



OVERVIEW: CITY OF TSHWANE INAUGURAL MAYORAL ECONOMIC SUMMIT 2017

The only justifiable purpose for the existence of political institutions is to ensure the unhindered development of people in society.

Albert Einstein

REVITALIZE. STABILIZE. DELIVER.

At the beginning of the twentieth century, a mere sixteen cities, predominantly located in industrialised economies, were home to a million people or more. Today, the antithesis to this once-upon-a-time historic revolution is the fact that more than 400 cities contain this number or more and are mainly located in low and middle-income countries across the globe. Through the enablement of agglomeration, large cities have helped transform economies for centuries. In comparison to non-urban settings, such instances are able to alter our social and economic fabric at an exponentially higher frequency resulting in the creation of the most vibrant markets for ideas that enable entrepreneurial and general business innovation.

Asia and Africa are the regions that have not yet reached their respective urbanisation tipping points and are projected to do so by 2023 and 2030. Localising the picture indicates that Southern Africa will be 77 per cent urban by 2050 whilst exhibiting a current urbanisation rate of more than 60 percent. If leveraged appropriately, particularly by government and the private sector, urbanization has the potential to foster the highest levels of inclusive growth leading to the necessary social change and positive political outcomes, amongst a plethora of additional benefits for all city residents.

Undoubtedly, inclusive growth is one of the prerequisites for rapid and sustained poverty reduction as it allows the majority of a nation's population to contribute to and benefit from economic growth. This concept refers to the pace, scale and patterns of growth and is often used interchangeably with a suite of terms, including broad-based growth, shared growth and pro-poor growth. The underlying ideology of inclusive growth concerns increasing the pace of growth and enlarging the size of the economy whilst simultaneously leveling the playing field for investment and subsequently increasing productive employment opportunities, which by its very nature results in a virtuous cycle.

As alluded to, over the next 30 years, most of the growth in the world's population is expected to occur in the cities and towns of poor countries. Indeed, by 2020, the globe's developing world is likely to become more urban than rural. In this regard, the National Development Plan envisages that 11 million more people will inhabit South African cities by 2030 signalling a dynamic transformation that will serve as a powerful force towards shaping the country's social, economic and political trajectory over the next decade and indeed, in decades to come. The decisions that are made today will inherently shape our leaders of tomorrow inextricably determining the collective fortunes of all South Africans into the future.

A crucial consideration is that urbanization in today's developed economies was gradual, taking place over a hundred years or more thereby enabling greater learning and flexibility with respect to managing the urban transition. Today's cities are growing at an unprecedented speed, facing sudden migration

from rural and other areas. Cities that do not possess the requisite levels of capacity and agility will be adversely affected further exacerbating the effects of unemployment, inequality and poverty.

A robust developmental path for cities requires a city that is: (i) able to direct its scarce resources efficiently, (ii) an institutional environment that is able to drive its developmental trajectory and (iii) an effective civil society network that demands the highest level of accountability and transparency. In this regard, a number of institutional elements within the South African economy require urgent attention.

Two of the globe's foremost development economists, Acemoglu and Robinson argue that the key differentiator between countries with respect to their historical and current growth trajectories is that of institutions. The authors argue that nations thrive when they develop inclusive political and economic institutions and they fail when those institutions become extractive and concentrate power and opportunity in the hands of only a few (*Why nations fail*, 2012). It is not surprising that this is a view supported by the majority of economists and social scientists across the world.

Efficiently managing and optimising on today's rapid transition is critical towards ensuring sustainable growth. City leaders, and other critical stakeholders alike, are, ultimately, concerned with laying and enhancing the foundation of an environment that perpetually enables the acceleration of inclusive growth collectively anchored by the highest level of visionary and pragmatic leadership. This must be optimally supported by the creation of robust developmental partnerships partnerships that will propel us towards the City of Tshwane that we all collectively envision.

By convening critical stakeholders from the government sector, the private sector, academia, labour and civil society, the Summit will provide a platform for information sharing between practitioners, researchers, communities and other parties of interest to collectively sculpt a strategy and plan that is anchored on the development of smart and sustainable inclusive growth choices for the City of Tshwane. Most significantly, the summit will result in the development of a joint action plan that will translate the City's aspirations into reality, in a pro-active attempt at arresting the prevailing *low growth – high unemployment* environment that characterizes the City of Tshwane's economic landscape.

Topics of discussion will be centered around the concepts of:

- The interlinkages between space and the economy;
- Core growth enablers, such as the provision of sustainable economic infrastructure provision, including the innovative financing thereof;
- The growth potential of innovative city-level governance solutions within the South African context;
- Tshwane's comparative advantage from a sector prioritisation perspective;
- Partnerships required for growth; and
- Social cohesion and growth.

The summit's host, the Executive Mayor of Tshwane, Councillor Solly Msimanga, looks forward to your participation in sculpting the pursuit of our relentless and irrevocable journey of enhancing the quality of life for all within Tshwane.



Cllr Solly Msimanga
THE EXECUTIVE MAYOR
CITY OF TSHWANE