SUPPORTING CITY FUTURES

The Cities Support Programme and the Urban Challenge in South Africa

James Duminy and Susan Parnell

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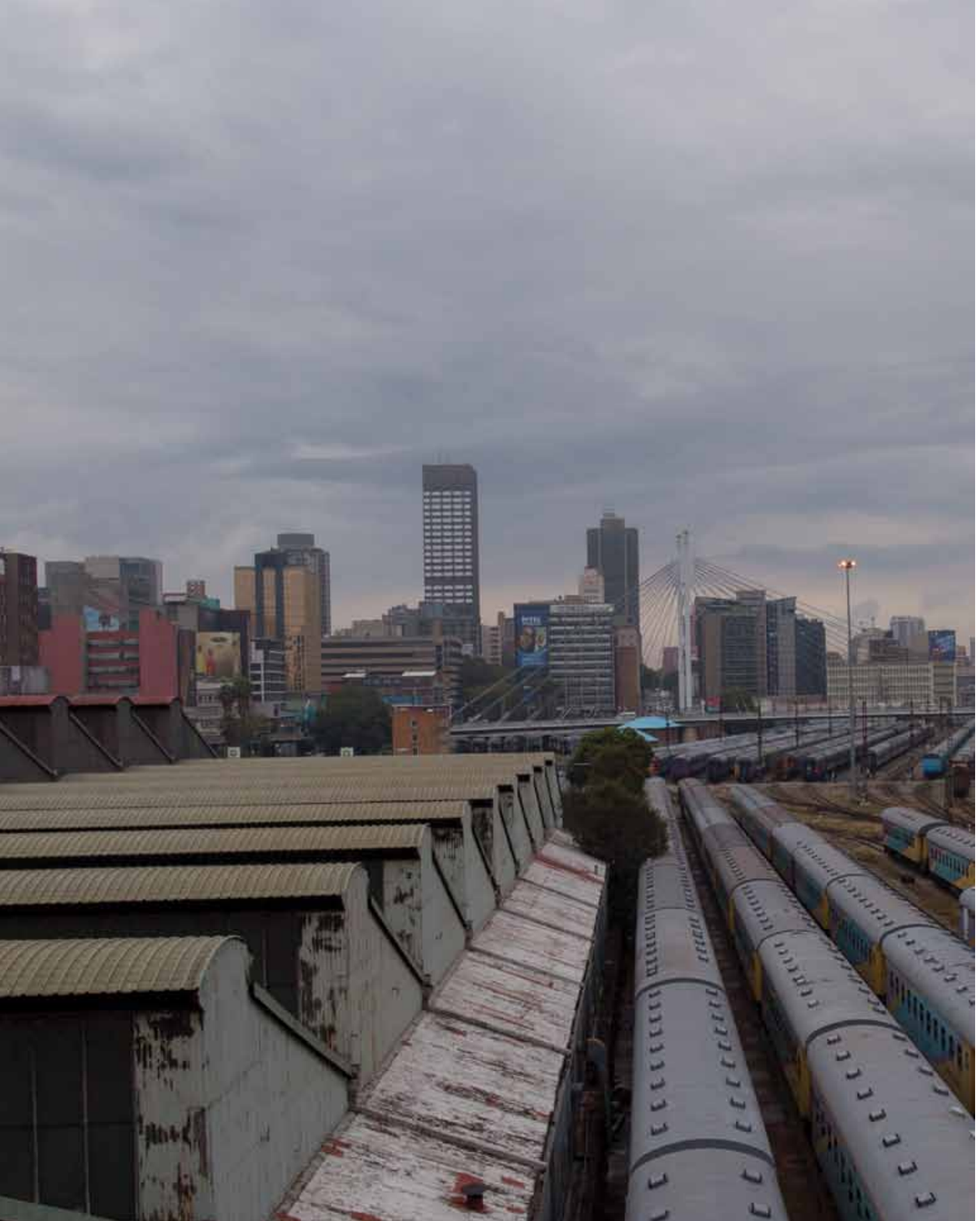
SYDELLE WILLOW SMITH

LIST OF ACRONYMS

African Centre for Cities **(ACC)**
African National Congress **(ANC)**
Breaking New Ground **(BNG)**
Built Environment Performance Plan **(BEPP)**
Built Environment Support Group **(BESG)**
Built Environment Value Chain **(BEVC)**
Bus Rapid Transit **(BRT)**
Capacity Support Implementation Plan **(CSIP)**
Centre for Affordable Housing Finance in Africa **(CAHF)**
Cities Support Programme **(CSP)**
City Infrastructure Delivery and Management System **(CIDMS)**
City Integrity, Transparency, Social Accountability, and Technology **(InTAcT)**
community-based organizations **(CBOs)**
Community Organization Resource Centre **(CORC)**
Community Works Programme **(CWP)**
Comprehensive Integrated Transport Plan **(CITP)**
Consolidated Municipal Transformation Programme **(CMTP)**
Council for Scientific and Industrial Research **(CSIR)**
Department of Cooperative Governance and Traditional Affairs **(COGTA)**
Department of Environmental Affairs **(DEA)**
Department of Human Settlements **(DHS)**
Department of Planning, Monitoring, and Evaluation **(DPME)**
Department of Provincial and Local Government **(DPLG)**
Department of Rural Development and Land reform **(DRDLR)**
Department of Trade and Industry **(DTI)**
Deputy Director General **(DDG)**
Development Action Group **(DAG)**
Development Bank of Southern Africa **(DBSA)**
Division of Revenue Act **(DORA)**
Executive Leadership Programme **(ELP)**
Extended Public Works Programme **(EPWP)**
Finance Linked Individual Subsidy Programme **(FLISP)**
Financial and Fiscal Commission **(FFC)**
Fiscal Impacts Tool **(FIT)**
foreign direct investment **(FDI)**
Foundation for Contemporary Research **(FCR)**
Government Technical Assistance Centre **(GTAC)**
Growth, Employment, and Redistribution **(GEAR)**
House Price Index **(HPI)**
Human Sciences Research Council **(HSRC)**
Human Settlements Development Grant **(HSDG)**
informal settlement upgrading **(ISU)**
Infrastructure Delivery and Management System **(IDMS)**
Inkatha Freedom Party **(IFP)**
Integrated City Development Grant **(ICDG)**
Integrated Development Plan **(IDP)**
Integrated Public Transport Networks **(IPTNs)**
Integrated Residential Development Programme **(IRDP)**
Integrated Sustainable Rural Development Framework **(ISRDP)**
Integrated Urban Development Framework **(IUDF)**
Intelligent Transport Systems **(ITS)**
Intergovernmental Panel on Climate Change **(IPCC)**
Intergovernmental Relations **(IGR)**
Joint Initiative on Priority Skills Acquisition **(JIPSA)**
local economic development **(LED)**

Local Government Five-Year Strategic Agenda **(LGFYSA)**
Local Government Transition Act **(LGTA)**
Local Government Turnaround Strategy **(LGTAS)**
Medium Term Integrated Infrastructure Framework **(MTIIF)**
Medium Term Revenue and Expenditure Framework **(MTREF)**
Medium Term Strategic Framework **(MTSF)**
multi-criteria decision analysis **(MCDA)**
Municipal Finance Management Act **(MFMA)**
Municipal Infrastructure Grant **(MIG)**
Municipal Infrastructure Investment Framework **(MIIF)**
Municipal Infrastructure Support Agent **(MISA)**
Municipal Spatial Development Framework **(MSDF)**
Natal Town and Regional Planning Commission **(NTRPC)**
National Development Plan **(NDP)**
National Housing Forum (**NHF)**
National Local Government Negotiating Forum **(NLGNF)**
National Party **(NP)**
National Planning Commission **(NPC)**
National Spatial Development Perspective **(NSDP)**
National Upgrading Support Programme **(NUSP)**
National Urban Policies **(NUPs)**
Neighbourhood Development Partnership Programme **(NDPP)**
New Public Governance **(NPG)**
New Public Management **(NPM)**
Passenger Rail Agency of South Africa **(Prasa)**
Pay As You Earn **(PAYE)**
Planning and Implementation Management Support **(PIMS)**
Policy Coordination and Advisory Services **(PCAS)**
Programme Management Unit **(PMU)**
Project Management Body of Knowledge **(PMBOK)**
Public Transport Improvement Program **(PTIP)**
Public Transport Network Grant **(PTNG)**
Rapid Integrated Project Options Assessment tool **(RIPOA)**
Reconstruction and Development Programme **(RDP)**
Regional Services Council **(RSC)**
Service Delivery and Budget Implementation Plan **(SDBIP)**
small, medium, and micro enterprises **(SMMEs)**
social and environmental management **(SEM)**
Social Housing Regulatory Authority **(SHRA)**
South African Cities Network **(SACN)**
South African Local Government Association **(SALGA)**
South African National Civic Organisation **(SANCO)**
South African Revenue Service **(SARS)**
Spatial Costing Tool **(SCOT)**
Spatial Planning and Land Use Management Act **(SPLUMA)**
special economic zones **(SEZs)**
Special Integrated Presidential Projects **(SIPPs)**
subnational doing business **(SNDB)**
Sustainable Development Goals **(SDGs)**
Swiss State Secretariat for Economic Affairs **(SECO)**
transit-oriented development **(TOD)**
Unemployment Insurance Fund **(UIF)**
Upgrading of Informal Settlements Programme **(UISP)**
Urban Development Framework **(UDF)**
Urban Development Strategy **(UDS)**
Urban Land Institute **(ULI)**
Urban Network Strategy **(UNS)**
Urban Renewal Programme **(URP)**
Urban Settlements Development Grant **(USDG)**



SYDELLE WILLOW SMITH

FOREWORD

By Professor Edgar Pieterse

During moments of crisis and social contestation it is hard to see or appreciate when there are positive stories about state craft and innovation. This truth is particularly acute in 2020, as we come to terms with the widespread and deep destruction of the Zuma era of state capture and injury. However, if one's attention remains fixed on newspaper headlines and the drama of special commissions trying to come to terms with state looting, it is near impossible to recognize the pockets where people are striving to improve developmental impact in the state. This book detailing the first five years of the City Support Programme (CSP) of the National Treasury in South Africa provides a unique insight into the conceptual, policy, institutional, and personal labour involved in trying to tackle some of the most wicked and intractable issues in post-Apartheid South Africa.

As the book elaborates, the CSP was a response to the National Development Plan analysis that demonstrated that spatial inequality had to be confronted head-on if South African cities were to realize their full potential. The CSP recognized that the routine operations to provide public housing, subsidized public transport, and free basic services were not going to solve the deepening challenge of spatial inequality. It therefore decided to experiment with new planning tools and fiscal incentives to support the eight metropolitan governments of South Africa to be more ambitious, more radical, and more strategic in how they deploy scarce infrastructure capital so that economic and spatial inequalities can be reversed. It is hard to overstate overstate the importance of this effort in the face of the default culture, which simply accepts the suboptimal outcomes of doing more of the same.

With all of its challenges and shortcomings, the CSP offers important lessons for the international policy and scholarly community interested in how democratic decentralization (strong urban governments) can reinforce the leading role cities must play in pursuing the Sustainable Development Goals. There is now a global recognition that cities must and will take the lead in combining climate change action with inclusive development efforts. However, there is very little knowledge about what is required in terms of policy and institutional reform to equip city governments to meet the task. This book is an invaluable resource describing a South African experiment that can inform that debate.

The book also points to the value of city-level innovation ecosystems, and the need to take them far more seriously. Such ecosystems require the state and universities to engage in creative knowledge partnerships that are grounded in the methodological imperative of knowledge co-production, and leave sufficient room for civil society actors and the private sector to join in the resulting experimental practices seeking contextual solutions.

City of Johannesburg: A view towards the iconic city skyline across the central railway yard.

GUTO BUSSAB

INTRODUCTION

Over two decades since the advent of democratic rule, South Africa faces a critical urban challenge. This challenge echoes the unfinished business of transformation but is also informed by wider pressures. The nature and scale of urban growth, combined with the urban impacts of global conditions of economic transformation, technological shift, climate change, and general insecurity, provide a fragile context for the multi-scale governance reform that is imperative to making cities more equal, resilient, and productive.

The imperative and opportunity of urban transformation is not unique to South Africa. Globally, the importance of cities and urbanization in driving sustainable and equitable forms of development is acknowledged, while the urgency of devolution and strengthening the local state to secure this developmental role for subnational actors is recognized in multilateral conventions like the Sustainable Development Goals, the New Urban Agenda, and the Paris Agreement. These accords speak to a new global recognition that for cities and city governments to work optimally, they require particular kinds of innovation, investment, and management to realize their potential as drivers of sustainable development at multiple scales.

Moreover, the recognition that cities hold the key to so many different aspects of a sustainable future is driving reform across various sectors, scales, and actors. What many of these efforts have in common is the conviction that, whatever else they may pursue, making local or city governments work better within their overall institutional and governance contexts is non-negotiable. Cities themselves are unsurprisingly at the forefront of change, but they are not alone. Key mechanisms being invoked to enliven the subnational scale are various forms of national support and innovation programmes — sometimes styled as 'national urban policies' (Cartwright et al. 2018; Turok and Parnell 2009; UN-Habitat 2016). This kind of effort reflects a cross-government concern with improving the power and effectiveness of city management. In South Africa, a country often seen as a global policy innovator, the Cities Support Programme (CSP) was set up in 2011 within the National Treasury. It was conceived as an intergovernmental platform for urban support and reform to address South Africa's national urban challenge in the core metropolitan areas, and to promote inclusive, sustainable, and productive modes of urban and economic growth. It is now a formal part of the wider Integrated Urban Development Framework that looks at urbanization and urban change across the entire national spatial system (COGTA 2016).

This book seeks to capture the emergence, experiences, and lessons of CSP, as a particular — imperfect, yet significant and innovative — approach to urban support and reform. Our intention is not only to document the specifics of the CSP, but also to capture a larger story about the evolution of urban policy and practice in South Africa. The story of these big, bold, and nationally supported urban reform initiatives cannot be underestimated — especially as the African continent becomes increasingly urban. As cities become the focus of policy debate, urban reformers, practitioners, researchers, and stu-

Mangaung: A street vendor selling to passing commuters on the corner of Hanger Street, Bloemfontein.

dents must interrogate the process as well as the outcome of urban transformation; ongoing innovation must emerge from the lessons of the past and present. The CSP presents a story of experimentation and learning, of success and failure. It is an especially important case because it is largely a locally generated example of urban governance reform. It is a story of one part of a wider ecosystem of people, institutions, and initiatives that are seeking to change the ways that municipalities act, and the ways that cities grow and feel.

The current political moment in South Africa offers a critical opportunity to shape the future of South African cities and urbanization and, by implication, the social and economic fate of the country and region. National political leaders speak of a 'New Deal' for South African cities and towns — a promise to be fulfilled through instruments like the Integrated Urban Development Framework (COGTA 2016). As such, this book acts as a timely intervention at this political juncture, a reminder of where South African urban policy has emerged from, and the direction it could go.

In this Introduction we describe the purpose of the book and identify its intended audiences. We also set out the book's conceptual and empirical focus and, finally, provide an outline of its structure and content.

THE SOUTH AFRICAN URBAN CHALLENGE

South Africa's future is increasingly urban. The United Nations calculates that 66% of the population currently live in towns and cities (UNPD 2018), and it is estimated that the total urban population will grow by 7.8 million people before 2030, with a further 6 million to be added by 2050, taking the total urbanization rate to 80% (NPC 2013). Most of this growth is expected to take place in the country's large cities, but secondary cities are expanding as well (SACN 2016).

Figure A: Percentage population living in urban and rural areas, South Africa, 1950 to 2050

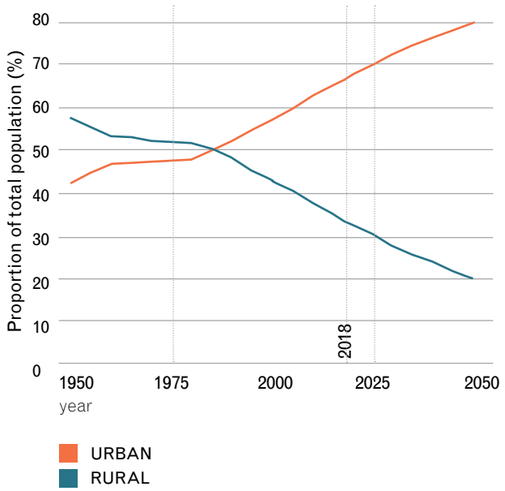
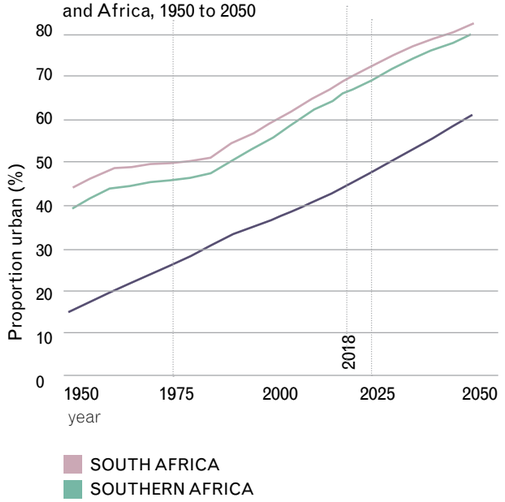


Figure B: Percentage population living in urban areas: South Africa compared with Southern Africa and Africa, 1950 to 2050



(source: UNPD 2018)

Figure C: The Importance and Opportunity of Large South African Cities *(source: National Treasury 2018)*

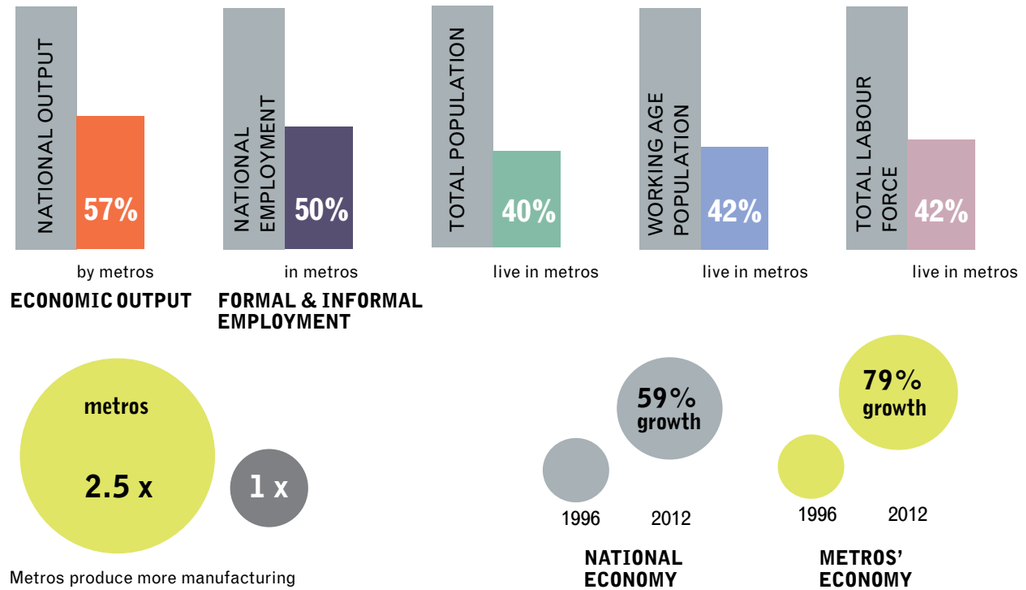
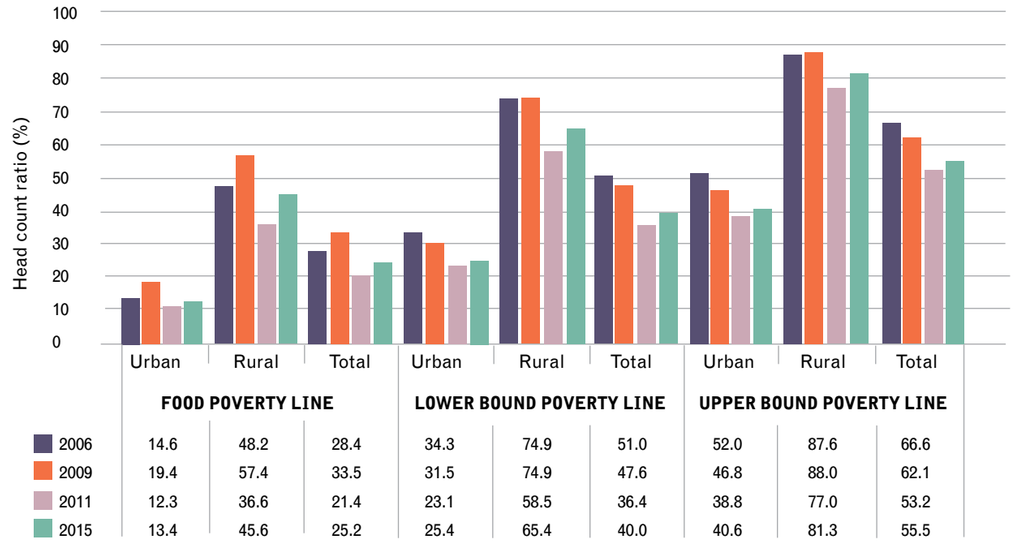


Figure D: Overall changes in poverty rates, South Africa, 2006 to 2015 *(source: World Bank 2018)*



Urbanization presents a potential opportunity. Cities have long been recognized as important for economic development and poverty reduction. The reasons for this are linked to the effects of agglomeration. Spatial proximity, density, and connectivity provide enterprises with advantages and opportunities to scale-up, specialize, and innovate; create better matches between worker skills and jobs; and reduce the overall costs of providing public services (National Treasury 2018; UN-Habitat 2013).

Evidence shows that in South Africa, as elsewhere, cities are driving economic growth. They contribute disproportionately to economic development and employment generation, and municipal service delivery performance is far higher for the large cities than for other areas. These realities are helping to sustain high rates of rural-urban migration, which peaked following the removal of apartheid-era controls on labour mobility and residency.[1] People move because living in urban areas provides them with better prospects of getting a job — with a higher probability of landing formal employment in particular — while enabling access to amenities like shelter and electricity (National Treasury 2018; World Bank 2018). As long as many of South Africa's poor 'look to urban economies for social and material opportunity', cities will remain 'migration magnets' for the foreseeable future (National Treasury 2018). While these realities present a major challenge to service provision, the coupled phenomena of urban economic growth and rural-urban migration have helped to reduce rates of rural poverty as well as overall national poverty levels, as shown by Figure I (World Bank 2018).[2]

That said, although South Africa is relatively urbanized, the manner in which cities, and the urbanization process, have been managed has failed to reap an 'urban dividend' — an expected boost for economic activity, productivity, and growth arising from the increasing spatial concentration of an economically active population (COGTA 2016). Instead, South Africa is home to some of the most unequal cities on the planet (UN-Habitat 2008). Economic growth and job creation have been inadequate to keep pace with population growth, and remain insufficiently inclusive. Meanwhile, current patterns of urban development appear to be reinforcing spatial divisions created under apartheid rather than delivering on the post-apartheid policy vision for inclusive, integrated, compact, and sustainable cities. The South African Urbanization Review, produced by the World Bank at the request of the National Treasury (see Chapter 11), recognized this shortfall in the urban developmental dividend as a function of two main dynamics: the persistence of fragmented urban spatial forms, combined with 'shortcomings in government programmes and policy' (National Treasury 2018, p. 6).

The National Development Plan has highlighted the importance of space — and the spatial relations between people's urban residences and workplaces — as key hindrances to economic growth and poverty reduction (NPC 2013). Fragmented built environment forms obstruct social interaction, increase travel times and costs, boost carbon emissions, and undermine the financial viability of municipal governments (Turok 2014). These realities mobilize against the positive effects of agglomeration.

The capacity for cities to act as engines of growth or pathways out of poverty is by no means inevitable. Concerted, proactive policies and interventions are needed to ensure that urban growth and change result in efficient, productive, inclusive, and sustainable outcomes, securing the potential for cities to act as 'engines' of national economic growth and prosperity.

Since the advent of democracy, the South African state has invested vast amounts of capital and energy into redistribution and overcoming historical legacies of exclusion. Important strides have been made in extending access to basic services, and in ameliorating the harsh effects of poverty and inequality. Recently, however, the Urbanization Review (see Chapter 11) recognized that government interventions in urban development processes have been relatively ineffective in overcoming the country's legacy of social, spatial, and economic division. These have generally taken the form of large-scale, supply-side interventions, focusing on physical solutions (such as housing megaprojects or transport infrastructure initiatives), and relying on internal public sector capacity for delivery (National Treasury 2018). In institutional terms, poor levels of alignment between the functional responsibilities, interventions, and incentives of different spheres of government have resulted in projects that are individually ineffective, collectively incoherent, and unaffordable.

In the democratic era, important advances have been made in establishing a single municipal system from the fragmented, undemocratic, racially divided, and unaccountable patchwork of local governments that functioned during apartheid. Urban municipalities have played a critical role in the large-scale roll out of basic services. Yet the local government system is still in a process of transformation, and significant challenges remain if cities are to secure and increase their contribution to economic development (DPME 2014). City governments have to become more efficient in how they budget for, implement, and maintain essential urban infrastructure services, and more proactive in accommodating future demand arising from in-migration and expected rates of growth. Moreover, they must act more effectively in regulatory and administrative terms when managing development processes.

1
The overall migration rate was 26.4% in 1996, dropping to 13.8% in 2001 before rising to 16.4% in 2011 (National Treasury 2018).

2
In the period 2006 to 2014, up to 385,000 people managed to escape poverty after moving from rural to urban areas (Turok and Visagie 2018a). While urban in-migration may be associated with 'a large, positive impact on life circumstances' for individual migrants, positive effects are often mitigated by the fact that many job-seekers moving to cities end up initially living in informal settlements and former black townships on the urban periphery, without affordable access to already limited job and social opportunities (NPC 2013; SACN 2016; Turok and Visagie 2018a; 2018b).

Figure E: The Metropolitan Challenge in South Africa *(sources: Palmer et al. 2017; Gardner 2018)*

In Cape Town, Johannesburg and eThekwini,

784,000

households are officially designated to be living in the worst housing circumstances; set against a national backlog figure of 2.2 million

(Gardner 2018).

R42 billion per year

Estimated infrastructure investment requirement across the metros

Table A: Estimated capital and operational requirements versus actual spending

US$ MILLIONS FOR 2013/14 YEAR	MODELLED[1]	ACTUAL (MUNICIPAL)	ESTIMATE OF SPEND BY OTHERS[2]	TOTAL ACTUAL EXPENDITURE	% OF MODELLED REQUIREMENT
WATER SUPPLY	2,490	840	280	1,120	45%
SANITATION	1,920	630	0	630	33%
ELECTRICITY	2,570	710	870	1,580	61%
SOLID WASTE	220	130	0	130	59%
ROADS & PUBLIC TRANSPORT[3]	5,360	1,500	0	1,500	28%
COMMUNITY AND SAFETY	590	360	0	360	60%
HOUSING	640	320	0	320	50%
ADMIN BUILDINGS AND SYSTEMS[4]	740	740	0	740	100%
OTHER[3]	210	210	0	210	100%
TOTAL	14,730	5,430	1,150	6,580	45%

(source: DBSA and CoGTA (2010), with figures updated and adapted to allow comparison for the 2013/14 year)

Notes:

1 Modelled figures taken from projections in the Municipal Services Finance Model (MSFM) used for the MIIF Round 7 analysis, excluding administration and 'other'.
2 Expenditure by others includes figures for water boards and Eskom, escalated from the figures used in the MIIF Round 7 analysis. An additional US$50 million is allowed for investments by others, including farmers, mines, etc.
3 In the case of roads, the high figure modelled is strongly influenced by the required investment in low-volume rural roads.
4 For administration and 'other' expenditure, it is not possible to model these numbers, therefore actual areas used.

(source: Palmer et al. 2017)

RESPONDING TO THE URBAN CHALLENGE

South Africa's urban challenge is at once spatial and institutional. The coherence and effectiveness of the response that is mounted to this challenge will be critical in determining the country's future levels of economic growth, social welfare, and environmental sustainability.

It is important to note that responding to the urban challenge does not imply a single-minded focus on what happens within cities to the exclusion of — or as an alternative to — rural development. In South Africa, different types of 'urban' and 'rural' settlements are interconnected in dynamic ways, driven by a range of historical and contemporary factors, including flows of people, capital, and environmental resources (COGTA 2016). Responses targeted at cities therefore inherently have implications for rural areas, and vice versa. As such, the South African urban challenge is one calling for recognition of the importance of cities as centres of growth and prosperity within larger settlement, spatial-economic, and natural systems (COGTA 2016; NPC 2013). It means identifying the specific forms of developmental support that cities require to fulfil this role effectively, within an overall agenda for national spatial and economic development. It also entails enhancing the capacity for urbanization (as a transformative process connecting large cities, secondary cities, towns, and rural areas) to drive inclusive economic and territorial transformation at multiple scales. However, formulating this kind of multifaceted response to the urban challenge will need to be undertaken in a context of economic stagnation coupled with poor labour market performance (Turok and Visagie 2018c). The global recession of 2008 and 2009 badly affected South Africa, and poor economic performance has continued since. Reasons include the continued dominance within the economy of large, capital-intensive enterprises associated with the mining and energy sectors, coupled with the ongoing financialization of the economy. Capital intensity in the business sector has allowed the unemployment rate to increase just as rates of remuneration per worker have risen (Palmer et al. 2017). The country continues to have one of the most unequal economies in the world, and unemployed rates remain alarmingly high at 27.5% (NPC 2013; Statistics South Africa 2018).

Moreover, the urban response will take place within a shifting and uncertain political context. At the time of writing in early 2019, South Africa had only just emerged from a period of intense political contestation and scandal. The creation of a 'shadow state', associated with the Presidency of Jacob Zuma, but extending across the entire intergovernmental system, effectively nullified the potential impact of any new policy ideas and instruments, including the National Development Plan, and acted to empower a rural political elite (Swilling et al. 2017). These dynamics have encouraged a more general sense of popular disillusionment with the ruling party, the African National Congress (ANC), reflected in the results of the 2016 local government elections, where the ANC lost three major cities (Johannesburg, Tshwane, and Nelson Mandela Bay) to coalitions led by its main political opposition, the Democratic Alliance. These changes have introduced new dynamics and uncertainties into local government civil and party politics (Palmer et al. 2017).

These political shifts should also be located against a general decline in the public influence of civil society organizations in the years following 1994.[3]

In policy and strategic terms, the need for decisive interventions to address intra- and inter-urban inequality is acknowledged, as is the imperative to drive increased prosperity. But there is little by way of consensus as to how this should be done. Dominant political

3 For example, in this period trade unions have become less engaged with broader civic issues, and more focused on those factors immediately relevant to worker income and welfare. Meanwhile, the civic movement, which also played a key role in driving and facilitating the transition to democratic rule alongside urban sector service organizations like Planact (see Chapter 2), have assumed a more marginal role in coproducing and tracking service delivery processes. Increasingly, civil society engagement with government delivery of services takes the form of protest (Palmer et al. 2017).

discourses around how to promote national economic growth focus either on 'growth with redistribution' or 'radical economic transformation' (Turok and Visagie 2018b).

Since the advent of Cyril Ramaphosa's presidency, South African political leaders have been bullish about the prospects of a 'New Deal' for South Africa's urban areas. Yet there are also various discourses, axes of thought, and ways of framing the South African urban challenge that make the issue of urban change particularly 'noisy' and in need of strategic clarity. Debates include whether one arm of the rural-urban dichotomy should be prioritized. In other words, should urban problems be solved by investing in rural areas to stall rapid migration into cities? Alternatively, is national economic development best delivered by spreading investment and economic activity across space; for example, by locating Special Economic Zones in every province, and by targeting development at underdeveloped or 'lagging' areas? Perhaps the national growth agenda is better served by focusing investments on places where large numbers of people and infrastructures are already concentrated? How the national government views large cities, and what support it offers to the metros either in direct fiscal terms or by way of policy and institutional reforms, is in part an outcome of its wider perspective on the national spatial economy.

The politics surrounding national spatial economy — a not insignificant issue given the legacies of apartheid — is, however, only one determinant of urban policy direction. Another debate centres on the priority of state investment within cities: should the focus be on boosting economic growth by crowding infrastructure into specific places with high potential, or by following space-neutral policies that support market development where it materializes? Or should public capital be spent to provide subsidized services to poor populations in the places where they reside? These are complex, nuanced decisions whose effective implementation depends not just on policy clarity, but also on ensuring that there is adequate state capacity to execute the agreed prioritizations and strategic choices, or to make the requisite institutional adjustments.

In sum, South Africa faces, in objective terms, an urban challenge and an opportunity. It also faces a range of — sometimes competing, sometimes complementary — narratives on what strategy and priorities should be invoked to address that situation. Flowing from the analysis and choices made about the ambitions for the future of South African metropolitan areas and their place in the national space economy, it is clear that major institutional change is, notwithstanding the post-apartheid constitutional reforms, still required.

To catalyse urban change at the scale and ambition envisaged, the intention of the CSP was to distil some sort of consensus around future action. Working across a very fluid political and institutional landscape without necessarily understanding what was possible or knowing what was realistic, the CSP leadership initiated a formative process of urban reform. A far more collaborative intervention than, say, a state commission, the CSP tried to absorb as many complementarities as possible within the intergovernmental system. Operating in and across spheres and sectors came with costs — in particular those relating to institutional overreach — but it also established a different, more iterative mode of forging urban transformational change by working within the systems of government. This book is an integral part of the logic of that translational approach, where the intention is to critically track the challenges and opportunities involved in making big changes to how cities are run. The embedded reflection that this volume presents is not a conventional academic critique. Rather, working with the CSP team, we sought to illuminate the uneven and contested processes of urban change. In the following section, we set out the purpose and objectives of the book in more detail.

PURPOSE AND OBJECTIVES

This book is, in part, a documentary about CSP as a platform for urban support and reform, and the group of people constituting it within National Treasury. It is also a reflection on what the Programme's experience invites us to think about and do in the future. The starting point for this project has been the notion that CSP represents a 'different way of doing business': the nature and scale of its ambitions and interventions for supporting cities are new to the South African context, although not without local or international precedent. We are presenting a description of a distinctive kind of platform and process with the hope that by describing it in a particular way — rather than carrying out some form of assessment against predefined criteria — we can start to open up new questions and identify new kinds of knowledge imperatives. As such, this is not a formal evaluation but rather a formative engagement. That said, the critical interaction that the book's production entailed provides a basis for reflecting on whether CSP has had an impact on the objective urban challenges we have outlined above, whether it has taken an appropriate form and approach, and how it is positioned within ongoing debates on intergovernmental fiscal and governance reform.

From the perspective of National Treasury and CSP, the book will help inform the South African urban policy community of the critical practices, policies, and debates of which it should be aware. Capturing some of the learning that has emerged from the Programme may help to drive a better understanding of South Africa's specific urban and governance challenges, as well as opportunities for effective reform. For CSP, too, the book is a way to codevelop a policy-relevant urban research agenda in collaboration with university partners. It seeks to frame — albeit not conclusively — several areas for further research, which may guide students and scholars based in South Africa or elsewhere. In particular, it invites researchers to think about two broad domains: the platforms and mechanisms that are used for urban support and reform, as well as the substantive knowledge agenda: what are the key priority issues that we should be investigating, and how might we make priority interventions when confronted by competing imperatives or different choices?

For the African Centre for Cities (ACC), it was important that this book not simply be an evaluative exercise or policy review. Rather, it is a way of situating the structure and work of the CSP in a wider intellectual context. This has involved two main tasks and objectives: on one hand, assuming the conventional academic role of offering critique. On the other hand, it is also intended as an exercise of stepping back to be more reflective about the processes CSP has undertaken, and therefore clarify the strengths and weaknesses of those processes informed by the internal dynamics of delivering institutional change. Moreover, it provides an opportunity to highlight the dimensions of what is in many ways a more important phase of post-apartheid policy, fiscal, and practical reform than that leading up to 1994. In theory, the interventions of the CSP could effect more change in our cities than the introduction of the Constitution, or the municipal finance policies codeveloped with the World Bank in the 1990s. If that is the case, the CSP platform — its size, shape, strategy, and lessons — needs to be made legible for students and future practitioners not only in South Africa, but also globally.

Readers of this book who are policymakers and practitioners based in South Africa will be introduced to new and different approaches to urban support and reform, new kinds of urban governance practices, key debates in the field, as well as lessons from past experiences, all of which will hopefully assist with their professional work. Readers based

outside South Africa will find in this text a documented case of a particular kind of initiative representing how, internationally, responses to the challenges of cities are changing, from which they can learn and relate to their own contexts. For officials or others who may not be entirely aware of the CSP's overall strategy and work programme, or who may disagree with aspects of this approach, the book provides a basis for engagement and critique. Meanwhile, students and researchers will find a range of issues and tensions, arising from the experiences, challenges, and successes of the CSP, which may assist with the formulation of research questions and projects.

FRAMEWORK

The book's analytical focus is arranged along three lines:

- **Platform:** We seek to describe and position CSP as a platform for convening different voices and activities initiatives, both within the intergovernmental system and in civil society, rather than as an official unit as one might conventionally find in a national government department. This may not always be successful because in reality CSP has elements of both a platform and unit: it is operated by a small team of core staff located within Treasury, but as a programme of city support and reform, its agenda, partnerships, and activities extend well beyond that institutional setting (including into city government). This is a tension that we surface in various parts of the book.

- **Process:** Our emphasis is on the process by which CSP has emerged and evolved, as well as on the ways in which it has tried to influence other actors, institutions, and processes. The book does not simply list CSP's projects and outputs, but rather tries to locate those activities within a larger strategic vision and institutional mode of working.

- **People:** The book is not just about presenting the formal strategy and work programme of CSP itself or of the state. Neither is it a simple narrative of policy or institutional change. Part of what it tries to convey is that for states to function, they require a cohort of committed individuals — leaders who are able to work together in an iterative and innovative way. We have therefore tried to include small snapshots of the personalities and individuals who have come together to form this entity, and who have given it its character and, at times, legitimacy.

The central conceptual thread running through the book is that of 'city support'. Global development debates may have put cities and urbanization front and centre, but the question of how we should support them to achieve the Sustainable Development Goals (SDGs), as well as other ambitions, remains up for debate. Ultimately, the book aims to provide a basis from which we can problematize what we mean by city support, not least because it is a 'cluttered' space: one frequented by international donor agencies that bring their own understandings of the term and how it should be translated into practice. We tell this story of a particular approach to city support that emerged organically in the South African post-apartheid context. We believe that CSP offers unique value in important ways — for example, in its detailed attention and responsiveness to context and difference, and in its systemic vision and mode of action — and provides an imperfect yet innovative example of how we can shift city government actions and transform our urban spaces.

OUTLINE OF THE BOOK

The book is arranged in three main parts. Part 1 seeks to situate the CSP and its evolution within a longer history of urban processes and governance reform in South Africa. Following this Introduction, Chapter 1 provides some temporal context through a historical overview of national initiatives to change the ways in which South African cities were planned and governed in the twentieth century. Of importance here is that while the CSP may be a new form or mode of urban innovation and policy prescription, South African cities are palimpsests that reflect earlier such interventions. In this vein, Chapter 2 proceeds to describe the specific post-apartheid dynamics that have given rise to and shaped the reform of urban governance practices. Here the CSP is located within a longer history of local government fiscal reform pursued by the National Treasury and its post-1994 antecedents, as well as a longer process of public sector reform and municipal support pursued within the South African state.

Part 2 of the book proceeds to systematize and describe the overall dimensions of the CSP's strategy and work process. Chapter 3 presents the CSP in a nutshell, outlining its institutional location, structure, strategic approach, and mode of working, before Chapter 4 describes the evolution of the urban question and the CSP platform, particularly within the context of National Treasury.

Having established the broad size, shape, and objectives of the CSP, Part 3 goes on to provide more detailed discussions of each of the CSP's thematic components. Chapters 5 to 8 focus on the CSP's Core City Governance Component, a transversal component that focuses respectively on the Leadership and Governance; Planning Reforms; Monitoring, Reporting, and Incentives; and Infrastructure Finance and Delivery sub-components. CSP's initiatives pursued in relation to Human Settlements and Public Transport are covered in Chapters 9 and 10, respectively. The Programme's other two transversal components — Economic Development and Climate Resilience — are then discussed in Chapters 11 and 12.

Finally, the book's Conclusion returns to an overview of CSP as a whole, asking critical questions about the platform and its strategic approach to city support as it moves forward into its second phase. We also present a few initial ideas that might begin to frame a future policy-relevant research agenda for South African cities and urbanization. The book ends with a series of provocations for its intended target audiences.

Figure F: City Support Programme areas of work as covered in this book

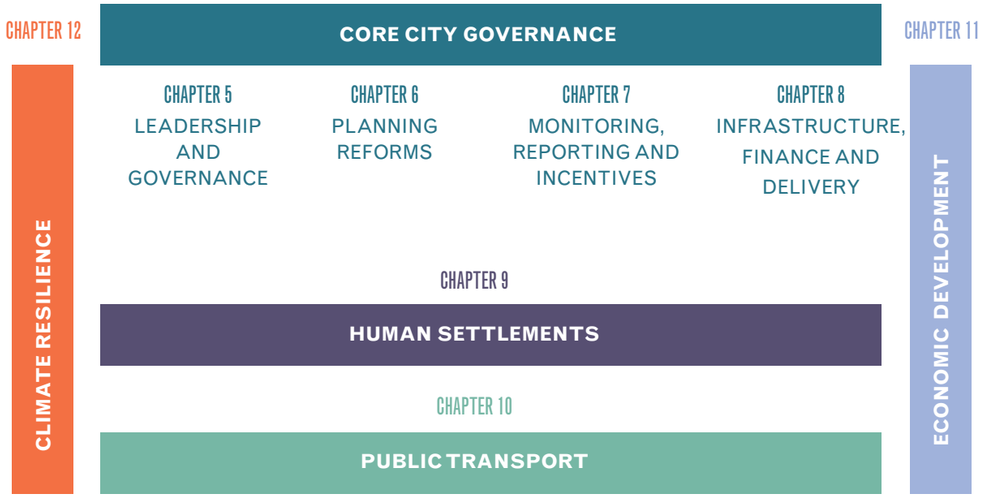
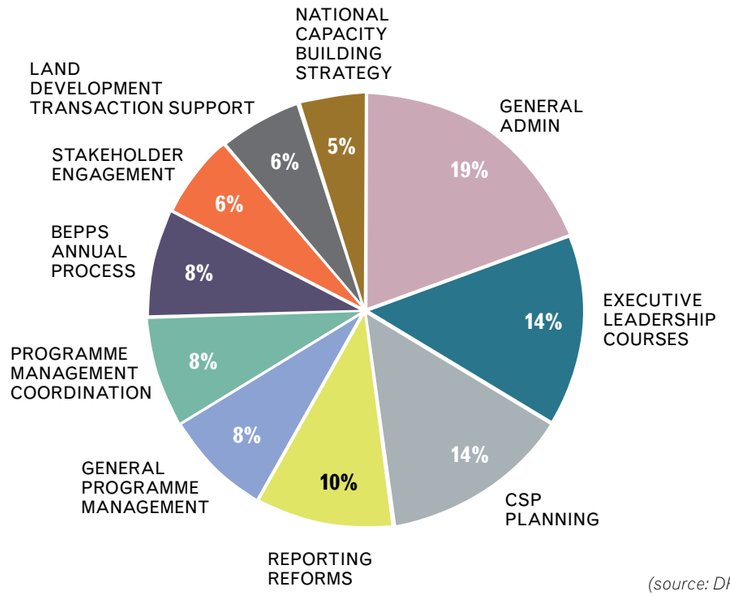


Figure G: Proportion of projects pursued by the City Support Programme according to the time spent: 2016 – 2017



(source: DPME 2018, p.102)

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NOTE:

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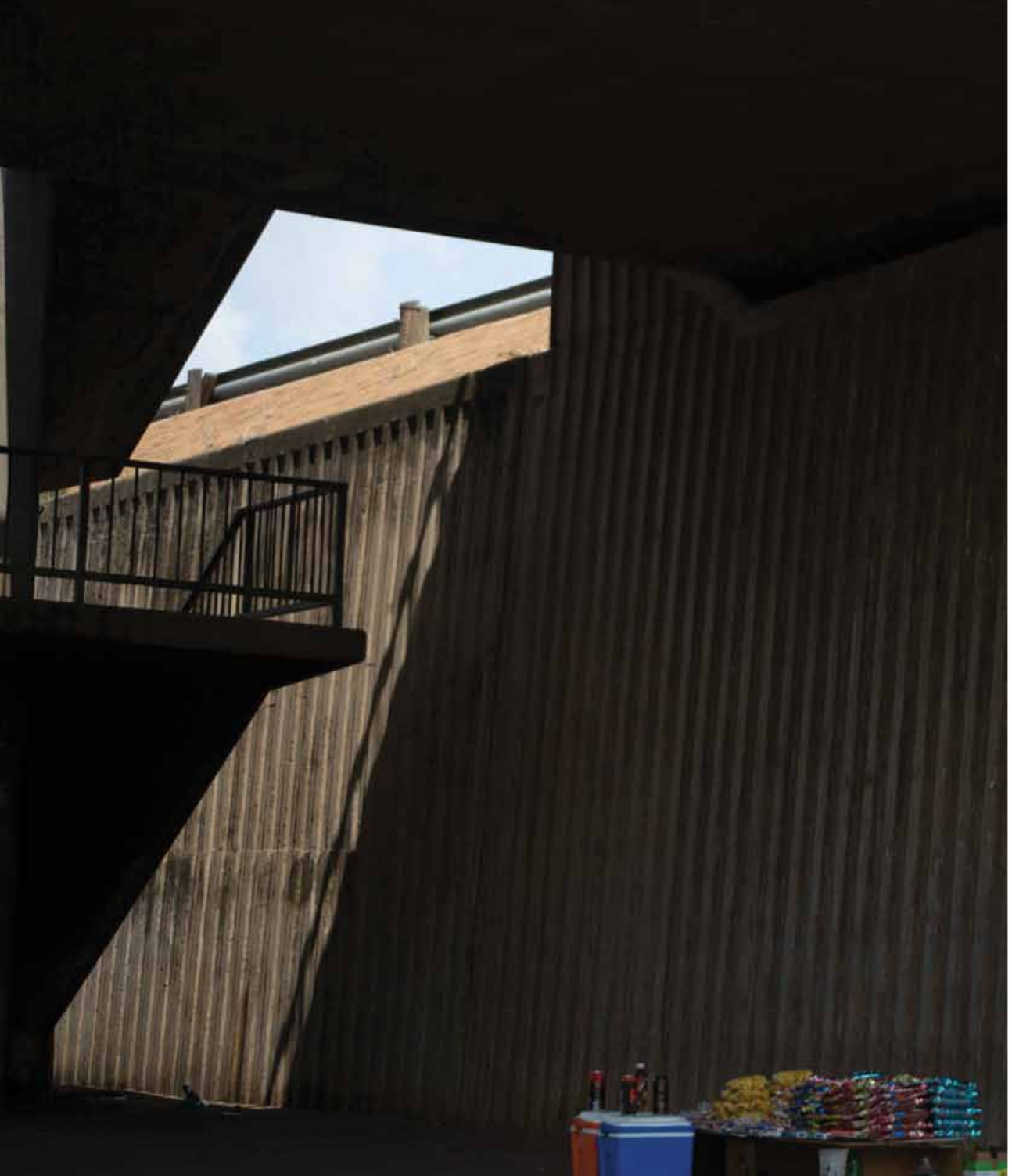

GUTO BUSSAB

City of Tshwane: Pop-up spaza shop selling sweets, chips and cooldrinks to commuters.

CHAPTER 1

THE HISTORY OF SOUTH AFRICAN URBAN REFORM

This chapter presents a broad historical overview of the 'urban question' in South Africa, and describes the various kinds of urban reform initiatives that have emerged since the start of the twentieth century. It seeks to locate the current moment of renewed interest in urban reform within a longer history of political and economic debates, processes, and contestations. This is done, in part, as a way to set up a discussion on the appropriateness of the approach taken and instruments used by the CSP, which is a theme that we will return to throughout the book, and particularly in the Conclusion.

A key starting point for this discussion is that states, and for that matter individual government departments and programmes, are neither unitary nor static. They are composed of a diversity of different actors and interests; they learn and change. Their roles and interventions can shift in relation to high-level political and social objectives, and in response to public disagreements and conflicts. The aims, structure, and character of a state may also change in accordance with emerging material and spatial trends manifesting at various scales. Notably, the institutional architecture for urban governance is formative of and shaped by the dynamics of cities and urbanization. Indeed, we shall argue that problems specific to cities and urban areas have historically played a significant role in shaping wider national questions, institutional arrangements, and governmental responses in South Africa. Moreover, not all reform efforts have been targeted in the same direction — some have been explicitly anti-urban, while others were reactions to the overreach of their predecessors, or to changing socio-economic demands.

In this chapter, we explore some of these dynamics in South African history with particular reference to the mechanisms and instruments of urban governance reform. Another theme running implicitly through this chapter, as through the whole book, is that of city support. We are interested in what forms, if any, city support might have taken in different times and places. Who was responsible for support activities, and what did they seek to achieve?

The following sections briefly discuss four critical moments of urban governance reform in South African history, focusing on the institutions and processes by which reforms were established, and the instruments — the kinds of 'governance levers' — used to implement them. These 'moments' include the creation of a unified South African state

in the first decade of the twentieth century, the shift to formal apartheid policy in the period immediately following the Second World War, the growing 'crisis of apartheid' of the 1970s and 1980s, as well as post-apartheid democratization.

UNIFICATION

The conclusion of the South African or Boer War in 1902 paved the way for British authorities to forge a new South African colonial state. Geographically, this was to comprise a series of separate territories, including the British colonies of the Cape and Natal, and the independent Boer republics (the Orange Free State and South African Republic, later known as the Transvaal). In the post-war era, colonial authorities faced the basic political challenge of stamping British authority over the region, while gradually laying the foundation for South African unification and responsible self-government. This, however, raised critical challenges of administrative and legal integration. The creation of the Union of South Africa in 1910 meant the very different institutional and juridical systems active within each of the former colonies and republics would have to be aligned and consolidated. Moreover, officials had to ensure uniformity on critical political and strategic issues such as industrial-economic and 'native policy', as well as, increasingly, urban policy.

British plans for reconstruction and unification coincided with sharp post-war economic and spatial transitions. Strong economic growth on the ore-rich Witwatersrand encouraged migration into towns and cities, and Johannesburg in particular grew rapidly. Urban growth raised a series of policy problems. For one matter, urban populations needed to be fed, preferably without relying on costly imports, which brought the question of agricultural modernization into focus (Freund 2019). Moreover, as overcrowded slums swelled to accommodate new residents and jobseekers, threats of ill-health and epidemic disease in urban areas became critical topics of political debate and action in the years before and following unification (Parnell 1993). In Cape Town, outbreaks of bubonic plague in 1901 fostered the emergence of a 'sanitation syndrome' that linked the urban presence of Africans to disease and anti-social behaviour (Swanson 1977). Social pressure led to the construction of Ndabeni township, to which Africans were forcibly removed (Maylam 1990). Similar anxieties and responses would soon be found elsewhere, and the problem appeared to demand a coordinated central response.

