



# **Balancing Economic Growth and Local Needs: A Review of Community-Driven Approaches to Township Development in South Africa**

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## **Abstract**

This paper explores the potential of community-driven approaches to foster sustainable and equitable development in South African townships, which face persistent socio-economic challenges rooted in apartheid-era inequalities. Using a systematic review of literature that, the study employs the Asset-Based Community Development (ABCD) framework to examine how leveraging local assets, participatory decision-making, and cooperative initiatives can lead to better development outcomes. Findings reveal that while investment and entrepreneurial activity in townships have increased, benefits often fail to reach residents, exacerbating disparities. Community-driven strategies, such as cooperatives and community-based organizations, demonstrate transformative potential by creating jobs, promoting local entrepreneurship, and aligning development with residents' needs. A few notable case studies, including the Gugulethu Cooperative Development Project and the Soweto Urban Farmers' Cooperative, highlight the effectiveness of community action in promoting economic growth, social cohesion, and sustainability. The paper concludes that collaborative

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efforts between government, private sector, and civil society are essential for scaling development strategies. Community-driven models offer a viable pathway to inclusive and sustainable development in South African townships.

**Keywords:** Community, Economic growth, Economic development, Township, socio-economic issues.

## 1. Introduction

Community development in South Africa requires a multidisciplinary perspective due to the country's history of social, political, and economic challenges. Pursuing community-driven approaches to township development offer a powerful way to balance economic growth with local needs, ensuring that development is both equitable and sustainable (Chomane, and Biljohn, 2023). Townships, often located on the periphery of more affluent cities, are frequently marginalized in terms of economic opportunities, suffering from poverty, high unemployment, and income inequality.

Many South African townships face economic neglect, inadequate infrastructure, and barriers to entrepreneurship, which impede residents' access to sustainable livelihoods (Gauteng Provincial Government, 2022; Chidau et al., 2023). With unemployment rates in some townships exceeding 40%, significantly higher than the national average of 32% (Statistics South Africa, 2024; Maisela, 2023), these communities remain disproportionately affected by the country's socio-economic challenges. This labour market exclusion is reflected in poverty outcomes: nationally, approximately 63–67% of South Africans live below the upper-bound poverty line, yet poverty is often more concentrated in historically disadvantaged urban spaces such as townships and informal settlements, where household poverty rates frequently exceed national averages (Statistics South Africa, 2023; Sekhampu, 2012). Case studies of specific townships have found upper-bound poverty rates of over 70%, indicating deeper and more persistent deprivation compared to national aggregates.

Despite recent efforts to improve infrastructure and attract investment, these initiatives often fail to address the structural drivers of spatial inequality rooted in apartheid-era planning. Consequently, township residents remain disconnected from mainstream economic activities, with a significant gap in local economic development and overall quality of life (Currin, 2020).

Although existing literature has examined township development and economic growth in South Africa, much of the focus has been on top-down development models that overlook the importance of community participation and local empowerment. These models frequently fail to deliver long-term benefits to residents, leaving the structural issues of inequality and poverty largely unresolved. A critical gap exists in understanding how community-driven approaches, which generally prioritize local participation and asset-based development, can foster sustainable growth while addressing the specific needs of township populations.

This study aims to bridge this gap by investigating how community-driven strategies can be utilized to balance economic growth with local needs. It examines the potential of participatory models, cooperative organizations, and inclusive development practices to create opportunities that empower township residents, promote social cohesion, and reduce socio-economic disparities.

South African townships emerged as a direct product of racially segregationist policies formalised under the apartheid regime after 1948. Legislation such as the Group Areas Act and the Natives (Urban Areas) Act institutionalised spatial segregation by forcibly relocating Black African, Coloured, and Indian populations to peripheral urban settlements, deliberately situated at a distance from economic and commercial centres. These dense urban settlements were underdeveloped by design, functioning primarily as dormitory towns and labour reservoirs for white-owned industries, reinforcing racial hierarchies, economic dependency, and systemic exclusion from political and economic participation (Christopher, 2001; Mabin, 1997; Godehart, 2006; Philip, 2014).

Township residents were largely low-income households with restricted property rights and limited access to quality services (Masuku, 2023). Marutlulle (2022) explains that the apartheid state-maintained control through marginalisation, using townships as instruments of social engineering to regulate Black urbanisation and sustain a racially stratified economic order. This spatial and socio-economic legacy continues to shape inequality in post-apartheid South Africa, as townships remain socially and economically disconnected from urban economic centres despite ongoing development initiatives.

