

CHAPTER TEN

REGIONAL DEVELOPMENT: STRATEGIES FOR THE FUTURE

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1. INTRODUCTION

Regional development made a dramatic comeback on the international development scene in 2008. It featured prominently in the flagship UN-Habitat publication, *State of the World's Cities 2008/2009*¹ and equally emerged as a strong theme in the World Bank's annual development report, *World Development Report 2009: Reshaping Economic Geography*,² which reinforces the importance of space and place in effective development policy. In many respects the Provincial Government of the Western Cape (PGWC) has been ahead of the curve by embarking on a regional development policy dialogue in 2006, which culminated in the *OECD Territorial Review*³ (hereafter "the Review") undertaken during 2007 and 2008 and published in late 2008. This paper argues that the foresight of the provincial government is to be commended and that the PGWC is now well placed to interrogate the recommendations and implications of the Review. Given the magnitude of economic, environmental and social challenges in the Western Cape which all require effective regional responses, a prioritisation of regional policy is imperative.

This chapter sets out the origins of regional thinking in the Western Cape government, referring back to the Presidential Imbizo in Cape Town in December 2005, and traces how this led to the Review by the Organisation for Economic Co-operation and Development (OECD). It underscores that the policy agenda is organic and not imposed by a foreign think tank. It then explores the core arguments of the Review to lay the basis for the section that seeks to identify signs of policy implementation during 2008. Given the fertile policy development programme of the provincial government in terms of its multi-dimensional *iKapa Elihlumayo* Growth and Development strategy, it is crucial to assess how those processes that connect with the findings of the Review have responded to its recommendations. The final section identifies specific policy omissions and opportunities for 2009 and beyond.

2. THE EMERGENCE OF REGIONAL THINKING

At a national level, the National Spatial Development Perspective (NSDP),⁴ published in 2003, was an opportunity to understand the spatial underpinnings of the South African economy and development investments. The recognition of the importance of space for economic development was carried through as a theme in the report of the Presidency, *Towards a Ten Year Review*, published on the eve of the 2004 general elections. The core message of the *Ten Year Review* was that the government had to move more decisively to advance economic



development and to avoid an over-reliance on welfare measures. This involved, inter alia, more explicit and effective engagement with the territorial underpinnings of economic development. Thus, the 2006 revision of the NSDP was even more insistent on the importance of a regional approach to economic development:

Contextualising and applying the NSDP has to be understood within the perspective that the overall performance of our economy hinges on the growth and development potential of regions ... While there are no universal rules, an emerging consensus is that the depth and quality of institutions are a crucial common denominator in initiating and sustaining economic growth in regions and that poverty and inequality are more likely to be addressed if redistributive interventions are combined with strategies to maximise an area's unique economic potential.⁵

The PGWC picked up this theme explicitly in the *Provincial Spatial Development Framework* and it informed the commission of the *Small Towns Study*⁶ that was undertaken in 2005. Subsequently, this line of thinking was also picked up in the *Provincial Growth and Development Strategy*:

The core message that emerges is clear: as the situational analysis suggests, the primary resources of the WC are its agricultural economy, the integrated and diverse city-regional economy that makes up the CTFR [Cape Town Functional Region], its rapidly growing services sector, relatively well-developed knowledge capital, its attractive living environment, its strong higher-education sector, cross-sectoral knowledge networks supported by a relatively high-quality communications infrastructure, long traditions of community-based association, and a growing number of knowledge intensive businesses concentrated in the CTFR (such as tourism, ICT, financial services, agri-beneficiation, green-economy businesses and call centres).⁷

In more practical terms, a key intergovernmental occasion, the Presidential Imbizo to discuss development challenges in Cape Town on the 15 December 2005 proved to be an important catalyst for regional thinking. The Imbizo concluded that the City of Cape Town needed a more refined economic development strategy and a more effective human settlement strategy. As a consequence an intergovernmental process was established to address the development impasses of Cape Town. Within three months, the "Proposed Agenda for Action" was signed by all three spheres of government. It called directly for the adoption of a regional approach: "It is further recognized that the functional urban region requires co-ordination and planning that typically transcends the boundaries of metropolitan areas and encompass a wider hinterland connected by commuter flows, economic linkages and shared facilities. Many major strategic challenges thus transcend city boundaries and must also be addressed at a more regional scale."⁸ Two years later, the Review came to exactly the same conclusion, but also provided clear recommendations on how best to embark on this journey towards a city-region response.

