

Article

Fractured approaches to urban transformation: analysing parallel perspectives in South Africa

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Abstract

This paper traces two dominant approaches to state-led spatial transformation evident in South African cities: the institutional reform approach and the project-focussed approach. The institutional reform approach works to create strong local systems which, over time, can produce new and different urban outcomes. The project-focussed approach aims to transform space through the development of large projects which themselves alter the urban form. Within South Africa's national urban policy debates, both approaches are currently being promoted. In this paper, we discuss these competing narratives and the stakes, particularly for South African cities.¹

Introduction

The spatial transformation of cities and towns has long been recognised as an imperative in post-apartheid South Africa. Urban areas are characterised by high levels of inequality. This manifests itself in spatial fragmentation and material deprivation. This situation undeniably has extremely negative impacts on urban residents, rich and poor alike. Despite being a central concern of scholars, civil society and the state, little progress has been made in achieving spatial transformation. In fact, many of the key post-apartheid programmes have arguably increased spatial fragmentation and inequality (such as the subsidised housing delivery programme). Within the urban sector in South Africa, there remains no clear consensus on how best to ensure that cities and towns become more integrated, equitable and better-functioning, or indeed what spatial transformation and post-apartheid integration actually mean. There is even disagreement as to

whether it is possible to achieve these ideals, given the high levels of economic inequality.

South Africa's current urban policy discourse reflects competing narratives. There are essentially two broad approaches to the spatial transformation of cities and towns. The first involves changing institutional and financial frameworks to incentivise spatial restructuring. This is often referred to as the 'institutional reform' approach. The second involves undertaking large-scale urban projects that can help catalyse spatial change. This can be termed the 'project-focussed' approach.

While we recognise that these two approaches can be blurred, and in practice they often are, we use this framework as a heuristic device as we examine the contradictions between the two approaches. First, we briefly examine the evolution of the global discourses of institutional reform and project-focussed interventions in the context of urban transformation. Here we discuss the competing theories of change from which they derive. Second, we trace the parallel evolution of these two approaches in South Africa over the past two decades. Finally, we reflect on what the South African case tells us about urban spatial transformation, policy-making and the prospects for a more holistic approach to understanding and promoting urban spatial transformation.

Two approaches to urban transformation

This article identifies two broad approaches to the spatial transformation of cities: changing institutional and financial frameworks to incentivise spatial restructuring, and undertaking large-scale urban projects that can help catalyse spatial change. The former approach focusses on 'institutional reform' while the latter approach is 'project-focussed'. These approaches have been identified through the South African context; however, they have wider resonance. While these two approaches are not mutually exclusive, in practice they are driven by different understandings of how urban change happens, use different tools and methods, and often have very different objectives. The evolution, and underlying logic, of these two approaches is discussed below.

Institutional approach

The institutional approach views the lack of urban spatial transformation, and the perpetuation of inefficient and inequitable urban spatial form, as resulting from government ineffectiveness. The core belief is that the

apparatus of the state must be re-engineered to produce the desired urban outcomes. While there are many variants and strands of thinking on institutions, much of the global urban development literature reflects a similar consolidated view of this re-engineering process, which has been pushed since the 1980s by the World Bank, UN-Habitat and other multi-lateral institutions (Croese et al 2016).

Institutional reform for urban spatial transformation has generally focussed on local government. This includes pushing for national governments to decentralise power to local government and the development of appropriate tools and resources for decision-making (Bahl and Linn 1992, Bahl et al 2013). The concept of decentralisation became prominent amongst lending organisations such as the World Bank in the 1990s (Annez et al 2008). Decentralisation efforts both resonated with lenders' desire to minimise the role of central governments and the rapid urbanisation in Africa. Becker et al, writing in the wake of the first round of structural adjustment, argued that 'Structural adjustment... cannot succeed without the simultaneous strengthening of local government, especially in Africa's cities' (1993: 231).