The primary objective of this study is to explore how community-driven approaches can balance economic growth with local needs, fostering development in South African townships by leveraging local assets, promoting participatory decision-making, and addressing socio-economic disparities. Through this research, the paper aspires to contribute to the

broader discourse on inclusive and equitable development, offering insights into how community-driven models can address the socio-economic challenges that persist in South African townships. The outline of the paper is as follows. The introduction is followed by the methodology used, theoretical framework, literature review, and conclusions and recommendations.

## **2. Methodological Approach**

### *2.1 Research Design and Search Strategy*

This paper adopts an in-depth review of qualitative and quantitative evidence from the existing literature to explore the role of community-driven approaches in balancing economic growth with local needs in South African townships. The research design identifies the socio-economic challenges faced by township residents and the various community-driven initiatives. This specific methodology aims to provide insights into the sustainable economic development of townships through local assets and community participation, focusing on how these practices contribute to the growth and improvement of township livelihoods.

To ensure a comprehensive and unbiased review of the literature, a structured search strategy was employed. Academic articles, government reports, and other relevant publications, were sourced from major databases, including JSTOR, Google Scholar, and Scopus. These databases were selected due to their interdisciplinary coverage, including topics on community development, economic growth, and socio-economic disparities. The search used predefined keywords such as “community-driven development,” “township development,” “economic growth,” and “South African townships” to ensure that all relevant literature was included.

### *2.2 Screening and Selection Process*

The paper adhered to the PRISMA framework, ensuring a systematic and transparent approach (Figure 1). Initially, 380 studies were retrieved from the selected databases based on predefined keywords. After removing duplicates, titles and abstracts were screened to exclude studies that did not directly address community-driven development or township development in South Africa. Following this, full-text reviews were conducted to ensure that the studies addressed the research question and adhered to methodological rigour. Studies that met the predefined inclusion criteria, methodological quality, and relevance to the research question, were included in the final review. After the screening process, 48 studies were deemed eligible for review.

### *2.3 Inclusion and Exclusion Criteria*

The inclusion criteria specified that studies must focus on community-driven development within the context of township development in South Africa, particularly concerning the balance between economic growth and local needs. Studies must be from peer-reviewed journal articles, government reports, or reputable policy papers published in English between 2010 and 2024, a period selected to capture contemporary post-apartheid township development dynamics, including policy shifts following the 2008 global financial crisis and the implementation of frameworks such as the National Development Plan 2030, while ensuring the inclusion of the most recent empirical and policy evidence. Articles that did not directly address the research question or lacked adequate methodological rigour were excluded. The exclusion criteria also included studies that focused solely on large urban centres or did not consider the socio-economic context of South African townships.

### *2.4 Data Management and Data Analysis*

For managing references and organizing data, the study utilized Zotero, a reference management tool, ensuring all sources were systematically recorded and easily accessible. To analyse the gathered secondary data, the study employed textual analysis to evaluate the themes emerging from the selected literature. This qualitative approach facilitated the extraction of key insights into community-driven development practices and how they contribute to the local economy, as well as the challenges associated with balancing economic growth with the needs of township residents.

The analysis was guided by the Asset-Based Community Development (ABCD) framework, focusing on local assets, community participation, and the role of cooperatives and community-based organizations in fostering inclusive economic development. Through a thematic analysis approach, recurring patterns were identified regarding effective strategies, barriers to success, and recommendations for improving township development. The data was synthesized into a coherent framework to outline the primary challenges and opportunities for economic growth in townships. This allowed for the identification of key themes, such as the importance of infrastructure improvement, local entrepreneurship, and ethical investment practices, in promoting inclusive development outcomes in South African townships.