The "Proposed Agenda for Action" was specific about the geographical scope of the city region and provided important pointers as to the kinds of development imperatives that required a regional response. These included:

- Identifying major public transport spines as well as long-term requirements for transport hubs that can support the diverse elements of the regional economy
- Restructuring the built environment by providing measures to promote densification and mixed-use, mixed-income settlements within and across municipal boundaries

- Related to the above, identifying suitable land within a regional context for in-fill and new development to accommodate household growth across the income spectrum
- Identifying the most appropriate sites for economic diversification, such as the potential for new manufacturing and beneficiation linked to Saldanha and Atlantis.

After the local government elections in March 2006, the new political leadership in the City of Cape Town endorsed the thrust of the “Proposed Agenda for Action” framework and sanctioned the continuation of working committees between the two spheres of government. However, this process broke down when an intergovernmental spat between the provincial government and the City of Cape Town ignited when moves were made to change the municipal type of the City in late 2006. Consequently, the resolution of the scope and institutional status of “the Regional Plan” that was highlighted as a priority in the Plan of Action was never defined or implemented. It was against this backdrop that the PGWC took the unusual step of engaging an international public policy think tank, the OECD to analyse the dynamics of the regional economy to identify priorities for action. The remainder of this chapter provides an account of the main findings and recommendations of the *OECD Territorial Review*, with some concluding remarks on how it can be taken forward in 2009.

3. KEY TENETS OF THE OECD TERRITORIAL REVIEW

The central advantage of an *OECD Territorial Review* is that it provides an external assessment of the level of economic competitiveness of a territory in relation to other OECD metropolitan regions. Given that it operates from this vantage point, it can provide useful, even if difficult, insights into the economic positioning of the region and what it means for public policy.

The Review is reasonably favourable and upbeat about the Cape region, noting its relatively high regional GDP per capita (US\$15 250), which is comparable with Naples and Mexico City. The Review devotes considerable attention to the significant growth rates that have been achieved in the past few years and the relatively favourable positioning of the key economic sectors that drive this growth. As would be expected from an agency such as the OECD, there is an emphasis on the degree of economic insertion in global value-chains because this is seen as the only sustainable way of ensuring long-term growth and economic development. From this vantage point, the Review highlights the role of agro-food as the largest exporter of the region and the second largest employer. If there is one economic sector that underscores the importance of a regional approach to economic development and planning, it is agro-food because the Western Cape’s exports are primarily driven by wine, citrus and table grapes. Their production is largely outside of the metropolitan area, but processing and exporting depend directly on the efficiency of transport infrastructure within the metropolitan area under the control of a variety of public bodies, who themselves struggle to coordinate and align their investment strategies effectively.

The second economic sector highlighted in the Review is tourism and hospitality because it has proved to be a significant area of job growth, with catering and accommodation being the fastest growing sub-sector in the region since 2000. The Review suggests that a discussion is required on how to sustain the growth curve in the sector and maximise the job and economic potential. Again, the significance of a regional approach to thinking about the competitiveness and growth potential of the sector is self-evident, because the primary amenities and facilities that underpin the sector spread out across the region and the south coast axis of the province. However, the sensitive ecological state of the province also point to a number of limits and dangers in an approach which grows the sector at all costs. Instead, the Review suggests that a significant push is required to find mechanisms for all the stakeholders in the sector to find a common vision for its long-term growth within a sustainable development framework and with a conscious focus on how to bring economically excluded social economies in the townships



and informal settlements back into the sector. This is clearly one of those areas where, although one would be hard pressed to find anyone who disagrees with this policy recommendation, the tendency still seems to be towards greater fragmentation and discord in the sector. There is clearly an urgent need to identify the drivers of the failure of institutional coordination in this sector and to address them swiftly. See chapter 8 on economic marginalisation.

