

Making Markets Work (Better) for South Africa's Small Towns

Small Towns' Conference, 2010

Markets and Small Towns

- ▶ Small towns grew based on their place in regional, national and international markets
- ▶ Markets have changed, but often small town economies have not changed with them
- ▶ A reduced level of market integration has played a part in small town decline
- ▶ Integrating them back into markets is likely to have a significant role in regeneration

Making Markets Work for the Poor

- ▶ A favoured approach to development has been to protect marginalised people from markets
- ▶ A making markets work approach sees the market as a tool to reduce poverty
- ▶ To reduce poverty, people need to be better integrated into markets and made part of them
- ▶ Market based small town regeneration may be a vehicle to achieve this

Is a “Markets” Approach to Regeneration an “Anti Government” Approach?

No ... Government has a significant role and the LED framework recognises this by:

- Acknowledging the need to align growth and development with **comparative advantage** .
- Stressing the need to improve the local business environment through **enhanced governance**

Role of Government is to support Pro-Market Institutions

- ▶ These include:
- ▶ Regional and Local **Development Agencies**
- ▶ **LED units** in District and Local Municipalities
- ▶ Chambers of commerce, trade associations, small business and market trader groups

Regeneration Based on an Understanding of a Small town's Relationship with Markets?

South Africa has the tools and data to do this

- ❑ The ASPIRE project cycle
- ❑ Value Chain Analysis
- ❑ The LED Strategic Planning Process
- ❑ Economic Profiling of the Poverty Nodes by Business Trust
- ❑ Profiling by CoGTA as part of the IDP process

How does a “markets” approach serve marginalised communities?

- ▶ “Making markets work” sees poverty as a product of exclusion from markets
- ▶ Interventions can be designed find out why people are excluded and draw them in as small or micro business owners or through employment
- ▶ It can also be used to increase competition at the local level an impact on prices

Economic Regeneration...

- ▶ The key to economic regeneration is to assist small towns to respond more effectively to market change.
- ▶ To do this, they need capacity and support but **must take the lead in these processes themselves**
- ▶ Part of the support rest on the need to analyse why markets have failed small towns

How different is a “making markets work” to existing regeneration approaches?

Not so great, the following all have elements of a “Making Markets work” approach

- ▶ R63 Corridor, essential oils production, Alice Regeneration
- ▶ N6 Blueberry production through outgrowers
- ▶ Sutterheim Infrastructure development

Why consider a Markets Approach for Small Towns Regeneration?

- ▶ It provides a **conceptual umbrella** and is potentially useful in developing a national framework
- ▶ It provides **powerful tools of analysis**
- ▶ It is consistent with much **existing policy** and practice in South Africa
- ▶ It has considerable potential to draw people into **market opportunity** and to improve their lives

Making Markets Work in South Africa

In South Africa, the **Centre for Development and Enterprise** has explored Making Markets Work with the UK's Department for International Development with the Com-Mark Trust.

“Accelerating Shared Growth – Making Markets Work for the Poor in South Africa, 2006”