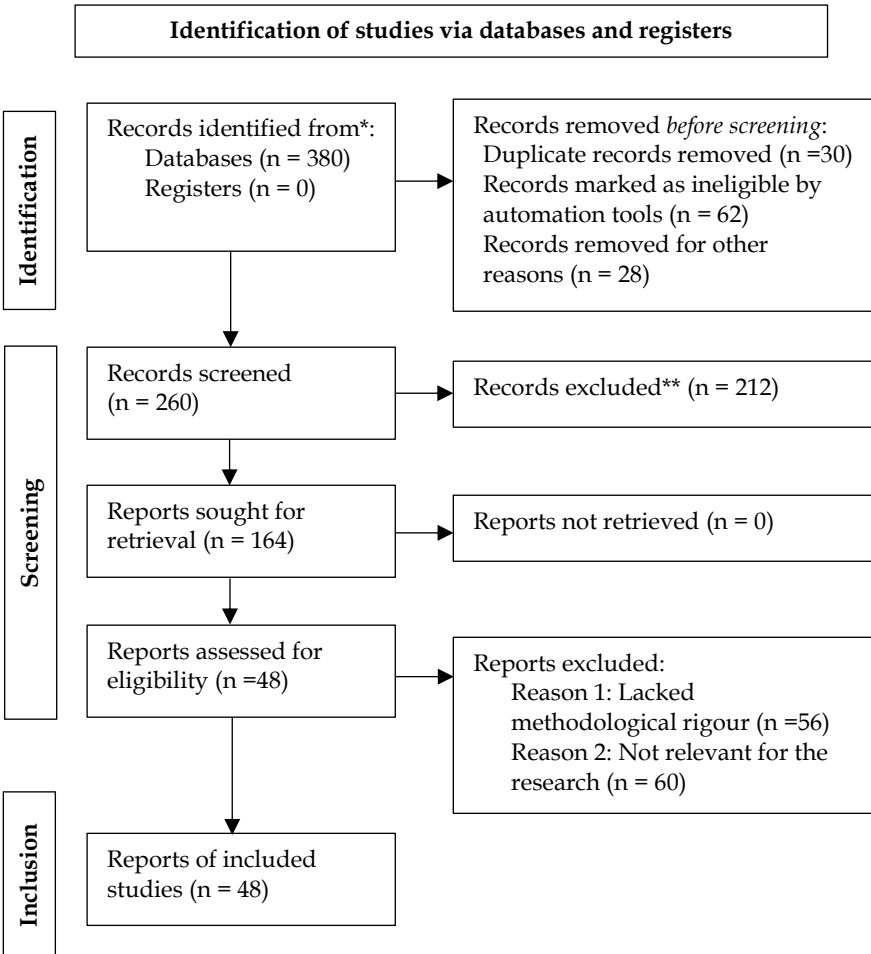


Figure 1: PRISMA Flow Chart

### 2.5 Theoretical Framework

In recognition of nature and purpose to this paper, Asset-Based Community Development theory was adopted to assess and examine community-driven approaches to township development in South Africa. The theory emphasizes the strengths and resources within communities rather than focusing on their needs and deficiencies (Campo, et al, 2024). Developed by John Kretzmann and John McKnight in the late 1990s, the ABCD theory advocates the thinking that all communities regardless of the development status possess assets that can be harnessed to foster equitable and sustainable development, such as individual skills, community organizations, and local businesses. As presented earlier in this paper;

townships in South Africa endure a variety of socio-economic challenges which can largely be traced back to the apartheid era.

Currently, the South African township economies are marginal and under-resourced. Economic activity of many townships is generally limited to informal trading, transportation, and government services. Jusoh an Ahmad (2018) and Kretzmann and McKnight (1993) posit an idea that the ABCD theory can be a key development plethora because it has a shifted focus from problems to potential. Mathie et al. (2017) argue that the ABCD theory is focused on the idea that “communities can build resilience, enhance social cohesion, and empower residents to take an active role in their development”.