The Review demonstrates effectively the fact that the Cape regional economy has undergone a fundamental and irreversible transition towards becoming a “services”-dominated economy. Thus, the Review profiles the fact that the finance and insurance sub-sector doubled its contribution to regional GDP during 1995 to 2005, constituting a substantial share of 16.6% of the regional economy. Alongside this growth is the success story of the business process outsourcing (BPO) sector in the last while. However, the failure of the regional educational system to provide enough appropriately skilled people to sustain and expand this growth emerges as a big concern in the Review. Again, it seems that institutional coordination failures are at the core of addressing the skills mismatch challenge in the Cape (and other key economic centres in South Africa). Education is of course a provincial (primary and secondary) and national (higher education) competency, although significant ambiguity surrounds early childhood development where local government has some oversight (for environmental health purposes) responsibilities. Yet, notwithstanding the formal division of powers and functions between the spheres of government, it is imperative from a regional development perspective that a clear, targeted and well resourced human capital strategy be formulated between government, the private sector, tertiary educational institutions and grassroots organisations to address the most important structural driver of large-scale unemployment. In light of this issue, I will return to the scarce skills strategy of the provincial government below. See chapter 4 on skills development.

A further comparative advantage of the Cape region highlighted in the Review is the concentration of logistics infrastructures which point to Cape Town as a key “transportation hub and transshipment point in Africa for agro-food, refined oil and steel”. The Review suggests that this regional asset can be greatly enhanced on the back of strong export potential in other areas such as pharmaceuticals, cosmetics and biofuels. However, it is unclear who exactly would take the lead in organising the investment capital to pursue these avenues so obviously full of potential, since there is no forum where interested businesses and government economic development planners can come together to forge an explicit strategy. There has been talk for some time about positioning the Cape as a strategic hub for the oil and gas sectors as per the micro-economic development strategy (MEDS), but it remains unclear how far that thinking has been translated into practice or linked to other sectors that could also grow on the back of such infrastructural assets. Of course, the biggest problem in this regard is that the primary logistics infrastructures are owned and operated by parastatals (state-owned enterprises) who take their cue from national departments and anchor clients, as opposed to the development frameworks and priorities of provincial and local government actors that coincide with their facilities. As long as the disconnect between local government, provincial government and state-owned enterprises persists, it is unlikely that the potential identified in the Review can come to fruition.

Another, relatively new economic sector, promoted by the Review is that of the emerging creative and knowledge-intensive industries. Here they refer to the cluster of specialisations in biology, engineering and life sciences that can sustain growth of medical tourism, which can become a major sub-specialisation in a diversified tourism sector. The other areas promoted are creative industries rooted in the growth of film and publishing. In fact, the creative industries are probably the most important area for expansion and growth to re-anchor the tourism sector in the social-cultural asset base of the region as opposed to the natural environment. In this way, ways can be found to broaden the employment in the sector and bring black culture and street life into the mainstream of the future growth of the tourism industry. These are encouraging pointers because the region has for some time suffered a crisis of confidence about the value proposition of the Cape. There is thus a promising confluence emerging between the growth of a more robust events calendar that boosts local cultural industries, the continued growth in the film industry, continued growth in events and conferencing which in turn provide an important all-year audience for local cultural products and services, and the active promotion of design-

intensive industries in architecture, planning, urban design, publishing, music, advertising and marketing, which all depend on a dynamic and authentic local cultural milieu. Considering this potential, it is clearly important to identify a strong and effective institutional leader who can drive towards its realisation with the requisite passion and determination.

The optimistic assessment of the Review is balanced by a strong assertion that the region is hobbled by a number of structural challenges that fundamentally undermine long-term prosperity and inclusion. These challenges are: unemployment, social divisions that coincide with race and class, the serious prevalence of HIV/AIDS and the fact that a quarter of the population lives in poverty. The challenges are reinforced by the spatial legacy of apartheid, which delivered unskilled, poor black people to zones of economic exclusion through residential segregationist policies. Since the post-1994 urban development policies anchored in the public housing programme located poor people even further away, the margins of the city and towns, the spatial dynamic of economic exclusion has effectively been reinforced. The Review makes it very clear that this structural feature of the built environment that supports the regional economy must be addressed directly if the potential of various economic sectors are to be realised. Thus, a number of recommendations turn to interventions in the regulation and expansion of the built environment. It is instructive to quote a key passage from the Review:

The overall built-environment policy has been grossly insufficient in creating affordable, economically vibrant and accessible neighbourhoods. Apartheid's land-use framework continues to shape urban planning in Cape Town ... Though the number of multiracial neighbourhoods has increased, the city-region remains highly segregated, ageing infrastructure, along with intractable replacement and maintenance backlogs in water and sewerage, the road and rail network and housing stock hinder the Cape Town regional economy.

