureaucratic initiatives that failed to respond sensitively to local conditions and failed to recognise that in certain areas, village creation was an inappropriate strategy for both social and agricultural development (Raikes, 1975).

### **4.3 Rural service centres**

The rural service centre concept represents an attempt to use settlement planning systematically to restructure rural areas and to provide a spatial framework for marketing and for social service delivery.

Most commonly, the intention is to create a system of centres; that is, an integrated settlement system which will encourage, *inter alia*, the diffusion of innovation. In practice, the emphasis

has been on the creation of new individual settlements, often with special attention given to housing programmes.

In its planning, the concept is strongly informed by central-place theory and, in particular, the Christallerian forms of that theory. In this concept, the most important vehicles for service delivery are small 'service centres' which occur frequently in order to maximise access. Despite contextual differences which profoundly distort the concept of 'accessibility' - for instance, topography, population distribution and income distribution - it is proposed that these centres should be evenly distributed and serve a radius of between 5 and 30 km. The rural service centre is usually seen as the lowest significant level of a rural settlement hierarchy and may often lie at a lower level than small urban centres. Where villages exist or are created, they are usually seen as one tier of the service hierarchy. In their absence, the lowest level of settlement usually has limited functions which would otherwise occur in the village (eg, primary education, a shop, primary health care). Different forms of hierarchy have been suggested in different contexts. Rondinelli and Ruddle (1978), for example, advocate a three-tier structure: village service centres, to focus rural activities and to raise the quality of rural life; market towns, to stimulate the commercialisation of agriculture; and an intermediate city, to absorb migrants and coordinate development impulses from 'above' and 'below'. By contrast, Friedmann's (1980) agropolitan concept for Mozambique relies mainly on a lower-order 'silent centre' which provides basic daily services - at least a shop with expanded activities - and a more developed district service centre at a higher level than the village service centre suggested above. The district service centre, unlike the village service centre, is 'a major locus of development activities' (Friedmann, 1980: 106) and includes the full range of services for economic, social and political life.

In the post-independence period in Zimbabwe, an ambitious programme of settlement planning was launched. Fifty-five growth points and district centres and 450 rural service centres were planned to fit into a seven-tier national system of settlements. This system consisted of villages, rural service centres, business centres, district service centres, growth points, towns and cities (Zimbabwe, 1991). A series of different objectives, which have since become blurred, underpinned this programme:

- \* A desire to slow down urbanisation and, in particular, to slow down the growth of the largest primary city, Harare, which currently accommodates more than 50 per cent of the urban population (Dewar, 1994b)
- \* The promotion of agricultural development
- \* Improved levels of rural services.

In practice, the policy focus since 1980 has been on the district service centres (Pedersen, 1991a). Interventions have included infrastructural investments (roads, electricity, water, sewerage, market places and bus services); investments in social services (particularly primary and secondary education and clinics); housing; industrial development policies (foreign currency allocations and small business support programmes); and investments in agricultural



services.

The record of rural service centre programmes has been erratic. Certainly, successes have been achieved in stimulating physical growth and service delivery. Some of the district centres in Zimbabwe, for example, showed remarkable growth in the ten-year period between 1976-86: the largest of these centres have grown to settlements of between 10 000 to 20 000 people. However, the record in terms of achieving sustained economic growth through these programmes has been far less successful.

A common theme which emerges from the experience with rural service centres is that static 'blueprint' conceptions of urban hierarchies are doomed to failure. Their use in some contexts represents a misunderstanding of the nature of rural accessibility and demand. The implicit assumptions are that there is a relatively even spatial distribution of demand and that patterns of accessibility are reasonably equitable. However, in many less developed areas, neither of these conditions holds. One reason for this is that contextual factors - such as topography, climate, and levels of poverty - profoundly affect rural accessibility. The static nature of the rigidly hierarchical approaches renders them incapable of accommodating these realities. This relates to rural producers and consumers alike.

Many rural producers, in both the small-scale manufacturing and farming sectors, are effectively immobilised through poverty. They do not seek to sell products from the theoretically most accessible points or urban centres, since they have no access to these. They attempt to optimise location only within the very tight constraints of where they are able to reach on foot (Preston-Whyte & Nene, 1984). This is also the reason for the high degree of monopsony in many rural areas (Johnson, 1970), as well as the frequently monopolistic control over transport (Carapetis et al, 1984). For want of transport, many small farmers are locked into local markets which, in very poor areas, are small, weakly developed and easily flooded. Usually, the only people who do have access to transport are the middlemen, such as rural traders (Lienbach, 1983; McCall, 1977). This control over movement, which is often reinforced by control over storage facilities, creates a situation of monopsony. Farmers have to sell their surpluses, but middlemen do not have to buy and accordingly they exert considerable control over prices. Effectively, therefore, the marketing system is 'dendritic' (Johnson, 1970) and there is little integration of local markets.

These conditions are entrenched in many areas through 'debt servitude': traders grant credit to farmers on condition that they control the distribution of the surplus. In these situations, the primary benefits of road improvement programmes and other forms of rural investment are reduced costs for middlemen and traders, and few of these benefits are passed on to the rural consumer. For example, an evaluation (Mabogunje, 1980) of a rural road project in Iran, financed by the World Bank, revealed that transportation costs for agricultural products dropped by 20 per cent but prices paid to farmers remained unchanged. The monopolistic position of transporters and middlemen allowed a difference of 25 to 50 per cent between the farm and the Tehran prices, whereas the transport costs accounted for only 5 to 10 per cent of the margin. Similar results were found in an evaluation of a feeder road project in the Yemen.

Since rural consumers, too, are differently affected by a range of factors influencing accessibility, there is no clear, direct correlation between physical distance and the range of goods, a service or a rural centre. One dimension of this problem is the fact that the opportunity cost of time in rural areas varies widely in response to a broad range of factors.

A second dimension is that factors affecting accessibility often reinforce high degrees of monopoly in rural areas. Many people and communities are locked into the sphere of influence of single traders. They are unable to break out of it, either because alternative outlets are located considerable distances away and people cannot afford the associated time and monetary costs, or because roads are so bad that the people are effectively entrapped. Often, therefore, prices in rural trading outlets are much higher than those in the towns.

A third dimension is that in many least developed areas, particularly those in Africa, incomes are too low and the size of the market too small to support a full range of functional levels in the hierarchy. For example, Funnell (1973) found that, as a result of low incomes in the Teso region of Uganda, there was little functional differentiation in commercial activities between medium- and low-order settlements. The main difference was the size of stock carried by shops in the different centres. Consumer decisions are therefore not only affected by issues relating to distance, as people do not inevitably visit the closest facilities which offer the goods or service required. Another set of factors, such as greater choice and cheaper prices, or the possibility of combining a number of functions, including social functions, into a single trip, comes into play. In complex situations like this, artificial attempts to impose a functional settlement hierarchy where none exists will result in the wasteful use of limited public resources and the duplication of the same functions at different levels of the hierarchy.

These kinds of problems are magnified in poor areas where population densities are low. Use of rigid hierarchical approaches here often represents a compromise. Although service centres are located at some theoretically acceptable distance from rural dwellers, in practice this may be too far for people to travel for frequently required services. Effectively, therefore, lower and middle ranges of the hierarchy compete with each other, dissipate resources and incomes and, overall, lead to extremely low levels of accessibility.

A further criticism that can be levelled at the unthinking use of the approach is that in many contexts its application represents a misunderstanding of the dynamics of regional spatial order and growth. Different services and economic activities have different propensities to be mobile and different time rhythms of usage. If a fixed service is required daily but is located outside of the range of daily use - and the definition of this will vary with local movement technology - it will not be used and the need will remain unsatisfied. In this case, the settlement is as inaccessible as other centres that are located much further away. Moreover, different services have different thresholds for viable provision. Obviously, higher-order services require larger thresholds and must therefore serve larger areas. Faced with these factors, it is immediately apparent that a rigid policy of artificially concentrating services in service centres cannot work in all cases. The difficulty lies in defining the order of settlement in which concentration occurs. If the choice is upon an intermediate order of centre, people may not have easy access to the lowest-order services, which are often the most important. However, if the lowest order is chosen, intermediate-order services often cannot be provided viably.



Finally, the point-related investment pattern inherent in the hierarchical approach may lead to high levels of accessibility, provided that a full range of centres and a fully developed hierarchy exist. If they do not and, as has been argued, the possibility of creating a full range of centres in most peripheral areas is remote, large areas remain entirely unserved. The approach, then, is static and simplistic, and ignores the complexities of growth over time. This problem of inaccessibility is compounded by the transport-related implications of the approach, which calls for an interlinked radial transport system with routes converging on, and thus reinforcing the centrality of these centres. If gaps exist in the settlement hierarchy, distances between radials become excessive further away from existing centres. Large areas are therefore effectively unserved by the transport network.

Recognition of these difficulties does not imply a blanket rejection of hierarchical approaches or of rural service centres. Obviously, there are advantages in agglomerating services, particularly gaining economies of agglomeration and increasing convenience by enabling the consumer to satisfy a number of needs simultaneously. These advantages, however, should be appropriate and should outweigh the disadvantages. Yet, in the final analysis, the problem of access to opportunities and facilities in poorer rural areas is much more one of demand than of supply. As a general proposition, the possibilities of using an integrated hierarchical settlement approach successfully are highest in areas that already contain an established settlement hierarchy and where rural densities and incomes - and thus thresholds - are relatively higher. Clearly, however, the approach cannot be applied rigidly or ubiquitously and the determination of the most appropriate form of spatial order requires careful contextual analysis (Dewar et al, 1986).

#### **4.4 Mobile services**

The concept of mobile services is a response to the high cost of establishing a rural service centre infrastructure, to the rigidity and inflexibility of the rural service centre concept, and to the constraints of distance faced by a dispersed rural population. It is informed by the concept of periodic markets which have traditionally played a significant role in the rural areas of many developing countries (see Smith, 1979, 1980). For example, in the Ankole region of Uganda, Good (1970) has documented a system or ring of weekly produce markets and monthly and twice-monthly cattle markets which occur at different locations in the region each week or month. The mobile service concept is based on the idea of taking services to people, as opposed to bringing people to services (as rural service centres do), and of using time in order to extend the effective range of a service. Essentially, it advocates that services, particularly marketing services, rotate over a large area in response to the 'need cycle' of recipients. The pattern of rotation is determined by the transportation network and services periodically locate close to major regional or district transportation routes, thereby maximising accessibility. This tie with transportation sometimes leads to 'piggybacking', for example, by attaching a mobile health service to rural school transportation.

Different services may have different rotational cycles and routes, but generally the agglomeration of functions to the greatest degree possible leads to a rationalisation of trips. It is expected that markets will specialise over time and that these periodic patterns will influence

population distribution. Thus, a more permanent settlement system will develop over time, from the bottom up - some centres will consolidate and grow while others will disappear as the pattern of demand changes.

One difficulty with the concept is that it does not satisfactorily accommodate the locational requirements of constant services which cannot operate only once a week or once a month. This has led to the idea of tying periodic services and markets to a restricted rural centre concept. Periodic markets operate as one tier of the settlement hierarchy; the next tier is at a considerably higher level (Reynolds, 1981) in order to increase the range and level of services that are offered, albeit imperfectly, to rural dwellers. This does not accommodate the rationalisation of basic services - primary education, health, potable water and so on, which require basic daily access - although theoretically it is possible for central places containing these activities to coexist with periodic services and markets. Frequently, these basic services can be provided in villages, where these exist.

#### **4.5 Industrial decentralisation points or growth points**

Industrial decentralisation points are settlements to which incentives are attached to attract industrial development. The primary purpose of programmes of this kind, which have been implemented in many parts of the developing world, including parts of Latin America and, very vigorously, in South Africa, is diversionary. They represent attempts to divert economic growth away from the largest cities in order to slow down their population growth and, in particular, to reduce rural-urban migration. Theoretically, therefore, such mechanisms should not be attached to small towns but rather to settlements which are large enough to generate economies of scale and agglomeration. In practice, however - and for this reason they are included in this review - they have been used to achieve additional objectives, including greater regional economic parity and rural industrialisation. This, coupled with the fact that few countries have been able to resist political pressures for many areas (and thus many politicians) to 'gain' such a centre for their constituencies, has meant that most commonly there have been far too many centres designated and that they are frequently small towns. Theoretically, there should only be a few which are large and powerful enough to combat the propulsive attraction of the primary centre.

The record of programmes of this kind is generally poor:

- \* Very few growth points have achieved significant and sustained growth.
- \* They have had little or no effect on large city growth, although there has been considerable slowing of urbanisation in parts of the Third World such as the Middle East and, particularly, Latin America (Gilbert, 1993), and in many places, a slowing of metropolitan growth and even polarisation reversal. This has been due to factors such as a severe international recession and shifting trade policies, rather than to spatial programmes.
- \* They have established few forwards or backwards linkages into their local regions.



- \* They have done little to improve regional incomes or to create new employment. While some jobs have been created, they are primarily those that would have been created elsewhere - indeed, viewed in terms of lost opportunity costs, these programmes have frequently resulted in a loss of jobs.
- \* They have often distorted settlement patterns away from being economically efficient towards being politically expedient.

## 4.6 Secondary cities

Although not centrally a 'small towns' approach, the secondary city concept is included in this review since it reflects a pragmatic compromise between large city concerns and an attempt to influence rural development, which is the primary focus of small town programmes. It is important to stress that the secondary city concept is not necessarily an alternative to small town programmes but a supplement to them (Richardson, 1981).

The approach has a number of objectives and underpinnings (Dewar et al, 1986):

- \* It seeks to combat what is perceived to be the excessive size and primacy of the largest cities in many less developed countries.
- \* It rejects agropolitan and other primarily agricultural bottom-up approaches on the grounds that they are impractical and that urbanisation, industrialisation and capitalisation on economies of agglomeration are essential to promote economic development.
- \* It seeks to stimulate rural development through increasing markets and sources of agricultural back-up.
- \* It seeks to reduce spatial inequality through a more equitable distribution of national investment in forms that will benefit both the urban and rural poor.

'An underlying assumption ... [of the position] is that a system of functionally efficient intermediate cities linked to larger and smaller urban centres and to a network of rural service and market towns can make an important contribution to achieving widespread economic growth and an equitable distribution of its benefits in both capitalist and socialist societies. [The approach] ... recognises the need for national governments to commit their substantial resources to strengthening intermediate and small-scale cities through 'top down' planning as well as the need for strategic investment in social and physical infrastructure in rural market towns and villages to facilitate 'bottom up' development' (Rondinelli, 1983: 12, 15).

This approach has been endorsed by a number of influential lending agencies such as the World Bank, and secondary city programmes have been implemented in a number of countries, including South Korea, Brazil, India, Mexico, Nigeria, the Philippines, Indonesia and, recently, in Kenya and Thailand.

Central to the approach is a concern about the growth of the primary cities in less developed countries. One aspect of this concern is a perception of growing social, economic, physical and, importantly, political problems within the primary cities and centres themselves. Another aspect is the degree to which they appropriate national resources. 'Primary cities and large metropolitan centres have concentrations of national resources and social overhead capital vastly greater than their share of national population and from which only a small percentage of the nation's people obtain direct benefits' (Rondinelli, 1983: 29). A third aspect stems from a core-periphery conception, which views the migration of people and resources to the metropolitan centres as a major cause of underdevelopment in the peripheral rural areas. Even where problems in the primary city are not particularly severe, proponents of the approach argue for an adjustment in the settlement hierarchy to be initiated before many of these problems emerge.

Secondary cities are defined as all urban places other than the main urban centre; which display functional complexity and which, in Rondinelli's (1983) definition, have populations in excess of 100 000 people. The emphasis on these cities stems from a recognition of the significance of economies of agglomeration and scale in determining spatial patterns of development. It also stems from a recognition of the need for the efficient use of limited technical, professional and administrative skills in the face of the ubiquitous skills shortage confronting developing countries. Significantly, the approach specifically rejects the 'automatic adjustment' assumption underpinning some conceptions of rank-size theory. It argues for a conscious strengthening of these secondary cities through coordinated policy packages.

Finally, it is argued that it is in the secondary cities where the urban and rural poor have most contact and where their relative conditions most strongly interpenetrate. The focus of policies on secondary cities, therefore, is compatible with both a targeting approach directed towards the poorest groups and the goal of increasing the convergence of income and welfare. Indeed, it has been suggested that a secondary city development strategy, '... by emphasising the importance of place rather than programme, is a significant and innovative shift from the conventional emphasis on the need for planners to meet basic needs largely by throwing money at them' (Rondinelli, 1983: 40). The main emphasis is on the use of secondary cities to stimulate rural, as opposed to industrial, development, although industrialisation is not entirely ignored. Specifically, the centres should fulfil the following roles:

- \* Encourage the commercialisation of agriculture by providing the necessary back-up services for increased production
- \* Promote the provision of better services in rural areas.
- \* Provide opportunities for employment, even if only seasonally, through decentralised job opportunities and the promotion of agro-industries.
- \* Assist the integration of poorer regions and groups into the national economy.
- \* Diffuse social and technological innovations to underdeveloped areas.
- \* Promote increased regional convergence of incomes and welfare.



Policies to develop secondary cities should be directed towards four main objectives: extending support services for economic development; improving physical infrastructure; strengthening the economic base and employment structure; and building the planning, administrative and financial capacity of local government (Rondinelli, 1983).

Such an approach, however, is not appropriate in all contexts. Firstly, not all primary cities suffer problems of size, and certainly not cities in the range of 100 000 people. Indeed, there is growing acceptance of the fact that the management problems facing even the largest cities are more problems of other kinds than of size - for example, of structure, poverty or a lack of management skills (Gilbert & Gugler, 1982). Further, the largest cities in many cases represent the most efficient locus of economic investment.

Secondly, because of the realities of processes of urban growth, it is frequently very difficult and expensive to break entrenched patterns.

Thirdly, although some versions of the concept advocate measures to restrict the growth of the largest centres (Rondinelli, 1983), they are vague about what form these restrictions should take. The history of restrictive policies regarding large city growth has not been good. They have failed to prevent physical growth and have frequently inflicted considerable harm socially and economically.

Fourthly, primary centres appropriate an excessive share of national investment and primary systems limit the diffusion of innovation and other spread effects. In most developing countries, however, larger cities generally occur in economically stronger regions, and policies to promote these will do little to promote spread effects in those regions which require them most.

Fifthly, it is argued that secondary city policies promote agricultural development in the surrounding hinterland. Increased markets may indeed tend to do this. However, as there are frequently more intractable obstacles to increased production than simply market size (eg, tenure problems, inadequate landholdings, access to credit, the flooding of markets by the output of large-scale estate agricultural enterprises, and so on), the potential impact requires careful analysis. Further, there is no reason why policies to integrate urban markets and farming activities cannot be promoted within and around the primary cities.

There has been little analysis of the track record of secondary city programmes and in many cases it is still too soon. Nevertheless, there are grounds to treat such programmes with circumspection.

#### **4.7 The 'holding centre' or 'key settlement' concept**

A cause of concern in many regions, particularly in developed countries, is the steady decline of small centres and thus the systematic erosion over time of the rural settlement system. Causes of this decline are complex and vary with context, but four major factors can be identified:

- \* Where a region declines economically, the younger and more educated people tend to migrate.
- \* Where changes in the structure of production occur, such as the mechanisation or increasing scale of agriculture, the number of people that can be supported in a region decreases.
- \* Owing to improvements in transportation and increases in private car ownership many rural dwellers bypass the smaller rural towns in favour of the shopping and service facilities of the larger centres.
- \* In scenically attractive areas, the purchase of holiday homes in small villages by wealthy inhabitants of the larger cities reduces the effective population of the area, as houses are only occupied for short periods of the year. Both of these factors can lead to a reduction in population thresholds. As a result, essential services collapse: the grocer and butcher may close down and per capita costs of village maintenance increase. Eventually, a point is reached where even those people who wish to stay are unable to do so (Cloke, 1983).

