The Contribution of Informal Urban Settlements to Inclusive Growth

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Concepts and definitions

Inclusive growth:
- economic participation
- distributing the benefits

Urbanisation and inclusive growth:
- agglomeration efficiencies
- economic dynamism from new entrants
- access to urban labour and housing markets

Government policy:
- vital for coordination
- can help or hinder
Context: South Africa

Distinctive economic and political history
Very high unemployment; extreme inequality
62% urbanised. Projected 8m increase by 2030
Rural econ stagnation; modest urban econ growth
Cautious economic policies + redistributive welfare
Government ambivalent about rural-urban migration
And about informal settlements: illegal invasions, criminality, unsightly, unproductive, hazardous locations, new housing solution elsewhere, discontent, opposition
Investment restricted to basic emergency services
Trends in employment

Source: IHS Global Insight
Context: South Africa

Popular response is migration towards urban jobs
Swelling informal settlements
People sacrifice quality of life for job access
Better jobs-population alignment emerging
But squalid living conditions
Research questions

1. Difference in economic participation between formal and informal urban areas
   • employment rate?

2. ‘Quality’ of employment – inferior jobs?
   • incomes
   • occupations
   • security
Evidence: employment rate

[Graph showing employment rate trends over years and quarters, with data points for urban formal, urban informal, and rural sectors.]
Despite poorer education
Status of non-employed: Nb motivation

- Scholar/student
- Unemployed
- Home-maker
- Health reasons
- Retired
- Discouraged work-seekers
- Other
But poorer quality jobs: Monthly incomes
Occupational profile

Legend:
- Legislators, senior officials and managers
- Professionals
- Technical and associate professionals
- Clerks
- Service workers and shop and market sales workers
- Skilled agricultural and fishery workers
- Craft and related trades workers
- Plant and machine operators and assemblers
- Elementary Occupation
- Domestic workers
Precarious jobs

![Bar chart showing the percentage of formal, informal, and other employment in urban and rural areas. The chart indicates that formal employment is higher in urban areas compared to rural areas, while informal employment is higher in both urban and rural areas.](image)
Employment status

- Working for someone else for pay
- An employer (employing one or more employees)
- Own account worker (not employing any employees)
- Helping without pay in a household business
Conclusions

Conceptual: Economic density and access for new entrants – workers, consumers, entrepreneurs

Empirical: Entry point/foothold in the urban labour market, but limited

Policy: More pro-active, investment in land and basic public services, facilitate formal housing market with multi-storey flats
Thank you!
Distorted urban form

**Population Density**
(persons / hectare)

- 251 - 500
- 101 - 250
- 51 - 100
- 0 - 50

*Urban areas extruded by population density*
RDP housing on the periphery: poverty traps?
Total urban and rural population
Migration trends 1999 - 2009
(as indicated through movement of registered voters, IEC)

Legend:
- Towns
- Provinces
- Flows 1999-2009 (>500 people)
  - MAGNITUDE
    - 501 - 1000
    - 1001 - 1500
    - 1501 - 2000
    - 2001 - 4000
    - 4001 - 8000
- Contour_migrat91
- Net Migration
  - High: 43047 (in-migration)
  - Low: -15485 (out-migration)
- Neighbouring countries

Source: STEPSA
Concentrated economic activity
Location is highly contested