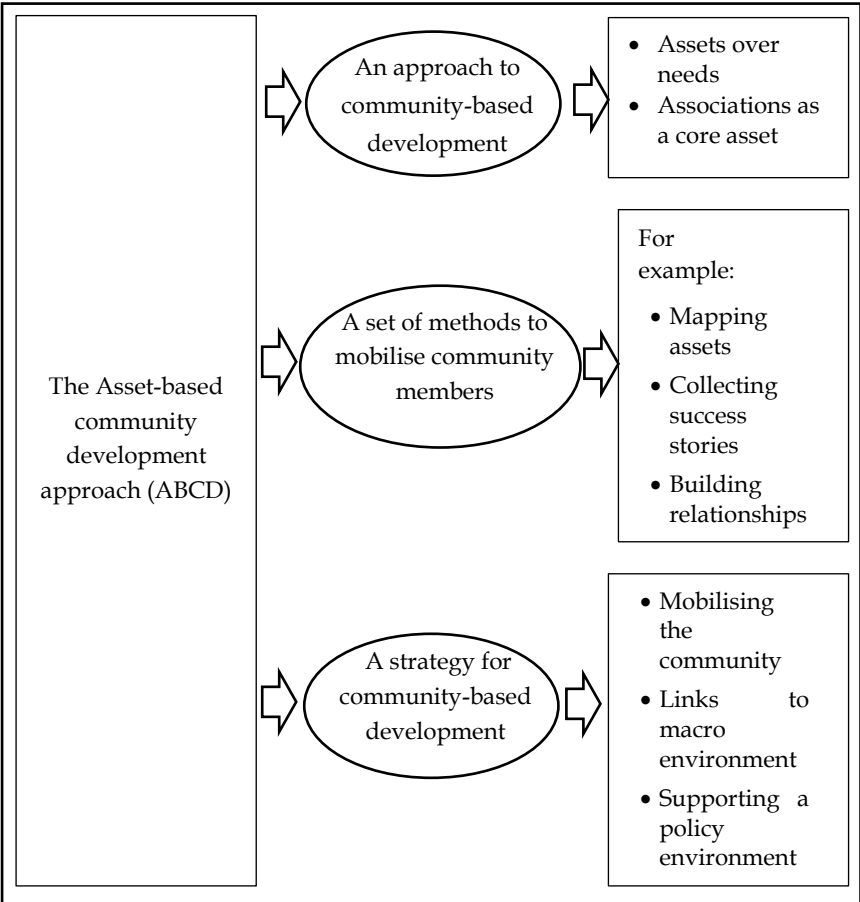


Figure 2: Conceptualization of the ABCD approach by Mathie and Cunningham (2003)

In this context, Figure 2 illustrates how the Asset-Based Community Development approach can promote equitable and sustainable development in marginalised communities. As reflected in the figure, the model prioritises four key elements that communities should harness in their development efforts: assets, beliefs, capabilities, and development outcomes. By shifting the focus from deficits to existing strengths and opportunities, the ABCD approach encourages a more positive, proactive, and self-reliant community orientation.

Within this framework, Mathie and Cunningham (2003) advocate for a participatory approach to development that strengthens local ownership, builds on community capacities, and advances more inclusive and equitable development processes.

Townships in South Africa are characterised by a variety of issues that the government and development institutions struggle to combat. The literature indicates that a substantial proportion of township residents in South Africa live below the poverty line and experience high levels of unemployment and inequality, which significantly constrain their ability to make ends meet and contribute to persistent socio-economic vulnerability (Metelerkamp et al., 2019; Nkhumeleni et al., 2022). These challenges are further compounded by inadequate infrastructure, unreliable public transport, poor sanitation, and limited access to healthcare services, all of which hinder economic activity and diminish overall quality of life in townships (Gauteng Provincial Government, 2022; Thusi, and Mlambo, 2023).

## *2.6 Results and Discussion*

This section synthesises the literature on the structural socio-economic challenges facing South African townships and critically examines pathways for balancing economic growth with local needs. It highlights how apartheid-era spatial planning, rapid urbanisation, and persistent inequality continue to shape exclusionary development patterns, often reinforced by top-down policy approaches. The review underscores the limitations of externally driven interventions and critiques corporate-led investments that fail to ensure equitable benefit-sharing and meaningful local empowerment. Central to the discussion is the transformative potential of community-driven strategies, including cooperatives, participatory planning, and locally embedded development models, in fostering inclusive growth. Drawing on Asset-Based Community Development principles, the section emphasises the importance of leveraging existing community assets, strengthening local capabilities, and prioritising participatory governance as foundations for sustainable and equitable township development.

Before presenting the theme-wise findings, it is important to clarify how the themes were identified and how they relate to the theoretical framework guiding this study. Thematic analysis was conducted through a systematic coding process of the selected literature. Key concepts, recurring arguments, and frequently cited challenges were first identified through open coding. These initial codes were then grouped into broader categories reflecting structural barriers, institutional dynamics, and community-level interventions. Patterns that consistently emerged across multiple sources were refined into core themes.

The themes emerging from the literature are classified into six categories that move broadly from an assessment of the current socio-economic status of townships to practical illustrations of the Asset-Based Community Development strategy in action. The ABCD framework provided the analytical lens through which these categories were structured and interpreted. Rather than merely cataloguing socio-economic problems, the analysis assessed whether the literature framed townships in deficit terms or in terms of local assets and capabilities. Accordingly, themes such as spatial inequality, infrastructure deficits, and financial exclusion are examined alongside asset-oriented dimensions including local entrepreneurship, social capital, cooperatives, and participatory governance, ensuring coherence between the theoretical framework and the empirical findings.

