



INFRASTRUCTURE-LED TOWNSHIP & INFORMAL ECONOMY REVITALISATION:

Reflections from South Africa's National Infrastructure Plan 2050

POLICY BRIEF

TOWNSHIP

Township and Informal Economy Revitalisation: Reflections from South Africa's National Infrastructure Plan 2050



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Introduction

South Africa faces persistent structural challenges that undermine inclusive economic development, particularly within township and informal economies. These challenges include inadequate and poorly maintained infrastructure, uneven access to basic services, spatial inequality and weak institutional capacity at the local government level. In many cases, infrastructure deficits limit the ability of small, informal and township-based enterprises to participate meaningfully in economic activity, constraining productivity, market access and job creation (Organisation for Economic Co-operation and Development [OECD], 2025). Recent policy developments have increasingly recognised infrastructure as a strategic imperative for addressing these challenges such as the National Infrastructure Plan (NIP) 2050.

The NIP positions infrastructure as critical for inclusive economic development, particularly in historically underserved areas such as townships and informal economies. In 2025, South Africa's government intensified its focus on empowering township and informal economies as part of its broader infrastructure transformation agenda, closely aligning with Phase 1 of the National Infrastructure Plan 2050 (NIP 2050). In the State of the Nation Address (2025), President Cyril Ramaphosa announced R940 billion in infrastructure investment to stimulate inclusive economic growth, particularly in underserved areas. This infrastructure-led approach was further expanded in the State of the Nation Address (2026), where the government committed over R1 trillion to public infrastructure, while placing increased emphasis on innovative financing mechanisms such as public-private partnerships (PPPs), infrastructure bonds, and regulatory reforms aimed at accelerating project implementation and attracting private-sector investment. This reflects a broader policy emphasis on leveraging infrastructure investment as a catalyst for inclusive economic development, particularly in historically underserved areas.

Provincially, the Minister of Cooperative Governance and Traditional Affairs (COGTA), Mr Hlabisa, recently introduced a new Standard Draft By-Law for Township Economies. This by-law, issued in accordance with the Local Government: Municipal Systems Act of 2000, aims to create an enabling environment for small businesses in townships, supporting economic inclusion, job creation, and community empowerment (COGTA, 2024). The new by-law is a bold statement of CoGTA's commitment to transforming townships into vibrant economic hubs that provide sustainable opportunities for residents. This regulation is designed to harmonise township business ecosystems by providing standardised norms and facilitating easier entry and operation for both formal and informal businesses. It supports businesses with tailored resources, including permit registration processes and designated trading spaces, ensuring streamlined operations within municipal jurisdictions (COGTA, 2024).

Overview of the NIP 2050 in relation to Township and Informal Economy

These recent developments align very well with the National Infrastructure Plan 2050, which views infrastructure as more than just building roads or bridges but as a tool to support inclusive and sustainable development. South Africa has long faced challenges related to underinvestment, poor maintenance, and uneven access to infrastructure. These challenges have hindered economic growth, contributed to inequality and limited opportunities for participation in the formal economy, especially for people living in townships and rural areas. The NIP 2050 is a strategic policy framework developed by the South African government to guide long-term infrastructure development, aligning with the objectives of the National Development Plan (NDP) for inclusive economic growth and social transformation. Prepared by Infrastructure South Africa (ISA) under the Department of Public Works and Infrastructure (DPWI), the NIP 2050 aims to address critical infrastructure needs to foster economic development, job creation, and improved service delivery while tackling institutional and financial challenges.

The NIP 2050 employs several strategies to achieve its objectives. First, it prioritizes public-private partnerships (PPPs) as a means of mobilising private sector investment and technical expertise to support large-scale infrastructure delivery. The inclusion of PPPs in this framework is paramount, especially because Traditionally, PPPs often favoured large-scale projects and overlooked the township economy's smaller-scale needs. The NIP 2050 presents an opportunity to promote inclusive PPP models that actively involve local entrepreneurs, cooperatives and SMMEs to participate meaningfully in infrastructure planning, implementation, and service provision. A recent study conducted by the Moses Kotane Research Institute explored the potential of advancing SMMEs through PPPs in KwaZulu-Natal. The study identified several persistent institutional barriers that hinder SMMEs from fully benefiting from such partnerships, including limited access to finance, inadequate information, insufficient training, and complex regulatory requirements.

Another critical strategy of the NIP 2050 is the strengthening of institutional coordination and capacity across all spheres of government. This involves establishing dedicated structures to enhance alignment between national, provincial and local governments in infrastructure planning and execution. Improved coordination is intended to reduce duplication, fast-track approvals and ensure that infrastructure investments are responsive to local development priorities particularly in underserved areas such as rural regions and townships.

Opportunities for Township and Informal Economy Revitalisation

The NIP 2050 presents an opportunity to reframe infrastructure as a tool for inclusive spatial and economic transformation. Key opportunities lie in:

- **Localised Infrastructure Investment:** Infrastructure development in township areas should go beyond basic service delivery to include investments that support local economic activity.
- **Inclusive PPP models:** Infrastructure projects can be designed to include SMMEs, cooperatives, and local contractors in procurement processes. This creates jobs, builds skills, and keeps economic value within local communities. Municipalities can set specific targets for township-based suppliers and labour during project planning and implementation phases.
- **Integrated Planning with Local Economic Development:** Revitalisation efforts can be integrated into Integrated Development Plans (IDPs) and Local Economic Development (LED) strategies. This ensures alignment between infrastructure spending and local economic needs, while also strengthening municipal accountability and coordination.



Conclusion

The National Infrastructure Plan 2050 offers a valuable opportunity to support the growth and revitalisation of township and informal economies. By linking infrastructure development with local economic needs, the Plan can help address long-standing inequalities and unlock new opportunities for small businesses and communities that have often been left behind. The government's recent efforts to include township economies in policy and planning are a step in the right direction. However, Corruption, budget constraints and systemic inefficiencies threaten to derail progress. To ensure the NIP 2050 delivers on its promise, it requires strengthening institutional accountability and inclusive infrastructure governance mechanisms.

References

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