In this period, a central urban problem directing governmental thought and intervention concerned the 'urban native question': how to deal with African migration, residency, and employment (and the risks perceived to result from those trends) in South Africa's growing towns and cities through state control. For leaders and officials, key questions included: should these realities and their associated effects be officially tolerated, accepted, or rejected? What role should different levels of government fulfil in enforcing control? And how should all of this be financed?

The post-war colonial state quickly assumed a controlling and coercive role over the production of urban space. On the Highveld, officials acted to secure the interests of a new, assertive urban bourgeoisie, and to create the conditions for mining capital to flourish — or, at least, to assist the aims of an emerging 'gold and maize alliance': an informal coalition of mineowners and 'progressive' large-scale farmers who supplied food to the burgeoning Witwatersrand market (Smit 1989; Trapido 1971; Morrell 1988). The alliance was built around a shared set of economic interests: ensuring low wages for workers, producing cheap food to feed them, and generally creating and preserving 'a highly exploitable and disciplined black wage labour force' (Morrell 1988, p. 619).

The way these alliances and interests played out within the urban environment was critical to shaping the objectives and forms of later urban policies. Officials wanted to regulate the establishment of townships and urban density, as well as the use of urban land, to provide the conditions for reproducing a low-paid workforce. In Johannesburg, such conditions included an urban environment free from the ravages of epidemic disease, as well as from a 'sharply demarcated central working-class area' wherein rentals were costly and an 'aggressive class consciousness' might all too easily foment (Van Onselen 2001, p. 184). Authorities aimed to regulate and prevent the migration into cities of 'undesirable' whites and Africans. They also sought a legal basis for the eviction and forced removal of Africans from urban areas, justified on public health and sanitary grounds, and of poor white people from the city's growing slums. Africans were to reside in new, peripheral, and municipally-established townships like Klipspruit (Smit 1989). Working-class whites, by contrast, were to be 'stabilized' in relatively well-serviced suburbs.

In the post-war reconstruction and unification period, the primary mode of policymaking — and the principal mechanism through which a national urban agenda took shape — was a particular kind of governmental institution and process: the expert commission. In the years following 1902, colonial officials appointed a raft of commissions to deliberate on issues such as land demarcation and ownership, tariff policy, as well as 'native affairs'. Most importantly, at least for questions of urban governance, was the Transvaal Local Government Commission, known as the Stallard Commission — notorious for proclaiming in 1922 the doctrine 'that the towns were essentially the creation of the white man, and that the black man's presence there could be justified only insofar as he served the white man's needs' (Davenport 1970, p. 77). Under its recommendations, proper security of tenure in urban areas was to be denied to all Africans.

The 'Stallard doctrine' directly informed the content and aims of the 1923 Natives (Urban Areas) Act — the urban corollary of the 1913 Land Act — which sought to control urban race relations over a variety of legal and planning domains. The Urban Areas Act empowered urban local authorities to set aside areas for African occupation (but not ownership) in separate 'locations', to provide (or require employers to provide) residences for Africans working in urban areas, and to implement a basic system of influx control (Davenport 1970; Maylam 1990). It thereby entrenched the racialized 'separation between planning for "locations" and planning for the rest of urban South Africa' (Mabin and Smit 1997, p. 199). Essentially, the Urban Areas Act defined a system of local government in South Africa, introducing ideas around the practicalities of governance at the city level. It was an innovative piece of legislation, among other things codifying a twin-track, segregated system of municipal financial management.[4]

As a mechanism of governance reform, an expert commission like that chaired by Colonel Stallard was distinctive in several ways. It addressed a particular problem, sat for a limited period, and reported under the ultimate authority of a figurehead chairperson. The commission — occupying a 'quasi-autonomous' position in relation to the state — played a particularly important role in helping to arrive at, and bring legitimacy to, difficult policy decisions in the context of political division or debate over a central moral dilemma. Stallard, in fact, faced a choice between two highly contested positions: divisions within a debate that would shape South African urban policy for years to come. On the one hand, there was the option of accepting, accommodating, and 'stabilizing' an African working class in towns and cities. On the other, African workers could be excluded through their designation as temporary migrants from rural areas.

4
'The Act also required each municipality to establish a separate native revenue account for all moneys contributed by location residents from fines, fees, rents, and beer hall takings. This money had to be spent on improvements to the location and was not to be swallowed up in the general rate fund and spent on other parts of the urban area' (Davenport 1970, p. 78).

A second important mechanism of governance reform was the consultative conference. The key example here is the 1918 Public Health Conference, attended by a variety of medical professionals, officials from all levels of government, representatives of professional associations, plus a range of other interested and affected parties. During the Conference and subsequent consultative processes that followed in the drafting of the Public Health Bill, municipal officials emerged 'at the forefront of the demand for urban reform', notably 'requesting powers to monitor disease and control slums' (Parnell 1993, p. 485). The end result was the 1919 Public Health Act. In line with their requests, local authorities were indeed granted more powers to finance and carry out slum clearances and public health programmes. Although the Act did not address wider principles of town planning, it did include measures to enable the control of building coverage, and to zone urban areas for particular kinds of land use (Parnell 1993; Smit 1989).

The practical significance of the 1918 Conference was that it enabled a wide range of actors, including technical experts, to be consulted in relation to a discrete problem. It collected different viewpoints and kinds of evidence, in the form of both written and oral testimony, to help arrive at a consensus on appropriate policy processes and technical solutions. But, as with the expert commission, there was also an important political and symbolic function. By providing a common platform for different kinds of professionals, levels of government, and public interest groups to engage with a national process of policy reform, the Conference offered a way to overcome a political impasse, and thereby to legitimate the state's subsequent actions. In this sense, it can be seen as an early precedent for another mechanism of reform: the post-apartheid consultative policy forum, which we discuss later in this chapter.

POST-WAR RECONSTRUCTION AND APARTHEID

The conclusion of the Second World War was another historical moment that offered South African leaders an opportunity for major governance reform and institutional restructuring at multiple scales. While the War was a global conflict, in South Africa it nonetheless consolidated and highlighted a range of significant national and urban political, economic, and social transitions. These dynamics, in turn, encouraged massive state investments in wartime and post-conflict reconstruction and reform. Indeed, Freund (2019) has characterized the period 1939 to 1945 as one when a 'developmental state' form, intimately tied to the process of industrialization, was very nearly realized in South Africa. It was an ambition, however, that would be foreclosed by the removal of the Smuts government by an all-white electorate in 1948.

The central urban problematic defining the wartime and post-war period remained that of how to manage the familiar issue of African migration and residency, even if this was overlaid with new kinds of realities and demands linked to the country's rapid industrial expansion. The shifting dynamics of economic production and labour demand appeared to call for strong state control over the economy and its spatial distributions. The state increasingly sought to manage these dynamics through highly top-down modes of regional and urban spatial planning. While there was consensus and continuity before and after 1945 in emphasizing centralized government planning and control, and around a broad policy of urban racial segregation, major political debates and points of contention included the familiar dilemma of whether the African urban workforce should be settled and 'stabilized', or whether the state should remain committed to a system of migrant labour and segregation at a larger territorial scale. The question, simply put, was how the state should go about forging an appropriate 'racial order in industrial urban life' (Freund 2019, p. 149).

The disruptions of global war unleashed a modernist planning fervour in South Africa, a drive to reconstruct towns and cities in order to address 'the dislocations of the age' (Mabin and Smit 1997, p. 203). Urbanization and industrialization had already gained momentum through the 1930s, driven by the rise of a 'minerals-energy complex' underwritten by the establishment of giant parastatals like Eskom and the Iron and Steel Corporation (ISCOR) in the 1920s (Fine and Rustomjee 1996). The metal-working industry's star rose quickly, becoming the largest sector by value of total output by the time war was declared. Moreover, the swelling urban workforce and middle class represented markets that encouraged the growth of consumer-oriented industries in sectors like food, beverages, and tobacco, and, to a lesser extent, in textiles and apparel (Freund 2019).

The expansion of manufacturing and mechanization set in motion by these developments saw the growth of semi-skilled jobs, many of which were taken by Africans, Indians, and Coloureds (Crankshaw 1997; Maylam 1990). Yet opportunities were unevenly distributed. By the late 1930s, two facets of the 'urban native question' had come to dominate South African politics. The first was the large scale of poverty experienced by urban Africans. The second was the perceived instability of African family life in the townships, supposedly encouraging social dislocation, unrest, and low worker productivity (Posel 2005). Expanded production arising from the needs of the war economy — notably in the metal and engineering sector — acted to accelerate the emergence of both industrially employed and unemployed urban populations (Crankshaw 1997). Meanwhile pressure on the housing supply increased, while potentially lucrative urban land was occupied and settled irregularly. A sense of urgency arose as calls for state intervention intensified (Mabin and Smit 1997).

For a loose alliance of social reformers comprising liberals, academics, urban African leaders, missionaries, and urban administrators, the war appeared to present a window of opportunity to realize the ideal of a 'racialized welfare state'. Serving the needs of a bounded urban population through a more modern, centralized, and interventionist mode of government, this ideal took root amid the socio-economic hardships of the 1930s (Posel 2005). These reformist ideas merged with a broader global enthusiasm for the benefits of 'scientific' state-led planning of both economy and space (urban and rural) to build modern societies (Freund 2019). In South Africa, these ideas found their spatial correlate in new and ambitious projects of urban development. Indeed, the industry-oriented interventionism and paternalism of the Smuts wartime government could be seen in the planning and development of 'company towns' like Vanderbijlpark, laid out in 1941 on land purchased by ISCOR (Freund 2019). Designed according to the latest principles of modernist town planning, these new towns set aside areas for whites, as well as separate accommodation and service standards deemed appropriate for low-waged African workers. They also incorporated obvious class-based inequalities within race groups, reflected in the spatial layout and service levels allocated to different areas and categories of employee (Freund 2019).

Wartime developments had the effect of reemphasizing a range of divisive political debates. Such debates focused on the desirability of different forms of segregation, whether urban Africans should indeed be regarded and accommodated as permanent settled residents, as well as the broader issue of how to respond to the massive restructuring of the industrial workforce. The response from the Smuts government to these questions

and debates was familiar: the appointment of a commission, specifically the Native Laws (Fagan) Commission, in 1946. Reporting two years later, it concluded that state policy should look to facilitate and encourage the stabilization of the African labour force. Accordingly, influx controls should be relaxed, and appropriate facilities (including housing) provided to enable African workers to lead a permanent and settled life in urban areas. To increase regulatory efficiency, moreover, urban administrative structures should be rationalized, notably through the establishment of a centralized system of labour control. Overly 'directive' forms of state intervention were explicitly rejected (Evans 1997).

Despite its acceptance of African urban settlement, the Fagan report nonetheless recognized that 'migratory labour cannot be prohibited by law or terminated by administrative action'. This pragmatic position reflected not only the dynamics of urban change unfolding at the time, but also the particular labour needs of different economic sectors: secondary industries required skilled and therefore more stabilized labour, while the mines continued to depend on the migrant system (Maylam 1990, p. 65). While the Fagan report represented a notable move away from the Stallardism of the 1923 Urban Areas Act and subsequent legislation like the 1937 Native Lands Act (Davenport 1970), it was a shift that would never materialize in practice.

The 1948 election of the National Party was not necessarily a defining 'watershed moment' in South African history. There were certainly continuities between the new apartheid regime and previous state logics and practices, including that of urban racial segregation. Like its wartime predecessor, the post-1948 government remained committed to the ideal of a more interventionist and centralized state linked to the need for various forms of social 'upliftment', albeit for different political and ideological ends than those propounded by social-welfarist reformers in the late 1930s and early 1940s (Posel 2005). There was, however, one critical policy shift: an enthusiastic re-embracing of the Stallardist notion that Africans should be regarded as 'temporary sojourners in urban areas' (Maylam 1990, p. 68). The Sauer Commission, which set out the National Party's position on the 'colour question' in a 1947 report, signalled the revival of this brand of segregationism. Yet depicting the Sauer report's recommendations as simply a return to a predefined Stallardism fails to adequately capture the reality. In fact, the Sauer report's recommendations were the outcome of an 'unresolved conflict' between competing conceptions of apartheid within the nationalist alliance: one seeking the 'purist' ideal of 'total segregation'; the other, a more 'practical' position, looking to retain 'uninterrupted access to an abundant supply of cheap African labour' (Posel 1991, pp. 53–60). The Sauer report thus espoused, and attempted to resolve, an 'internally contradictory and ambiguous' combination of ideals and modalities underpinning apartheid (Posel 1991, p. 60).

The shift in emphasis endorsed by the Sauer Commission was accompanied by a concerted push to centralize government power. The national state increasingly took upon itself the responsibility to regulate the presence and life of Africans in urban areas (Harrison et al. 2008; Maylam 1990). Centralized control was promoted through an aggressive process of public sector reform and transformation — what would now be termed 'state capture' — involving the installation of Afrikaner apparatchiks in key public and parastatal agencies, such as the railways (Cameron 2009; Iliffe 1999; Posel 1999). As local authorities found their powers and autonomy increasingly eroded by the direct interventions of central departments, divisions and conflicts between local and central officials became more common (Maylam 1990).

Strict influx controls, further restrictions on African rights to permanent urban residency, and state-led removal and resettlement programmes emerged as the key instruments to give life to the Sauer Commission's recommendations (Maylam 1990). The strict implementation of pass and influx controls, however, were arguably not intended to perpetuate temporary migration so much as to reproduce differentiated forms of labour power — to stabilize a certain (urban) section of the African workforce against that comprising temporary migrant labourers (Hindson 1987). As in previous decades, housing remained a key instrument in enforcing racial segregation (legally enforced and entrenched via the 1950 Group Areas Act) and controlling how Africans might inhabit and move about urban areas. Popular resistance to this regime of control — and the extent to which the state was willing to enforce its workings through violence — were visibly expressed in the Sharpeville Massacre of 1960 (Freund 2019).

Classic Verwoerdian apartheid of the late 1950s and 1960s sought to contain the process of African urbanization as one element of a larger, 'purist' vision of territorial and economic racial separation (Kuperus 1999; Morris and Hindson 1992). At the regional level, this vision was to be secured through the creation of ethnically-defined and 'self-governing' African 'homelands', pursued alongside a policy of industrial decentralization, which aimed to distribute economic activity and employment and thus prevent African movement into towns and cities (Todes 2013). At the urban scale, the objective was to 'compress' classes along racial lines, locking distinct class groups into singular geographical and social spaces. An ambitious government programme constructing large, concentrated African townships — removed from white residential areas, but close to industrial centres of employment — served as a principal means of achieving this objective (Freund 2019; Maylam 1990; Morris and Hindson 1992), and also represented a notable departure from previous policies that favoured the development of small, dispersed locations. At the community level, the central state in this period preferred the black labour force to be accommodated in migrant hostels rather than in settled family units (Freund 2019). Significant investments in transport infrastructures and services were critical to enabling this broader 'purist' vision that allowed people to access places of work, residence, and recreation, while minimizing interactions between races (Freund 2019; McCarthy and Swilling 1985; Pirie 1986; Schensul and Heller 2010).

The post-war era of reconstruction and apartheid also gave rise to a distinct mechanism of policy reform: the permanent advisory commission. Here the key example is the Natal Town and Regional Planning Commission (NTRPC). Established in 1951 through the energies of several key provincial administrators and planning officials, the NTRPC was influenced by wider post-war reconstructionist thinking and British enthusiasm for 'the idea of a commission as an instrument of public reconstruction' (Harrison and Mabin 1997, p. 26). While primarily an advisory body to the provincial government, the NTRPC also played a limited role in approving developments and in funding and producing new research. One of its significant contributions was to link local thought and practice around planning with international trends (Harrison and Mabin 1997). As such, it addressed itself to a wide range of spatial planning and development issues, in the process pioneering a more rational and scientific approach to regional planning in the province of Natal — something unrivalled in the national context at that time.

Comprised of 'persons from outside government', who advised and decided on a range of planning matters, the NTRPC's efficacy was based in part on the strength of its leadership. Taking the form of several successive chairpersons, these leaders shaped the Commission's research agenda, and were able to both defend and provide continuity to the institution's particular 'ethos' and approach (Harrison and Mabin 1997, p. 28). But the NTRPC's real contribution lay beyond the individual personalities and expertise of

its leaders. It was the Commission's ability to articulate its own role and approach within a clear philosophy of planning that enabled its officials to make consistent policy statements and decisions. As an institution, the NTRPC was thus able to provide unique and significant intellectual and technical support to planning officials. As Harrison and Mabin argue:

> It was the presence of the Commission as a quasi-autonomous body and the support of the Commissioners that provided planning officials with a level of autonomy within the bureaucracy that enabled them to undertake planning that was arguably more innovative and successful than in the other provinces (1997, p. 26).

We can see that the NTRPC's role as a permanent, quasi-independent, and collective advisory body and thought leader differed from that of the short-lived and expert-led commission more commonly found in the history of South African urban reform. Here we can note one key point of difference: The NTRPC held a particular philosophy and normative position, from which it was able to exercise consistent influence over policy and planning decisions over an extended period. The expert commission, by contrast, sought to arrive at a normative position in the circumstances of a policy dilemma or impasse, and to assess the implications of that decision for future policy decisions, across a wide range of government sectors and functions.

THE CRISIS OF APARTHEID

The 1970s was a period of transformation in South Africa, marked by growing economic and social crises. It was an era of soaring unemployment among African workers, an upsurge in labour militancy, and an intensification of popular urban protest against apartheid policies, the most obvious manifestation being the Soweto Riots of June 1976 (Crankshaw 1997). In this context, the state's agenda increasingly focused on the imperative of maintaining control in the face of mounting opposition and economic downturn.

From the late 1960s, the government's policy of industrial decentralization began to shift from the Verwoerdian focus on developing areas bordering the 'homelands' (specifically those located nearer metropolitan areas) to one of controlling metropolitan growth, and in particular the growth of the urban African workforce. Industrial decentralization would now be pursued in support of homeland development. In response to protestations from business interests, in 1971 a commission recommended that the government reduce metropolitan growth controls and boost incentives for industrial decentralization (Todes 2013). Meanwhile, money and concrete were poured into the country's system of motor highways, seemingly encouraging decentralization by making remote homelands more accessible (Jones and Inggs 1999).

As the 1970s wore on, these measures did little to prevent South Africa from sliding into long-term economic decline and social unrest, or indeed to stem the growth of black urban populations. By the end of the decade, the apartheid state was forced to accept the inevitability of African urbanization. 'Reform', initiated under the state leadership of P. W. Botha, entailed attempting to channel the urban process in an 'orderly' manner, while clinging to a faltering system of influx control (Morris and Hindson 1992).

Such changes were endorsed by the 1979 report of the Riekert Commission, for example, which sat to assess various legislative issues affecting manpower utilization. While the Riekert report evinced an acceptance of the fact of African urbanization, it also sought a continuation and strengthening of controls over black movement and residence (Feinstein 2005). It advocated distinguishing the needs of African 'insiders' enjoying freedom of movement and the right to live in urban areas, from those of rural 'outsiders', who would be prevented from moving to urban areas through strict controls over employment and accommodation (Feinstein 2005; Harber 2013). In this sense, the Riekert report echoed the debates and categories taken up by the Fagan and Sauer Commissions three decades earlier.

With respect to spatial-economic policy, from 1982 the state's industrial decentralization programme was revised and expanded, again in support of homeland development, albeit now framed within the objectives of 'regional development' targeting both homeland and adjacent white areas. Indeed, the basic policy of industrial decentralization as a means to channel growth outside of core metropolitan areas would remain an agenda of the post-apartheid state. Although removed as official policy in 1996, this logic of decentralization — of 'spreading' economic development and job creation across territorial space to reduce regional inequalities — arguably continues to retain some influence over South African developmental thought, strategy, and practice (Todes 2013).

At the urban scale, a key objective of late apartheid 'reform' involved fostering a 'black elite' in the townships to act as the state's 'junior partners' (Freund 2019, p. 143). Moreover, state interventions increasingly facilitated class differentiation and the emergence of 'socially demarcated residential areas with differential access to urban services' (Morris and Hindson 1992, p. 46). Reform also involved developing a segregated system of local government, with urban areas divided between local authorities administering separate 'white' and 'black' areas (Palmer et al. 2017). But many residents refused to cooperate with the underfunded 'puppet' local authorities serving 'black' areas. Resistance increased through the 1980s, becoming more violent towards the end of the decade as the apartheid system disintegrated. The implications of these trends for urban policymaking and governance reform in post-apartheid South Africa are discussed in Chapter 2.

In this period of protracted crisis, the apartheid government's approach to addressing the imperatives and dilemmas of urban reform largely relied on the familiar model of the expert commission. Aside from that chaired by Riekert, another major commission produced the Wiehahn report in 1979, which recommended various reforms to labour relations, in part as a response to the rise of (then illegal) black trade unionism (Harber 2013). Yet the political and material conditions of the late 1970s and 1980s also saw another and quite different kind of reform initiative rise in significance: the independent or non-governmental development organization. Here the key example was the Urban Foundation, established by South African 'big business' interests in the wake of the Soweto Riots. A think-tank and lobby group, with close informal ties to the liberal opposition Progressive Party, the Urban Foundation 'piloted new approaches to low-cost housing', attempting to 'steer the state towards more laissez-faire approaches to housing and urban development' (Harrison et al. 2008, pp. 39–40).

The Urban Foundation played a particular role in the context of a governmental system that was increasingly incapable of controlling urban processes or, indeed, of formulating a credible and popular response. While its role was often that of a think-tank — researching and providing evidence for alternatives to the apartheid vision and modus operandi — it also played a more direct advisory role. As Harrison et al. (2008) note, as systems of influx control began to break down in the early 1980s, the Foundation was 'instrumental in assisting the state to develop new legislation for rapid land release for urban development' (Harrison et al. 2008, p. 42).

As an example of an independent development organization, the Urban Foundation represents another kind of mechanism for driving governance reform. Characterized by the status of the 'critical outsider', this mechanism takes the form of an institution providing constructive critique of government policy and practice, as well as credible alternative solutions to public problems. Differing from the advisory role performed by quasi-autonomous institutions like the government commission, the independent development organization is less constrained by the underlying structure and ideology of the state. Moreover, the legitimacy of something like the Urban Foundation did not emerge from the strength or recognition of its individual leadership, from its institutional location, nor from any underlying normative philosophy, but rather from the quality of its technical expertise and recommendations.

DEMOCRATIZATION

A third key period of urban governance reform arose from the fall of apartheid, and the shift from white minority rule to a representative South African democracy. The context for this transition was one of rapid and uncontrolled urbanization. The removal of influx controls during the 1980s led to the rapid migration of African people into South African cities, aggravating problems of overcrowding and the growth of informal settlements. Protest action had rendered many urban spaces practically 'ungovernable' by the end of the decade. Moreover, the state now had to serve the entire population, rather than particular interest and race groups. It also had to rapidly elevate the lot of vast numbers of people who had been structurally disadvantaged by apartheid policies. Urban reform interventions of this period can be roughly grouped into two phases: an initial post-1994 drive to universalize access to housing and basic urban services, and a subsequent period of reflection on the developmental impact of government policy, particularly with respect to spatial form (see Chapter 2).

The conditions and imperatives of a newly democratic nation had at least three major implications for the work of government. First, the state assumed a commitment to high-level social and political objectives of creating a universal franchise, progressively realizing broad-based socio-economic rights, promoting racial and economic integration, encouraging sustainable development, and reducing poverty and inequality (Palmer et al. 2017, p. 22). Second, it needed to implement an ambitious programme of public sector reform to overcome the country's inheritance of racialized and fragmented governmental structures. The 'old regime' was characterized by top-down administrative and managerial practices, unequal allocation of financial and human resources, and widespread disregard for principles of public accountability (Kuye 2006). Third, it entailed a commitment to decentralization as a response to the controlling and coercive nature of the apartheid state, and as a way to reorient the public sector towards improved service delivery and the promotion of rapid socio-economic development.

Forging a new system of local government and administration meant facing the challenge of integrating and aligning the policy and legal systems of the reasonably functional and effective municipalities serving 'white' areas, and the under-capacitated and discredited authorities in 'black' areas. The system that ultimately emerged 'was both informed by the past and was intentionally designed to break with the unequal legacies of inherited municipal practices' (Palmer et al. 2017, p. 23). These dynamics are discussed in greater detail in the following chapter.

What were the key mechanisms of governance reform in this context of heated post-apartheid contestation? Let us reflect on the example of a critical sectoral component of broader urban policy: housing. The opening of multiparty negotiations after 1990 fostered a new kind of mechanism, namely, the consultative forum. An important example was the National Housing Forum (NHF), established in 1992. Described retrospectively as a 'totally new concept in the South African development environment', the NHF 'provided the space for a legitimate and consensual process of negotiating a new housing policy, involving all the necessary stakeholders and not merely organs of government' (Adler and Oelofse 1996, p. 109). With the existing housing scheme (associated with the apartheid government) thoroughly discredited, the country faced a 'housing policy vacuum'. The NHF was seen as one means to 'gather the resources and housing expertise' required to develop a policy that was held as legitimate and suited to the context of a new democratic nation (Adler and Oelofse 1996, p. 109).

By 1995, discussions within the NHF had produced democratically agreed policy guidelines in the form of the Department of Housing's *White Paper*. The new government's capital subsidy scheme, the Provincial Housing Boards that allocate the subsidy, the policy-oriented National Housing Board, the 1995 Development Facilitation Act, plus a range of end-user financing initiatives, were all developed from the efforts of the NHF (Rust 1996). However, the process was not straightforward, and resultant policy guidelines were the outcome of intense debate within different sectors of the NHF. Vanessa Watson, an urban planner and member of the Forum's Working Group 5, recalls a debate over the proposed capital subsidy scheme:

> There was a 'breadth versus depth' debate around the use of housing subsidies. The 'breadth' position said the policy should spread the subsidies as evenly as possible across as many people and households as possible, which meant providing a small plot of land and a basic house to each. The 'depth' position argued for an integrated human settlements approach, recognizing that some types of housing would cost more than others. Well-located affordable housing would need a much bigger subsidy, meaning you could only give out a limited number of subsidies. The World Bank was heavily involved through the Urban Foundation, and they liked the 'breadth' approach, because if you gave each person their tiny plot of land, they could have freehold tenure. Whereas if you went for 'depth', and were building three-story walk-up apartments, it would be much more difficult to give freehold tenure — you might have to go for rental.[5]

Ultimately, the 'breadth' position on subsidies won out, forming the basis of the NHF's final recommendations. This resolution has fundamentally shaped housing policy and delivery in post-apartheid South Africa. Yet this debate — in this instance played out around the specific issue of subsidies — had much wider resonance in relation to the post-apartheid urban question. It signalled a disagreement between those arguing that the future of South African cities should be oriented around the objectives of infill, higher density, and better urban quality, and those in favour of a maximized redistribution of resources. Indeed, echoes of this 'depth versus breadth' debate still remain. A contemporary version divides those, like the Cities Support Programme, arguing for the spatial targeting of state investments in central urban areas, and those who see the universal provision of basic services (to people wherever they reside) as the fundamental priority of developmental government (see Chapter 6).

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Interview with Vanessa Watson, Cape Town, 12 September 2018.

The NHF represented a particular mechanism of policy reform, perhaps unique at the time, albeit with predecessors (the Public Health Conference of 1918, it could be argued, entailed a similar logic of multiparty negotiation to produce a framework response to a discrete policy problem). That is, as a mechanism of reform, the consultative forum is characterized by the assembling of a wide range of competing interests and technical expertise, in a non-hierarchical manner, in order to reach consensus on the policy options available to address a particular problem (in this case, the 'housing crisis' and 'policy vacuum'). Even if consensus could not be reached on every issue (such as the proposed system of capital subsidies), the legitimacy and value of the NHF lay in the very means by which it strove for that end. Indeed, as the Chairperson later reflected, 'the collaborative impetus that the establishment of a national housing forum provided may have been the most important factor in addressing the conflict of those times' (Molobi 1996, p. xi).

The challenges of crafting a new, democratic, and effective local government system in South Africa have also brought into being a new kind of initiative: the municipal support programme. The historical evolution and range of such programmes are described in more detail in Chapter 2. As a particular kind of mechanism for urban governance reform, municipal support programmes are unique in that they address themselves to the capability of the local state, attempting to align the capacity of municipalities with the expectations of overarching social, economic, and political objectives. The CSP emerged directly from the logic of this new kind of reform initiative, albeit with important differences — something discussed in greater detail in the following chapter.

CONCLUSION

This chapter has provided a basic outline of the history of national urban reform initiatives in South Africa. This has been done as a way to contextualize the specific agenda and distinctive approach of the National Treasury, and CSP in particular, which will be elaborated on in the chapters that follow.

The historical perspective provided in this chapter reminds us that interest in urban governance reform has often emerged at times when the country faced policy, regulatory, and fiscal problems stemming from major territorial, political, and institutional transitions. These included the process of colonial unification in the early twentieth century, the mid-century shift towards formal 'apartheid' policy, and more recently that of post-apartheid democratization. It reminds us, too, that governance reform is always informed by changing notions around the role of the state, and by the pursuit of new political agendas linked to the rise of different kinds of political-economic alliances or growth coalitions. To this extent, we have seen that there is always a close relation between how one manages cities and wider national questions, interests, and objectives. What is more, reform processes are always internally contested within the state, and are fundamentally shaped by the nature of those contestations.

This suggests additional general points about how we should understand programmes of urban governance reform. For one, reform efforts are inevitably historical. Building unevenly on what has come before, some ideas and practices 'stick' and overlay others. As such, residuals of previous regimes always appear in more recent interventions. Not everything is new, although that is something we might frequently tell ourselves. This realization leads to a related point around the importance of recognizing the temporal dimensions of governance reform. It takes time and effort for particular problems to find their place at centre stage in the public and political sphere. Likewise, momentum for implementation may build slowly over the decades following key policy moments and shifts. It is in this process that contradictions and inconsistencies are identified and confronted in a pragmatic sense. Reform is rarely a once-off event, and never a perfectly predesigned solution.

In this chapter, we have outlined four kinds of mechanisms of reform that have played important roles in driving urban policy and governance in South Africa. These include the commission, the conference, the independent development organization, and the consultative forum. Each has its own preconditions, emphasis, and utility. In relation to these mechanisms, CSP is specific in certain ways. First, it occupies a specific institutional location with a particular kind of structure. While located in the National Treasury, and thus inside the state, CSP is not staffed by officials, and it executes its municipal support activities by drawing upon external experts and consultants. Second, CSP does not target a single problem, sector, or level of government. Rather, it addresses a range of urban and governance problems, and takes a systemic and intergovernmental approach to reform. Third, CSP does not focus exclusively on developing new policy or legislation, although this is one of the areas in which it works. Its strategic approach aims to drive changes to urban practice that, it is hoped, will gain traction within government, carrying policy reforms in their wake. Fourth, CSP, like other post-apartheid government support programmes, is not intended to be a permanent entity, but neither is it a once-off or short-term event like the expert commission. It entails the provision of ongoing support as a catalytic measure: that support is strategically targeted and specifically intended to build the systems and capacity necessary for municipalities to drive their own developmental destinies more confidently and effectively. This can be contrasted with other mechanisms that tend to address the content of governance reform, but not the governance capability required to drive it through. The nature of the CSP's institutional setup, location, and strategy will be laid out more clearly in Chapter 3.

Looking back over the past century, one can recognize continuities and changes in the kinds of instruments with which central governments have attempted to give effect to the reform agendas developed by the mechanisms outlined above. In the early decades of the century, colonial officials had access to several key 'levers' by which they could direct urban development according to an emerging national agenda. Initially, they sought to regulate migration and to enforce the development of segregated townships under their central oversight and authority. Later, public health legislation fed off concerns around sanitation and disease as a pretext to securing legal powers to evict people from overcrowded areas, and more generally to regulate the physical parameters of urban density and building coverage. Restricting African ownership of urban land, clearing slums, managing urban density, and developing low-income housing were all key instruments that, taken together, enabled the exclusion of Africans from central urban areas, while at the same time benefiting and protecting the white working class. All this was underpinned by a segregated fiscal framework that was used to finance interventions in the urban built environment. Following the Second World War, apartheid urban reform rested on the development of housing, in the form of an ambitious programme of township construction and investments in transport infrastructures, alongside the strict enforcement of residency and influx controls.

With the disintegration of apartheid, and the rise of a democratic state committed to ambitious objectives of redress and development within a rights-based framework,

the nature of the South African social contract has come to rest largely on the delivery of housing and basic services including water, electricity, and sanitation. The new government's ambitious reform project of urban integration, economic growth, and the reduction of poverty and inequality has been implemented through a massive rollout of services and physical infrastructures. Local government was allocated a key role in this agenda of infrastructure-led development. Yet, over time, the post-apartheid state has recognized the profound institutional and governance challenges that stand in the way of its decentralization and urban reform ambitions. It has devoted considerable energy, on an ongoing basis, to providing technical support, building capacity, as well as refining institutional and regulatory systems for better intergovernmental planning and delivery. Alongside the planning and installation of pipes, cables, taps, substations, and roads, these are key instruments intended to give effect to the new democratic urban reform agenda.

CSP has emerged on the back of these longer-term debates and reform efforts. In some ways, it draws upon what has come before, building on pre-existing kinds of governance levers (like housing and transport) in its attempt to drive changes to urban spatial form. In another sense, CSP has arisen, in part, as a response to the urban and industrial decentralization policies of previous years, which actively sought to redirect industrial development away from the country's large metropolitan areas. But arguably CSP is the more immediate product of a different institutional lineage: that of the post-apartheid support programme (discussed in Chapter 2). As a result, it takes a very different institutional form, and approach to governance reform, when compared, for example, to a temporary or standing commission. The question is: is the CSP approach any better?

Here we have presented a brief outline of twentieth-century South African state interest in urban reform. In the following chapter, we focus on the more immediate and specific forces of the post-apartheid era that gave rise to the CSP. We set out the particular trends, problems, and agendas arising from South Africa's post-apartheid transition that made a government support programme for large urban municipalities necessary, and that ultimately shaped the CSP's specific agenda for city support and reform.

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GUTO BUSSAB

CHAPTER 2

POST-APARTHEID URBAN POLICY AND THE GENESIS OF THE CSP

The previous chapter presented a broad historical overview of national-level urban reform in South Africa, and sought to contextualize the CSP within that longer history. This chapter sets out the more immediate forces giving rise to the CSP in the post-apartheid or democratic era.

Following Palmer et al. (2017), the discussion is structured and developed according to several discrete historical periods: a pre-democratic phase (late 1980s to 1994); a democratization and reorganization phase (1994 to 2000); a growth and implementation phase (2001 to 2008); and a decline phase (2008 onwards). Each period is discussed in terms of its major political-economic trends, including shifts relating to national spatial development strategy and urban policy, as well as major reforms targeting the public sector, intergovernmental relations, and the fiscal system surrounding local government.

THE PRE-DEMOCRATIC ERA (1980S TO 1994)

The emergence of South Africa's current system of local and urban government, in its particular shape and form, can be traced back to the discussions and negotiations that took place in the twilight years of apartheid, from the 1980s to 1994. This was a period of major economic and political instability and uncertainty, marked by a radical divergence of opinion on the form the country's political future should take. It was a time when a discredited and largely incapable apartheid-era state confronted widespread demands for urgent policy and practical reform. Moreover, it was the period when some of the key ideas that would ultimately constitute and shape the South African local government system and reform agenda were born.

City of Johannesburg: The Eland sculpture by Clive van den Berg against the backdrop of mixed use development.

Political-Economic Trends

The demise of formal apartheid policy and the unbanning of opposition political parties fostered a widespread sense of energy and enthusiasm to create a new democratic dispensation for South Africa. This demanded an ambitious programme of public sector reform. However, reforms had to take place in the context of a stagnant economy, and amid a racialized, fragmented, discredited, and incapacitated state. For local government in particular, this process of reform had to overcome the stark legacies of an institutional system deeply divided between economically weak homelands and urban areas governed by 'black local authorities', and relatively capacitated municipal governments serving 'white' areas (Palmer et al. 2017).

During the 1980s, South Africa's 'harsh anti-urban regime' had begun to unravel through a range of social, political, and economic frictions (Turok 2012, p. 11). In the early part of the decade, firms and ordinary people increasingly disregarded the state's convoluted and draconian movement and employment controls, enabling urbanization to continue despite invigorated official efforts to reclaim control. The formal repeal of pass laws in 1986 then cleared the ground for an uptick in urbanization rates. From 1980 to 1991, the urban share of the total population increased from 42.5 to 45.6%. By 1996, this rate had shot up to 53.4% (Turok 2012). Rapid urban growth, in turn, drove the growth of informal settlements and urban poverty. Meanwhile, civil resistance to the apartheid regime, in the form of rent and service boycotts, as well as increasingly violent protest, had effectively rendered many homeland and township areas 'ungovernable'. Black local authorities in urban areas faced a fiscal crisis, fostering a collapse of infrastructure systems and the deterioration of social and physical conditions (Turok 2012). At the same time, national economic growth had stagnated, averaging just 0.3% per annum between 1990 and 1994 (Makgetla 2004). By the early 1990s, South Africa faced a massive backlog in the delivery of urban services. The housing shortage alone was estimated to be in the region of 1.5 million units in 1995. How to respond to this enormous challenge was a question that shaped the design and emergence of a public sector and intergovernmental system for effective service delivery.

The pre-democratic era was also a time of political and strategic uncertainty over how the country should respond to the highly unequal spatial landscapes created by apartheid. The apartheid state's plans for spatial development were informed by its industrial decentralization policy, under which financial incentives were used to encourage firms to locate in peripheral areas within or close to the homelands (Harrison et al. 2008, p. 103). This policy effectively represented an anti-urban position, its main objective being to reduce the number of African people migrating to towns and cities (Turok 2012). The 'top-down' policy of regional industrial development would be cast out as official policy in 1996 (Todes 2013). It was superseded by the more 'bottom-up' objectives and modalities of 'local economic development', which emphasized the role that localities and municipalities play as 'sites and agents of economic development' (Nel and Rogerson 2016, p. 2; Rogerson 1994). However, generally speaking, the period leading up to 1994 gave little clarity over the precise role that cities and towns should play in the plans and interventions of a new democratic government.

Public Sector and Intergovernmental Reform

By the late 1980s, the crises of finance and legitimacy facing black local authorities forced local negotiations as a means to help resolve the crisis (Van Donk and Pieterse 2006). As a result, by early 1990 — around the time that opposition political movements were unbanned — hundreds of local-level negotiations were taking place across the country, some of which were formalized through the establishment of local negotiating forums. Many such forums were supported by research and policy advice provided by non-governmental organizations (NGOs), including those linked to the Urban Sector Network. It was soon realized, however, that the issues being debated in local negotiating forums transcended local boundaries, and that a wider platform was needed to connect these initiatives (Van Donk and Pieterse 2006).

In response to this challenge, a National Local Government Negotiating Forum (NLGNF) was set up in 1993, consisting of a statutory side — national and provincial representatives, as well as organized associations of local governments — and a non-statutory side represented by the South African National Civic Organization (SANCO) (Cameron 1999). Participants on the non-statutory side included technical advisers drawn from NGOs that had supported the civics movement in the 1980s. Many brought with them a 'strong local perspective', emphasizing the importance of effective decentralization and responsive place-based governance (Van Ryneveld 2006).

Meanwhile, it was becoming clear that questions of local government and decentralization were a major sticking point in broader national multiparty negotiating processes (Cameron 1999). The reason was that some interests saw decentralization as a means to secure or retain power in the face of a national government that they stood little chance of controlling (Van Ryneveld 2006). The broad terms of the debate were as follows: The National Party (NP) and Inkatha Freedom Party (IFP) both argued for a federal-type structure, desiring a significant degree of autonomy for subnational 'states' as a way to shore up their regional centres of political influence and support (Palmer et al. 2017; Van Ryneveld 2006). The ANC, by contrast, attempted to deflect this debate by focusing on the question of decentralization or, more specifically, the question of how to develop a constitutional basis for decentralization that would include appropriate roles for both local and national government. Philip van Ryneveld, then a young financial expert who was active in the Black Sash, helped draft the ANC discussion document on 'regional policy', which formed the basis of the party's position on decentralization heading into the constitutional negotiations. He recalls the thinking of the time:

> It was about putting local government onto the agenda. But not just local government; it was also about metropolitan government. Our view at the time was that it was important to have alternative centres of power to national government. But those alternative centres of power were not going to be, or shouldn't be, the provinces. They should really be the big cities, because the big cities would have resources to in fact be a valid alternative centre of power. Whereas provinces are more like decentralized national governments, cities are something else. That is where the resources are; where people generate activity, debate. So, cities were really the alternative sources of power, and we had to govern them well, apart from the fact that the economy is increasingly located in the cities. So, pushing on the idea of the cities — and in particular pushing on the idea of metropolitan government — that was not an idea that previously existed in South Africa, really, and we brought it into this document.[6]

Yet there was still debate over precisely how the notion of metropolitan government should fit within a wider constitutional structure of the public service:

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Interview with Philip van Ryneveld, Cape Town, 23 May 2018.

> We were really concerned that these metropolitan governments at a local government level would become a victim of provincial power. So, we wanted metropolitan governments to be provinces in their own right.[7]

7 Interview with Philip van Ryneveld, Cape Town, 23 May 2018.

Ultimately, this proposal was not accepted. The ANC's regional policy document, finalized in March 1993, agreed that the creation of metropolitan governments in some parts of the country was 'essential to the cause of unifying, deracializing and democratizing cities in addition to the more efficient and effective provision of affordable services'. Metropolitan governments in places like Johannesburg, Cape Town, and Durban, it was argued, will 'necessarily be large, populous, and relatively powerful'. However, metropolitan government was to be seen as 'a form of local government', located in a third tier, below that of regional or provincial government (ANC 1993). This early debate over decentralization shows that policymakers had been thinking about the need for metropolitan government, as a particular form of government for South Africa's large cities, prior to any significant involvement from multilateral agencies, and that this thinking was deeply imbued with the political strategies and tactics of the multiparty negotiations.

While at one point during the constitutional negotiations, the local government lobby appeared to be winning out in securing increasing powers for municipal government. The IFP and NP, realizing the political implications of this shift, re-engaged and managed to secure some key functions for the provinces (Palmer et al. 2017, p. 32). Ultimately, ANC negotiators were forced into a compromise, accepting a quasi-federal model of government that would secure a degree of autonomy for provinces, but also promote progressive devolution of functions to local government (Palmer et al. 2017).

Returning to the specific question of local government reform, within one year the NLGNF had negotiated a national framework to guide the shift towards a new local government system: the Local Government Transition Act (LGTA) of 1993 (Van Donk and Pieterse 2006). The LGTA recognized the demand for local government to become an autonomous sphere of authority, and the Act's framework and implications were soon entrenched in the interim Constitution of 1993 as Chapter 10 (Van Donk and Pieterse 2006). The Act envisaged a three-phase transition period for local government, consisting of pre-interim, interim, and final phases (see Table 2.1). In the pre-interim phase, leading up to the first local government elections in 1995–96, over 800 new local authorities were established, taking a variety of different forms, and paving the way for later rounds of reform.

Table 2.1 Phases of Local Government Transition as Envisaged by the 1993 LGTA (after Van Donk and Pieterse 2006)

PHASE	PERIOD	ACTIVITIES
Pre-interim	1993 to 1996	Local negotiating forums become statutory structures advising on: • The establishment of transitional local councils • Defining municipal boundaries • Establishment of a financial system
Interim	1996 to 2000	• Establishment of transitional local councils • Finalization of local government legislation
Final	2000 onwards	New local government system to be fully operationalized

In the pre-democratic era of political-economic uncertainty and institutional flux, the question of whether local government had the capacity, credibility, and will to drive development and effective delivery had no certain answers. The provision of technical support for local community or place-based initiatives often fell to NGOs like those affiliated to the Urban Sector Network, which in the 1980s started working with civic organizations, giving technical support to the formulation of civic strategies and programmes (Van Ryneveld 2006). These NGOs included Planact, based in Johannesburg, the Foundation for Contemporary Research (FCR) and Development Action Group (DAG), both in Cape Town, the Built Environment Support Group (BESG) in Durban, and Afesis-corplan in East London. Many of these organizations secured funding from international donor agencies (Van Ryneveld 2006).

The apartheid state itself recognized that, occasionally, circumstances might call for formal state structures and processes to be bypassed for the sake of delivery. In order to accelerate urban land development for low-income groups, in 1990 the Independent Development Trust, a development agency that pioneered the use of housing subsidies and site-and-service programmes in South Africa, was established with public funding (Harrison et al. 2008). Ultimately, as new local government structures started to take shape, international donor funding increasingly switched to supporting state structures, and the role and influence of NGOs in developing local strategies, plans, and projects would gradually become less significant. However, problems of local state capacity would remain a consistent concern over successive rounds of reform, as we discuss below.

Local Government Financial Reform

The multiparty negotiations for local government, described above, included various debates around how to develop an appropriate financial system to underline the future phases of the municipal transition. The ANC, for one, was actively involved in conducting research and producing policy proposals in this area — again, much of this work was done by former NGO staffers (Palmer et al. 2017). While the funding of rural local government had to be 'established from scratch', for urban areas the issue was rather different — the problem was more about building upon the inheritances from the old regime in a way that promoted new principles of equity (Whelan 2002). When negotiations commenced:

> Professional municipal bureaucracies had been in place for more than a century, the property tax was well established, as was the notion of payment of fees for services. There was a history of municipal borrowing and even a history of issuing municipal bonds. (Van Ryneveld 2006, p. 164)

Some discussions focused on confronting the non-payment for services, which was fostering internal debt in many urban 'black' local councils. Others focused on the desired nature and form of internal redistributive mechanisms, with the link to municipal financial viability being made (Whelan 2002). This included debates over service standards and tariff structures to allow for cross-subsidization from wealthier to poorer groups and places. Issues of local government finance and equity were played out in significant debates over the amalgamation and demarcation of municipalities. The notion was that existing revenue bases in former 'white' local authority areas might be used to finance the extension of services to other areas (Whelan 2002, p. 235). This had been the logic

underpinning the anti-apartheid slogan, 'One City, One Tax Base'. It was, in other words, a question of how poorer areas might be able to gain equitable access to revenue bases of which they formed a functional part, but from which they had been politically excluded (Whelan 2002). The idea that functional urban areas and systems should be defined as the basis for creating interim municipalities was a key principle established during these negotiations (Van Ryneveld 2006, p. 168).

Constitutional negotiations also involved debates that would have important implications for the intergovernmental fiscal system. ANC representatives argued, against the federalist position in favour of the devolution of tax revenues to the provincial level, that a starting point should be strong local control over the use of public resources. This was seen as critical to promoting democratic principles of equity and accountability. Yet, it was argued, proper national oversight and redistributive mechanisms should also be created, allowing the bulk of taxes to be collected at the national level and fairly distributed to other levels of government through fiscal transfers. Many of these ideas came to inform the interim and final Constitution, and continue to structure the local government fiscal system to this day (Van Ryneveld 2006).

DEMOCRATIZATION AND REORGANIZATION (1994 TO 2000)

The period between 1994 and 2000 was characterized by measured economic recovery in the context of major institutional restructuring and an ideological and macro-policy shift towards a more market-friendly and growth-oriented position. Significantly, these years of 'democratization' saw a number of critical changes made to the intergovernmental system to bring it into alignment with the ambitions and stipulations of the country's new democratic Constitution. Moreover, important work was done on developing a fiscal framework to enable an efficient and effective local government sector.

Political-Economic Trends

The relative sense of security brought on by South Africa's largely peaceful national democratic elections of April 1994 marked the start of a period of measured growth and recovery. Between 1994 and 1997, South Africa's average annual GDP growth picked up to 3.4%, before slowing to 2.1% in the final years of the decade, partly as a response to the East Asian crisis, the effects of which were felt from 1998 onwards. However, this growth only marginally outstripped the rate of population increase. One of the more worrying trends was a concomitant rise in unemployment. Between 1995 and 2002, unemployment officially leapt from 16% to 30.5%. In the same period, the share of the informal sector in total employment climbed from 17% to 20% (Makgetla 2004). This economic 'recovery' took place in a context of ongoing rapid urbanization, with the total urban share of the population rising from 53.4%, in 1996, to 56.6%, in 2001 (Turok 2012).

'To be effective post-1994', Palmer et al. write, 'the state had to challenge not only the overarching institutional systems of racialized control in South Africa, but also overcome other spatial drivers of structural inequality, including the century-long distortion of urbanization patterns' (2017, p. 25). The ANC's answer to this challenge was the Reconstruction and Development Programme (RDP), an ambitious plan that stressed the urgency of development for the task of establishing a more equal society and strengthening democratic rule. Conceiving of development as being 'primarily a task of the state', the RDP emphasized the importance of service delivery to meet basic human needs, alongside the provision of shelter, as the wellspring of wider socio-economic progress (Chipkin 2002, p. 57). The Programme set out ambitious service delivery commitments and numerical targets including, famously, that of building one million houses in five years. In order to assist the state with rapid service delivery, the Development Facilitation Act was passed in 1995. In part, this legislation was a statement of mistrust in the capacity of local government to execute appropriate urban planning and development processes.[8]

However, the post-apartheid state's strategic development agenda soon shifted away from the RDP's strong emphasis on state-led development. 1996 saw the adoption of Growth, Employment, and Redistribution (GEAR) — a strategy representing a more market-friendly 'neoliberal' macroeconomic perspective, which stressed the important role played by non-state actors, especially the private sector, in development (Chipkin 2002). According to Chipkin (2002), GEAR emerged from a reassessment of the state's capacity to deliver on its constitutional commitments, and from a 'reading of the theory of the National Democratic Revolution in light of a world capitalist system'. At a broad level, GEAR sought to promote rapid economic growth and employment, thereby attacking poverty and inequality, by encouraging a rapid expansion of private sector investment while reducing the budget deficit and inflation, easing the balance of payments, alleviating barriers to trade, and liberalizing flows of capital (Streak 2004). GEAR also re-emphasized the importance of 'developmental local government' (Chipkin 2002, p. 57). This landed municipalities with a role that was 'less administrative and technocratic' and more 'strategic and political'. Now, the challenge facing local governments was less about building their own institutional capacity to lead development and economic growth, and more about providing the conditions to facilitate growth by forming relationships and partnerships with a range of local actors and institutions (Chipkin 2002, pp. 57, 60).

With the RDP and GEAR giving little clarity on the spatial priorities for urban and national development, the democratization period also saw the first concerted efforts to develop a national urban policy for South Africa. While the RDP document advocated for a 'strong rural development effort', it also recognized that economic activities were concentrated in cities, and thus called for an 'urban development strategy' to renew economic growth, promote equity, and ensure long-term sustainability. Accordingly, the RDP Office began work on an Urban Development Strategy (UDS), to fit alongside a rural counterpart. Published in draft form in late 1995, the UDS was 'the most comprehensive statement of how post-apartheid cities and towns would develop' (Bond 2003, p. 49). Part of its intention was to introduce a greater policy focus on urban spatial integration and densification that would, in turn, enable an interrogation of the housing policy's emphasis on a low-density, single-site, and top-structure model.[9] In contrast to the RDP document, the Strategy took a guarded view of the state's financial capacity to provide local services, and thus avoided making commitments about the state's role in managing urbanization. It recommended the removal of industrial decentralization subsidies, with public investment to be directed according to 'the economic or functional base and potential of an area' (Bond 2003, p. 50). It emphasized cost recovery for infrastructure services; that is, consumers should pay for services where they can, and where they cannot, they should receive lower levels of service. The UDS also sketched out a basic fiscal agenda for urban development, suggesting that housing supply finance should be secured through provid-

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Interview with Stephen Berrisford, Cape Town, 23 May 2018.