The strategy most commonly advanced to combat this problem has been the promotion of 'holding towns' or 'key settlements'. Investment is concentrated in a few selected centres, which are encouraged to grow, in the belief that size itself is a protective factor. Those settlements that are not selected as key settlements are allowed to decline. In recent years, this strategy has increasingly been criticised and several alternatives to the problem have been postulated (see Cloke, 1983). On the one hand, advocates of a 'free-market' ideology have continued to support the key settlement concept, but argue that rural services should only be provided at the locations in which they are most profitable. Unprofitable locations or settlements should receive even fewer resources than they have in the past. On the other hand, there is growing support for policies based on a greater dispersal of resources. A central criticism of the key settlement concept was that it did not allow sufficient resources for non-key settlements. A number of alternatives have been put forward (see Cloke, 1983) in which either minimum functions are allocated to each village, or an arrangement is devised whereby essential services are shared between a set of small villages.

## 5. Some lessons from the international experience

It is clear that the record and experience of policies and programmes associated with small town development over the last three decades has been variable, both regionally and nationally. The space economy, and the position of small towns in that space economy, has been moulded in different ways by the specific historical experience of the political economy and by the natural characteristics of the towns. This is particularly true in South Africa where the space economy has been severely distorted by exploitative settler economies and, more recently, by apartheid. The question is, therefore, to what extent comparisons can be made between international experience and the South African context.

The answer to this lies at two levels. One is that the international experience relating to processes of, and relationships associated with, small town development outlined above provides a model against which the South African experience should be measured. The extent



to which political and historical macroeconomic policies have created distortions defines the degree to which inefficiencies have been built into the system. Although the system may continue to operate, the inefficiencies extract a considerable cost. Future policy formation should be directed towards reducing these.

The other is that a number of direct lessons, which have considerable relevance for South Africa, can be identified. Some of these are articulated below.

As small town development is extremely important, programmes to this effect should form part of the development programme of any nation. In developing countries, in particular, these towns are home to a considerable number of people and they have a direct impact on the lives of a great many more. Their future is an important national consideration, both on the grounds of equity and efficiency.

From the perspective of equity it is important to stress that, while more wealthy people have relatively unfettered mobility, the poor are frequently trapped in space. Their choices are limited and the provision of essential services to these communities profoundly affects their quality of life and, indeed, their chances in life. Small towns have the potential to play a central role in that provision.

From the perspective of efficiency, three realisations are important:

- \* Small towns play a central role in economic organisation in rural areas, particularly in terms of marketing systems and essential agricultural back-up (credit, extension services, agricultural equipment and supplies, etc). This back-up is a necessary but not sufficient condition to promote rural development.
- \* With increasing economic globalisation, local areas such as small towns become increasingly important national instruments in the quest for greater international competitiveness.
- \* Investment finance is a scarce commodity and it needs to be used efficiently. This demands, in contexts of relative low density, a degree of centralisation or nodality in investment. The trade-off between taking services to the people (thereby spreading them to places of greatest need) and taking people to services (thereby gaining economies of agglomeration and scale), need to be addressed. Small towns, as loci of investment, should play an important part in this compromise.

The role of small towns can be positively affected through sensitive, targetted, small town programmes. As Rondinelli (1988: 1) correctly observes, 'international assistance organisations and governments in Africa can influence both the pattern of urbanisation and the pace of agricultural development by investing in services, infrastructure and productive activities in market towns with growth potential'.

Small towns should not only be considered in their own right but also in relation to their rural hinterlands. The towns potentially provide a number of central functions for their hinterlands,

such as markets, marketing, back-up productive services, social services and administration. However, the mere existence of a town does not guarantee that there is a close connection between the town and its hinterland. The critical issue is linkage and these linkages need to be consciously forged. Moreover, the linkages are not static and change with the development process. Small town programmes, therefore, should address issues within the town, overcome hindrances to increased agricultural production in the hinterland and strengthen linkages between the two. Rondinelli (1988: 3-4), for example, stresses the issue of linkage as follows:

'African governments and international assistance organisations must recognise five basic points if they are to adjust their development policies and programmes (appropriately) in the future:

- \* Towns and cities in Africa structure the marketing network through which agricultural commodities are collected, exchanged and redistributed.
- \* Without this network of towns and cities, agricultural trade is usually restricted to periodic markets in which subsistence farmers exchange goods amongst themselves and with intermediaries.
- \* As agricultural productivity increases and farming becomes more commercialised, it depends more heavily on inputs, farm implements, irrigation equipment, storage facilities and transportation equipment that are produced in the cities and distributed in rural regions through market towns and small urban centres.
- \* Rising incomes from increased agricultural production creates internal demand for a wide range of household and consumer goods that can be produced in market towns and small cities or distributed through them.
- \* The ability of towns and cities to perform important functions in rural and agricultural development depends heavily on the diversity and quality of their infrastructure and facilities, the planning, management and financial capacities of their local governments and on the strength of private enterprises to provide necessary services and productive activities.'

The issue of strengthening linkages between small towns and their agricultural hinterlands is strongly influenced by government intervention and the structure of the agricultural industry. For example, factors which have significantly weakened local urban-rural linkages in South Africa include the following:

- \* Collusion in input supply industries (eg, tractors are protected by government policy since importation of cheaper tractors is restricted by local content policies which demand ADE engines)
- \* Pricing and marketing policies such as set floor prices and quotas (These have not only restricted local buying and selling but have also changed land-use practices to the extent that optimal local comparative advantages are not developed. Moreover, quotas have in



places encouraged land consolidation as a means of access to the quota.)

- \* Protective policies relating to drought and flood relief which have restricted the need for risk management via diversification and therefore further restricted the development of local linkages
- \* Excessively onerous health and safety standards which have been successfully used by cartels to prevent local processing and therefore competition
- \* Transport subsidies and tax structures which favour agro-processing close to large urban markets.

Small towns have been far more affected historically by sectoral economic policies than they have been by overtly spatial policies. Particularly important are agricultural pricing, transportation tariff structures and trade policies. For example, international shifts away from import-substitution economic policies towards export-based policies have led to 'polarisation reversal' in a number of countries. By this is meant a reversal of growth away from the major metropolitan markets favoured by import-substitution policies towards smaller centres with a comparative advantage in terms of export products.

This realisation has four implications. One is that goals relating to economic policy and to the management of settlement systems (of which small towns are a part), need to be compatible and synergistic. There needs to be a national urbanisation policy which fuses national economic and spatial imperatives. Historically, implicit goals have frequently been diametrically opposed. Thus, for example, the period from the 1960s through to the 1980s was characterised internationally by the passion to achieve national spatial decentralisation of economic activities. Many countries were investing substantial finance, through industrial incentive schemes and the like, in the pursuit of decentralisation while at the same time, and equally vigorously, they pursued import-substitution policies which favoured the largest cities over all others.

The second is the realisation that an important reason for much of the relative failure of settlement-based policies over the last three decades has been their excessive spatial orientation. The emphasis has been on the settlements' physical growth, their position in the settlement hierarchy and their spatial location rather than on the stimulation of their economic development through nationally consistent policies and, in particular, through consciously forging their linkages with their surrounding hinterlands. The town, rather than its functions, has been the focus of endeavour. This needs to be reversed. It is necessary to think systemically about how best to achieve the coordinated functions and to trace analytically the implications for processes of settlement formation.

The third implication is that policies directly aimed at settlements need clear objectives. It is seldom possible to achieve very different objectives (eg, combating polarisation or promoting rural development) through the same policy instrument. This, too, has contributed to the relative failure of many settlement-based programmes.

The fourth is that it is not possible, in policy terms, to fly in the face of economic realities. Some towns have a greater propensity to grow economically than others. This propensity is defined in particular by the prosperity of the surrounding rural hinterland, the availability of local resources to which value can be added, the availability of skills, and the emergence of entrepreneurial initiative, leadership and organisation. It is also defined by location. For example, small towns near major cities tend to be more economically propulsive, as do those located on nationally or regionally significant transportation routes. Some towns are also more centrally located than others in terms of service delivery.

Given the above, the thrust of policy should not be to attempt to make small towns 'equal' or even to treat them the same. Rather, it should be to facilitate the mobilisation of their full economic and social potential and to ensure, as far as possible, that people have access to essential public services such as education, skills transmission and health care facilities.

Similarly, the management emphasis should not be on the artificial creation of new settlements but rather on facilitating and building on what already exists and maximising potential.

It follows that the focus of small town development programmes should not be on their generic role in some grand national or regional plan (eg, attempting to achieve a 'balanced' rank-size settlement distribution or a neatly defined set of central places), but on small towns as entities in their own right. The emphasis should be on assisting them to realise their full economic and social potential. By definition, therefore, such programmes must be 'bottom-up' in orientation. Particularly, locally generated economic growth has a greater chance of success, and developmental spin-offs are more likely to be retained in the local region (Richardson, 1987a; Urban Foundation, 1990a; Tomlinson, 1994).

Town-based programmes, therefore, must be locally initiated and driven; they cannot be centrally imposed from the top down; they must focus on adding value to local resources; where appropriate, they should promote meeting local needs locally; and they should forge and strengthen linkages with their local rural hinterlands in order to maximise their impact. By implication, in drawing up a local economic development plan, the town must be considered in relation to its surrounding hinterland; the town should be one part of a broader programme of rural improvement.

Small towns cannot fund such initiatives entirely through their own resources. In many countries, these towns have suffered the consequence of considerable 'urban bias' in national funding. The allocation of funds raises important and difficult issues of efficiency and equity. One way to achieve equity is to establish general criteria for apportionment, as was recently done in Ecuador by the World Bank (Watts, 1992a). Here the formula was 60 per cent on population size, 30 per cent in accordance with a poverty index and 10 per cent on organisational capacity. Similar formulae were used in Egypt and Malaysia (Watts, 1992b). Clearly, however, different considerations, or at least different weightings, would apply in different contexts and these would be affected by the orientation of the programme - whether more towards growth, efficiency or equity.



Leadership, local ownership and organisation are probably the critical factors affecting the success of small town programmes of this kind.

An important role of small towns is the need to use them as a vehicle to deliver essential services to broader rural regions. It is widely accepted internationally that a state should strive to ensure that all its inhabitants have relatively equitable access to public services such as health, education and skills transmission. However, populations in rural areas are too thinly dispersed to allow for services to be widely disseminated and they need to be centralised to a degree. Small towns are frequently an appropriate vehicle for this, for they contain concentrations of population which theoretically ensure the viable support of the service. An alternative mode of delivery, which has been used to great effect in many countries, is periodic markets which take mobile services closer to the people, but not on a daily basis.

A common theme which emerges from the international experience with rural service delivery is that great care needs to be taken over where services are provided and that static conceptions such as the dictates of central place theory are inadequate as a model. It has been learnt at great cost that the central concepts of range and threshold are complex and that, in particular, there is not necessarily a direct correlation between range and geographic distance. For example, people frequently travel longer distances than to the nearest place where the service is provided, in order to gain better quality, to combine many purposes in one trip, to achieve greater selections, as a response to historical patterns and preferences, as a response to transport realities (such as the most convenient or cheapest mode of transport, or the condition of routes), and so on. 'Blueprint' approaches will inevitably fail, and sensitive contextually specific analyses are needed before decisions about the location of services are made.

## **Part Two: The case of South Africa**

### **6. Introduction**

South Africa, with 65,3 per cent of its population urbanised in 1990, is the most urbanised country in Southern Africa (Fair, 1990b; Africa South of the Sahara, 1992). Its settlement hierarchy, too, is far more developed than in other Southern African countries. The main features of the hierarchy are

- \* three major metropolitan areas: the Pretoria-Witwatersrand-Vereeniging complex - now called Gauteng - which accommodates 39,4 per cent of the total urban population (Calitz, 1991), Greater Cape Town and Greater Durban
- \* five secondary metropolitan areas
- \* some 300 other towns outside the ex-homelands areas and a further 293 within them.

Relative rates of growth are difficult to determine. Between 1980-90 the homeland towns grew the fastest, with a growth rate of about 70 per cent, but from a small base. The Urban Foundation (1992) predicts that over the next twenty years non-homeland metropolitan areas, which in absolute terms are already growing the fastest, will gain the most population but that

thereafter growth rates in these centres will decline in relative terms. It also predicts that particularly rapid growth will take place in the homeland urban centres over the next two decades.

However, such predictions are difficult to verify. There are indications that the urban economies of the largest urban centres (excluding Cape Town), and particularly the former PWV (Gauteng), are now growing slower than the economy as a whole (Watson et al, 1994). Growth correction and even some polarisation reversal may be beginning.

All small towns taken together are showing a relative decline in their contribution to total urban population. There is nevertheless a high degree of variability: some are declining; many are growing but at differential rates.

There is very little literature overtly dealing with small towns in South Africa, and obviously generalisations are difficult (and sometimes overgeneralisations are inevitable). Nevertheless, this is risked in the sections which follow in order to obtain greater conceptual clarity on the phenomenon of small towns in this country.

## **7. Settlement patterns**

'Small towns' form one part of a complex range of settlement patterns in South Africa. A number of significantly different types of settlements can be distinguished.

### **Homesteads**

These are individual or extended households living in relative isolation, either in the commercial farming or in the traditional tribal areas.

### **Hamlets and villages**

These are relatively low-density concentrations of homesteads surrounded by communal farming areas. They may grow to quite significant size (often several hundred homesteads) and may have a few essential services associated with them, such as schools, a tribal office, a clinic, a shop and the like. However, they have little or no internal economic base and are essentially residential in function. Significantly, these are commonly not even subsistence farming areas, in the strict sense of the term. Although some crop and livestock farming is practised, yielding supplementary sources of income, these are essentially cash economies. They depend on inflows of finance from external sources, primarily via migrant remittances and pension payouts. For example, in parts of the Transkei, subsistence farming provides for only about 10 per cent of family food and income requirements (De Wet, 1991).

Two types of process underpin this settlement form. In the more organic types, the primary vehicle of growth is the system of land allocation controlled by the chief. The more artificial types include consolidated villages brought about in terms of agricultural betterment schemes. This was done in the quest for more efficient, commercialised farming and was often associated with nodal agricultural schemes. Another artificial type of process involves the



'relocation points' to which people were removed, often forcibly evicted from white areas in terms of influx control.

### **Small towns**

A number of distinctions need to be drawn within this category, with respect to the functional bases of the towns:

***Special function towns:*** These are settlements which have arisen to perform a particular function, for example, tourist towns, administrative capitals, mining towns and transport-based towns. These settlements are generally vulnerable. Although they frequently provide some services for their hinterlands and for their internal populations, their fortunes are largely tied to the future of the function. If the need for the function disappears, the town may die.

***Rural service centres:*** These are centres of which the economic bases are primarily orientated to their agricultural hinterlands. Rural service centres in the commercial farming areas generally have a stronger economic base and are better represented in terms of productive services. Those in the non-commercial tribal farming areas have weaker linkages with their hinterlands and social services predominate over productive services (Dewar & Dewar, 1990). Many of the larger centres in the tribal areas also have important administrative functions, the future of which, in many cases, is under debate. Structurally, there is also a distinction. Rural centres in commercial farming areas are frequently characterised by more wealthy, predominantly white cores surrounded by poorer black townships. In many cases these have grown rapidly over the last decade as labourers have been displaced from commercial farms. Settlements in the previous homeland areas show a greater degree of racial and income integration, although they are frequently poorer. The black population forms the higher proportion in these areas.

***Small urban towns:*** These are centres, the functional economic bases of which are primarily urban in orientation, while they often still perform functions for their rural hinterlands as well. Like the rural service centres in commercial farming areas, these towns are usually characterised by a fragmented, racially based, internal spatial structure.

***Closer or dense homeland settlements:*** These are concentrations of primarily black, frequently landless and displaced households which have arisen close to former homeland borders in a response to the constraints of influx control. Although distances are often considerable, these borders are proximate to large cities or metropolitan centres. The location of the settlements is usually determined by access to interurban road networks. Although they may contain some social and commercial services, and frequently transport-related services, they are essentially dormitory settlements. Economically, they are primarily supported by welfare payments or migrant labour remittances.

***Mission towns:*** These are usually fairly old agriculturally based settlements on land controlled by a variety of religious orders. They may contain strong educational and religious functions and managerially they raise important issues of conservation and development (Japha, et al, 1994).

### **Intermediate cities**

These are primarily urban centres which are significantly larger than small urban centres and considerably more complex and diversified in terms of their economic bases.

### **Secondary cities**

These are large metropolitan areas which are smaller than the primary metropolitan areas. It is generally accepted that there are five such cities in South Africa: Port Elizabeth, East London, Bloemfontein, Orange Free State Goldfields and Pietermaritzburg.

### **Primary metropolitan areas**

These areas represent the highest level of the settlement hierarchy. They are multinodal in structure, and contain a full range of productive and social functions. The 'ecological footprints' of these centres, measured in terms of the range of input and output, cover many hundreds of kilometres and cross international boundaries.

A number of general points must be made about the classification outlined above. Firstly, the categories are not always clear-cut. Nevertheless, they do raise significantly different developmental challenges and possibilities.

Secondly, the functional differentials are not static and can change over time. Thus, for example, the economic structures of towns within the sphere of influence of growing metropolitan areas frequently change from being primarily rural service centres to urban centres to intrametropolitan centres as the metropolitan region expands.

Finally, as Watson et al (1994: 1) observe, 'the current South African space economy is one that has been fundamentally shaped by the dictates of apartheid and as such is both inefficient and negative in welfare terms'. It has been subjected to a range of policies aimed at effectuating apartheid and this has led to high degrees of distortion. Some of these policies are briefly reviewed in the following section.

## **8. Historical settlement-based policy interventions**

There is a common tendency to regard the historical experience of South Africa as being unique and, in some respects it is - particularly the single-mindedness with which the objectives of racial separation were pursued. However, it is important to recognise that, with regard to settlement-based policies, there are marked similarities with other larger Southern African countries with a significant scale of settler penetration, for example, Namibia, Zimbabwe, Zambia, Malawi and, to a lesser extent, Angola and Mozambique (Dewar, 1994b). For this reason, South African policies are subsequently viewed from this broader Southern African perspective.

Urbanisation in Southern Africa did not originate 'naturally' in response to indigenous economic pressures and responses. It was manipulated consciously, through the displacement of peasant farmers, by a variety of colonial powers seeking to fuel the needs of embryonic



settler economies. Initially, the need was for commercial ranch and plantation agriculture and for labour to work the land and mines. The extent of peasant displacement was directly proportional to the scale of settler economic penetration.

As the settler economies became more diversified, policy shifts reflected attempts to resolve often conflicting settler requirements. On the one hand, there was an economic need for cheap labour reserves in the towns and cities. On the other, there was a strong social and political will to prevent a build-up of African people in the urban areas.

Similarly, together with the strong political and social ethos to keep the indigenous African population in economic and political subjugation, there was a growing need to develop both an African urban middle class and a progressive peasant farming class. The former was needed to provide markets, a supply of increasingly skilled labour and a source of industrial capital, and to contribute to urban stability. The latter class would contribute to meeting the consumption needs of the urban population and would expand the local market. Many policy shifts reflected a desire to distinguish between urban 'insiders', whose absorption into the urban system should be assisted, and 'outsiders' who should be excluded.

