



MINISTRY

**HUMAN SETTLEMENTS
REPUBLIC OF SOUTH AFRICA**

OPNEING ADDRESS

BY

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**MINISTER OF HUMAN SETTLEMENTS OF THE REPUBLIC OF SOUTH
AFRICA**

ON THE OCCASION OF THE U20 MAYORS SUMMIT

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SANDTON NH HOTEL, JOHANNESBURG

Programme Director

Mayors in attendance

International guests and participants

National and provincial leaders

Ladies and gentlemen

Good day,

I wish to start by expressing my hearty and profound appreciation to the organisers of this U20 Mayors Summit for affording me the opportunity to deliver the opening remarks at this high-level plenary session.

From the onset, I should indicate that South African cities are characterised by deep structural and spatial inequalities, which make achieving both growth and inclusion a pressing priority and necessitate improved governance.

In the context of South Africa, Chapter Seven of the Constitution empowers the municipalities to, inter alia, (i) govern their territories on their own initiative and (ii) promote social and economic development.

It is therefore rational to expect municipalities to deliberately shape their respective economies through various interventions including, inclusive stakeholder participatory engagements when developing strategies and plans, such as their integrated development models. It is important to highlight that our municipalities have deep economic and spatial

disparities which are not only a historical injustice linked to apartheid, but also a geographical and environmental reality.

Despite these differences and challenges, cities have to take own initiatives as espoused in our constitution, to share and distribute the economic benefits to their residents.

People ought not only to be connected to the cities to access work, but other opportunities as well which are linked to my current political responsibilities such as decent and adequate housing, better living conditions, skills development, participation in manufacturing and entrepreneurial endeavours that generate production inputs, commercial networks, in order to promote and protect their human.

In essence, people influence the local economy through the utilisation of their skills and education to manufacture products and provide services. The creation of inclusive city economies requires local stakeholder partnerships anchored on a shared vision for local and national development. The execution of the common vision should be grounded on policies and programmes that are context relevant and based on empirical evidence of the economic potential of the cities. In this regard, cities (including economic actors) need robust data to be able to develop

and implement targeted spatial economic development interventions and infrastructure investments.

However, the availability of spatialised and sector-specific economic data at a city level remains a challenge and also is an opportunity for cooperation with technical partners to produce this knowledge and information.

Ladies and gentlemen, it goes with saying that the success of cities is inseparable from national economic development and well-being of the nation, that is why, they are often described as engines of growth. But this being the case, municipalities largely function as enablers rather than direct job creators, and this necessitates strong coordination with national and provincial stakeholders to address systemic economic and service delivery challenges. The integration of the informal economy in city development strategies is essential for inclusive growth.

Informality is a significant characteristic of township economies. Managing informality requires local government strategies that include recognition, support, and integration of informal actors and enterprises within development strategies. The interventions ought to be also addressing issues related to informality of land tenure and labour as

critical variables in ensuring both economic and political stability in the cities.

The government's TED Project (Township Economic Development) embraces a holistic approach that includes the development goals of redressing spatial inequality; enhancing economic opportunities; reducing red-tape obstacles; building community and social institutions; supporting property markets and investment in housing; protecting ecosystems; and managing urban spaces. The participating metros and pilots are the City of Cape Town (Delft), Nelson Mandela Bay Metro (New Brighton), eThekweni Metro (Pinetown South), the City of Ekurhuleni (Tembisa), and the City of Tshwane (Hammanskraal). The programme aims to institutionalise multi-sectoral, area-based, economic development planning. The TED project has enabled the 5 metros to produce spatially informed, evidence-based Township Economic Development Strategies for each of the pilot sites.

A New Vision for Work may mean different things to different people.

There is, however, no doubt that, it should include:

- Strengthening local governance capacities to integrate local economic strategies with national growth objectives.

- Supporting partnerships among the government, the private sector, and communities, especially in informal economy sectors.
- Integration of informal economies into city planning by recognising their economic value, involving informal workers in the planning process, reforming exclusionary regulations, managing public space inclusively, and relying on data and research to drive informed policies. This represents a shift from repression to collaborative governance for more inclusive and sustainable cities.

Local governments are encouraged to proactively engage with informal employment realities, acknowledging that self-employment and household-based economic activities dominate livelihoods in many urban areas.

There is a growing call for integrating labour market programmes, such as public works and infrastructure projects, as part of local economic development to create jobs in the informal sector.

Bigger municipalities tend to adopt a hybrid approach combining pro-market strategies (supporting established businesses and

investment) with pro-poor initiatives (addressing inclusion and poverty alleviation), reflecting the complexity of urban economies.

The National Local Economic Development framework emphasises integrated government action to stimulate sustainable local economies by leveraging public-private-community partnerships focused on both formal and informal sectors. The framework highlights the unique South African context of local economies tied to historical inequalities and spatial patterns, calling for local initiative, leadership, and skills as key enablers of growth. Objectives include supporting local economies to reach their potential, promoting active participation of local communities, waging effective poverty reduction through local debates and strategies, and improving coordination across government and non-government actors.

The township economy in South Africa represents a vital yet underutilised engine for economic growth. Despite their resilience and entrepreneurship, informal economies within townships continue to face barriers, including limited access to capital, inadequate infrastructure, and restricted market opportunities.

A paradigm shift is required on how investors and financial institutions perceive informality in relation to its economic potential. Investments in provision of formal housing or generally the transformation of informal settlements, is a contribution to infrastructure development. In the same vein, investments in supporting township economy, is a contribution to economic growth with potential positive spin-offs such as job creation, improved living standards and quality of life. The financial exclusion of informality initiatives stifles growth and innovation, leaving many promising enterprises unable to scale or compete with more established, formal businesses. Addressing these barriers through micro-investment ecosystems and enabling entrepreneurial innovation can unlock sustainable township economic development and greater inclusion in national growth.

To advance the agenda on local economic development and transformation of informality in cities, the 2024 White Paper for Human Settlements advocates for the implementation of developmental interventions such as:

- a) Infrastructure development projects that are packaged to target areas with Transit-Oriented Development with concentration of growth around frequent public transit corridors by locating housing,

offices, shops, schools, and services near metro stations and bus hubs.

b) The transformation of existing townships, and areas which have been established since the 1980s, into sustainable human settlements.

c) Focus on the elimination of spatial monotony and the general character of these areas as low-income dormitory suburbs, improving quality of the living environments, including greening the environment, and unlocking township residential property market, through streamlined land transfer and planning processes.

Colleagues, I hope this assist to lay the foundation for us to have a properly framed and measured discussion in line with our intellectually stimulating theme, as we grapple with issues of sustainable urban development and inclusive governance.

I thank you.