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Interview with Crispian Olver, Cape Town, 28 September 2018.

ing additional positive incentives and support to private banks (Bond 2003).

The promise of the UDS was soon foreclosed, however, when the RDP Office was precipitously closed in 1996. The Ministry of Housing took over responsibility for the UDS, toning down its original ambitions into an Urban Development Framework (UDF). Launched in 1997, the Framework 'merely codified and softened the UDS' according to Bond (2003, p. 49). Designed to encompass a range of other discrete policies, it posited an ideal urban end state and a related set of concrete development goals — all oriented around the central implementing notion of 'integrated planning' (Pieterse 2003). The UDF, however, failed to receive 'widespread acknowledgement' within either the state or civil society (Pieterse 2003, p. 123). This was largely due to its institutional location, its cross-cutting orientation, its conceptual fuzziness around key notions like 'integration', and its 'lack of a political champion' (Harrison et al. 2008, pp. 105–6; Pieterse 2003). Pieterse recognized several 'practical failures' attending the implementation of the UDF: inadequate intergovernmental coordination, the inefficacy of spatial planning instruments to drive spatial re-ordering, as well as 'limited policy and programme capacity at local government level' to execute participatory and integrated planning (2003, p. 136). A second failing was that the consensus-based political approach embedded within the UDF was insufficient to transcend the competing interests that would need to be marshalled to overcome apartheid urban spatial patterns. Moreover, neither the UDS nor the UDF included sufficient attention to the kinds of institutional processes and mechanisms required to drive their implementation.[10]

Aside from the UDF, the National Spatial Development Perspective (NSDP) was also developed during the late 1990s, although this would only be accepted as policy in 2003, and is discussed in more detail below.

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Interview with Crispian Olver, Cape Town, 28 September 2018.

Public Sector and Intergovernmental Reform

South Africa's new democratic Constitution, promulgated in 1996, reasserted the definition and arrangement of the intergovernmental system into autonomous 'spheres', as opposed to a hierarchical arrangement of 'tiers', as well as the state's commitment to progressive decentralization. The document set out a specific distribution of functions between the three spheres of national, provincial, and local government. As indicated above, the final form for this distribution was shaped by multiparty negotiations between those advocating for centralization (a core group of the ANC), a more federal arrangement (the NP and IFP), or strong local government (the civics movement) (Palmer et al. 2017, p. 31). Provincial governments managed to secure some powers, including those of housing, healthcare, and education. Moreover, the Constitution provided for the establishment of a National Treasury, and set out the basic agenda for public budgeting reform. The implications of this fiscal agenda for local government financing are discussed below.

The system of local government continued to undergo important changes after 1994. The interim phase of local government, which followed the municipal elections of 1995–96, saw the establishment of a large number of transitional local councils. Single-tier local government structures were created in larger cities and towns, while in six metropolitan areas a two-tier arrangement was made (Van Donk and Pieterse 2006). Meanwhile, the final dimensions of the local government system were deliberated by a White Paper Working Committee set up in 1996, ultimately giving rise to the 1998 *White Paper on Local Government*. The White Paper formed the basis of the local government legislation of the late 1990s, including the Municipal Demarcation Act and Municipal Structures Act, both passed in 1998, and the Municipal Systems Act of 2000. The Systems Act is significant for establishing the Integrated Development Plan (IDP) as the keystone within the local government architecture for promoting and implementing public participation, internal institutional reform, as well as intergovernmental coordination and alignment around development processes (Parnell and Pieterse 1999).

Reform of the local government sector took place in the context of a wider process of public sector transformation in South Africa (Tshandu and Kariuki 2010). A series of policy documents and legislation, including the RDP and the 1996 Constitution, had set out the ANC-led government's intention to create a new public service, comprising a uniform and 'consolidated corps of public servants' that was broadly representative of South African society in terms of race, class, and gender, and equipped to improve the lives of citizens through better service delivery (Kuye 2006, p. 294). This meant forging a service with a developmental and service orientation; one able to operate according to principles such as professionalism, impartiality, transparency, accountability, public participation, responsiveness, effectiveness, and efficiency. To promote transformation, the ANC introduced an affirmative action policy to facilitate the entry of Africans, women, and the disabled into public positions (Cameron 2009). Meanwhile, the influence of GEAR was felt in efforts to cut public expenditure and 'rightsize' the public service (Cameron 2009). From 1996, voluntary severance packages were offered to encourage existing staff to retire, and led to an exodus of many skilled and experienced officials (Cameron 2009; Franks 2014). Between 1995 and 2000, the total number of staff comprising the public service shrank from 1,267,766 to little over one million (Cameron 2009).

Significantly, the 1998 *White Paper on Local Government* introduced a range of elements that reflected a more general governance trend towards the tenets and practices of New Public Management (NPM): an approach to public administration that had become dominant, globally, by the late 1980s and 1990s (Harrison et al. 2008; also Palmer et al. 2017). Whereas 'traditional' approaches to public administration rested on bureaucratic hierarchy and strict rule-based management, many considered NPM a better and more flexible approach to enabling developmental government and public sector transformation under a new democratic dispensation (Chipkin and Liepietz 2012). The logic behind this approach is to foster a public service that, while retaining deep capacity, is leaner and more flexible in its mode of operation, able to act responsively as local issues and challenges emerge.[11]

The influence of NPM ideas was felt across the wide range of post-apartheid public service policies, particularly in their emphasis on ensuring financial efficiency, using incentives and sanctions to improve government performance, implementing results-based management, reducing procedural rules to allow managers more discretion, forming public-private partnerships, corporatizing departments into free-standing units, streamlining the public sector to reduce the wage bill, as well as using contracts to 'delineate lines of responsibility and accountability' (Cameron 2009; Palmer et al. 2017, pp. 111–12). In the field of budgeting, in principle NPM reforms promoted a shift from line-item budgeting to programme budgeting, and sought to give managers more financial discretion while also making them more accountable (Cameron 2009). The 1999 Public Finance Management Act was a key piece of legislation introducing an NPM-inspired performance-based approach, with a concomitant shift in focus from 'inputs and rules' to 'outputs and responsibilities' (Cameron 2009, p. 920).

The introduction of ideas and practices associated with NPM had important implica-

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Interview with David Savage, Cape Town, 30 May 2018.

tions for local government. One measure of their influence was the shift from the town clerk to municipal manger as the designated head of municipal administration. With this change, career administrators, tasked primarily with administrative and regulatory activities, were to be replaced with contracted managers performing 'the role as both a CEO and as an active agent of development in the municipality' (Palmer et al. 2017, p. 113). The implications of this broader shift towards elements of NPM practice in urban governance are elaborated elsewhere in this book.

The creation and consolidation of a new intergovernmental system and public service raised a critical new question: how should new or transformed local governments be supported? The urban policy debates of the 1990s collectively called for supply-side support measures and training to foster radically new institutional processes and developmental competencies at the local level (Parnell and Pieterse 1999). Moreover, as indicated above, the key technical and policy support roles played by NGOs gradually declined in significance after 1994, and the attention and finances of international donors increasingly targeted the programmes of the newly elected government.

The local government support programme, as a particular kind of reform intervention, took shape in this context. The 1998 White Paper on Local Government set out the national state's responsibility to provide a framework for municipal capacity-building and support, and to undertake monitoring and oversight of local government (Palmer et al. 2017, p. 75). At the time, national support for a new dispensation of developmental local government was focused in the Department of Land and the Department of Constitutional Development. The former worked to 'establish a unified code of planning'; the latter to develop 'support structures and guidelines on how municipalities can achieve specific aspects of the new dispensation' and thereby deliver on their constitutional obligations (Parnell and Pieterse 1999, p. 80). These kinds of intergovernmental interventions would grow in importance as the local government transition proceeded.

Local Government Financial Reform

The period between 1994 and 2000 saw significant effort devoted to developing a new fiscal framework for local government. This built on work that had been undertaken progressively since the early 1990s by the ANC and, after 1994, the ANC-led government. In 1995, the Department of Housing and the Ministry of Reconstruction and Development launched the first iteration of a Municipal Infrastructure Investment Framework (MIIF), which fed into the 1996 Urban Development Strategy described above (Bond 2003). Drafted by a team of South African consultants working with a World Bank delegation, the MIIF was the first systematic and comprehensive financial analysis of the implications, for the country as a whole, of different options for municipal infrastructure investment (Mosdell 2006). It proposed a set of 'financial mechanisms and an institutional approach' designed to confront deficits in service delivery by securing information on these backlogs and proposing how new services might be delivered and financed (Van Ryneveld 2006, p. 171). It also posited a ten-year programme to confront service backlogs, to be accompanied by an appropriate investment programme funded by both local revenues and national grants. Many of the principles contained within the MIIF have remained 'prominent ideals' in South African urban policy debates (Van Ryneveld 2006). These include the notion that capital expenditure should be financed through municipal borrowing, with current expenditure financed by current income, as well as the notion that redistribution is best achieved through subsidies (via grant mechanisms) rather than by manipulating the financial sector (Van Ryneveld 2006).

Meanwhile, the National Treasury was also starting to show a concerted interest in local government finance. Officials in Treasury (then the Department of Finance) were largely responsible for drafting the sections of the 1998 *White Paper on Local Government* that addressed municipal finance. This work consolidated some of the thinking that had emerged during constitutional negotiations and later discussions, including those informing the MIIF. The *White Paper* pointed to the need to balance growth and redistribution, to accommodate differences across the full range of municipalities, and further emphasized municipal borrowing as a means of raising revenue for capital expenditure (Van Ryneveld 2006). Moreover, it called for a properly constructed 'equitable share', in line with the provisions of the Constitution, to inform the allocation of funds from national to local government to enable the latter to provide basic services to low-income households at affordable rates. The Equitable Share System was ultimately introduced in 1998.

GROWTH AND IMPLEMENTATION (2001 TO 2008)

The period between 2001 and 2008 was one of guarded economic growth and progress with respect to strategic spatial planning at the national level. It was also the 'final' phase of local government restructuring — one that witnessed the rise of dedicated national programmes for municipal support, as well as significant energy to reform the system of local government financing.

Political-Economic Trends

The 2000s were a period of reasonable economic growth. Despite the global shockwaves sent out after the dot-com bubble and 9/11 attacks, annual GDP growth averaged 4.3% between 2001 and 2007, with employment growing by an average of 1% per year (IDC 2013). These upward trends were mainly driven by the growth of tertiary sectors such as retail, transport, and financial services (Du Plessis and Smit 2006). The total urban share of the South African population continued to grow — the figure sat at 60.2% by 2007, up from around 57% at the start of the decade (UNPD 2008).

The period was also characterized by several key macro-policy trends pertaining to development. Swilling (2007) outlines these as follows: a shift from 'crude neoliberalism' to a more 'developmental state' approach, from aspatialism to an economic development strategy based on productive city-regions, as well as from conservationism to sustainable resource use. Reflecting the global influence of thinking and practice associated with the 'new institutional economics', these policy trends all highlighted that improvements to the quality of institutions are key to driving development. Moreover, in 2004 it was decided to award South Africa the hosting of the 2010 FIFA Football World Cup — a decision that had important implications for the nation's economy and cities, providing an impetus for a massive programme of state investment in urban infrastructure.

The years between 2001 and 2008 saw some advances made in national-level planning, particularly in the form of the National Spatial Development Perspective (NSDP). Although largely written in 1999, the NSDP was not approved as policy until 2003. It had been developed soon after the macro-policy shift from RDP to GEAR, in the wake of the

UDS and UDF, and at a time when Johannesburg's municipal government was facing a financial crisis, threatening to undermine the city's core role in the national economy (Harrison et al. 2008). In keeping with previous policy trends, the Perspective took a 'strongly pro-growth stance', advocating the allocation of resources to areas with economic 'potential', and recognizing the important role that major urban agglomerations play in economic development (Harrison et al. 2008, p. 105).

While the NSDP emphasized the importance of cities for wider national development, for the most part it avoided the debate over whether rural or urban development should be prioritized. It also appeared to be contradicted by other state policies and plans. While the NSDP talked about focusing investments in areas of greatest potential, the Integrated Sustainable Rural Development Framework (ISRDP), approved in 2001, committed to a different emphasis: expenditure in poor rural areas (Harrison et al. 2008, p. 105). Likewise, a Geographic Spread Programme, launched in 2005, seemed to undermine the basic strategic and spatial rationale of the NSDP.

Despite these ambiguities, the Mbeki government showed real interest in promoting integrated governance and strategic policy oversight, and in formulating a concerted response to urban development problems. In 2001, for example, the Policy Coordination and Advisory Services (PCAS) unit was formed within the Presidency, under the influential leadership of Joel Netshitenzhe, with a focus on improving the coordination and coherence of government policymaking. Among other responsibilities, PCAS was tasked with overseeing the NSDP. In the same year, the state launched an Urban Renewal Programme (URP) — an initiative that had a precedent in President Mandela's Special Integrated Presidential Projects (SIPPs). The URP involved the selection of eight 'nodal points' for large projects of upgrading and development. These were intended as pilot projects, laying the foundations for a national urban renewal programme to follow. Apart from reaffirming the state's commitment to a central idea of urban integration, the URP did little to provide an overall strategic direction for urban policy (Pieterse 2003).

Another key policy shift came with the adoption of the 'Breaking New Ground' (BNG) strategy in 2004. This aimed to reorient the state's built environment interventions away from the mass delivery of houses towards the development of sustainable integrated human settlements, involving an increase in the quality and size of houses, as well as providing greater choice in housing typology and tenure (Palmer et al. 2017). A range of new funding and subsidy instruments was launched to broaden the approach to housing and settlement development, including the upgrading of informal settlements. BNG also emphasized the importance of devolution and accrediting municipalities with the administrative function to provide housing (at the time this was a provincial function). However, efforts to devolve the housing function ultimately proved relatively ineffectual (Palmer et al. 2017). Moreover, the shift to BNG was unable to prevent a general decline in the rate of housing delivery in the late 2000s.

Public Sector and Intergovernmental Reform

In the early 2000s, the growing economy supported rapid increases in the extension of shelter and basic services. It was nonetheless the case that municipalities had been tasked with new, wide-ranging roles and responsibilities in the context of a newly redesigned and untested institutional and regulatory system. Local officials faced a profound challenge: amalgamating transitional local and rural councils into single, larger municipal areas; reorienting their financial systems to a more fiscally sustainable path; and living up to the high standards set by the legislated notion of 'developmental local government' — all while trying to produce IDPs to effectively guide their future activities (Atkinson 2003). Often these pressures led to 'institutional overload', with many municipalities unable to overcome systemic ruptures to fulfil their constitutional obligations for delivery and development (Pieterse 2004). The situation was not helped by the setting of ambitious numerical targets and commitments — such as those of the RDP — that effectively skewed municipal transformation objectives towards the rapid delivery of physical infrastructures (Pieterse 2004). Moreover, it was becoming increasingly clear that local governments were operating in a wider context of fragmented sectoral policy initiatives. Many of these sectoral initiatives had been formulated without the active participation of local governments themselves, or an appropriate understanding of the specificity of municipal (versus national and provincial) government. These factors complicated what the constitutional mandate for developmental local government meant in practice (Pieterse 2004).

Such dynamics placed more emphasis on the importance of local government support programmes as a key mechanism to drive better municipal implementation and performance from the national level. After 2000, as the local government transition entered its 'final phase', the Mbeki government, in the form of DPLG, anticipated that municipalities would require support for integrated development planning, and an 'elaborate system' was put in place to assist with the production of IDPs. This included the establishment of Planning and Implementation Management Support (PIMS) centres throughout the country, at the district municipal level, to assist local councils specifically with the execution of their IDP processes (Atkinson 2003, p. 5). Many other municipal support measures have been put in place from the national level. These have variously targeted systemic reform, provided hands-on support to local governments, or both, in varying degrees. Some are briefly described below.

An early example of a national capacity-building and support programme for local government was the donor-supported Consolidated Municipal Transformation Programme (CMTP), which ran from 2003 to 2009, aiming to support the emergence of municipalities capable of driving democratic participation, and offering affordable and financially sustainable service delivery (Linkd Environmental Services n.d.). In 2004, another key initiative, Project Consolidate, was put in place by DPLG. Originally intended to run for two years, the Project took the form of a 'hands-on local government engagement programme' (Palmer et al. 2017, p. 91). It comprised two major components: direct support targeted at 136 municipalities to build their capacity to perform their mandate, on one hand, and 'systematic refinement of policy, fiscal, and institutional matters', on the other (Palmer et al. 2017, p. 93). Project Consolidate's model of support drew on partnerships and skilled service delivery facilitators (often consultants). The facilitators either focused on a particular municipality or a particular field, such as fiscal management, to be deployed to municipalities as demand required (Palmer et al. 2017, p. 93).

A third support initiative took the form of a Local Government Five-year Strategic Agenda (LGFYSA), designed as an extension of Project Consolidate, and run by DPLG's successor, the Department of Cooperative Governance and Traditional Affairs (COGTA). While Project Consolidate was a more ad hoc response, the LGFYSA aimed to systematize and locate its lessons within the operational systems of government. The focus of support therefore shifted from ad hoc deployments of capacity to ensuring that weaker municipalities had the necessary fiscal and other resources to recruit and appoint appropriate personnel. The LGFYSA (which focused on the period 2006 to 2011) addressed

five key performance areas of local government transformation: municipal transformation and institutional development, basic services and infrastructure, financial viability and management, local economic development, and good governance and community participation (WCPG 2010).

A fourth programme, Siyenza Manje, was a partnership between the Development Bank of Southern Africa (DBSA), National Treasury, DPLG, and the South Africa Local Government Association (SALGA). Managed by the DBSA, and running from 2006 to 2013, the programme spent just under R1 billion in leveraging external expertise in the form of a task force of project managers, engineers, and financial specialists, who were deployed to local governments as required. The primary focus was on service delivery — overseeing and accelerating project implementation and infrastructure spending in almost 200 vulnerable and under-performing municipalities (Genesis Analytics n.d.). Building institutional capacity was a secondary focus. The 'ultimate aim' of the programme, write Palmer et al., 'was to have a fully fledged technical department at the municipality by the time the task force left' (2017, p. 93).

Other support efforts included drawing technical expertise into municipalities through the Joint Initiative on Priority Skills Acquisition (JIPSA). Launched in 2006, JIPSA aimed to secure the skills necessary for the implementation of the Accelerated Shared Growth Initiative for South Africa (Mouton 2008). Arguably, however, these programmes lacked several key aspects. The selection of municipalities in Project Consolidate, for example, was not based on 'a sound assessment of municipal capability'. Moreover, it was top-down, driven by national government without extensive consultation at the local level (Palmer et al. 2017, p. 93). Siyenza Manje, by contrast, arguably focused too much on providing technical support, rather than the reform of leadership and governance issues. Unclear assignment of obligations on the part of specialist facilitators and municipalities also created problems. In addition, the programme had consequences for organizational transformation in the local government sector. It assembled a team of around 100 specialists, many recently retired. The attractive nature of the contracts offered to these specialists drew many qualified technical professionals from their public posts into early retirement. When the programme was closed in 2013, its financial specialists were referred to the National Treasury, with the technical specialists transferred to the new Municipal Infrastructure Support Agent (Palmer et al. 2017, pp. 93–4).

Local Government Financial Reform

The period between 2001 and 2008 saw ongoing refinements to the system of municipal finance. Key legislation passed in this period, driven by the stipulations of the 1998 *White Paper on Local Government*, included the 2003 Municipal Finance Management Act (MFMA), which codified the ideas of the MIIF, and created a framework for municipalities to borrow money, specifically prohibiting the use of borrowed moneys to finance current expenditure (Van Donk and Pieterse 2006; Van Ryneveld 2006). A second piece of legislation was the 2004 Property Rates Act, which established a uniform property rating system across South Africa (Van Donk and Pieterse 2006, p. 114). Further refinements were also made to the Equitable Share system, whereby the notion of 'revenue-raising capacity' was introduced to the formula as a means to reduce the proportion of grant funding flowing to better-resourced municipalities in favour of poorer ones (Van Ryneveld 2006).

Moreover, throughout the 1990s national transfers to local government had been carried out in a fragmented manner. So, in 2004 the National Treasury and DPLG introduced the Municipal Infrastructure Grant (MIG): an integrated formula-based grant for municipal infrastructure (Palmer et al. 2017, pp. 38–9). While transfers made through the Equitable Share were intended to finance the operating costs of providing basic services to poor households, the MIG was designed to eliminate infrastructure backlogs in poorer areas (Van Ryneveld 2006).

From around 2003 to 2007, the National Treasury hired a team of consultants to conduct a large-scale review of the local government fiscal framework. 'The expectation from Treasury', explains Philip van Ryneveld, the core consultant on the project, 'was really to talk about how local government was going to be financed'.[12] As part of the process, the team developed a more detailed classification of South African municipalities, into A, B1, B2, B3, B4, C1, and C2 categories (see Table 3.1), in order to more accurately understand the fiscal dynamics of local governments across the country, as well as to reflect municipal differences in revenue-raising capacity and financial need. This system of categorization has remained a key part of local governance policy discourse. The consultancy team also undertook research into reforming the Equitable Share, Regional Services Council (RSC) levies, as well as property taxation. A particular area of work concentrated on the possible introduction of a local business tax:

> We did some interesting work for this project, and we drew on an international economist — a guy called Richard Bird — and came up with a proposal for a local business tax, and the technical details of a local business tax. Now, that is an idea that has come and gone since then, and hopefully is returning. But it floats around, still, in the discourse of National Treasury about a second general form of tax revenue for local governments.[13]

In 2006, the RSC levies — an apartheid-era tax on local businesses introduced in 1987 — were eliminated. Up to that point, RSC levies had constituted a fairly significant proportion of municipal operating revenue (Van Ryneveld 2006). Despite subsequent proposals, the government has not approved the introduction of a new local business tax (see Chapter 8 for further discussion).

However, this work being undertaken for Treasury was about more than taxation and revenue. As Van Ryneveld explains:

> One of the critical things is that, in my view, we shouldn't just be talking about how we raise money. We should be thinking about the balance between income and expenditure. If you are going to do that you need to think about what local governments should be doing. Are all the functions that currently lie with local government the right functions? There is no point in going into all sorts of complex designs for a set of funding instruments, and then after having done that, deciding two years later that we shouldn't be doing the things we are doing. This linked into my experience of a confusion between provinces and cities, between who was responsible for what. We were trying to come up with some sort of approach to that. We actually, for this project, developed the concept of the need for a distinction between the built environment functions and the social services... the one has to do with the management of space, the other has to do with the management of people.[14]

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Interview with Philip van Ryneveld, Cape Town, 23 May 2018.

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Interview with Philip van Ryneveld, Cape Town, 23 May 2018.

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Interview with Philip van Ryneveld, Cape Town, 23 May 2018.

The proposal, in essence, was that city and metro governments should be responsible for built environment functions, while provinces should be responsible for social services. Built environment functions were defined as 'anything to do with the management of space', including planning, housing, and transportation, and the infrastructures and services that underpin those activities.[15] Social services, by contrast, included things like education and healthcare. These ideas and proposals constituted an early part of a wider policy shift in South Africa. In 2011, for example, the National Treasury's *Local Government Budgets and Expenditure Review* dedicated a chapter to 'cities and the management of the built environment'. It mirrored the earlier work done in Treasury on municipal fiscal management, stating:

> Government recognizes that large urban municipalities need to play a leading role in the management of the built environment. Cities already have the responsibility for the provision of basic services and associated infrastructure. However, to effectively manage the built environment, large municipalities need to be established as the centre of planning and service delivery coordination. In particular, this requires greater responsibilities for cities in land-use management, the development of human settlements, and the provision of public transport services. (National Treasury 2011, pp. 210–11)

This kind of differentiated logic, emphasizing the primacy of municipal government for managing built environment processes, has been a central starting point for the National Treasury's recent agenda and work programme focusing on cities and urbanization, and has underpinned the logic of the CSP. Treasury's interest in supporting the planning and development of the local urban built environment was deepened with the 2006 launch of the Neighbourhood Development Partnership Grant, which focuses on funding local projects that improve quality of life in South Africa's township areas. In addition, not long after the introduction of the MIG, Treasury officials took steps to differentiate the municipal grant framework, a process described in greater detail in Chapter 4. The result was the MIG-Cities grant, made available to South Africa's large cities from 2007. This grant sought to assist cities with the consolidation of their responsibilities to manage the built environment, giving them greater flexibility to apply capital funding across a range of infrastructure-related investment areas, including housing, public transport, and land-use management (PDG 2015). MIG-Cities was created based on the realization that larger, more capacitated metros did not require the degree of regulation and support that was needed by smaller municipalities struggling to spend the MIG. Rather than being allocated based on the approval of particular projects, MIG-Cities was disbursed through approval of the metro's overall integrated plan for the development of the built environment alongside its capital investment programme (SALGA 2015). As a performance-oriented outcomes-based grant, introduced in line with international best practice for public finance, MIG-Cities sought to improve the capacity of larger cities to deliver positive urban outcomes (PDG 2015).

Meanwhile, the imminent hosting of the 2010 FIFA Football World Cup led to the first major investments in public transport infrastructure and systems since 1994 (Palmer et al. 2017). In 2007, the Government released its Public Transport Strategy, complemented by new fiscal transfers in the form of the Public Transport Infrastructure and Systems Grant and Public Transport Network Operations Grant. The implications of these trends are discussed in Chapter 10.

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Interview with Philip van Ryneveld, Cape Town, 23 May 2018.

DECLINE (2008 ONWARDS)

After the election of Jacob Zuma as ANC President in December 2007, and subsequently as the President of South Africa in 2009, the country entered a period characterized by renewed political and institutional instability, a stagnant if not recessive economy, and a lack of strategic clarity in development policy. In part, this instability was related to the damage wrought by aggressive projects of state capture, and the creation of a 'shadow state', pursued by Zuma's faction within the ruling political alliance (Swilling et al. 2017). While there were nominal moves to reorient South African policy towards a definite urban development agenda, these came up against a political reorientation that effectively empowered rural power bases and elites, thereby nullifying any real policy shift towards a more city-focused approach. The question of local government capacity remained an important one in this period, and the state launched several renewed efforts to drive better municipal performance. The CSP constituted one aspect of these efforts.

Political-Economic Trends

Jacob Zuma's ascension to the Presidency in 2009 came only a few months after the first major shocks of the 2008 financial crisis had begun to shake the foundations of the global economy, resulting in his term-of-office being characterized by a South African economy struggling in the midst of the 'Great Recession'. South Africa entered the financial crisis in a highly vulnerable position, with a large current account deficit, high interest rates, and high inflation (Padayachee n.d.). As such, the economy promptly went into recession in 2008/09 for the first time in 19 years, and unemployment levels shot up — nearly a million jobs were lost in 2009 alone (Rena and Msoni 2017), with those working in the informal sector suffering disproportionately (Rogan and Skinner 2017). Between 2008 and 2012, annual GDP growth averaged 2.2%, and in late 2018 the country entered a technical recession. In 2018, unemployment sat at 27.2% (33.6% for people aged between 25 and 34), up from a low of 21.5% at the end of 2008 (Niselow 2018). South Africa's ratio of trade to GDP fell from 73% in 2008, to 60% in 2016 (Bond n.d.). Agriculture, mining, and manufacturing sectors all suffered declines. Financialization of the economy, having already been a clear trend of the 1990s and 2000s, increased further. The crisis and recession brought an end to South Africa's major 'housing bubble', with real house prices remaining volatile thereafter (Karwowski 2018). Moreover, it led to the contraction of tax revenue, placing more fiscal pressure on a state system overburdened by service delivery backlogs. The injection of capital associated with the preparations for the 2010 FIFA Football World Cup failed to compensate for depressed economic trends. More recently, poor economic performance has been aggravated by the effects of a major nationwide drought that has scorched the country since 2015, driving a decline in agricultural productivity.

Within this wider context, South Africa's urban areas have experienced several key trends. The United Nations estimated that the country's urbanization rate had grown to 66.4% by 2018 (UNPD 2018). Urban municipalities have faced increased financial stress, often as a consequence of being saddled with the burden of expensive investments associated with the 2010 World Cup, coupled with general economic downturn. One reflection of a decline in municipal state capacity has been the growing frequency of service delivery protests, which over the past decade have become increasingly violent and

overwhelmingly concentrated in urban areas (Chigwata et al. 2017). Moreover, a sense of general disillusionment with the ruling ANC's governing record was borne through the results of the 2016 local government elections, in which the ANC lost control of three major South African cities to opposition coalitions.

Since 2008, however, important progress has been made in defining a more coherent spatial strategy for national and urban development. In principle, the NSDP provided a key point of departure for a new national urban development strategy, yet its acceptance and implementation was seemingly blunted by ongoing debates over the prioritization of rural or urban development, concerns about rapid urbanization, and questions of spatial equity (Harrison et al. 2008, p. 106). Yet Mbeki's efforts to centralize policy coordination in the Presidency were dealt a blow when Zuma's government disestablished the Policy Coordination and Advisory Services (PCAS) unit and redistributed its functions. The reasons were political: PCAS was an 'Mbeki creation', after all, and Joel Netshitenzhe, its powerful head, presented too great a threat to Zuma within the ANC and state system (Hirsch 2019). The NSDP was left without a home.

In 2009, a National Urban Development Framework was presented to Cabinet, but was referred back for further work. In 2012, however, the new National Development Plan (NDP) refocused attention on the need for a coherent national spatial policy. It did so in a chapter addressing the transformation of human settlements and the national space economy, which proposed the development of a National Spatial Framework (Harrison 2014). As such, in early 2013, an Inter-Ministerial Committee initiated the preparation of an Integrated Urban Development Framework (IUDF) under the leadership of COGTA. This document was eventually approved in 2016.

Although the years of the Zuma Presidency were characterized by a nominal recognition of the urban agenda, this by no means translated readily into practice. Zuma's power base within the ruling ANC alliance was largely concentrated in rural areas, and this alignment acted to impede progress towards a development strategy affirming the economic primacy and specific support needs of large cities. Moreover, the process of state capture often acted to foster institutional fragmentation within the state, driving even deeper divides between line departments and ministries, and encouraging the persistence of fragmented modes of urban spatial development.

CSP took shape within this context of a nominal and contested recognition of the specific needs and advantages of urban areas and urbanization as a whole. It also emerged alongside the rise of 'spatial transformation' as a key policy discourse of the government and ANC. Transformation has long been a key strategic discourse for the ANC, but only in recent years has space become an explicit and foremost aspect of that transformation agenda (Joseph 2015). One can trace the emerging and growing urgency of urban spatial transformation as a strategic policy concept through a series of key official documents. While the NDP committed the government to driving spatial transformation in South African cities, the IUDF is also framed around the need for progressive socio-spatial change and integration in urban areas. Legislative reforms such as the 2013 Spatial Planning and Land Use Management Act, ongoing discussions around the devolution of built environment functions, as well as renewed debates surrounding land reform, have added urgency to the spatial agenda (Joseph 2015). Increasingly, spatial transformation has been articulated in policy discourse as a prerequisite for boosting urban productivity and economic growth in order to realize South Africa's 'urban dividend' (National Treasury 2017; SACN 2016). This has been a particular emphasis in the recent thinking of the National Treasury; one that has underpinned CSP's strategic and practice agenda.

Public Sector and Intergovernmental Reform

The South African political sphere has experienced profound instability in the wake of Jacob Zuma's rise to power. Following the bitter battle fought between the political factions aligned to Mbeki and Zuma, 'public sector reform' took on a particular meaning — government departments and state-owned enterprises were systematically targeted, with individuals linked to the political networks surrounding Zuma and his 'business associates', the Gupta family, being installed in key positions (Swilling et al. 2017). Few national government departments were able to withstand these efforts. The National Treasury — widely regarded as having 'held the line' against aggressive state capture and corruption — eventually fell victim when, in March 2017, Pravin Gordhan was replaced by Malusi Gigaba (a politician closely linked to the Zuma camp) as Minister of Finance.

A side effect of economic and political instability has been a general decline in the institutional capability of the South African state, resulting in both frequent protests and electoral backlashes against the ANC (Palmer et al. 2017). Yet one of the ironies of the 'decline phase' is that state capability has been eroded at precisely the time when government has attempted to implement a performance-oriented approach to governance. In 2009, for example, the Department of Performance Monitoring and Evaluation (now the Department of Planning, Monitoring, and Evaluation or DPME), located in Zuma's Presidency office, released its *Improving Government Performance* document, which provided a 'broad strategy for assessing the performance of government as a whole' (Palmer et al. 2017, pp. 82–3). More specifically, it outlined an approach whereby politically agreed outcomes, linked to the Medium Term Strategic Framework (MTSF), would be developed into a series of outcome indicators and measures, with necessary activities to achieve these outcomes listed alongside required inputs. These, in turn, were to be consolidated into a series of delivery and performance agreements to inform the priorities and work of the various sectors, spheres, and institutions of government. These provisions were given life through the National Outcomes Approach, adopted in May 2010, which set out 12 outcomes and a range of delivery agreements applicable to all three spheres of government. Outcome 9 ('responsible, accountable, effective, and efficient local government') pertained specifically to the municipal sector. Achieving the targets linked to Outcome 9 largely depended on the leadership of the Department of Cooperative Governance and Traditional Affairs (COGTA), a department that unfortunately suffered from major political and institutional instability in the period between 2009 and 2014 (Palmer et al. 2017).

The post-2008 period has also seen the launch of a number of new initiatives to support and enhance the capability of municipal government. The Local Government Turnaround Strategy (LGTAS), introduced in 2009, has been key in this respect. It was designed to address a range of issues confronting local governments, including systemic policy and legislative matters, political factors, shortcomings in the accountability system, capacity and skills constraints, poor intergovernmental support and oversight, as well as problems with the intergovernmental fiscal system (Palmer et al. 2017, p. 94). The Strategy identified four classes of municipalities, each to be targeted according to spatial, social, economic, and municipal capacity indicators that were, however, not related to performance. Each sphere of government was allocated specific roles and responsibilities in driving improved municipal governance. One of the more important contributions of the LGTAS was the development of an implementation structure. This structure in-

cluded: 'a special ministerial advisory and monitoring structure, a national coordinating unit to oversee progress, an intergovernmental working group to support implementation, technical service units, and a rapid response team to attend to critical interventions' (Palmer et al. 2017, p. 94).

Another key initiative has been the Municipal Infrastructure Support Agent (MISA), launched by COGTA in 2012, which provides technical support and assistance to strengthen internal local government capacity for delivering and maintaining infrastructure (Palmer et al. 2017, pp. 94–5). MISA has done this through the deployment of technical specialists (many taken over from the Siyenza Manje programme), the appointment of professional service providers, and by providing limited support for municipal operations and maintenance functions.

Most recently, in 2014 the new Minister of COGTA introduced a 'Back to Basics' programme, following a Presidential Local Government Summit hosted in September 2014. The programme sought to address a range of local state capability issues, including a collapse in core municipal infrastructure services, inadequate responses to service delivery challenges, growing distance between public representatives and citizens, poor municipal financial viability, skillsets not living up to requirements, as well as a broader breakdown in the principles and values of good governance (Palmer et al. 2017). It identified a number of support initiatives addressing governance, staffing, planning, financial management, procurement, and service delivery. It further set out a differentiated framework for support based on four priorities. First, providing hands-on support to weak municipalities. Second, enabling functional municipalities to raise their level of performance by building strong municipal administrative systems and creating real-time monitoring systems. Third, incentivizing well-functioning municipalities by reforming regulatory oversight and monitoring, in particular by allowing them more control and discretion over resources and grant funding. And fourth, launching a robust and targeted response to dealing with problems of fraud and corruption (Palmer et al. 2017, p. 96). The CSP has also taken shape during this period, and its evolution is described in more detail in Chapter 4.

The 'decline phase' has also seen important legal reforms made to the intergovernmental system for urban planning and governance. The most important of these emerged from a Court challenge made by the City of Johannesburg against the Gauteng Provincial Planning Tribunal, whereby the City sought to have the 1995 Development Facilitation Act (which allowed for provincial tribunals to approve local development applications and bypass municipal planning structures) declared invalid. With the first Court application made in 2008, the Constitutional Court eventually handed down its verdict in June 2010. With it, the 'legal uncertainty that had plagued planning law-reform for more than a decade cleared' (Berrisford 2016). This uncertainty related to whether local planning and locational decisions should be the preserve of municipalities or another level of government. The Constitutional Court judgement decisively affirmed the independence of the local government sphere, and planning as a municipal (rather than provincial) function. In doing so, it effectively overturned a century-old South African legal tradition that gave provinces authority over local planning decisions.[16] Parliament was given two years to either remedy the defects of the Development Facilitation Act or enact new legislation. The result was the passage of the Spatial Planning and Land Use Management Act in 2013. The implications of these reforms for the work of CSP are discussed in Chapter 6.

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Interview with Stephen Berrisford, Cape Town, 23 May 2018.

Local Government Financial Reform

The post-2008 period has witnessed ongoing refinements to the municipal fiscal system. In 2011, the Urban Settlements Development Grant (USDG) replaced MIG-Cities, combining the latter with a portion of the provincial Human Settlements Development Grant (HSDG). The USDG inherited the performance-oriented outcomes-based structure and approach of MIG-Cities. Likewise, as a Schedule 4 grant administered under the Division of Revenue Act, the USDG sought to guarantee metros more flexibility and discretion in how they spent their infrastructure grant funding. This funding was to be released to municipalities only upon approval of a multisectoral Built Environment Performance Plan (BEPP) linking the city's infrastructure investments with its strategic plans and longer-term spatial outcomes (see Chapter 6).

The transition from MIG-Cities to USDG unfolded against the backdrop of the National Outcomes Approach, which included targets related to the upgrading of informal settlements and the devolution of the housing function to metros (SALGA 2015). The primary motivation behind the introduction of the USDG was that MIG-Cities did not place sufficient emphasis on the upgrading of informal settlements, nor did it provide for the purchasing of land for new settlements (PDG 2015). A widespread 'backlog of bulk and connector infrastructure constraining housing delivery and compounding the growth of informal settlements' had also encouraged policymakers and officials to consider how infrastructure investments could be better targeted at the development of sustainable human settlements (PDG 2015). The design of the USDG was thus directly informed by broader policy trends, including that of devolving built-environment functions to metros, and the shift from housing delivery to human settlements development (PDG 2015).

CONCLUSION

The CSP has taken shape among all the trends, dynamics, and agendas described in the sections above. It has emerged within a political-economic environment characterized by economic stagnation, aggressive processes of state capture, a growing albeit contested recognition of the need for a coherent national spatial policy and development strategy, as well as a political context emphasizing the need for urban spatial transformation. CSP has also been fundamentally influenced by a wider reform agenda associated with the public sector and intergovernmental system. This agenda has been characterized by a desire to arrest declines in municipal capacity, and thereby forgo the heightened political risks associated with poor service delivery; by a shift to a more performance-oriented and outcomes-based approach to governance; by the rise of local government support and capacity-building programmes; by increasing National Treasury interest in local government financial questions, particularly through grants consolidation and the differentiation of municipal support; and by reforms specifically targeting the intergovernmental system of planning and development.

This chapter has not attempted to describe the more detailed, personal stories of how a cohort of people within National Treasury started to become increasingly interested in urban municipal finance issues, and how this cohort gradually managed to establish the parameters and modalities of a Treasury programme dedicated to supporting large South African city governments. The following chapter goes on to present that story.

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GUTO BUSSAB

CHAPTER 3

WHAT IS THE CSP?

This chapter introduces the basic dimensions of the Cities Support Programme (CSP). It sets out the Programme's spatial and thematic focus, its institutional structure and location within National Treasury, the key elements of its strategy, and its mode of working. The chapter seeks to provide an accessible introduction to the CSP as the starting point for a series of more in-depth explanations of its specific work areas, which are given in Chapters 5 through 12.

Over the past half-decade, the CSP has developed a reputation in governance and academic circles (Cirolia and Smit 2017). However, it may not be clear to all stakeholders exactly what its strategy and role is, and how the sum of its parts fit together within an overarching strategic frame. It is worthwhile capturing precisely what the CSP is, as a particular kind of platform and approach to city support and urban governance reform. This information may be of interest to other stakeholders, both in South Africa and elsewhere, who are engaged in processes of governance reform, or who are generally keen to understand the current landscape of urban thought and practice.

City of Johannesburg: A view of the central business district, with Hillbrow Tower in the foreground.

WHERE?

Established in 2011, in essence the CSP 'works with metropolitan municipalities, national departments, provincial governments, and other stakeholders to facilitate faster and more inclusive urban economic growth' (National Treasury 2018a, p. 60). Spatially, CSP focuses its work efforts on South Africa's eight 'metropolitan municipalities', namely: Buffalo City, City of Cape Town, City of Johannesburg, City of Tshwane, Ekurhuleni, eThekwini, Mangaung, and Nelson Mandela Bay (see Figure 3.1). The 'metros', as they are known, are classified as 'Category A municipalities' under the South African Constitution and the country's array of post-1994 local government policy documents and legislation.[17] The Constitution defines Category A municipalities as having 'exclusive municipal executive and legislative authority in its area'. Metros differ from Category B and C municipalities, or local and district municipalities (covering rural areas, towns, and smaller cities), which nearly always overlap in space and share various service delivery functions. In practice, therefore, the metros are the only municipalities in the country served by a single tier of local government (Palmer et al. 2017, pp. 49–51). A more detailed system of municipal classification, developed by national government in the early 2000s, takes account of the size of municipalities in terms of budget, population, and the percentage urban population, and is provided in Table 3.1.

17
This includes the 1998 **White Paper on Local Government**, which informed and shaped the Municipal Structures (1998), Demarcations (1998) and Systems (2000) Acts.

Figure 3.1:
Location of the Metropolitan Municipalities in South Africa

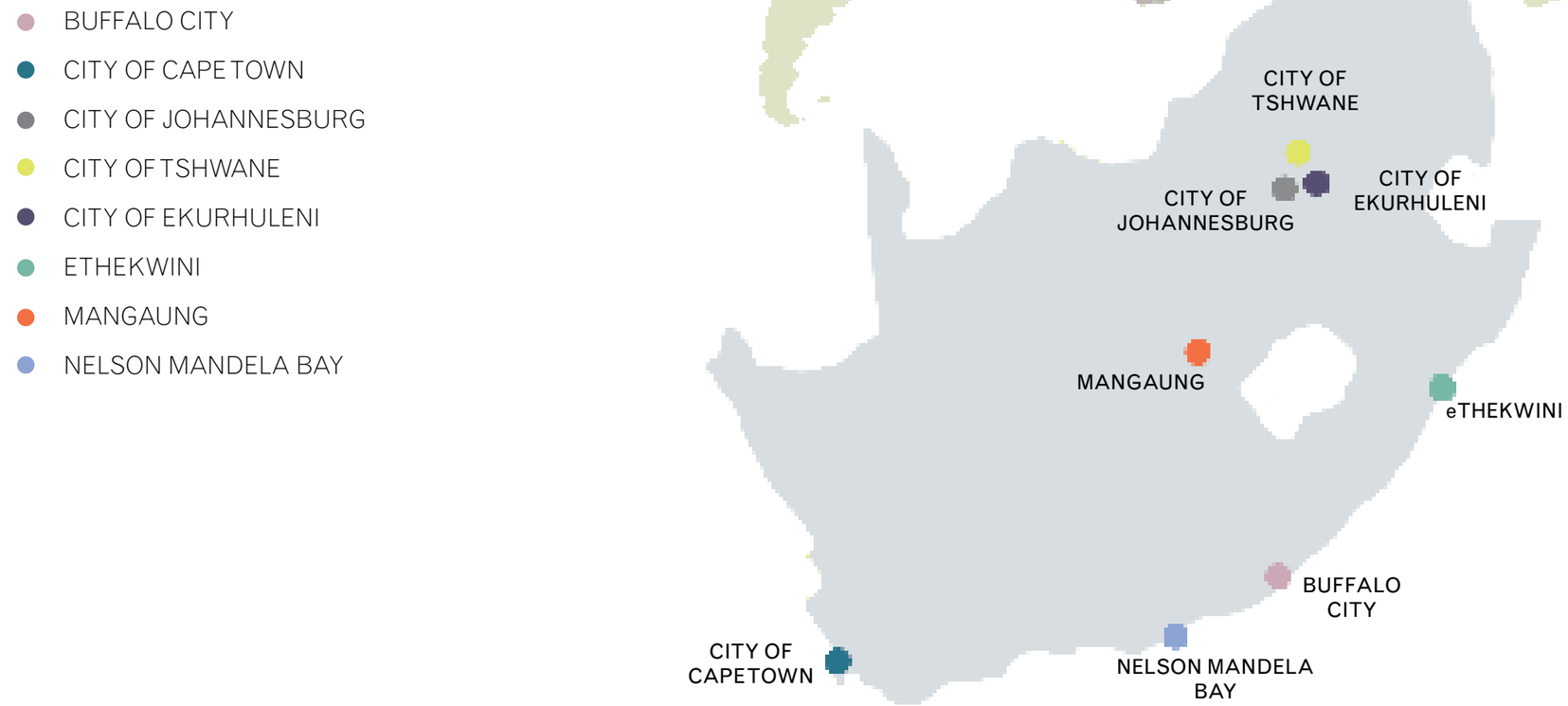
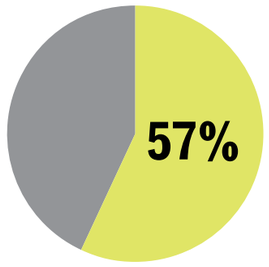


Table 3.1 Types and Descriptions of South African Municipalities

MUNICIPAL CATEGORY	MUNICIPALITY TYPE	CRITERIA
A	Metro	Large urban complexes with populations over 1 million
B1	Local municipality	With large budgets and containing secondary cities
B2	Local municipality	With a large town as a core
B3	Local municipality	With small towns with relatively small population and a significant proportion of urban population, but with no large town as a core
B4	Local municipality	Mainly rural, with communal tenure, and with at most one or two small towns in their area
C1	District municipality	Are not water service authorities
C2	District municipality	Are water service authorities

The metros are responsible for governing South Africa's largest and most populated urban areas — places that contribute the greatest portion of economic value to the national fiscus (see Figure 3.2). For this reason, CSP seeks to frame and present the country's large cities as 'critical national assets'. Yet, aside from being places of economic potential, the metros also face specific and acute challenges relating to socio-economic and spatial inequality, unsustainable resource use, and ecological damage. That being said, South Africa's large urban municipalities are often those with the most elaborate and capacitated institutional systems to deliver services to local populations, and to raise revenue locally.

Figure 3.2: Percentage Contribution of Metropolitan Municipalities to the South African National Fiscus



In South Africa as elsewhere, cities drive national economic growth. The numbers are striking. The eight metropolitan municipalities contribute 57% to the national economic output

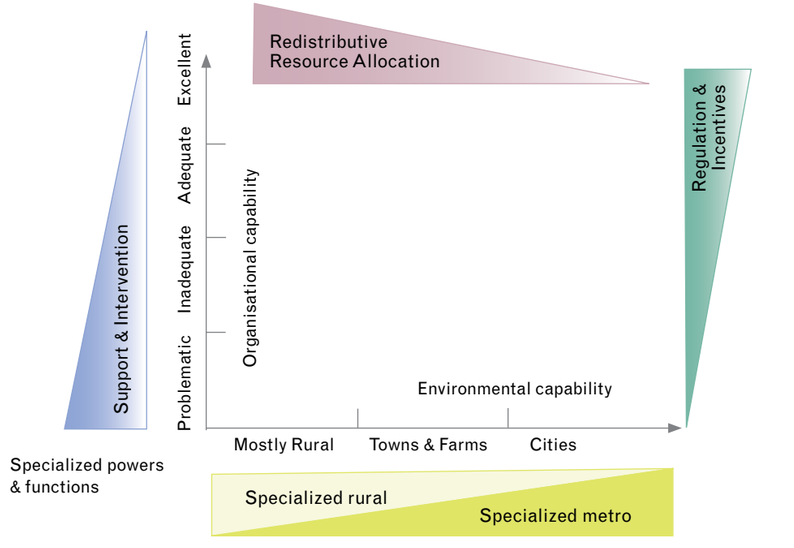
(source: National Treasury 2018b)

CSP's strategic approach proceeds from an understanding that the specific challenges faced by the metros can be differentiated from those of secondary and emerging cities, towns, and rural areas. It is not an approach that denies the importance of rural development in favour of an 'urban bias'. Rather, it recognizes that large urban local governments operate within qualitatively and quantitatively different political, economic, and institutional environments than their smaller and rural counterparts. It follows that they have different kinds of support requirements and regulatory needs.

Addressing the specific needs and challenges of South Africa's large cities, as CSP has done, accords directly with the wider approach encouraged by National Treasury and the Department of Cooperative Governance and Traditional Affairs (COGTA). For at least the past decade, both departments have argued in favour of a differentiated approach to municipal financing and planning support (DPME 2018). The Local Government Turnaround Strategy of 2009, for example, argued for the identification and targeting of spatially differentiated support needs among all municipalities (COGTA 2009). Moreover, demand for a differentiated approach to devolution, planning, and intergovernmental support within and between urban and rural areas was a consistent emphasis of South Africa's National Development Plan (NPC 2013).

Figure 3.3 sets out the desired approach that national government seeks to take when engaging with municipalities in a differentiated manner. In general, the argument goes, the allocation of national financial resources to local governments should reflect their capacity to raise their own revenue. Greater financial and technical support from national and provincial government should be targeted at less capable municipalities. By contrast, more capacitated and capable local governments should be assisted through the development of better regulatory instruments and performance incentives (after Palmer et al. 2017, p. 79). In this approach, the most pressing issues affecting larger and more capacitated municipalities centre on the need to further integrate the provision of infrastructure-intensive services, notably public transport and housing, and to improve the control that local governments have over these functions through progressive devolution (Palmer et al. 2017, p. 54). They are thus primarily regulatory challenges, although direct support is still undoubtedly needed in many cases. This rationale has directly informed and shaped CSP's work agenda.

Figure 3.3: Differentiation Framework for South African Municipalities



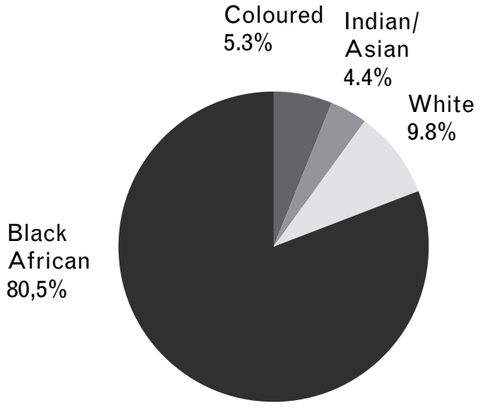
(source: Palmer et al. 2017, p. 78)

Figure 3.4: Characteristics of South African Metropolitan Municipalities

CITY OF JOHANNESBURG

POPULATION	4 949 347
TOTAL REVENUE	R42 978 000*
TOTAL AREA	1 645 km^2
INTENSITY OF POVERTY	44.1%[2]
NUMBER OF HOUSEHOLDS	265 561
PEOPLE PER HOUSEHOLD	3
% OF INFORMAL DWELLINGS	11.7%

POPULATION GROUPS



AREA	PRECENTAGE
URBAN	99.8%
TRIBAL/TRADITIONAL	0%
FARM	0.2%

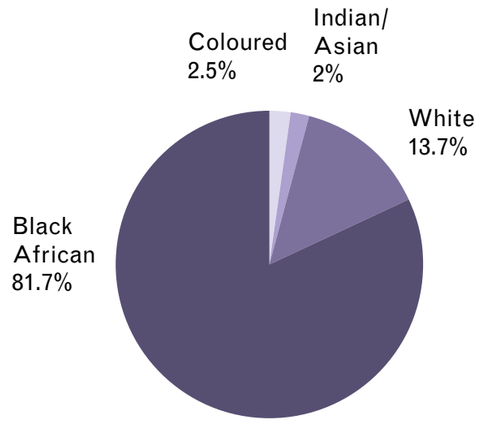
* Audit outcome from 2016-2017 as reported in SACN (2018).