Within the literature, agreement on many important prerequisites for the development of effective local government has emerged (UN-Habitat 2009a). First, local governments must have sufficient resources, particularly in growing cities. Within the fiscal decentralisation debates, the principle of 'finance follows function' is central to fiscal federalism reforms. Core to this is the issue of fiscal sustainability, with various mechanisms associated with 'the New Public Management' becoming ubiquitous in recent decades: for example cost recovery, right pricing, corporatisation and privatisation (Harrison 2006).

Second, this approach emphasises 'good governance' as a central pillar of local government empowerment and good city building discourses. Within the development literature, good governance has been (often narrowly) focussed on improving public sector management, accountability, and transparency (Beall et al 2009). Substantial work has aimed at ensuring that urban decision-making is less prone to the sorts of patronage politics and messiness which are often cited as core hindrances to transforming cities (Transparency International 2015, Zinnbauer 2013).

Third, strong urban planning is seen as central to locally-led spatial transformation. Master plans have fallen out of fashion and are increasingly viewed as top down, prescriptive, and generally oppressive (Harris 2014).

Strategic planning has gained momentum amongst the purveyors of planning best practice. Strategic planning originated in the 1950s in the private sector in the USA, and was subsequently adopted by a number of cities, counties and state governments during the 1980s to plan for specific places. Strategic spatial planning can be defined as: ‘a transformative and integrative, (preferably) public sector led socio-spatial process through which a vision, coherent actions and means for implementation are produced that shape and frame what a place is and might become’ (Albrechts 2006: 1491). Various strategic spatial planning tools and methods have been promoted by international development agencies: for example, city-wide strategic plans have been promoted by UN-Habitat (2010), and city development strategies (CDS) have been promoted by the World Bank (2000), Cities Alliance (2006, 2011) and the Asian Development Bank (2004). Strategic spatial planning typically includes catalytic projects in specific places, but this differs from the project-focussed approach discussed below in its focus on using state investment to trigger or leverage private sector and community investment.

Enablement is a critical theme in the institutional approach. Local government controlled resources, good governance of urban institutions and strategic spatial planning aim to create a framework within which individuals, communities and the private sector can operate. In this regard, local government is seen primarily as an ‘enabler’, facilitating and supporting the actions and investments of other urban players. Importantly, at a higher level, the proponents of the institutional reform approach also recognise that national urban policies are required to provide perspective on critical issues that need to happen within cities and support the efforts of sub-national levels of government to elaborate more detailed policies and strategies for those places, thus also working to enable local governments (Parnell and Simon 2010, Turok and Parnell 2009).

Project-focussed approach

The project-focussed approach to urban spatial transformation concentrates on large, capital intensive and state-led projects (Swyngedouw et al 2002, UN-Habitat 2009b). These are called by many names, such as megaprojects and catalytic projects (although the term *catalytic* is also used in strategic spatial planning to refer to smaller leveraging projects). The project-focussed approach is driven by the desire to intervene quickly and materially in the urban landscape. Similar to institutional reform approaches, it is

driven by a recognition of government ineffectiveness. However, the approach sees the solution as the bypassing of local government and their inefficient plans and procedures (UN-Habitat 2009b).

A megaproject can be defined as ‘a costly scheme for development of a contiguous area, requiring new construction and/or substantial rehabilitation... Megaprojects always include a transformation of land uses’ (Fainstein 2008: 768). The key characteristics of megaprojects are that they are ‘physical, very expensive, and public’ (Altshuler and Luberoff 2003: 2). Megaprojects include a range of different types of projects, from large infrastructure projects to large urban revitalisation projects. In all cases, megaprojects are closely linked to national and regional economic development objectives and often have speculative and imaginative elements (Watson 2014). In the past few decades there has been increasing emphasis on megaprojects as a tool of transforming cities (Hackworth 2007, Swyngedouw et al 2002). While most of these projects are aimed at the wealthy, there are also projects which (at least purport) to address issues in inequality and the needs of low income residents (Bornstein 2010, Brenner and Theodore 2005).