### *2.6.1 The Status of South African Townships and the Conceptualisation in Development Policy*

According to World Bank (2023), South Africa remains as one of the world's most unequal countries, with significant income disparities and an economy that lacks inclusivity for all economic agents with townships and rural areas being at the end of the economy spectrum. The current pattern of economic growth in South Africa, cannot generate the level of employment required to address the persistently high unemployment rate of 31.9% (Statistics South Africa, 2025), as well as widespread poverty. In this context, it is important to note that South Africa remains one of the world's most unequal countries, marked by significant income disparities and an economy that lacks inclusivity for all economic agents. Approximately 40% of the working-age population and 60% of the country's unemployed reside in townships (Statistics South Africa, 2025; Mseleku, 2022; Bayat et al., 2014; Mbunge, 2020; Tshuma, 2023) underscoring the spatial concentration of unemployment and the urgency of township-centred economic interventions.

South African townships were mainly characterised with a variety of socio-economic challenges (The World Bank, 2023). Interestingly, fast forward to today, many South African townships continue to face socio-economic challenges, which include high levels of unemployment, poverty, limited access to quality life, education and healthcare (Mahajan, 2014). It is imperative to mention that the government of South Africa has not been successful in addressing the challenges faced by the South African townships (World Bank 2024).

According to reports published by Independent Online (IOL) (2015) and Sunday World (2025), progress in South African townships has remained limited. While certain improvements are observable, the broader structural conditions of inequality have shifted only marginally, and the enduring legacy of apartheid continues to constrain meaningful transformation. This assessment is reinforced by Currin (2020), who argues that townships largely remain as they were originally designed; spatially disconnected and economically marginalised from mainstream centres of production and opportunity.

This persistent marginalisation is particularly concerning given that Local Economic Development (LED) has emerged as a central policy strategy for addressing poverty and unemployment in South Africa, especially in historically disadvantaged townships and rural areas (Houghton et al., 2013; Umsizi Team, 2025). Scholars such as Mensah, Domfeh, Ahenkan and Bawole (2013) contend that LED holds significant potential to reduce spatial inequalities by empowering local communities and fostering inclusive economic growth. However, despite its promise, the effectiveness of LED initiatives has often been undermined by structural and institutional constraints, including limited financial resources, weak institutional capacity, and insufficient community participation (Khambule, 2018; Van der Byl, 2014).

These limitations are reflected in ongoing labour market challenges. Recent data from Statistics South Africa (2024) indicate that, youth unemployment remains one of the country's most pressing socio-economic concerns, with nearly 61% of young people in townships actively seeking employment. This crisis is further compounded by the enduring effects of the apartheid-era spatial planning, which continue to isolate many township communities from employment hubs, quality education, and essential services (South Africa Today, 2024).

There are several factors that can be linked to the failure of effective and equitable township development programmes. Varol, (2010); Houghton et al., (2013) suggest that the failure can be attributed to the fact that township residents lack the necessary skills to participate in entrepreneurship

initiatives, lack markets, have minimal government support, have inadequate infrastructure and skills, and limited access to finance. Despite these pressing challenges it remains vital for the government and municipalities in particular to revitalise townships. Revitalizing townships through Local Economic Development (LED) will contribute to reducing the hampering unemployment and address economic inequality. It can also create job opportunities, boost local businesses, and improve the infrastructure (Mthembu 2021).

### *2.6.2 The Role of Community-Driven Approaches to Township Development*

The literature underscores the critical importance of community-driven approaches to township development, emphasising the active involvement of residents in the planning and implementation of initiatives that directly affect their lives (Matlin, 2008; Kotze, 2020). This perspective is grounded in the principle that sustainable development is most effective when local communities participate meaningfully in decision-making processes, ensuring that their specific needs, priorities, and aspirations are reflected in development outcomes. Within the South African context, community-driven development offers a promising pathway for fostering inclusive economic growth and addressing entrenched historical inequalities. By centering local agency and participation, such approaches can generate more context-responsive and equitable outcomes, while empowering residents to take ownership of their developmental trajectories (Bénil-Gbaffou, 2016).