Statistics South Africa (2016)

CITY OF EKURHULENI

POPULATION	3 379 104
TOTAL REVENUE	R29 592 000*
TOTAL AREA	1 975 km^2
INTENSITY OF POVERTY	44,7%
NUMBER OF HOUSEHOLDS	1 299 490
PEOPLE PER HOUSEHOLD	2,6
PERCENTAGE OF INFORMAL DWELLINGS	18.7%

POPULATION GROUPS



AREA	PRECENTAGE
URBAN	99.4%
TRIBAL/TRADITIONAL	0%
FARM	0.6%

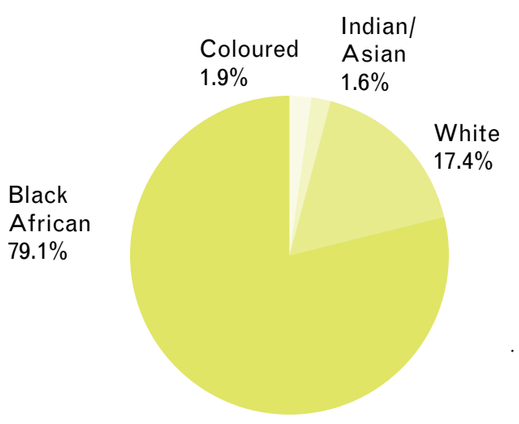
* Audit outcome from 2016-2017 as reported in SACN (2018).

Statistics South Africa (2016)

CITY OF TSHWANE

POPULATION	3 275 152
TOTAL REVENUE	R28 091 000*
TOTAL AREA	6 345 km²
INTENSITY OF POVERTY	43.1%[2]
NUMBER OF HOUSEHOLDS	1 136 877
PEOPLE PER HOUSEHOLD	2.9
PERCENTAGE OF INFORMAL DWELLINGS	16.4%

POPULATION GROUPS



AREA	PRECENTAGE
URBAN	92.3%
TRIBAL/TRADITIONAL	5.5%
FARM	2.2%

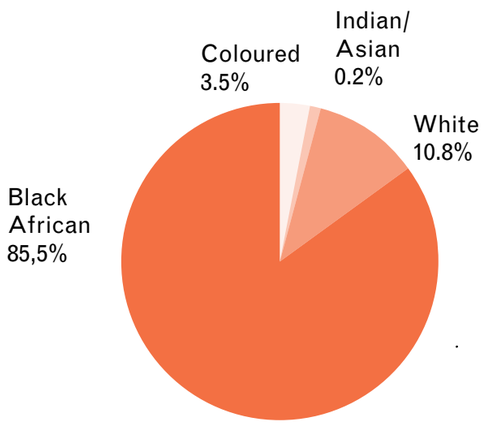
* Audit outcome from 2016-2017 as reported in SACN (2018).

Statistics South Africa (2016)

MANGAUNG

POPULATION	787 803
TOTAL REVENUE	R6 801 000**
TOTAL AREA	6 284 km²
INTENSITY OF POVERTY	41.1%
NUMBER OF HOUSEHOLDS	265 561
PEOPLE PER HOUSEHOLD	3
PERCENTAGE OF INFORMAL DWELLINGS	11.7%

POPULATION GROUPS



AREA	PRECENTAGE
URBAN	90.6%
TRIBAL/TRADITIONAL	6.9%
FARM	2.5%

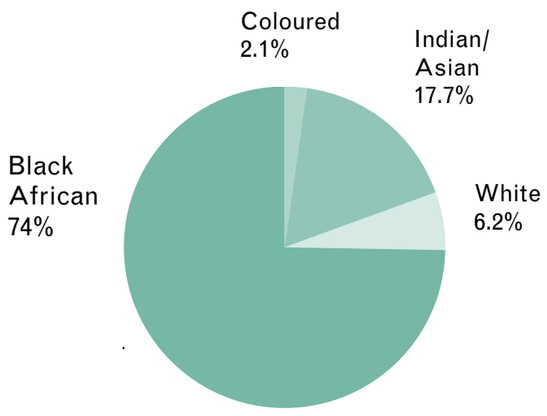
* Audit outcome from 2016-2017 as reported in SACN (2018).

Statistics South Africa (2016)

ETHEKWINI

POPULATION	3 702 231
TOTAL REVENUE	R30 571 000*
TOTAL AREA	2 291 km²
INTENSITY OF POVERTY	40.8%[2]
NUMBER OF HOUSEHOLDS	1 125 767
PEOPLE PER HOUSEHOLD	3.3
% OF INFORMAL DWELLINGS	13.3%

POPULATION GROUPS



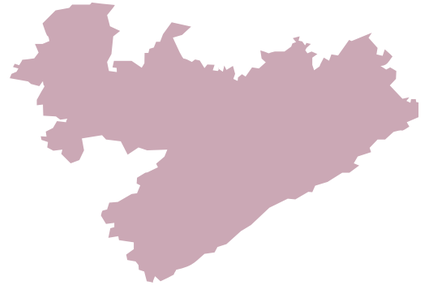
AREA	PRECENTAGE
URBAN	84.8%
TRIBAL/TRADITIONAL	14.7%
FARM	0.5%

* Audit outcome from 2016-2017 as reported in SACN (2018).

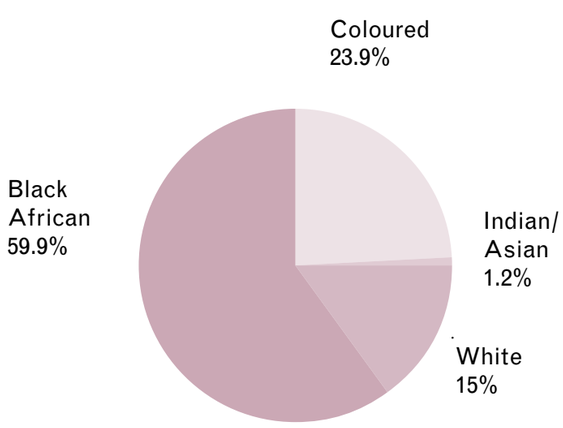
Statistics South Africa (2016)

BUFFALO CITY

POPULATION	834 997
TOTAL REVENUE	R5 628 000*
TOTAL AREA	2 536 km²
INTENSITY OF POVERTY	42.8%
NUMBER OF HOUSEHOLDS	253 477
PEOPLE PER HOUSEHOLD	3,3
PERCENTAGE OF INFORMAL DWELLINGS	24.9%



POPULATION GROUPS



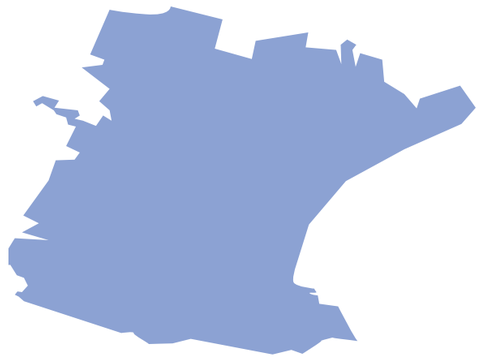
AREA	PRECENTAGE
URBAN	82.3%
TRIBAL/TRADITIONAL	16.5%
FARM	1.3%

* Audit outcome from 2016-2017 as reported in SACN (2018).

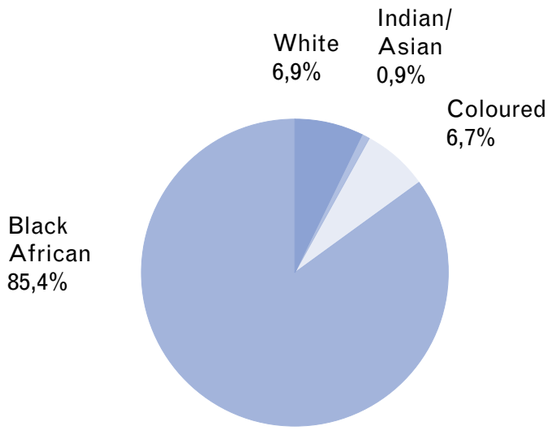
Statistics South Africa (2016)

NELSON MANDELA BAY

POPULATION	1 263 051
TOTAL REVENUE	R8 919 000*
TOTAL AREA	1 959 km²
INTENSITY OF POVERTY	42,3%
NUMBER OF HOUSEHOLDS	368 520
PEOPLE PER HOUSEHOLD	3,4
% OF INFORMAL DWELLINGS	6,9%



POPULATION GROUPS



AREA	PRECENTAGE
URBAN	97,7%
TRIBAL/TRADITIONAL	0%
FARM	2,3%

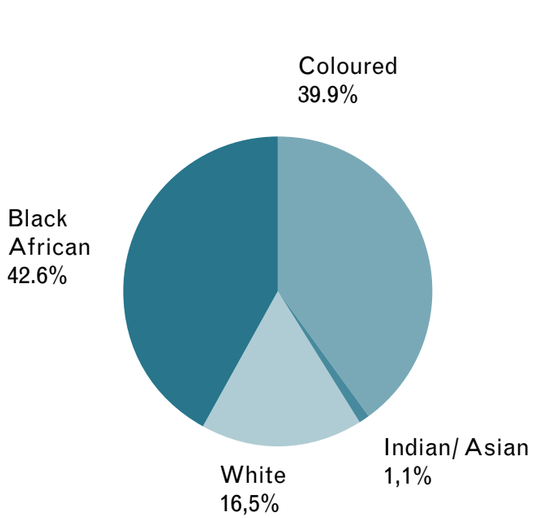
* Audit outcome from 2016-2017 as reported in SACN (2018).

Statistics South Africa (2016)

CITY OF CAPE TOWN

POPULATION	4 005 016
TOTAL REVENUE	R36 383 000*
TOTAL AREA	2 445 km²
INTENSITY OF POVERTY	39.3%
NUMBER OF HOUSEHOLDS	1 264 949
PEOPLE PER HOUSEHOLD	3.2
PERCENTAGE OF INFORMAL DWELLINGS	17.6%

POPULATION GROUPS



AREA	PRECENTAGE
URBAN	99.8%
TRIBAL/TRADITIONAL	0%
FARM	0.4%

* Audit outcome from 2016-2017 as reported in SACN (2018).

Statistics South Africa (2016)

While there are clear differences in scale and capacity between the metros and other kinds of settlements and local governments (both in terms of the challenges they face and the support measures they require to help them address those challenges) the metros themselves also differ substantially from one another according to factors such as land area, population size, economic productivity, poverty rates, revenue, and institutional capacity (see Figure 3.4). Given these variations and characteristics, from an early stage CSP resolved to take a differentiated approach to working within and between the metros — an approach that has sought to align CSP's interventions 'with the existing levels of capacity within each metro' (DPME 2018, p. 6). Nhlanhla Mncwango, CSP City Component Lead, explains how the uptake of this differentiated approach was linked to the definition and development of 'supply' and 'demand' projects:

> We took a differentiated approach in terms of the size of a municipality, the size of their budget, and their capacity to deliver. We would look at their capital performance, their capacity to deliver, and also the size of the challenges that they faced in terms of different backlogs like water, sanitation, and particularly informal settlements. So, that was how we approached the issue. But now that we have the eight metros in the CSP, we understand that some metros are not the same size as others. The way that they respond to support, and the way that they want to engage with the reforms are different. Even the larger metros don't respond in the same way. So, what we did in our approach was to say that there would be 'supply' projects. Supply projects are projects that will be made available to everybody. They are reform related, like the Built Environment Performance Plans, the Subnational Doing Business support — they are implemented across all of the metros because they all have got to go through those reforms if they are to be the engines of the economy.
>
> But then, we realized, there should be programmes that are demand-led. These are programmes that the city itself must demand. We take into account the city's capacity to articulate its demand for support. We also look at its absorb-take capacity — can it absorb the support? Are they going to carry that support that we're providing? To some extent, we've been doing this through trial and error, because the big issue is to draw all of the metros together and bring them forth. The uptake has not been the same across the spectrum. Some metros take the largest share. But they are the most vocal, if you like.[18]

18
Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

The range and emphasis of CSP's interventions in each metro therefore differ substantially depending on the nature of the local political and strategic environment, the kinds of personal relationships forged between city officials and CSP team members, and so on. All activities are, however, framed within a common strategic perspective. This overarching strategic frame is introduced and described below.

WHAT?

What exactly do National Treasury and CSP seek to bring about or achieve? In essence, 'the objective of the CSP is to support the spatial transformation of South African cities to create more inclusive, productive, and sustainable urban built environments' (National Treasury 2012, p. 7). In other words, through CSP, Treasury seeks to support the transformation of South African cities from their current fragmented, exclusive, and low-density spatial forms to more compact and integrated forms (DPME 2018). The premise is that:

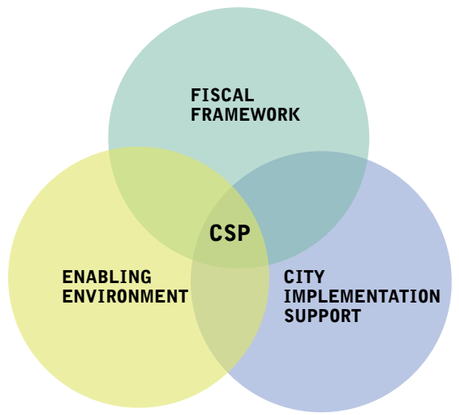
> Inclusive urban growth requires a focus on key result areas at the city and intergovernmental level. Well-governed cities enable practical, time-bound actions to be taken to transform the urban spatial form, which in turn will enable more inclusive, productive, and sustainable cities to be built over time, and contribute to faster and more inclusive economic growth. At the intergovernmental level, the alignment of policy, fiscal, regulatory, and support mechanisms will create an enabling environment for city transformation to achieve these economic impacts.[19]

19
From the CSP website, https://csp.treasury.gov.za/Programmes/Pages/default.aspx, accessed 12 June 2018.

HOW?

CSP operates according to the assumption that in order to help cities reach their full socio-economic development potential three key areas of work are required, with each cutting across a range of traditional built environment sectors or functions. This work includes, firstly, helping to provide a strong **fiscal framework** to ensure that public resources are managed efficiently and allocated strategically, including through the introduction of greater performance incentives into the system of intergovernmental grants to reward integrated planning and development. Second, CSP aims to create an **enabling intergovernmental environment** for city transformation through policy and regulatory reforms, including the devolution of key built environment management functions to the municipal level. And third, CSP seeks to provide an integrated programme of **city implementation support**, which includes specialized technical assistance, peer learning opportunities, and collaborative performance reviews (DPME 2018; National Treasury 2012). CSP focuses its activities on the points where these work areas intersect, as indicated by Figure 3.5.

Figure 3.5: The CSP Venn Diagram



(source: DPME 2018, p. 44)

David Savage, CSP Programme Manager, recalls the strategic thrust of the original CSP framework document, published by the National Treasury in 2012:

> I think the point that we were trying to make in that document was that if you want an effective support programme, you shouldn't think of it as just a small-scale support programme giving technical assistance here and there. You have to see these big flows of cash as being part of your programmatic response. You have to see your whole regulatory environment, from your National Housing Code, your building regulations — all of that — as generating the outcomes you see now. So, the money, the policy, and the regulatory tools — as well as the support — those are the factors that need to converge. So, the point we were making is that there are large flows of money and we have not been conscious of that, and they often create countervailing incentives to our stated objectives. So, that was the basic point that we were trying to make, to set up that triangle of instruments that should be aligned — the Venn diagram — with CSP in the middle: much smaller, but leveraging, or guiding, or aligning those things.[20]

More specifically, CSP implements its support to the eight metros through five thematic work 'components'. These are: Core City Governance, Human Settlements, Public Transport, Economic Development, and Climate Resilience. The objectives of these components, and the specific means by which these objectives are to be achieved, are described in detail in Chapters 5 through 12. Three of these components — namely Core City Governance, Economic Development, and Climate Resilience — are specifically defined as 'transversal', meaning they simultaneously address, and are addressed by, all the other components. Transversality, in this sense, means seeing better outcomes of governance, economic strategy, and climate response as fundamentally rooted in and distributed across the full range of built environment, regulatory, fiscal, and policy systems.

Yet the seeming neatness of the structure described above masks the real complexity of the CSP's work within and between each thematic component, and across the metros. Indeed, there has been considerable variation in the number, duration, and scale of projects pursued within the various components. The Core City Governance work, for example, consists of five sub-components coordinated by four different CSP team members. Moreover, the individual Component Leads work across different cities according to the local demand for specific expertise and support linked to particular projects.

CSP's component-based structure has enabled it to work according to a thematically coherent approach, and to address some of the core capabilities that need to exist within the urban governance system. Some of the thematic definitions of its components are admittedly broad, however. The Core City Governance Component, for example, addresses a wide range of issues, from city leadership skills to the capabilities required to deliver and manage large-scale infrastructure programmes. This broadness is not necessarily detrimental, but there are certainly other approaches available that could potentially be more effective as a way to drive intergovernmental reform. It is possible that CSP's work on financial and fiscal reform, for example, could be situated outside the Core City Governance Component as a distinct set of cross-cutting problems and transversal interventions.[21]

A second possible point of critique, related to the above, might hold that CSP has attempted to take on too many projects, or has tried to cover too much ground with its activities in a way that has not always been strategic. This is plausible, but a counter-argument would be that the scale of CSP's ambition has itself drawn attention to the Programme's key arguments, and has enabled its work to gain traction at multiple levels.[22] A third point of critique could be that while CSP's structure resonates with the core capabilities required by city governments and leaders, it does not necessarily match well with the structures and functions of the state — there are no single official departments responsible for climate resilience or economic development, for instance.

One could make the case for CSP's organizational approach as being good or bad. Undoubtedly there are tensions involved, which have been recognized by the CSP team.[23] Collectively, these lines of critique all signal wider questions concerning the challenges and appropriate design of city support and reform interventions. Leaving aside these questions of institutional structure and design for the moment, in the following section we attempt to explain CSP's overall strategic approach. We ask: how exactly has CSP envisaged the process by which urban spatial transformation can and should happen? What is the understanding of change that has underpinned its strategy?

Theory of Change

Chapter 2 described the emergence of the CSP as a connection, consolidation, refinement, and scaling-up of a range of existing interests and initiatives circulating within South Africa's urban governance space. As the CSP platform developed and matured in the months and years after its inception, some concerns about the coherence of its strategy and work programme gradually emerged (DPME 2018; Timm 2014). The programme management team responded by consolidating CSP's work into a more coherent 'theory of change'. This term describes a notion and practice that emerged out of the fields of programme planning and evaluation research in the United States in the mid-1990s, as researchers sought to explain the failure of complex initiatives to produce their intended outcomes as being a result of poorly articulated assumptions of how change should unfold over time (Anderson 2004; Stein and Valters 2012). Programme planners, researchers argued, had paid too little attention to the intermediate steps and changes necessary to produce intended long-term outcomes. A theory of change was therefore defined as 'a way to describe the set of assumptions that explain both the mini-steps that lead to the long-term goal of interest and the connections between programme activities and outcomes that occur at each step of the way' (Anderson 2004, p. 2).

Globally, institutions of all kinds, both public and private, have increasingly been asked to articulate their theory of change as a tool to enhance the evaluation and improvement of their performance. Jeremy Timm, CSP's Strategic Support Manager, who leads the Programme's processes of internal evaluation and systems development, explains CSP's pragmatic approach:

> We have taken a simple view of a theory of change, which is to think of it as a story — can we tell the story of what we want to see? Then, can we develop a programme that contributes to the change that we want to see?

Developing CSP's theory of change was in many ways a retrospective consolidation and rearticulation of the implicit assumptions that had shaped its strategic approach and work programme since its inception and establishment:

> Our theory of change is almost like our spine, in everything that we do. So, we talk about what we ultimately want to see: the reduction of urban poverty and inequal-

20 Interview with David Savage, Cape Town, 30 May 2018.

21 Interview with Nishendra Moodley, Cape Town, 4 July 2018.

22 Interview with Nishendra Moodley, Cape Town, 4 July 2018.

23 Interview with Nishendra Moodley, Cape Town, 4 July 2018.

> ity. In order to do that, we'd like to see our cities being inclusive, productive, and sustainable. In order for them to be inclusive, productive, and sustainable we need to see a change in the spatial structure of our cities. In order to get that right, our cities need to be well governed, in terms of leadership and capability and the way in which they partner with other stakeholders. And our inter-governmental system needs to enable that to happen and not stand in the way — particularly from a fiscal and financial point of view, as well as a policy point of view.[24]

24
Interview with Jeremy Timm, Pretoria, 22 May 2018.

Timm's pithy explanation presents the basic coordinates of CSP's theory of change, which is represented graphically in Figure 3.6. But several other key points are notable. A more specific set of strategic and practical imperatives cuts across all of CSP's work areas. The first relates to the development of a knowledge base. The argument goes that we need to know the 'lay of the land' with respect to urban governance reform — a better understanding of the current national and international context of urban change and good urban practice — before we can be confident about how to intervene. The second imperative is more strategic. CSP understands that it needs to conduct activities at both urban and intergovernmental (national and provincial) levels in order to deliver real improvements in governance and spatial transformation. More specifically, leadership and visioning issues are critical to unlocking and driving an agenda of urban spatial transformation, and for this to happen, city political and administrative leaders require special kinds of support. The third imperative is practical. CSP holds that the key to driving urban spatial transformation, and hence inclusive economic growth, is the planning and implementation of transit-oriented development (TOD). TOD can, in turn, be delivered through spatial development frameworks such as the Urban Network Strategy, and through particular instruments like the Built Environment Performance Plan (see Chapter 6).

The fourth imperative relates to CSP's strategy for policy reform. While the Programme aims to influence policy, it does so from a practice-led perspective. Rather than acting as a policy think tank or lobbying organization, dedicated to researching and drafting new policy documents and building political support across departments for their passage through government, CSP's main approach has been to gain political traction through the introduction of new practices. In part, this approach emerged from a realization that the capacity for policy to influence practice was being inhibited by a broader collapse in public sector management in South Africa. Yet there is also a specific intellectual agenda at work here. For CSP, better practice does not or should not necessarily follow policy in a simple linear way — with this approach, change would arguably take too long to appear, and in any case, new policies will never have the comprehensiveness or foresight to avoid producing unintended and harmful outcomes. Instead, CSP understands that wider policy change and support can flow from practical reforms and their effects 'on the ground' in terms of creating new precedents and building alliances of committed actors and institutions. It is through the introduction of specific tools and practices — like a new municipal infrastructure grant, a new kind of performance-based plan, or a tool for measuring the fiscal impacts of municipal investment decisions — that real change in the behaviour of municipalities can best be realized.

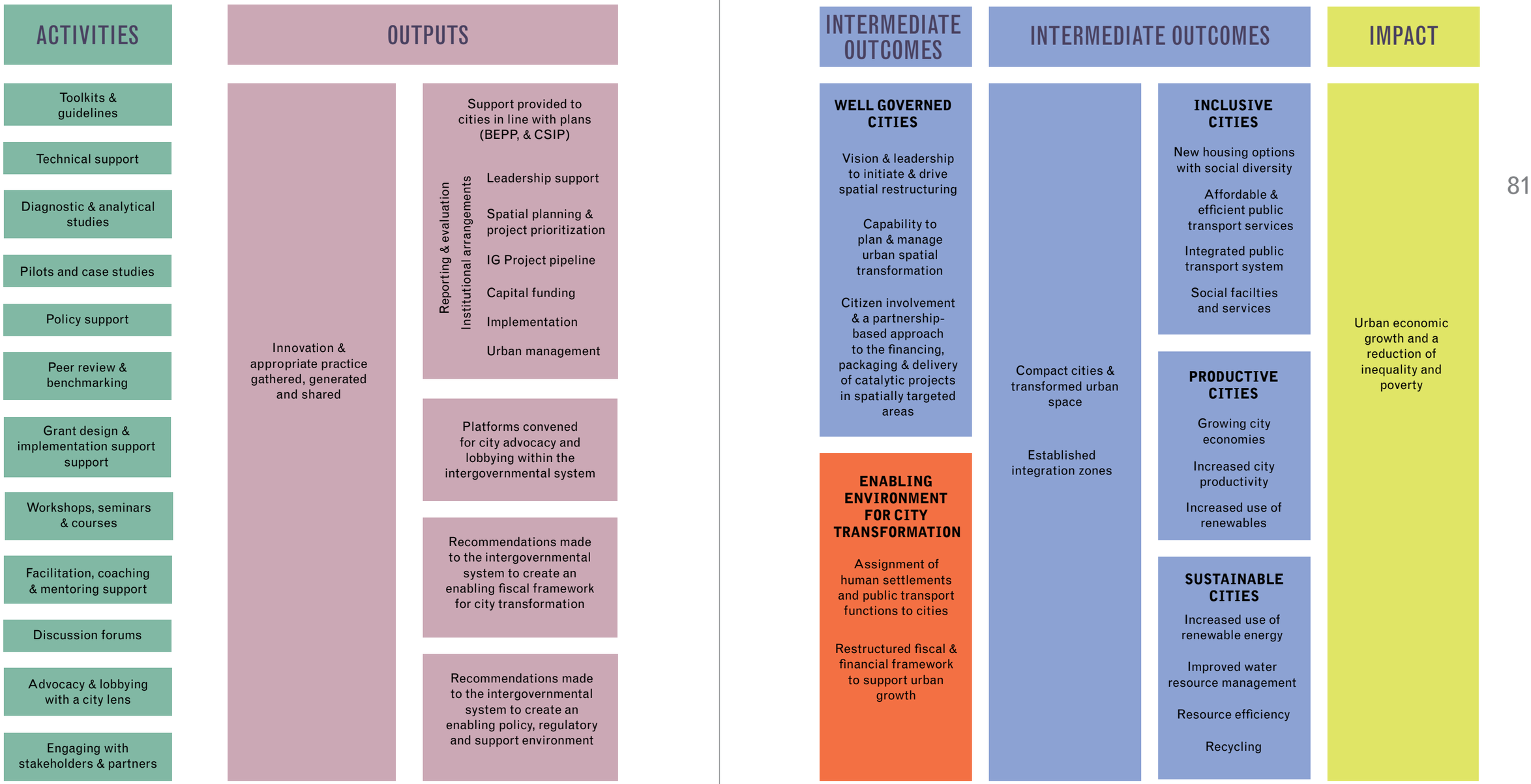
In sum, it is perhaps the manner in which CSP seeks to provide a platform for the interplay of activities and partnerships at multiple levels, and in various domains of governance — the systemic, practice-led nature of its activities — that sets its strategic and interventive approach apart from other city support and reform initiatives in South African history. Yet other specificities of this approach are defined by institutional loca-

eThekwini: Vistas of various typologies from informal to state provided and informal housing.

SYDELLE WILLOW SMITH

Figure 3.6: The CSP Theory of Change

(source: CSP, 2017



tion — in particular, the Programme's situation within South Africa's National Treasury. This institutional context is discussed below.

INSTITUTION

Institutionally, the CSP falls within the Intergovernmental Relations (IGR) Division of National Treasury, the division with primary responsibility for overseeing local government fiscal and related issues (see Figures 3.7 and 3.8). Rather than a permanent unit or directorate, CSP operates as a ring-fenced Programme Management Unit. The CSP Programme Manager reports to Malijeng Ngqaleni, the Deputy Director General (DDG) of the IGR Division. Appointed to this position in 2013, DDG Ngqaleni had already played a key role in conceiving of and establishing the CSP (see Chapter 4). As DDG, she assumed overall accountability for the Programme, overseeing and helping to determine its strategic direction within the broader strategic framework of the IGR Division and National Treasury. CSP works through IGR's Chief Directorate of Provincial and Local Government Infrastructure for matters of operational and financial management accountability. The CSP Programme Manager participates in senior management meetings within the IGR Division, but they are employed by contract, without the status of an official. They consequently require approval from a Chief Director or the IGR Deputy Director General for all financial and related accountability matters (DPME 2018).

Being housed within Treasury, closely aligned to the work of the IGR Division – both in terms of institutional reform and through the personal connection and support of the DDG – brings important benefits. It enables the CSP team to support existing Treasury functions, and to influence wider departmental processes of policy and fiscal reform. It also allows the team to draw upon the range and depth of specialist intellectual and technical capacity housed within Treasury.[25] Another benefit is more outward-facing. National Treasury's reputation and authority lends legitimacy and weight to the CSP, enabling its team to 'open doors' and engage with the metros more consistently and intensively than might have been the case otherwise.

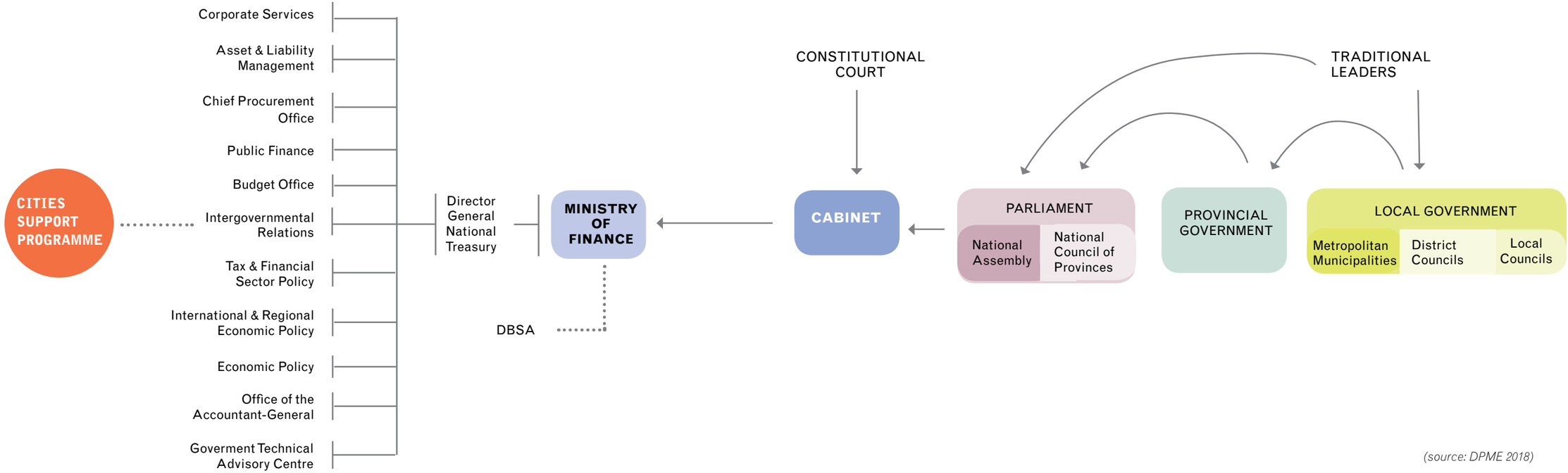
Yet, being situated within National Treasury also has its downsides — it can have the effect of making some governmental departments and stakeholders, who may be wary of the Treasury's perceived influence over policy and practice, reluctant to engage with CSP (DPME 2018). In certain official circles, Treasury has something of a reputation for the imperious enforcement of fiscal rules and regulations in relation to sector departments and other spheres of government. This has presented particular challenges to the CSP team, and they have consciously and actively tried, with varying degrees of success, to cultivate a different approach and attitude to their engagements: one that listens and responds to the experiences of sector and city officials, rather than simply enforcing compliance. As one CSP team member reflected, 'it was a lot of work to change perceptions, about who we are'.[26]

As the CSP occupies something of a 'liminal' institutional space within Treasury, it is not a formal, permanent unit like the other directorates comprising the IGR Division. As such, the concept of a 'platform' is perhaps its most appropriate descriptor. This concept

25 Interview with Andrew Donaldson, Cape Town, 5 June 2018.

26 Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

Figures 3.7 and 3.8: Institutional Location of the CSP in National Treasury



(source: DPME 2018)

signals how CSP was designed to drive changes within a wider systemic and governmental architecture, and to provide a basis for participation and cooperation between a broad range of government actors and institutions (National Treasury 2012). Rather than operating according to a predefined strategy and set of priorities, it seeks to provide space for contestation over what is more or less important in the domain of city support and governance reform. The notion of 'platform' also signals how CSP self-consciously sits in a dynamic governmental and political-economic context, allowing the strategies, partnerships, and activities deployed for city support to shift in relation to emerging events and trends. So, while CSP, as a kind of intergovernmental platform, is supported by a specific institution located within Treasury, comprising a particular set of individuals, it does not operate identically to other government units and directorates.

Certain benefits arise from these arrangements. CSP team members enjoy a rare degree of flexibility in their capacity to forge new partnerships and projects, without having to navigate conventional bureaucratic avenues. However, this may also create certain dynamics within the Treasury environment. CSP can sometimes be perceived as a group of relative 'outsiders'; one with suspiciously close relations to the World Bank (thereby potentially undermining a home-grown intellectual cadre) and claiming the credit of Treasury's work for themselves. CSP's institutional ambiguity also raises problems of identity and recognition. An external observer would likely find it difficult to pinpoint where exactly the CSP begins and ends, because as a platform its partnerships and networks extend well beyond its immediate team, and indeed well beyond National Treasury's headquarters on Church Square in Pretoria. As such, it can be difficult for observers to understand what exactly CSP is, what it does, and what its intentions are. Even if CSP might see itself as a platform for multi-governmental cooperation, many would simply regard it as a Treasury initiative, which again raises the points about reputation and perception outlined above. Such ambiguity also raises certain risks regarding the sustainability of reform efforts — will something arranged relatively 'loosely', like CSP, be able to achieve lasting institutional and behavioural change in the intergovernmental system? This remains an important question for future research to answer.

Sections 216(1) and (2) of the South African Constitution set out the National Treasury's mandate, calling for a public institution that enforces compliance with legislative prescriptions to ensure transparency and expenditure control in each sphere of government. Given Treasury's mandate, CSP's logic of why and how we should deliver better urban outcomes is, at root, a fiscal question. This applies in at least three ways. First, CSP operates with the assumption that we need to understand and shape the massive flows of capital through government, the private sector, and urban systems, if we are to effect real transformative change in our cities.[27] Second, CSP is committed to the view that reforming the fiscal environment in which city governments operate is a necessary (but not sufficient) condition to driving better urban performance. And third, CSP holds that better financial management within urban local governments, and better urban economic growth outcomes associated with the reduction of poverty and inequality, are a means to put cities on a more fiscally mature and sustainable path, and ultimately to increase the total quantum of the national fiscus while reducing the financial burden of capital transfers from national to local government. CSP aims to strengthen the capacity of the state, or more specifically, collaborative activity within the intergovernmental system, to deliver on high-level goals of socio-economic equality and to counter the socio-spatial imbalances of the past and present.

What does the CSP's strategic and programmatic approach represent, beyond a strictly economic logic of creating value? For one matter, it is a strategy that recognizes, and seeks to affirm, the fiscal, institutional, and political agency that South Africa's large urban municipalities hold to shape their own developmental pathways, and to influence the wider governance environment in which they operate. CSP is about supporting cities to perform, rather than dictating the terms of their actions. It is about making cities more capacitated and self-reliant. For another matter, CSP's approach signals a firm belief in the importance of technical capacity and competency as a keystone of urban governance and better kinds of urban development. Yet it also shows a keen awareness that simply enhancing technical capacity is insufficient by itself — better planning and project implementation, no matter how competent and efficient, will not by itself produce significant results in South African cities and the national economy. Technical interventions therefore have to be accompanied by, and framed within, real processes of systemic and structural reform. CSP holds no illusions that this is a straightforward or simple process. As one team member put it, 'CSP is not about good stories. It's about hard change. It's about changing systems'.[28] CSP thus brings a 'systems thinking' perspective to the whole question of urban governance reform in South Africa.

Arguably, the CSP's particular brand of strategic logic resembles a kind of 'radical incrementalism' — a conviction that while structural revolution is not the answer to the country's problems, neither will tinkering with the technical details of urban governance be sufficient (Pieterse 2008; Campbell and Cowan 2016). The CSP team maintains a fidelity to the promise of the South African post-apartheid democratic transition, yet refuses to elide past mistakes and deep systemic flaws that continue to reproduce unequal relations between peoples and places. They see radical socio-economic and spatial change in urban South Africa as an absolute imperative, but also as something that should unfold over time, in increments, according to evidence, analysis, and planning, through the provision of incentives, and the monitoring of performance.

TEAM

Midway through 2017, the CSP team consisted of a total of 14 staff members, comprising a programme manager, four programme management or administrative staff, and nine technical experts. The programme management and administration team handle the day-to-day project and financial management of the CSP, in addition to setting up operational systems and developing appropriate policies and procedures.

The CSP technical team consists of highly skilled and experienced professionals who are employed on time-based contracts. The technical team operates according to a matrix structure. Each of the CSP's thematic components has a 'Lead' who is responsible for structuring and implementing the projects within that component. Moreover, each Component Lead operates as a 'City Coordinator' for one of the eight metros, in the latter case being responsible for coordinating the delivery of supply and demand projects in that city, and for reporting on work progress. Some staff occupy specialized positions, like the City Component Lead, who provides strategic insight and direction as to how CSP should engage across the range of metros. Each metro, in turn, is expected to nominate their own coordinator from among their official ranks, who is then responsible for enabling the implementation of all CSP work programmes within their city. Originally, City Coordinators were intended to spend 60% of their time on direct implementation support to the metros, and 40% on engagements with national departments, although this proportion has varied greatly according to metro capacity and dynamics unfolding at the national level.

27
Interview with David Savage, Cape Town, 30 May 2018.

28
Interview with Michael Kihato, Pretoria, 14 June 2018.

It can be a challenge for CSP team members to balance the requirements of working at multiple levels: local and national, urban, and thematic. Some, however, see value in the matrix structure and mode of working:

> For me, it has been a very useful way of doing things, because you sometimes can get caught up in the national issues and the component work, without necessarily understanding how it lands, or what is required at the city level to make things work. So, there are trade-offs that need to be made, depending on what is important at that particular time and what you prioritize. But I think it has been useful to do both. The ambitions of the Programme, though, have now required that we need to consider focusing people's work a lot more. Nevertheless, when you do both the component and city work, you can see much more integration across different areas of work. It would be a bit more difficult if you just focused on a single component. Then you can — if you don't consciously try to avoid it — become part of that sector, and your work becomes much more siloed rather than integrative. I think the integration that is required at the city level allows you or makes you open to the fact that even at the component level there needs to be that integration happening. I think that across the Programme there are some projects that try to do that, like the work on the Built Environment Performance Plans. That work brings the human settlement and transport issues into it. I think then, in that way, the components are able to ensure that integration is happening. So, I think it may not be so problematic. We need to constantly be doing those kinds of things to enable integration to happen, not just at city level, but at the national level as well.[29]

In retrospect, the model of allocating one CSP technical team member per metro has had significant benefits for the coordination of projects and for ensuring that a single point of contact exists between the Programme and the metro governments (DPME 2018). The City Coordinators fulfil a vital function, grounding the CSP with a capacity to understand and act in alignment with the institutional culture found in each metro. One CSP team member highlighted the critical role played by the City Coordinators:

> I think without the City Coordinators there wouldn't be a CSP. They are the direct link into the service for us. But very often they are also the agent through which the municipalities have access to Treasury, because they can ask, 'who do I speak to, who can help me with the problem that I have?' Of course, lately as we move more into the space of linking up with national departments like Transport and Human Settlements, the CSP City Coordinator is again the link between those departments and the city. [30]

The work is difficult and demanding. The Coordinators have to hit constantly moving targets. Some metros have more of an appetite for CSP's involvement and activities than others. Each metro can have its own 'DNA' that determines its priorities, and how officials act and respond to support activities. The situation is not made easier by the internal political churn that affects many local governments, particularly in the context of the political factionalism that has gripped South Africa over the past decade. These dynamics demand that a City Coordinator keep their ear close to the ground, constantly engaging with their designated metro as a means to refine their strategies and working relationships. As the City Component Lead explains:

29
Interview with Samantha Naidu, Pretoria, 21 May 2018.

30
Interview with Suzette Pretorius, Pretoria, 22 May 2018.

> We work with a logic of differentiation where we keep checking the metros, bringing them back and saying, 'how are you responding, how are you engaging with this?'[31]

When the progress of work in a metro stagnates, or if the relationship is not deemed to be working, the team can shuffle Coordinators between different cities, with the hope that a 'new face' might lead to collaborative advantages. Otherwise, being a City Coordinator entails a long, hard process of patient pushing, and hoping that things will eventually 'click into place'. Sometimes, cities that have been the strongest partners might change a few key leaders and officials, and 'disappear into the woods'. At other times, things do gel, and the uptake from a metro is surprising. Mangaung, the metropolitan municipality that oversees the city of Bloemfontein, and that has experienced significant political and institutional turmoil over the past decade, is one example:

> Then you get Mangaung, internally bitten up by itself. On one hand they are screaming for help but you are not sure whether they even have the strength or the energy to pick it up when it comes because they are so bitten up inside. So, you have a City Coordinator who works with them and pushes and gets them around the table and helps them. All of a sudden, they emerge like one of the biggest metros in terms of how they pick up support and how they, by themselves, are able to stand.[32]

Others cities trudge on despite facing profound local political challenges:

> You have Cape Town that, even though it goes through turbulence, is still flying the kite. Then you have eThekwini, similarly going through their own turbulence, but they are still flying high. They're flying the kite. So, you have those kinds of oases of hope.[33]

The City Coordinators do not simply dictate to the metros. Their role calls for constant interaction and a process of mutual learning. Nhlanhla Mncwango, who also acts as City Coordinator for eThekwini Municipality, explains:

> When it comes to leadership on the reforms, the metros put solutions on the table. So, they also drive the direction of the reform process and help, if you like, to keep us in check. eThekwini keeps me in check, with my eye on the goal — what was the main reason that we created CSP? They feel like they were part of the reason why CSP was created.[34]

CSP has been consciously and explicitly designed with an institutional model comprising a small, core team that draws upon the contracted services of external (that is, non-governmental) professionals to deliver its projects. External consultants are procured through various means. For example, groups of consultants, arranged in various 'tiers' based on their experience and performance records, are registered on a GTAC database and can be specifically approached to bid for a certain project, rather than going through an open procurement process.

This 'outsourced model' brings certain benefits. It limits the total fixed cost of the Programme. Moreover, it enables a high degree of flexibility and responsiveness, as CSP can rapidly deploy local and international expertise according to demand emerging within the

31
Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

32
Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

33
Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

34
Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

metros and the intergovernmental system. To work effectively, the model demands an efficient procurement process, as well as access to databases of consulting professionals and firms. It calls, moreover, for a robust management system to ensure that resources are optimally utilized, and to track the delivery of outputs and outcomes (DPME 2018).

The CSP operates as a dispersed team. Staff live and work across different South African cities, without dedicated office space of their own within National Treasury. The team holds a 'home week' once a month, where all members gather in Pretoria, and further organizes engagements with the Programme's implementation partners once a quarter. During 'home week' meetings, CSP staff update one another on work progress, discuss new developments, workshop new topics, and take collective decisions on important matters.[35] On a more strategic level, in order to promote better coordination of the dispersed technical team, the CSP's programme management team introduced new internal reporting structures and systems as a means to incorporate evaluation and feedback practices into its own work — a dynamic of self-assessment that is discussed in more detail later in this chapter.

A recent mid-term evaluation of the CSP, conducted by the Department of Planning, Monitoring, and Evaluation (DPME 2018) in the South African Presidency, found that CSP's programme structure has been relatively efficient in assisting the Programme to meet its goals so far. It enables high-level technical expertise to be deployed in a strategic and flexible manner. Using an 'outsourced' or 'contracted resourcing' model enables the CSP to procure specialist skills in a way not generally possible within a public service context. Technical consultants who have undertaken work for the CSP, for their part, feel that the model enables them to access policy and political influence in government, with the backing and 'clout' of the Treasury in their corner, while allowing them to retain a degree of critical independence from the normal disciplines of public service. Notwithstanding these advantages, the CSP technical team is small, with each member carrying a complex and heavy workload. Team members have found it highly demanding to balance the requirements of both leading a thematic component and coordinating CSP's activities in their assigned metro. Equal attention cannot be given to all matters, and occasionally this can strain the team's working relationships with civil society groups, the metros, or other government actors and institutions. Moreover, the 'outsourced model' renders CSP more reliant on securing external support through various partnerships (DPME 2018). In the following section, we focus on the nature of these partnerships, and their role within the CSP's wider strategic agenda.

35
Interview with Suzette Pretorius, Pretoria, 22 May 2018.

PARTNERSHIPS

Partnering is central to the logic and modalities of the CSP. Partnerships can take different forms: some are of a personal nature, while others are more formal and institutional. At an individual level, members of the CSP core technical team have been led to engage and mobilize other professionals around themselves — building teams of people with better specialist skills and knowledge than they personally hold — to help drive aspects of their work programme. This has not simply been a product of circumstance, or a merely pragmatic response to the scale of the workload facing the technical team. Rather, it has been a conscious strategic approach. As David Savage, CSP Programme Manager, puts it:

> We have actively encouraged that initiative... We have said, 'you are not heroes. You are Coordinators and what you have to do is have a strategic sense around what is important as opposed to what is just participating in the noise... We acknowledge that sometimes you have to participate in the noise, but focus also on making sure the important stuff happens, and getting the support you need to do that'. So, some Coordinators have developed these deep, hidden reservoirs of people behind them, and they have actively built those.[36]

Building and maintaining these kinds of individual partnerships and networks have been critical for the coordinators to get their work 'to scale'.

Implementation partnerships

Other key CSP partnerships have been more institutional and formal. The logic of institutional partnering was built into the Programme's DNA from the start. CSP's original framework document, published in 2012, put it clearly: 'The CSP will seek to actively cultivate working relationships with other public agencies... Partnerships will take the form of formal framework contracts for programme implementation and MoUs for complementary and ancillary activities' (National Treasury 2012, p. 34). Since then, three key implementation partnerships have been forged: with the Development Bank of Southern Africa (DBSA), the World Bank, and the National Treasury's Government Technical Assistance Centre (GTAC) (see Table 3.2).

Table 3.2: The Nature and Role of CSP's Implementation Partnerships

PARTNER	ROLE	COMPETENCE
Development Bank of Southern Africa	• Programme management and administration • Procurement of service • Provision of technical support • Housed CSP between 2012 and 2014	DBSA is a key support partner with a specific focus on infrastructure delivery, project and programme preparation, and strategic alignment around climate response
World Bank	• Provision of technical expertise • Fund mobilisation • Procurement of service providers	The Bank supports CSP through a Reimbursable Advisory Services programme[37] (2012 to 2016), and by providing expertise across a number of CSP components
Government Technical Assistance Centre	• Procurement of service providers • Provision of technical support	GTAC assists CSP through project management support and through CSP's partnership in the Economies of Regions Learning Network (ERLN), GTAC's research arm focusing on subnational economic development

36
Interview with David Savage, Cape Town, 30 May 2018.

37
'RAS are programmes offered by the World Bank to its clients in middle and high-income countries. Unlike lending products, RAS is an instrument developed to deliver specific assistance to eligible clients requiring services that cannot be fully funded from the Bank's country programme. Under RAS programmes, the World Bank works with countries at their request, providing technical advice, analytical services, and implementation support. The Bank is then reimbursed for the costs of delivering these advisory services. Services are flexible and easily adapted to meet country needs, and can take many forms, including the following: policy advice; analytical and diagnostic work; donor aid coordination; impact evaluation; programme implementation support; delivery of training; knowledge sharing and peer learning.' See http://www.worldbank.org/en/region/eca/brief/reimbursable-advisory-services, accessed 6 September 2018.

The core rationale of these implementation partnerships is threefold. First, to limit the costs required for the administration and staffing of the Programme. Second, to leverage existing systems and processes, such as those for the procurement of technical advice and expertise. And third, to enable the rapid mobilization and deployment of service providers according to demand, as it arises in time and place (DPME 2018). Forging these partnerships has allowed CSP, as a relatively young government programme with limited organizational structures and support systems of its own, to mobilize resources and deploy support more effectively and timeously than would otherwise have been possible.

Strategic partnerships

The CSP is one of a multiplicity of organizations and initiatives operating within the South African urban policy and governance space. In order to avoid contributing to a complex of uncoordinated initiatives and overlapping mandates, which might lead to a sense of confusion and frustration among the metros, CSP has actively tried to understand who else operates within this context, and to create opportunities to complement and partner with them where appropriate. One key strategic partner is the South African Cities Network (SACN). Established in 2002, SACN is a network of large South African cities and other partners that facilitate the exchange of information, experience, and best practices on urban development and city management. Set up to encourage a sense of cooperation rather than competition between the country's cities, SACN provides a platform from which to define and investigate specialist focus areas on urban questions, and to progressively advance national urban debates through key outputs like the State of the Cities Reports. The SACN was an early forerunner in making the argument that cities deserve special government attention in the face of the strong anti-urban or rural development lobby that came to dominate South African government circles and developmental strategy after 1994.[38] In many respects, the political traction that CSP has been able to gain on urban reform issues has emerged on the back of SACN's activities, which themselves formed a critical part of a longer twenty-year history of lobbying for a space in which city governments can contribute to national questions of policy, budgeting, and strategy.

SACN's objectives and activities align closely with those of CSP — so what do these two institutions do differently? What is their respective 'value add'? Andrew Boraine, who played a key role in establishing SACN, explains his understanding of the difference as follows:

> The South African Cities Network is basically owned by the cities, paid for by the cities, and tries to lobby upwards effectively while sharing knowledge horizontally. That is its role. It is a learning network first, and a kind of lobby group second. We never set up the Cities Network to try to lobby policy because that was too sensitive, but it was about how cities learn from each other: sharing best practice, cooperating, and things like that... organizing mayor-to-mayor peer review and peer exchanges, and so on. CSP, as I understand it, is a much more targeted intervention, or set of interventions — more strategic. It is more top-down, although I think it has evolved to work with cities rather than to parachute in. And it is hugely significant. In the global context, I haven't come across many federal or national governments that have had treasury departments supporting cities so directly. It doesn't happen in most countries. There is often a disdain... cities, you know, are seen as subordinate.[39]

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Interview with Andrew Boraine, Cape Town, 25 May 2018.

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Interview with Andrew Boraine, Cape Town, 25 May 2018.

The South African Local Government Association (SALGA) is another important strategic partner. SALGA is an official body, holding a constitutional mandate to oversee the activities of local government. It works to provide advice and support to municipal officials, including through the exchange of knowledge. More generally, SALGA enforces the rights of the local government sector and lobbies for systemic reforms in the interests of that sector. SALGA has been particularly engaged with CSP through the work undertaken in the Core City Governance Component. However, as SALGA represents all local governments — urban and rural — it is possible that within the Association there exists some suspicion of the urban agenda espoused by CSP, and the argument that large cities deserve special kinds of attention and support from national government.