(OECD 2008: 21)

In light of this analysis, the Review draws on comparable OECD cases to make a case for "inclusionary housing" which is a policy approach that compels large private developments to provide for affordable housing to the value of 10 to 20% of the total sum. There is already speculation about national legislation from the Department of Housing that will introduce this approach. Public bodies in the Western Cape need to prepare for such policies, because it is clear that there will be strong opposition from private developers and especially middle class residential associations which always oppose any public policy action that can be seen as an attack on property values. It is worth noting that examples of mixed-income private developments have only been created in other parts of South Africa, notably Cosmo City in Gauteng.

A further restructuring proposal of the built environment in the Review pertains to the promotion of densification and mixed-use developments. The Review's conclusion is that despite the official promotion of densification and mixed-use development, in practice it has "been relatively ignored and overridden by the construction of basic housing through a conventional 'one-house, one-plot' model" (OECD 2008: 22). The Review links this trend to the lack of appropriate amendments of land-use regulations to support and promote the ideals of greater compaction, heterogeneity and mixed-income settlements. Apart from the absence of enabling policies and regulations, the Review highlights current inefficiency in bureaucracy related to land use, which is characterised by "unclear and contradictory plans, a plethora of building standards, environmental conservation decrees and provincial planning ordinances, each with different procedural requirements that increase red tape and transactions costs" (OECD 2008: 22-23). See chapter 5 on human settlements.

Another structural and structuring feature of the built environment that reinforces urban inequality, segregation and inefficiency is the under-investment in public transport and the



systematic prioritisation of private car use over the last few decades. In light of this assessment, the Review calls for a radical intervention that involves all levels of government, despite the continued institutional ambiguity that stems from the legislative framework. It argues that, because of the grave state of public transport and its impact on regional efficiencies and integration, a regionally defined response is needed. This must go beyond a preoccupation with constitutionally defined roles and responsibilities and adopt instead a shared strategic approach to what the ideal medium-term outcome should be and how to work incrementally towards achieving it, even while the national government pursues institutional reform. Of course, the implication is that national reform should be shaped by the institutional innovations that can arise in regions such as Gauteng and the Cape. This is a sensible analysis and prescription which can already be seen in operation to some extent in the joint planning around World Cup 2010 imperatives. However, much remains to be done to resolve this vexed policy area to produce a shared regional agreement on how to achieve the long-term viability of mass public transport which will encourage economic efficiency and social integration. Indeed, as the Review intimates, there is not yet clarity on adequate revenue streams for a comprehensive transport strategy. See chapter 2 on integrated transport.

A lack of finance also bedevils the policy commitment to renewable energy in the PGWC's policies, according to the Review. Similarly, insufficient revenue undermines the required public policy interventions in the area of economic development promotion. This is relevant to national policy reform and raises the challenge for the provincial government to be more proactive and direct in influencing national policy revisions in the area of intergovernmental fiscal systems. As in other provinces, it is difficult to find strong evidence that this kind of intergovernmental engagement with national government is a priority. It is of course possible that it is simply politically unfeasible for provincial governments to take on such a stance, given their dependence on national government transfers for their revenue base.

An issue that stood out for the OECD that we may have become inured to is the absence of robust and routine economic development in the townships and informal settlements. The Review finds it surprising that there is not more emphasis and activity in promoting community economic development. "Local economic development policies in the existing township areas should foster entrepreneurship, micro-finance and the social economy. Such an approach must involve the private sector as well as empowering civil society groups" (OECD 2008: 26). The OECD locates this policy gap in a deeper problem of institutional coordination failure. They point to the fact that the economic development work that arises from the MEDS is disconnected from the City of Cape Town's infrastructure-led approach to economic development and that neither of these feature in the analysis and prioritisation of the national Department of Trade and Industry interventions to support regional development. Given that the Cape region is the second largest economic conurbation in South Africa, it is rather shocking that it is marked by such extreme policy disconnect. This disconnect does give, however, a plausible explanation for the lack of rigorous attention to the specific priorities of community economic development. The result, large-scale economic exclusion of the unemployed and working poor, remains an intractable fact which presents a major obstacle to long-term, sustained and inclusive economic development.