Recent evidence further highlights the evolving economic dynamism within townships. Schwabe (2024) describes South African townships as “emerging vibrant hubs of entrepreneurship,” noting a visible expansion of both informal and formal economic activities. Despite persistent socio-economic constraints, including poverty, unemployment, and infrastructural deficits, many townships are experiencing increased entrepreneurial activity, which has created new livelihood opportunities for residents.

However, this paper critically interrogates the extent to which township residents meaningfully benefit from this transformation, particularly against the backdrop of South Africa’s persistent income inequality and high unemployment. While townships are increasingly framed as sites of innovation and economic vitality, the gains associated with this growth remain unevenly distributed, with many residents still excluded from substantive economic participation (Rogerson, 2019). The

risk, therefore, is that township transformation may reproduce existing inequalities if inclusion is not intentionally prioritised.

In light of the above, community-driven approaches offer a mechanism for addressing this gap. Participatory governance instruments, such as participatory budgeting and community-led infrastructure initiatives, have demonstrated potential to enhance service delivery while fostering collective ownership and accountability (Heller, 2012). Similarly, targeted support for local entrepreneurs, including skills development programmes, business incubation, and improved access to microfinance, can help unlock township economic potential while confronting structural barriers to inclusion (Banks & Lombard, 2020).

By strengthening local agency and embedding development processes within community structures, these approaches can help align economic growth with social equity, ensuring that township residents are not marginalised within broader urban transformation processes.

### *2.6.3 Investors in Townships: Economic Growth and Beneficiaries*

Large corporations have increasingly recognised the growth potential of township markets, a trend driven by South Africa's rapid urbanisation and the continued migration of individuals to townships in search of employment opportunities (Ngubane, 2023). This demographic shift has stimulated rising demand for consumer goods, housing, and essential services, thereby attracting corporate investment aimed at meeting expanding local needs. Historically underserved by formal retail and service industries, townships are now experiencing a notable influx of investment, particularly from sectors such as retail, telecommunications, and banking (Smith, 2023).

For instance, major retail chains like Shoprite, Pick n Pay, Spar, and Boxer, as well as telecommunications giants such as MTN and Vodacom, and banks like Capitec, Absa, and Standard Bank, have established a significant presence in townships (Jones, 2022). These investments have introduced formal retail options, attracting consumers who previously relied on informal markets and contributing to the gradual formalization of township economies. The presence of formal retail and service providers have improved access to affordable goods and services, thereby marginally enhancing the quality of life for residents (Turok, 2016).

While these corporate investments in townships have shown the potential to drive economic growth, the extent to which township residents benefit from these developments remains a contentious issue. Zinn (2018) argues that despite the growing interest in township investments, residents often do not fully benefit from these initiatives. This is largely because

many investors are primarily driven by profit maximization rather than community development and upliftment (Pieterse, 2010). As a result, investment strategies are frequently imposed from the top down, with little to no meaningful engagement with local communities. This lack of participation exacerbates existing income inequalities rather than alleviating them, as the benefits of economic growth are not equitably distributed (Davis, 2006).

Moreover, the jobs created by these investments are not always accessible to township residents due to a mismatch between the skills required by corporations and the skills available within the local labour force (Pieterse, 2020). Many township dwellers lack the necessary training and qualifications to secure employment in these formal sectors, which limits their ability to benefit from the economic opportunities generated by corporate investments. This highlights the need for targeted skills development programs and partnerships between investors, government, and community organizations to ensure that residents are equipped to participate in the formal economy.

Despite these issues, some corporate investments have showcased the possible opportunities for inclusive growth. For example, a few corporations have begun to adopt more socially responsible investment strategies, such as partnering with local entrepreneurs, supporting small businesses, and investing in community infrastructure (Rogerson, 2019). These initiatives not only enhance the sustainability of corporate investments but also contribute to the broader socio-economic development of townships.

#### *2.6.4 Empowering Local Entrepreneurs: Leveraging Township Economies for Sustainable Development*

Local entrepreneurship has emerged as a critical driver of sustainable development in South African townships, offering a pathway to inclusive economic growth and poverty alleviation. Townships, often characterized by limited access to formal employment, have become hubs of informal and small-scale entrepreneurial activity (Rogerson, 2019). These enterprises, ranging from spaza shops and street vendors to small manufacturing businesses, play a vital role in meeting the daily needs of township residents while providing livelihoods for thousands of people. Despite their economic significance, local entrepreneurs often face significant barriers, including limited access to finance, inadequate infrastructure, and a lack of business skills (Banks & Lombard, 2020). Addressing these challenges is essential to unlocking the full potential of township economies and

ensuring that local entrepreneurs can contribute meaningfully to sustainable development.