There remains room for the strengthening of CSP's relationships with organizations like SACN and SALGA, and for the further integration of their respective work agendas and programmes. At present, it is possible that some overlaps exist in the functions performed by these institutions (DPME 2018). This may not necessarily be negative, considering the scale of efforts required to share knowledge and drive real and effective urban governance reform in South Africa. Yet institutional alignment remains a critical challenge to be considered in the future.

LEARNING

Over the years, the CSP team has been forced to learn from and adapt with the challenges it has encountered. This chapter has pointed to some of the key lessons learnt during that time: that operating from an institutional base in Treasury has pros and cons; likewise, that working with an 'outsourced' model can be both beneficial and problematic in some respects. CSP has had to adjust and refine itself on the move, and the team has consciously sought to learn from and respond to emerging experiences. This applies equally to how CSP perceives the work that it does, and how it strategizes and manages that work. Jeremy Timm, the CSP Strategic Support Manager, describes how the logic of self-evaluation and reflexivity was built into the ideology and basic design of the Programme:

> One of the strange things about many government programmes is that they don't get evaluated. They start, they stop, and they get reincarnated... With the CSP, we took a deliberate approach, which was that we want to be observed, commented on, and evaluated as much as possible. So, we have done a number of things. We started off in about 2004 — there was an internal evaluation of sorts, which was just looking at key issues for the benefit of the team itself. So, where are some of the pressure points? How can we improve them? And, on the basis of that, some recommendations came through, and the Programme adjusted in that way.[40]

Some examples of key evaluation processes included an internal audit of CSP undertaken by National Treasury. Then a team from the World Bank performed a review of the RAS mechanism that CSP holds with the Bank. More recently, in 2017 and 2018, a significant mid-term evaluation was run through the DPME (2018). Timm describes the latter process:

> We actually joined the evaluation community at DPME and offered our Programme as part of their national evaluation system, and that has just been completed. It was a long, exhaustive, and very useful process, which has come up with some

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Interview with Jeremy Timm, Pretoria, 22 May 2018.

> recommendations. Those recommendations have informed the design of the second phase of CSP and will also go into the Cabinet system. The improvements highlighted in that evaluation then get tracked on a six-monthly basis, for two years. So, we have sent progress reports back to DPME on how we've attended to the recommendations and the improvement plan that came out of that process.[41]

Timm is clear about the importance of evaluation to the effective functioning and management of CSP:

> I would say that it has helped us to be contextually relevant and agile. There is always a tension between programmatic rigour and agility to context. We have played both those sides in the CSP, to varying degrees of success, but we have been agile enough to be able to adjust our programmatic structures and systems to respond to those findings. We are not perfect, by any means. The evaluation highlighted some internal systemic improvements we can make, which are being addressed now. So, yes, we see evaluation as feedback enabling us to improve constantly.[42]

The weight that the CSP team places on documenting, evaluating, and adjusting signals their commitment to creating a 'learning organization'. They seek to create an institutional space that is adaptive and responsive to problems as they emerge and change. While one observer sees this approach as admirable, they point to the possibility that CSP might help other organizations, including city governments, to become more competent and efficient learners on their own terms:

> From aid agencies down to cities, the one question that comes across consistently is, 'are you a learning organization?' And not just learning for the sake of doing a book on CSP at the end of seven years... but learning by doing on the job. So, reflecting every month on what has been learned. Does that learning lead to adjusting your strategy every month? Because if it doesn't, then you are not learning. So, how flexible are you able to be? And so, the question I would pose to CSP is: do you want to be not just an intermediary organization and a translation service — and those are all good things — but do you want to go one step further?... I think if CSP want to really take themselves seriously as a learning organization and, by doing so, encourage cities to become learning organizations and to promote relational learning and co-learning — learning together — that is a whole new ball game. They really have to understand what that means because it means doing things in quite different ways, and I don't know whether someone or a group associated with Treasury can ever do that.[43]

CONCLUSION

This chapter has set out some of the basic institutional and strategic elements of the CSP. It is an innovative initiative whose activities have been shaped by the changing historical and institutional environment in which it has emerged and operated. It has sought to be reflexive and adaptive when engaging with constantly shifting targets and problems of governance and urban development. Moreover, it has aimed to provide an appropriate institutional architecture, and to introduce new governance practices, in order to drive systemic changes. These points define the CSP's status as an intergovernmental platform for processes of debate, cooperation, and implementation surrounding city support and urban governance reform. The question to which we briefly return in the book's Conclusion is whether this kind of platform constitutes an approach to reform that is contextually relevant and impactful, capable of delivering lasting and effective institutional change.

The description given in this chapter may give the impression that CSP was an entity designed 'from scratch', according to a neat blueprint. In reality, the Programme arose from and within a range of historical trends and debates, as discussed in Chapter 2. Moreover, it has itself evolved as a concept and institution. In the following chapter, we consider in greater detail how CSP emerged from a longer history of National Treasury interest in issues of municipal financial reform and city support.

41 Interview with Jeremy Timm, Pretoria, 22 May 2018.

42 Interview with Jeremy Timm, Pretoria, 22 May 2018.

43 Interview 1.

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GUTO BUSSAB

CHAPTER 4
EVOLUTION OF THE CSP

While the previous chapter outlined CSP's overall focus, institutional structure, strategy, and mode of working, this chapter describes the emergence and evolution of the Programme, focusing on the dynamics within national government, and National Treasury in particular, that have shaped its inception and implementation. We have attempted to let the CSP team members and Treasury officials tell this 'story' for themselves; as such, we rely extensively on direct quotations to weave together the CSP's narrative.

Looking back in time, the CSP's history can be described according to several overlapping periods or stages. The period before and including 2010 saw the development of the CSP **concept** by a small Treasury team interested in urban finance and development issues. This team comprised key individuals like Malijeng Ngqaleni, David Savage, and Nhlanhla Mncwango. From 2011 to 2012, the CSP was **defined** in greater detail, with its basic institutional parameters established. More detailed programmatic **planning** took place between 2012 and 2014. CSP shifted into full **implementation** mode in mid-2014. Together, these stages constituted Phase 1 of the CSP, which came to an end midway through 2018. Soon afterwards, CSP secured official approval for its second seven-year phase, referred to as 'CSP 2'.

The following sections describe each stage of CSP's evolution. We begin with the period before 2010, a time of discussion and debate within Treasury over the most appropriate means to structure an intergovernmental fiscal framework to realize South Africa's 'urban dividend'. These debates were formative of the CSP, shaping the ways in which Treasury officials conceived of national problems of urban governance and development, and delimiting the kinds of practical and institutional responses that they might pose to those problems.

CONCEPTUALIZATION (BEFORE 2010)

The concept that would come to underpin the CSP emerged through two main 'strands' of debate and influence. The first strand was the evolving fiscal agenda of the National Treasury, particularly in relation to municipal finance, unfolding in the post-2000 era. The key impetus here was a series of debates within Treasury over the desirability of 'differentiating' the intergovernmental system for grant distribution. The second strand was more international in scope, drawing in particular from a longer history of World Bank

City of Johannesburg: High density social housing development

involvement in South African fiscal reform. In the following section, we focus on the first domain: the discussions within Treasury that ultimately gave rise to a differentiated approach to local government grant management; an approach that called attention to the specific needs of large cities with respect to financing and support.

National Treasury and the differentiation agenda

CSP emerged from the efforts and interactions of a particular group of committed people working within, or associated with, National Treasury, including Malijeng Ngqaleni, David Savage, and Nhlanhla Mncwango. Trained as an agricultural economist before joining Treasury in the 1990s, Malijeng Ngqaleni is now (as Deputy Director General of the Intergovernmental Relations Division) the principal Treasury official overseeing the strategic direction of CSP. David Savage, who would later become CSP Programme Manager, was hired by Treasury as a municipal finance expert in 1999. The story presented in this section draws largely on the memories and perspectives of Nhlanhla Mncwango, now the CSP Lead City Coordinator. Having joined Treasury's IGR Division as a young official in the early 2000s, Mncwango's career has closely followed the kinds of discussions and debates that ultimately gave rise to the CSP. As such, her reflections offer an ideal entry point to uncovering the thinking that underpinned the rise and evolution of the Programme. She begins by recounting her contributions to evolving Treasury discussions around the need to differentiate the intergovernmental grants system:

> I joined Treasury in 2004. At that stage, the only interface Treasury had with local government was through the Municipal Finance Management Act (MFMA), which was being implemented from about 2003, and we had a lot of advisors who were helping to set that up, particularly within the 17 non-delegated municipalities.[44] My role was to understand what else Treasury could do in the municipalities, in general. What we did was analyse budgets, particularly the capital budgets for infrastructure, and we started to discover that a large share of the budgets was being spent by the metropolitan municipalities, in particular. At that time there were only six metros.
>
> We started taking an interest in understanding how that plays itself out, particularly because we had just implemented the Municipal Infrastructure Grant (MIG) in 2004. So, part of my initial role was to look at how the MIG was to be implemented according to the Division of Revenue Act, and to help the then Department of Provincial and Local Government (DPLG) to set up the main office for the distribution and disbursement of their grant. There was a lot of 'tug-of-war' between the Department of Cooperative Governance and Traditional Affairs (COGTA) and some other departments, particularly Water Affairs, because the grant — the biggest chunk of the grant — had been taken away from Water Affairs, and consolidated into COGTA.[45]

Consolidation of the grants, however, raised concerns about the efficacy of a one-size-fits-all approach:

> Previously we had had a variety of separate grants, and now we had just put them all into one big pot, under the administration of COGTA. But through that process we started discovering and understanding that the geographic spaces within which the MIG was landing were different themselves, and had to be treated quite differently from how we had thought before. So, maybe a water-specific grant was good, but only for certain municipalities.[46]

Treasury officials started to take more of an interest in the needs and challenges facing different South African municipalities. Nhlanhla Mncwango describes how this gradually evolved into thinking around the need for a differentiated approach to municipal financing:

> In around 2006, Treasury ran a huge research project looking at understanding the nature of municipalities, the nature of the challenges they faced, and where there was an opportunity to start to differentiate them according to their sizes and according to their problems. So, we found a few things. In terms of the problems, we found that the metros and some of the big cities faced major problems with informal settlements and the backlogs associated with those places — water, sanitation, and electricity. But when you looked at towns and smaller municipalities, some of which were mining towns, there was a different set of challenges, like maintenance backlogs.
>
> The question that started coming through was, 'how do we deal with this challenge in terms of the distribution of grants?' Is the right response to engage with them? So, we started having focused discussions with the six metros as well as the other larger cities like Polokwane, Mbombela, Rustenburg, Kimberley, Buffalo City, Msunduzi, and Mangaung. As we engaged with them, it started becoming clearer that we needed to treat them with some form of differentiation.[47]

The question was now one of how to take forward a differentiated approach in practice. Treasury officials were starting to engage proactively with the metros and larger cities, but this was not so simple a matter. There was a sense of mistrust on the part of local officials, as well as within Treasury itself:

> At first, local officials were shocked to have been engaged by Treasury in a much more enquiring and collegial manner. We were both learning from each other. They only knew Treasury to come to strike them when there was an issue through the MFMA, or budget cuts, or a withdrawal of disbursements, and so on. We had an arrangement — they reacted as if to say, 'are you sure you're from Treasury?'. We started establishing a very good relationship with the metros. There was now a two-faced Treasury. There was a regulatory, very hard-lined Treasury, and then this mellow, inquisitive version, just learning to know the cities and asking, 'how can we help you? How can you help us to understand you, so that we can help you?'.
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> So, around 2008, we started pushing at the national level, because now we had a two-pronged battle, basically. On one hand, the battle was to get the municipalities themselves to understand that we were willing to work with them. It was a shock for them. It took a couple of years for them to fully relax when we were there. The first time we said 'Treasury', you know, people would just sit up immediately, and we were preparing for answers that said they were compliant with what we wanted. So, it took us a while to establish that relationship.

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Non-delegated municipalities comprised the eight metros, nine secondary cities, and one district with which Treasury had established formal institutionalized engagements. All other municipalities have been delegated to the respective provincial treasuries in executing this monitoring and oversight role.

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Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

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Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

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Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

> On the other hand, we needed to now shock the national system, to begin to introduce the notion that we have to differentiate, even on the MIG. The fact was that we had just introduced the MIG in 2004. But in 2008 we were saying that we needed to differentiate, even in the way that we were disbursing the MIG. Other people were saying to us, 'you guys are mad. You've been pushing so hard for grant consolidation, and now you are pushing for proliferation?'. And we did ask ourselves, 'are we thinking straight?'. But we thought: 'we have worked with the metros. It has taken us about three years to work with them'. So, then it started — huge fights started at the national level. There was drama upon drama, even within Treasury.[48]

The debates and disagreements within Treasury occasionally involved Public Finance and Intergovernmental Relations (IGR) officials. There was some suspicion over the new fiscal reform agenda emerging from within the IGR Division. Moreover, the issue of precisely where an urban-focused support and reform agenda should sit within the wider institutional architecture of Treasury was a contested one.[49] Yet the major battles were those fought outside Treasury offices, as Nhlanhla Mncwango remembers:

> We believed that we needed some form of an urban development grant, because there was an urban agenda there, and we needed to pursue the unique issues that cities were grappling with. It was intense. We were in Parliament introducing the plans for differentiation, and I remember making those presentations to the clusters, nationally, and then going back to convince the municipalities, saying, 'we're fighting this battle'.
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> So, on one hand they had a battle, but it wasn't open and fought openly, particularly with the metros. Meanwhile, eThekwini was becoming strongly vocal about these things and was saying, 'we want national government to understand us'. We were saying, 'we understand you'. Well, now we needed to join forces to go and introduce this idea, and convince everyone of this whole agenda.[50]

By this time, Mncwango and a small group of officials within Treasury were becoming the flag-bearers of this new reform agenda. Yet it was unclear what form this agenda should take in practice. The way it was first articulated, in terms of the question of grant distribution, was in the form of a MIG-Cities programme, envisaged as a grant applicable only to the metros. It was, moreover, to take the form of an urban development grant to be used largely at the discretion of local officials; in other words, its distribution would not be directly conditional on particular kinds of sectoral interventions. MIG-Cities was eventually introduced in 2007 (see Chapter 2). Mncwango describes the logic of the programme, and some early experiences arising from its implementation:

> We were working with COGTA. They understood us, but we were managing MIG-Cities from Treasury. All they did was disburse the charges, but we were setting up the policy framework for it, how it would work, and COGTA were feeling relaxed about it. And the cities were thrilled, because the Grant wasn't about pursuing the individual sector issues. We were saying, 'this is an overall urban infrastructure grant that you can utilize at your own discretion, depending on the key issues that you are facing'. In Ekurhuleni, at that time, the biggest issue was around roads. In other metros, it was water. So, they could utilize the Grant according to what was required in each space. Whereas, if you looked at the original MIG, that largely said, 'you can disburse about 50% to water and sanitation, and then you can see how to distribute the rest'. So now, it was at the discretion of a municipality as to how to disburse that portion. But we could not rest because the battle was not concluded. We just said, 'let's hold this space, for now, in this web'.[51]

The reformers within Treasury realized that a crucial aspect of winning this 'battle' was to create a space for cities to utilize their own agency, and to argue effectively for their interests. They started to consider the need for a city-focused advocacy and lobbying platform:

> In 2008, we considered establishing a City Budget Forum because there was a need for a forum to bring the cities into national conversations around budgets... Previously, we would engage with provinces, through the provincial treasuries. We had the budget councils and budget forums. We would engage at a national level, but there was no forum to pull in the cities and municipalities. They just received their share when the division of revenue was concluded. So, we thought, 'look, let's establish something called a City Budget Forum, where we bring together the City Managers, the Chief Financial Officers, and the various heads of infrastructure services'. Then, while we were working through the system we thought, 'let's bring the planners into the room'. So, we brought in the planners too. It started growing and became a platform within which the metros could express their issues and their challenges, and that is where we created a framework for developing the Built Environment Performance Plans.[52]

While this targeted and differentiated approach to the grant system was taking shape, the notion of launching a dedicated national support programme for larger urban municipalities was also gaining traction within Treasury. Officials mulled over the prospects of launching a municipal infrastructure delivery support programme for larger cities, along the lines of the Infrastructure Delivery Improvement Programme that had been available to provincial governments from 2004. As we will see below, these ideas ultimately morphed into a proposal for a Large Cities Support Programme, a forerunner of the CSP concept.

In time, the energy behind the MIG-Cities programme shifted to the creation and implementation of the Urban Settlements Development Grant (USDG).[53] The latter was introduced in 2011, replacing MIG-Cities (see Chapter 2). The USDG would become a key component of the CSP's strategic agenda to improve municipal performance by linking grant disbursements to a spatially-targeted plan in the form of the Built Environment Performance Plan (see Chapter 6).

The debates around grant differentiation that took shape within Treasury were possibly a first in the South African government context.[54] In sum, and as outlined above, these debates centred on two key questions. The first was how government should differentiate between municipalities based on their existing levels of capability. Indeed, by 2006 the Siyenza Manje programme — designed to provide 'hands on' support by deploying technical experts to low-capacity municipalities — had already started to identify and address some of these specific capacity challenges (see Chapter 2). The second question was how to disburse grant funding in order to best respond to the various challenges faced

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Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

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Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

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Interview with Sharon Lewis, Pretoria, 15 November 2018.

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Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

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Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

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Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

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Interview with Malijeng Ngqaleni, Pretoria, 15 November 2018.

by local governments. These challenges related to the agenda of social development, through addressing service delivery backlogs, as well as to that of promoting urban and national economic growth. As such, Treasury interest in an 'urban agenda' — a recognition of the specific challenges and potentials exemplified by South Africa's large urban areas — emerged not from an ideological attachment to an 'urban bias', and a concomitant neglect of rural development (Bates 1981; Lipton 1977), but rather from a desire to optimize Treasury engagement and support across the entire local government sector. What is important to note is that the CSP's particular agenda and work programme emerged at the confluence of these different flows of ideas within Treasury and national government more broadly. Yet it was also influenced by Treasury's particular engagements and relationships with international institutions, which is the subject of the following section.

Engagement with international partners

Aside from the debates and thinking that evolved within Treasury prior to 2010, a second key set of influences giving shape to the CSP 'concept' came from external sources, notably international development agencies working in the domain of government support. In particular, the World Bank has had significant influence on CSP's strategic and practical agenda. This influence has largely been felt in the realm of technical and analytical capacity rather than through the imposition of any crude development ideology. In many cases, the Bank has been able to provide high-quality expertise on global best practice for intergovernmental fiscal management, including fiscal transfer systems, infrastructure financing, property market analysis, and a range of other critical governance issues.

As briefly mentioned in Chapter 2, the Bank's involvement in the definition of the South African intergovernmental fiscal framework reaches back to the early 1990s. Often the quality of the technical advisory services provided by the Bank's foreign consultants was of a world-class standard. They brought international scope and experience to the emerging discussions around South African urban fiscal policy (Van Ryneveld 2006). In the context of the CSP, the person who was the primary inheritor of that knowledge has been David Savage.[55]

David Savage joined the World Bank in 2003, having worked in National Treasury since the late 1990s where, as the Director of Municipal Infrastructure Finance, he had responsibilities including acting as the Treasury interface with Johannesburg while the City's *Egoli 2002* plan was in preparation. Savage was appointed as a Senior Institutional Development Specialist for the Bank's Water and Sanitation Programme based in New Delhi, India. There he worked with Junaid Ahmad, a Bangladeshi economist who, since the early 1990s, had helped develop the Bank's approach to infrastructure development in Africa and Europe, and who had also spent some time working in South Africa. Later, Savage was part of the team that helped to design and implement the Bangladesh Local Governance Support Programme between 2006 and 2012. From 2007, he returned to South Africa, working as an independent public policy consultant, specializing in public finance issues. He operated in close collaboration with Treasury officials, a great deal of whom he knew from his previous stint in Pretoria, and was involved in many of the discussions surrounding local government fiscal reform outlined above. Savage brought with him a degree of international experience with local government support programmes. He also brought a certain perspective on how South Africa should go about addressing its municipal and infrastructural finance issues.

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Interview with Crispian Olver, Cape Town, 28 September 2018.

The World Bank's interest in being involved in the South African city support space emerged in part from these kinds of personal connections and relationships.[56] Aside from Savage, Roland White is a South African and former Treasury official who subsequently joined the Bank, and who currently leads its global work on city management, finance, and governance. Through these connections, the Bank maintained a keen interest in South African urban policy issues, while Treasury kept a longstanding relationship with the Bank in the realm of technical advice.

However, it would be a mistake to reduce the emergence of the CSP simply to a series of personal connections linking Treasury and Bank officials, and to the influence of the latter. Rather, the World Bank-National Treasury relationship that has given rise to the CSP was the product of a pragmatic demand from Treasury officials to access global expertise in the fields of city support and urban governance reform. Simply put, the Bank was able to provide the kinds of expertise that Treasury required, in a way that other organizations and agencies were not. That pragmatic assessment and decision has had important implications. The CSP's close relationship with the Bank has been the subject of an overarching current of critique running throughout the duration of the Programme, and has helped to generate a significant degree of systemic resistance to its activities. That resistance has mainly been felt at the national level; generally, metro officials have welcomed World Bank support, not only because the cities 'get direct access to deep expertise' from this arrangement, but also because the Bank has a reputation for 'getting things done'.[57]

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Interview with Crispian Olver, Cape Town, 28 September 2018.

57
Interview with David Savage, Cape Town, 30 May 2018.

International study tour

Malijeng Ngqaleni describes how Treasury discussions around grant differentiation, outlined above, gradually morphed into the notion of a support programme:

> One thing led to another. We had started reforming the grants. We had created the USDG. And we had already set up the City Budget Forum, which was a platform to bring cities together to engage on city-related issues with regard to financing, policies, regulation, and so on. So, we already had that, and in the process it became very clear that we needed to be much more systematic with our engagement with the World Bank, in terms of what it could look like to have a much more programmatic approach to supporting cities at a government-wide level. So, it became something that evolved as we worked with the cities and with the national departments at the time — and sometimes those relationships could turn on and off — but it was a huge effort to do that.[58]

While these discussions were taking place within Treasury and with the World Bank, and the need for some kind of support programme addressing urban infrastructure development and intergovernmental fiscal reform was increasingly being recognized, a key moment arrived when a group of Treasury officials decided to arrange an international study tour. More precisely, they decided to undertake a set of week-long tours to several selected countries to learn how other national or federal governments engaged with their cities. So, in 2010, handpicked teams of officials and consultants travelled to China, India, Canada, and Brazil to review different national models of city management and their lessons for South Africa. Among those chosen to lead the tours were Nhlanhla

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Interview with Malijeng Ngqaleni, Pretoria, 15 November 2018.

Mncwang and Jan Hattingh, (currently the Treasury's Chief Director of Local Government Budget Analysis), with David Savage taking part as well.

The countries selected for the study tour all demonstrated different kinds of institutional and fiscal relationships between central and local governments. China, on one hand, uses a model comprising a strong central government with the local state, as a direct representative of the central state, playing a dominant role in the economy in terms of both managing economic activities and providing social services such as health and education (Palmer et al. 2017, p. 133). India, Canada, and Brazil, like South Africa, exemplify a more quasi-federal structure that secures greater powers and independence for subnational government. Overall, the study tours revealed several key lessons. First, they showed that sustainable infrastructure investment depends on strong institutions of urban governance, rather than simply the availability of resources. Second, that effective city management is a product of both the institutional form of cities and the enabling environment (stipulating and shaping governmental roles and responsibilities, functions, accountability issues, as well as the fiscal framework) in which they operate. Third, that South Africa required new approaches to supporting cities at the national level. Fourth, that appropriately incentivized fiscal transfers can play an important role in driving improvements to the effectiveness and performance of urban governance. Fifth, that more should be done to encourage the formation of municipal partnerships with the private sector. And finally, that citizens' voices and agency can be an important driver of change and better governance (DPME 2018).

The findings of the study tours fed into a concept note, circulated around Treasury, for a proposed Large Cities Support Programme:

> We came back with a mix of experiences. We shared these experiences; we created a concept document. It started circulating in the system around 2011, and at that time we were now saying, 'no, let's rather go for a Large Cities Support Programme'. Because now the National Development Plan was in place, and it was articulating very strongly that we as government have not responded to the problems found in large cities. We have been disbursing grants, but while we have made some progress, we haven't changed the urban spatial landscape. We still have major disparities across urban spaces, and we need now to refocus the manner in which we disburse grants, and we need to create stronger partnerships.
>
> It was like, 'here we go again'. It was energy, upon energy, upon energy. We started developing the Large Cities Support Programme. By now, the USDG was in place, and we started engaging on supporting the metros to work on developing their Built Environment Performance Plans.[59]

59
Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

The Large Cities Support Programme concept document went through multiple — at least fifteen — iterations. The process was personally exhausting for the Treasury team driving the process. Nhlanhla Mncwango recalls the toll that it took:

> When I look back, remember that I was actually going to leave Treasury in 2011, because I was so tired. It had been a race from about 2006. It started slowly in 2004, but by 2006 it was spinning. We were churning things out, moving papers, appearing in this committee in Cape Town, convincing these guys, convincing the clusters, convincing the national sector departments, fighting them, being fought by them, crying most of the time, wanting to quit sometimes. But you wake up the following day and say, 'I'm going back'.[60]

60
Interview with Nhlanhla Mncwango, Pretoria, 22 May 2018.

Once finalized, the proposal for the Large Cities Support Programme was sent as a letter of request to the World Bank by the Director General of National Treasury. The thrust of the document was that Treasury and national government needed support to develop a 'more nuanced understanding of the role of cities in driving economic growth and employment' (Timm 2014, p. 6). The proposal responded to concerns already raised in the *Local Government Budget and Expenditure Review*, published in 2008, around the dynamics of poverty in, and the fiscal position and management of, South Africa's large cities. That report had highlighted growing problems of grant dependence among the metros, linked to the removal of the Regional Services Council levy and the provision of large city infrastructure grants linked to the 2010 FIFA Football World Cup (National Treasury 2008).

Lessons from the 2010 study tours were also incorporated into the 2011 publication of the *Local Government Budgets and Expenditure Review*. The *Review* set out the Government's commitment to reviewing 'the existing institutional arrangement and fiscal framework to strengthen the management of South African cities', noting that 'the programme explicitly seeks to differentiate cities from other municipalities in order to recognize their specific contexts and needs' (National Treasury 2011, p. 226). Moreover, it reaffirmed a commitment to devolution, arguing that large urban municipalities should be assigned with housing and public transport functions to enable them to plan, invest, and implement built environment services in an integrated and coordinated way, and that these local governments should be supported to utilize their own revenue potential (National Treasury 2011, pp. 227–231). This was further evidence that the political environment within Treasury was gradually tilting in favour of a dedicated support programme for large South African cities.

DEFINITION (2010 TO 2012)

As the excitement of hosting the 2010 World Cup subsided, Treasury attention refocused on working towards a closer definition of the scope of the proposed support programme for South Africa's large cities. At this stage, the fledgling 'CSP team' comprised Malijeng Ngqaleni, Nhlanhla Mncwango, and David Savage. In the first quarter of 2011, that team was augmented with the appointment of Yasmin Coovadia and Samantha Naidu. Coovadia was initially seconded to the national Department of Human Settlements, where she worked on establishing the Urban Settlement Development Grant (USDG) and the production of the first Built Environment Performance Plans by local governments (see Chapter 6) (Timm 2014).

For the CSP team, 2011 was also a year characterized by energetic engagement with donor partners. A World Bank mission visited South Africa in response to the Director General's letter of request. The first draft of the CSP framework document was prepared. At the time of its writing, national government's outcomes approach was starting to be implemented, and while the process to craft the National Development Plan had been launched, there was no clear institutional focus or home for the urban agenda. Moreover, there was a level of strategic confusion around how national economic development was being or should be driven (Timm 2014, p. 8). The framework document attempted to bring some clarity to the situation, articulating the importance of securing the future role of

South African cities within national economic and social development (National Treasury 2012, p. 3). It further identified the City Budget Forum as 'the most appropriate location for the coordination of the entire CSP programme at a national level'. The Forum was to be expanded to include all partnering cities.

The draft CSP framework document had been prepared with the expectation that the Programme would be funded by a large loan from the World Bank, accompanied by relevant technical assistance. However, towards the end of 2011, a decision not to allow borrowing from the World Bank was taken by then Minister of Finance, Pravin Gordhan. This had major implications for the CSP. It was decided that the Programme team would do the best that could be done with the resources available. These resources comprised the remainder of the Siyenza Manje funds, a municipal capacitation account administered by the Development Bank of Southern Africa (see Chapter 2). With these financial limitations in place, the CSP team's focus shifted to ad hoc implementation of its projects.

PLANNING (2012 TO 2013)

2012 was characterized by a shift in the conceptualization of the CSP from a donor-driven initiative to a South African-owned programme. The CSP framework document was finalized early in the year. While Minister Gordhan mentioned the CSP in his annual budget address, memorandums on the CSP were not taken through Cabinet. A key insight reached over the course of the year was that the focus should be on the metros to drive the CSP, rather than relying on national government departments. A draft results and governance framework was prepared, and negotiations were started on establishing a Reimbursable Advisory Services (RAS) mechanism with the World Bank (Timm 2014; DPME 2018).

For the CSP team, 2012 saw more structure introduced through the assignment of team members to various components and cities, as well as the 'appointment' of city officials as CSP leads within their municipalities. The second half of the year witnessed the start of the process to develop South Africa's Integrated Urban Development Framework (IUDF) and the establishment of an institutional 'alliance' between Treasury, COGTA, SACN, and the German international development agency, GIZ. The first CSP Executive Leadership Programme was also held in 2012, and proved to be a key moment in defining the 'brand' of the CSP, by combining a focus on urban leadership capacity with the development of technical capabilities (Timm 2014, p. 7).

2013 was characterized by a greater degree of city participation in the CSP. There were a number of key events that appeared to further emphasize the importance of cities in the national political space, including the State of the Nation Address given by President Jacob Zuma. Meanwhile, Malijeng Ngqaleni, who played such a key role in conceptualizing and driving the CSP, was appointed as Deputy Director General of the Treasury's IGR Division. CSP also received its first allocation of funding in the government's Medium Term Budget Policy Statement (MTBPS). At this stage, the CSP team looked to develop a closer relationship with the South African Cities Network, while an 'alliance' was also forged with the Neighbourhood Development Partnership Programme, also located within Treasury. Moreover, a draft agreement between Treasury and the national Department of Human Settlements was prepared.

2013 also saw the initiation of a Capacity Needs Assessment process within each of the metros. The Assessment identified 'gaps' in each municipality that were seen to be hindering the process of urban transformation. The process also helped the CSP team and metros to agree on key support projects that could be undertaken to address these gaps. These would later be defined as 'demand projects' — those informed by the specific needs of the metros. The Capacity Needs Assessment's findings were compiled into a metro Capacity Support Implementation Plan (CSIP), a document that is updated on a yearly basis. Meanwhile, CSP developed a series of 'supply projects', to be provided to all metros and driven by the CSP at the national level. Yasmin Coovadia describes the thinking that informed the CSIP process, and how this linked with CSP's work on planning and grant reforms:

> At that time, we had started working on identifying indicators to define and measure spatial transformation, as well as going through very structured interviews in each metro, to ask about the major obstacles to achieving spatial transformation, whether they were institutional, planning related, financially related, or whatever. In that way, the cities came up with what they called the CSIP.
>
> In the meantime, we had the USDG and BEPPs and things like that going on. So, we decided that if you are providing guidance on what you want to find in the BEPP, and if that skill or capacity did not exist in the city, you could go back to the CSIP to identify it. So, we used the CSIP then as a key component of the BEPPs to say, 'we are asking you to do something different, in a different way, by thinking differently'. Anything that requires that kind of change needs to be supported. Because, actually, we didn't have all the answers. We still don't have all the answers. But if you work together on identifying what the issue or challenge or problem is, then you will find the solution together. Because there must be a way forward. However good or bad, there must be a way forward. If you allow space for innovation and space for mistakes, then that is fine. Change doesn't happen overnight.[61]

Until the end of 2013, there was a strong sense that the CSP team was leading cities and national departments by putting a lot of energy into the system (Timm 2014). The end of 2013, and the first half of 2014, saw the ongoing implementation of projects, the undertaking of reviews of progress achieved (see Chapter 3), as well as detailed planning to guide the Programme's formal implementation phase.

IMPLEMENTATION (2013 TO 2018)

CSP's full implementation phase began in 2013. At that stage, a critical component of the Programme's strategic and practical agenda fell into place, when National Treasury took over responsibility for the Built Environment Performance Plan from the Department of Human Settlements (see Chapter 6). Treasury and CSP could now exercise some influence over the budgeting and planning activities of the metropolitan municipalities. At the same time, Treasury introduced the Integrated City Development Grant, linking it to the Built Environment Performance Plan as a way to incentivize better municipal performance. Ensuring this kind of link between fiscal and planning reform would emerge as a central principle, objective, and modality of the CSP.

The shift in emphasis towards implementation of projects, rather than their conceptualization and design, enjoined a more proactive approach to managing the Programme internally. In particular, the team's early experiences fostered a commitment

61 Interview with Yasmin Coovadia, Pretoria, 22 May 2018.

to developing a more disciplined programmatic approach to their work, and to taking that work 'to scale'.

> There was this key moment where we realized, well, if everyone is just floating around, we are not going to get any scale here. We are going to convince ourselves and we will have our own little echo chamber, but that is not necessarily going to make an impact. So, we needed to have a much more disciplined programmatic approach. Then the challenge became: how do you get this to scale?[62]

A conscious decision was taken to make CSP more extroverted, putting the Programme more firmly in the public mind:

> We decided that, firstly, we are going to stop hiding out and pretending we're not here. Secondly, we are going to bring programme management discipline to the table: people are going to do things that they undertake to do, and they are going to do them at a quality, and they are going to do them in the public eye.[63]

Project implementation accelerated over the course of 2014. Yet the Programme team was still not operating at full capacity. This would finally arrive with the appointment of Component Leads for the Economic Development and Climate Resilience themes in 2014 and 2016, respectively. With the full team in place, momentum built behind the work process. For team members, their work became increasingly exciting and energizing as it started to gain traction with the metros and other government entities, as new partnerships and relationships were established, and as the various pieces of the overall Programme started to fit together.[64] More details on the various dimensions of CSP's project work are provided in Chapters 5 to 12.

CSP was never intended to be a permanent entity, and its first phase of funding was scheduled to end in 2018. As such, CSP entered a transition phase in July 2018, during which the programme management team started to devote more attention to learning from and institutionalizing the recommendations of a government evaluation undertaken over the course of 2017 (DPME 2018). More of a focus was placed on moving CSP forward into a new phase, one of far more proactive engagement with stakeholders to ensure that the Programme's recommendations, positions, and reforms would find an institutional and political home within the intergovernmental system. If the first phase of CSP was about codeveloping technical outputs and solutions, then 'CSP 2' is likely to be about 'embedding ideas and practices within human systems'.[65]

THE INTEGRATED URBAN DEVELOPMENT FRAMEWORK

In 2016, the South African government approved the country's new Integrated Urban Development Framework (IUDF) (COGTA 2016). Alongside the political transition from the presidency of Jacob Zuma to that of Cyril Ramaphosa, the adoption of the IUDF has signalled the potential for an urban agenda to find real political traction, bringing South Africa into line with global processes and agreements like the New Urban Agenda and the growing expectation that all countries should formulate and operate some form of National Urban Policy (NUP). While the IUDF may seem to have been the logical outcome of increasing academic and political recognition of the importance of the global urban agenda and NUPs, its genealogy is in fact deeply connected to dynamics within national government and the wider South African political sphere.

In the years after Jacob Zuma's 2009 election as President of South Africa, efforts to consolidate his allied political networks' power base led to a realignment of institutional power and capacity within the state. The primary objective of these manoeuvres was to seek out and extract rents. The preference, for Zuma's bloc, was for ad hoc modes of governance executed through a range of informal centres of power, rather than through strong central policy coordination, as the former option would facilitate the process of removing and installing political allies and extracting rents.[66]

In practical terms, this meant two things. First, the power of the Executive was significantly undermined — a process that included the hollowing-out of the Cabinet, to be replaced by a constellation of more informal 'kitchen cabinets' that provided decision-making advice upon demand (Swilling et al. 2017, p. 3). Second, individual departments were also targeted, with any obstructive leaders removed or suspended, and compliant pro-Zuma replacements installed. The objective was to ensure that large procurement deals would pass through and grease the hands of a channel of friends and allies connected to the President. Any interest in ensuring coherence in wider strategic discussions around national and urban development was quickly lost.

In this context, Treasury, under Minister Pravin Gordhan, emerged as one of the few departments with the will and capacity to hold out against aggressive state capture. In time, Treasury became the 'prize', as it retained control over a key unit (the Financial Intelligence Agency) that was capable of tracking and reporting irregular financial flows. Treasury also emerged as the principal obstacle to the 'project of centralizing the management of rent' (Swilling et al. 2017, p. 16). These dynamics fostered an atmosphere of profound mistrust and suspicion between departments and officials. Gradually, the state reverted to a set of fragmented departments, and Mbeki-era initiatives to promote integrated and cooperative governance unravelled.

The process of capturing and fragmenting the state had important implications for the national spatial development agenda. Now the power of the Office of the Presidency to drive any kind of spatial vision was significantly curtailed with the disestablishment of the Policy Coordination and Advisory Services, the unit tasked with overseeing implementation of the NSDP.[67] Line departments quickly lost leadership and technical capacity; one key example being the Department of Water Affairs (Palmer et al. 2017). Meanwhile, the Department of Human Settlements started to pursue its own spatial policy agenda, most famously in the 2014 announcement of the Department's 'megaprojects' strategy for urban housing and settlement development. There were other worries, too. The national Department of Transport was disbursing and implementing urban public transport grants — intended for the development of bus rapid transit systems — in ways that were starting to concern Treasury officials (see Chapter 10). The context was thus: an absence of overall strategic direction and purpose in development policy; an increasing tendency for departments to either 'go rogue', or to focus single-mindedly on rent extraction; and all of this in the midst of a general decline in state technical and leadership capacity.

President Zuma did make some rhetorical commitments to a more space-sensitive strategy, endorsing, for example, the spatial agenda implied by the National Development Plan, which highlighted problems of urban spatial development and fragmentation. However, in retrospect it is clear that there was no real political will to drive the implementation of a common and purposeful spatial vision. At least part of the reason was that the power base of Jacob Zuma and his factions within the state included an important rural

62 Interview with David Savage, Cape Town, 30 May 2018.

63 Interview with David Savage, Cape Town, 30 May 2018.

64 Interview with Nishendra Moodley, Cape Town, 4 July 2018.

65 Interview with Jeremy Timm, by telephone, 4 December 2018.

66 Interview with Crispian Olver, Cape Town, 28 September 2018.

67 Interview with Crispian Olver, Cape Town, 28 September 2018.

constituency. Within the ANC, this power was increasingly concentrated in the 'Premier League' — a network of party bosses and Zuma loyalists representing the provincial party machines in more rural regions of the country (Swilling et al. 2017). It was in this context of state fragmentation, and where any sort of urban agenda was rapidly losing ground to a de facto rural centre of political power, that a renewed push for some kind of urban transformation agenda came to the fore.

The process to create a 'shadow state' within the formal government apparatus started to accelerate just as CSP was consolidating its implementation agenda. By that stage, the decision had already been taken to locate the CSP within Treasury, rather than to distribute its functions across a range of national departments (DPME 2018). In some cases, this had already generated conflicts — of the political turf battle variety — with other departments wary of a Treasury perceived to be overstepping its role in policy issues. In May 2014, Pravin Gordhan was removed as Minister of Finance. By late 2015, Treasury came under an even more forceful attempted takeover by Zuma-aligned networks, when the Gupta brothers personally offered the Deputy Minister a promotion to the helm of Minister. Treasury, ultimately, became increasingly isolated in the political sphere, while CSP was also starting to feel isolated in the urban policy space. Treasury and CSP responded by engaging with COGTA, alongside other key organizations like SACN and SALGA, in pushing for a more global urban framework that would give its work some political and policy cover and support.[68] Moreover, Treasury officials were also increasingly interested in developing a common urban agenda that would include both large and secondary cities.

Dr Crispian Olver, who was appointed to head the committee overseeing the production of the IUDF, sees several factors as driving the process:

> About two or three years ago, Treasury suddenly 'leant in' very actively into the COGTA framework, and that leaning in coincided with a stream of work coming out of the SACN, where they were looking at intermediate cities as a category, and they did some really cutting-edge work on intermediate cities. So, the government moment for the IUDF came from Treasury leaning in, SACN driving it, and a really bright spark being recruited into COGTA called Modjadji Malahlela. With Modjadji and Andries Nel in COGTA, and with SACN and Treasury, they had sufficient momentum to drive an IUDF programme.[69]

David Savage describes how Treasury and CSP have tried to play an encouraging but not an outright leadership role in the IUDF process:

> Early on, as we were positioning CSP as an implementation support programme, we realized that we needed a policy umbrella, and that Treasury couldn't provide the policy umbrella; it needed to sit in a national department somewhere. So, what Malijeng Ngqaleni did is take Yunus Carrim off on a study tour to Germany where, along with Modjadji Mahlalela, she spent two weeks convincing Carrim that we need an IUDF, and then he went for it, because he can do those things quite well. So, he committed to it. Then once he'd done that, we as CSP leant in very heavily behind the process, not wanting to take it over at all, but just to make sure that it moved ahead and delivered a result. I think COGTA may have been a bit suspicious about our intentions there. We made it clear that, really, we didn't want this space. We just needed the policy umbrella to be in place, and that we had an interest in that umbrella succeeding.[70]

68
Interview with Samantha Naidu, Pretoria, 21 May 2018.

69
Interview with Crispian Olver, Cape Town, 28 September 2018.

70
Interview with David Savage, Cape Town, 30 May 2018.

In line with this conviction, CSP declined to second some of its team members to work full time on the IUDF, wary that this would not 'set the right relationships'. Rather, the CSP leadership argued that the IUDF should entail the development of its own 'organic capability' and ownership within COGTA.[71]

If not keen to assume a leadership or coordinating role, then what is the precise value that CSP sees in the existence of a policy umbrella like the IUDF? Samantha Naidu explains:

> The IUDF is something that can raise the profile of CSP. The CSP was always seen as a programme that would provide lessons to influence the broader policy framework of the IUDF, as well as its implementation. And more recently, over the last year or so, it has become recognized as one of the key programmes that will support the metros within the IUDF framework. A lot of the work that we are doing now gets reported under the IUDF. Reporting for CSP is now being captured at a Cabinet level, even though CSP is a Treasury rather than Cabinet programme. What emerges from the Programme is now going to Cabinet within the auspices of the IUDF. So, in that way, it has been able to elevate the Programme.[72]

Moving forward, there will have to be greater clarity in the way that CSP defines its precise roles and responsibilities in relation to those of other organizations, and in relation to processes like implementing the IUDF.[73] As CSP's own experience shows, avoiding confusion in content and responsibility in the space of city support and reform is critically important, particularly from the perspective of the metros, which often bear the greatest brunt of strategic and functional fragmentation within the intergovernmental system.

CONCLUSION

In this chapter we have described the process by which a National Treasury programme of support for large South African cities was incepted and implemented, and how the resulting initiative, CSP, has shifted the focus of its work over the past eight years of its formal existence. The CSP team has been led to change its approach and emphasis as its work programme has matured, and in response to emerging dynamics in the South African political sphere. Indeed, one of the insights emerging from this story is the tension that underpins the creation and operation of any intergovernmental reform and support platform like the CSP. That tension relates to the necessary balance between ensuring programmatic rigour, on one hand, and maintaining flexibility and responsiveness to context, on the other. In retrospect, it seems that CSP has, to some extent, been able to ensure an appropriate balance between these competing imperatives, although the real test will be whether or not South African cities can decisively shift their governance and development trajectories towards more productive, sustainable, and inclusive forms. Exploring these kinds of tensions — with a view to understanding which kinds of institutional and political approaches are more or less effective at providing support and driving reform in different contexts — is an important issue for future researchers to address.

We have shown that the idea, structure, and modality of the CSP platform emerged from an array of influences and debates within Treasury and the wider city support environment. It is critical to recognize that the creation and evolution of CSP were not simply

71
Interview with David Savage, Cape Town, 30 May 2018.

72
Interview with Samantha Naidu, Pretoria, 21 May 2018.

73
Interview with Samantha Naidu, Pretoria, 21 May 2018.

expressions of an 'urban bias' held by local officials or imposed by foreign experts. In fact, a specific support agenda targeting South Africa's large cities arose as an organic result of discussions around the need for a differentiated approach to municipal capacity support and grant distribution. It emerged, in other words, from a recognition of the unique challenges faced by cities, and larger cities in particular, when viewed against the full range of municipalities in the country. This point is made clearly by Malijeng Ngqaleni:

> When we started with this work, I didn't even think that we were getting into the urban development agenda. We were just solving a problem, as we started realizing that there was a problem: that we were not enabling cities to develop in a particular way that we thought would be helpful. So, for me, I think it really evolved out of seeing that we can do better, and that with the little funding that we have, we can have greater impact in urban spaces in the way that we need. And we were not forgetting about the rural areas — for us it was never about shifting away from the rural. It was just about understanding what the challenges are that we face in the cities, as well as what the strengths and opportunities are that we can use to build better outcomes for all. And that has informed our drive in trying to align everyone, and in helping them to understand that we need to unlock these opportunities, and that this is not about having or handing over more money. It is really around how we look at our policies and the fiscal system, and how we align and coordinate ourselves to let the cities move forward themselves. Because of the fiscal constraints facing us, it was important to push that line very hard: understanding that we need the economy to grow so that we can develop more in the rural areas.[74]

That a concomitant initiative to support rural development was not pursued within Treasury is hardly the concern or fault of the CSP. Exactly what form such a rural-focused initiative might take does, however, remain a gap in thought and practice. Moreover, while recent international and local policies like the New Urban Agenda and Integrated Urban Development Framework pay lip service to the imperative of strengthening rural-urban 'linkages' and 'interdependency' (COGTA 2016, p. 10; UN-Habitat 2017), what precisely this means in practice remains unclear, particularly for urban municipalities. More research remains to be undertaken on exactly what kinds of municipal investments, as well as intergovernmental support and cooperation, can give life to a more productive and sustainable relationship between urban and rural spaces, settlements, and processes.

In the chapters that follow, we delve deeper into the specific activities and projects undertaken by the Programme since 2012. We begin by outlining CSP's work on the Core City Governance Component and, in particular, its efforts to enhance the leadership and governance capacity of South Africa's large urban municipalities.

74
Interview with Malijeng Ngqaleni, Pretoria, 15 November 2018.

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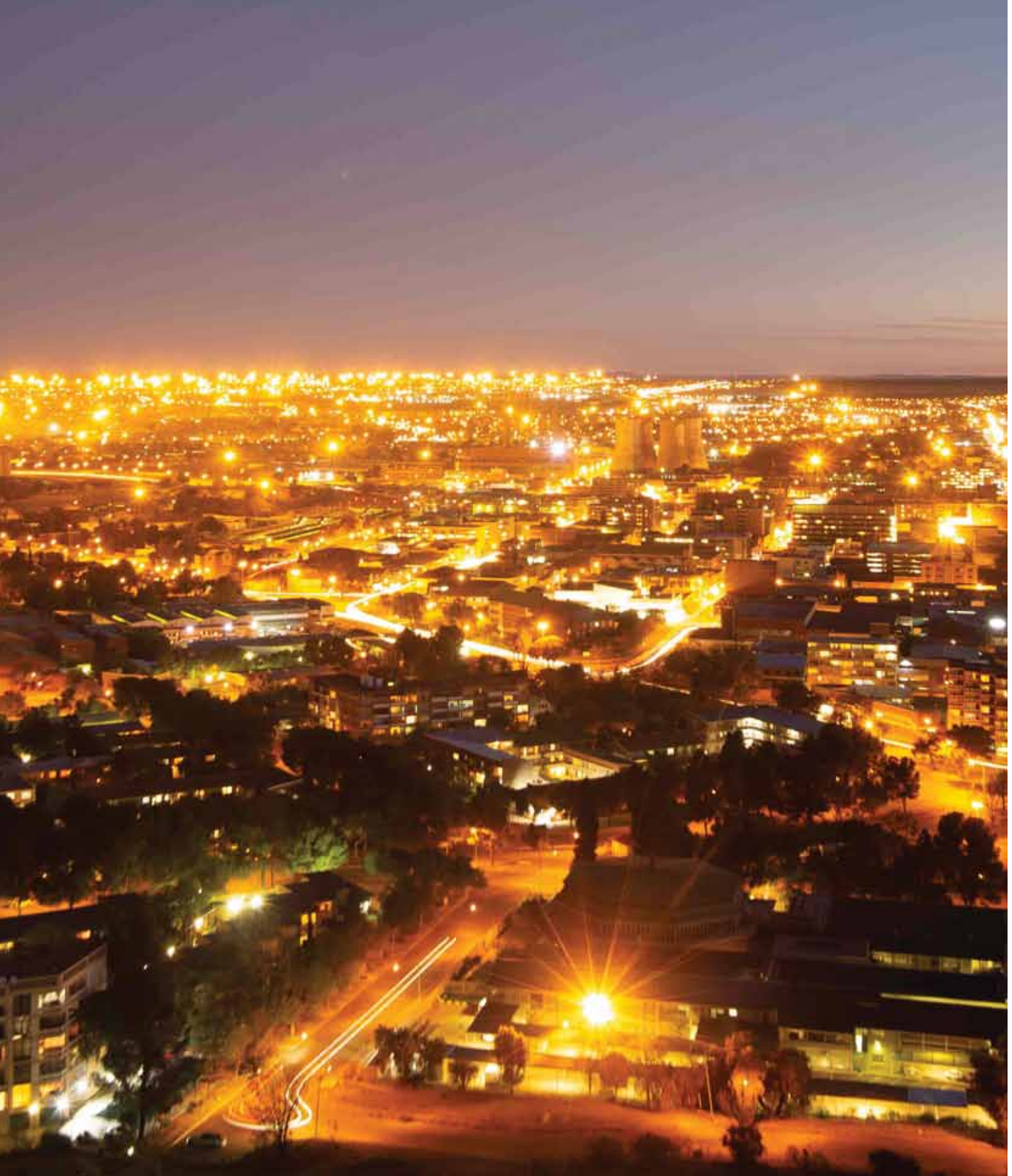

GUTO BUSSAB

CHAPTER 5

LEADERSHIP AND GOVERNANCE

Aims and objectives	**Ensure that appropriate leadership and management vision and behaviours exist to enable transformation of South Africa's cities**
Strategy	**Build individual and team leadership capacity to create a cohort of effective urban leaders across South Africa to drive the creation and implementation of long-term strategic visions for urban spatial transformation**
Work areas	• **Strengthen the agency of senior officials and politicians to lead programmes of spatial transformation** • **Expand modalities of citizen engagement** • **Strengthen integrity frameworks**
Key projects	• **Executive Leadership Programmes** • **Leadership coaching and support** • **Citizen engagement** • **Integrity strategies**

In this chapter we discuss CSP's work focusing on city leadership and governance, a sub-component of the Core City Governance Component, and a key leg of the Programme's overall strategy to promote urban spatial transformation. CSP's agenda to enhance the technical and knowledge capacity of urban leaders forms part of a wider global recognition of the importance of leadership for sustainable urban development (Fullan 2005; Haus et al. 2005). Its work on citizen engagement moves beyond the latter's more conventional framing in relation to participatory planning practice, and rather seeks to reposition that engagement to have a maximal systemic effect on driving better urban governance through civic-led oversight and accountability. CSP's work on integrity strategies, meanwhile, represents an attempt to instil and foster traditional public sector values in an urban governance environment plagued by maladministration and corruption, and in part as a reaction to the managerialist emphasis of post-apartheid reforms inspired by the New Public Management (see Chapter 2). Taken together, the various projects of this sub-component arguably repre-

Manguang: The sprawling city lights oif Bloemfontein at dusk.

sent a shift towards the ideas and practices of New Public Governance, although in a way that is very specific to South Africa's historical trajectory.