Unsurprisingly, the Review calls for significant governance reform to remedy many of the institutional coordination failures that mark much of the analysis it offers on why the Cape region is not geared up to take advantage of its regional development potential. In general the Review proposes an overhaul of intergovernmental arrangements and regulatory frameworks, so that existing forums and mechanisms can begin to consider these issues. It will be instructive to monitor the agendas of IGR forums in 2009 to assess whether this recommendation is being taken to heart, especially in light of the systemic problems analysed in chapter 1 of this publication.

However, the more significant institutional reform proposed by the OECD Review is the need to explore the establishment of a new regional planning authority that "could help create horizontally co-ordinated regional development planning at the level of the Cape Town city-region. Given that different sectors – land-use, housing and economic development – are

intrinsically connected to the spatial economy, a cross-sectoral body would offer much more coherence. This institution would give its delegates the decision-making power to coordinate investments” (OECD 2008: 29). The immediate reaction for a local person is that this is a totally unfeasible proposal because of the political fragmentation that exists between the provincial and local authorities in the region. Moreover, the protection of local autonomy that is safeguarded in the Constitution further militates against the prospect of cross-sphere and cross-municipal planning that can be tied to investment frameworks. However, in anticipation of such scepticism, the Review cites a number of precedents from other OECD regions where such institutional reforms have been carried out, even though coalition governments and different political parties control different elements of the governmental system. This suggests that the moment has come for local actors to consider whether they should adopt a more mature approach to creating the institutional readiness to address collectively the various structural drivers of poor competitiveness, continued social division and an unsustainable growth path. I will return to this issue below.

4. POLICY OMISSIONS, PRIORITIES AND PROSPECTS

When the regional agenda entered the political and policy landscape in 2006 it was in the context of a broader push by government to become more assertive with regard to the promotion of higher rates of growth and more inclusive patterns of economic development. This was expressed in the Accelerated and Shared Growth Initiative of South Africa⁹ (AsgiSA) and the Joint Initiative for Priority Skills Acquisition (Jipsa) programmes. In terms of AsgiSA, South Africa had to aim to achieve an average GDP growth rate of 6% between 2010 and 2015 if it was to succeed in meeting the MDG target of halving poverty. At the time there were some grounds for optimism that this was achievable because South Africa was attaining growth rates of about 5%. However, today, in the midst of the worst global financial crisis since the Second World War, it is extremely unlikely that South Africa can possibly contemplate growth rates above 3%. We will be lucky if we can simply stave off a recession in the short term.

In 2007 and 2008 it was acknowledged that achieving higher rates of economic growth required a much better functioning environment for the economy. Since most economic sectors are spatially concentrated and dependent on quality infrastructure provided by the public sector to ensure competitiveness, it was self-evident that all of the public sector actors needed to combine their efforts in designing and providing a seamless, efficient, predictable and viable environment for economic investment and exchange. The various attempts over the past few years to stimulate an explicit public policy discussion on the importance of an explicit regional development policy, strategy and institutional response was taken to a new level by the external assessment by the OECD of the Cape region in the Western Cape. As elaborated before, the Review has now presented public sector leaders and the public with a comparative perspective on what needs to be done – an agenda that can be boiled down to four areas:

- Governance reform
- Regulatory reform
- Regional leadership
- Strategic economic development planning and coordination.

4.1 Governance reform

Chapter 1 in the review deals with governance in the Western Cape and provides a useful summary of the complex and continuing efforts to review the role and functions of provincial and local government in South Africa. The chapter highlights the fact that the autonomy of each



of the three spheres of government effectively makes coordination voluntary, which is a serious problem in a province such as the Western Cape where political control is distributed between various political parties. In unpacking this assumption, along with the perennial uncertainty about the delimitation of powers and functions between the three spheres of government, it becomes apparent that many of the assumptions in the Review about high levels of joint regional planning and execution are highly unlikely. A telling example of this is in the recently published draft Economic Development Strategy (EDS) of the City of Cape Town. This policy concurs very strongly with the analysis of the Review about the competitive potential of the economy and the importance of ramping up investment in townships and informal settlements that remain economically marginal. However, one would be hard pressed to see where in the strategy there is an explicit connection drawn to the various MEDS sector strategies that have already done work on the sectors and cross-sectoral issues identified in the City's EDS.