Megaprojects of the nature discussed above are often characterised by low levels of transparency and participation (Flyvbjerg et al 2003, Swyngedouw et al 2002). Kennedy (2015: 164) says that ‘by virtue of their size and their capacity to transform, megaprojects usually fall outside the realm of “normal politics”’. In contrast to approaches which seek to enhance urban governance institutions, megaprojects are often implemented through the creation of partnerships between national governments, parastatal institutions, and the private sector. Typically, there is no broader institutional reform, rather a temporary relaxation of existing institutional processes for that particular project. Altshuler and Luberoff (2003:267) note that megaprojects ‘normally require special authorizing, funding, revenue, land acquisition, and regulatory actions by two or more levels of government’. Since they sit outside of existing state processes, megaprojects are often not properly assessed or audited. Flyvbjerg and his colleagues interpret the almost universal underestimation of the costs of megaprojects as being the result of ‘strategic misrepresentation’ and note that ‘the misrepresentation of costs is likely to lead to the misallocation of scarce resources’ (Flyvbjerg et al 2003: 16, 20). They refer to the continued belief in the success of megaprojects despite their poor record as the ‘mega-projects paradox’ (Flyvbjerg et al 2003).

The underlying logic of urban megaprojects is that cities and local governments are too dysfunctional, difficult and complex to be able to control and shape through institutional reforms. Transformation can be more effectively and rapidly delivered through centralised and supply-driven approaches which circumvent local governments, rely minimally on local practices, demands, or responses, and often utilise Special Purpose Vehicles for implementation.

Reflecting on the literature

In many ways, the institutional approach and the project-focussed approach are based on very different ideas about how transformation takes place. The former is wedded to the belief that the state can be designed to produce the desired outcomes over time if the right frameworks, capacity, incentives, and resources can be harnessed. The latter, by contrast, aims to achieve the desired outcomes through direct delivery and intervention, effectively bypassing the usual processes of local government. These two perspectives reflect strongly in South Africa's recent policy history, as we will trace in the following section.

The urgency of urban spatial transformation in South Africa

In South Africa, cities have always been contested and deeply political. Cities have been core sites of the exercise of state power and the development of opposition and resistance politics. It is therefore not surprising that cities have emerged as a particularly challenging frontier of policy formation.

During apartheid, cities were segregated through forced relocations and the development of a complex system of residential racial segregation (Maylam 1990). Despite the dismantling of the apartheid system in the late 1980s and early 1990s, highly inequitable patterns of urban asset creation (such as land ownership) were firmly entrenched and the potential for radical urban redistribution dwarfed by aggressive battles over rural land expropriation and reallocation (Mabin and Smit 1997). Patterns of spatial segregation, with white residents at the urban core and black residents in distant suburbs ('townships'), were perpetuated no longer by policy, but by the functioning of the land and housing market and the provision of subsidised housing, leading to attempts by civil society organisations (such as the Development Action Group and Planact) to draw the social justice questions closer to the urban (Cirolia et al 2015).

In recent years, the question of South African cities has taken centre stage. Speaking at the Infrastructure Funding Summit in May 2017, Mbulelo Tshangana, the National Department of Human Settlements director general, said ‘cities had become the repositories of knowledge and agencies of radical social economic change’ (South African Government News Agency 2017). The national government’s explicit interest in cities is shaped by social and political changes in the country. Persistent migration to cities has destabilised the ‘rich-urban/poor-rural’ narrative. Interwoven with this, cracks in the African National Congress’ (ANC) hegemony are growing, particularly in metropolitan areas. These political and demographic changes take place against a backdrop of slow economic growth, where rhetoric of ‘strategic’ and ‘concentrated’ investment necessitates a focus on the urban.

The growing enthusiasm for cities amongst South African policy makers is not something new. In reality, urban areas have been the subject of perpetual and aggressive post-apartheid intervention, not least the millions of subsidised houses delivered in cities. In this section we discuss how the two international narratives on urban spatial transformation – the institutional approach and project-focussed approach – have been carried through in the South African context from 1994 until the present.

Reforming local government planning and investment

Over the years, there have been many attempts to address the social transformation of South African cities. During the transition from apartheid during the 1990s, it was obvious that major institutional reforms were required to transform South African cities and towns to overcome the legacy of apartheid racial segregation, fragmentation and high degrees of intra-urban inequity. The focus was on capacitating local government and developing appropriate tools for planning urban investments.