Evidence suggests that CSP's work on leadership — particularly through the provision of leadership coaching support and the organization of annual Executive Leadership Programmes — has been welcomed and appreciated by the metros, and has been relatively effective in promoting positive shifts in long-term city visioning practices. Work on citizen engagement, accountability, and integrity strategies will, inevitably, take longer to reveal any substantive benefits for urban governance and spatial transformation, and tracking the outcomes of these kinds of interventions may prove a fruitful area of research investigation in future years.

THE CHALLENGE

CSP's work on leadership stems from a hypothesis: that South Africa's incapacity to overcome problems of 'siloism' and to drive meaningful urban spatial transformation is in significant part due to a lack of visionary city leadership, and a lack of political will to make tough system-changing decisions. Moreover, the local government sector has been plagued by issues of corruption and maladministration, the full extent of which, in the case of Nelson Mandela Bay, has been alarmingly revealed by Crispian Olver (2017) in his recent book, *How to Steal a City*.

At the same time, while citizen engagement and participation are principles embedded in the heart of the South African Constitution, as well as the full range of local government and planning legislation, many participatory exercises have been reduced to processes of compliance, and have been ineffective at driving transformative strategy and development at the city scale. Participatory activities, moreover, have generally focused on the activity of planning, and the disbursement of capital expenditure, rather than oversight of the more day-to-day operations of municipal service delivery.

Local government financial management in the post-apartheid era has generally not been subject to significant citizen oversight, something reinforced by the widespread lack of publicly available data on municipal fiscal trends and performance. Financial management, although a potentially key mechanism to transform urban spaces and communities, has therefore not been a significant site of political 'contestation and choice over development priorities' in South African cities (Savage 2008, p. 285).

Taken together, these factors have undermined public leadership and relationships of state-citizen accountability, hindering the crafting and realization of effective strategic visions for long-term urban socio-spatial and economic change.

THEORY OF CHANGE

Leadership and Governance is one of five sub-components sitting within the wider Core City Governance Component. In some ways, it is the most critical leg of the CSP's overall strategic vision for change. CSP, as an initiative, rests upon the hypothesis that we need to unlock certain leadership and visioning issues in order to create new kinds of cross-sector partnerships and thereby drive urban spatial restructuring (see Box 5.1). This requires providing special support to the individuals who lead cities, both politically and administratively. In the medium and longer-term, this will enable a cohort of effective urban leaders to emerge at the city and national levels. Once a critical mass of effective urban leaders exists, it is assumed that meaningful urban change will follow across the urban governance system, thereby producing wider national-scale benefits.

This urban leadership agenda also involves providing civil society with tools and processes to effectively hold their leaders to account, and to drive changes in governance behaviour. Indeed, a commitment to the agency of civil society as a means to transform municipal governance and promote better urban outcomes was a founding principle of the CSP — a key realization from the National Treasury study tours of 2010 that gave impetus to the original CSP framework document (National Treasury 2012). In this view, bottom-up or citizen-led accountability is one aspect of the regulation needed to improve state capability and performance, fitting alongside vertical accountability implemented by national and provincial governments (discussed in Chapter 7) (Palmer et al. 2017, p. 77). CSP thus seeks to create a synergistic system of accountability by triangulating different kinds of mechanisms of holding leaders to account, thus ensuring that top-down regulatory mechanisms work in concert and alliance with those carried out by civil society.

For CSP, leadership is a cross-cutting agenda, also informing specific project activities within the Public Transport and Economic Development Components, which are discussed in Chapters 10 and 11, respectively.

Box 5.1: The Importance of Leadership for City Governance

It is a bit of a cliché, but it is all about leadership. There is a lot of theory on this, but the tone set by leadership is the tone that is created in organizations. So, if your leader is indifferent and adversarial, you will have that culture in the organization. If they are visionary, enabling, and professional, that will filter down and become part of the culture. We see leadership as absolutely integral to everything that we do. Policies are implemented by people, and our cities are led by leaders of groups of people. So, we think that this is some of the best-leveraged work we can do, helping our leaders to become more effective, and we do that through a number of things. We are absolutely explicit about leadership being at the centre of it: to translate the ambition of what our cities are going through, particularly related to spatial transformation. Without strong leadership it is not going to happen.

Jeremy Timm, CSP Strategic Support Manager

WORK PROGRAMME

Nishendra Moodley leads CSP's work in the Leadership and Governance sub-component, overseeing all projects except for those focusing on leadership coaching and support, which are managed by Jeremy Timm. Timm's acute interest in the human systems that underpin effective organizations and institutional change have left an important mark on the nature of these activities and the emphasis they are afforded within the CSP's overall theory of change. Moodley, meanwhile, is specifically responsible for overseeing and administering CSP's Executive Leadership Programmes, as well as projects related to citizen engagement and integrity — a task for which he is well suited given his personal history as a young anti-apartheid civic and community media activist in 1980s and 1990s Durban, and his strong professional commitment to principles of democratic governance and decentralization.

Specific areas of CSP's project work for Leadership and Governance are described in more detail in the sections that follow.

Executive Leadership Programmes

Since 2012, CSP has organized leadership workshops — branded as the 'Executive Leadership Programme' (ELP) — that aim to facilitate leadership development, personal development, and to strengthen the skills and knowledge required to manage processes of urban spatial transformation (DPME 2018). Participants in these events are drawn from all metros, with city teams comprising both senior officials and political leaders. Each week-long ELP is co-hosted by an academic partner. CSP has taken a collaborative approach in organizing these events, actively seeking to involve other institutional partners like SACN, SALGA, and, more recently, COGTA. Moreover, each year CSP has engaged a number of expert and high-profile speakers to present to the metro leadership teams.

Table 5.1: Themes and Foci of CSP Executive Leadership Programmes

YEAR	VENUE	ORGANIZING PARTNER(S)	THEME	RATIONALE & FOCUS
2012	Cape Town	Graduate School of Business (University of Cape Town)	Building Globally Competitive Cities	The inaugural ELP built on the notion that South African cities are critical engines of economic growth and development. However, they face a number of challenges, from repairing the damage of apartheid to addressing current challenges of supporting growth and attacking poverty. Cities therefore require dynamic and visionary leadership that is able to meet these challenges.
2013	Cape Town	Graduate School of Business (University of Cape Town)	Public Transport for Spatial Transformation	The second ELP aimed to highlight the potential of transport as a transformative tool in cities, capable of changing the way cities think about both land use and citizen mobility. It sought to enable metropolitan political and administrative leaders to get to grips with current challenges, learn new techniques and tools, and be inspired to lead and implement change in urban mobility and land-use management so as to connect, integrate, and transform cities.
2015	Johannesburg	Gordon Institute of Business Science (University of Pretoria)	City Economic Development Strategy and Practice	The focus was on city economic development strategies and practice, with the purpose of building a greater understanding of the limits and possibilities of city-level economic action among the political leadership and senior management of city governments. It aimed to improve the sense of personal agency and responsibility held by city leaders, especially in respect of city economic development, and to boost the voice of cities in national policy debates and action.
2017	Johannesburg	Gordon Institute of Business Science (University of Pretoria)	Accelerating City Transformation for Inclusion, Growth, and Sustainability	This ELP aimed to develop a common understanding of the urban challenges facing city leadership teams, and to engage on some of the programmatic responses that would strengthen the political-administrative interface in individual cites and build a sense of community across the leaderships of the eight metros.
2018	Johannesburg	Gordon Institute of Business Science (University of Pretoria)	Leadingy Future Cities: Navigating Today's Complexity	The fifth ELP focused on the emerging science and practice of 'city futures', and aimed to strengthen city leaders' knowledge of and capacities for data-driven analysis, anticipatory governance, strategic foresight, systems and complexity thinking, design thinking, as well as transversal management.

The focus and content of the ELP has shifted from year to year (see Table 5.1). Each event seeks to blend technical learning on the selected topic with activities related to management training and personal skills development. Participants are afforded the opportunity to apply their learning to specific projects or programmes underway in their city, and a strong emphasis is placed on encouraging processes of peer learning between different cities (CSP n.d.).

The CSP team has striven to design each ELP event to respond to critical issues emerging in the South African and urban political environment. One key dynamic, in recent years, has been the rise of coalition politics in the metros. After the local government elections of August 2016, three major South African cities — Johannesburg, Tshwane, and Nelson Mandela Bay — fell from African National Congress control into the hands of opposition coalitions led by the Democratic Alliance. Nishendra Moodley explains how the CSP attempted to pre-empt certain dynamics:

> Coalition politics was something that we were deliberately engaging with, even before it happened. In the run up to the August 2016 elections, and in some of our programming prior to that, we recognized the vulnerabilities of a number of our cities in terms of there not being clear majorities, and coalitions being needed. There was a broader emphasis on building partnerships and this idea of, in a very generic sense, coalition building as part of our programme: just to be able to mobilize multiple actors to work together. But we knew it would translate directly into the political realm as well. And much of our thinking for the leadership programme scheduled for November 2016 — we were going to give the new councils 100 days to get their houses in order, and to then work with the new incoming leadership of the eight metros. Particularly in trying to understand their political economies, and also in developing a broader programme across party thinking. Unfortunately, that leadership programme was postponed, due to the national political circumstances of the time, and it was rescheduled for February 2017. But its intention was to work very closely with our cities in managing some of the

> coalition projects, and to bring in examples of people who had managed difficult coalitions before. We wanted to bring in Sergio Fajardo [former Mayor of Medellin, Colombia] into that last leadership programme, but unfortunately we couldn't pull it off at the last minute.[75]

75
Interview with Nishendra Moodley, Cape Town, 4 July 2018.

Feedback from metro officials indicated that, for the most part, they value the design and approach of the ELPs. One, a strategic planning official from Nelson Mandela Bay (a metro that switched to a Democratic Alliance-led coalition following the August 2016 elections), spoke highly of the 2017 ELP, with its focus on building and working across teams:

> I think it was quite pivotal for the new leadership, who were not used to local government, or managing the specific relation between local government processes and political decisions. I think, for them, it was an enormous eye opener.[76]

76
Interview 34.

The rise of coalition politics has not, in and of itself, led the CSP to focus more on tailoring their support in relation to the political sphere. Nishendra Moodley explains how building the capacity of leaders to manage the political-administrative interface was always an emphasis of CSP, emerging from longer-term trends in the local government sector:

> A big part of our programme has focused on the political-administrative interface, and on firming that up, and equipping (particularly administrative) managers to better manage the political sphere. I think that that is becoming an even more interesting space right now. Some of our cities are not as mature as we thought they were in that space. It is mainly an issue with the officials, rather than the politicians. Officials should be able to help to manage the interface; it is their task to do that. Politicians, as public representatives, are newcomers to the system. They should be dealing with career professionals who know how to manage the political sphere, and to be able to give guidance as to what is within their realm.
>
> I think that the political capabilities in the country will always vacillate, and I think that we need to insulate our administrative spheres from the fact that you are going to get good and bad political leadership, you are going to have corrupt and benevolent political leadership over time. You need to better manage those tendencies… A fair amount of our work has been around that. Particularly the work we have done internally around transversal management, and the capabilities required to manage programmes, has focused on how to mobilize resources to strengthen the hands of officials to work collaboratively. But I don't know whether that is really a consequence of coalition politics. I think it has been a consequence of the way that our local government system has evolved over the last 20 years; we have seen a denigration of that political-administrative interface, with Municipal Managers feeling threatened, instructed, and all of that.[77]

77
Interview with Nishendra Moodley, Cape Town, 4 July 2018.

Leadership coaching and support

In line with the focus of the ELPs, described above, CSP aims to enhance the agency of senior city officials and elected leaders to implement a programme of spatial transformation through various forms of targeted coaching and support (DPME 2018). This support has been arranged in two workstreams. The first focuses on providing coaching support to key individuals and teams, while the second seeks to build transversal management capacity at the wider, organizational level.

CSP's activities in the area of individual and team coaching arose via requests from the cities themselves, and specific support needs were identified through strategic development review processes undertaken in each metro. Coaching was not imposed on candidates — the emphasis was on offering support to individuals and teams who were interested in and committed to improving their performance. Suitable candidates and teams to be targeted for support were confirmed with and through the City Manager offices of the various metros. The commitment of the cities was reflected in inception reports, which articulated how support would be provided to each city (through a service provider appointed by CSP) along several lines (after CSP 2018):

- *Individual coaching* was provided to senior administrative leaders identified together with the City Manager. Team coaching was then offered to the departments for which these individuals were responsible.
- *Team building* was offered to combined teams drawn from Executive and Mayoral Committees, which needed to develop a shared understanding of, and commitment to, the long-term strategic development goals of their city.
- *Strategic support* was targeted specifically at City Managers who, given the demanding nature of their work, often need a space for strategic reflection and support, particularly with respect to matters pertaining to the political-administrative interface, organizational structure, labour relations, and performance management.
- *Seminar series* will be arranged in particular metros to mobilize inspiring leaders, especially those drawn from the public sector, to engage city leadership teams on particular issues with which they grapple.

Jeremy Timm reflects on some of the lessons learnt from the process of developing and implementing this project:

> Coaching is interesting, because some people see coaching as part of what you do to the competent professional, a leader. You can't be effective without having a coach and ongoing support because of the complexities and stresses of these jobs. Others see it as an admission of weakness. So, even when we started conceptualizing this work, we were wondering whether we should use the word 'coaching' or perhaps 'strategic support'. Then, of course, one looks at things like mentoring, because some people see coaching as mentoring and, indeed, in some cases, mentoring is required. But I would say that the proof of the pudding is whether it's being eaten in the cities — that our work has the support of the City Managers. In fact, we make it a prerequisite that if the City Managers are not supporting it, then we don't see any point in doing it, because they are responsible for driving the strategic agenda of the administration, and the coaching needs to help rally teams around that agenda. But, of course, some of our cities are in organizational chaos, and your coaching appointment is often the first thing you throw out when there is a service delivery protest, or some other crisis. So, we have had some issues around that. In fact, we have started using metaphors, like: some of the coaching is more like paramedic support, to stabilize the body, and other kinds are more about promoting forward-looking health. Our cities have to move between

> those kinds of support. This requires coaches who are sensitive to what is required in any particular moment. We have learnt a lot of lessons around that. We need to be flexible, to be able to make adjustments to our initial plans and approaches. We need to be contextually relevant, and deeply sensitive to what our city leadership teams are going through.[78]

78
Interview with Jeremy Timm, Pretoria, 22 May 2018.

The second project workstream comprises CSP's efforts to provide transversal management support to city governments. Jeremy Timm explains how this has involved the introduction of new technological tools to promote collaboration and cooperation between line departments and functions:

> The sub-component dealing with transversal management support responds to this lament — by, it seems, everybody these days — that we work in silos, both within our organizations and between our organizations. This is about using a method, which draws from an international group called the Matrix Management Institute. It uses, basically, what they call Matrix Management 2.0, which looks at the horizontal practices across cities, rather than the vertical silos that constitute them. We are working in four cities on that, and we are doing an assessment of transversal management practices in each city. Then we go into a strategy session with each one to say which areas they want to work more on, and then we design some interventions and work with them through those. But we are in the piloting stage, at the moment.[79]

79
Interview with Jeremy Timm, Pretoria, 22 May 2018.

At the time of writing, in early 2019, this approach was being piloted in eThekwini. It is intended to use those findings to roll out the project to three other metros that have specifically asked for this kind of support: Johannesburg, Ekurhuleni, and Cape Town. Moreover, it is hoped that this work will also be relevant to the other metros, if they decide they would like to receive similar assistance in the future, and indeed to any other municipalities and government institutions in South Africa.

Citizen engagement

CSP's strategic agenda holds a strong emphasis on the power of an active citizenry and organized civil society to facilitate urban transformation by exercising vigilant oversight and holding municipal leaders and institutions accountable for their performance.

In line with this agenda, the CSP's work on 'citizen engagement' seeks to develop the social accountability systems that are necessary to enable and drive processes of institutional and spatial transformation. It focuses on building stronger citizen-led accountability by identifying strategic governance spaces and processes that citizens can engage most effectively to drive changed governance behaviour (DPME 2018).

Nishendra Moodley, who has led CSP's projects on citizen engagement and public integrity, explains that this work stems from a basic critique of how accountability has been conceived and practiced in the post-apartheid political and intergovernmental system:

> We think that some of the top-down accountabilities have been too strong in the state, and so we see a flourishing of departmental systems that are there to oblige municipalities to report to national government departments, but with a weakening of the bottom-up elements.[80]

80
Interview with Nishendra Moodley, Cape Town, 4 July 2018.

The terms 'bottom-up' or 'social accountability' describe an 'approach toward building accountability that relies on civic engagement', whereby ordinary citizens and civil society organizations participate directly or indirectly in holding their public officials and servants to account (Malena et al. 2004). While this, broadly speaking, has been a strong emphasis of post-apartheid policy, particularly through the principle of participatory governance, Nishendra Moodley points to several weaknesses in how this emphasis has translated into practice:

> Historically, we have struggled with two main issues around social accountability. Firstly, so much of our social accountability and participation practice is about planning, very little is about ongoing monitoring of everything else a municipality does, which is about 80% of their budget — the ongoing delivery of water, sanitation, electricity, and so on. We have so few tools that help us to ensure accountability on the delivery of those services. We invest all our engagements around the IDP, and we utilize the conventional failed instruments, like ward committees and the IDP forums, for that. Secondly, most of our accountability goes through what we would call the 'long route', through the Ward Councillor. But Ward Councillors often have minimal ability to change things within a city system. So, a lot of what we have been articulating around social accountability is that we need to strengthen what we call the 'short route' of accountability, between officials and citizens, together with the long route of accountability, through politicians. So, we have been looking for tools to help us do that.[81]

81
Interview with Nishendra Moodley, Cape Town, 3 December 2018.

One such tool has been developed by researchers at the Human Sciences Research Council (HSRC). It has taken the form of a 'Community Scorecard' — a tool that specifically seeks to promote citizen-led oversight and accountability for local service delivery processes. The Scorecard was piloted in five informal settlements in Cape Town with the aim of supporting the City, as well as other urban local governments, to review and enhance their modes of civic engagement surrounding service delivery (Sanchez-Betancourt and Vivier 2016). Nishendra Moodley describes the practical, coproductive approach taken to developing the Scorecard, which essentially comprises a set of measures of local service delivery performance:

> The Community Scorecard tool was such an exciting little development, in an informal settlement context, where it managed to bring together utility managers with the community to agree on criteria for good performance, to come up with their own ways of measuring what they would consider to be good service delivery in that area, and to then walk around, together, and highlight local problems of service delivery. And then to go back to the community hall to codevelop a plan, which they can use to hold each other to account in terms of its delivery. For me, despite the relatively small scale, it was a really important intervention, both in terms of promoting the short route of accountability, and in introducing a monitoring mechanism that worked in informal settlements around ongoing service delivery issues.[82]

82
Interview with Nishendra Moodley, Cape Town, 3 December 2018

Following the piloting of the Community Scorecard, the CSP assisted the City of Cape Town in developing a framework to assess the City's citizen engagement processes, across the entire governance value chain. The recommendations from this assessment then fed into the City's proposals for institutional restructuring, which was ongoing at the time (CSP 2017). Nishendra Moodley reflects on the specific value of the Community Scorecard project for opening up new questions and possibilities for the practice of accountability within the overall processes and priorities of urban governance:

> What was so exciting about the Community Scorecard work was that it moved away from the participatory planning space, which seems exhausted in some ways, to the ongoing participatory monitoring and accountability for services, as well as the improvement and coproduction of those plans between citizens and managers. So, we are quite keen on strengthening those at the micro scale, but also working systemically over the monitoring and evaluation system as a whole, to ensure that the voice of citizens remains strong in that, and not just in the participatory planning space. We want to extend that in our integration zones, to develop much stronger models of urban management in those integration zones. It is not just about the Built Environment Performance Plans (BEPPs) and the plans for catalytic infrastructure, but how one manages that, on an ongoing basis, together with citizens.[83]

83
Interview with Nishendra Moodley, Cape Town, 4 July 2018.

In addition to assisting HSRC with developing and piloting the Community Scorecard, CSP has also facilitated the undertaking of collaborative 'social audit' processes in particular metros. A social audit is essentially a process of measuring and assessing the performance of a municipality and its impact on society. As with the Scorecard, the aim of an audit is to help promote the right kind and degree of 'triangulation' between official and social accountability mechanisms:

> We are working with accountability actors, who are exercising this on a day-to-day basis. Like the collaborative social audits that have been done in Ekurhuleni, where Planact and the International Budget Partnership conducted a social audit of sanitation contracts in the city and found that some of those contracts needed to be cancelled. And we had arranged that this was done in a collaborative way with the metro, and they took the findings quite seriously. So, Ekurhuleni, I understand, has ended some of those sanitation contracts on the basis of community oversight over whether or not the contract was being fulfilled. I mean, that is a primary accountability triangle that's seen the light of day. So, we want to be able to get the top-down accountability working in relative concert with, and in broad alliance with, bottom-up accountability. [84]

84
Interview with Nishendra Moodley, Cape Town, 4 July 2018.

Integrity strategies

'Public integrity' refers to the application of generally accepted public values and norms in the daily practice of public sector organizations (OECD 2009). It is a notion rooted in the idea that elected and appointed public servants should act in the public interest. Public integrity issues are sometimes approached in a narrow fashion, focusing specifically on public sector-linked corruption. CSP, however, has sought to take a broader view of integrity, and explores how to improve ethical behaviour at institutional and individual levels within cities, with an emphasis on protecting the public interest irrespective of whether conduct is technically legal.

CSP holds that improved integrity in city governance processes is likely to result in improved planning, more strategic modes of project prioritization, more efficient operations, fair and transparent regulation, and enhanced organizational learning, in turn resulting in efficient service delivery, as well as better development and spatial outcomes.

CSP's project activities relating to integrity strategies are divided into three workstreams, set out in Table 5.2.

Table 5.2: Nature and Focus of CSP Work on Integrity Strategies

WORKSTREAM	FOCUS
1: Integrity assessment framework and tools	Issues relating to integrity, strategies, ethics, and transparency
2: Open Budget Index for cities	Strengthening the transparency agenda though the packaging and opening of local government financial data held by National Treasury
3: Municipal Money phase 2	Understanding how data on the Municipal Money tool is being used and how it could be better used

A key output of this project has been the Municipal Money analytical tool, a website that presents National Treasury's municipal financial data in a format that is accessible to the general public. Developed in partnership with Code for South Africa — an NGO that promotes informed public decision-making using technology — Municipal Money has been designed to inform citizens on their local authority's financial performance, and allows them to compare data from different municipalities.[85] It aims to promote transparency and citizen engagement around municipal planning, budgeting, and expenditure processes.

As it is intended for use by experts as well as non-experts, Municipal Money uses various techniques to make complex data and information as accessible as possible, presented in a user-friendly manner (see Box 5.2).

Box 5.2: Characteristics of the Municipal Money Tool

The website is designed to present key municipal financial information to a general audience, who do not necessarily have any financial background or knowledge. This is done by using a variety of visual elements and tools — including interactive maps, charts, graphs, and short videos. We have also provided different levels of detail in explaining key financial concepts, so our audience can select the amount and level of information they want access to.

This tool draws on the raw data from the Municipal Money API website — www.treasury.data.gov.za — and is a clear example of how that raw data can be utilized to enhance civic education and oversight.

https://municipalmoney.gov.za/about

85
See https://municipalmoney.gov.za/about, accessed 19 October 2018.

For Municipal Money, we took twelve years' worth of supervisory, regulatory data that we have on municipalities, and we then said, 'let's open that up to civic organizations, and to journalists, and so on, and not just give them the Treasury interpretation — we will provide them with the Treasury interpretation — but we will also give them the raw data to make their own interpretation of that data, and encourage and incentivize others to develop those things'.

Nishendra Moodley, CSP Leadership and Governance Sub-Component Lead

A second key area of CSP's work is the City Integrity, Transparency, Social Accountability, and Technology (InTAcT) project. InTAcT aims to help cities improve their governance performance, with a particular focus on land development and infrastructure development. The project provides cities with perspectives for understanding their governance challenges related to land and infrastructure development, a framework for assessment, and a range of resources and tools that help improve integrity, social accountability, and transparency performance as a way to unlock solutions to complex problems.[86]

The work of the InTAcT project is based on three thematic work areas — Integrity, Social Accountability, and Smart Governance (see Table 5.3). A series of innovative tools and other resources have been produced in each thematic area to assist cities to strengthen integrity, social accountability, and transparency. These 'Innovation Resource Boxes' consist of case studies, good practice briefs, guidelines, and toolkits specific to each theme.

Table 5.3: Thematic Work Areas of the InTAcT Project

THEME	FOCUS	KEY OUTPUTS
Integrity	This theme has a strong emphasis on the internal mechanisms, policies, and practices that a city can utilize to strengthen governance. It focuses on how cities can build integrity management systems, stronger ethical, cultures and effective integrity oversight.	Integrity and Social Accountability City Assessment Tool
Social	This theme focuses on a city's relationships with external stakeholders and citizens, and how these external stakeholders should be engaged to strengthen accountability, integrity, and transparency. It approaches accountability through an emphasis on citizen engagement and public participation.	Integrity and Social Accountability City Assessment Tool
Smart Governance	This theme explores how technology and innovation can support efforts to improve governance, and strengthen accountability, integrity, and transparency.	• Guidelines for Mayors and City Managers • Open Data 'Starter Kit'

86
See http://intact.org.za, accessed 15 September 2018.

SUCCESSES, CHALLENGES, AND DEBATES

Leadership

CSP espouses a specific kind of agenda with respect to urban leadership. The Programme itself does not necessarily seek to assume an overarching leadership role in policymaking and planning, as might be expected of a state commission (see Chapter 1), for example, but rather seeks to create the conditions for a collective cohort of effective leaders to emerge at the metro level. Civil society engagement and oversight are seen as integral to this process, ensuring that official and political leaders are responsive and accountable to the needs of citizens. It is hypothesized that the development of this cohort of leaders will unlock and drive urban spatial transformation and wider national benefits arising from the 'urban dividend'.

Within this broad agenda, one can differentiate between different kinds of urban leadership. On one hand, there is leadership that is legally constituted and governed by formally defined rules and relationships. On the other hand, there is a more ephemeral and informal mode of leadership that is not grounded in an institutional architecture. CSP works at the interface between these formal and informal modes, both of which are seen as important and necessary within a wider governance system.

Arguably, CSP seeks to encourage South African city governments to adapt towards what Charles Landry and Margie Caust (2017) have termed the 'creative bureaucracy'. This term describes an approach that refuses to see bureaucracies simply as organizational structures, but rather as human systems comprising people, values, incentives, and emotions. It represents an attempt to think innovatively about how bureaucratic systems could be transformed to enhance the contributions of their members, assisting public leaders to manage and deal with the frustrations that arise from their institutional contexts. Put differently, it is an approach that operates by affirming and extending the agency, ideas, and potential of those working in public agencies, rather than by simply imposing structural or organizational reforms. CSP has tried to intervene in a combination of reform areas, addressing the capabilities of both institutional and human systems of governance.

However, there may be tensions involved in pursuing this kind of agenda. It is possible that some metro officials feel that it is difficult to implement the kind of leadership approach encouraged by CSP within their institutional and legal bounds. Understanding the precise nature of these sorts of tensions, how they manifest in particular cities and affect the uptake of support interventions, would be fertile grounds for future research work.

The Leadership and Governance sub-component has generally been well received by the metros, and has led to a number of important outcomes. There is evidence to suggest, for example, that CSP's projects focusing on leadership, particularly the ELPs, have been effective in creating an appetite for spatial transformation within the metros, and have resulted in positive changes to visioning and leadership to drive spatial restructuring (DPME 2018, p. 3). For example, Johannesburg's current metropolitan spatial development strategy, rooted in the logic of TOD corridor planning and the urgent need to drive spatial transformation, reportedly emerged directly from the engagements of the first ELP held in 2012.[87] For CSP itself, organizing the ELPs has helped to establish the Programme's particular 'brand' as a platform for city support and reform that combines elements of leadership and technical development (DPME 2018).

87
Interviews with Yasmin Coovadia, Pretoria, 22 May 2018; and with Rolfe Eberhard, Cape Town, 25 July 2018.

That being said, this work has also faced, and learnt from, a number of important challenges. While the ELPs have generally been regarded as valuable, well-conceptualized, and inspirational events, one local official pointed out that their effectiveness ultimately depends on the commitment and willingness of a metro's leadership to receive and act upon this kind of support.[88] Another observer argued that while the ELPs themselves have been useful, it has been difficult for metro leaders to maintain levels of energy between these events, as they return to 'fight their fires' in local government with little time to re-engage with broader strategic and visioning issues.[89] However, as noted in this chapter, CSP has specifically sought to accommodate these kinds of challenges within the design of its leadership coaching programmes.

Some of the greatest challenges faced by the CSP's leadership agenda relate to problems of political and official 'churn'. Indeed, the rapid turnover of municipal staff, which has accelerated with the project of 'state capture' unfolding over the past decade, has sometimes acted to obstruct advances made in leadership vision and capacity. Managing leadership issues and processes has also become more complicated with the onset and realities of coalition governance, with its implications for political and administrative instability, following the 2016 local government elections. These dynamics have aggravated a longer-term erosion of the political-administrative interface in the South African municipal sector. In tune with these dynamics of political and institutional instability and coalition building, a significant aspect of CSP's leadership work has focused on enhancing local capacity to manage the political-administrative interface.

A key lesson emerging from CSP's work on leadership is that taking a technical and generic approach to improving leadership capabilities and governance processes is, by itself, inadequate as a basis for targeting city support. Rather, the CSP team has realized that it is critical to understand how city leadership in particular urban contexts has been influenced by a broader range of societal, political, and economic forces, as Jeremy Timm explains:

> One of the things that we have started doing in all of our reviews is to look particularly at issues of political economy, and at the political dynamics in the region or province, because it is in that context that deployment happens through those political factions that are in ascendancy, or not. They are articulated from those groups that are in ascendancy, which we often wouldn't take into account.
>
> So, we now try to take a much more holistic view, to understand what the broader forces at play and pressures are, and that creates a real difference in terms of how we conceptualize and design a support package to a particular city. Or, in some cases, an intervention, if we go that route. So, we are trying to take a far more pragmatic, I would also say sophisticated, view of what is actually happening and then developing a response, which has got a much higher likelihood of success, rather than just being a big hope. We often joke about how you don't see miracles in the public service. You can pray really hard, but the miracles don't come in the bureaucracy. It is the slow, steady application of instruments and ideas that does change things.

This learning has underscored the importance of understanding the 'institutional DNA' of different urban local governments, not only for City Coordinators to devise local demand-side projects, but also for CSP to target and implement its supply-side projects. But, at a deeper level, it also shows that designing and implementing leadership support interventions depends on securing a refined political-economic and historical understanding of local environments for governance and leadership change. This is a critical area for future research to investigate: How do these longer arcs of political-economic change affect the ways that particular cities are governed, and their capacity to absorb and respond to support?

88
Interview 34.

89
Interview 40.

Citizen Engagement and Integrity

CSP implements a particular agenda for promoting the accountability of elected and non-elected leaders. This agenda can be located within different traditions of public sector reform. Traditional notions of public sector accountability entail a hierarchical relationship between politicians and citizens, as well as between politicians and public managers (with the former seen as responsible for outcomes, the latter for delivering outputs). 'New Public Management' (NPM) reforms also rest upon a hierarchical relationship, using contractual relationships to delineate lines of 'vertical accountability': the legal structures underlying the public sector that define mandates and processes of authorization (Almquist 2012).

By contrast to traditional and NPM approaches, CSP's agenda is part of a wider movement recognizing that accountability does and should operate in multivalent ways that extend beyond formal definitions of vertical accountability (Lægreid 2014). Accountability, in this view, is not limited to a hierarchical relationship between 'principals' and 'agents', and instead recognizes that 'actors can be accountable to a number of parties inside and outside their organizations' (Almquist 2012, p. 2). It is seen as something constructed over time — it requires active and sustained effort to produce, and cannot be assumed to result from the creation and imposition of legislative or regulatory systems. Indeed, CSP has not simply addressed relations of vertical accountability between local and other spheres of government (targeting, for example, the system of regulatory oversight). It has rather sought to foster other mechanisms of accountability, in particular recalibrating processes of citizen engagement so as to have a maximum effect on urban governance.

As such, projects like the Municipal Money tool and InTAcT are, to an extent, representative of a more general shift towards what has been termed the 'New Public Governance' (NPG). This describes an approach to reform, emerging in the early years of the twentieth century, that focuses on promoting public sector values of accountability and integrity (rather than private sector values of efficiency), starts from the perspective that multiple institutions and stakeholders are involved in accountability (rather than simply an organization and its clients), and recognizes the importance of interdependent horizontal relationships (Almquist 2012). NPG approaches seek to improve the coordination of various institutions and networks, each with equal standing albeit different competencies, in the provision of public services (Almquist 2012, p. 4). Like the Municipal Money initiative, NPG approaches may involve the use of indicators and performance monitoring to set out multiple lines of accountability between many different actors and networks, not just within an organization, or between an organization and its client.

This kind of agenda can be seen as emerging, in part, as a reaction to the overly managerialist emphasis and effects of New Public Management reforms of the post-apartheid era (Kolthoff et al. 2003), which have not been sufficient to prevent widespread maladministration in urban governance. CSP thus seeks to re-emphasize princi-

ples of public integrity as one aspect of improving the performance of urban municipal government.

Yet reducing the work of CSP to a local translation and implementation of global trends in policy thinking and practice would be a limited analysis. Indeed, it is important to note that projects, like Municipal Money and the Community Scorecard, while associated with the CSP, form part of a longer National Treasury agenda and commitment to the principles and opportunities of citizen-led accountability:

> In many ways, these projects reflect the intention, on the part of the Treasury, to ensure that that kind of social accountability is strengthened on an ongoing basis. This is also one of the reasons that we are supporting social audits, as a way to ensure stronger accountability for ongoing service delivery issues in spaces that are not necessarily invited spaces, where the municipality controls the agenda. Our work on Municipal Money was really in support of that, to say, 'we are sitting on a big resource — data — and surely we can equip better social accountability by making that data more open and transparent?'.[90]

CSP's project work on social accountability has enjoyed considerable points of success. The Municipal Money open data portal, for example, has received praise from Transparency International as 'setting the stage for public sector transparency initiatives in South Africa' (Palmer et al. 2017, p. 88). In principle, therefore, this is a highly beneficial intervention, and time will tell whether these kinds of tools will have the desired effects in terms of promoting better values and practices of governance through citizen-led accountability. Understanding precisely how civil society actors and groups use such data and information, according to their specific needs, and the gaps and problems that they encounter in doing so, will be a key area of research that could inform future interventions in this area.

CSP's agenda around citizen engagement can be seen as a continuation and modulation of the post-apartheid South African tradition of participatory urban governance. It affirms the importance of participatory and collaborative planning, but seeks to expand the modalities of citizen engagement in strategic ways. CSP's aim is less about arriving at a consensus around a desired end urban state and the means to get there (i.e., as a function of people's collective needs and preferences, as would be expected of collaborative planning), and more about enabling civil society groups to access the information and tools required to hold leaders to account and to drive changes in political and official behaviour in a way that recursively empowers citizens. Rather than romanticizing the search for consensus, CSP recognizes that constructive criticism and conflict can produce positive outcomes, if managed in an appropriate way. Their work is about strategically resourcing and positioning civic engagement within the overall governance system, such that it can act as an effective political counterweight within the coproduction of urban development processes and outcomes. Again, it is this systemic notion of reform that best characterizes CSP's strategic agenda:

> We are looking at the urban development system and cycle in a city, and at where the key vulnerabilities in terms of integrity issues are, as well as where the key opportunities for citizen accountability are, and how to strengthen those areas.[91]

CSP's work around the promotion of 'public integrity' is not, however, without its critics. One observer, the Chief Executive Officer of a South African urban development agency, argued that focusing on matters of public integrity amounts to moralizing an issue that is structural, and deeply political, in nature.[92] In this view, reducing problems of accountability to the moral outlook and behaviour of individual leaders does not adequately address the systemic factors that enable maladministrative practices to arise and flourish. Rather, energy could be spent more effectively on other kinds of reforms: for example, to the labour regulations that also mobilize against official accountability.

For National Treasury and CSP, however, issues of integrity and accountability remain a critical part — alongside the strategic introduction of practical reform instruments like the BEPP (see Chapter 6) — of the overall systemic change that is required to decisively change our cities and the ways in which they are governed. This is clearly articulated by Nishendra Moodley, who nonetheless points to the inherent challenges involved in taking citizen-based interventions 'to scale':

> The accountability and transparency work that we are doing is as important as the BEPPs. I think the BEPPs have been quite instrumental in getting an integrated planning approach. Through them, we have strengthened the accountability at a national scale. Yet we haven't really got to the same scale on the citizen work. The deep citizen stuff, like the Scorecard work, is just really pockets of experimentation, which is going to be really difficult to get to scale because of the amount of facilitation effort that has been necessary to make it successful. To get that to scale is a challenge. So, we are certainly not hitting scale in the same way that the BEPPs are.[93]

Scaling-up local experimentations in the accountability system will be an important challenge for CSP as it moves forward into its second phase of operation. Another key challenge relates to CSP's desire to more readily and directly engage with civil society actors and organizations, rather than exclusively focusing efforts on the intergovernmental sphere:

> Our strategic take, in terms of strengthening citizen oversight, at least in the design of the next phase of the Programme, has been to say, 'actually, working through municipalities has been constraining'. So far, we have been working with cities, to make them more accountable to citizens through responding better to social audits, community scorecard tools, and so on. Now, for the first time, we are opening the door to saying, 'let's work a little more directly in the next five years with civil society and even the private sector in terms of strengthening their ability to hold the municipality to account'. In terms of advancing the research agenda, that is the big question we are trying to ask — how do we strengthen civil society to be able to exert a more robust and powerful role with respect to their municipalities, rather than relying on municipalities being more responsive to civil society?[94]

As the last point raised in this quote indicates, CSP's work on accountability and integrity strategies raises a number of questions for future research. Such questions include: How can we best establish self-reinforcing systems of accountability within the intergovernmental system, and between the state and civil society? What kinds of reforms are necessary to do so? Indeed, what are the kinds of knowledge that we, as different kinds of urban actors, require to hold each other to account?

90 Interview with Nishendra Moodley, Cape Town, 3 December 2018.

91 Interview with Nishendra Moodley, Cape Town, 4 July 2018.

92 Interview 29.

93 Interview with Nishendra Moodley, Cape Town, 4 July 2018.

94 Interview with Nishendra Moodley, Cape Town, 3 December 2018.

CONCLUSION

This chapter has focused on a critical area of CSP's overall work programme and theory of change. For CSP, unlocking issues of leadership and vision, and ensuring that suitable self-reinforcing systems of accountability exist, are critical preconditions for enabling more effective modes of urban planning and governance. CSP's interventions in this domain have been timely, coinciding with a period of profound institutional and political instability within the South African intergovernmental system. The efficacy of those interventions will be measured by the capacity of urban leaders to withstand contextual instability, while driving coherent strategic visions for urban development and change, and by improvements in the capacity of civil society actors to hold their leaders to account.

In the following chapter, we discuss CSP's approach to reforming the South African urban planning system, focusing in particular on the introduction of a key instrument: the Built Environment Performance Plan, or BEPP.

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SYDELLE WILLOW SMITH

CHAPTER 6
PLANNING REFORMS

Aims and objectives	**Trigger change in planning approach, practice, and process to drive urban spatial transformation**
Strategy	**Introduce new planning tools, and reform the planning regulatory system, to ensure a closer connection between spatial planning, budgeting, and reporting on outcomes**
Work areas	• **Reform planning and reporting systems to enable the achievement of integrated outcomes** • **Develop new planning tools and the capabilities required for cities to develop spatial investment frameworks**
Key projects	• **Reforming the planning system** • **Tools for spatial planning** • **Built Environment Performance Plan annual cycle**

CSP aims to accelerate spatial transformation in South African cities by 'closing the loop' and ensuring alignment between planning, budgeting, and intended outcomes. This chapter focuses specifically on the CSP's strategic agenda to reform the approach, process, and practice of urban planning, as well as the regulatory system surrounding that practice.

CSP's work on consolidating and furthering the Built Environment Performance Plan (BEPP) has been important and effective in many respects. However, metros have faced considerable challenges in developing and implementing the BEPP, and questions remain surrounding the Plan's future institutionalization. How it is institutionalized will be a key aspect of the more general legislative, institutional, and fiscal reforms required to further capacitate and rationalize the planning system.

We argue that CSP's work on planning reforms is driven by a critique of integrated development planning and spatial planning as it is conventionally practiced in South Africa, and has been influenced by international ideas associated with strategic spatial planning and New Public Management. In the South African context, CSP's approach is distinctive in viewing planning as just one aspect of a much broader systemic agenda and process of

City of Tshwane: Downtown street scene at sunrise.

reform. However, CSP's reliance on a particular spatial development model and mode of spatial targeting is contested. Moreover, this work raises questions about a recalibration of participatory planning as the basis for democratic and developmental local government in South Africa.

In reflecting on this aspect of CSP's work programme, a major theme that emerges is the importance of collaborative experimentation, learning, and adjustment in driving effective reforms to planning regulation, approach, process, and practice. To ensure their efficacy, future interventions and refinements will continue to be based on the logic of coproduction and the codesign of policy and practice.

THE CHALLENGE

Despite the tremendous energy spent on capacitating municipal planning and reforming the regulatory planning system in the post-apartheid era, planning practice has proven to be relatively ineffective at driving more productive and equitable urban spatial change in South Africa. The country's cities remain highly unequal and fragmented. Local government planning legislation, created in the 1990s and early 2000s, has in many cases fostered a concern with following procedures rather than enabling more strategic approaches to delivering better urban outcomes. The Integrated Development Plan (IDP) has, despite its original intention, seldom been used as a tool for governmental cooperation and integration, and is sometimes approached by municipalities as an exercise in compliance (see Box 6.1 below).

Box 6.1: The Compliance-Driven Nature of South African Planning Practice

It seems, over the last decade, our planning system has been very tired and lethargic, and became much more compliance-oriented and bureaucratically focused, rather than concentrated on driving transformation. And that was partly because we would say to municipalities, 'did you submit your IDP on time — yes or no? Has it got all the chapters it is supposed to have — yes or no?' And we didn't link it to results on the ground. So, part of the response was to create live incentives, linking planning to performance against a set of indicators. Because otherwise we are just rewarding... We don't even know what we are rewarding. We are just rewarding the submission of paper, or emails.

Jeremy Timm, CSP Strategic Support Manager

At the municipal level, a major reason for the relative inefficacy of planning to shift the spatial makeup and economic productivity of South African cities has been a lack of alignment between municipal spatial planning, budgeting, and reporting activities. Without a clear 'line of sight' between where one directs development, how one pays for it, and how one reports on the performance of those investments, municipal plans and investments run a high risk of promoting fragmented patterns of urban development.

Effective municipal planning, budgeting, and reporting are also impeded by a range of factors at the intergovernmental level. Only recently — through a 2010 verdict of the Constitutional Court, and subsequent passage of the 2013 Spatial Planning and Land Use Management Act — has the legal uncertainty over the intergovernmental allocation of planning functions been clarified. Land-use management is now, definitively, a municipal function, and spatial planning activities undertaken by any sphere of government may not encroach on the constitutional powers and functions afforded to local government. This, in turn, has raised the need for ongoing reform to the regulatory planning system to 'iron out' its inconsistencies, and to prevent the duplication of responsibilities and functions.

Given the multi-scalar nature of these challenges, CSP has undertaken planning-related reforms at both the municipal and the intergovernmental levels. We describe the approach and emphasis of this work below, following a brief discussion of the historical context from which the CSP reform agenda emerged.

POLICY AND STRATEGIC CONTEXT

CSP's interest in planning reform emerges from a longer process of transformation and reform within the local government fiscal system. Much of this has already been discussed in Chapter 2, but it is worthwhile recapping some of the more relevant trends here.

Major local government fiscal reform began in the early 1990s, with the negotiations surrounding the post-apartheid transition. The first edition of the Municipal Infrastructure Investment Framework (MIIF) was launched in 1995. The ideas and precedents established by the MIIF fed into the 2003 Municipal Finance Management Act (MFMA), which set out the state's expectations for the devolution of fiscal powers and functions, while retaining national government's responsibility for budgetary monitoring and oversight. Under the MFMA, the National Treasury is compelled to ensure that municipal budgeting processes comply with national fiscal and macro-economic policies. It is also required to regulate the implementation of budgets, including expenditure, revenue collection, and borrowing, in order to promote good municipal fiscal practice.

The year after the passage of the MFMA, 2004, saw a major step towards consolidation of the fiscal grant system through the launch of the Municipal Infrastructure Grant (MIG). Soon after, in 2007, a differentiated approach to municipal grant financing was introduced through MIG-Cities, an outcomes-based and performance-oriented grant, available only to South Africa's metros, and administered by the Department of Cooperative Governance and Traditional Affairs (COGTA). MIG-Cities ultimately evolved into the Urban Settlements Development Grant (USDG), the latter being introduced in the 2011 edition of the Division of Revenue Act under the authority of the Department of Human Settlements (DHS). Like MIG-Cities, the USDG aimed to boost municipal performance to achieve urban spatial transformation outcomes.

These reforms to the fiscal transfer system arose from the basic recognition that there had been a general neglect of the spatial impact of public expenditure within the intergovernmental fiscal system. The collective thinking around how to address this problem ultimately gave rise to a new planning instrument: the Built Environment Performance Plan (BEPP), which is discussed in some detail in the sections that follow. National Treasury began working to develop the BEPP on the back of its experiences with the MIG and MIG-Cities, both of which responded to problems identified in municipal planning and reporting systems. Ultimately, Treasury officials advised the Department of Human Settlements to adopt the BEPP as an instrument for disbursing the USDG. As such, in the 2011/12 financial year, Human Settlements introduced the BEPP as the eligibility requirement through which municipalities could access the USDG. CSP's relationship with

the BEPP had already begun in 2011, when Yasmin Coovadia was appointed by CSP. A registered planner and housing practitioner, with experience working in NGOs, local and provincial government, public sector banking, and as an independent development consultant, Coovadia was promptly seconded to the Department of Human Settlements to assist with the establishment and alignment of the USDG and BEPP.

By 2013, however, it was realized that the introduction of a single grant could not, by itself, influence spatial planning or budgeting decisions in metros, particularly as the natural tendency of the sector was to look at the USDG as an additional housing grant, rather than as a multisectoral infrastructure grant for human settlement development biased in favour of in situ upgrading of informal settlements. At the same time, the national policy context was shifting and putting greater emphasis on the need for spatial transformation and outcomes-based governance. The National Development Plan, published in 2013, set out five principles to inform planning: spatial justice, spatial sustainability, spatial resilience, spatial quality, and spatial efficiency. It further highlighted the weak capabilities for spatial governance found across all spheres of government, as well as the ongoing disconnect between municipal spatial planning, transport, and bulk infrastructure investments, which acted to obstruct urban economic development and spatial transformation (NPC 2013, p. 286).

Within Treasury, experiences gained from past practice, and the directions given by new national policy, collectively pointed to the understanding that fiscal reform (including the differentiation of grant funding) should be complemented by focus on planning reforms and the design of integrated outcome indicators. So, as the BEPP was being introduced by the Department of Human Settlements, Treasury officials recognized the need for greater consistency in what different metros were expected to report on, and how. They sought to define a common set of spatial outcomes — things that we would all wish to see happen in our cities — which would involve the standardization and rationalization of indicators used to measure progress towards those outcomes. The idea was to develop a set of integrated outcome indicators, applicable across all metros, based on the logic of coproduction and consensus. By early 2013, a Treasury team had started to work on developing this common set of outcomes. Initial progress was slow. As the team proceeded, they realized the huge amount of time and effort that would be required. Even once broad agreement was reached on outcomes statements, going into the technicalities of designing outcome indicators, and making sure that they were measurable, proved to be highly challenging and time consuming. Nonetheless, as we shall see in Chapter 7, a significant success was ultimately achieved through the publication of Circular 88 in November 2017.

Meanwhile, the Department of Human Settlements had decided that they would not require municipalities to produce BEPPs in order to access the USDG, asking only for a more limited 'business plan'. CSP and National Treasury took over the BEPP as a planning instrument, and linked it to the Integrated City Development Grant (ICDG), which was introduced in the 2013/14 financial year. Under Treasury's administration and oversight, and through the sustained efforts of the CSP, the BEPP has evolved into a complex planning, budgeting, and reporting instrument through which metros can coordinate the full range of built environment grants available to them, within the context of other sources of funding, as a means to drive spatial transformation.

In sum, promoting and fine-tuning a connection between planning, budgeting, and outcomes has required ongoing work to reform the regulatory and reporting system for spatial planning, the introduction of new planning instruments, as well as a range of specific support interventions. In the sections that follow, we outline some of the key areas of CSP's work on planning reforms. The main focus is on the BEPP, but we also describe other projects related to systemic planning reform and the development of new spatial planning tools. Before discussing this diverse work agenda, however, we first introduce the overall strategic rationale of the sub-component.

THEORY OF CHANGE

Planning Reforms is one of five sub-components sitting within the wider Core City Governance Component. The planning reform agenda stems from the Programme's overall strategic approach, or theory of change (see Chapter 3), which aims to drive a causal chain from improved city governance, to spatial transformation, to more inclusive, productive, and sustainable urban outcomes. Better planning is a key aspect of improved governance.

CSP argues that we need a closer synergistic relationship between spatial planning, budgeting processes, and the outcomes that one wishes to see. This means that planning reform has to proceed hand-in-hand with adjustments to the monitoring and reporting system (for example, developing standardized sets of output and outcome indicators, based on consensus, against which one can monitor the performance of municipal government), as well as to the fiscal system. Initially, in fact, projects addressing planning and reporting reforms were undertaken as part of the same CSP sub-component, until they were later separated, as a result of the complexity of the work required. This work on reporting reforms is discussed in Chapter 7. Reforms to the fiscal system for infrastructure development, meanwhile, are considered a critical leverage point to changing the way that city governments operate. This fiscal reform agenda is discussed in more detail in Chapter 8.

The Planning Reforms sub-component aims to introduce new spatial planning approaches, processes, and practices, in conjunction with broader reforms to the regulatory planning system, to close the gaps between governance, investments in urban space, and performance monitoring, in order to drive the realization of better outcomes. Within this process, the Built Environment Performance Plan (BEPP) is the key tool used to drive changes in local government planning, budgeting, and reporting practice. The BEPP was designed as a 'strategic intervention' or 'change trigger' to drive a shift in the behaviour of municipal officials and departments, and is described below.

WORK PROGRAMME

CSP addresses its efforts to three main areas of planning reform. First, it works on managing and carrying out ongoing refinements to the annual BEPP cycle; second, it promotes reforms to the planning regulatory system; and third, it seeks to introduce new, appropriate, and effective spatial planning tools. These areas are described in more detail in the following sub-sections, following a more substantial explanation of the logic and approach embodied by the BEPP.