The policies applied were generally strongly anti-urban and can be grouped into number of types:

- \* Displacement policies, aimed at forcing peasant farmers off the land (eg, involuntary land seizure, expropriation, hut taxes).
- \* Influx control policies, aimed at preventing the free flow of people to the cities. These policies took two forms: direct measures, such as pass laws and forcible repatriation to the countryside; and indirect measures, of which anti-squatter laws, coupled with the limited state supply of housing, were the most common.
- \* Deflective or diversionary measures, aimed at diverting urban flows away from the largest urban settlements to smaller towns and cities. Policies were frequently couched in the international rhetoric of growth-pole theory and primarily entailed decentralisation incentives that were aimed at making it cheaper for industries to move to and operate from smaller centres than from the largest cities.
- \* Incentive measures, aimed at improving conditions in the source areas of migration, namely the rural areas. These generally took the form of rural development and social investment programmes directed mainly at the small progressive commercial farming sector. Betterment programmes, aimed at rationalising the use of the land, also played an important role in homeland development programmes.
- \* Urban absorption measures, to accommodate continuing urban growth and absorb insiders into the system. Patterns of urban expansion were informed primarily by the desire to separate poorer, particularly African, people from the settler town or city, and urban growth took the form of sprawling, scattered pockets of development around the original settlement.

Significantly, settlement-based policy formation in South Africa has been directed by a number of different, and sometimes contradictory concerns, within the general rubric of the concerns outlined above.

Although the policy rhetoric employed usually reflected international concerns and directions, there were always racial overtones. The main concerns have been

- \* racial separation, both regionally and intra-urbanly
- \* the perceived excessive growth of the largest cities
- \* regional economic development in underdeveloped regions (particularly, the need to establish an economic base for the homelands)
- \* greater regional economic convergence and, in particular, combating the economic polarisation of the former PWV (Gauteng).

Frequently, the same policies or policy instruments were used to pursue these very different objectives and this has contributed in no small measure to their relative failure.

The main settlement-based policies which have affected processes of settlement formation in South Africa are discussed below.

## 8.1 Influx control

Apart from the huge social, economic and fiscal costs imposed by the policy of influx control, and its long-term failure, some of the main negative consequences in terms of settlements were

- \* very rapid rates of urbanisation in the large cities as controls began to crack, making urban management even more difficult
- \* increased overcrowding in the rural homeland areas
- \* high degrees of uncertainty, which negatively affected ongoing investment policies (this is particularly true of identified 'black spots' in white areas which were earmarked for removal - almost no investment occurred in these areas for over forty years, although populations frequently continued to grow)
- \* the promulgation of a mindset in urban areas that Africans were temporary urban sojourners, which again led to investment neglect
- \* the creation of 'resettlement' areas in the homelands, where people who were removed from the white areas were relocated. Often the location of these settlements had no economic rationale and they became remote islands of poverty and social misery.

## 8.2 Betterment programmes

'Betterment planning' is common in many parts of Africa. It has been estimated that some 22 million people have been villagised in Africa in pre- and post-independence periods, through



schemes of this kind (De Wet, 1991). It has also long been practised in South Africa. The term 'betterment planning' refers to successive schemes by various central and homeland governments to rationalise small-scale agriculture, inter alia, to combat the deterioration of natural resources and to contribute to agricultural development in black-occupied rural areas. Some have argued that the real motives underlying its implementation have less to do with environmental conservation and agricultural development than with ensuring a steady supply of migrant workers to the mines and industries of white South Africa and, later, with the control of rural populations (McAllister, 1991).

Betterment programmes essentially involve four main steps:

- \* The proclamation of a given area as a 'betterment' area
- \* The development of a land-use plan which divides the area into three zones (residential, arable and grazing), mainly on the basis of soil quality
- \* The relocation of people from their previous, usually widely dispersed homestead sites to new, more compact villages (compact in order to promote the more efficient use of land and more convenient access to social and utility services)
- \* The fencing of residential areas and grazing camps (McAllister, 1991).

The consequences of the programmes have not been encouraging (Yawitch, 1981; De Wet, 1995). They have

- \* resulted in considerable relocation which has had profoundly negative consequences in terms of social and kinship ties and local political structures;
- \* reduced local autonomy
- \* failed to improve agricultural efficiency, primarily because they have not been undertaken as holistic rural development programmes
- \* frequently reduced agricultural efficiency, particularly through the reduced role of gardens and decreased flexibility in arable patterns through the rigid separation of grazing and arable uses
- \* failed to increase convenience significantly, primarily because they have generally lacked a service component;
- \* failed to combat ecological decline, mainly because they have not changed the practices which underpin this.

Reactions to this system are taking place. In parts of the Transkei, people are reported to be leaving the residential areas of their betterment villages and re-establishing homesteads on or near their former pre-betterment sites (Steele, 1990). A similar process has been taking place in the Ujamaa villages of Tanzania (McCall, 1985).

### 8.3 Industrial decentralisation programmes

Historically, South Africa has pursued the goal of industrial decentralisation with considerable vigour and the form of the programme has changed on a number of occasions. A number of different, frequently conflicting objectives have underpinned these programmes and the emphasis of these objectives, too, has shifted over time. The objectives have included the creation of an industrial economic base for newly emerging 'nation states', the homelands; reducing economic polarisation and slowing the growth of the largest cities; diverting black migrants away from the 'white' parts of metropolitan areas; promoting greater regional economic convergence and reducing interregional income disparities; and stimulating rural development through increasing rural incomes and creating a demand for agricultural products; and (primarily rhetorically) increasing efficiency in rural social service delivery through rural service centres.

The programme has progressed through a number of phases (Dewar et al, 1984a). The initial phase in the 1950s and 1960s was related to the development of the homelands. The original intention was to provide an industrial base within the homeland areas, but for political reasons this was quickly diluted into the border industry policy. In the second phase, dominating the early and mid-1970s, the concerns were broadened, particularly in relation to the perceived 'hyper-urbanisation' of the largest centres, largely equated with the rapid growth of the black population. Numerous industrial decentralisation points were established, along with direct controls on the absorption of black labour in the 'white' cities. The homeland areas were generally favoured in the selection of decentralisation areas.

In the third phase, in the late 1970s and early 1980s, the emphasis broadened beyond the homeland areas. The rhetoric, although not the practice, of growth-pole theory was appropriated (growth points and centres replaced decentralisation points), associated with stated concerns about stimulating greater economic convergence. Deconcentration points; that is, points nearer but still some distance from the main metropolitan areas, were included in a pragmatic attempt to pursue diversionary objectives while realising some economies of scale, if not agglomeration. More indirect controls on metropolitan labour absorption, particularly through housing, replaced direct influx control measures.

In the final phase, following the Good Hope Conference in 1982, the nature of the programme changed. The need to reduce the number of points, to graft onto existing centres of agglomeration (the target changed from all large cities to the former PWV), to target incentives, and to build on local strengths and local resources, were all recognised, at least rhetorically. Very little happened following this acceptance, however. The programme fell into increasing disuse from this time on, as its objectives were increasingly questioned. In particular, doubt was expressed about its racial overtones, the assumption that the large cities were 'too large' or 'too primary', the possibility or even the desirability of seeking to achieve regional economic convergence, and the possibility of stimulating self-sustaining viable alternatives to existing centres of economic agglomeration.



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There is widespread agreement among commentators that industrial decentralisation policy over the years has been a resounding failure (Rogerson & Kobben, 1982; Greyling, 1983; Bell & Padayachee, 1984; Louw, 1984; Maasdorp, 1985; McCarthy, 1985; Tomlinson & Addleson, 1987; Coetzee, 1986; Dewar et al, 1986; Wellings & Black, 1986):

- \* It achieved little in terms of altering the regional pattern of economic activity and employment over the period of its existence.
- \* It failed to slow the growth of the largest cities significantly.
- \* It failed to bring about greater regional convergence.
- \* Even in places where some decentralisation occurred, few backwards or forwards linkages into local hinterlands were achieved and the local impact of growth centres was therefore minimal.
- \* It resulted in transfers rather than the creation of new jobs and this damaged the economic infrastructure of many existing towns.
- \* It distorted the settlement pattern.
- \* It seldom resulted in self-sustaining development.
- \* It promoted large-scale corruption.
- \* The cost has been enormous - there is consensus that, in terms of the opportunity cost of capital employed, the programme resulted in a nett loss of jobs.

The reasons underpinning this failure are complex but the most important include the following:

- \* The spatial policy of decentralisation was diametrically opposed to the spatial dynamics generated by international and national macroeconomic issues at a national level. For example, import substitution policies, transport tariff structures and the like all favoured the largest cities.
- \* Economies of agglomeration and scale proved stronger than anticipated.
- \* The location of many growth points was informed more by political motives than by issues of economic efficiency.
- \* It proved impossible to resist political pressures in the award of incentives. There were simply too many growth points and this diffused the resources available for the programme.
- \* In most cases, little economic planning accompanied the programme. Although the rhetoric of growth-pole theory was appropriated, little attention was given to the critical issue of backwards and forwards linkages in achieving propulsive growth.



- \* Too many, and confused, objectives underpinned the policy instruments.
- \* Policy instruments, and particularly incentives, were insufficiently targetted: the programme was too general.

#### **8.4 The homelands development policy**

The demarcation of homelands boundaries, which defined the limits of areas where large numbers of black people could legally stay, has had a profound effect on the South African space economy. In cases where the border is within commuting distance of large centres of employment, it has led to the emergence of 'closer settlements' - the damming up of large numbers of people in settlements which are functionally part of the metropolitan area or large city but spatially far removed from it. The system, which is extraordinarily inefficient, is underpinned by large-scale, long distance commuting. Frequently, people spend three to four hours a day travelling in each direction at considerable cost in terms of time and money. The system is maintained by state transport subsidies which represent a continual, large drain on the public fiscus and which are currently being questioned politically.

#### **8.5 The Group Areas Act**

The Group Areas Act (1966, as amended) entrenched the principle of rigid separation within towns and cities. In the case of the small towns in 'white' areas, this frequently resulted in considerable spatial disparity. Such a 'town' is in reality a system of settlements, consisting of a white core which contains the economic centre and most social services, surrounded by a number of disparate, racially discrete, often large dormitory areas or 'locations'. This raises particular problems in any programme of reconstruction.

#### **8.6 Conclusion**

Two important conclusions emerge from this review. Firstly, while there has been strong and largely negative interference in the settlement system historically (interference which has been strongly imbued by the ideology of apartheid and which has resulted in considerable distortion and inefficiency), no active settlement-based policies are currently in place. Indeed, important questions about the convergence of national economic, social and spatial objectives are hardly being aired at present, although the recent emergence of certain 'wish list' documents may be heralding a renewed burst of policy-making activity (Government Gazette, 1995a, 1995b). Further, there is little doubt that settlement dynamics over the next few years will be influenced by reactions to past policies, as the overwhelming concern with racial separation is increasingly removed from policy considerations.

Secondly, while the small town system has been strongly affected by policies, small towns themselves have seldom been viewed as important instruments of national development. Instead, they have been viewed either as instruments of administration and control or, at best, as 'growth points' for single sector, primarily industrial, development strategies. This tendency continues under the present government, as small towns do not seem to feature in its policy priorities. The Ministries of Agriculture and Land Affairs focus primarily on land and

agricultural issues. The former Ministry of Reconstruction and Development was subdivided into urban and rural portfolios, thereby entrenching a polarisation: rural development is about land and agriculture; urban development focuses on the management of metropolitan areas and larger cities; and small towns fall between these two stools.

## **9. Dominant settlement dynamics**

The dynamics affecting small towns cannot be viewed in isolation from dynamics affecting the settlement system as a whole. These are complex and fluctuating, and are discussed in three sections: overall dynamics, dynamics affecting small towns in the traditional tribal areas, and those affecting small towns in the commercial farming areas.

### **9.1 Overall settlement dynamics**

#### **9.1.1 Population growth and urbanisation**

The national statistical database relating to population growth and levels of urbanisation and ruralisation is far from satisfactory. There are two main reasons for this.

Firstly, there is reason to doubt the accuracy of data collected. This is particularly true of the small towns: the boycott called by the African National Congress of the 1991 census was particularly effective in these areas.

Secondly, given forms and patterns of settlement in South Africa, there are considerable difficulties associated with the definition of urban and rural. This is particularly true of the dense or closer settlements in the ex-homeland areas. Although located considerable distances from functional urban areas, they are minimally dependent on agriculture and most households derive income from migrants or commuters. How these areas are classified has a decided effect on numbers and percentages.

Tables 1 to 4 represent two estimates and projections of population growth and distribution.

Note that the data are not ordered in quite the same way and are therefore not directly comparable. Calitz (1994) includes in the definition of 'metropolitan' the former PWV area, including the Bophuthatswana districts of Odi and Moretele, and KwaNdebele; the Durban/Pietermaritzburg area, including the surrounding KwaZulu districts; the Greater Cape Town metropolitan area; and the Port Elizabeth-Uitenhage area. 'Second-order' urban areas are George, Kimberley, East London/Mdantsane, Grahamstown, King Williamstown/Bisho/Zwelitsha, Bloemfontein/Botshabelo, Welkom/Odendaalsrus/Virginia, Bethlehem, Kroonstad, Potchefstroom, Klerksdorp, Rustenburg, Witbank, Middelburg, Bethal, Secunda, Ermelo, Nelspruit, Pietersburg/Sheshego, Newcastle/Osiziweni/Madadeni, Richards Bay/Empangeni, Ladysmith/Ezakeni, Mmabatho/Mafikeng.

The Urban Foundation (1992) includes in its definition of 'metropolitan' the former PWV region, Durban, Port Elizabeth-Uitenhage, Bloemfontein, East London, Pietermaritzburg and the Orange Free State Goldfields.



Despite these differences, both databases reflect similar tendencies and dynamics. For reasons of brevity the discussion in the text uses that of the Urban Foundation. This should not be taken as an assessment of relative value.

Some of the main tendencies revealed by the tables are as follows:

- \* The total natural population growth is still high, with natural increase being significantly higher in the rural than the urban areas.

**Table 1:** Urban population estimates, 1980-2010 ('000)

	1980	1985	1990	2000	2010
<b>Metropolitan (South Africa)</b>					
White	3 150	3 382	3 580	3 956	4 286
Coloured	1 518	1 719	1 937	2 378	2 802
Indian	668	747	827	970	1 085
African	4 432	5 170	6 681	10 169	14 299
Total	9 768	11 018	13 025	17 473	22 472
<b>Metropolitan (homelands)</b>					
White	5	2	2	2	2
Coloured	3	5	5	4	4
Indian	6	6	6	6	6
African	2 240	3 508	4 347	6 637	9 345
Total	2 254	3 521	4 360	6 649	9 357
<b>Other urban (South Africa)</b>					
White	939	1 079	1 079	1 079	1 079
Coloured	614	693	770	922	1 062
Indian	89	105	105	105	105
African	1 549	1 614	1 883	2 515	3 292
Total	3 191	3 491	3 837	4 621	5 538
<b>Urban homeland</b>					
White	2	7	7	7	7
Coloured	3	6	6	6	5
Indian	1	1	1	1	1
African	636	844	1 072	1 694	2 398
Total	642	858	1 086	1 708	2 411
<b>Dense settlement</b>					
White	-	-	-	-	-
Coloured	-	-	-	-	-
Indian	-	-	-	-	-
African	1 489	1 905	2 222	2 967	3 885
Total	1 489	1 905	2 222	2 967	3 885
<b>Total South African population</b>					
White	4 525	4 854	5 052	5 428	5 757
Coloured	2 687	2 958	3 244	3 783	4 243
Indian	819	899	978	1 122	1 234
African	21 078	24 462	28 259	37 260	48 499
Total	29 109	33 173	37 533	47 593	59 733

Source: Urban Foundation (1992).

**Table 2:** South Africa - population estimates, 1980-90

	1980		1985		1990	
	Total	Afr	Total	Afr	Total	Afr
<b>Urban</b>						
% urban (excluding dense)	54,5	42,0	56,9	45,5	59,4	49,5
% urban (including dense)	59,6	49,1	62,7	53,2	53,2	57,3
<b>Metropolitan</b>						
% of total population in metro	41,3	31,6	43,8	35,5	46,3	39,0
% of total urban population (excl. dense) in metro	75,8	74,3	77,0	35,5	77,9	78,9
% of total urban population (incl. dense) in metro	69,3	64,4	69,9	66,8	70,9	68,1
<b>Rural</b>						
% of total population in rural (excl. dense)	40,4	50,9	37,3	46,8	34,7	42,7
% of total population in rural (incl. dense)	45,5	58,0	43,1	54,5	40,6	50,5
<b>Population growth, 1980-90 (%)</b>						
	<b>Total population</b>		<b>African population</b>			
Population increase	29,1		34,0			
Metropolitan increase	44,6		65,4			
Other urban increase (South Africa)	20,4		21,3			
Other urban increase (homelands)	70,3		67,2			
Other urban increase (South Africa and homelands)	28,7		34,7			
Metropolitan and other urban increase (South Africa and homelands)	40,8		57,8			

Source: Urban Foundation (1990).



**Table 3:** Growth of South Africa's metropolitan population, 1980-90

1980 Area	1985				1990			
	Total population	African population	% African	Total population	Total population	African population	% African	Total % increase 1980-90
PWV (now Gauteng)	6 054	3 986	66	7 129	8 744	6 280	72	44
Durban	2 011	1 129	56	2 629	3 086	2 063	67	54
Cape Town	1 905	248	13	2 236	2 556	570	22	34
Port Elizabeth	684	334	49	816	984	580	59	44
Bloemfontein	308	197	64	525	602	470	78	96
East London	357	267	75	380	451	343	76	26
Pietermaritzburg	381	256	67	426	491	339	69	29
OFS Goldfields area	322	254	79	395	468	383	82	45
Total	12 022	6 671	55	14 536	17 412	11 028	63	45
								65

Source: Urban Foundation (1990).

**Table 4:** Population of South Africa, 1990-2020 (millions)

	1990	1995	2000	2005	2010	2015	2020
African	29,70	33,70	38,20	42,60	46,60	50,40	54,30
Coloured	3,20	3,50	3,80	4,10	4,30	4,50	4,70
Indian	1,05	1,06	1,10	1,20	1,20	1,30	1,30
White	5,00	5,20	5,30	5,40	5,40	5,40	5,40
Total	38,95	43,46	48,40	53,30	57,50	61,60	65,70
<b>Metropolitan areas</b>							
African	9,53	12,44	15,53	18,80	22,09	25,78	29,85
Coloured	1,80	2,00	2,20	2,39	2,57	2,78	2,99
Indian	0,86	0,91	0,97	1,02	1,07	1,11	1,14
White	3,32	3,40	3,49	3,56	3,60	3,62	3,61
Total	15,51	18,75	22,19	25,77	29,33	33,29	37,59
<b>Second-order towns</b>							
African	2,20	2,80	3,55	4,35	5,17	6,09	7,06
Coloured	0,26	0,30	0,35	0,41	0,46	0,51	0,57
Indian	0,03	0,04	0,04	0,04	0,05	0,05	0,05
White	0,78	0,81	0,82	0,84	0,85	0,86	0,86
Total	3,27	3,95	4,76	5,64	6,53	7,51	8,54
<b>Third-order towns</b>							
African	2,03	2,59	3,24	4,01	4,80	5,59	6,51
Coloured	0,74	0,78	0,81	0,83	0,84	0,85	0,85
Indian	0,07	0,07	0,07	0,07	0,07	0,07	0,07
White	0,61	0,61	0,62	0,62	0,62	0,61	0,59
Total	3,45	4,05	4,74	5,53	6,33	7,12	8,02
<b>Rural</b>							
African	0,40	0,42	0,44	0,47	0,43	0,37	0,33
Coloured	0,09	0,04	0,02	0,07	0,01	0,02	0,02
Indian	0,29	0,38	0,37	0,38	0,33	0,33	0,32
Total	16,72	16,71	16,71	16,36	15,31	13,61	11,53
<b>% Population urbanised</b>							
African	46,33	52,91	58,43	63,76	68,80	74,33	79,96
Coloured	87,50	88,00	88,42	88,54	90,00	92,00	93,83
Indian	91,43	91,43	98,18	94,17	99,17	94,62	96,92
White	94,20	92,69	93,02	92,96	93,89	94,26	93,70
Total	57,07	61,55	65,48	69,31	73,37	77,79	82,42
<b>% Population rural</b>							
African	53,67	47,09	41,57	36,24	31,20	25,67	20,04
Coloured	12,50	12,00	11,58	11,46	10,00	8,00	6,17
Indian	8,57	3,77	1,82	5,83	0,83	5,38	3,08
White	5,80	7,31	6,98	7,04	6,11	5,74	6,30
Total	42,93	38,45	34,52	30,69	26,63	22,21	17,58

Source: Calitz (1994).