Local government restructuring was a key pillar of post-apartheid urban policies. Recognising ‘the key role of local government in delivering services and promoting economic development’, during the early 1990s, the ANC ‘called for the re-demarcation of local governments with a view to urban integration and democracy, the creation of a single tax base and the cross-subsidisation of municipal expenditure’ (Pillay 2008: 115). Accordingly, South African local government was radically restructured after 1994. The new Constitution of 1996 (South Africa 1996) assigned a wide range of powers to local government. Existing municipalities were

merged to create new local government bodies based on the determination of functional urban areas by the Municipal Demarcation Board (with only a fairly limited amount of political gerrymandering). Overcoming the urban fragmentation and segregation of apartheid and colonial rule was a key objective of the new local government bodies. In addition, local governments were also entrusted with the rolling out of services to the under-serviced parts of cities and with the promotion of economic development.

Spatial transformation of cities and towns was recognised as imperative. The Development Facilitation Act (DFA, No. 67 of 1995) (South Africa 1995a) was intended to provide the framework for restructuring South Africa's cities and towns. Section 3(c) of the DFA set out principles for land development, principle (vii) of which was to 'contribute to the correction of the historically distorted spatial patterns of settlement in the Republic and to the optimum use of existing infrastructure in excess of current needs'. The key tool in the DFA for local government was the Land Development Objectives, which were essentially local government plans for the spatial growth and transformation of cities and towns. However, it soon became obvious that this too was not enough (Harrison 2006: 195).

In response, local integrated development planning, essentially a form of strategic spatial planning, was introduced in the Local Government Transition Act Second Amendment Act (No. 89 of 1995), which was drafted by the Department of Constitutional Development (DCD) (South Africa 1995b). This legislation included the requirement that all local governments needed to prepare Integrated Development Plans (IDPs) to guide their expenditure and strengthen integrated decision-making. Although the first, experimental, round of IDPs was regarded as a failure, it laid important foundations (Harrison 2006: 198). The key piece of legislation for the next round of IDPs was the Municipal Systems Act (No. 32 of 2000) (South Africa 2000) of the Department of Provincial and Local Government, the successor to DCD.

Although IDPs were intended to be mechanisms for long-term strategic planning, they essentially became short-term planning instruments linked to budgets. The need for long-term strategic spatial planning has not gone away, however, leading many South African municipalities to adopt longer-term City Development Strategies (CDSs), intended to provide strategic direction. CDSs were not driven by national government, but by the South

African Cities Network, which at that time represented the nine biggest cities in South Africa (SACN 2004, 2006, Smit et al 2008, Tipple et al 2010). All the local governments of big South African cities adopted CDSs (for example, Lipietz 2008, Parnell and Robinson 2006). South African CDSs generally have a strong focus on promoting economic growth and global competitiveness. Reflecting on Johannesburg's CDS, Parnell and Robinson (2006:337) argue that 'in order to address the distinctive challenges of their highly unequal city, Johannesburg's policy-makers had to draw on ideas which transcend conventional divisions between poverty relief and urban growth strategies' (Parnell and Robinson 2006: 337).

Despite the development of many land and planning tools aimed at improving the development of cities, a fundamental challenge remained.² Large capital budgets rested with the local and provincial line departments. In an effort to deliver on their specific mandates, departments continued to operate in silos. The lack of coordination between line departments, and continued fragmented sprawl of cities, created huge pressure on municipal operating accounts (FFC 2011). National Treasury, recognising this challenge – as well as the potential benefits which well-functioning cities have for national development – stepped in to work with the metropolitan municipalities. Since the mid-2000s, the National Treasury has argued for the need for better city development as a precursor to more fiscally sustainable development of cities and the country at large.

Officials within the National Treasury have tried various tactics to encourage departments to invest in cities in more integrated ways. Transport, infrastructure and housing line departments have been of particular interest, the hope being that such investments could yield an 'urban dividend',³ enabling the extensive investment in and around urban areas to add up to more than the sum of their parts. This thinking surfaced strongly in South Africa's National Development Plan (in particular, Chapter 8).

