

Why are Township Economies important?

'Township economy' refers to **enterprises and markets based in the townships**. These are enterprises operated by township entrepreneurs to meet primarily the needs of township communities and therefore can be understood as 'township enterprises' as distinguished from those operated by entrepreneurs outside the townships.

How big is the township economy?

An estimated 17% of South Africa's total employment is through the informal economy or so called 'township economy.' In a country with a high unemployment rate, the informal sector is a lifeline to countless families who lack formal employment

The township economy plays a critical role through:

1. **Employment opportunities:** The township economy has the potential to generate employment and reduce unemployment rates. By supporting local businesses and entrepreneurial activities, it creates job opportunities for residents who may face barriers to employment in mainstream sectors. This helps alleviate poverty and contributes to the overall economic development of the country.
2. **Local economic development:** A vibrant township economy contributes to the overall economic development of a region or country. It stimulates economic activity, promotes investment, and attracts resources to previously marginalized areas.
3. **Entrepreneurship and innovation:** Townships are often hubs of creativity, innovation, and entrepreneurial talent. By supporting and nurturing local entrepreneurs, the township economy encourages innovation and the development of new businesses. This fosters a culture of self-

reliance and resilience within the community and creates role models who inspire others to pursue their entrepreneurial aspirations.

4. **Social cohesion and community empowerment:** A strong township economy can help foster social cohesion and empower communities. By providing economic opportunities and access to resources, it promotes a sense of belonging, pride, and collective identity among township residents. This can lead to stronger community networks, increased social capital, and improved social well-being.
5. **Reducing inequality:** Townships are often characterized by significant income and wealth disparities. A thriving township economy can help reduce inequality by providing opportunities for upward mobility and wealth creation among marginalized communities. This, in turn, contributes to a more equitable society and reduces the gap between different socioeconomic groups.
6. **Diversification and resilience:** A diverse township economy, with a variety of industries and sectors, helps create a more resilient local economy. Relying solely on a few industries or sectors can make a community vulnerable to economic shocks. By promoting a diverse range of businesses and economic activities, the township economy can better withstand external pressures and fluctuations in the broader economy.

In summary, the township economy is important because it has the potential to address unemployment, stimulate economic growth, foster entrepreneurship, empower communities, reduce inequality, and contribute to the overall well-being and development of historically disadvantaged areas. While informal businesses typically do not contribute directly to the fiscus through taxes, they provide livelihoods, employment and income for approximately 2.5 million workers (excluding agriculture), according to **Stats SA**.

The upcoming Township Economies Conference & Expo will be gathering township enterprises to explore new growth opportunities by:

- Access to new markets and the mainstream economy
- Learning about corporate supplier development programmes
- Finding out about the latest financial services available to them to grow their businesses
- Exploring business solutions that they can implement to support their business growth
- Meeting with key stakeholders who can help them develop their businesses

The event will be taking place from the 20 – 21 June 2023 at the Emperors Palace and more detail can be found on www.townshipeconomies.co.za

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