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- \* Between 59,4 and 65,3 per cent of the population is currently urbanised. The differential is dependent on whether populations living in closer settlements behind homeland borders - therefore spatially rural but functionally largely urban - are classified as rural or urban.
  - \* The majority of the total urban population (between 70,9 and 77 per cent) lives in the primary and secondary metropolitan areas, these being the fastest growing settlements. Of the metropolitan areas, the former PWV accommodated between 35,6 and 39,2 percent of total urban population, but there are indications of some polarisation reversal.
  - \* The secondary metropolitan areas, which accommodate some 13 per cent of the total urban population, are experiencing slightly higher growth rates than the primary metropolitan areas (46 per cent as opposed to 44 per cent). Significant variations exist within this category, particularly with respect to growth of the African population (East London and Pietermaritzburg, for example, are growing slower than the other areas).
  - \* Compared with the metropolitan areas, the relative share of smaller towns and cities is declining (24 per cent in 1980 compared to 22 per cent in 1990).
  - \* Within this category, a distinction needs to be drawn between small towns in the previously 'white' South African areas and those in the homelands. Generally, towns in the ex-homelands showed a much faster percentage increase than other small towns and cities (69 per cent over the decade). This, however, generally took place from a smaller base, as the towns make up a minor share of total urban population (4 to 5 per cent). The rapid rate of growth has been influenced by the rapid growth of homeland bureaucracies.
  - \* Although the general tendency is a declining share, some smaller towns are growing rapidly. A feature in many is a declining white, but expanding black population.
  - \* Urban growth results from both natural increase and in-migration. The dominant dynamic, however, is natural increase. The Urban Foundation (1992) estimates that only a third of urban growth is the result of in-migration.
  - \* The total urban population in South Africa is projected to grow from 22,3 million (24,5 million, including closer settlements) in 1990 to 39,7 million (43,6 million, including closer settlements) by 2010. This represents an increase of 78 per cent over the twenty-year period. In terms of actual numbers, non-homeland metropolitan areas will gain the most (an additional 9,4 million people, or an increase of 72 per cent between 1990 and 2010), but relative to other centres their numbers will begin to decline. The Urban Foundation predicts that particularly rapid growth will take place in homeland urban centres over the next twenty years (Hindson et al, 1993b).

A more recent study (CDE, 1996) advances three important observations: there are approximately 500 small towns in South Africa (ie, towns with a population less than 50 000); they house 3,3 million people (8 per cent of the total population); and some 75 per cent of the country's poor and 81 per cent of the ultrapoor live in rural areas - most live within the hinterland of small towns or within those towns themselves.

### 9.1.2 Processes of migration

The evidence to date (Graaff, 1987; Mabin, 1988, 1990, 1991; Seekings et al, 1990; Dewar et al, 1991; Gelderblom, 1991; Watson, 1992; Spiegel et al, 1995) indicates that patterns of migration in South Africa are complex and certainly not only unidirectional towards the cities. While the dominant tendency is towards the city, there is considerable circulatory movement. Evidence indicates the existence of a complex system of household networks operating 'from a variety of urban, peri-urban and rural bases, with factors such as employment, the availability of public services and family and cultural ties instigating both short- and longer-term movements of household members between these bases' (Hindson et al, 1993b: 10). There are also complex patterns of 'domestic fluidity' (Spiegel et al, 1995) in terms of household composition.

There is no clarity on the scale or probable duration of this phenomenon of circulatory migration either in South Africa or abroad. Internationally, this issue is the subject of considerable debate, both about its duration and its consequences. Some argue that circulatory migration is enduring and leads to the preservation of rural life; others state that it is shorter term and will ultimately lead to the transformation of rural life. Certainly, in many places it has persisted over decades and, in the view of some writers (Gugler, 1991; Gilbert, 1993; Ferguson, 1990), it is a rational response to economic uncertainty. Circulatory migration is a strategy of security and risk minimisation: in times of economic recession urban drift slows down, and even reverse migration may occur. Skeldon (1990) explains it as a transition: initially, it acts as a support for village life; as people spend longer times away from their rural base, rural depopulation begins.

It is also clear that there are major regional differences worldwide in terms of the extent of migration. In Latin America, migration appears to be of a much more permanent nature than in Africa, Asia or the Pacific, where circulatory migration is the dominant dynamic (Skeldon, 1985).

Data on migration in South Africa is limited. Work undertaken by the Urban Problems Research Unit of the University of Cape Town (Fast, 1995), suggests that there may be a correlation between higher education, place of birth and higher income, and permanence of urban residence. Many better educated, higher-incomed people regarded themselves as more sophisticated than the 'Amagoduka' (those who return home frequently). There is a suggestion here that an urban transition may be occurring, albeit very slowly and on a limited scale (Hindson et al, 1993a). Other research, for example by ISER in Natal, suggests that there is no simple correlation between income and circulatory migration.

There are also anecdotal suggestions that intergenerational links are an important contributory factor to circulatory migration. Younger people are more eager or willing to leave the rural areas. When they remain in town, the older generation frequently remain too. Conversely, owing to the desire to escape urban violence, many urban workers sent their children to school in the rural areas, and this encouraged the parents to return as well.



Finally, very little is known about South Africa's spatial pattern of migration, whether direct or stepped. The few indications which do exist suggest that both inter- and intra-urban patterns of movement are complex and deny meaningful generalisation (Dewar et al, 1991). It is unlikely, however, that patterns of migration would be directly affected by changes to the regional spatial structure (eg, via improved transportation links). Migration is primarily fuelled by perceptions of better opportunities, rather than by relative ease of access.

## **9.2 Dynamics within the tribal areas**

A number of dynamics affect spatial patterns of growth in these areas.

### **9.2.1 Rural intensification**

On balance, in many parts of the peripheral areas of South Africa, the combination of natural increase and in-migration is outstripping out-migration and the intensity of rural settlement is increasing. This is compounding problems of rural overcrowding, an issue which is exacerbated by the system of land allocation. Frequently, the size of land parcel allocated is too small for any level of agricultural viability and increasing numbers of people are landless, in an agricultural sense. The greatest intensification of settlement is occurring in the areas peripheral to towns in the former 'white' South Africa. The slowing, or even reversal, of this process is dependent on positive actions to increase the absorptive capacity of those areas with the greatest comparative advantage nationally.

### **9.2.2 Drift to the towns**

Since only the eldest son inherits his father's land, and since there is an almost total absence of income-earning possibilities in the rural areas, there is a considerable displacement of rural people to towns. Although many migrate to urban areas within the former 'white' South Africa, a surprisingly large number gravitate to towns in the tribal areas.

In terms of this pattern, a case study in the Transkei (Dewar & Dewar, 1990) indicates that there seems to be some correlation between rates of urban growth and settlement size. However, there is no correlation between growth rates and number of urban functions. People are therefore not moving consistently into those settlements with the greatest opportunities for obtaining goods, services and jobs. This strongly suggests that moves are motivated rather in terms of a perception of possibly better circumstances in any urban settlement. The report also indicates that there is a strong element of localisation - many people move to the towns nearest to them in order to retain close ties with relatives and their home base.

An important feature of the largest towns in the tribal areas is that a significant part of their economies is underpinned by bureaucratic salaries related to homeland administration. Changes in the scale and pattern of administration with unification will have a major negative impact on the growth of some of these towns.

Significantly, too, the highest growth rates occur in settlements close to towns in the commercial farming areas in historically white South Africa, suggesting complex patterns of movement to obtain services.

### 9.2.3 Drift to the homeland borders

A historical feature of processes of settlement formation in South Africa has been the development of 'closer settlements' - large concentrations of people just within homeland boundaries which are relatively close to major metropolitan areas or large cities - as a strategic response to the policy of influx control. Functionally, these areas are part of the metropolitan system. They are commuter zones, constantly generating lengthy, time-consuming and expensive commuter trips (sometimes in excess of 100 km). Although the system is appallingly inefficient and costly, many people have invested large amounts of capital in housing and other forms of infrastructure in these areas, which has given them some resilience. One of the important variables of the next decade is whether or not there will be a substantial, voluntary relocation of large numbers of people from these zones closer to the economic cores of the metropolitan systems. The future of transportation subsidies, which currently underpin the system, will have an important bearing on this.

### 9.2.4 Drift to the major roads

A more subtle, yet important dynamic, observed in the Transkei (Dewar & Dewar, 1990) but operative elsewhere as well, is a process of internal migration to roadside settlements. The regional road arteries play a vital role in rural life and there is considerable economic and social advantage - in terms of access to services - in being located close to them. Most migration of this kind is by people who lack access to arable resources. It is often the children of rural households who move from interior rural settlements closer to the roads and, consequently, the age composition in these settlements is often lower than in the more widely dispersed settlements. Similarly, female-headed families frequently take up locations in these settlements. The most commonly cited reason for the move is to be close to informal income-generating activities (Dewar et al, 1990). Many women engage in the beer and 'hostelry' business and some gained employment on a road gang, about the only form of wage employment available to women in that local area (Spiegel, 1984).

There are strong indications that gravitation towards the major roads would be much stronger if it were not for the traditional system of land allocation in the tribally controlled areas. In effect, little 'natural' or spontaneous settlement system formation is occurring; that is, settlement formation via individual responses to market forces and other factors relating to self-interest. The part traditional, part 'modern bureaucratic' system of allocation is informed primarily by jurisdictional and land-related issues, such as soil quality. Very little attention is given to locational or other development issues and consequently the settlement pattern is severely distorted.

## 9.3 Settlement dynamics within the 'white' commercial farming areas

Small towns and cities within the traditionally white commercial farming areas reveal highly variable patterns of growth and decline. Some are growing, others are declining and, fairly commonly, important structural changes in demographic composition are occurring: the black population is increasing whereas the white population is shrinking. Given the strong historical



correlation between race, income and skills in South Africa, this frequently means that the population is growing on a shrinking economic base. Moreover, there have been marked changes in the relative fortunes of small towns over time.

A number of tendencies can be observed in this respect.

### **9.3.1 Small town decline relative to large cities**

The general tendency has been for the small town sector to decline relative to larger cities. A number of factors have contributed to this trend:

- \* Commercial farming land units have tended to increase in size over time. Processes of land consolidation tend to be accelerated during times of economic hardship (drought, recession, etc) when better-off farmers buy out neighbours who are carrying a growing debt burden. This tendency has had a number of effects:
- \* The emergence of a growing number of absentee farmers who have strong links with the cities.
- \* Larger product output which needs to be marketed favours targetting larger towns and cities as the primary source of market.
- \* De-densification of the rural periphery (particularly since processes of land accumulation frequently lead to the displacement of labour off the farms), and thus decreased demand for small town services.
- \* Increased accessibility (increased private vehicle ownership, improved roads, etc) make stronger links with larger centres possible, for example, children can go to urban schools, shopping patterns change, and so on. This leads to declining levels of service in the smaller towns, which in turn accelerates the process of relative decline.
- \* Transport tariff structures favour agro-processing close to the larger urban markets.
- \* Marketing boards have prevented small manufacturers from buying local materials directly from the farmer and thus weaken rural-small town linkages even further.
- \* Supply-side cartels (eg, in the dairy industry) actively sought to remove local, small-scale competition, often through the use of regulation.

It is unlikely that current tendencies of relative decline will change as long as these factors remain operative. However, selective rural densification programmes (through small-farmer schemes and the like), which appear likely in the foreseeable future, may have profound effects on small town patterns.

### **9.3.2 Relative patterns of growth and decline between small towns**

A recent study by the CDE (1996) compared the GDP for 217 small town magisterial districts between 1991 and 1994, adjusted to real prices. Although rough, since there is no exact



correlation between the town and the magisterial district, the comparison revealed some interesting tendencies. Nationally, 69 districts experienced economic decline over the period. In only one province (the North West) over half the small town magisterial districts were growing economically. In all other provinces over half were declining. Four towns (Coligny - North West; Clanwilliam - Western Cape; Christiana - North West; Joubertina - Eastern Cape) grew by over 30 per cent, while five towns (Heidelberg - Western Cape; Murraysburg - Western Cape; Boshof - Free State; Wakkerstroom - Mpumalanga; Babanango - KwaZulu-Natal) declined by the same percentage. While the sometimes fairly strong dimensions of historical randomness (eg, investment decisions based on local ties of an investing entrepreneur, or contextually specific factors such as drought) and the short time period of analysis make generalisations difficult, a number of propositions about the propensity of towns to grow or decline can be advanced.

**(a) *Population growth versus economic growth***

There is generally a correlation between population growth and economic growth, with economic growth being the dominant variable, although this is not always true. A fairly common characteristic of South African small rural towns is a static or declining economic base, a white, more wealthy population and an increasing black, poorer population. The primary reason for the population growth has been displacement of farm labour off white-owned farms (often accompanied by a changing ratio of capital to labour investment, or by land accumulation by absentee farmers) and a strong localisation factor not unlike that identified in the ex-homeland areas. Frequently, newer urban entrants occupy land as tenants of existing township households and over time this increases the demand for land and sometimes creates intracommunity tension.

**(b) *Factors that influence small town growth***

The propensity of small towns to grow or decline is related to a number of factors:

The fortunes of the surrounding hinterland (whether economically growing or declining), or the future of the resource or function which brought the settlement into being. This in turn is affected by national and international patterns and policies of trade, agricultural pricing policies, transport tariffs, transportation technologies, and so on.

Location relative to large cities or metropolitan areas. A town is much more likely to grow when it falls within the sphere of influence of a large city or metropolitan area. There are two main reasons for this. One is that larger proximate markets mean greater demand for agricultural output from the hinterland, which in turn increases the prosperity of the town. The other is that the economy of the town is increasingly fuelled by urban incomes and the structure of the economy itself becomes more diversified as it takes on more urban functions. The precise pattern of this urban absorption cannot be confidently predicted. As Sudjic (1993) observes, the metropolitan area operates as a 'force field' city, where non-predictable factors inform where relative footloose activities take root, within general zones. Once initiated, however, growth tends to become cumulative. Thus in Asia, in particular, identifiable 'kotadesasi' zones have appeared; that is, agricultural settlements with significant increases in

non-agricultural activities and relatively high incomes. These settlements primarily develop in corridors between large urban centres and are a primary instrument in urbanising the countryside.

Location relative to transport routes of national and regional significance (Dewar & Cort, 1977). Towns on major routes tend to have faster growing economies, partly because of the factors discussed above and partly because through-traffic significantly increases the demand for local goods and services. It is for this reason that debates about town bypass projects associated with national transport networks generate so much local passion.

Location relative to changing patterns of accessibility. Regional patterns of accessibility and centrality are not static. They change in relation to both supply-side and demand-side factors.

The most important supply-side factors include transportation technology and infrastructure and pattern of competition. Thus, in South Africa, there have been waves of growth and decline associated with changing movement technologies - for example, the spatial distribution of rural service centres was originally determined by the daily range of the horse and cart. The introduction of the railway caused dramatic changes, as did its relative decline in favour of road-based technologies. Similarly the alignment and even the surfacing of transport routes can cause significant changes in patterns of convenience and thus of movement.

Further, as the range of effective distance changes, patterns of competition become important. People will not simply go to the nearest available point to obtain a good or service: a range of other factors such as multiple-trip purpose opportunities, choice and quality, social ties, and so on come into play (Dewar, 1985).

It is unlikely that major movement-technology changes, away from the current road-based systems, will occur within the foreseeable future, although changes in emphasis will almost certainly occur. One such change relates to public transportation: more efficient and more frequent rural public transportation systems (primarily bus systems) will favour certain towns over others. Another is the current revolution in communication technology. Although this is unlikely to have a dramatic impact on the settlement pattern, it will make the location of economic activities more footloose, which may well work to the advantage of successful, environmentally superior, small towns.

On the demand side, the main factors are those which influence the ability and propensity of people to travel, for example, their income.

The identification of patterns of centrality in order to distribute public services, therefore, demands careful contextual analysis.

### **(c) *Diversity of economic base***

As a general proposition, the greater the diversity of the economic base of a town, the greater its relative stability.



### 9.3.3 Conclusion

There are a range of influences and forces affecting small towns in South Africa and the variable pattern of relative growth and decline will continue. Particularly important are changes in the general policy environment. One is a change in economic policy away from import substitution in favour of export promotion. Although this is not yet official policy, the rhetoric of senior government spokespersons suggests that this is likely. Such a change in policy will weaken the pull of large population or market concentrations (the largest cities) in favour of places with sectoral and product-specific competitive advantage.

A second change relates to revolutionary advances in information technology. The overall effect would be to make the location of economic activity more footloose. This will allow towns to influence their own future to a much greater degree than previously, as competitive advantage can be actively created.

A third is the continued freeing up of direct and indirect controls on population movement. It is likely that some spontaneous correction of historically distorted, centrally imposed settlement patterns will continue. In particular, closer settlements and some receptor areas of forced removals are likely to be affected - a number of land restitution claims from large, previously relocated groupings are already being made. The critical variable here is the degree to which historical private investments (eg, in housing and other forms of infrastructure) will create a residual lag effect.

A fourth factor is changing political boundaries and institutional structures. Particularly, removal of the homelands policy may well lead to a changed pattern of bureaucratic salaries: there are a number of towns of which the economies are almost entirely underpinned by these salaries.

A fifth factor is the relationship between the RDP and urban bias in investment. In the last decade, in particular, there has been a strong bias in social service investment towards the cities, particularly the largest cities. The RDP programme, with its emphasis on equity and transparency, may well force this issue to be confronted. Significant reverse flows of investment finance and consequent improvements in rural living conditions may slow rates of out-migration.

A sixth set of factors relates to the historical commercial farming areas. Here two conflicting forces are likely to be operative. On the one hand, reduced subsidies to the (largely white) commercial farming sector are likely to accelerate processes of land consolidation and absentee ownership, thereby reducing rural densities. On the other hand, state-promoted land redistribution policies incorporating small-farmer programmes could increase densities substantially, where these occur.

There is also a range of additional locally specific factors which may affect the future of particular small settlements. These factors include sustained drought and absolute water shortages, political violence, settlements based almost solely on industrial decentralisation



incentives, and administrative towns, the economies of which are strongly underpinned by bureaucratic salaries.

## 10. Characteristics of small towns

Perhaps the most striking characteristic of small towns as a sector is their variability - generalisations are thus both difficult and dangerous. Nevertheless, there are some characteristics which, while not ubiquitous, are certainly widespread and have important implications for development programmes:

1. There is a dual demographic structure, with a slow growing or even declining group of whites and a much bigger, rapidly growing black population.
2. Levels of poverty and unemployment are very high - the latter exceeds 50 per cent in many cases.
3. Small towns contain a larger proportion of the young and the aged than cities, and have less skill and income variety than larger centres (CDE, 1996).
4. In terms of the black population, there is a high incidence of female-headed households, with husbands frequently working elsewhere. Dependency ratios are high, including both children and the elderly. In assessing town economies, therefore, the concept of the survival unit is an important one.
5. Literacy, educational and skills levels are low, particularly among the black population.
6. The structure of the economy is simple and primarily service-oriented, with limited economic diversification or specialisation. As a result, these towns economically vulnerable. Economic units are frequently branch firms or small, purely local concerns.
7. Backwards and forwards linkages into the surrounding hinterland are generally weakly developed, although this may vary. The weakest linkages are found in towns in the ex-homeland areas. Here, there has been no balance over time between increasing agricultural productivity and non-farm activity - a non-farm settlement system has been imposed on an agricultural base of minimal productivity (Dewar & Dewar, 1990).
8. In terms of physical form, towns are highly fragmented on racial grounds, with most economic activity and social service delivery occurring in the historically white areas. Residential integration is occurring very slowly in the white areas but is much greater in homeland towns.
9. Economic integration in towns in the historically white areas is occurring much more rapidly than residential integration and frequently takes the form of a 'dual' economy: a formal, white-controlled economy alongside an informal, black-dominated one. The economic base is overwhelmingly commercial and service sector-dominated. Manufacturing development is weak.