However, line departments have resisted these integrating efforts and policy rhetoric, remaining wedded to existing models of delivery, maintenance, and management. For example, new subsidised housing projects continued to be built on the peripheries of cities, with few social services and little access to transportation or economic opportunities (South Africa, Department of Cooperative Governance and Traditional Affairs 2016). Despite substantial fiscal commitment, state investments

have remained largely unleveraged, yielding limited returns for households, communities, and urban governments (South Africa, Department of Cooperative Governance and Traditional Affairs 2016). In a renewed effort to encourage departments to invest along more integrated lines, the National Treasury launched the Cities Support Programme (CSP). The CSP has received much praise, particularly from urban academics in South Africa.⁴ The CSP offers implementation support and a capital grant to cities which put forward projects which align with the CSP objectives.

Two important elements of the CSP with regard to urban spatial transformation are the Built Environment Performance Plan (BEPP) and the Urban Settlements Development Grant (USDG). The BEPP is a new instrument for aligning infrastructure and housing investments beyond five-year political cycles (National Treasury 2016). The BEPP potentially enables planning departments more control over capital budgets than under the more instrumental IDP processes (National Treasury 2016). The USDG, a new Schedule Four grant, was created for metropolitan municipalities (the local government bodies for the biggest cities). The grant is essentially a flexible infrastructure grant which can be used to address a whole range of infrastructure needs. Importantly, the USDG allows metropolitan municipalities to make strategic investment choices at the local level, as funding goes directly to them rather than through provincial governments. While the housing budget has been shrinking annually, the USDG has been steadily growing.

There are a number of separate, but linked processes (as, after all, the urban sector in South Africa is not large, and there is much recycling and sharing of ideas) which reinforce the ideas of the CSP. The Presidency's (largely unheeded) calls for the 'accreditation' of metropolitan municipalities to control their own housing subsidy budgets (spelled out in Outcome Eight), the insistence of the new Spatial Planning and Land Use Management Act (SPLUMA) (South Africa 2013) on municipal control of planning, and the Department of Cooperative Governance and Traditional Affairs'⁵ Integrated Urban Development Framework (South Africa, Department of Cooperative Governance and Traditional Affairs 2016) all reinforce the ideas pushed by the CSP. For example, the Integrated Urban Development Framework Discussion Document articulates eight 'levers', aimed at addressing the structural drivers of urban dysfunction. These include, among others, spatial planning, integrated infrastructure, and empowered communities (South Africa, Department

of Cooperative Governance and Traditional Affairs 2015:9).

While some of these efforts remained in the realm of concepts and aspirations, it is important to unpack the theory of change which underpins them. These efforts are grounded in the belief that good planning and strategic investments can create the enabling environment for integration, eventually leading to poverty reduction and greater levels of urban equality. The idea is that change will happen if the state puts in place the right leadership, plans, and (very importantly) fiscal frameworks. In this sense, cities are like machines which must be redesigned to produce different urban outcomes.

Targeted megaprojects

The project-focussed approach to post-apartheid urban spatial transformation was first piloted through the Special Integrated Presidential Projects in the 1990s. Since 2004, human settlements megaprojects such as the N2 Gateway Project in Cape Town, Cosmo City in Gauteng, and many others, have been a core feature of the spatial transformation debates.

A number of Special Integrated Presidential Projects were implemented after 1994 as a key component of the Reconstruction and Development Programme (RDP). While most subsidised housing delivery in the 1990s and subsequently, have focussed solely on the provision of houses, the Special Integrated Presidential Projects were essentially large urban development projects that included a range of social and economic initiatives in addition to the provision of houses. These projects were notably more successful than projects that focussed only on the provision of houses (South Africa, Public Service Commission 2003). Many of these projects were on strategic sites that made a significant and almost immediate contribution to the spatial transformation of cities, such as the Cato Manor Development Project in Durban (Odendaal 2007).