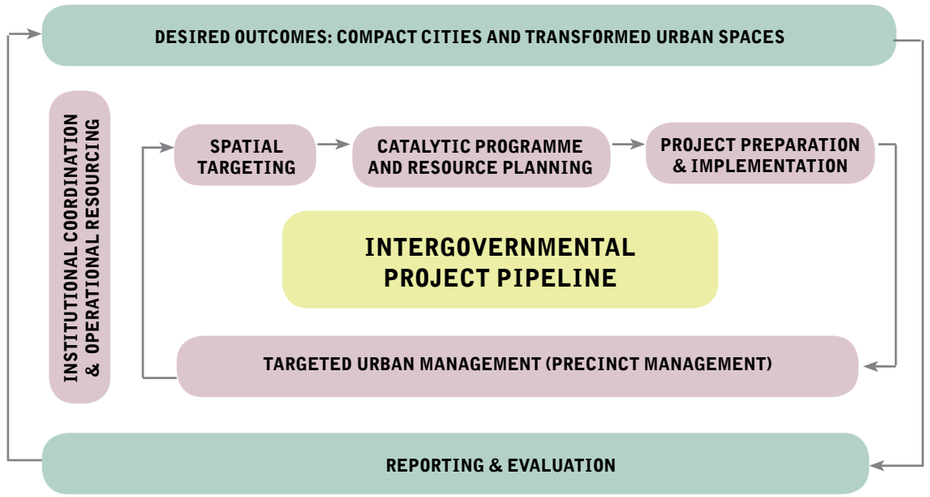
The Built Environment Performance Plan

Possibly the single most significant impact that CSP has had within the eight metros has resulted from its efforts to implement and refine the BEPP: a spatially-targeted infrastructure investment plan developed within a results-based or outcomes-led framework

(Palmer et al. 2017). While the BEPP was the brainchild of a wider Treasury team and process, as mentioned above, CSP has played a key role in supporting its writing, evolution, and implementation. Under CSP's guidance, the BEPP has emerged as an important 'tool for change'; a means to align the investment of built environment grant funding, alongside other sources of finance, while improving intergovernmental coordination in urban planning, budget allocation, and implementation of projects and programmes (National Treasury 2017a). As such, the BEPP emerged with two main objectives. First, it aims to promote better spatial and temporal coordination of the way that metros spend the various built environment fiscal grants available to them. For CSP, these infrastructure grants are seen as a critical lever with which to influence total capital expenditure in metropolitan spaces. Second, the BEPP exists as a 'strategic public management framework' that facilitates collaboration 'across sectors and spheres for the alignment of public resources into strategic urban locations across the planning, funding, delivery, and operations cycle' (National Treasury 2017a, p. 11). The BEPP has therefore evolved into the key mechanism by which the CSP has attempted to drive spatial transformation by 'closing the loop' between planning, budgeting, and reporting frameworks (National Treasury 2017b, p. 5).

As an 'outcomes-led plan', the BEPP works backwards from a set of mutually-agreed built environment outcomes. These outcomes are assembled under the overarching rubric of creating more productive, sustainable, inclusive, and well-governed cities. The BEPP has to show, specifically, how each allocation of capital and operating finance within the municipal budget aligns within a 'coherent investment logic' that will give rise to the various intended outcomes (National Treasury 2017a, p. 11). It thus provides a medium-term programmatic agenda within the long-term vision for urban development set out by a Municipal Spatial Development Framework (National Treasury 2017a). This process — of defining outcomes and then working out specifically what activities are required to achieve those outcomes — characterizes the logic of the Built Environment Value Chain (BEVC) (see Figure 6.1).

Figure 6.1: The Built Environment Value Chain *(source: National Treasury 2017a)*

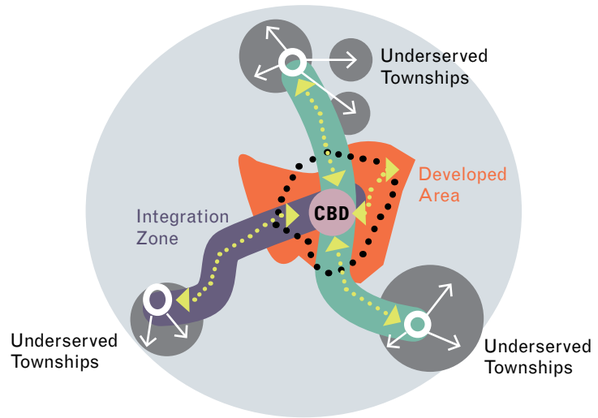


The BEPP is based on the logic of 'spatial targeting', according to the recommendations of the National Development Plan (NPC 2013). Spatial targeting describes an 'approach where specific areas are prioritized for investment at a range of geographic scales, within an urban system, to achieve particular development outcomes' (National Treasury 2017a, p. 7). The prioritization of particular areas for capital investment is intended to drive the emergence of a hierarchy of urban spaces 'where the cumulative effect of public, private, and household investment will contribute to spatial transformation'. It is not intended to exclude certain areas from the allocation of resources. However, this remains a tension and a critique of the approach (DPME 2015).

Within this broad approach, the BEPP requires metropolitan municipalities to adopt a spatial planning method based on integrated transit-oriented development (TOD), as articulated in the Urban Network Strategy (UNS) (Harrison 2017). The UNS (represented graphically in Figure 6.2) emerged from a range of practices and processes that were being considered within national government and National Treasury in the 2000s, and particularly from the work of the Neighbourhood Development Partnership Programme (NDPP), a Treasury unit that focuses on township economic development (see Box 6.2).

TOD is defined as a planning concept and approach that directs public and private investment to areas of maximum public transport access in a city, in such a way as to create more liveable urban environments (National Treasury 2017a). TOD constitutes the conceptual and strategic baseline of the UNS. As part of creating a BEPP, municipal officials are asked to identify a number of 'integration zones', or specific spatial planning elements that collectively constitute a city's spatial and mobility network. New infrastructure investments are then directed toward these zones. The UNS thus acts on the intentions and objectives of spatial targeting, by identifying a hierarchy of urban spaces — urban nodes of advanced or lagging productivity, and the activity and public transport corridors that connect them — into which capital investments will be channelled to drive spatial transformation (National Treasury 2017a, p. 11). To promote intergovernmental coordination, planned investments within prioritized areas are organized into an Intergovernmental Programme Pipeline, comprising the full range of catalytic development programmes pursued by metro, provincial, and national government, as well as state-owned enterprises, within the municipal area.

Figure 6.2: The Urban Network Strategy *(source: DPME 2018)*



Box 6.2: The Emergence of the Urban Network Strategy

The NDPP was in Treasury before the CSP started. It began to evaluate what it was doing in the realm of township development, and how it needed to do it. The township focus was always there, which is fine. But they decided to do other kinds of projects after the first round, like Vilakazi Street and the Hector Pieterson Memorial. And they were getting more involved with station precincts and mobility and connectivity, and so on. So, there was always an urban network strategy and an urban investment strategy that was evolving within Treasury in the NDPP. At some stage we said, 'there are overlaps here; there are synergies as well. How can you put the two together?' When we started with the BEPPs, David Van Niekerk from the NDPP came to us and explained their intentions to work with the Urban Network Strategy. We considered that it would help us to target the spatial agenda. So, we engaged with that. We tried to influence each other, and change each other. Finally, we found a middle ground and took it.

Yasmin Coovadia, CSP Planning Reforms Sub-Component Lead

The Built Environment Performance Plan Annual Cycle

The annual BEPP cycle was specifically designed such that it would align with annual local government budgeting and review processes undertaken by National Treasury in terms of the regulations of the MFMA. Specifically, the BEPP cycle aligns with the municipal Mid-Year Budget Review (taking place in January or February each year) and the Budget and Benchmarking Engagements (held in April or May) overseen by Treasury, both of which are requirements of the Medium Term Revenue and Expenditure Framework (MTREF). This is one of the distinctive features of the BEPP, setting it aside from other kinds of municipal plans, and ensuring a direct linkage between municipal planning and budgeting processes.

The BEPP was never intended as a once-off statement of government intention, nor as a simple regulatory requirement. Rather, CSP has envisaged the BEPP within a 'progression model'. Progression models, or 'maturity models', have increasingly been applied within the public sector over the last decade. They are based on a 'developmental view of the public sector', and the notion that good government performance is not something that appears 'overnight', particularly in large organizations like metropolitan municipalities. Rather, progression models propose incremental steps that can be taken to improve performance (National Treasury 2017a, p. 42). The adoption of a progression model was partly a function of CSP's recognition that the metros have varying levels of capacity and capability, and therefore progress in the quality of a BEPP's content and the rigour of the BEPP process was expected to vary considerably between cities. As a result, appropriate levels and kinds of support could be identified and targeted at particular metros.

The progression model fulfils several functions and objectives. First, it enables the metros to assess their own progress in their capacities and capabilities, and to encourage clear accountability for the ongoing strengthening of the BEPP process and outputs. For this, CSP has developed a BEPP evaluation framework, which is discussed below. Second, it provides national government with a 'more nuanced and responsive approach' to providing support and incentives to metros. Third, although not the primary objective of the evaluation framework, it enables different metros to assess and compare their performance with one another, thus providing a means of benchmarking and peer learning.

Fourth, the progression model allows the focus of the BEPPs to shift over time so as to 'progressively and incrementally' address the various 'structural impediments to spatial transformation' as they arise (National Treasury 2017a). Finally, this approach allows for the progression model, as well as its evaluation and implementation arrangements, to themselves be subject to ongoing development and refinement.

Accordingly, the CSP operates a number of projects intended to shape the BEPP as it matures and evolves. These include the annual production of BEPP guidelines, evaluation of the metros' BEPPs, and providing direct technical support to cities to assist with the BEPP process.

BEPP guidelines

Every year the CSP releases a new set of supplementary guidelines which, alongside a permanent set of core guidelines, assist metros with the BEPP process as it moves along the progression scale, from the identification of integration zones through to the implementation of projects.[95] The guidelines are not intended to 'usurp the municipal function of spatial planning and land-use management'. Rather, they seek to 'work collaboratively with metropolitan municipalities', sharing examples of good practice within the context of efforts (at the national level) to create a more 'enabling policy and regulatory environment' to drive urban spatial transformation (National Treasury 2017a, p. 1).

The BEPP guidelines comprise two components: a core set of guidelines that explains the general logic and requirements of the BEPP; and supplementary guidelines, linked specifically to a municipality's Medium Term Revenue and Expenditure Framework (MTREF), which are also released annually. As the BEPP system has evolved, these guidelines have placed greater emphasis on the institutional and financial arrangements necessary to accelerate the implementation of projects and programmes (see Table 6.1) (National Treasury 2017b, p. 6). In the future, the guidelines will address issues lying further along the BEVC.

Table 6.1: Focus of BEPP Guidelines (after National Treasury 2017b)

YEAR	FOCUS
2014–15	Introducing the BEPPs as an instrument of the Integrated City Development Grant (ICDG) and other built environment grants with an emphasis on spatial planning and the identification of integration zones using the Urban Network Strategy (UNS) (Harrison 2017)
2015–16	Refining, enhancing, and consolidating spatial planning by providing greater clarity on the urban network elements and catalytic projects
2016–17	Providing clarity on how to prioritize integration zones, project preparation, intergovernmental planning, and urban management
2017–18 to 2019–20	Establishing an actionable intergovernmental pipeline of catalytic programmes via portfolio management and project preparation tools, and clarifying long-term financing policies and strategies for sustainable capital financing of the intergovernmental project pipeline

95 Entirely new guidelines were issued every year until 2017, when it was decided to consolidate all previous guidelines into one set of 'core guidelines', to be complemented by the annual publication of 'supplementary guidelines'. Interview with Catherine Stone, Cape Town, 1 June 2018.

BEPP evaluations

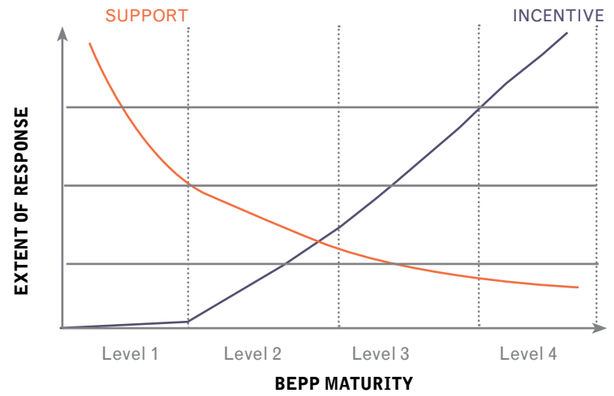
Evaluation is a critical aspect of the BEPP progression model. This happens in several discrete steps. First, metros are expected to self-assess their preparation of the BEPP, ideally through a process of 'facilitated internal dialogue' involving the core BEPP team as well as local officials drawn from sectoral, planning, finance, and monitoring and evaluation departments. Second, CSP team members, alongside a larger National Treasury team, conduct an initial evaluation of the draft BEPPs submitted by the metros during their Mid-Year Budget Review. Third, the CSP and Treasury team assess the draft BEPP in relation to the municipal IDP and budget tabled at their annual Budget and Benchmarking Engagements. Fourth, CSP facilitates independent evaluations (conducted by external consultants) of the final, Council-approved BEPPs. Fifth, National Treasury hosts an Annual BEPP Evaluation Workshop that includes an emphasis on peer review and metro self-assessment (National Treasury 2017a, p. 43). The results of these evaluations collectively feed into the process of drafting the new supplementary guidelines for the BEPP (National Treasury 2017a, p. 44).

These processes are carried out using an evaluation framework capable of monitoring the maturity and ongoing development of an individual metro's BEPP. This framework is designed to provide a rational, evidence-based, and holistic assessment of each BEPP. It assesses each Plan with respect to the processes by which it was formulated and institutionalized, as well as its quality and content (National Treasury 2017a). In essence, the framework breaks down each section of the BEPP document into various subcategories and performance standards based on the content required by the BEPP Guidelines. Each section is weighted according to its relative importance within the latest set of guidelines. To date, this importance has been placed on the BEPP document and process itself. In the future, the emphasis of weighting might shift to issues surrounding the BEPP's institutionalization, or the degree to which it is embedded into the metros' everyday plans and practices (National Treasury 2017a, p. 43).

The assessor scores the BEPP document against each standard, motivating and providing evidence for this score (National Treasury 2017b). Each standard is scored according to a four-level classification system, which ranges from 'tin' (zero fulfilment), to 'silver' (partially fulfilled), 'gold' (fulfilled), and 'platinum' (exemplary). A metro can then be assessed, and can assess itself, according to its progress towards a better-aligned pipeline of plans and projects. This enables each city to strengthen its own internal BEPP processes and outputs. It also allows CSP, and national government generally, to tailor its support and incentive interventions to different metros, depending on where they sit within the overall progression model (see Figure 6.3). The incentives offered to a metro to improve its BEPP could be grant-related; for example, the allocation of a portion of the ICDG or an additional grant could be linked to the progress of a city's BEPP (National Treasury 2017a, p. 44).

Once the evaluations have been completed, the framework itself is then reviewed to ensure that it is appropriately responsive to the issues emphasized in successive versions of the guidelines. As part of this process, it is possible that unique weightings for individual metros, which for various reasons may occupy different positions within the progression model at any point in time, may be applied (National Treasury 2017a).

Figure 6.3: The BEPP Progression Model in Relation to the Provision of Support and Incentives
(source: National Treasury 2017a)



Box 6.3: Developing the BEPP Guidelines

It was built year-on-year. We developed guidelines for 2014–15 and for each year after that. It shows you the evolution of and progress along the Built Environment Value Chain. And because you assess year-on-year what came through the BEPPs, you are able to pull the metros further along the value chain. And that in itself was such a big learning process. For everyone involved. Mostly the cities.

Yasmin Coovadia, CSP Planning Reforms Sub-Component Lead

Planning system reform

As in many of CSP's other thematic components, a key aspect of the Programme's work on planning reform addresses the systemic legislative and regulatory context in which city planning activities are undertaken. Specifically, CSP aims to establish a vision and programme for how the broader institutional and regulatory system for urban spatial planning can be better aligned so as to enhance the agency of city government to drive spatial transformation.

In practical terms, this work has involved CSP working with COGTA in drafting a memorandum on the Integrated Urban Development Framework (IUDF), for presentation to Cabinet. In addition, National Treasury's experiences with the BEPPs contributed to a review of the SDF guidelines linked to SPLUMA (National Treasury 2017c), and will also be used to review the IDP Guidelines. CSP hosts seminars and workshops that engage a wide variety of stakeholders, from all levels of government, involved in planning reform issues. CSP has also produced a series of technical notes on a range of relevant topics. For example, recent reports have assessed past experiences and the potential for future reforms in areas such as: spatial targeting; outcomes-led planning; infrastructure-led growth; coordinated intergovernmental planning, budgeting, and implementation; strategy-led budgeting; new strate-

gic planning tools; as well as the alignment of planning, budgeting, and capital expenditure.

In the sections that follow, we will discuss this agenda as it relates to two areas: legal and regulatory reform, strategy-led budgeting.

Legal and regulatory reform

Over the past two decades, the spatial planning system has been shaped and affected by numerous pieces of national legislation, each with their own regulations and requirements. For example, the BEPP, like SPLUMA, has introduced its own set of planning requirements, on top of those asked for by earlier rounds of local government legislation. While SPLUMA clarified some of the issues of legal uncertainty surrounding intergovernmental roles and responsibilities, municipalities now face the challenge of implementing the improvements introduced by new legislation while a number of other difficulties remain in place (National Treasury 2016). As such, CSP and National Treasury have investigated how to go about fixing the confusion and duplication found within the wider regulatory framework governing urban spatial planning (see Table 6.2). Some of the findings of this work are described in Box 6.4.

Table 6.2: National Legislated Requirements for Municipal Planning

LEGISLATION	RESPONSIBLE DEPARTMENT	REQUIREMENTS
Municipal Systems Act (2000)	Department of Cooperative Governance and Traditional Affairs	• Integrated Development Plan (IDP) • Spatial Development Framework (SDF) • Capital Expenditure Framework
Municipal Finance Management Act (2003)	National Treasury	Service Delivery and Budget Implementation Plan (SDBIP)
Division of Revenue Act	National Treasury	Built Environment Performance Plan (BEPP)
Spatial Planning and Land Use Management Act (2013)	Department of Rural Development and Land Reform	• Municipal Spatial Development Framework (MSDF) • Capital Expenditure Framework

Box 6.4: Challenges of Reforming the Planning System

What we came up with was a programme to really change the law. You can't have multiple legal requirements for exactly the same sort of thing. It must be clear: there is one spatial plan, there is one integrated plan, there is one investment plan, and the way they fit together is like this... Whereas, instead, you have two spatial plans, three capital investment plans. There is an IDP, and an SDBIP, and a BEPP. Some people will tell you it is all integrated, it is all the same, and it is a seamless thing, but it is not. You have the Department of Rural Development and Land Reform running with SPLUMA, so immediately you have a problem with the Department of Rural Development doing the city planning. The decision has been made to move SPLUMA to COGTA. It hasn't happened yet, but when it does you would have an inherent logic: you would have one Minister now responsible for the Systems Act and the IDPs, as well as for SPLUMA and its SDFs. Then the incentives are all in alignment for that Minister to say, 'for heaven's sake, just bang these things together'. But until you do that, you have two Ministers, neither of whom wants to relinquish their instrument, and because of that the Treasury said, 'we will put in the BEPP because of the dysfunction that exists here'. That is not a sustainable solution. It is plugging the hole. It is a really expensive thing to have all these different processes running, doing the same thing, with a BEPP in between. The BEPP has made an invaluable contribution, but it didn't have to be that way: aligning the legislation may well have yielded the same results, sooner, and more sustainably.

Stephen Berrisford, urban planning and legal expert

CSP recognizes that the introduction of the BEPP is only one aspect of a wider reform process that is needed in the spatial planning system. Other kinds of legislative, institutional, and fiscal changes are also needed to address the disconnection and confusion that affect municipal planning (National Treasury 2016). The various elements of the system need to be further rationalized and aligned if urban spatial transformation is to be achieved. This, in turn, calls for broad consensus, across multiple spheres and sectors of government, on the changes that are required, and the way in which those changes should be effected. This will require a coproduced effort that includes cities and a wide range of government departments. It is possible, however, that an impermanent reform platform based in National Treasury, like CSP, is not ideally placed to drive such a process of consensus-building and reform.

Strategy-led budgeting

One particular area of ongoing National Treasury and CSP work has investigated how strategy-led budgeting can be advanced in the local government context. Undertaken in partnership with the metros, COGTA, and the Department of Rural Development and Land reform (DRDLR), this work draws on metro experiences with the BEPP process to make recommendations for promoting 'a stronger and more direct relationship between strategic spatial planning and budgeting' (National Treasury 2018a, p. 3). In principle, strategy-led budgeting is the enabling environment in which the Built Environment Value Chain can operate efficiently. However, the existence of the BEPP itself is not sufficient

to guarantee the creation of this enabling environment, which often calls for changes in organizational behaviour and culture (see Box 6.5). Moreover, administrative and political leadership is critical to making strategy-led budgeting possible, and in enabling the approach so that it filters into wider institutional ways of thinking and acting.

Box 6.5: The Challenge of Strategy-Led Budgeting

> *The big struggle with the BEPP was always to communicate how the budget is aligned with the strategy. We would find that the budget decisions would be made in a dark room, and when they came out the other end we'd have to quickly check the strategic narrative to see that they matched up... But that is a problem inside the municipalities around opening up the budget process, which is starting to happen. But, again, this is actually a short timeframe in quite a long process of planning reform and changing organizational behaviour around integrated planning... The BEPP doesn't control the budget decision-making process, so there is an organizational culture that has to embrace the realization that budget decisions have to be made in accordance with strategy.*
>
> Catherine Stone, planning expert and former Director of Spatial Planning and Urban Development, City of Cape Town

In order to drive a wider recognition of the importance of strategy-led budgeting, a municipality's larger spatial strategy has to be coherent, working from a common set of assumptions and baseline data, and translated into a specific set of projects and programmes. Once this pipeline of strategy-aligned programmes and projects is in place, budgetary decision-making becomes a simple matter of 'prioritization', thereby reducing the risk of the budget decisions departing from the logic of a metro's development strategy. [96]

CSP has come to recognize that putting in place appropriate formal institutional structures and processes is a necessary but insufficient condition to enable real transversal engagement and strategy-led budgeting. Engagements between strategic planners and financial managers can't simply happen once a year, during the annual budgeting cycle. These conversations need to happen, but they in turn must feed back into the subsequent preparation of plans and budgets. As such, formal transversal structures should be complemented with ongoing, adaptive, and reiterative processes of learning and self-correction. Officials need to continuously ask whether the results intended by strategy-led budgeting are, in fact, delivering the built environment outcomes they desire. This is likely to be 'a messy, incremental process'.[97] Nonetheless, experience has shown that 'a shared understanding and ownership of the outcomes sought and the long-term commitment needed to turn our cities around' is a critical precondition for strategy-led planning to work effectively (National Treasury 2018a, p. 16).

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Interview with Catherine Stone, Cape Town, 1 June 2018.

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Interview with Catherine Stone, Cape Town, 1 June 2018.

Spatial Planning Tools

In addition to carrying out ongoing reforms to the BEPP and the spatial planning regulatory system, CSP also produces a range of tools to assist municipalities with their ongoing planning functions. Here we focus on one specific example: the Fiscal Impacts Tool (FIT).

As part of the wider drive to encourage evidence-based spatial planning and decision-making at the municipal level, SACN and CSP jointly commissioned a study to investigate the development of a tool to assist metros in addressing the location of large-scale greenfields housing projects, and to assist them in delivering housing solutions in better urban locations (National Treasury 2018b). This evaluation concluded that metros do not have access to mechanisms to assess large-scale residential development proposals in terms of their total fiscal impact, including capital and operating costs and the cost of provincial infrastructure provision. As a result, it was decided to commission the Palmer Development Group to develop a relevant tool in partnership with eThekwini Municipality. Released in 2015, the FIT took the form of a spreadsheet-based model enabling metros to assess the long-term fiscal impact of development applications at specific greenfields sites within the municipality. The purpose of the tool is, broadly speaking, to inform better decision-making around development approvals in relation to spatial location, to illustrate the trade-offs involved when approving developments in different locations, and to identify long-term capital and operating costs to inform negotiations around the allocation of limited financial resources (National Treasury 2018b).

The intention behind FIT was to produce 'an extremely light version of UrbanSim', an open source urban simulation system designed to support metropolitan land use, transportation, and environmental planning:

> To get the services of UrbanSim you need a lot of money, and the capacity to do it. Actually, if you don't have the capacity in the municipality, the Council for Scientific and Industrial Research (CSIR) runs it for you. So, how are we going to give the cities something cheap, easy, but powerful to use? That is how we designed it.[98]

In early 2016, FIT was tested in several different cities, mostly with success. However, despite the demand for such a tool from the metros, its uptake has been less than satisfactory — none of the cities have officially adopted FIT as a decision-making tool. The most significant uptake was seen in Cape Town, where following its testing, it was customized as a means to develop the city's Medium-Term Integrated Infrastructure Framework (MTIIF), as well as a new Spatial Costing Tool (SCOT). The latter is capable of assessing different growth management strategies in terms of their capital and operating cost implications for the municipality over a twenty-year period. Aside from Cape Town, a recent review of FIT's application found that generally there is 'either an inability or a lack of willingness on the part of the metros' to adopt the Tool. Reasons may include a lack of interdepartmental cooperation; poor, inconsistent, or non-existent data management systems; lack of technical understanding of the FIT and its abilities; disengaged users; or lack of user-friendliness (National Treasury 2018b, p. 13).

One of the major challenges concerns municipal data collection and management practices. Many cities simply do not keep data in a form that can be fed into the FIT. Getting cities to generate that data requires working slowly in partnership with city officials, guiding them and demonstrating the advantages that the collection of accurate data — and the application of such tools — can offer. Other problems are external to the municipalities themselves, and relate to the skills training that planning professionals receive. Very few planning graduates, at least in the South African context, are exposed to the kinds of data analysis and programming techniques that are necessary to use something like FIT effectively. [99]

It remains for CSP to decide exactly how to take something like the FIT forward, which

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Interview with Yasmin Coovadia, Pretoria, 22 May 2018.

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Interview with Yasmin Coovadia, Pretoria, 22 May 2018.

may involve not only improving the tool itself, but also strengthening technical skills and systems within municipalities. This experience shows that the issue of developing spatial planning tools is not simply about providing a technical solution to a pressing local problem. Rather, the introduction of new tools must link up with a range of political, institutional, educational, and technical processes in order to guarantee their uptake.

SUCCESSES AND CHALLENGES

Having covered the broad outlines of CSP's different areas of work relating to planning reform, we now change tack and address the various successes and challenges associated with this work, both for CSP itself and for the metros. The focus is again on the introduction of the BEPP as a new kind of plan, process, and approach.

From the perspective of the CSP team, the principal challenge has been to navigate the long hard process of engaging with city governments, national departments, and other stakeholders to develop the BEPP concept, process, indicators, guidelines, and evaluative framework. Often this process has been both exhausting and rewarding, involving mutual frustration and learning. It appears, however, that these challenges are outweighed by the benefits. The value of the BEPP, for CSP, has to be read against the specific objectives and intentions that informed its adoption in the first place. Jeremy Timm reflects on the strategic intent of the BEPP, and suggests this has been realized:

> The BEPPs were an intervention, which, once they had achieved their initial intention, could be withdrawn because the statutory instruments actually allow for everything we are doing. We often used the metaphor of jumper leads for a car: the battery has run flat and we needed to boost it. And we even went as far as using the metaphor of defibrillators, you know: when you are about to die you need to boost the heart and shake it into action, and we used the BEPP as that. It seems to have done it.[100]

Moreover, for CSP and National Treasury, the specific value of the BEPP lies, in part, in securing a measure of oversight and influence over local spatial planning and financial decision-making, according to the Treasury's constitutional obligation to regulate municipal budgetary implementation.

> For us — us being CSP at Treasury — it brings tighter oversight, so twice a year we are able to influence engagements with the municipality on what exactly is happening in terms of their plans, the budget allocated to those functions, and expenditure and implementation. So, it gives us tight oversight, and I think that is one big plus versus the IDPs, which we don't have that oversight over when it goes through a COGTA process and is generally looser. And secondly, the BEPP represents the metros' capital expenditure in a very targeted way, so if we are wanting to influence 'bang for buck', rather than just looking at the overall picture for the municipalities, the BEPP gives us that targeted access.[101]

For the metros, the challenges of the BEPP process have taken a somewhat different form. Initially, the BEPP received a frosty reception from some city officials. In some cases, it was seen as another layer of compliance, handed down from national government in an already cluttered regulatory environment.

Although each BEPP has to address particular requirements of the Division of Revenue Act, metros nonetheless have a fair degree of flexibility in how they can go about crafting the plan and developing its substantive content. Each metro, for example, has been relatively free to decide on the size and shape of its integration zones, often drawing upon the spatial vision for future city-wide development articulated in the Municipal Spatial Development Frameworks required by SPLUMA. In Ekurhuleni, for example, the primary integration zone naturally focuses on the vicinity of a major economic and transport hub: the O. R. Tambo International Airport. Cape Town's integration zone, by contrast, is nicknamed the 'blue turtle', due to the shape and colours with which it is generally represented in the City's SDF. The 'turtle' straddles the city's central business district and extends along several key movement and activity corridors radiating outwards. Johannesburg's integration zones have been oriented around a series of three TOD corridors radiating from the city's central business district. In each case, officials have had sufficient freedom — within the broad strategic-spatial bounds of the Urban Networks Strategy and TOD approach — to tailor the BEPP's content to the specific demands and needs of their city.

The cities have also been afforded considerable flexibility in how the BEPP process is institutionalized. In some cities, the BEPP was effectively run out of the municipal spatial planning office. In others, it was run by the city manager's office, according to a 'corporatist' approach. A former metro planning official suggests that 'there are arguments for both' approaches:

> A lot of metros believe it should be from a corporate point of view. Johannesburg and Cape Town felt it ran very well out of spatial planning, but I think in those instances the spatial planning functions had positioned themselves to play a corporate integrating role anyway, and they had strong relationships with different departments. But that could differ in a different metro. I think there should be flexibility in how a metro goes about this.[102]

Nelson Mandela Bay, by contrast, followed a more corporatist approach: the BEPP process operates through a Strategic Planning Steering Committee, a transversal management team established in October 2016 in place of an IDP and Budget Steering Committee.[103] This Committee, which meets monthly, not only oversees the process of producing and writing the BEPP, but also performs a wider strategic oversight role within the metro. For example, it monitors the expenditure on grants like the USDG and ICDG, and introduces all new catalytic developments and CSP initiatives to the full range of municipal stakeholders, thus ensuring that all are aware of these projects and their potential involvement therein. This approach has been effective in helping to avoid problems arising from the duplication or overlapping of departmental responsibilities, to clarify matters of internal leadership, and to bring discrete departmental activities into a single coherent programme comprising multiple contributions.[104]

Metro officials noted that the BEPP had led to innovations in engagement and cooperation, both within and external to the local government sphere. Internally, the BEPP process has led to the creation of new institutional structures and processes for transversal planning and management. A former planning official in Cape Town highlights this:

> The BEPP started to open up the conversations around aligning budgeting and strategic planning, because we never used to talk to the finance people, as plan-

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Interview with Jeremy Timm, Pretoria, 22 May 2018.

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Interview with Anthea Stephens, Pretoria, 22 May 2018.

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Interview with Catherine Stone, Cape Town, 1 June 2018.

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The Strategic Planning Steering Committee is led, politically, by the political portfolio head of Economic Development, Tourism, and Agriculture, and includes the Mayor's Office, City Manager, Chief Financial Officer, Chief Operating Officer, as well as portfolio Councillors and Executive Directors, and relevant officials responsible for budgeting and Treasury, Economic Development, Human Settlements, Infrastructure and Engineering, Electricity and Energy, the City Manager's Office, and Strategic Planning.

104
Interview with Dawn McCarthy, by telephone, 10 September 2018.

ners. I don't think we fully comprehended the opportunity, the strategic opportunity we had to push the spatial agenda in the finance space, and to show the connections between municipal finance and spatial planning. It is not just about the public transport grant and its sustainability; it is about many other things.[105]

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Interview with Catherine Stone, Cape Town, 1 June 2018.

Box 6.6: A Metro Official's Perspective on the BEPP

I think the BEPPs have been extremely useful. I think that in many instances the BEPP is used as more of a reference document than the IDP and other plans, because it is so focused and spatially targeted. And the way it is driven at the national level has been exceptionally well done. Institutionally, the BEPP is being recognized for what it is doing and what it does in a way that SDFs and IDPs, which are really about 'ticking the boxes', do not. This is partly because of the people who are involved. They make sure that we meet the deadlines, that there is a mid-term review, as well as a budget benchmarking session. They ensure that we demonstrate that we have planning-led budgets, and are introducing planning into the budgeting evaluation processes. I think all of that has been extremely valuable, and it is really making people think in new ways. Because previously, budget preparation was budget preparation, happening in relative isolation. It was really about balancing the books. Whereas now, there is far greater institutional consciousness around the importance of strategic planning-led budgeting processes, certainly in our metro, which has never had sophisticated strategic planning at all.

Dawn McCarthy, Senior Director of Strategic Planning and Coordination, Nelson Mandela Bay Municipality

Metro officials also noted that the BEPP process has helped to create new conversations and processes external to municipalities themselves. In the case of Nelson Mandela Bay, the influence of National Treasury has brought the activities of parastatals like the Passenger Rail Agency of South Africa (Prasa) into closer proximity to municipal planning processes. Representatives of these kinds of agencies now attend budget benchmarking and reviews, explaining their strategies and programmes directly to the metros and other departments. Provincial and local government processes have also been brought closer together: 'Now we really are talking a common planning language, and we are starting to plan together, and that also would not have happened if it wasn't for the CSP'.[106]

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Interview with Dawn McCarthy, by telephone, 10 September 2018.

In some cases, the introduction of the BEPP has been caught up in departmental politics and 'turf battles' within municipalities, with particular officials suspicious that it infringes on their usual areas of responsibility and activity. As a result, some municipal officials have been reluctant to engage with the BEPP process. At the same time, the BEPP, as a convening device, offers a certain value stemming from the regulatory power that a legislated requirement, administered from National Treasury, holds. A planning official from Ekurhuleni specifically commented on this:

> What is really useful is that when I go to other departments, I have the Division of Revenue Act in my hand, and I say to them: 'This Act of Parliament says, "thou shalt have a BEPP, otherwise thou shalt not get grant funding".' So, to cut a very long story short, part of why the BEPP works is because I have a piece of paper that says, 'Government says, Parliament says, "you will do it this way".' And the threat part of that is to say, 'if you don't do it this way you won't get the grant funding'. It is useful to be able to say to all of our sector departments, 'if you don't participate here I will cut your grant'.[107]

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Interview 35.

In other cases, the problem of a lack of internal engagement and collaboration has been less one of inter-departmental politics, and more an issue of, as one metro official put it, 'getting the importance of what we are doing recognized by others; getting political and administrative leadership on the same page'.[108] Here again, the regulatory weight afforded to the BEPP means that it can play an important political role, as another former official commented:

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Interview 34.

> It is surprisingly difficult to convince local government politicians of the importance of spatial transformation and integration. It really is quite difficult. So, to be able to say to them, Treasury want a plan, and they want this plan to do the following things… they must tick the boxes around spatial transformation, they must push this agenda, they must push efficiencies. It is really helpful.[109]

109
Interview with Catherine Stone, Cape Town, 1 June 2018.

As such, some individual officials have found the BEPP to offer considerable strategic advantages in their own work, helping them to engage with other municipal actors in a transversal way, and to reach agreement on strategic priorities for future budgeting and project implementation. On one hand, spatial planners, like those quoted above, tend to appreciate the BEPP for empowering their spatial arguments in relation to fiscal and sectoral processes. On the other hand, one external observer argued that some senior municipal and financial managers may welcome the BEPP as something that allows them to undertake capital investment planning and prioritization without having to go through public consultation.[110] This suggests that the BEPP can mean different things to different people — and these meanings may sometimes be at odds with the stated intentions of National Treasury and CSP.

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Interview 10.

For all its strategic advantages, the introduction of the BEPP has undoubtedly resulted in challenges for the metros. As outlined above, sometimes there has been difficulty in building cross-departmental support for the process — problems only aggravated by the churn of political leaders and administrative staff. Moreover, for some officials, the process of writing a BEPP is itself burdensome and all-consuming — the document can run over hundreds of pages, and some officials felt they were left with little time to do anything else.[111] The annual release of updated BEPP Guidelines has also complicated matters for the metros, as officials have had to adjust their BEPPs according to specific new criteria appearing in each new iteration of the Guidelines.[112]

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Interviews 16 and 30.

Over time, the CSP team believe that many metro officials have come to see the BEPP process and document as offering considerable value. What was intended to be a short-term 'shock' to the planning system started to take on a life of its own in the metros:

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Interview with Catherine Stone, Cape Town, 1 June 2018.

> They absorbed it faster than we thought. The first two years were an uphill battle, and we tried to convince them: 'we know it is difficult; hang in there; we are getting there; we are going to do this'. Then I made a big thing about the annual evaluation of the BEPPs, by themselves, by us, and then by independent evaluation. It was during one of those processes that we said, 'we think we have gone far enough to change the way in which planning is done, so let us do away with the BEPPs now'. That was before the 2016 local government elections. But then a suggestion came from the metros: 'let us take what we like and find a way of putting it in the SDF

> and the IDP and wherever it needs to go in'. The braver, bigger, more capacitated metros were saying, 'don't tell us how to do it; we will find a way of doing it. Let us manoeuvre this through Council'. They got it right. I really admire that. Some of the other municipalities didn't use that opportunity. But for Cape Town to tell me just two weeks ago that they will still keep their BEPP forum, and that they will keep their BEPP document as an internal document to assess themselves and to take change further — I thought that was the best thing ever. Johannesburg said, 'we have already adopted this spatial targeting approach; we have already got our corridors and everything'... It is like we realized that we had created an animal that is not going to die easily, even if we wanted to kill it.[113]

113 Interview with Yasmin Coovadia, Pretoria, 22 May 2018.

In the concluding section, we return to discuss some of the issues and debates surrounding the institutionalization of the BEPP.

CONTEXT AND DEBATES

Strategic Spatial Planning

What, precisely, does CSP's planning reform work represent in the wider context of planning and urban policy debates? The first point to note is that this work is located squarely within the tradition of 'strategic spatial planning'. Emerging from American corporate practices of the 1950s, strategic spatial planning gained increasing popularity as a public activity, globally, over the course of the 1990s. It describes 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 what it might become' (Albrechts 2006, p. 1152).

Box 6.7: Characteristics of Strategic Spatial Planning

- *Focuses 'on a limited number of strategic key-issue areas', and seeks to target and influence these selected strategic factors;*
- *Involves a critical assessment of the environment in which planning takes place, including external trends and available resources, as well as political, economic and social, power structures, uncertainties, and competing values;*
- *Convenes a wide range of public and private actors, allowing diverse involvement in the planning process at multiple levels of governance;*
- *Creates long-term visions and strategies that function at different levels, from the local to the national and supranational;*
- *Involves the design of plan-making structures and decision-making frameworks to influence and manage spatial change;*
- *Builds new ideas and processes in order to exert influence in a range of different arenas; and*
- *Focuses on framing decisions, actions, projects, results, and implementation, and incorporating monitoring, feedback, adjustment, and revision*

Albrechts (2006, p. 1152).

Strategic spatial planning emerged in conversation with and opposition to other approaches, including 'rational comprehensive planning'. The latter describes the conviction that all possible variables and solutions to a problem can be rationally and scientifically analysed in terms of their relative costs and benefits, or that the exhaustive and objective assessment of facts and trends will point to the most beneficial solution and course of action. For CSP, planning is more than an exhaustive analysis of the facts. It is also more than merely facilitating different group and individual discussions to reach a common consensus, as might be expected within the tradition of 'communicative planning'. Planning is, rather, about devising the strategy by which a defined set of outcomes will be achieved, and identifying the key strategic leverage points through which this can happen. This strategy-oriented approach has been combined with elements of New Public Management (NPM) practice, seen particularly in the emphasis on financial efficiency, using incentives to improve governmental performance, and outcomes-based management.

CSP's interest in encouraging a more strategic approach to planning has emerged from a more general critique of how spatial planning has been practiced in post-apartheid South Africa. Alison Todes describes this tradition as 'spatial framework planning': one 'relying on an abstract design approach', 'centred on the use of nodes and corridors', and broadly aiming for 'urban compaction' (Todes 2008, p. 9). Writing in 2008, Todes noted that such a framework approach had largely failed to deliver on its stated intentions. She suggested three main ways in which spatial planning could be enhanced: planners must engage with the complex socio-spatial dynamics of cities; they should gain a deeper understanding of urban economic space and the relation between planning and markets; and they should forge a stronger link between their activities and infrastructural investment. In principle, CSP's work on planning reform has addressed all three areas of enhancement. It has encouraged metros to gain an in-depth evidence-based understanding of how people live, move, and decide in urban space. It has promoted a more engaged understanding of how land and housing markets affect urban change (also see Chapter 9). And the BEPP, specifically, has ensured a closer link between spatial and infrastructure planning. So, while CSP shows broad continuities with the 'spatial framework' approach, as seen in the emphasis on the Urban Network Strategy, for example, it has consciously sought to introduce elements of a more outcomes-led, evidence-based, and data-driven practice of spatial planning.

But CSP's agenda for planning reform cannot simply be reduced to 'strategic spatial planning with an NPM feel'. Perhaps the CSP's greatest innovation has been to look at the question of planning reform beyond the immediate bounds of the planning system itself. David Savage, CSP Programme Manager and a self-described 'lapsed planner', explains this critique:

> I think that there is just too much emphasis put on planning as this kind of silver bullet. Yes, planning is great, but you have to be aware of its limits when there are a whole range of other issues in the system — you create coordination failures by requiring lots of coordination, or it seems that way to me. And then the planning system has got too much to deal with. It can't resolve all the issues that are thrown at it, and so it ends up resolving nothing...
>
> I don't think planning has been very focused on the outcomes it is trying to achieve, and the fact that intention does not equal outcome. There is a long chain that you need to get to that outcome. The planning system, as it is designed, can set up a

> vision. It does pretty poorly with the political economy issues that it has to engage with, even in establishing that vision. But that goes back to a performance issue, because it is very technocratic and whatever. But then it does extremely poorly in turning intention — and let us call it inception — of ideas into programmatic reality. And those preparation processes are complicated; you know, they're just uninvested in. So, planning just fails on its own terms because it doesn't achieve what it sets out to achieve. But then, when you front-load it with a range of responsibilities for coordination, where there is information exchange at scale that is required — when that doesn't happen, it is also going to fail. So, it is not just about doing more, harder, faster, or whatever. You have to look at why we require such extensive alignment in a collaborative space, because these are often public bureaucracies that we are trying to align. They respond to command and control incentives, and if you get those right then a lot of your coordination, or the scope of your coordination, is reduced, and your coordination failures will be reduced as a result as well. Those are structural reforms to do with some functional and fiscal assignments, not to do with collaborative planning. You can't use a hammer to drive in a screw. So, I think on both counts the system tends to fail, and then it just seems to put more energy into trying to do the same thing harder and faster. It's like someone drowning, and splashing around ever more vigorously, until they finally go quiet.[114]

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Interview with David Savage, Cape Town, 30 May 2018.

For CSP, the post-apartheid obsession with planning as a central mechanism for coordinating complex governance processes, and the widespread faith placed in the power of 'the plan' to drive integration (National Treasury 2016), perhaps misses the true problem of urban governance in South Africa. The problem is not intrinsic to planning per se; as such, addressing the problem should not be about making planning function better, on its own terms. Rather, it is about changing the terms by which planning is carried out within a wider institutional, regulatory, and fiscal architecture, in order to create new kinds of synergies, and a closer link between intention and outcome. CSP's agenda for planning reform, therefore, has at its core a critique of *planning*.

Spatial targeting and spatial concepts

CSP's specific spatial agenda — framed within the mechanisms of TOD and the specific spatial framework of the UNS — can also be located within a longer tradition of spatial policy, and within a series of ongoing policy and academic debates. As explained earlier in this chapter, CSP implements a strategy based on the logic of spatial targeting, or the notion that the state should take a deliberate approach to prioritizing investments in specific areas, at a range of scales, within the urban system, in order to drive particular developmental outcomes (National Treasury 2017a). The basic logic of spatial targeting emerges from the argument, developed by economists in the 1950s and 1960s, that spatial inequalities can undermine long-term national economic growth. According to this perspective, it is justifiable for states to prioritize their investments in 'lagging' or less productive areas in order to secure overall levels of economic development. Spatial targeting has in the past been used for purposes of social engineering and segregated development, as with the apartheid government's industrial decentralization policies (see Chapters 1 and 2). Alison Todes (2013) notes that, in general, South Africa's record with explicit spatial targeting policies has had mixed results, including 'many negative experiences' (p. 3; also Todes and Turok 2018).

While many of South Africa's post-apartheid development policies, like the National Spatial Development Perspective (NSDP) discussed in Chapter 2, included spatial elements, spatial targeting returned to centre stage of the national development agenda with the approval of the National Development Plan (NDP) in 2013. By contrast with previous (apartheid-era) targeting approaches, which operated at a regional scale and attempted to relocate development away from metropolitan areas, Chapter 8 of the NDP proposed a more nuanced schema for where state investments should be focused (NPC 2013). This schema includes 'a range of situations and objectives for spatial targeting', such as corridors and nodes of competitiveness where growth potential should be enhanced, rural restructuring zones, as well as special intervention areas comprising both lagging areas and those with considerable growth potential (Todes 2013, p. 3). As such, the NDP is friendlier to the notion of state-directed spatial development when compared to the Mbeki-era NSDP, which leant towards the logic that it would be cheaper and easier for the state to invest in people, rather than specific places, and that people could simply move to places of opportunity (Todes 2013, p. 6).

More specifically, the NDP advocated for local area-based initiatives in addition to regional-scale targeting. It also argued for the simultaneous deployment of two distinct logics of spatial targeting: on one hand, directing investment to support distressed and 'lagging' regions (Rogerson and Nel 2016) and, on the other, channelling specific support and investment to 'leading' centres in order to 'enhance competitiveness and improve performance' (Todes 2013, p. 6). The CSP's agenda for spatial planning and targeting is directly informed by the NDP's schema. It focuses on the urban or sub-regional scale, and seeks to prioritize investment in both leading and lagging areas, along with mobility routes and corridors to ease movements between the two. It thus couples place-based interventions to strengthen efficiency, agglomeration, and economic growth with measures designed to support more equitable urban growth trajectories (Todes 2013).

Despite this continuity with the provisions of the NDP, CSP's spatial agenda is nonetheless tied up with a range of different debates and critiques. One is the general debate over whether spatial targeting is, in fact, desirable or effective in delivering better urban development and spatial transformation outcomes. This debate took on particular force following the publication of the 2009 *World Development Report* (World Bank 2009), which advocated against state-led spatial targeting except in special circumstances. While spatial investments and infrastructures are seen as necessary conditions of inclusive city growth, it may be the case that other 'space-neutral' interventions that prioritize economic development, raised productivity, and boosted incomes might have a greater effect in driving socio-spatial equity (Gardner 2018, p. 48). So, while spatial targeting might benefit the people already living and working in a prioritized area, such efforts may overlook the full variety of infrastructures and inputs that are required, at multiple scales, to boost local economic productivity and income.[115] The priority for state investment, in this view, should be creating new economic opportunities, equipping poorer groups with the capabilities to access those opportunities, and enabling the growth of productive sectors (Todes and Turok 2018).

A second, specific line of this critique holds that city-scale spatial targeting is likely to be ineffective in situations where the local economy is relatively static and government has access to limited capital. While sufficient resources to reshape urban space may be available to some larger metropolitan areas in South Africa, it remains doubtful whether this approach can drive real transformative change in some of the smaller and less wealthy cities. In this view, an alternative to spatial targeting might involve liberating unused yet well-

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Interview with Matthew Glasser, by telephone, 15 August 2018.

located land owned by the various spheres of government and state-owned enterprises.[116]

The issue of place-based intervention is caught within a third debate over whether urban development policy should aim for spatial efficiency (investing in particular places of connectivity and productivity) or universal basic service provisioning (investing in the places where people live, and spreading these investments over a large area). This is a longstanding debate in South African policy circles — an early variation was reflected, for example, in the discussions of the early 1990s around whether post-apartheid housing policy should follow the logic of 'breadth' or 'depth' (see Chapter 1). Critics of targeted approaches, including those based on TOD, claim that these practices by definition tend to exclude certain people and places from state investments, thereby reproducing socio-spatial inequalities (DPME 2015; 2018).[117] State-led development, it is argued, should rather be delivered to people where they reside, in order to meet their basic human needs.

Recently, Todes and Turok (2018) have provided a comprehensive review of South African experiences with spatial development policies and initiatives, with a view to assessing the relative advantages of applying different concepts and approaches in the future. They conclude that there is considerable potential for the combination and application of both place-based and people-centred (space-neutral) practices, but that certain risks remain, particularly in the absence of an explicit national spatial development framework. They single out the risk of large-scale government spending in marginal areas in the absence of strong public institutions and sound 'economic disciplines' (p. 1). Place-based policies, while holding potential, call for far greater levels of vertical and horizontal policy alignment, plus the active cooperation of strong local institutions alongside private sector and community stakeholders, if they are to have any hope of overcoming South Africa's deeply entrenched spatial divisions. Their analysis, however, points to the lack of robust empirical evidence on which to assess the validity of competing claims surrounding place-based or people-centred modes of development. Any future national spatial strategy will have to be based on far more substantial evidence and research on the application and outcomes of various kinds and combinations of spatial (or space-neutral) development strategies.

Beyond the issue of the relative desirability of space-sensitive development policy, a series of specific debates focus on the relative merits of deploying transit-oriented development (TOD) as a means to promote 'compact city' forms and corridor-based development in the South African context. Indeed, critics have questioned the desirability and viability of the 'compact city' ideal for promoting sustainable urban development generally (Jenks et al. 1996), and in developing countries particularly (Jenks and Burgess 2000). Some have pointed to the diverse needs of low-income households and livelihoods that may not be best served by a central densification model, thereby questioning the utility of a 'uniform approach to urban spatial organization' (Todes 2008, p. 10). Therefore, in some cases it may be appropriate to encourage polycentric or 'multiplex' models of urban regional development as the best means of promoting sustainable forms of density and modes of accessibility (Todes 2008, p. 10).

In the particular context of South Africa, Todes (2008) argues that planning — what she terms 'spatial framework planning' — has been driven by the attempted application of concepts, without adequate attention being paid to the actual socio-spatial dynamics of cities. Standard spatial planning concepts, in Todes' (2008) view, often carry 'implicit assumptions about the nature of employment, livelihood, and movement patterns that may not be borne out by a closer analysis' (p. 10). Broad-brush notions of 'nodes' and 'corridors', for instance, can overlook the ways that people and activities locate and operate at a more fine-grained level, and the reasons and drivers for that behaviour. For example, some residents might find it appropriate to live in larger sites on the urban periphery where they can deploy more flexible livelihood strategies at lower cost (Schoonraad 2000). 'Good location' and 'accessibility' might thus mean different things for different people (Todes 2008, p. 10). These realities call for researchers to help develop a more nuanced understanding of the changing patterns and dynamics of South African cities.