Furthermore, in the course of 2008, the City and province failed to resolve a long-running dispute about the role and governance of the regional tourism authority, which led to the City withdrawing its contribution. In light of such developments, it is difficult to see how the much more ambitious recommendation for a regional development body in the Review can be pursued. It is unclear whether the provincial government's MEDS strategy can provide any further guidance to remedy the rupture in economic development coordination and joint action, not just between levels of government but also between the state and the private sector and labour.

One could of course argue that until the envisaged *White Paper on Provincial and Local Government* (and ensuing legislation) is published, it is unlikely that the current state of intergovernmental misalignment and conflict will be resolved. However, this would be a pessimistic diagnosis because that process will only be revived after the 2009 elections and, in all likelihood, only produce a public policy well into 2010. Then a programme of legislative reform will have to follow, taking us almost to the next local government elections before any major package of reforms are enacted. Realistically, a fundamentally reordered schedule of powers and functions will not appear before 2012 or 2013. It is important to clarify this because it would be foolhardy to leave the difficult but essential intergovernmental work identified in the Review until then. The regional economy is under threat and with the crises of poverty and economic exclusion that overwhelm the lives of the majority of Western Cape residents, much more urgent action is required.

4.2 Regulatory reform

Public transport, land-use regulations and environmental planning are the three central drivers of the functioning of space in the regional economy. The 2010 FIFA World Cup™ imperatives have forced an acceleration in public transport planning leading to the introduction of the first phase of the bus-rapid transport (BRT) system within the inner city of Cape Town, between the inner city and the airport, and along the northern coastal axis of the city. This investment is a powerful opportunity both to rationalise public transport by integrating different modes and to bring the private mini-bus taxi industry into the formal fold. In addition, new human settlements for the poor and working classes can be planned and promoted along these new transport corridors, which in turn would require fundamentally new zoning instruments (with supporting financial mechanisms). Given the role of the PGWC in regulating the taxi industry and allocating various transport subsidies, an effective and feasible transport strategy requires a closely integrated response. Again, there is little evidence of this, with the City going ahead with the BRT implementation while hoping that the taxi industry can be kept on side. This is a recipe for an expensive disaster because long-term viability of the BRT system depends on total buy-in and commitment from the taxi industry.

Similarly, it is difficult to understand how the integrated zoning scheme being developed in the City of Cape Town connects with the integrated law reform project of the PGWC.

In the related area of land acquisition of mixed-use and integrative development it seems as if each sphere of government is pursuing its own independent strategy on the assumption

that it will be able to persuade the other spheres and parastatals to go along with its plans. The national government is pursuing a Housing Development Agency with the explicit mandate to acquire land; provincial government has undertaken a number of audits and the City also seeks to acquire strategically located land. Again, the Review clearly calls for a joint or integrated approach to address one of the structural drivers of economic exclusion. The fragmented response to climate change imperatives across the three spheres of government tells a similar story.

4.3 Regional leadership

One of the questions that arises in reflecting on the many issues that are marked by intergovernmental disjuncture and conflict is the desperate need for leaders to emerge from civil society, the business community and government, who are focused on long-term economic development that can facilitate the integration of the urban poor into the mainstream economy and city. The statutory forum, the Provincial Development Council is too rigid and trapped in rituals of politics and positioning to facilitate such leadership. The day-to-day party political contestation also seems too engrained to offer any hope of producing leaders who can rise above vested interests and institutional turf, which can either be a level of government or a particular agency or department under the control of a particular party. This is perfectly understandable in a young democracy recovering from the legacy of apartheid. Nevertheless, such an understanding does not remove the need for a broad-based and issue-driven regional leadership which can encourage public dialogue to identify medium- and long-term regional development priorities and search for appropriate institutional responses that are pragmatic and effective. This author cannot offer any specific recommendations on how this can be realised but remains convinced about its import if we are to address regional development as presented in the *OECD Territorial Review*.