The lessons from these projects filtered into the national Department of Housing's 2004 Breaking New Ground (BNG) policy. BNG aimed to implement large scale 'integrated residential developments' – in this case, integration referred to the provision of several types of housing and social/economic amenities in the same area or project. It aimed to overcome both the issue of slow delivery relative to the growing need, and the critiques that RDP housing areas were sterile and fragmented. Key projects were identified, including a few informal settlement upgrading

megaprojects. The first one to be implemented was the N2 Gateway Project in Cape Town (South Africa, Department of Housing 2005). The N2 Gateway Project was a nationally-initiated project intended to provide for the upgrading or relocation of informal settlements along the N2 freeway between the Cape Town International Airport and the city centre. Initially, the plan was to provide housing for about 7,200 households within the project area and relocate about 2,800 households to greenfield projects (Smit 2008). It was also intended that there would be a range of social and economic facilities provided in the project. Over time, the number of households targeted by the project increased to over 25,000 households (Smit 2008).

While the N2 Gateway was not the only megaproject, it was typical of many megaprojects in post-apartheid South African cities. Like most other megaprojects, it was highly visible (located beside the freeway running between Cape Town International Airport and city centre) and had the expressed objective of stimulating the economic development of the city. The national minister of Housing described the N2 Gateway Project as a ‘win-win situation for everyone in Cape Town ... that will provide a real economic impetus for the city’ (*Cape Times* 2005). The mayor of Cape Town also explicitly linked the choice of the N2 Gateway Project to attracting foreign investment: ‘The reason for the [N2 Gateway] is for the Western Cape to receive more money from foreign investment – we need to change the face of Cape Town’ (Ndenze 2005: 6). Its visibility, with large billboards fronting on the freeway, made it what Dewar (2007:13) refers to as a ‘sexy or vote-catching project’.

The project was explicitly conceived as sitting outside of normal local government processes. Speed of delivery was the overriding imperative in the implementation of the N2 Gateway Project. As the official government news service reported, ‘rapid delivery – to be achieved in part by jettisoning unnecessary bureaucracy – is seen as key to the project’ (van der Linde 2005). In the words of the mayor at the time: ‘This project is about rapid delivery. To achieve this, we have had to push very hard. We have had to get rid of all unnecessary bureaucracy. We have even had to limit the amount of consultation and participation’ (South Africa, Parliamentary Monitoring Group 2005:3).

The project was initially overseen by committees consisting of representatives of the national Department of Housing, the Western Cape Department of Local Government and Housing and the City of Cape Town

(Smit 2008). This did not last, however. Conflict between the national department and the City resulted in the national minister of Housing and Minmec⁶ announcing in June 2006 that the City of Cape Town would be removed from the process (Powell 2006). An official statement by the national Department of Housing stated that ‘housing is a national and provincial competency where municipalities have no mandate of building houses, except if they are accredited’ (Department of Housing 2006: 1). The statement also noted that the Minmec endorsed the announcement by the Minister that ‘the Project would be run along private sector lines, by the national service provider, Thubelisha Homes’ (South Africa, Department of Housing 2006: 2).⁷ The national minister of Housing concluded that ‘it was not viable for a city to run a mega-project’ and that only private sector delivery is capable of rapid delivery (Sisulu 2007). In 2007, to ensure support for the project, Thubelisha Homes took out advertisements in newspapers declaring that the N2 Gateway project is ‘the biggest housing initiative ever undertaken by government. Its success will herald megaproject delivery, which will be a new form of housing delivery in partnership with banks and the private sector to meet 21st century South Africa’s housing challenges’ (Thubelisha Homes 2007).

The net result of bypassing usual local government bureaucratic and democratic processes was predictable. A number of the tenders awarded on the N2 Gateway project were found to be highly flawed, with no fixed prices or fixed specifications (Morris 2006). Phase 1 of the project ended up almost 100 per cent over budget, with many of the housing units built found to be inadequate (Land and Housing Development Support Group 2006). The lack of participation in the project had an extremely divisive impact on community dynamics (Jordhus-Lier 2015), and resulted in a severe backlash. For example, backyard shack dwellers from Langa vandalised 84 of the units in Phase One in anger at others’ housing needs being prioritised (Phillip 2006). The Joe Slovo community strongly resisted their proposed relocation to Delft South as part of the project, but the state obtained an eviction order in 2008, and the residents of Joe Slovo were subsequently evicted and relocated (COHRE 2009). In addition to these irregularities and conflict, the overwhelming focus on the N2 Gateway Project for a number of years arguably distorted urban development in Cape Town. As Dewar (2007: 13) notes, the allocation of vast amount of resources to the N2 Gateway Project tended ‘to distract attention, resources and energies away from the real issues facing the

