Two SOLUTION LAB events were conducted: one in Johannesburg, held in November 2017, and one in Cape Town, held in March 2018. This report summarises the collective outcomes from the twin SOLUTION LAB events.

The Sustainable Livelihoods Foundation (SLF) conceptualized the Unlocking Land for Micro-Enterprise Growth (ULMEG) Project to raise awareness on the land system constraints that impact on township micro-enterprises. The ULMEG Project has undertaken original research to understand how current South African land use systems constrain investment in property and hinder opportunities for businesses to enter the formal economy.

The aim of the SOLUTION LAB is to advocate for practical actions to address these land constraints. The concept was to assemble a small group of specialists from diverse sectors to engage in a dialogue on the significance of land constraints and then draw upon the accumulative knowledge base to explore workable solutions.

The SOLUTION LAB events were jointly hosted with UrbanWorks (UW), a specialist firm working in urban spatial dynamics and hence a strategic partner in the ULMEG research and engagement processes.

The ULMEG research provides a lens for re-thinking urban land issues from the perspective of micro-entrepreneurs. We believe that enterprise formalization is important for minimizing the externalities of business activities and controlling unsustainable practices; yet the barriers to formalization are currently insurmountable for most township micro-enterprises. Our land use systems present major obstacles, including tenure insecurity, zoning restrictions, building regulations and other limitations. Our research has found that there are many township entrepreneurs who would like to formalize their business to benefit from state subsidies, obtain a licence to trade legally, invest in their business and gain access to financial institutions, to list some of the advantages. Reducing these land obstacles would contribute significantly towards inclusive economic growth.

Two SOLUTION LAB events were conducted: one in Johannesburg, held in November 2017, and one in Cape Town, held in March 2018. This report summarizes the collective outcomes from the twin SOLUTION LAB events.
The Johannesburg event was hosted in the Human Rights Room, Old Fort Complex, Constitution Hill, whilst the Cape Town event was hosted at the Homecoming Centre, District 6 Museum. The two Solution Labs were held at places of historic significance in the struggle for justice, equality and equal rights in South Africa. The intention was to connect the discussion on land system constraints with the notion that access to land and land rights is inextricably tied to the spatial injustice of the apartheid system, whose legacy persists into the present time.

Across the two events, stakeholders were drawn from the following entities/organisations:

- Centre for Financial Inclusion
- City of Cape Town
- Development Action Group
- Economic Development Partnership
- Free Market Foundation
- Good Governance Africa
- Human Sciences Research Council
- Institute for Poverty, Land and Agrarian Studies (PLAAS) at the University of the Western Cape
- National Department of Cooperative Governance
- National Department of Trade and Industry
- National Treasury, Cities Support Programme
- Office of the Premier: Alcohol Game Changer
- Pegasys
- Philippi Economic Development Initiative
- South African Breweries
- South African Cities Network
- South African Local Government Association
- Western Cape Department of Economic Development
- World Bank
- Yellowwoods
The format of the event comprised a presentation of our research, followed by a facilitated group discussion. The SLF/UW research was exhibited as posters. For the Johannesburg event, the 11 case studies of land use situations from Ivory Park were exhibited in their entirety, whilst for the Cape Town event we displayed a selection of posters from the Ivory Park cases studies as well as from the Eveline Street study of a transformative leisure economy.

In order to include citizen voices in the discussion, we screened two digital stories at each event. From the ten digital stories which express the personal experiences of how land systems constrain township micro-enterprises, we showed: Teresa’s story about her inability to obtain land title and register her educare; Siphokazi’s story about her difficulty to obtain a liquor licence in a residential area; and Zukisani’s story about his struggles to situate a container for his barber shop on public land.

3. See https://vimeo.com/sustainable-livelihoods

At the Johannesburg event, Stephen Berrisford of Pegasys provided an overview of the evolution of South Africa’s contemporary land use system, including an insight into policies and administrative practicalities. For the discussion component of each event, the participants were prompted to respond to the SLF/UW research and the presentations by drawing on their own varied learning of land use systems and spatial inequality. Importantly, the SOLUTION LAB outcomes needed to be of value to participants who could take learnings into their respective areas of engagement. Discussants were asked to respond to these questions:

1. What is the urban land problem and how does it affect micro-enterprises?
2. How do we address insecure land tenure?
3. What could improve land use management systems to enable micro-enterprise formalization?

The discussions were facilitated to ensure that all participants were afforded an opportunity to express their views and respond to alternative propositions.
The discussions helped to qualify the scale of land use system challenges and the complexities around instituting change. There was much to learn from the individual responses, which helped to ‘frame’ the problem and illuminate the challenges to spatial transformation. Some particularly noteworthy points are recorded below.

Under apartheid, the idea that black people could have the same land title as white people was an ‘alien’ concept and hence the state provided black persons with ‘provisional certificates of leasehold’. What are these certificates, Leon Louw asked? ‘Something other than freehold?’

We should recognize, Geoffrey Bickford pointed out, that ‘not all land is created equal’ and affording people land title could ‘reinforce peoples’ rights to sub-grade land where they have been placed illegally ... with poor access to opportunity ... and inadequate services’.