10. Investment in utility and social services in the black areas has been neglected for decades. There are serious shortfalls of essential services such as schools, clinics, crèches, community halls and playing fields.
11. The internal fiscal bases of the towns are seriously insufficient to tackle investment shortfalls rapidly. The recent political unification has significantly increased the size of the demand base (by up to ten times in some cases), without significantly increasing municipal revenue. Minimum essential maintenance, let alone expansion of the service net, is likely to be a major issue, particularly since non-payment of rates and service charges is frequently a problem. This issue is of profound significance and is intimately linked with the central theme of small town development. There is little doubt that radical revisions to existing fiscal practices will have to occur within the near future. Important debates are currently occurring around ways of combating the burgeoning fiscal crisis, across the full spectrum of relevant issues (see Solomon, 1995). These include
  - \* ways of increasing and diversifying sources of revenue (eg, more efficient valuation and collection of property taxes, piggyback income tax, piggyback valued added tax, levies, boundary expansion and rationalisation, increased user charges, greater use of economic services to generate revenue, more efficient revenue administration, and greater use of community processes in tax collection)
  - \* the mobilisation of external sources of financing, through greater borrowing and grants, municipal bonds, and so on
  - \* increased efficiency in collection and spending, including issues such as achieving cost containment, increasing institutional capacity, better use of staff, diversified mechanisms of service delivery, good management, improved budgeting and reprioritisation
  - \* redefining local authority functions, particularly with a view to divesting non-essential, expensive functions and promoting privatisation.

The three interrelated issues of capacity, non-payment and finances lie at the heart of the small towns problem. It is essential, therefore, that the government does not ignore these issues when it embarks on major national campaigns.

12. There are deep, historically generated, political cleavages and distrust between the white and black populations and politicians, and little serious thought has been given to the future developmental base of the small towns. Most current investment actions are reactive, rather than proactive.
13. Institutionally and organisationally, local authorities tend to be weak. Moreover, their organisational structure and management culture are geared to maintaining the status quo, rather than to development. This issue of capacity is of considerable significance and raises two particular points which are central to small town development programmes. The first is that, where capacity does not exist, it must be built: developing skills lies at the forefront of the development challenge. The second is that it may not be possible to build local capacity in every case. It may be necessary, in the short term at least, to concentrate capacity-building efforts at the district level of government.



## 11. The issue of settlement classifications

The question that must now be raised is whether or not, in situations of considerable diversity, it is possible or useful to attempt to develop a generic classification of small towns in South Africa.

There are serious conceptual difficulties associated with settlement classifications. As Robson (1975: 4-6) cogently argues, it is impossible to define settlements as 'first-order objects of study'. Consequently, conceptual clarity can never be achieved and there will always be blurring.

Since a classification must clearly be informed by the purposes for which it is intended, the implication is that the taxonomy here should be developmentally orientated. This raises particular difficulties, for it introduces implicit normative questions. For example, an orientation based on economic growth would yield a different classification from one based on needs or distribution. Additionally, from a developmental or applied perspective, there are major difficulties with the application of rigid, bureaucratically applied models or approaches to developmental issues. The international developmental record over the last ten years shows that such approaches inevitably create serious problems (Dewar et al, 1986) and frequently lead to the misapplication of resources. Holistic, contextually informed judgement is always required. At best, therefore, classifications can only be used as initial guidelines.

Methodologically and conceptually, there are numerous approaches to and techniques of settlement classification. The main criteria or combinations of criteria most commonly used are size, function, form, structure and location.

A number of classifications of settlement in South Africa have already been attempted. These have been primarily of two kinds: those which are formally or locationally descriptive and which, by definition, cannot be predictive in terms of potential; and those which focus on functional base and which attempt to locate settlements on a continuum from rural to urban<sup>1</sup>. Perhaps more important for this discussion than conceptual difficulties, however, is the fact that these forms of classification have almost no applied value in terms of directing investment or policy.

There have been at least three recent attempts at settlement taxonomy within a policy milieu. Watson et al (1994) suggests the following framework for the rural housing issue.

*1. A conceptual critique of the main classification attempts is provided elsewhere (Dewar & Dewar, 1990, Appendix D) and is not repeated here.*

Growth type	Density	Agricultural base	History
Limited/No settlement			
Ameliorative action	Higher	<div> <div>Homeland</div> <div>Commercial</div> </div>	<div> <div>Older</div> <div>New/Forced</div> </div>
	Lower	<div> <div>Homeland</div> <div>Commercial</div> </div>	<div> <div>Older</div> <div>New/Forced</div> </div>
Areas of growth	Higher	<div> <div>Homeland</div> <div>Commercial</div> </div>	<div> <div>Older</div> <div>New/Forced</div> </div>
	Lower	<div> <div>Homeland</div> <div>Commercial</div> </div>	<div> <div>Older</div> <div>New/Forced</div> </div>

Kiepiel (1994), in an attempt to identify potential and informed by earlier work of Dewar (1990) takes a more locational approach. He defines settlements in terms of a hierarchy of access:

- \* within 5 km of a major industrial complex;
- \* in or abutting a town;
- \* within 15 km of a town or major complex and within 1 km from a major road;
- \* within 15 km of a town or major complex and more than 1 km from a major road;
- \* more than 15 km from a town or major complex and within 1 km from a major road;
- \* more than 15 km from a town or major complex and more than 1 km from a major road.

The CDE (1996) distinguishes between towns in commercial farming areas, former homeland small towns, and dense homeland settlements (which lack services and facilities and which are primarily concentrations of landless and often displaced people).

All offer useful hints but are perhaps too loosely tied to the dynamics of regional and small town development.



Arguably, the most useful form of conceptualisation focuses on the issue of economic base and economic and social linkage for, as will be discussed further below, this is the key to using small town programmes to further broader objectives of rural development.

The following taxonomy is suggested:

**(1) *Special purpose towns.***

These are towns which came into being exclusively to perform particular limited functions or to exploit particular resources. Linkages to their spatially contiguous hinterlands are frequently relatively weak and their future depends on the future of the resource or function. Locationally, because of their specific nature, they are less affected by general patterns of accessibility. A special case of this type of town are transport-based towns, for example, railhead or rail junction towns. The future of such towns is strongly tied to a particular movement technology (which can change) and to the maintenance of route alignments. Relatively small changes in these two aspects can dramatically affect the future of the town. Other towns have linkages with their contiguous hinterlands and their futures are strongly affected by conditions in those hinterlands.

**(2) *Small towns within the zone of influence ('force field') of metropolitan areas.***

The economic base of these towns is highly diversified, containing both urban-based and rural-based functions, but with urban functions predominating. The propensity for attracting footloose urban functions is greatest in these towns.

**(3) *Small towns within the zone of influence of large cities.***

The essential difference here is one of degree. Again, the economic base is diversified between urban and rural functions but there is a greater balance between the two. Frequently, these towns contain agro-industries.

**(4) *Small towns in commercial agricultural regions.***

Here, the economic base is primarily, though not exclusively, agriculturally directed. The towns supply agricultural back-up services (fertiliser, equipment, etc), financial services (credit), social and administrative services and, very importantly, marketing functions to the rural hinterland. They also provide significant local markets for agricultural products, thus encouraging local agricultural diversification.

**(5) *Small towns in zones of transitional commercial agriculture.***

Here, linkages between town and hinterland are weaker and social service functions tend to predominate over productive services. In policy terms, conscious efforts are required to strengthen linkages, particularly with regard to marketing.

**(6) *Small farms in subsistence or partially subsistence farming areas.***

Here linkages are particularly weak. The countryside provides little for the town; the town mainly provides some social, commercial and administrative services for the hinterland.

Potentially, however, the town offers a market to small producers and agricultural diversification is required to encourage processes of strengthening links.

Towns in each descending taxonomic group, therefore, are characterised by successively weaker economic linkages and less diversified economic bases.

Because of the link between access and economic potential, it is useful to distinguish within each category between towns on transport routes of national significance, towns on transport routes of regional significance and towns served by local transport routes only. A further subdivision can be made on the basis of the nature of route-surfacing. The degree of accessibility of any settlement is powerfully affected by whether or not it is served by public transportation. This in turn is influenced by the surface and order of the roads. Non-tarred roads frequently become almost impassable in winter and the condition of lower-order routes which are subject to washaways and severe erosion is invariably poor almost all year round. Public transport operators are not prepared to subject either buses or Combi taxis to these surfaces and people in peripheral areas frequently have to walk very long distances (often in excess of 15 km) in order to reach a public transport connection. In times of emergency (eg, acute illness) distance can become an issue of life and death. At all times, direct movement costs are crippling and additional indirect costs affect almost all dimensions of life.

	National routes	Regional routes	Local routes
Metropolitan zones			
Large city zones			
Commercial farming zones			
Transitional farming zones			
Subsistence farming zones			

There are a number of advantages to this system of classification:

- \* It focuses on linkage, which is the developmental key to using small towns as an instrument of rural development.
- \* It reminds that linkages, and therefore development potentials, are both qualitatively and quantitatively different in different zones.
- \* It suggests towns of greatest growth potential or, conversely, of greatest required effort.
- \* It reflects structurally different economic bases of towns.

It is important to re-emphasise that no taxonomy can be used uncritically or definitively. Nevertheless, the process of classification forces the assessor to identify the nature of the economic lead sectors and their probable futures, location, the 'force field' status of the town and the relationship (linkage) between the town and its hinterland. These, in turn, go some way



towards identifying potentials or 'change-status' factors; that is, propensities to grow or decline.

Significantly, by focusing on economic linkage, this taxonomy excludes the phenomenon of 'closer' or 'dense homelands settlements'. These settlements, although frequently quite large, are not towns in the proper sense of the term: they have no economic base and are largely dependent on welfare payouts and migrant remittances. While, on welfare grounds, they cannot be ignored, they pose a total different policy issue and require separate attention.

## **Part Three: Some lessons from the past and directions for the future**

A number of important lessons and conclusions can be distilled from this review of small settlement dynamics and policies in South Africa:

### **12.1 Policy**

Although there has been large-scale interference in the settlement system in South Africa historically, there is currently no consistent national policy which integrates economic, social and spatial objectives relating to the settlement system. It is important to develop such a policy, and in particular to review continuously the spatial and environmental implications of economic policies and the economic implications of spatial policies. These can easily become divergent, with profoundly negative consequences.

### **12.2 Restrictive policies**

Restrictive policies; that is, policies which attempt to promote growth in one place by preventing it from occurring elsewhere, almost inevitably have negative consequences and should not be used. In particular, non-voluntary population relocation should be avoided to the greatest degree possible.

### **12.3 Dynamics**

Grand, settlement-driven national and regional planning should be avoided. Dynamics affecting the settlement system are always complex and they are variable over time. Rather than attempting to fly in the face of these dynamics, it is necessary to manage the settlement system within them. This does not deny the importance of sensitive spatial regional plans. Such plans should not, however, take the static settlement-based forms of the past.

### **12.4 Context**

Static 'blueprint' approaches to spatial planning (eg, rigid central-place hierarchies) will almost inevitably fail since spatial dynamics, too, are complex and variable. When engaging in the provision of regionally focused and scaled services it is necessary to consider the system of service in context, around specific criteria of balance, equity, convenience, efficiency and sustainability, rather than attempting to focus on static categorisations of towns.

## 12.5 Objectives

Clear, consistent objectives and carefully targetted policies are necessary. General, ambiguous national or regional plans will almost certainly have unforeseen and negative consequences.

## 12.6 Applicability to South Africa

A good case can be made out for a small town programme in South Africa, and is based on the following main grounds:

**12.6.1** These towns are home, collectively, to a very large number of people and they have a direct impact on a great many more. Many towns are also located in the heartland of the areas of greatest need in the country. They can therefore act as important nodes in both town and rural development programmes and operate as conduits for the distribution of welfare support to the most destitute areas. It is therefore important in the interest of national development to maximise the potential of such towns.

**12.6.2** There is also the issue of investment balance. Although South African literature lacks detailed empirical analyses of the distribution of public investment, there is little doubt that a powerful dimension of 'large-city bias' is present in current South African policy-making. It is in large part caused by the dominant reactive, crisis-driven approach to public management, rather than through any conscious decision-making. If continued unchecked, it could contribute to the unnecessary destabilisation of parts of rural areas. A targetted small town programme, as part of a general approach to promoting rural development, represents one direct way of combating such bias, although it should not be pursued in isolation. However, a small town programme should not be seen as a way of competing with, or artificially opposing, larger city growth. It should be seen as a supplementary policy in a cohesive and complementary set of policies.

**12.6.3** Rural development must become a very significant focus of development policy and small towns have an important role to play in this regard. A balanced assessment of South Africa's current and future development path must conclude that land is an invaluable resource, not just as an important contributor to economic development but also as an absorber of population. As the population continues to grow, land will have to be used more intensively to accommodate people productively and small farmer programmes will become very important. Obviously, the degree to which intensification is possible will vary: the ability to reduce farm size is determined, amongst other factors, by risk which in turn is profoundly affected by environmental factors such as rainfall.

Generically, however, two different types of programmes need to be considered: new land redistribution programmes within the current commercial farming areas; and programmes targetted at increasing productivity in the ex-homeland areas. Difficulties facing the latter, where much of the agricultural activity is of a weakly supplementary type, are considerable. The complex set of obstacles - which vary from place to place - include the institution of migrant labour, conflicting marketing systems leading to flooding of local markets, rural



overcrowding, necessary attitudinal changes which may be in conflict with existing political systems, complex tenure systems, and the inadequate provision of back-up services (Dewar et al, 1984b). A necessary part of any programme of increased productivity is efficient marketing and the provision of essential back-up services (eg, skills, advice and credit), and the two must be developed simultaneously. It must be emphasised that internally focused small town programmes are not sufficient in their own right to promote rural development, nevertheless, they are a necessary component of such development and should be consciously designed in conjunction with their hinterlands.

**12.6.4** With increasing economic globalisation, the local scale is becoming increasingly important in economic planning. Small towns are a logical economic focus in regional space.

**12.6.5** Facilities and infrastructure in small towns represent important forms of historical or sunken capital investment. It is important to make maximum use of this.

## 12.7 Reconstruction

The increasingly coincident international view is that internally generated small town programmes have the best chance of success in many parts of Africa. As Fair (1991: 463) observes, 'a renewed attempt at rural development, much of it thanks to pressure and aid from international agencies and donor countries, is now underway in most of the (African) countries dealt with here. The elements of the strategy include intensifying agricultural productivity, placing heavy emphasis on the smallholder as the chief source of both food and cash crops, devaluing currencies and increasing producer prices, improving the quality of life in the rural areas by the provision of social and marketing services, encouraging the establishment of agricultural and other processing industries based on local natural resources, and the integration of rural and small town economies in a symbiotic partnership involving small-scale and informal rural and urban enterprises'.

These small town programmes should not primarily be seen as the creation of new settlements but as part of an integrated development programme focusing on existing settlement patterns involving urban and rural reconstruction. The focus of the programmes should be on mobilising the full potential of existing settlements. Small town programmes, in this sense, have four essential elements:

**Economic reconstruction:** This involves the promotion of rural and off-farm employment and income generation, through

- \* small business programmes based on entrepreneurial promotion
- \* small farmer programmes
- \* adding value to local resources
- \* processes of urban growth, particularly via the construction and service sectors.

**Social reconstruction:** This entails building a common sense of purpose in historically deeply

divided towns and initiating programmes to tackle decades of shortfalls in terms of social services (eg, school and clinic building programmes, adult education, literacy programmes, skills transmission, and child care). The relatively common characteristic of a rapidly growing black population places the issue of skills transmission and of the nature and quality of education central to successful small town programmes.

**Urban reconstruction:** The gradual integration of spatially divided, highly inefficient and inconvenient settlements is involved here. New growth is used to improve the efficiency and convenience of the settlement as a whole. However, a certain amount of voluntary relocation may also form part of the equation. Recent work (Dewar & Todeschini, 1996) indicates that in places it may be a far cheaper option to assist households to relocate from fragmented outlying areas into the main fabric of the town, than to attempt to provide essential services to the outlying fragments. An important dimension of housing policy, therefore, should be a relocation subsidy set at a higher level than the existing capital subsidy, in order to encourage relocation. This subsidy can be mobilised in cases where it can be shown that relocation is the cheaper option and where people are prepared to relocate.

**Rural reconstruction:** Rural reconstruction deals with the forging of much stronger linkages between town and hinterland. It encourages agricultural diversification around small towns through gearing production to meet local needs.

## 12.8 Characteristics of programmes

Programmes of this kind should reflect a number of characteristics:

- \* They should be initiated locally. International experience indicates that there is no one way of initiating programmes of this kind. They have been initiated by the small towns themselves, by central or provincial government, the private sector, an association of towns, NGOs or CBOs and tertiary educational institutions. The central point is, however, that the towns must buy into the process at an early stage.
- \* They should be individually designed to maximise the particular potential of the town and its hinterland - they should not all be the same.
- \* They should be entrepreneurially based. They should promote entrepreneurial attitudes and be driven from the bottom up. Initially, at least, this means that their focus must be on small business promotion.
- \* As well as seeking exports, they should seek to meet local needs locally.
- \* They should add local value to local resources.
- \* They should promote locally relevant skills and technologies.
- \* They should consciously use social programmes which are aimed at improving living conditions (eg, housing and social facilities) to create jobs and to circulate income widely within the local region.



It is important to distinguish between town development and local economic development. Town development relates to the day-to-day expansion, management, administration and maintenance of the physical urban fabric. Appropriately, these functions should be subject to political scrutiny and control. Local economic development, on the other hand, has as its focus economic growth. Internationally, towns and cities tend to move away from urban managerialism towards urban entrepreneurialism, but it is important to recognise that this requires a totally different mindset. Further, there is a real danger that economic programmes may become the target of political hijacking if they are too closely tied to the political system. Promising programmes are sometimes put on hold or even abandoned because of politicians who, if they cannot control the initiative, go out of their way to stop or obstruct it. It is therefore sensible, particularly at this historical juncture in South Africa where a new political dispensation is haltingly taking form, to create institutional space between the two and to give small town programmes an independent institutional form.

Clearly, the precise nature and emphasis of these programmes would vary from town to town. They need to be planned around the contextual specifics of the town. Nevertheless, in order to provide an indication of the nature and potential of such a programme, a review (undertaken for the Stutterheim Development Foundation in 1994) of an ongoing initiative in Stutterheim in the Eastern Cape region of South Africa, is reproduced in Appendix A.

## 12.9 Periodic markets

In many parts of the ex-homeland areas, where settlement patterns are expansively diluted, many people do not live within convenient range of urban centres supplying a range of functions and services. Here, periodic markets may have a particular role to play. These markets commonly operate in rings, usually of six or seven markets, and the market function rotates daily around the ring. The principle is to bring goods and services closer to the people - as opposed to bringing people to the services - albeit on a non-permanent basis. In effect, these markets operate as incipient small towns: if demand builds up sufficiently, some of them may become permanent.