city'. The completion date for the entire project was initially set for June 2005, but this was subsequently postponed numerous times (Powell 2007). At the time of writing, the project was still ongoing (now called the 'Southern Corridor Project'). Although plagued by problems, the N2 Gateway is widely regarded by the government as a success.

When minister Sisulu returned to the position of minister of Human Settlements in 2014, she dedicated her new term to the rapid upscaling of housing delivery. She aimed to deliver 1.5 million housing units in her five-year term. In order to achieve this, she decided that a megaproject approach would again be taken. A number of strategic megaprojects would be chosen across the country, and the various housing and infrastructure grants (including the USDG for metropolitan municipalities) would then be 'top-sliced' and used to fund these projects in order to implement them as quickly as possible. At the Budget Vote speech given in Cape Town in May 2017, Sisulu announced that a final 48 projects had been selected. These projects are officially referred to as 'catalytic projects' and are meant to give weight to the newly developed Master Spatial Plan.

Aware that the private sector may not be enthusiastic about the selected projects, the minister decided it was necessary to assemble state-led institutions to support the projects. To support development, the Housing Development Agency was converted from a land assembly parastatal to a full-fledged developer. Given the lacklustre response of the private sector in the provision of housing finance, she also set to work creating the National Human Settlements Bank. The Bank is a consolidation of the National Housing Finance Corporation, the Rural Housing Loan Fund and the National Urban Reconstruction Housing Agency, aiming to offer both end-user and development finance. In short, the national Department of Human Settlements sought to respond to the disinterest from the private sector by developing parastatal institutions which could fill their place. At a recent presentation, Samson Moraba, one of the principal designers of the new Bank, embraced the true sentiment of the project-based approach to transformation, stating that 'the best way to predict the future is to create it'. Simultaneously, the existing city level empowerment processes were put on hold, as it was decided that the municipal housing accreditation process which was underway would be indefinitely postponed until such time that the metropolitan municipalities could prove adequate delivery on the megaprojects initiative. In addition, a fast-tracked planning procedure was requested, to facilitate the rapid approval of megaprojects.

It is important to unpack the theory of change, as it relates to urban transformation, with regards to this project-focussed approach. The approach is predicated on belief that a changing urban fabric can only be achieved by actively and directly designing and constructing it to be so. Integrated settlements, by extension, can only be achieved by building them directly, with funding and development support ring-fenced. In essence, the pervading logic is that if government wants to see particular development outcomes, then it must drive them itself. Creating a facilitating framework and hoping that the various departments and the market respond is seen as a slow, risky, untimely, and politically uncelebrated process.

Discussion and conclusions

The battle to define and implement a spatial transformation agenda in South African cities has been ongoing for decades. In this battle, many institutional divisions have been drawn and continue to be reconfigured. One can see the emergence of an alignment of approach between the National Treasury and the metropolitan municipalities, on the one hand, and the national and provincial line departments (such as housing, transport, etc), on the other. Undeniably, questions of party politics are captured in these tensions. Importantly, this is both between parties (most notably in Gauteng, where metropolitan municipalities were won by the opposition in the 2016 elections) and within parties (such as the mounting tensions evident between politicians in the Western Cape and Cape Town governments).