Community-driven approaches to supporting local entrepreneurship have shown promise in addressing these barriers. For instance, initiatives that provide access to microfinance, business training, and mentorship have been successful in empowering township entrepreneurs, particularly women and youth (Skinner, 2019). Programs such as these not only enhance the viability of small businesses but also foster a culture of innovation and resilience within township communities. Partnerships between local governments, NGOs, and private sector actors have been instrumental in creating enabling environments for entrepreneurship, such as establishing business hubs, improving infrastructure, and facilitating market access (Turok, 2016). These efforts demonstrate the potential of community-driven strategies to leverage local entrepreneurship as a tool for economic empowerment and social transformation.

However, the success of these initiatives depends on their ability to address systemic inequalities and ensure that the benefits of entrepreneurship are equitably distributed. While some entrepreneurs thrive in the township economy, others remain marginalized due to structural barriers such as limited education, gender discrimination, and xenophobia (Fubah, 2022). For example, immigrant entrepreneurs, who play a significant role in township economies, often face exclusion and violence, undermining their ability to contribute to local development.

### *2.6.5 Community-Driven Strategies as Successful Models: Two Instances*

Addressing persistent challenges such as unemployment, inadequate infrastructure, poor service delivery, and environmental sustainability in South African townships requires collaborative efforts among government, community-based organizations, and private sector role players. Non-profit organizations (NPOs), community-based organizations (CBOs), and cooperatives, have been identified as vital mechanisms for fostering inclusive economic growth and addressing systemic inequalities in townships (Mnguni, 2024; Scherer & Steyn, 2019; Scherer, 2020). These strategies emphasize local participation and ownership, ensuring that development initiatives align with the needs and aspirations of township residents.

As highlighted earlier, while townships attract significant investment, the direct benefits for residents are often limited. Gumed (2005), in a study exploring socio-economic issues in South African townships, emphasized the importance of community participation in economic development

initiatives. This sentiment is echoed by Muller (2019), who argues that community-driven initiatives can create meaningful economic opportunities for residents, contributing to more equitable and sustainable development. For instance, cooperatives and other community-led enterprises have been instrumental in providing jobs and generating income for township dwellers, particularly in sectors such as agriculture, retail, and services (Roberts, 2019). These initiatives not only address immediate economic needs but also empower communities to take control of their development trajectories.

Two cases illustrate the transformative potential of community-driven strategies in South African townships. The first is the Gugulethu Cooperative Development Project in Cape Town, which focuses on empowering women through agricultural cooperatives. This initiative provides training, resources, and market access to women-led cooperatives, enabling them to grow and sell fresh produce locally. As a result, participants have reported increased income, improved food security, and greater economic independence (Mbokodo and Ndlovu, 2021). The project demonstrates how community-driven approaches can address gender inequality and poverty while fostering local economic growth.

The second case is that of Soweto Urban Farmers' Cooperative in Johannesburg, which has successfully integrated urban agriculture with environmental sustainability. This cooperative, supported by local NGOs and government grants, trains residents in sustainable farming practices and provides them with land and tools to grow vegetables. The produce is sold in local markets, creating jobs and reducing food costs for the community. Additionally, the cooperative has advocated for policy changes to support urban agriculture, such as access to unused municipal land and financial incentives for small-scale farmers (Dlamini and Mahlangu, 2020). This case highlights how community-driven strategies can simultaneously address economic, social, and environmental challenges in townships.

Well-organized community groups have the potential to advocate for policy changes that address systemic issues in townships. By mobilizing collective action, these groups can push for better resource allocation from the government and demand more equitable treatment in economic development activities (Scherer, 2020). This advocacy ensures that township residents are not merely passive beneficiaries or consumers but active participants in the economic activities that shape their communities. Community-driven strategies can influence investors to adopt more inclusive practices, such as prioritising local hiring, supporting small businesses, and investing in community infrastructure.