Periodic markets perform a number of functions, which are discussed below.

**Marketing:** These markets enable small, often erratic, surpluses to be marketed over a larger area, and cumulative surpluses to be disposed through the regional system. They therefore lower transaction costs for both producer and purchaser and thus encourage diversification of the agricultural productive base.

**Service delivery:** Important services such as libraries, health, banking, credit, post and telecommunications become available to communities in which thresholds are too low to warrant permanent provision. A very important form of periodic service in South Africa is pensions pay-outs, as this injects significant amounts of finance directly into the market system.

**Manufacturing:** Opportunity for small-scale manufacturing can be provided at the market site.

**Information:** The market offers a valuable vehicle for diffusing essential information (eg, agricultural advice services, technology possibilities, building). It provides an important channel of communication between various levels of state and a rural population which is otherwise difficult to reach.

**Culture and entertainment:** This is an essential dimension of the market. Local talents are discovered and brought to wider community audiences, events that would not otherwise be accessible to local communities are imported, and socially relevant information is transmitted. Through entertainment such as movies and sports events, people are attracted to the market.

Periodic market systems work well when a small town provides a nodal fix in the system. An experimental initiative by the National Markets Society to establish three such rings in South Africa (in the Eastern Cape, the North West and Bo-Peddie) is currently underway and should be carefully monitored.

Spatially, when taken in conjunction with initiatives to coordinate line services (eg, roads, piped water, electricity), point services (eg, schools, hospitals) and existing small towns, the periodic market system offers an important way of restructuring the countryside and thus encouraging economic reconstruction (see Diagram 1).

## 12.10 Resources

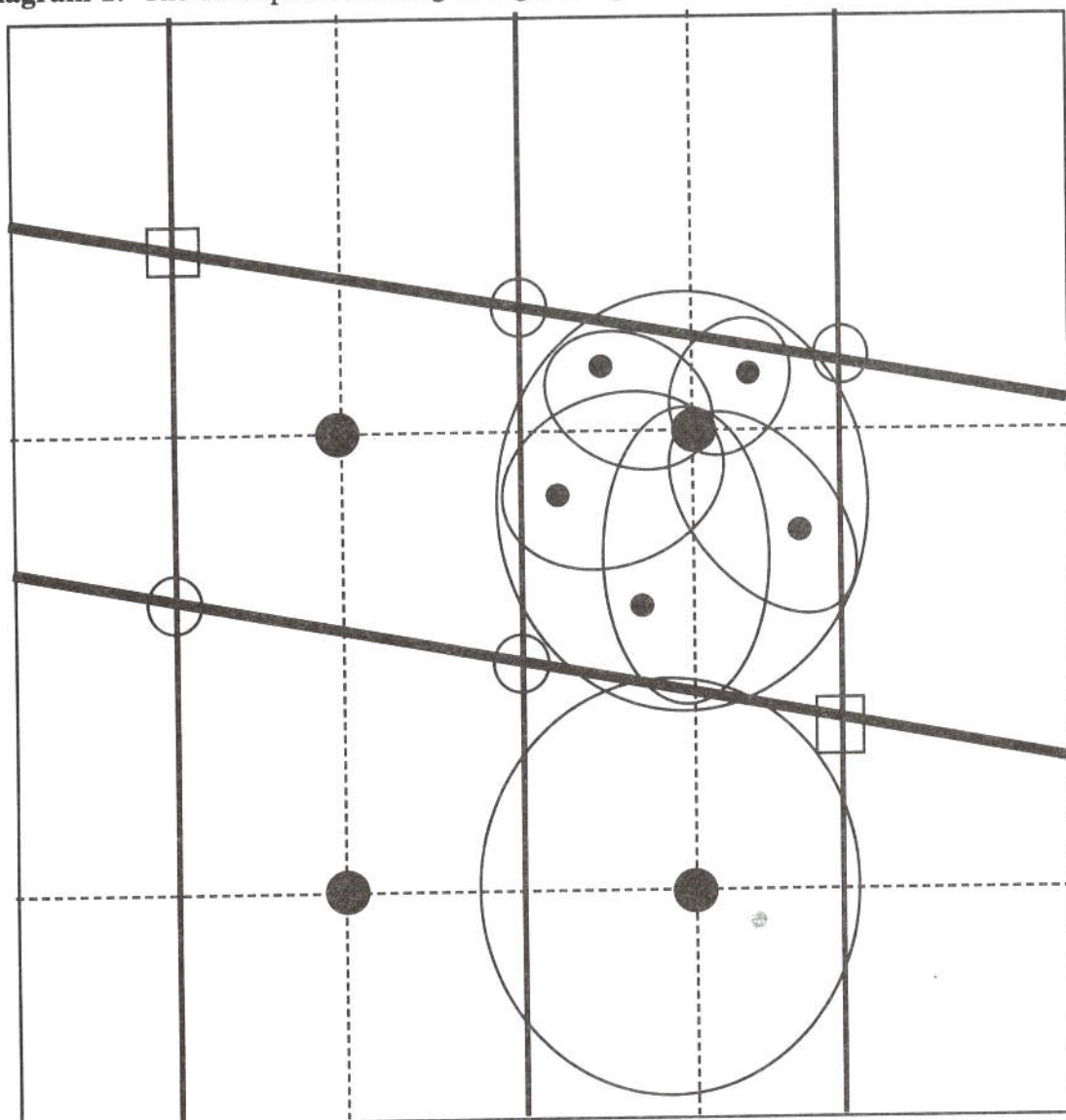
It is apparent that small towns cannot undertake ongoing development initiatives exclusively utilising their own funds. Following political integration, their needs base has expanded massively while their revenue base is in many cases static or shrinking. Merely undertaking essential maintenance of existing infrastructure may prove problematic. There is therefore a strong case for a national policy relating to small towns. The policy should not attempt to impose a standardised set of actions or approaches on all towns, but should be sensitive to self-generated initiatives.








Such a policy should contain a number of measures:

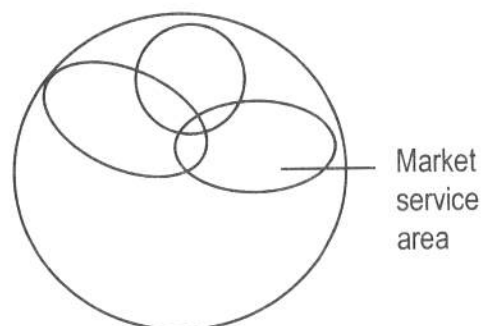
**12.10.1** There should be a national fund, to which small towns can apply for funding of self-identified, carefully motivated, development-based projects. Once developmentally positive processes have taken root, towns should also be able to apply to the fund to partially finance the process, on a joint venture basis and subject to careful and critical review. Maintaining and accelerating processes of this kind is energy-consuming and after a time requires full-time commitment.

This raises the question of how priorities should be determined. Probably the best way at present is on the basis of self-selection. The state should back projects which have a high probability of success and should therefore adopt the principle of rewarding winners. The critical factors affecting the probability of success are organisation and leadership. Projects generated through well-organised and strongly led initiatives should therefore take priority. A major advantage of this approach is that it will encourage essential organisation.



**Diagram 1:** The conceptual ordering of regional space

-  1st order road
-  2nd order road
-  3rd order road
-  1st order town
-  2nd order town
-  3rd order town
-  market sites



In the short term, it is also important to integrate a small towns programme with the recently launched pilot land projects and other agricultural initiatives. There is considerable scope for small towns to tie into the recommendations of the 1996 Green Paper on South African Land Policy (CDE, 1996). Many displaced farmworkers living in small towns retain an interest in farming. Studies have indicated that many black peri-urban dwellers expressed an interest in farming, if they had access to more land. As the Green Paper correctly states, encouraging various forms of small-scale farming around small towns is a logical route to follow. Small town development in the former 'white' countryside, and the associated promotion of small-scale black farming in their vicinities, are both potentially complementary and politically feasible.

**12.10.2** Provincial governments should allocate resources and establish a small team and budget to promote and facilitate small town development (CDE, 1996). Two major problems which small towns face are isolation and a lack of capacity. Functions of the small towns team would include promoting small town programmes, building capacity, educating local leaders about potential sources of line funding, assisting the drafting of applications, and monitoring towns in terms of their growth and development performance, desegregation, spatial unification and the utilisation of facilities.

**12.10.3** A small town institute should be established to support the towns with information, training, lobbying and other skills (CDE, 1996).

**12.10.4** A small towns network should be established to share information and ideas and to lobby for their fair share in the national allocation of resources (CDE, 1996).

## **12.11 Policy consistency**

Small town development should be seen as a long-term process and not as a series of individual short-term projects. There is therefore a need for policy consistency over a long period. Settlement policy in South Africa in recent decades has been bedevilled by its highly variable nature.

## **12.12 Rural resource centres**

A rural small town programme needs to be reinforced by certain services which can only be supplied regionally, for example at rural resource centres. A vital factor determining the success of initiatives of this kind is the quality and capacity of leadership. Local leadership therefore needs to be 'grown': there needs to be an aggressive programme of equipping people (and particularly community leadership) with the full range of skills necessary for them to realise their potential.

Rural resource centres, therefore, are places where small groups of people engage in a range of skills programmes over relatively short periods. Such skills include community organisational skills, entrepreneurial and small business training and advice, technical skills (eg, building, woodworking and metalworking), and life-skills. The centres are venues, not bureaucracies, and the programmes themselves may be organised by NGOs. Here people can access information and advice about other forms of available back-up (eg, information about



housing policy assistance, accessing credit). The centres are loci through which national, regional and local government can diffuse information and assistance to grass-roots levels. A particularly important target group in capacity-building programmes of this kind is women: they frequently are at the heart of the economic survival unit and often play important leadership roles in rural communities.

## **Part Four: Project appraisal**

### **13.1 The institutional issue**

A particular concern on the part of DBSA officials relates to project funding and the prioritisation of towns in terms of investment assistance. Two points need to be made here. Firstly, the issue is a real one. Given that fiscal resources available for developmental investments are limited relative to demand, hard choices have to be made and it is therefore important to have rational, defensible criteria on which to base these choices.

Secondly, it is clear that the concern itself is reflective of a larger, national problem, namely that of institutional blurring between developmental lending agencies. This indistinctness takes two interrelated forms.

#### **13.1.1 Institutional relationships**

It is useful, when considering developmental finance, to recognise the - albeit blurred and sometimes hazardous - distinction between two types of infrastructural investment: economic infrastructure and social infrastructure. Within this categorisation (and particularly with regard to social infrastructure) there is a distinction between basic needs and discretionary finance, which essentially relates to increasing levels of convenience and service. Similarly, there are distinctions between institutions best suited to fund different forms of investment, namely state, parastatal and private institutions. These institutions comprise an investment continuum but adopt different attitudes with respect to risk and emphasise different criteria in assessing investment projects. These criteria range from maximising social capital, in the case of state agencies providing grant capital, to maximising financial return, in the case of profit-driven private sector institutions.

Similarly, in the case of state and parastatal institutions, different priorities would be set depending on the developmental paradigm within which decisions are made. For example, different priorities would be set depending on whether national priorities, or the priorities of the investing agency or institution, tend towards satisfaction of basic needs, redistribution or growth. In South Africa, there is currently little clarity about either the roles and relationships of the different agencies making up the investment universe, or about the paradigmatic viewpoint of those institutions. Confusion about prioritisation will remain until these issues are clarified.

#### **13.1.2 Institutional responsibility**

One case reviewed in this assignment describes an application for a water project being made to four different state-institutional organisations. In each case the decisions were taken in total

isolation from, and with a total lack of knowledge about, decisions being made in the others (Dewar & Todeschini, 1996).

Clarification of these issues is a matter of national importance. If large and rapid developmental advances are to be made in South Africa, the forging of institutional partnerships and the spreading of risk are essential. This will prove very difficult, if not impossible, in the absence of clarity about roles.

Similarly, in the case of DBSA, there needs to be greater clarity about its role as a change agent - whether it is essentially a responsive institution or a proactive change agent and, if the latter, what its priorities are in terms of promoting change.

## **13.2 Project prioritisation**

It is clear that no simple mechanical device or approach can be applied to the issue of prioritisation. Since contextually specific factors frequently come into play, each case must be considered on its merits.

Prioritisation has three interrelated dimensions: selection between towns, selection between projects, and maximising the gearing of projects. The prioritisation process consists of two parts: regional scoping, and consideration of a developmental schema.

### **13.2.1 Regional scoping**

As the first sieve of selection, regional scoping rapidly identifies factors which rule out particular projects or which clearly advance one application over competing applications. It has five central dimensions.

#### **(a) *Reviewing the economic base of the town and its hinterland***

The purpose of this broad assessment is to determine whether the factors underpinning the lead economic sectors are likely to change dramatically (eg, the realignment of a transport route), thereby significantly and negatively affecting the economic fortune of the town. As a general principle, discretionary investment should not be directed towards towns in which the economic fundamentals have changed essentially and negatively, unless the investment could arrest or reverse that decline. (In this assessment, the taxonomy suggested in Section 11 of this report, as well as concluding comments in Section 9.3.3, may prove to be useful.)

#### **(b) *Probing the issue of centrality***

If the project application is regional in its scope (that is, if the proposed service serves more than one town) or if it is not part of the infrastructure of all towns, it must be determined whether the town in question is the best location for the facility. This type of issue will become increasingly important, as financial constraints determine that more needs have to be met regionally. Generally, when dealing with competing towns, the town which serves the greatest unserved threshold (taking the location of its nearest competitors into account) is the appropriate location. Simple gravity modelling should indicate this.

#### **(c) *Evaluating the extent and nature of need***

If two similar projects are being considered, the one meeting the greatest unserved need



generally takes priority. If the projects are different, the one which is most significant - in terms of either basic or productive needs - should be given preference. It would be useful to develop coefficients of need for different services in towns making up DBSA's jurisdictional regional areas, in order to provide a rational and transparent base for decision-making.

**(d) *Evaluating the form of need***

In the face of growing financial constraints, it is becoming increasingly difficult to meet needs through conventional - and currently largely unquestioned - forms of delivery (eg, large engineering solutions to water capture and distribution). The scoping exercise should rapidly review alternatives and thus open up early negotiations with prospective clients about how the needs should be met.

**(e) *Assessing environmental impact***

This requires a rapid review of projects, in order to ascertain whether there are obvious negative impacts associated with the project which immediately rule it out in terms of more detailed consideration.

### **13.2.2 Application of the developmental schema**

As stated, three dimensions are related to the issue of prioritisation: selection between towns, selection between projects, and the issue of gearing. It is useful to consider these issues in terms of a developmental schema.

Two points need to be made here. Firstly, the schema has deliberately been designed to be paradigmatically neutral and it draws from a range of paradigms. The weight given to different criteria will obviously vary, depending on the paradigmatic position of the lending institution. The schema should therefore be refined in accordance with the institution's position.

Secondly, operationalisation of the schema should not, in the first instance, be the lending institution's responsibility. Rather, it should be used as a guideline to structure the application of prospective clients for financial assistance. Used in this way, it will help local authorities and other institutional borrowers to consider a wide range of developmental issues and to refine their project designs. It thus becomes a proactive and educational tool.

**(a) *Selection between towns***

Faced with a choice between towns, it would be erroneous, and indeed dangerous, to rely on a simple formula for selection. A range of factors need to be balanced: need, efficiency, sustainability and regional and national balance. It was argued above that the central development issue facing small towns is maximising their development potential and that this potential is not the same from town to town. By only favouring economically stronger, larger towns, the potential of smaller places is ignored and spatial imbalance and longer-term inefficiencies may well be promoted.

Nevertheless, there are a number of criteria which should be considered in the process of selecting between towns.

**(i) *Ability to meet financial commitments***

The town must be able to meet the commitments imposed by the financial assistance being

applied for, whether that assistance takes the form of grant, a soft loan or a loan fixed at commercial rates. Clear policy directives laid down by the lending institution about the form of assistance available will ensure equity nationally.

**(ii) Institutional and organisational capacity**

The town must be able to demonstrate that it has the institutional and organisational capacity to carry out and to maximise the potential of the project in question. In this regard, it is useful to distinguish between four types of community characteristics:

**Broad-based vs localised initiatives:** A significant factor in assessing investment applications is the degree to which initiatives have broad-based, grass-roots support and the degree to which they are compatible with local capacities. Internationally it has been found that projects are frequently initiated by relatively vocal, localised community elites, purporting to speak on behalf of the community at large. The projects then either founder or are appropriated for the elite's own interests at a later stage. Projects which have the genuine endorsement and participation of the majority at grass-roots level, and whose design is capable of being inclusive, have much higher success rates.

**Strong vs weak organisation:** The implementation of development initiatives requires a high degree of organisation and this issue needs to be consciously addressed. Particularly, job responsibilities must be clearly defined and lines of reporting must be unambiguous. A great many development projects have failed owing to blurring of these issues.

**Strong vs weak leadership:** A vital factor affecting the success of projects is the calibre of leadership. Development projects and initiatives require considerable amounts of energy and organisation, and good leadership is essential. However, the leadership must be accountable and this accountability must be regularly demonstrated.

**Willingness vs unwillingness to contribute:** A very important issue in South Africa at present is the willingness of communities to contribute (either financially or in terms of effort) to the sustained success of a project. Breaking down attitudes of dependency is essential to success.

Within this broad rubric, it is also necessary for the town to demonstrate technical competence and the capacity for sound financial management.

If these community characteristics are not in place, it may be necessary to provide organisational, institutional and capacity-building assistance before financial assistance is provided. Conversely, towns exhibiting positive community characteristics should be favoured over those which do not.

**(iii) Promoting spatial efficiency**

Historically, regional and national settlement patterns in South Africa have been distorted through the influence of politically, as opposed to economically, motivated forces. This has resulted in considerable inefficiencies. While the prospect of a further round of non-voluntary relocations (for whatever motives) should not be tolerated, it is nevertheless important not to entrench, through injudicious investment, distorted patterns which may well normalise themselves over time. It is important that the Bank, as a change agent, operates proactively around this issue and that prospects for normalisation are investigated for all projects. Failure to do so will simply entrench a wide range of long-term costs.



#### **(iv) Economic potential**

As a general principle, discretionary investment should not be channelled to towns which reflect long-term economic or demographic decline, unless the investment is of such a nature that it can arrest the decline and unless it is strategic to do this. Economic stability should be assessed in terms of three main issues:

- \* The future prospects of the leading or basic economic sector - this is particularly important in terms of special function towns and forms an important component of the initial regional scoping exercise
- \* the degree of economic diversification
- \* location - here the classification outlined in Section 11 is useful. Although it cannot be argued that a town in one category is intrinsically better suited for investment than those in others, the taxonomy does provide an indicator of potential economic diversification and propensity for growth.

#### **(b) Project selection**

Appropriately, projects should be selected on the basis of cost-benefit analysis, primarily involving the criteria of fiscal, economic, social, environmental, institutional, organisational and political costs and benefits. In cases where costs outweigh benefits, assistance should not be granted. In the case of competing applications, projects with the most positive cost-benefit ratio should be favoured.

The importance of undertaking this cost-benefit exercise goes beyond assessment. It also ensures, through consciously addressing these issues in project design, that maximum benefit is generated through the investment.

There are, however, a number of important project characteristics which are useful in a pre-screening exercise:

##### **(i) Increasing supply vs spreading distribution**

In regions with few resources, a fundamental distinction should be made between supply-increasing as opposed to distribution-spreading investments. Investments which increase absolute levels of potential supply are the most important. These are, for example, investments which interconnect water systems, thereby opening up to regions hitherto inaccessible sources of supply, or connections into the national power grid to create a regional potential for electrification.