More broadly, in this paper, our tracing of the South African experience offers insights into urban policy making and the stakes – for cities and the county – in the current fractured approach. The following are important insights:

- First, the narrative shows how urban policy making and government in general are heterogeneous in nature. There is no one ‘government approach’ and approaches of departments tend to respond to their mandate and aims. States may simultaneously pursue global best practices in institutional reform while implementing supply-side delivery in a spatially targeted way. In particular, our paper shows how different departments often have different, and contradictory, policy objectives that can work against, and undermine, each other. The institutional reform and project-focussed approaches in South Africa have run into resistance from each other, due to their competing

priorities, the limited resources available, and the political implications of the approaches. The national Department of Human Settlements appears to be undoing National Treasury efforts to decentralise, while the National Treasury is encroaching on the domains of the Human Settlements and Transport departments, conducting research on housing policy, transport corridors and the like. The case of South Africa shows how the proponents of the two approaches are going their divergent ways in trying to address the same problem (of spatially inequitable and inefficient cities). However, it is understandable that those concerned with the quantity of houses being delivered would have little faith in a ‘tinkering with the institutions and hoping things change’ approach. Likewise, for those concerned with the long-term fiscal sustainability of local government, getting the financial and management systems right is clearly more important than rushing to implement large projects. These conflicted aims and goals are at the core of the challenge.

- Second, our discussion of urban spatial transformation policies in South Africa shows how the two broad approaches to promoting urban spatial transformation are underpinned by very different logics. These logics are not simply technical logics, but are also political in nature. The example of the N2 Gateway project clearly shows that megaprojects are high-profile, visible, political initiatives driven by the assumption that local government bureaucracy and processes are a hindrance to rapid delivery and that tangible and visible projects are the best way to demonstrate commitment to change. The institutional reform approach recognises the importance of institutionalising new processes and practices through the design of policies and financial frameworks to ensure that local governments can drive long-term incremental change. However, the risk with this approach is that desired outcomes can take a long time to manifest and that market forces might prevail in the long run. Although perceived as technocratic and neutral, institutional reform approach should also be seen as profoundly political as it reflects a commitment to working with existing systems (such as the private sector, markets, etc). In its manifestations in South Africa, it also reflects calls to shift power and decision-making from national to local governments, challenging the centralisation prevalent in many African countries (Croese et al 2016).
- Third, our paper highlights the fragmentation of knowledge on urban spatial transformation. The institutional reform and project-focused

approaches both relate to how to transform cities and towns, and therefore inherently have much overlap with and potential value for each other. However, they exist largely in isolation from each other, coming from different sectors and being applied by different ministries. These two dominant approaches to urban spatial transformation are potentially complementary as they both have their benefits (and limitations). The need for the implementation of large transformative projects in key strategic sites and the need to support local government to manage and transform cities and towns in a holistic way ideally should go hand in hand. There may be also a need for large high-profile projects to help radically transform cities (particularly in the case of South African cities, which are fragmented and segregated, with many large and strategically-located pockets of vacant land), but such projects should not be disembedded from local government decision-making and regulatory processes, and should not unduly drain resources from more holistic and fine-grained spatial transformation strategies.

Our paper attempts to show how fundamental debates over how we build cities are playing out within the state. Importantly, and cause for much concern, there has been surprisingly little external engagements with this debate, which is a debate that has major implications about what we mean by, and how we ‘do’, urban spatial transformation moving forward. The outcomes of this debate are of particular interest to all those involved in the urban transformation debates and thus require a cracking open of the ‘black box’ of the state, encouraging dialogue and debate. As both approaches represent substantial investment of public funding and will have long-term impacts on the future development of cities, it is imperative that the approaches – and the underlying logics which they respond to – are held up to public scrutiny and debate.

Notes

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2. At national level there were a number of attempts to create national urban policy frameworks, such as the Urban Development Framework of 1995, by the National Department of Housing, which was allocated this responsibility despite their limited capacity (Pieterse 2008).
3. The 'urban dividend' is discussed in the Integrated Urban Development Framework (COGTA 2016). It is understood as the value creation which integrated urban investments can yield. This value is measured in many ways and is not limited to economic value.
4. This observation is based on conversations at the universities of Cape Town and the Witwatersrand and urban NGOs, such as the Development Action Group.
5. The Department of Cooperative Governance and Traditional Affairs (COGTA) is the successor to the Department of Provincial and Local Government.
6. Minmec is an inter-governmental committee made up of the nine provincial housing ministers, or Members of the Executive Committee (MECs) as they are officially termed.
7. Thubelisha Homes was essentially the predecessor to the Housing Development Agency.

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