### *2.6.6 The Impact of Urbanisation on Township Development*

Urbanization, driven by the large-scale movement of populations from rural to urban areas, is a global phenomenon with profound developmental implications (McGranahan, 2014). In South Africa, urbanization has been particularly transformative, significantly shaping the socio-economic and spatial configuration of townships. One of its most visible consequences has been the rapid expansion of informal settlements, which are frequently characterised by inadequate housing, limited access to basic services, and insecure land tenure (Statistics South Africa, 2022). These pressures are intensified by the fact that South Africa, Africa's most industrialised economy, has nearly two-thirds of its population residing in urban areas, placing substantial strain on infrastructure, housing systems, and public resources (World Bank, 2021).

The proliferation of informal settlements reflects the inability of urban planning and housing policies to keep pace with the rapid influx of people into cities. As Marutlulle (2021) observes, persistent backlogs in housing provision and deficiencies in essential services such as water, sanitation, and electricity pose significant obstacles to sustainable township development. These structural challenges are compounded by governance constraints, as local governments and municipalities often lack the financial, administrative, and technical capacity to effectively manage the demands of accelerated urban growth (Magagula et al., 2022). Consequently, service delivery inefficiencies not only entrench poverty but also heighten the vulnerability of township residents, many of whom remain excluded from formal economic opportunities and spatially disconnected from economic hubs (Turok, 2016).

In addition, migration from other African countries has added another layer of complexity to township dynamics. Many immigrants settle in townships due to affordability and proximity to economic opportunities; however, they frequently encounter xenophobia, social exclusion, and precarious living conditions (Njwambe et al., 2019). These dynamics further strain already limited resources and complicate efforts aimed at achieving inclusive and equitable urban development.

Despite these challenges, urbanization should not be viewed solely through a deficit lens. Urban centres function as hubs of economic activity, innovation, and cultural exchange, offering significant potential for improved livelihoods and upward social mobility (Alanda et al., 2024). The concentration of populations in urban areas can stimulate demand for goods and services, thereby creating opportunities for small enterprises and informal traders (Rogan & Skinner, 2018). Furthermore, urbanization can foster resilience and social cohesion, as diverse communities

collaborate to address shared socio-economic challenges (Njwambe et al., 2019). With proactive planning, institutional strengthening, and inclusive policy implementation, urbanization can be harnessed as a catalyst for sustainable township development and improved living standards (National Planning Commission, 2012).

### *2.7 Conclusion and Recommendations*

This paper critically examined the role of community-driven approaches in fostering economic growth and addressing local needs in South African townships. The review of extant literature underscores that townships continue to face persistent challenges, including high unemployment rates, inadequate infrastructure, and systemic income inequalities, many of which are rooted in the apartheid legacy. Through the lens of the Asset-Based Community Development theory, this study highlights the importance of leveraging local assets and promoting community participation as a pathway toward sustainable and equitable development for marginalised townships.

The findings reveal that while there has been a notable increase in investment and entrepreneurial activities within townships, the economic benefits often fail to reach residents. Large corporations, driven primarily by profit maximisation, frequently overlook the need for equitable development, thereby perpetuating existing income inequalities and marginalisation. The disconnect between investment and community benefit underscores the need for alternative approaches that prioritise local empowerment and inclusivity.

This paper advocates for community-driven strategies, such as cooperatives and community-based organisations, as crucial mechanisms for addressing these challenges. These approaches empower township residents by fostering local entrepreneurship, creating jobs, and ensuring that development efforts align with the genuine needs of the community. Case studies, such as the Gugulethu Cooperative Development Project and the Soweto Urban Farmers' Cooperative, demonstrate the transformative potential of community-driven initiatives in promoting economic growth, social cohesion, and environmental sustainability.

Building on these findings, several practical recommendations emerge. Township development should institutionalise participatory approaches, ensuring that residents are actively involved in the planning, implementation, and monitoring of projects. Strengthening cooperative and community-based enterprises, addressing structural infrastructure gaps, promoting inclusive local enterprise development, encouraging ethical corporate investment, and empowering community-based

organisations for advocacy are all critical for fostering equitable and sustainable outcomes. Coordinated action across government, private sector, and civil society, grounded in participatory, asset-based, and inclusive strategies, can transform townships from marginalised spaces into engines of community-driven growth.

Lastly, community-driven strategies offer a viable pathway for achieving sustainable and inclusive development in South African townships. By prioritising local participation, leveraging community assets, and advocating for policy changes, these approaches can bridge the gap between economic growth and social equity. However, their success depends on the commitment of all stakeholders to support and scale up community-led efforts. Only through such collaborative and inclusive approaches can townships overcome their historical challenges and achieve meaningful transformation for all residents.

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