##### **(ii) Welfare vs productive services**

Another basic distinction is between welfare and productive services. Simkins (1990) is undoubtedly correct when he argues that 'when it comes to considering levels of service, the relationship between infrastructural services, services directly supporting productive activities and household incomes is of the first importance. Especially in a period of low economic growth, the consequences of pumping infrastructural services into situations where household

incomes are very low and there is little scope for the development of productive activities will be a waste, in that facilities will be provided in areas of high out-migration and fiscal crisis and it will be impossible to provide these services without high levels of state subsidy'. However, it is necessary to attach a qualification to this statement.

The distinction between 'welfare' and 'productive' services is not always a clear one. On the one hand, certain services which may be regarded as 'welfare' in the short term (eg, health care or water) are necessary conditions for sustained longer-term development. Judgements about investments of this kind need to be made in the light of other factors. A useful subcategory is that between convenience-enhancing and opportunity-creating investments. This involves the distinction between improving levels of welfare services - such as by providing water reticulation to each housing unit - and placing a hitherto non-existent service within feasible range of a large number of people.

On the other hand, certain services are potentially both welfare and production-oriented. For example, a water retention facility may be used for both human consumption and localised irrigation. As a general rule, the most highly-g geared investments are those which have this dual potential. The issue also has implications for the form of service provision. This dual function should always be promoted, even if it requires some additional expenditure. For example, the water retention facility mentioned above would have even greater impact if it was placed on a high point from which gravitational irrigation was possible, even if investment in a simple pump mechanism was required to achieve this. Similarly, the issue of disposal of wastes (particularly water and sewage) is as important as the supply of the services since settlement wastes can, and should, be used for productive purposes.

### **(iii) *Basic needs vs increasing convenience***

It is impossible, in many parts of South Africa, to ignore welfare investments. Because of the distorted nature of the settlement and the very high levels of poverty, large agglomerations of people exist without access to even rudimentary services. In many cases, their options in terms of voluntarily relocating are minimal and certain welfare-driven investment is warranted on humanistic grounds. The government - via such programmes as the municipal infrastructure investment programme, the bulk and connector infrastructure programme and housing policy - has committed itself to providing a basic level of infrastructural service to all inhabitants. It is important here to distinguish between basic needs investment (which serves previous areas of absolute needs, and particularly in areas impacting on public health) and investments which increase convenience of access. Prioritisation should be determined by absolute need and the scale of demand.

### **(iv) *Generating response vs reactive response***

Generally, historical settlement patterns are fairly resilient: although there is a constant dynamic of change, vestiges of historical patterns tend to endure. In this type of situation, it is unlikely that service investment, as opposed to changes in the space economy, will radically alter the settlement pattern. However, certain services - such as water supply and schools - do have a greater attractive power than others in terms of gathering growth around them. On the



other hand, services such as electricity supply, sewerage or clinics are essentially a response to existing and anticipated demand. The aim should be to use potentially response-generating investments to encourage a more balanced settlement pattern.

#### **(v) Sustainable vs non-sustainable investment**

An important consideration relating to prioritisation and selection is that of sustainability. The concept of sustainability has three dimensions - fiscal, environmental and capacity:

- \* In fiscal terms, projects are non-sustainable when operating and maintenance costs can not be met by users and the project becomes an ongoing fiscal drain.
- \* In environmental terms, the concept refers to projects which are dependent in terms of input on non-renewable resources, the destruction of which causes ongoing environmental degradation; or to projects which, in terms of discharge, release solid, liquid or gaseous wastes and pollutants into local and non-local ground, water and air systems in forms which threaten human and ecosystem health.
- \* In capacity terms, the concept of sustainability refers to a mismatch between project characteristics and the human skills and energy base.

### **13.2.3 Gearing**

An important factor in defining the success of projects is the gearing ratio; that is, the degree to which investments mobilise other resources or elicit a range of responses. It is useful to distinguish between a number of project characteristics in this regard. These should be used by the lending institutions in negotiations with the applicant town, in an attempt to move towards the highest-g geared alternative.

#### **(a) Multifunctional vs single use**

As a general principle, projects should have as many purposes as possible and should promote sharing between user groups, thereby ensuring maximum utilisation.

#### **(b) Set-extending vs isolated**

A lesson which has emerged powerfully from the international development experience of the last decade is that a great many investment programmes in rural regions have failed because the investment occurred as a single, isolated event. Examples are the provision of hospitals or schools without adequate power or water; and the creation of water supplies without the power back-ups that would have increased the impact of the original investment. It is increasingly realised that the most highly geared investments are those which are set extending; that is, they reinforce previous investments (Haggblade et al, 1989; Dewar et al, 1986). Conversely, it may mean that if important parts of a set are missing, these should be included in the project design.

#### **(c) Multiple-resource mobilising vs single impact**

An important approach to investment is to use it to mobilise potentially productive resources. Frequently, these resources will not be competitive in terms of the broader South African economy, but their local potential may be very significant. An important distinction is therefore

made between multiple-resource mobilising and single impact investments. In some cases, the provision of services may have a single impact in terms of mobilising productive capacity. For example, the introduction of water supply may make possible the intensification of agriculture only. In others, the potential impact may be multiple, such as the intensification of agriculture, the production of clay bricks, and so on. Obviously, the greater the multiplicity of potential users, the higher the gearing of the investment.

Resource mobilisation should include resource conservation - certain service investments may be made to conserve threatened resources. For example, electricity may be provided in order to reduce fuel-driven pressures on unique or otherwise valuable forms of vegetation and the concomitant negative implications for soil erosion and river ecology.

A significant dimension of resource mobilisation is fiscal, and priority should be given to projects which mobilise other forms of financing, including subsidy sources.

**(d) *Capacity-building vs capacity-neutral***

An issue of considerable importance in South Africa, where levels of skill are generally low and attitudes of dependence are frequently entrenched, is the degree to which an investment builds capacities which can be used in further initiatives. Projects which transmit skills to local inhabitants, which build local confidence or which incentivise positive behaviour, are particularly important in this regard.

**(e) *Plan-related vs single projects***

Projects which form part of an ongoing, locally developed and widely accepted plan of community improvement generally have a better chance of success and are better geared than single projects undertaken on a 'once-off' basis.

**(f) *Linkage-strengthening vs non-linkage strengthening***

Investments which strengthen linkages between towns and their hinterlands benefit both and are by definition better geared than those which do not.

**(g) *Income-spreading vs income-concentrating***

The process by which projects are undertaken can result in the concentration of income around very few people (eg, the exclusive use of large capital-intensive contractors), or in a much wider distribution of income (eg, through subcontracting or the use of networks of small builders). Although process should obviously be informed by cost, income-spreading investments are generally more highly geared.

**(h) *Labour-intensive vs capital-intensive***

An important dimension of gearing in developing countries is employment generation. Although again governed by final cost constraints, labour-intensive processes are more highly geared than capital-intensive ones.



## **Part Five: Conclusion**

The dominant theme which emerges from this review is that there is an almost total vacuum regarding policy on small town investment in South Africa, both at a national and a project level. Small towns are vitally important in national development: their role as economic planning units is likely to become even more important as economic globalisation accelerates. It is imperative that attempts by local communities and their leaders to improve local living conditions and to promote economic development be facilitated in every way possible. To do this, the policy vacuum must be bridged as, in most cases, the people living in these towns cannot take control of their town's destiny utilising only locally generated resources. What is required is a consistent national policy framework which makes assistance available to small towns, clearly identifies the forms of assistance that are available, clarifies the roles of institutions and rationally articulates conditions which must be met for assistance to be mobilised.

The author trusts that this document will provide one step towards the emergence of such a policy.

## Appendix A

### The Stutterheim experience: A review and appraisal

#### 1. Introduction

Stutterheim is a small, rurally based town in the Eastern Cape of South Africa, a region of approximately 6 million people, of which some 80 per cent are rural. Greater Stutterheim, a community of about 30 000 people, consists of six spatially and racially discrete communities: Stutterheim town (white - 3 500), Mlungisi (black - 8 000), Cenyu (black - 4 000), Cenyulands (black - 6 000), Kubusie (black - 8 000) and Van Rensburg (coloured - 1 000).

In 1990, the situation in Stutterheim was typical, if not worse, than in many other South African towns. Political unrest was endemic, unemployment (about 60 per cent) and poverty were rife, crime rates were increasing, living conditions for many were extremely poor, and the social climate was characterised by suspicion and distrust between races and between communities. Additionally, the economy of the town was dying - a seven-month consumer boycott had closed 14 businesses and was harming businesses and consumers alike. At this time, the mayor and deputy mayor committed themselves to a process of dialogue and development. However, initial overtures to civic organisations were viewed with distrust, and the process broke down and had to be restarted on several occasions.

Yet, tentatively, the Stutterheim development process took root. Over the following three years to date, considerable progress has been achieved. Some 35 projects, covering a wide range of needs and involving investment in excess of R11 million, have been initiated. Moreover, there is a tangible sense of growing confidence and an inclusive feeling of community spirit in the town. There is still a very long way to go but the town is vastly different to what it was when the process began four years ago.

This document seeks to review briefly that experience and to extract from it some of the more important lessons which have been learnt. Its purposes are threefold:

- \* The first is to assist other embryonic development initiatives of a similar kind in the Eastern Cape and elsewhere in rural South Africa. To date, delegations from some 70 small towns and settlements have visited Stutterheim to discuss its experiences. The Stutterheim Development Foundation is committed, in terms of its mission statement, to assist wherever it can in this regard.
- \* The second relates to the national programme of Reconstruction and Development (RDP). It has been suggested by a number of observers that Stutterheim has been engaged in an RDP process for the last three years and is arguably more advanced in this regard than any other rural community in South Africa. The Stutterheim Forum is committed to the concept of the RDP and is eager to contribute to its success. In this spirit, it passes on some of the lessons that have been revealed through the process.



- \* The third is to provide a contextual framework for a more detailed analysis of the Business Advice Centre by the Centre for Developing Business attached to the Business School of the University of the Witwatersrand.<sup>2</sup>

The document is structured into two parts: Part 1 describes the Stutterheim process and some of its achievements; Part 2 extracts some of the major lessons learnt.

## **2. Part 1: The Stutterheim process**

### **2.1 Organisation of the process**

The primary institutional vehicle of the development process is the Stutterheim Forum. This Forum was established to stimulate discussion, communication and negotiation between the communities making up Greater Stutterheim. Each community has formal representation on the Forum, but any individual or organisation has right of access and inclusiveness is encouraged. Through feedback to community and civic organisations, a constant flow of information is ensured throughout the process, which in turn guarantees transparency.

Initially, the Forum, which meets monthly, served as a place to discuss problems and air grievances. Over time, however, there has been a change in emphasis in the nature of discussions. Although problems are still raised, the Forum's primary function currently is to receive report-backs from its committees and to advise and generate ideas.

Since its establishment, four additional outlying rural communities have applied for and have been granted membership of the Forum. These are Wartburg (8 000), Mgwali (12 000), Isedenge (3 500) and Heckel (1 000). The total population of all communities represented in the forum therefore numbers about 55 000.

The catalyst leading to the change in emphasis in Forum discussions - from complaint to advice and idea generation - was the formation of an Urban Development Plan. In 1991, the Forum decided to draft a plan to guide the path of the development process and an external consultant, funded and assisted by DBSA, was appointed to assist with this process.

The plan was drawn up in two parts, both in close consultation with both the Forum and other local institutions and organisations. The first part dealt with problem identification. A problem statement, informed by community representations and by field observation, was drafted, discussed and modified, and then accepted by the Forum. The second part, which followed a similar path, culminating in a workshop, related to the generation of a range of ideas and strategies which could be pursued. These were then grouped and became part of the brief of committees which had been established around specialist areas.

An important decision taken early on in the process was to separate the developmental dimension of the town from its day-to-day administration, as development requires a different

*2. This study is being funded by Bees, who have also provided funding for this framework report. This support is gratefully acknowledged.*

mindset and a different set of skills. One implication of this was that a community-owned institution was required to administer funding. Accordingly, the Stutterheim Development Foundation, which is registered as a Section 21 (not for profit) company in terms of the Finance Act, was established. The seven directors were drawn from the community but serve in their individual capacities.

The real work of the Forum takes place in its nine committees. A tenth committee, the Community Policing Committee on security, which has been proposed by the police, has been implemented. Each community is allowed two representatives on each committee. Once a committee has identified a need and proposed a plan of action, the Foundation approaches donor organisations on behalf of the Forum. Once funds have been secured, the committee is responsible for overseeing its implementation.

The chairpersons of the committees make up the management committee which effectively operates as an executive committee.

The diagram overleaf summarises the organisational structure.

## 2.2 The developmental philosophy

An important dimension of the process has been agreement about the developmental philosophy which guides the work of all the committees. This rests on a number of central pillars.

- (1) Small towns and settlements such as Stutterheim are an integral part of rural South Africa. Their future is tied to the future of their rural hinterlands. A crucial part of the development process, therefore, must be the integration of urban and rural functions so that each complements and supplements the other.
- (2) Development must be people-centred: it is about people, not about things. It is not a short-term event but a long-term process leading to improvements in the quality of life of as many people as possible. Sustainable development, therefore, means growing human capacity, both at community and individual levels, so that people can increasingly take control of their own future. Physical projects ('things') are necessary to improve quality of life but they must be consciously used to build capacities.
- (3) Development is not a condition which can be granted 'from above'; that is, from governments or outside institutions. It must be self-generated and therefore needs to be entrepreneurially driven. It depends on individual and community initiatives.
- (4) Greater Stutterheim, though spatially divided, is one community and the interests and futures of its subcommunities are inextricably interrelated. Both the problems and solutions of subcommunities, therefore, must be owned by all.
- (5) Development must be approached holistically. The development issue of Stutterheim is one of reconstruction, which is required on economic, social and environmental fronts. These fronts must be advanced in parallel, not sequentially.



## **2.3 The committees**

The major achievements of the process to date are best described in terms of the committees which have been responsible for them.

### **2.3.1 Constitutional Committee**

The Constitutional Committee was established very early on in the process to investigate the creation of a single, inclusive municipality. The principle was accepted almost immediately and most debate focused on whether or not to participate in the interim local government arrangements advanced under the Nationalist government. A constitution was legally drafted and discussions were held with the Administrator but ultimately it was decided that the move was premature. Application for recognition under the transitional local government procedures has been lodged and is awaiting ratification.

### **2.3.2 Planning Committee**

In 1990, a planning process was initiated by the municipality and facilitated and funded by DBSA.

A consultant was appointed and charged with drafting the Urban Development Plan. Most of the Planning Committee's early work focused on this plan. Subsequently, ongoing planning and programme implementation have become integrated with the work of each subcommittee and of the management committee.

### **2.3.3 Works Committee**

The brief of the Works Committee relates to the identification and implementation of physical projects designed to improve the quality of life of residents. For approximately three decades, the black communities of Stutterheim lived under threat of removal to the Ciskei and, accordingly, very little investment in the physical environment occurred. The consequence was considerable backlogs in essential services and facilities, such as potable water, sewerage, adequate shelter, education, and social facilities.

In pursuing its brief, the Works Committee consciously seeks to use the process of physical development to economic and capacity-building ends. Particularly, it seeks to capture as much of the income which is invested in the built environment as possible within the local community, thereby increasing income circulation, minimising income leakage and maximising multipliers. To this end, it is committed to using local labour and local materials, and to skills transmission, to the greatest degree possible.

The first major project, the development of 896 new serviced stands in Mlungisi under the IDT capital subsidy system, can be used to describe how these objectives are pursued. Seventeen potential contractors were selected from the local community and were sent to East London on a three-week training course. They were also trained locally in basic business skills. The project was designed to be as labour-intensive as possible and was sectionalised. Contractors appointed their own teams, were allocated a section of the project and were responsible for all

aspects of its implementation. A local consolidation coordination officer was appointed with IDT funding, to oversee the project, to coordinate allocation procedures and, particularly, to liaise with affected communities. The Works Committee performed a supervisory function.

The experience has been a most positive one. Productivity was considerably higher than in projects which had been done previously by the municipality using conventional processes, the quality of work was good and the project was completed well within temporal and financial limits. Importantly, some components of the services, such as the toilets and the corrugated iron shelters which contained them, were manufactured locally. Subsequent rates and levels of consolidation (the erection of superstructures on the serviced sites) have been very high - far higher than in most other parts of the country. Evidence of ongoing building activity and the local production of materials, such as clay bricks and cement blocks, is widespread. The primary reason for the high rates of consolidation is twofold. First, allocation occurred early and the affected community was kept informed about all stages of the development - the role of the consolidation coordinator was very important in this; Secondly, the issue of aid was extensively discussed. The local leadership was successful in convincing people that the one-off subsidy of R7 500 was the only assistance that would be forthcoming from the state and that they had to contribute the rest themselves.

Perhaps the most telling indicator of the success of the project is that the recipients of the 896 stands voted that the R1,2 million surplus after services were installed (and which, in terms of IDT procedures, could have been used towards the consolidation process) should rather be used to provide services in the old, unserviced part of Mlungisi, in order not to divide the community. This work is proceeding.

The process of housing improvement is an ongoing one. While the IDT-funded project was in process, further stands were surveyed, particularly in the Cenyu and Kubusie areas, so that people could at least settle and build in a planned fashion while further funding was sought. Application to service a further 1 500 sites has been made to the Regional Housing Board.

Education facilities are in short supply in many of the communities in the Greater Stutterheim area. Funds have been raised for the construction of three schools and a large crèche of 120 pupils in Kubusie. To implement these projects, 24 local people were sent on plumbing and brick-laying courses in Port Elizabeth and attended entrepreneurial and basic business skills courses locally.

The largest project is a 24-classroom school to the value of R2,4 million, largely funded by the IDT, in Kubusie. The project was again sectionalised and was constructed by ten construction teams. Every dimension of the project was undertaken by local labour, using local materials wherever possible, under the supervision of a project management team from the Works Committee which inspected all work. This project has recently been completed to a high standard. The construction of smaller school and classroom projects (the Kubusie Woolwash School - six classrooms; Zamhukhanyo Farm School Extension - one classroom and a teacher's flat; Kubusie Pre-school) has also been undertaken by local people trained in building skills, with a certain amount of labour being 'donated' by the local community as 'sweat equity'.



Other recent building work includes the erection of six timber-frame 'amakhaya' (pre-school) structures. Locally trained builders also work on private contracts within the Greater Stutterheim area.

The Works Committee has also been responsible for water projects (Cenyulands, Kubusie) and electrification projects (Mlungisi, Cenyulands, Kubusie), on the basis of a prepaid card system.

#### **2.3.4 Economic Committee**

The work of the Economic Committee is strongly driven by an entrepreneurial philosophy, based on the perception that sustainable long-term development hinges on economic growth and that economic growth, in rural areas like Stutterheim, will largely have to be self-generated, in both the rural and the small town sectors. This in no way reflects an 'anti large business' approach: it is simply a realistic realisation that large businesses cannot locate everywhere. The challenge it seeks to address, therefore, is to create a climate in which small businesses can flourish.

For a small business to operate successfully, there are a number of conditions that must be met:

- \* People must develop an entrepreneurial attitude, in that they wish to generate income for themselves and acquire the basic business skills to run small businesses.
- \* People must develop technical skills through which they can add value.
- \* They must have access to raw materials to which they can add value. The mobilisation of local resources is particularly important in this regard.
- \* They require access to viable places to manufacture and trade.
- \* They require access to credit.
- \* They require access to technologies which are appropriate to the context.
- \* They need to access markets both locally and in the broader environment.

The committee has sought to address all of these requirements through two primary vehicles: the Stutterheim Business Information Centre and the Market Society.

##### **(a) Stutterheim Business Information Centre**

The Information Centre was opened in May 1992. It offers a range of services around the needs identified above.