4.4 Towards strategic economic development actions

The PGWC has invested heavily in building a robust body of evidence about the various economic sectors (and sub-sectors) of the Western Cape economy to inform public policy. On the back of these MEDS studies, it has also established and strengthened a number of dedicated economic agencies that work at a sectoral level to improve coordination between government and the private sector, and among private sector players to assist industry to understand the threats to and opportunities for attaining competitiveness. Considering the modest budgets available, it is impressive what has been achieved. However, given the continued and deepening challenges of economic growth and inclusion, it is vital to shift gear and achieve a much higher level of impact. This means there has to be a much closer alignment of public policy action between the province and the City and the economic development initiatives of surrounding municipalities. The limited progress in this regard must be addressed with maturity and with the backing of a regional leadership that goes beyond the two levels of government.

However, a shared evidence-based understanding of how best to triangulate an analysis of sectoral responses is even more urgently required. This must be correlated with a more pointed scarce skills strategy that can make an impact on scale; underpinned by a strategic understanding of how infrastructure programmes will reinforce these sectors; and rooted in a clearly defined integrated land-use approach that is backed up with hard regulatory measures which are consistently enforced. Intervening in the regional economy to get it onto a higher growth path requires bold action in redirecting the dynamics of the built environment, land markets and labour markets. The emerging regional policy agenda provides a useful set of road signs to indicate what needs to be done, but it now requires experimental interventions to translate a direction into a well-trodden growth path. The Provincial Growth and Development Strategy implementation plan should facilitate this.



5. CONCLUSION

The global heritage of institutional and legal structures for traditional 'city-based' urban governance seems inadequate for managing regional urban systems. Efforts towards establishing regional or area-wide governance have proven highly contentious because they entail infringements on traditional territorial jurisdictions, authority and rights. Different comparative and coordinative structures have been tried in various regions, but few have fully led to satisfactory results.¹⁰

One could be forgiven for thinking that this perspective was written with the Western Cape in mind. In fact it refers to the inaugural *The state of African cities 2008*, a report published by UN-Habitat. It is a reminder of the difficulty of the task that has been taken on by the provincial government to come to terms with the imperatives of regional development. At the outset I intimated that the PGWC was ahead of the curve when it embarked upon a systemic process to introduce the importance of regional policy in 2006, which culminated in the *OECD Territorial Review*, which was published in late 2008. In this chapter I have sketched the implications of creating a regional development agenda. It is clear that the implications for institutional reform are far reaching and thus require leadership that can rise above the predictable inter-party and intergovernmental conflicts that seem to plague the region.

ENDNOTES

- 1 UN-Habitat *State of the world's cities 2008/2009: Harmonious cities* London, Earthscan 2008.
- 2 World Bank *World development report 2009: Reshaping economic geography* Oxford, Oxford University Press 2008.
- 3 Cape Town, South Africa. *OECD territorial review* Paris, OECD 2008.
- 4 *National spatial development perspective* Pretoria, The Presidency 2003.
- 5 *District and Metro IDPs: A framework for contextualizing and applying the NSDP* Draft for discussion. Pretoria, The Presidency 2006.
Available at www.thedplg.gov.za/subwebsites/led/LEDConference14Aug2006/NSDP%20in%20districts%20&%20metros.doc [accessed 8 February 2009].
- 6 I van der Merwe et al *The study of small towns*. A research study undertaken for the Department of Environmental Affairs and Development Planning of the Western Cape Provincial Government. Stellenbosch, Centre for Geographical Analysis, University of Stellenbosch 2005.
- 7 PGWC *White Paper: The Ikapa Growth and Development Strategy (PGDS)*. Cape Town, Provincial Government of the Western Cape 2008, 33–34.
- 8 *A proposed agenda for action: An inter-governmental approach to the development challenges of Cape Town* Initial Report of the Inter-Governmental Integrated Development Task Team for the Cape Town Functional Region, Cape Town 2006.
- 9 *Accelerated and shared growth initiative – South Africa (AsgiSA)* Pretoria, The Presidency 2006.
- 10 UN-Habitat *The state of African cities 2008: A framework for addressing urban challenges in Africa* Nairobi, UN-Habitat 2008.