Municipalities regulate land to create and maintain land value which, in turn, provides the municipality with its main source of revenue. As a result, there is a ‘paralyzing fear’ of embracing change in the land system cautioned Stephen Berrisford.

We should ask the question, suggested Andrew Boraine, what stops ‘top-down government’ from creating ‘enabling spaces’ at the micro-context level. There are three obstacles, he offered: (i) capacity to deal with smallness; (ii) overcoming fear for taking risks and public liability; and (iii) the simultaneous existence of ‘three different compliance regimes’.

Municipal planning and investment decisions tend to be ‘reactive’, observed Ivan Turok, rather than ‘problem solving’ and supported by ‘long-term rational investment decisions’.

A suitable policy must accommodate ‘a broader understanding of zoning’, suggested Benjamin Cousins, ‘something that embeds a business in a social contract’.

In townships like Khayelitsha, reported Sanele Gaqa, there is ‘no incentive for shebeen owners to formalize because you get fined for your previous years of operating informally. People don’t understand the liquor act and before they know it, they get fined for something they were not aware of’.

There is much ‘value’ to be gained from involving the community and business owners themselves in finding ‘solutions’ to land system requirements, argued Temba Nolutshungu, noting the need to recognize ‘bottom-up processes’.

Companies have a role to play in solving ‘land problems’, Nirishi Trikamjee acknowledged, though she cautioned that the legal framework prevents them from fulfilling such a role where businesses are unregistered and trading illegally.
Alignment of government roles is required in two respects. Firstly, there needs to be policy alignment across the tiers of government to harmonize the objectives of spatial justice and micro-enterprise development. Secondly, political leadership needs to empower bureaucracies to align their actions with the intentions of legislation.

In the first respect, national government should develop an overarching policy framework on micro-enterprise formalization. The objective should be to set out a framework for regulation, specifying, inter alia, land use requirements and specific additional criteria for certain classes of businesses (such as educares, house shops selling perishable food, house taverns, etc.). In the second respect, municipal governments should refocus on long-term objectives (such as spatial justice), making adequate investment and improving system capacity to enable flexible and sensitive decision-making.

There is a policy ‘problem’, for which legislation should be amended. The code-based system embodied in the Spatial Planning and Land Use Management Act 16 of 2013 is disenabling and alternatives to zoning should be considered, especially for townships. The policies and regulations for micro-enterprise formalization are too onerous and if formalization is to be achieved, these need to be reduced to appropriate levels. If micro-enterprise formalization was aligned to land system rights and services, including rates obligations, municipalities would have a strong revenue-generation incentive to create an enabling environment for business growth. Township businesses could then be recognized as tax-contributing entities and their formalization supported actively.

Property owners should be afforded security of tenure, especially freehold title deeds were appropriate and demanded. Freehold could benefit over a million home owners. In situations where formal title is not desired or suitable, as could be the case in rural communities, alternative forms of titling should be instituted. Transforming ownership from informal to formal is possible, even in situations of multiple ownership claims or where the original land recipient is absent. Ownership can be split between the land occupant and the land claimants by issuing sectional titles. The costs for obtaining title are moderate and government should involve non-state actors in this process where capacity is constrained or compromised. Tenure security strongly correlates with local investment, which would then stimulate the township economy, both in scale and intensity.

The implementation of land use systems and micro-enterprise regulation should entail greater community/business/government participation, both formally and informally. Such participation could take the form of community planning tribunals and social contracts. There is considerable scope for the development of social contracts. For example, these could determine the operating hours of taverns and the rules for customer behaviour in public spaces. Another form of social contact could entail agreements between micro-entrepreneurs, formal business (or civil society organizations) and government to support businesses to comply with social norms and standards. This kind of social contract has been used to help educares in Gauteng align themselves with regulatory compliance and thus benefit from external services.

The land system problem will not be ‘solved’ without bold actions and experimentation. The Eveline Street study shows that amendments to land use systems (in conjunction with appropriate spatial design, public investment and opportunities for entrepreneurship) can be transformative over the long term. There is a need to experiment with strategies which will mobilize communities and micro-entrepreneurs to manage spaces in ways that produce desirable outcomes, including economic growth and social cohesion. Such actions or experiments need to be monitored and studied over time with the objective of generating the kind of data that can inform strategy, permit replication and shift from the micro-context to the area level.
There was consensus that forums such as the SOLUTIONS LAB are necessary. In particular, the participants saw value in what Andrew Boraine defined as ‘the right combination of people from different sectors in the same room’. The need for continuing the dialogue can be justified on three accounts. First, there is a need to extend the scope of the dialogue, in both its institutional and geographical reach. Second, there is a need to focus on the specific requirements for working out some of the identified solutions. Third, the dialogue would be enriched by investigating international learning on ways in which similar land problems have been solved in different contexts.

From our perspective, the Sustainable Livelihoods Foundation and UrbanWorks remain committed to generating understanding, facilitating engagement and embracing experimentation to find meaningful solutions.
SOLUTION LABS

UNLOCKING LAND FOR TOWNSHIP MICRO-ENTERPRISES

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