##### **Skills**

It offers an advisory and back-up support service to new and existing entrepreneurs. At present it has 23 long-term clients and receives between five and ten new approaches a week.

It develops and runs, or facilitates, business skills courses, oriented to the particular needs of the community. Four different courses have been utilised: Business Skills for South Africa;

One-Up Business Training; Best Game; and a locally developed Small Business Advisory Centre Training Module.

It facilitates courses in technical skills, geared to local resources. Courses to date include leather work and shoe-making (hides and skins); carpentry training, particularly in relation to the construction and furniture sectors (wood); basic frame loom-weaving, including an advanced loom-weaving course (wool); and advanced sewing training.

### ***Raw materials***

The centre operates as an initial intermediary between the operator and sources and suppliers of materials, in order to establish contacts. For example, one individual was granted, with assistance from the Foundation, a land concession from which he could extract clay to make bricks locally. He now employs 17 other people.

### ***Premises***

Many of the businesses serviced by the centre are home-based. However, where appropriate, the centre facilitates access to premises. For example, the Vusisizwe Hand Weavers project, a cooperative of five women, has been assisted in opening a workshop in town. Additionally, the rural markets have workshops attached to them to encourage rural manufacturing.

### ***Credit***

Initially, the Kei Development Trust, founded before the launch of the Forum, advanced small loans to individuals for business purposes. This scheme was not particularly successful and default rates were high. More recently, the Information Centre, in conjunction with the Foundation, facilitated the operation of the Transkei Development Corporation group-lending scheme in the area. This has proved particularly successful. To date some 48 groups are receiving credit (10 in Mgwali, 16 in Wartburg and 22 in Stutterheim), totalling some R96 000. Defaults are currently nil.

### ***Technology***

The centre's involvement in technology has been sporadic. It facilitates access to credit and donations on behalf of entrepreneurs wishing to obtain tools and low-cost technology. For example, USAID has donated four sewing machines to Masincedane, a cooperative of seven women in Mgwali. An old loom has also recently been imported from Scotland and two people are being trained in its use, spinning local wool. This is being woven into carpets and other woollen articles by a collective of local women, and demand is currently outstripping supply. However, more systematic connections with CSIR units concerned with appropriate small business and basic needs technologies are being forged. The periodic markets will form important display centres for these technologies.



## **Marketing**

The issue of marketing - of exposing locally produced products to broader regional, national and even international markets - is important but problematic. This is one of the least developed dimensions of the centre's activities. At present, there are limited forms of assistance from the Marketing Association. For example, the products of a local woodcarver are marketed by a member of the Foundation; the Association has arranged for a Stutterheim store to display locally made shoes; and it is assisting the Vusisizwe Hand Weavers to negotiate with Sikhona Marketing Agency to market their goods. However, it may well be that a regional approach to marketing nationally and internationally will need to be developed.

### **(b) Market Society**

An important new initiative in stimulating the rural areas is the Market Society which is concerned with establishing a ring of periodic markets in the local region. Greater Stutterheim is one of the three pilot projects of the National Markets Society. Periodic markets are a potentially powerful instrument of rural restructuring. They lower transaction costs, enable the disposal of small surpluses, encourage agricultural diversification, enable the collective delivery of periodic services, encourage the diffusion of information and considerably increase convenience of consumers. There is also an important cultural component in their planned operation. They become a vehicle through which local culture is advanced, local talent is uncovered and encouraged, important social and developmental information is transmitted, and their entertainment dimension adds to the drawing power of the market itself.

It is the intention to establish a ring of six markets in the Stutterheim region (at Mgwali, Wartburg, Stutterheim, Kei Road, Isedenge and Keiskammahoek), to be fully operational within an 18-month period. Market committees have been established and trained; the regional market committee has been formed; the regional office, which is being funded by the ODA of the United Kingdom, has been opened; and the first two market structures - at Wartburg and Mgwali - have been built and are operational.

Indicators of the success of these initiatives are increasingly evident in the townships as a growing number of small businesses emerge.

### **2.3.5 Education Committee**

The Education Committee was initiated through contact between a group of Stutterheim town women interested in education and the ANC Women's League. A range of projects in the field of informal education have been generated from this base.

#### **(a) Pre-school: The 'amakhayas' (home-based educare centres)**

A major issue in the region is that of the problems surrounding pre-school children. These included high rates of absenteeism reported by the educare teachers in the existing centre; lack of adequate facilities; failure to pay fees; children stay-aways in cold weather; neglect of children at home, particularly in cases of female-headed households where the women have to work; primary school children playing the role of parents by taking and fetching younger siblings to and from school, and so on.

A local leader, with a Master's degree in early childhood learning, devised the idea of asking 'at home' parents to supervise, in their own homes, 20 children at a time. In order to upgrade the centres from childminding to educare, mothers were given training. Parents are required to contribute a small amount which goes to the mother as 'pin money'. Fund-raising events were also held.

In January 1992 six home-based educare centres started in Mlungisi. Following this, Kubusie established a large centre with 120 children. Since then, three more have opened in Mlungisi, three in Cenyu and one in Isedenge.

To prevent wear on homes, six timber-frame shelters have been erected by local contractors.

The system was coordinated with the school feeding scheme of the Department of Health. It is hoped that from next year, the maize for the school feeding scheme will be locally grown, milled at the local mill at Wartburg and baked in the local bakery.

The system has generally been highly successful. There have been some difficulties, particularly relating to the payment of the care mothers, but these are being resolved at community level.

#### **(b) *English Language Education***

A major educational problem facing Xhosa-speaking children is that they encounter severe difficulties when the language medium changes in Standard 2. For this reason, the Molteno programme was introduced under the auspices of Rhodes University.

The Molteno programme seeks to make children fluent in English, both written and spoken, between Sub B and Standard 2. The programme is now in its third year and has reached some 3 000 children and 60 teachers. There have been some problems, particularly resistance to change on the part of some teachers, but the success rate is currently estimated to be in the order of 80 per cent.

#### **(c) *Adult literacy***

Adult illiteracy is rife. Accordingly, the committee has experimentally introduced the 'Brand Knew' literacy programme, a programme which teaches reading through the use of well-known product brand names. Although it is too early for evaluation, initial indicators are promising.

#### **(d) *Interface with the formal education systems***

The committee obviously does not have jurisdiction to impinge on the formal education system but it seeks to assist it wherever possible. For example, the committee has been centrally responsible for raising external funding for school building; it has spearheaded the campaign to get state-funded schools in the area; it raises funds for books and equipment; it provided a computer-literacy programme for a group of promising black students; it found accommodation for the former Department of Education and Training's 'finishing programme' for pupils repeating matric; and so on.



### 2.3.6 Health Committee

The Health Committee primarily plays a coordinating role between the local communities and the health authorities, who are represented on it. This has resulted in a greater responsiveness to community needs. This role has recently been strengthened by the appointment of a member of a local civic organisation to the Hospital Board.

### 2.3.7 Agricultural Committee

In August 1993 the Foundation, in conjunction with the Agricultural Committee, initiated an agricultural support programme. The objectives of this programme are to

- \* help rural farmers shift from subsistence to commercial, market-orientated farming
- \* provide training in market gardening, in order that farmers are able to supply products to the periodic markets being established in these areas
- \* provide training in pig and poultry farming, in order to encourage agricultural diversification
- \* establish farmers' associations to link local black farmers to the existing regional farming association, PROFUSA, and the National African Farmers' Union.

Mgwali and Wartburg farmers formed farmers' associations and applied to the Agricultural Credit Board for production loans, 24 of which were awarded. These were the first such loans to be awarded to small black farmers in South Africa, and are being administered through the Stutterheim Development Foundation by the Agricultural Coordinator. With good seasonal rains, and the assistance of the local agricultural extension officer, these farmers have recently harvested high-yielding crops of maize, with one farmer expecting a nett profit of R8 000. The increased maize yields, in turn, improve the viability of the locally owned mill at Wartburg.

In addition to the maize planting programme, other training programmes were organised through the farmers' associations. The Boskop Training Centre trained 108 farmers in different farming skills.

In a new development, six young farmers were sent to an agricultural college in the Transvaal. They have since returned and have been assisted in obtaining access to a farm locally. Already they have become an upmarket advice centre for local farmers and are taking a lead in marketing milk with local white commercial farmers.

It is anticipated that the periodic market system, once fully operational, will stimulate agricultural production and diversification and will greatly improve rural people's access to essential services.

Donors have also provided agricultural equipment for the Kubusie community.

### **2.3.8 Recreation Committee**

In implementational terms, this committee has not been particularly active. However, discussions are currently under way with the Rugby Union to acquire funds to develop a rugby field, on land donated by the municipality, which will be shared by all the communities making up Greater Stutterheim. The principle of maximum sharing of facilities is an important theme running through the urban development plan.

### **2.3.9 Tourism Committee**

Again, this committee has not been particularly active. However, as increasing recognition of the economic importance of tourism takes root in the broader Eastern Cape region, it is probable that the committee's agenda will increase significantly in the near future.

### **2.3.10 Security**

Discussions, initiated by the police force, are currently under way over whether to create a further committee on security.

## **2.4 Communication**

Pervading the entire work of the Forum and the Foundation is recognition of the importance of communication with the broader community, both internally in Greater Stutterheim and externally.

Internally, the main vehicle of communication is regular report-back meetings between Forum representatives and civic associations and organisations. Particularly significant issues are widely workshopped.

In terms of external communication, the primary motivation is to share experiences as widely as possible with other communities, in a spirit of mutual support and learning. There are a number of vehicles through which this occurs:

- \* The Foundation publishes monthly, with donor assistance, a four-page publication called the Development Diary, which reports on events, stories and information on development processes with a practical bent. These are drawn not only from Stutterheim but from throughout South Africa and international precedent is also evoked, where appropriate. Circulation is on a subscription basis and the publication is circulated widely throughout the country. It is also received in the UK, the USA, Switzerland, Germany and the Netherlands. The Diary, which is currently produced in English, will also be produced in Xhosa, to increase effective local circulation.
- \* In 1993 a video was made, in conjunction with the SABC, on the Stutterheim Forum experience. Copies are sold by the Foundation for a nominal sum. Distribution rights in the Transvaal were recently purchased by the former PWV Provincial Government.
- \* The Foundation enthusiastically receives delegations from other towns and communities. To date, some 70 such delegations have visited Stutterheim. Members of the Foundation frequently accept invitations to visit other towns to talk about their experiences.



- \* In March 1993, Stutterheim hosted a workshop on Small Town Development. Speakers from a variety of fields spoke to 180 delegates representing councils and civic organisations from 22 towns and numerous development organisations.

## 2.5 Conclusion

This review records the process and achievements of the Stutterheim experience to date. It has not been an easy task and there have been setbacks. There is clearly a long way to go - for this is a process, not an event - but there have been significant achievements. Perhaps the most important achievements, however, are not reflected in the projects. They are reflected in the tangible growth in trust, confidence, and management capacity of the people who have been involved in the process. Strong friendships have been forged in a previously deeply divided and distrustful community. There is an ever-strengthening realisation that ongoing improvements can be made through initiative, energy and organisation, and there is growing belief in the inhabitants' ability to achieve this.

## 3. Part 2: Some lessons from the experience

There is no doubt that any initiatives such as the Stutterheim process will encounter difficulties, some of which will be unique to the particular place. There are, however, a number of more general lessons which can be learnt from the Stutterheim experience to date:

- \* The real issue of development in the rural areas is changing from a condition of deep-rooted dependency to one in which communities are prepared to take charge of their own destinies and of building increasing capacities and organisation to do this. It is essentially about people.
- \* In seeking to facilitate this, one should determine not to give up. The process is not a smooth one and there will inevitably be setbacks and disappointments, particularly because of the interpenetration of broader and local issues. Local processes are buffered from time to time by issues over which local participants have no control.
- \* The process is crucial and cannot be short-circuited. In divided communities, progress depends on building trust and confidence and this must be earned through the process.
- \* In starting the process, it is not necessary to agree about everything and issues relating to the past need to be confronted. The Stutterheim process initially hinged on four limited but critical agreements:
- \* Greater Stutterheim is one community and therefore its problems and their solutions need to be owned by all.
- \* Development must proceed. While it is necessary to confront political and other deep-rooted suspicions resulting from the past, these should not prevent developmental advances which will improve people's quality of life. While confronting the past, it is necessary to keep moving forward. In a sense, therefore, political issues can be confronted

through, and be moderated by, the development process and this tends to result in less polarised positions.

- \* Perceptions are real. Frequently, perceptual differences exist about the causes and even the nature of problems. It is counter-productive to stick to polarised positions regarding these perceptions. One should accept the differences, and wherever possible, deal with the perceptions as rapidly as possible.
- \* There must be a commitment to openness and honesty in discussions and that all issues must be dealt with. The crucial issue is developing trust, and this cannot occur if there are hidden agendas or if there is an unwillingness on the part of some parties to confront issues which are of real concern to others.
- \* The initiation of physical projects early on in the process is essential. Communities require tangible and ongoing evidence that it is in their interests to remain involved in the process. Further, the implementation of projects is a primary vehicle for capacity-building. Projects must be consciously designed and implemented to transmit skills and strengthen organisation.
- \* The role of strong leadership is crucial, and this is probably the critical variable. The success of the Stutterheim process to date is primarily due to the calibre of local leadership in all the communities. Historically disadvantaged communities generally find it difficult to change from the politics of protest to the politics of development and strong leadership, with the attendant willingness to take risks which is implied in this. An important part of the process, therefore, is growing or nurturing leadership, by equipping those leaders with the full range of technical, managerial and community skills necessary to carry out their roles.
- \* Leadership roles cannot be simulated or unilaterally appropriated. Positions need to be democratically affirmed on a regular basis and leadership must remain accountable to civic structures. Regular report-back sessions and open communication and sharing of information are central in this regard.
- \* Relationships between leadership and grass-roots structures need to be constantly monitored, for the development process itself may cause tensions in this regard. For example, the Stutterheim development process absorbed two levels of civic leadership, which resulted in a leadership vacuum in the civic associations. This, in turn, created a widening gap between the process and the communities. It has been necessary to address this problem consciously by encouraging the original leaders to return to leadership positions within civic organisations.
- \* Lines of accountability need to be kept clear, for confusion creates problems. For example, in the initial stages of the 'amakhaya' programme in Stutterheim, the 'amakhaya' mothers were appointed by, and were accountable to, parent groups. These groups, in turn, were responsible for collecting contributions from parents. The Foundation, in all



good faith and with the best of intentions, raised some finance to supplement the 'pocket money' of the mothers and paid this to them directly. This created the perception that the mothers were 'employed' by the Foundation, which led to reduced contributions by parents and discontent over 'levels of pay' on the part of the mothers.

- \* The committee structure places both concept formation and implementation under the control of representatives of local communities, and is also based on particular interest groupings of those representatives. As such, it has been an important mechanism in ensuring that the community 'owns' the process and that levels of participation are high. The successful implementation of a project, regardless of which community is the beneficiary, is a 'win' for all.
- \* It is essential to draw up a plan to guide the process. The use of an external professional consultant is useful in this regard, for two main reasons: it 'neutralises' the process of problem identification, in the sense that no one community or group is seen to be appropriating the process and pushing its particular viewpoints or concerns to the detriment of others; and it may lead to the suggestion of ideas which would not necessarily have been generated locally.
- \* Development cannot be undertaken by local communities alone: it requires a meshing of 'bottom-up' and 'top-down' actions. In particular, given the scale of backlogs, external funding assistance is crucial. The momentum of the flow of funding is a matter of considerable significance. 'Stop-start' funding, where there are considerable delays between the identification of projects and their implementation, causes two major difficulties: on the one hand, it results in a loss of interest, declining confidence and waning enthusiasm; on the other, it results in problems relating to capacity-building. The case of the housing consolidation officer in Stutterheim can be used as an example. A local community leader was appointed to this post, which was originally funded for two years. He played a significant role in the success of the project and in the process acquired invaluable skills applicable not only to housing, but to other projects as well. The danger exists that if further funding is not forthcoming, those skills may be lost to the process.
- \* The initiation, organisation and growth of a process such as this take an enormous, and growing, amount of time and energy. Initially the process can be run on a part-time and a voluntary, goodwill basis, but later a point is reached where this becomes impossible and it is necessary to fund the process itself. A major reason for the success of the Stutterheim initiative to date has been that the Chief Executive Officer of the Foundation has been seconded by his employer company to the process, although he plays broader regional roles as well. The issue is not just one of time and energy but also of developing contacts. An important requirement for success is building and nurturing contacts with funding and other external assistance agencies, and this requires ongoing commitment and involvement. Ironically, it is this essential core funding which is the most difficult to obtain.

## 4. Some particular implications for the RDP

The launch of the RDP provides a unique opportunity to make significant inroads into the developmental problems facing rural areas in South Africa. While the lessons articulated above have general relevance for the design of the programme, there are a number of specific issues which require emphasis.

It is little use simply throwing money at the problem of disadvantaged rural communities or engaging in a series of ad hoc 'flagship' projects. The programme needs to be closely integrated with local needs.

The programme needs to facilitate two sets of actions: 'top-down' actions, where essential projects are identified at a regional level; and 'bottom-up' actions where projects are identified by local communities.

### 4.1 Top-down actions

Appropriate top-down actions are what may be termed 'enabling' or 'facilitative' actions; that is, they are overarching or framework actions which can be accessed by a number of communities and which assist in mobilising the potential energy of those communities to meet local needs.

Apart from obvious projects such as increasing bulk water supply, there are two forms of assistance, which, it is felt, are potentially powerful instruments in restructuring rural areas in the Eastern Cape and, indeed, in the rest of rural South Africa and which have received little attention to date.

The first form of assistance, which has already been discussed briefly, is the creation of periodic market systems. The second is the creation of rural life-skills centres. The enhancement of human capacity and the nurturing of informed leadership lie at the heart of rural development. Skills transmission is central to this.

To be effective, a range of skills - entrepreneurial, technical, business, community, organisational and life-skills - need to be transmitted simultaneously. Further, the technical skills need to be directed towards the mobilisation and utilisation of local resources and the satisfaction of local needs - there will be significant regional variations in which skills are most appropriate.

A major problem with existing skills transmission programmes is that they are approached segmentally. For example, people may acquire technical skills but are not trained in basic business skills. Rural life-skills centres are venues where groups can receive a full range of skills transmission programmes intensively over short periods. It must be stressed that the intention is not to establish permanent colleges or other forms of educational institution. The centres would be charged with facilitating and coordinating programmes, delivered largely through existing support agencies which specialise in these functions. The two critical dimensions of the concept of a rural life-skills centre, therefore, are the establishment of a



venue and the appointment of a facilitator or coordinator to put packages into place in response to community demand. With respect to the Eastern Cape, it is suggested that eleven such centres should be established, one in each subregion within the region, with each focusing on the technical skills most appropriate to the needs of that subregion.

## **4.2 Bottom-up actions**

The critical issue in terms of 'bottom-up' projects is intermeshing community-identified projects with funding. These projects cannot be identified or implemented 'from above', nor will they take standardised forms. To be effective, they must be driven by needs. This has two clear implications: on the one hand, communities must organise themselves and must identify appropriate projects; on the other, the timing of project funding is crucial. If funding is granted to communities which are not adequately mobilised and organised, they will not have the capacity to utilise that funding effectively. Conversely, if there are long delays between project identification and the granting of funding, community initiative, energy and interest will dissipate and the process itself may be threatened. These observations have a number of implications for RDP funding:

- \* The RDP should provide assistance for the organisational and planning process.
- \* The programme should reward winners. It should prioritise communities which are organised and, in this way, encourage others to organise.
- \* The decision-making and funding system must be flexible and enable fast, timeous responses to needs. It should not be geared to large projects only.
- \* In situations where the development process is gathering momentum, attention must be given to core funding; that is, funding of the process itself.

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