Critics have also argued that TOD strategies — often based on foreign examples like Bogota or Curitiba — may not be well suited to South Africa's specific spatial forms and dynamics (DPME 2018; Wilkinson 2006). In particular, a number of critiques have been directed at the Bus Rapid Transit (BRT) approach that has dominated TOD thinking in South Africa over the past decade (Chitauka 2014). The BRT systems incentivized by government funding such as the Public Transport Network Grant have not always been 'appropriate to the context and difficult to design and implement successfully' (Van Ryneveld 2018, p. v). Considering the financial strain on local authorities created by the massive investments in urban BRT systems, the metropolitan agenda for TOD-based spatial transformation will need to move away from a focus on BRT systems to include more attention to other modes of transport, such as minibus taxis and passenger rail (Van Ryneveld 2018). Moving forward, CSP will play an important role in developing municipal capacity to carry out integrated transport network planning. In Chapter 10, we return to discuss some of these specific transport-related issues and debates.

Finally, it appears that there is still some concern, particularly from the metros, that CSP's approach and mechanisms for spatial targeting — in the form of the UNS — are too prescriptive. This critique may not be without some merit, even if the CSP team have specifically aimed to avoid being overly prescriptive in matters of local planning. After all, in terms of the Division of Revenue Act, municipalities are compelled to address a range of issues and requirements in their BEPP. In any case, CSP has learnt to approach this work in a less prescriptive way (see Box 6.8 below). This accords with CSP's commitment to promoting the status of the municipal sphere as the primary arena for planning and locational decision-making.

Box 6.8: Learning with the Urban Network Strategy

> *The metros still feel the UNS is very technicist and too prescriptive. I don't think so. I think if you have the Treasury's perspective, which says, 'take from it what you want and what you believe', ultimately, they still give you what you would have asked for in compliance. Just, for us, we were about city support; we weren't saying that you need to meet these or those conditions. It is about getting people to change themselves and to realize the change themselves. So, we would always have fights with others in Treasury about being too prescriptive. Even if you want something as a particular output or outcome, walk with them on the journey. Hold their hand.*
>
> Yasmin Coovadia, CSP Planning Reforms Sub-Component Lead

As such, there are a number of unresolved debates over the precise approach by which the unequal urban spatial inheritance of apartheid should be addressed (DPME 2015; 2018). As it moves forward, CSP will need to address these concerns. It is possible, for example, that more will have to be done to convince the full variety of state and civil soci-

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Interview with Matthew Glasser, by telephone, 15 August 2018.

117
Interview with Yasmin Coovadia, Pretoria, 22 May 2018.

ety actors of the need for and desirability of an urban development agenda rooted in the particular logics of spatial targeting and TOD. CSP will also need to address a number of other, more fundamental questions. Is South African policy and practice too focused on the provision of spatial infrastructures, at the expense of economic concerns, and too wedded to a spatial model promoting centralized densification of cities and corridor-based urban development? More generally, is South African planning and development policy 'too obsessed with space'?[118] If so, then how should we readjust the terms and objectives of post-apartheid planning?

118
Interview with Crispian Olver, Cape Town, 28 September 2018.

Post-participatory planning?

The notion of participatory planning was a cornerstone of local government and spatial planning policy developed during the 1990s. Participation was seen as a crucial component of a governmental system that was responsive to people's needs. In recent years, however, South African planning practice has shifted its emphasis away from direct participation. This is something acknowledged by the CSP team:

> Yes, I think there has been a shift. Unfortunately, it has been backwards. I think planning has become very technicist instead of participatory. So, in the days that I worked in advocacy planning and 'on the ground', we were building ANC, SACP structures, and using those structures to make demands before 1994, and then to help to build the local government system afterwards. Unfortunately, planning later became like going to ask people what they want, before having to report back to them why you can't give them what they want. Then you had protests to deal with. Okay, I am being very blunt and generalizing. But pre-1994 it was about really getting hold of strings and trying to influence and control them, to use a cliché, for people's power. But since democracy, the government doesn't seem to worry about that. I find that sad, that it is reduced to having an annual participatory exercise for the IDP, and it is about broad-based planning and budgeting, and not much else. I don't know. I think it is lost.[119]

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Interview with Yasmin Coovadia, Pretoria, 22 May 2018.

Against the backdrop of this general disconcertment with participatory planning, CSP's work has involved the introduction and refinement of planning instruments, like the BEPP, that do not rely directly on processes of public engagement. The BEPP, instead, targets the internal workings of a municipality — the relationships between departments and sectors; the specific spatial tools and practices employed — and the external relations between metros and other sectors and spheres of government that enable effective municipal planning. As such, some might argue that the CSP's encouragement of outcomes-led planning and strategy-led budgeting is a part of this wider shift away from participatory democratic governance. Some might also characterize this as an example of 'depoliticized' planning practice; the positing of technical solutions to an urban crisis that is, at root, profoundly political.

However, this would be a misunderstanding. Indeed, one of the founding principles of CSP — something driven home by the study tour that gave shape to the Programme's key ideas and strategies — was that citizen engagement and oversight can be a key driver of urban change (DPME 2018). The CSP team are individually and collectively committed to democratic urban governance. Arguably then, CSP's work exemplifies less of a shift towards an 'apolitical' or 'post-participatory' planning practice, and more a reworking of the role that participatory action should play within the overall planning, budgeting, and implementation cycle. For CSP, citizens can play a strategic and effective role when engaged in matters of government oversight and accountability. As such, the Programme has sought to recalibrate the systemic context in which participation can have the greatest effect on urban transformation, rather than to bypass participation entirely. This agenda was discussed in more detail in Chapter 5.

CSP's work in this area is not over. Quite how to engage with civil society in outcomes-led planning remains a pressing question. It is unclear, for example, precisely what more CSP could or should be doing in relation to the private sector and citizens to drive more productive and sustainable urban pathways (National Treasury 2018c). Indeed, getting private sector investment to engage with the spatial targeting logic embedded in the BEPPs, and to invest in the integration zones declared by the metros, still offers a 'formidable' challenge, and one that should inform the evolving logic and modalities of CSP and metro spatial practice (National Treasury 2016).

CONCLUSION

A theme that emerges strongly from this overview of CSP's work on planning reforms is the iterative process of experimentation and learning that lies at its core. This applies both to the introduction of new practices, like the BEPP, and to processes of legislative, fiscal, and institutional reform. A key lesson learnt to date is that even if new practices and processes are a burden, cities quickly adjust, learn, and innovate. Municipalities, and the officials within them, often find ways to make new regulatory practices work for them and their specific interests.

This process of learning and adjustment applies equally to the CSP itself. A critical factor in the success that CSP has managed to achieve has been its willingness to learn from the metros; to try, fail, and work together when moving forward:

> I think by the time you get to write this book you will realize that more than half of what we do is having the ability to listen and learn from the cities... One city is good at this; another city is good at that. We need to facilitate a process whereby they can learn from each other, and so that we can learn in that process. That is the part I like about the CSP. We don't pretend to have the answers; none of us do. But, by following a particular approach, and by being open to learning from people who have to deal with these problems on the ground every day, we can make important strides.[120]

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Interview with Yasmin Coovadia, Pretoria, 22 May 2018.

CSP has enjoyed a number of specific points of success. The design and application of the USDG and ICDG and the linkage to the BEPP is largely perceived as having been successful (DPME 2018). A recent research report argued that the BEPP has had the 'overall effect' of driving 'a more sharply focused approach to planning' by the metros, with a 'strengthened commitment to achieving targeted outcomes within planned timeframes' (National Treasury 2016, p. 2). That being said, this chapter has pointed to some of the challenges involved in the uptake and implementation of the BEPP in the metros. The BEPP may have improved the coherence of municipal planning, but it is no 'silver bullet' — not that anyone imagined it to be so. For CSP, the BEPP is, after all, just one component of a far larger agenda for the reform of urban policy and practice.

Despite the measured success it has achieved to date, CSP faces a range of challenges as it moves forward with its agenda for planning reform. Many relate to issues of institutionalization: how exactly should future systemic and practical reforms be carried out, and by whom? The challenge for the next phase of CSP may be how to translate the experiences and learning of the past eight years into actual regulatory reform that decisively changes the architecture of South African city governance and planning. Yet the question of whether a semi-permanent platform like CSP, working out of National Treasury, is best placed to drive sustained processes of legislative, institutional, and fiscal reform has already been mentioned, and has no clear answers.

But there are also more specific questions and debates surrounding the institutionalization of the BEPP. One aspect of this debate concerns the **content** of the BEPP itself — should it engage more concertedly with environmental and climate resilience issues? Would that be diluting its original focus? Is spatial targeting through the Urban Network Strategy the best approach to drive spatial transformation? Should the BEPP's focus shift away from a planning model based on TOD?

A second set of debates centres on the **longevity** of the BEPP. Indeed, while it was initially intended as a temporary measure, it is unclear whether the BEPP should or will fall away. One metro official was adamant that the BEPP should not be eliminated, that it would be *unfair* to do so after the cities have only just begun to understand and use the process effectively.[121] Others saw it as an important strategic intervention, but precisely as that, an intervention that 'may still be necessary, but shouldn't necessarily stick around forever'.[122] It may be the case, however, that the fate of the BEPP does not lie with national government, but with the metros themselves. Yasmin Coovadia points to this:

> Honestly, we never even talked about institutionalization until quite recently. As the cities started saying, 'no, this is a useful process, it is a useful plan, it is a useful product to have, etcetera', around that time we had to start planning for CSP to come to an end. So, how were we going to make sure that this thing became embedded in government? How would it be institutionalized? We had to start thinking about that. So, we took it to the next level. Then there was SPLUMA, which didn't specify what it meant by a Capital Expenditure Framework. So, out of the innovations emerging in some of the cities, they kept saying to me, 'we use our BEPP as our Capital Expenditure Framework'. That was such nice innovation. I don't think it was just coincidence. I don't think it was a happy meeting point of parallel processes or anything like that. I would really give the credit to the cities for working their way through this.[123]

It therefore appears that even if the BEPP, as a requirement of the Division of Revenue Act, was to be repealed, it may live on in a different form due to the real utility it offers city governments and officials.

A third issue at stake in this debate over the BEPP's future is that of **compliance** or, more specifically, the risk of it simply becoming another formal process handed down from national government. David Savage describes the BEPP as 'regulation light'; something legislatively necessary to access funding, but at the same time a product of coproduction:

> The emphasis of it, what I think has made it very different from past efforts in planning, is that we have tried to coproduce or co-enable it, so there has been a lot more emphasis on a substantive engagement around the BEPP, and on where we go from here, and coproducing even the instrument. So, it hasn't been a case of, 'here is an IDP, go and do it, and prescribe, and we are going to come and check the boxes later, and that is it'. We produce an annual guideline that is negotiated with all of the cities, so there is agreement on where it needs to go and where the emphasis in the guideline needs to be, and then we try to bring things to the party that hopefully improve the quality of their BEPPs, as the cycle moves on. So, it is very coproduced in that way, with their leadership. It has been a little bit of a different approach, procedurally, and it hasn't been the case that the vision of where the BEPPs are going to end up has been completely clear.[124]

In June 2018, officials from Treasury and other departments took the collective decision that the BEPP will ultimately cease to exist as a legislative requirement, in terms of the Division of Revenue Act, at some point in the future. The idea is that it will remain as a practical instrument to be used by the metros on a pragmatic, rather than regulatory, basis — the BEPP will thus be used to strengthen municipal processes surrounding the IDP, SDBIP, and SDF, as well as ongoing reporting requirements. Yet, as a coproduced approach, instrument, and process, it is clear that the BEPP's future institutional trajectory will also have to be collectively negotiated and implemented:

> We are completely aware that we have introduced another instrument into a cluttered environment, but it has been as a change trigger. So, where we go now is interesting, but we are going to have to co-explore that. It won't be a case of stamping a final stake down and saying, 'this is now the new planning system'. We are going to have to explore what that new planning system is collectively, because ultimately everyone needs to buy into it.[125]

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Interview 16.

122
Interview with Catherine Stone, Cape Town, 1 June 2018.

123
Interview with Yasmin Coovadia, Pretoria, 22 May 2018.

124
Interview with David Savage, Cape Town, 30 May 2018.

125
Interview with David Savage, Cape Town, 30 May 2018.

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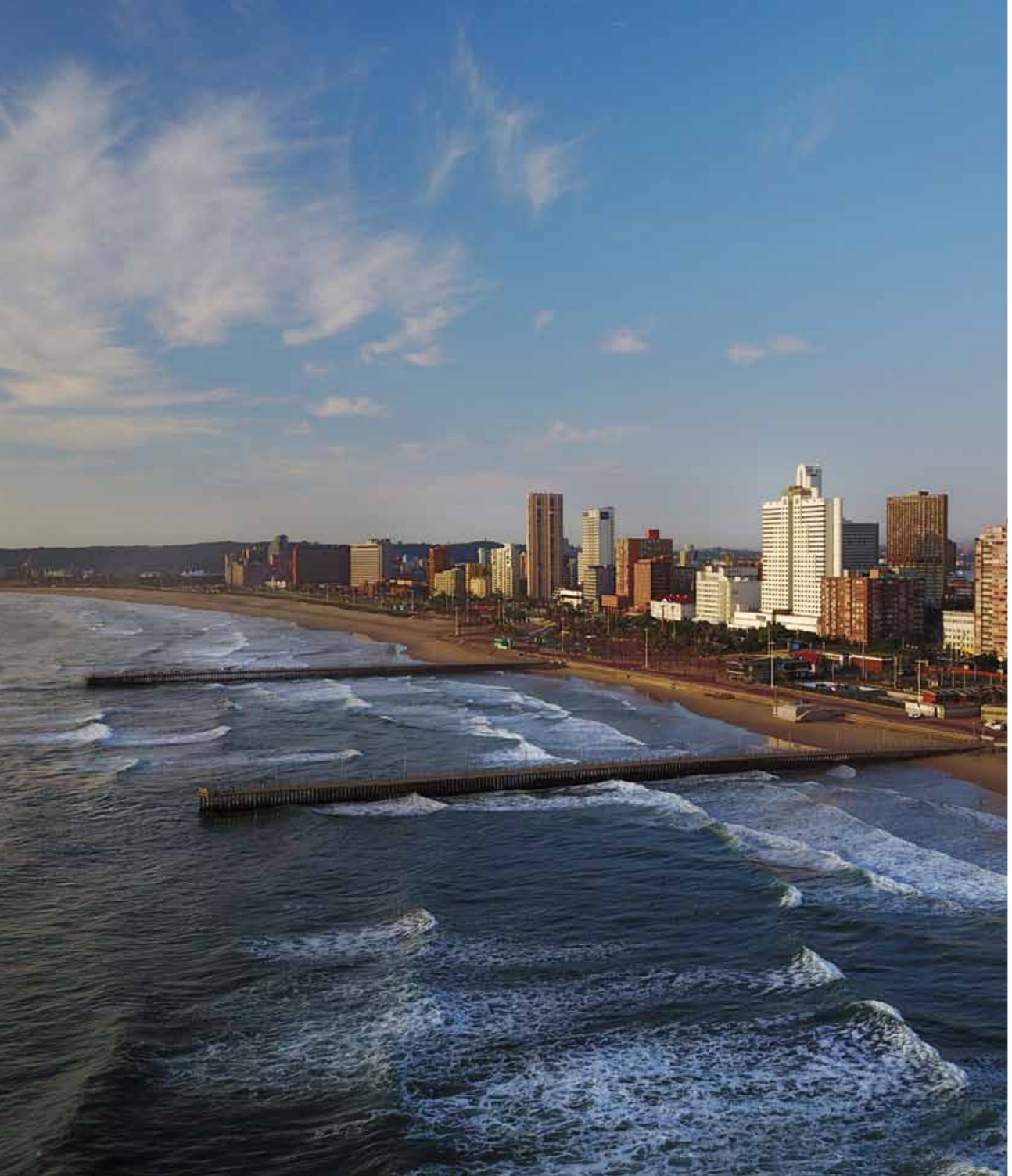

SYDELLE WILLOW SMITH

CHAPTER 7
MONITORING, REPORTING AND, INCENTIVES

Aims and objectives

- **Reform the reporting environment surrounding urban built environment processes by rationalizing indicators and focusing on developmental outcomes**
- **Incentivize city behaviour through the Integrated City Development Grant**
- **Encourage citizen-led regulation of urban governance**
- **Promote big data and smart city practices within urban governance**

Strategy

Reform the intergovernmental regulatory and grants system, and facilitate new approaches to accessing and using data, to shift urban governance and development towards a spatial transformation agenda

Work areas

- **Coproduce an enabling reporting and fiscal environment at the national level**
- **Encourage innovative data practices and citizen-led regulation at the municipal level**

Key projects

- **Reporting reforms**
- **City data innovation**
- **Catalytic project registration and tracking**
- **Integrated City Development Grant**

This chapter addresses CSP's agenda and work programme targeting reforms to the regulatory system for urban governance. This includes, on one hand, reforming the 'top-down' regulatory system, or 'the statutory arrangements that bind or at least incentivize municipalities to perform' (Palmer et al. 2017, p. 77). Here, CSP has focused on adjust-

eThekweni: Aerial view of the piers along the beachfront promenade.

ing and enhancing the monitoring and reporting environment — particularly through the development and rationalization of the indicator sets that municipalities are expected to report against within the intergovernmental system. It has also entailed implementing reforms to the fiscal grants system to incentivize better municipal performance through the Built Environment Performance Plan (BEPP) process. On the other hand, CSP's projects on city data innovations have sought to encourage modes of citizen-led or 'bottom-up' regulation, as well as the uptake and implementation of new technologies for 'smart' and data-driven urban governance.

CSP has made significant progress in working with various role players in National Treasury and the wider intergovernmental system to agree on common reporting processes and on appropriate indicators, as demonstrated by the publication of 'Circular 88' by the South African government in November 2017. Moreover, the introduction of the Integrated City Development Grant (ICDG) – while critiqued for its relatively small monetary allocations in the context of the wider grants system – has been successfully linked to processes of outcomes-led municipal planning through the BEPP. The ICDG has thereby assisted in creating new incentives for city governments to transform their local built environments. Finally, CSP's work on city data innovations has made important strides in exploring the potential for applying new information and communication technologies to address problems of urban governance, with new relationships with civil society organizations having been created in the process.

THE CHALLENGE

CSP's work on monitoring, reporting, and incentives arises from and seeks to address two main sets of challenges that collectively hinder efforts to improve the performance of municipal planning and governance in the intergovernmental system. The first set of challenges relates to the regulatory environment for monitoring and evaluating municipal performance. The second concerns the fiscal grants system.

The South African Constitution requires national and provincial government to monitor and support municipalities. This is an important 'safety valve' for a developmental state that is in a process of devolution and decentralization. Both 'top-down' and 'bottom-up' oversight are critical to the design of the local government system. Arguably, however, greater emphasis has been placed on reforming top-down mechanisms of municipal monitoring and evaluation (M&E) without similar support to strengthen bottom-up or citizen-led modes of regulation and accountability.[126]

To date, top-down local government performance monitoring initiatives have often been unclear in what they seek to achieve and how they should go about measuring progress (Palmer et al. 2017, p. 80). The underlying problem in this area has been one of defining municipal 'outcomes' as opposed to 'outputs'. 'Outcomes' describe the effects that 'outputs' (e.g., infrastructure and services) have on the external system outside of the municipality, which is also influenced by other organizations (e.g., provincial and local governments, business, and civil society), and that collectively give rise to 'impact' (Palmer et al. 2017, pp. 80–1). Outcomes and their causal chains are therefore more difficult to define and understand, relative to inputs and outputs.

Efforts undertaken since 2000 to reform the performance monitoring systems of government as a whole (as with the National Outcomes Approach, launched in 2010) gave little clarity as to what was expected of municipalities. Outcome 9, which addressed local government, provided a small number of indicators that mainly related to outputs. 'Weakly defined and crafted', these indicators were insufficient to reflect on the strategic priorities and activities of local governments (Palmer et al. 2017, p. 85). As such, they had little relevance to or effect on municipal planning and monitoring processes. The launch of the 'Back to Basics' campaign by the Department of Cooperative Governance and Traditional Affairs (COGTA) in 2014 resulted in some effort to develop local data collection, reporting, and monitoring, but the 'challenge of achieving intergovernmental agreement on a useful suite of local government indicators' remained elusive (Palmer et al. 2017, p. 85). While the Department of Planning, Monitoring, and Evaluation (DPME) has created a National Evaluation System, local government has not been subject to extensive oversight or analysis. As such, despite an overall shift and advancements made in the state M&E system in the post-2008 period, local government has been sidelined as an object of that evaluation. This has made it difficult to understand, among other things, what kinds of support and interventions might be required in particular municipalities.

This is not to suggest that South African municipalities have been exempt from intergovernmental reporting requirements. In fact, the past decade-and-a-half has witnessed the proliferation of the fiscal and sectoral reporting elements to which local government is expected to respond. However, these have not been adequately coordinated between departments, and arguably have failed to produce any significant demonstration of their usefulness (Palmer et al. 2017). Local officials have argued that they experience an 'uncoordinated and duplicative' reporting burden (Palmer et al. 2017, p. 90). Again, these extensive and fragmented requirements tend to focus on inputs, activities, and outputs, and therefore do not provide a clear 'line of sight' between inputs, outcomes, and impact (Palmer et al. 2017, p. 91). Moreover, municipalities may sometimes face a disjuncture between the reporting requirements of national government, which call for a basis for comparison, and that of municipal performance accountability, which is driven by local priorities. A key challenge of municipal M&E, therefore, is that of rationalizing municipal reporting requirements while augmenting sets of indicators with 'more strategically appropriate outcome and impact indicators' (Palmer et al. 2017, p. 91).

The intergovernmental fiscal system has also presented particular challenges to the objective of improving municipal performance. Over the past decade, local governments have become increasingly dependent on the fiscal transfers from national government. Historically, these grants have not been allocated based on the performance of municipalities. As such, they have not provided an adequate mechanism for shifting official and institutional behaviour. Introducing performance-based grants, however, requires the development of a suitable system to measure and evaluate performance. Hence fiscal, monitoring, and planning reforms must proceed in step.

THEORY OF CHANGE

Monitoring, Reporting, and Incentives is one of five sub-components sitting within the wider Core City Governance Component. It represents an integral part of the CSP's strategic agenda: planning, reporting, and fiscal reforms have to go hand-in-hand to forge a closer link — a clearer 'line of sight' — between planning activities, budget allocations, and urban outcomes. For CSP, the connection between these areas of reform is so intertwined that planning and reporting reform were originally packaged within the same sub-

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Interview with Nishendra Moodley, Cape Town, 4 July 2018.

component. These were separated once it became clear that the complexity and scale of the work in each area required dedicated capacity.

Top-down monitoring and evaluation systems sit alongside bottom-up regulation through citizen-led accountability (see Chapter 5) as critical aspects of a wider system that binds and incentives municipalities to perform (Palmer et al. 2017, p. 77). Coordinated and rationalized reporting systems moreover enable both top-down remedial support from national government to be targeted according to local needs, and ongoing technical support to be undertaken through benchmarking processes. As such, improving reporting and monitoring systems, and the regular availability of reliable data on municipal performance, are critical for the implementation of a 'differentiated approach' to local government regulation and support. New data technologies and sources provide new opportunities for data governance, and for strengthening mechanisms and processes of citizen-led oversight and accountability, thereby helping to balance the emphasis on top-down regulation through M&E systems.

On the side of fiscal grant reform, the introduction of performance-based grants, like the ICDG, is integral to the CSP's theory of change, offering an additional incentive for metros to develop their capabilities to drive a coherent vision and effective programme of urban spatial transformation (DPME 2018).

WORK PROGRAMME

Jeremy Timm leads the overall Monitoring, Reporting, and Incentives sub-component, and also manages the production of BEPP outcome indicators. Meanwhile, several programmatic areas are managed by other CSP team members. For example, Nishendra Moodley leads the work on reporting reforms and city data innovation, Suzette Pretorius oversees the catalytic project registration and tracking initiative, and Samantha Naidu leads the ongoing management and review process for the Integrated City Development Grant. We describe the sub-component's key projects in the sections that follow.

Reporting reforms

This project focuses on rationalizing the reporting burden carried by municipalities. It involves introducing new and better outcome indicators, ensuring intergovernmental agreement between sectors and spheres, and establishing the institutional arrangements and platforms to drive those processes (DPME 2018). It has been an intensively coproduced process, involving city governments alongside a wide range of national transversal and sector departments. To oversee and drive that process, CSP helped to convene a Reporting Reforms Steering Committee with institutional representation from National Treasury, COGTA, DPME, SALGA, SACN, Statistics South Africa, and the Auditor-General.

Initially, given the sense of urgency around the need to finalize the new outcome indicators linked to the BEPP, that specific process was undertaken as a discrete project, separate but parallel to CSP's wider efforts to rationalize and enhance the overall reporting environment. However, these processes later were joined to ensure that they were completely aligned.[127] The process of developing the BEPP outcome indicators also followed a slightly different approach to that of the broader reporting reforms project. With the former, a series of consultative workshops were organized with individual cities and national sector departments to secure their feedback and input to the design of the BEPP outcome indicators. In the latter case, a more rigorous coproductive and consensus-based approach was taken, ensuring that all relevant municipal and national actors and experts were 'around the table', and that each detailed technical indicator description was collectively workshopped and agreed to.[128]

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Interview with Jeremy Timm, Pretoria, 22 May 2018.

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Interview with Nishendra Moodley, Cape Town, 3 December 2018.

Box 7.1: The Demand for and Process of Reporting Reform

We had a request from cities, early on in the programme, where they said, 'we have too many indicators; the reporting burden is completely unsustainable'. Some people were saying, 'you must either appoint us to do our jobs, or to report; we can't do both'. So, we decided to look at the whole array of indicators that national departments currently request of cities. It was like throwing a big net into the sea, and just pulling out everything we got. That was fascinating because I think we came across close to 19,000 data elements on which cities report annually to various national departments, which completely reinforced the problem statement.

Many of these indicators actually sit at what we would call an input and activity level, and at an output level. So, you can run the risk of a municipality becoming an institution of reports or reporting without delivering anything useful, except what the bureaucracy demands, while leaving our cities unchanged. We used to talk about the fact that we are continuing to reinforce the apartheid city, and that if you are poor and black you will be lucky to get a house of 40 square metres, 40 kms from work, while spending 40% of your income getting to and from work, if you get a job. We said those sorts of realities are not being captured and measured by our indicator sets.

Our response was to rationalize indicators at the input, activity, and output levels, and to come up with some useful new indicators at the outcome and impact level. We launched our programme on that basis: developing a conceptual framework to see where these indicators sit, expanding indicators at the outcome level, and looking at where we can rationalize input, activity, and output indicators. We did that in a collaborative way.

Jeremy Timm, CSP Monitoring, Reporting, and Incentives Sub-Component Lead

The process of developing new built environment outcome indicators required differentiating between two kinds of outcome. One kind relates to metropolitan *functions*, that 'when delivered directly and logically contribute to direct outcomes that are measurable'. Functional outcomes would include issues relating to governance, water and sanitation, electricity, housing, transport, environmental management, and so on. A second kind of outcome relates to city transformation, and is 'understood in terms of how functional outcomes integrate and produce complex results of their own'. The latter group of indicators is intended to assess how outcomes and transformation are spread within the space of the city (National Treasury 2017a). These include targeted investments in integration zones, reductions in urban sprawl, new housing options with social diversity, as well as the development of affordable and efficient public transport services.

As indicated above, the process of rationalization and developing new outcome indicators called for extensive consultation, cooperation, and collaboration — perhaps more than the CSP team or anyone else initially expected — and involved multiple workshops with national transversal and sector departments, city governments, and other partners, in both bilateral and multilateral forums. This degree of cooperation was necessary not only to secure buy-in and support from the various partners, but also because of the technical challenges involved (see Box 7.2). The process took over two years to complete, culminating in the November 2017 publication of 'Circular 88': *the Municipal Circular on Rationalization of Planning and Reporting Requirements for the 2018/19 MTREF*. Circular 88 was issued by three transversal departments — National Treasury, COGTA, and DPME — under the Municipal Finance Management Act. Given the intensity of the cooperative process leading up to that point, one CSP team member argued that, in their experience, it was 'the first time something like that has happened in government, with that level of collaboration between the regulated and the regulator'.[129]

Circular 88 provided a new set of indicators for metropolitan municipalities, integrating other indicator sets, namely those of the various sector departments, the Integrated Urban Development Framework (IUDF), the CSP, the New Urban Agenda, the Sustainable Development Goals, and the Back to Basics programme.

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Interview with Nishendra Moodley, Cape Town, 3 December 2018.

Box 7.2: The Challenges of Technical Specification and Collaboration

> *If you look, hypothetically, at eight different national departments that are all interested in the percentage of urban households that have access to a good quality water supply, they will ask for it in eight different ways. So, cities can't just answer it once, because the departments may want the same information, but one will request it expressed as percentages, another as total numbers; some will use the criterion of 'decent' supply, others will use 'adequate'; some will regard access to a yard tap as 'decent' supply, while others will only include in-house supply; and so on. So, we said there should be one indicator for all of that, and that is the one that we should all buy into, and if we do that well, all of our daily needs will be met. Yet that requires a high degree of technical specification, and agreement by all role players on that technical specification. That is what we have done in the Circular 88 process: every indicator has a detailed technical specification. That specification was debated among national departments and cities, and they have all signed-off on that.*
>
> Jeremy Timm, CSP Monitoring, Reporting, and Incentives Sub-Component Lead

Yet the publication of Circular 88 has not, in and of itself, solved the problem of the reporting burden. Jeremy Timm explains how it may actually exacerbate the problem in the short term, and the CSP's rationale for doing so:

> As we introduce Circular 88, the national departments are still asking for data in their own way, so in the short term there is actually a spike in the complexity of the reporting environment. But our hypothesis is that if we demonstrate value to all the departments, they will then be prepared to release their individual indicators, and that is where we are at now. So, we have Circular 88, they have their indicators, and we are saying to them, 'bear with us, be patient; we are going to get this right. It takes years, but if you can see value in this process will you consider releasing your indicator?' Now the process involves creating memorandums of agreement with national departments and the system to make the data more easily available. We are engaging intensely with Statistics South Africa to see to what extent we can get national datasets to provide local resources.[130]

130
Interview with Jeremy Timm, Pretoria, 22 May 2018.

The next steps for CSP, in terms of the reporting reforms project, involve supporting cities and other stakeholders to implement Circular 88, and supporting the development of a system to automate what, to date, have been largely manual processes of data collection and reporting.[131]

131
Interview with Jeremy Timm, Pretoria, 22 May 2018.

City Data Innovation

This project focuses on how cities can improve data governance through collaboration, both internally and externally, and establish appropriate facilities for the analysis of 'big data'. Nishendra Moodley leads the project, and explains its emergence and rationale:

> The work on data innovations emerged from our recognition of the significance of the smart cities agenda, as well as the big data agenda, and we were trying to figure out how best we can support cities to innovate and create transversal partnerships around data management within their institutions. Because city officials work in quite large institutions, where a lot of data sit in silos — the departments of housing, transport, and finance, and so on — and they often don't maximize the utilization of that data across the municipality. Cities, generally, are quite conservative about sharing data openly, and about using data from the private sector, from academia, and elsewhere. So, how do you foster data collaboration in those spaces? It was a loosely defined project, but we wanted to explore what we could and should be doing in that data collaboration space. The smart cities agenda was part of that. So, how do cities start to solve difficult developmental problems using technology that enables sharing of information and solutions, not only across functions in their organizations, but also with social partners like civil society groups, the private sector, start-ups, and so on? We know that this is a relatively small box for quite a wide-ranging agenda, but that is how we have started to explore it.[132]

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Interview with Nishendra Moodley, Cape Town, 3 December 2018.

To date, significant energy has focused on a pilot project undertaken with the City of Cape Town to strengthen its data analytic capability, as well as provide inputs to its data strategy. At the same time, CSP has worked with other partners to operate a project that focuses on meeting South Africa's need for accurate and useful data on territorial and economic dynamics. This work spun out of the process of developing and conducting the South African Urbanization Review (see Chapter 11). During that process, it was quickly realized that little information is publicly and readily available on spatial-economic dynamics in South Africa, particularly on where people work. In large part this is due to the nature of the South African economy being concentrated in large multi-establishment firms. While Statistics South Africa does collect economic data from the Value Added Tax register, the results are skewed by the 'head office effect' — companies only register the addresses of their head offices, giving little useful information on where employees actually work.[133]

133
Interview with Shirley Robinson, Cape Town, 1 June 2018.

Implemented through a Data Technical Working Group, managed by the Economies of Regions Learning Network with CSP support, this project aims to establish systems to collate standardized data on economic phenomena that are already collected by local and national departments and agencies. More specifically, the intention is to increase the availability of granulated socio-economic data by accessing and linking national economic administrative and survey data with city-level geocoded data. The Group has, for example, worked with the South African Revenue Service (SARS) on geocoding its Pay As You Earn (PAYE) tax data. They have also made moves to access funding to develop a secure administrative data platform, which, similar to Data First, will have a terabyte server capacity and will be used to start overlaying SARS's geocoded tax data with anonymized Unemployment Insurance Fund (UIF) data, city-level building plan and property valuation data, plus a range of other city-level data points on water and electricity use, motor vehicle licensing, and so on.[134] Ultimately, these data will be of immense value not only for national government, for purposes of regulation and national-level planning, but also for cities, as they will provide a far more nuanced and accurate basis for policymaking and deciding where and how investments should be targeted in urban and regional space. Nishendra Moodley points to the opportunities of creating such a platform, while noting some of the administrative challenges that remain in doing so:

> Shirley Robinson, as a member of the Working Group, has started to work on the administrative data platform, where we can have anonymized SARS data housed at the Treasury, and we can start to mine that data for better employment data. Similarly, we were faced with other administrative data challenges, like how do we get the Deeds Office to share data with the cities? How do we get Statistics South Africa to share more data with the cities? In the opposite sense, city building plans and valuation rolls can become quite important national resources in terms of being a repository of data that we can mine. So, there is a national big data question, across cities, that we needed to answer, and there is a city-level big data question as well. We're trying to deal with both of those areas.[135]

The opportunity to use data to promote horizontal or peer learning across cities as a means to improve city planning and policymaking has also informed other specific areas of collaboration:

> At the same time, we have worked with the South African City Network [SACN] as part of the Urban Indicators Reference Group that they convene, which serves as a platform for peer-to-peer learning and knowledge sharing between cities and other stakeholders. We engaged because we wanted to strengthen their hand in terms of the horizontal coordination of city data, because SACN really represent the peer interest in data. They have also set up, with CSP's support, a South African Cities Open Data Almanac, which is effectively an open representation of the work that the Reference Group does, enabling people to access, visualize, and download key data on various areas of city performance. SACN has been trying to institutionalize that work, and as part of that process we offered to help establish what is called the South African Council on City Data. It is an institution that, I would say, has a horizontal agenda, reaching across cities, in promoting collaboration around data governance issues.[136]

134 Interview with Shirley Robinson, Cape Town, 1 June 2018.

135 Interview with Nishendra Moodley, Cape Town, 3 December 2018.

136 Interview with Nishendra Moodley, Cape Town, 3 December 2018.

So far, we have seen that CSP's interest in data governance has stemmed from a recognition of the importance of better data collection, access, and analysis for the purposes of intergovernmental regulation and horizontal learning. Nishendra Moodley points to a third potential area of opportunity, one closely related to the agenda of social or citizen-led accountability (discussed in Chapter 5):

> We recognized also that the bottom-up agenda is critical, and so we have worked with the Civic Tech Innovation Network, which represents a range of civic-minded organizations that are interested in data, and in accessing government data, mainly for bottom-up accountability, but also for coproduction purposes, and so on. The Network has been initiated from the University of the Witwatersrand. CSP has leaned in heavily, and provides a convening role in bringing people on board, particularly from the cities, and may help in providing resources as well. The Network has applied for funding, utilizing us as a partner, and we have applied for resources from international sources, utilizing them as a partner to co-convene this space. It is a collaborative effort.
>
> Similarly, we have done some work with the International Budget Partnership. They have been working towards developing an Open Budget Index specifically geared towards South African cities. We helped to convene the space in which they can get cities on board. We don't necessarily procure them, or give them money to do that, but the Treasury's convening role helps to build support for the process.[137]

The areas of work undertaken by CSP may be limited, when considering the full range of potential applications of data technology or smart city interventions. Yet, for Moodley, the projects that have been pursued to date can be seen as test cases, or foundation stones, from which to explore the potential for innovation and uptake in different domains:

> For me, these projects start to set up the broader ecosystem of data initiatives: the bottom-up, the peer learning, and the government regulatory or top-down space.[138]

Moreover, given the early stages of this work, the value of these projects should not necessarily be limited to assessments of their direct tangible outcomes, but should include the new processes and relationships that they have helped to engender:

> It is nascent work. Many of these pieces have only come together in the last few months, and we have had an evolving agenda. It wasn't that we were absolutely clear about what we wanted to do from the beginning, and then procured it like a project. It has been about partnering, as a verb, rather than partnerships. It is a way of working with these stakeholders, and making things happen.[139]

Catalytic Project Registration and Tracking

A third significant area of CSP's work entails registering and tracking catalytic development programmes devised by the metros, in order to reveal and assess their progress in driving urban spatial transformation. Originally, the task was difficult due to the slipperi-

137 Interview with Nishendra Moodley, Cape Town, 3 December 2018.

138 Interview with Nishendra Moodley, Cape Town, 3 December 2018.

139 Interview with Nishendra Moodley, Cape Town, 3 December 2018.

ness of the term 'project'. Jeremy Timm explains CSP's shift in thinking, from a focus on implementing 'projects' to one of devising 'programmes':

> There has been a very interesting history with these catalytic initiatives. Initially, we used the word 'project'. But, as soon as you try and measure what a catalytic project is, then all sorts of definitions start flying around, because what is a catalytic project? We have evolved in our understanding to defining them now as 'catalytic land development programmes', which generally take place in a discrete precinct of a city and are a composed of a number of different projects.[140]

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Interview with Jeremy Timm, Pretoria, 22 May 2018

Box 7.3: Definition of a Catalytic Land Development Programme

Catalytic land development programmes are urban development programmes and associated projects that:

a) Enable integration through mixed and intensified land use, where the residential land use caters for people across various income bands and at increased densities that better support the viability of public transport systems;
b) Are strategically located within metro integration zones, and are 'game changers' in that the nature and scope of the projects are likely to have significant impact on spatial form while unlocking economic activity;
c) Involve major infrastructure investments;
d) Require a blend of finance, where a mix of public funds is able to leverage private sector investment as well as unlock household investment;
e) Require specific skills across a number of professions and involve multiple stakeholders.

Catalytic development programmes are ensembles of all related projects (public and private) that need to be implemented within a specific spatial targeted area, and from which the total intergovernmental project pipeline is updated for all public sector projects in the programme.

The catalytic programme development process delivers a series of built environment projects to be implemented by either national, provincial, or municipal government, or by the private sector, which will progressively put cities on the path to achieving compact cities and transformed urban spaces. Public sector projects must demonstrate how they leverage private and household investment.

(National Treasury 2017b, p. 5)

Tracking catalytic land development programmes, however, raises a series of practical and administrative issues. Monitoring the implementation of a *programme* requires far more than simply applying a project management tool, as Jeremy Timm explains:

> Suzette Pretorius, from the CSP team, has been handling this. With support from a service provider, she has developed a tracking system. We have taken this tracking system to each of the cities, choosing one or two programmes that qualify for the definition of "catalytic", and then we put those programmes into the system. Then we look at how things are progressing from a base level, in terms of the various elements that comprise the programme, into an overall understanding of where things are at more broadly.[141]

141
Interview with Jeremy Timm, Pretoria, 22 May 2018.

Suzette Pretorius elaborates on the specific process and approach taken:

> We basically follow the phases of the Project Management Body of Knowledge (PMBOK), linked with all the engineering phases. So, we follow a cycle of conception, inception, pre-feasibility, feasibility, and then we end with financial viability. We have designed the stages within that framework. Then we try to assess at which stage a municipality is. The challenge, of course, is that a municipality can 'jump' between stages. So, a city might start implementing new street light projects, without having yet conceptualized the final product, just to show that they have been spending their funding. But we try to track their progress along those various stages.[142]

142
Interview with Suzette Pretorius, Pretoria, 21 May 2018.

Like the process of rationalizing and crafting urban indicators, described above, it has been slow and hard work, demanding patience and resolve from the CSP team and their partners:

> I would say that the process has been tedious, but necessary. We now have clarity over what we want to measure, and we now have a set of catalytic land development programmes that we are tracking. Progress is slower than everybody wants, but it is starting to show results. But not nearly as speedily as we thought, initially, it would.[143]

143
Interview with Jeremy Timm, Pretoria, 22 May 2018.

Integrated City Development Grant

CSP's fourth major project entails the review, revision, and implementation of a fiscal system that incentivizes better municipal performance. More specifically, it seeks to support the implementation of a grant — namely, the Integrated City Development Grant (ICDG) — that is responsive to city performance, where this performance is indicated by the quality of a metro's BEPP, by progress made in implementing catalytic development programmes, and by the realization of better outcomes in the urban built environment (DPME 2018).

Chapter 4 indicated that National Treasury introduced the ICDG in the 2013/14 financial year, at the same time as it took over administration of the BEPP from the Department of Human Settlements. The purpose of its introduction was to provide metros with a financial incentive to deliver a more compact and efficient urban spatial form by 'integrating and focusing their use of available infrastructure investment and regulatory instruments' (DPME 2018, p. 268).

Producing a BEPP is a requirement for a metro to receive the ICDG. Initially, the Grant's incentive allocations were based on 'performance measures of good governance and administration'. In 2017/18 an additional criterion was introduced, based on an assessment of a metro's BEPP (see Chapter 6). As such, a city is rewarded if it can clearly demonstrate its overall strategic vision for the development of the built environment, and precisely how future infrastructure investments (aligning with designated Integration Zones) will transform patterns of urban spatial growth and change. This accords with

National Treasury's ongoing reforms to the local government infrastructure grant system, which calls for the increased use of incentives as well as the use of grants to support urban spatial transformation, as discussed in Chapter 8 (National Treasury 2017c). In addition, ICDG allocations made under the ICDG are based on a 'population-weighted basis', so as to account for the greater planning complexity and investment needs of larger metros (DPME 2018).

CSP's main activities in relation to ICDG review and implementation involve assisting National Treasury in carrying out its mandated responsibilities. These include:

- Reviewing eligibility criteria and assessing compliance with grant conditions prior to the transfer of each grant instalment;
- Facilitating engagements on the BEPPs with the metros and national sector departments, in consultation with COGTA and the Department of Rural Development and Land Reform;
- Providing operational guidelines and capacity support, and facilitating peer learning;
- Authorizing applications for the use of grant funds for specified operating purposes; and
- Reviewing the credibility and measurability of audit plans (National Treasury 2017c).

The scale of funding allocations made under the ICDG has increased substantially since its introduction. Between 2013/14 and 2016/17, a total of R813 million of ICDG funding was transferred to the eight metros. The most recent allocations — for the period 2017/18 to 2019/20 — totalled a further R927.5 million. It has been argued that this represents a negligible amount when measured against other infrastructure grants available to South African municipalities. This line of critique forms part of a larger debate concerning the use of fiscal incentives in public governance, and we return to reflect on this debate in the following section.

SUCCESSES, CHALLENGES AND DEBATES

It is too early to tell whether CSP's commitment to reforming the monitoring and reporting environment for urban governance will help to drive the realization of more compact and transformed urban spaces in South Africa's metros. But it is nonetheless the case that the process has enjoyed significant moments and points of success. The very fact that so many different stakeholders, drawn from all sectors and spheres of government, have been able to agree on a central set of municipal performance indicators is in itself a major achievement. Circular 88 was described by one CSP team member as 'a massive milestone'; one former metro official went so far as to call it as a 'cause for celebration'.[144]

Significant challenges have also been encountered in the process. Rationalizing existing sets of indicators and developing new outcomes indicators took years of hard work and sustained effort. Repeated and intensive engagements with a wide range of stakeholders were involved in securing comments and consensus on multiple iterations of the indicator sets ultimately published in Circular 88. The process has called for detailed and painstaking technical analysis and clarification. Moreover, it has required continuous attempts to convince often apprehensive and overburdened metro and national officials of the need for more reporting requirements. One lesson that has been learnt is the necessity of patience and fidelity, as explained by Jeremy Timm:

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Interviews with Jeremy Timm, Pretoria, 22 May 2018; and Catherine Stone, Cape Town, 1 June 2018.

> We are actually — probably audaciously — confident that we will get the reporting system right. It does take time, and in the words of Jan Hattingh [Chief Director of Local Government Budget Analysis at Treasury], he has a mantra, which is: 'gentle pressure, relentlessly applied, within a coherent framework'. And he lives by that. That is what it takes. It takes years, and we are chipping away at the challenge and we are moving forward. We are making progress.[145]

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Interview with Jeremy Timm, Pretoria, 22 May 2018.

Jan Hattingh agrees that the process has been edifying, pointing to the necessity and benefit of an approach rooted in the logic of coproduction:

> We have learned a few hard lessons, and they are about ownership. It is about getting all parties to see the benefit of the process and its objectives, instead of just pushing them. You have to combine the pushing with a smarter approach to navigating the politics and the capabilities of the institutions you are working with.[146]

146
Interview with Jan Hattingh, Pretoria, 18 June 2018.

As with other areas of CSP's work, the importance of devising and implementing projects of urban reform through sustained dialogue, collaboration, and consultation once again shines through. As does the importance of adjusting one's strategy and mode of engagement in response to emerging conditions and challenges. The latter point is borne out by the reporting reforms project — the release of Circular 88 has highlighted the need for CSP to apply a different set of competencies and support processes to take forward its implementation. Jeremy Timm explains that as the task shifts — to one of institutionalizing an integrated reporting system for municipalities within the wider intergovernmental architecture — so does the strategy and work process:

> It sounds easier than it is, or neater than it is, because it is a change process. There are a lot of contested mandates in this space, and the real challenge and work, now, is at a human systems level. Will national departments let go of some of the indicators, as this integrated system comes into play? That is what we are thinking about, and where we are working now. So, we are shifting from a technical emphasis to much more of a focus on processes and collaborative support.[147]

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Interview with Jeremy Timm, Pretoria, 22 May 2018.

Incentivizing City behaviour

CSP has assisted Treasury in successfully linking up the reporting, planning, and fiscal reform aspects of its work programme. The establishment of the ICDG — and its successful linkage to the BEPP, and the new set of built environment outcome indicators — was found by a recent evaluation to have played an important role in incentivizing metros to invest in catalytic programmes, within their designated integration zones, in support of a spatial transformation agenda (DPME 2018).

The introduction of the ICDG is part of a wider global trend towards the development of performance-based grants for subnational governments. African countries such as Ghana and Ethiopia have both introduced their own versions,[148] and the comparative study of these kinds of initiatives and processes, with their relative strengths and benefits in different contexts, would potentially be an area for researchers to explore.

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Interview with David Savage, Cape Town, 30 May 2018.

While the ICDG has been successfully designed and implemented, one line of criticism holds that it represents too small an amount, in the overall context of the grants system, to make a definitive change to the ways that cities are governed, develop, and create jobs. The CSP team accepts this point: it does allocate a relatively small amount compared to instruments like the Urban Settlement Development Grant. But they would argue that other factors have to be considered. David Savage points to the tensions at work in the intergovernmental fiscal system. On one hand, National Treasury has the specific policy objective of encouraging municipalities to self-finance, and to become less reliant on fiscal transfers from the centre. On the other hand, national grants can be used as a means to incentivize improved city performance — but this rationale encounters the problem of perhaps becoming overly prescriptive towards local governance and planning. Savage explains:

> Well, there are a couple of issues relating to that critique. The one is the relative size of different grant instruments. I think we would like to see performance-led grant instruments be a proportionately more important part of the system, over time, while reducing the overall amount of grants allocated, or the total grant flow from national government. But I don't think incentives are necessarily cash. People respond to very many different kinds of incentives, and organizations do as well.
>
> I think the incentive that people respond most positively to, and has more lasting effects, is collegiality, and the ability to work together as partners. If a grant, a performance or an incentive grant, backs that up and they see that as part of that contribution, well, then you are reinforcing something that is already there. You are going with the grain. You are trying to fit the incentive along that grain. The second way that incentives work, beyond the size of the incentive, is the discretion you have over the deployment of resources. So, I can give you an incentive of R1 trillion, but then also tell you exactly how you are going to spend it, down to the last cent. That is not actually a great incentive for your day-to-day work. What I am doing is forcing you into my preference, and yes, people will respond to that, because they want the money. But they are also going to kick back against it at some point. So, what we have at the moment in the incentive grant, the ICDG, is a collegially managed grant, with very discretionary spending behind it, and it is quite a small amount. But it is R50 million that you wouldn't have got otherwise. I think R50 million is quite useful grease to the wheel. So, I am not that worried about the size of it.
>
> I know a lot of people would say that you have to have a very large cash incentive, and I do agree that it could be bigger. But I think we need to be cautious in understanding the way in which people respond to incentives, and the sorts of incentives people actually want, because otherwise it starts to look like a bribe, or it becomes patronage. Certainly, what we have done, and what we have won in this round, is introducing the principle of a performance-based allocation with an additional incentive over the discretionary allocation, or your own use of the money. So, those are important principles to have in our system because they hadn't existed before, even though they are very basic things, and I think it needs to move on now. I think there is a lot of scope for us to do more in this area.[149]

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Interview with David Savage, Cape Town, 30 May 2018.

The size of the ICDG, from this view, has to be balanced against the complexities of managing the fiscal flows within the intergovernmental system that structure and drive incentives for better urban governance and development.

The original intention behind the introduction of the ICDG was to link city performance, when measured against built environment outcome indicators, to future allocations of the Grant. In other words, cities would be rewarded based on the actual transformation of their local built environments arising from their spatial plans and investments. This has not happened as yet. Samantha Naidu worked at National Treasury on the development and introduction of the ICDG, and has also led its ongoing process of review. Speaking in May 2018, Naidu explains the evolving thinking behind the ICDG as an incentivizing instrument:

> We are still grappling with how we should link the spatial transformation or integrated outcome indicators to the ICDG. At the moment, we use indicators relating to governance, like a city's performance in developing a quality BEPP. That is not necessarily a built environment outcome indicator, but it is a way to start bringing the spatial transformation agenda into the regulation and disbursement of the ICDG. But I think it is time for us to review that. Over the next few months we are going to be looking at how we link the Grant more to a metro's performance in actually driving spatial transformation, as well as how we can link performance to other grants in the fiscal system. Because as part of the National Treasury's local government infrastructure grant review there are other processes happening as well, with the consolidation of infrastructure grants being proposed. So, what does that mean for an incentive grant like the ICDG? We have been trying to think strategically about some of those issues, as we move forward.[150]

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Interview with Samantha Naidu, Pretoria, 21 May 2018.

CONCLUSION

For National Treasury and CSP, introducing a reform agenda in favour of outcomes-led and performance-based governance requires a clear and well-defined intergovernmental system for monitoring and evaluating local government activities. It calls, also, for the provision of appropriate fiscal instruments to incentivize changed city behaviour in the pursuit of spatial transformation. Meanwhile, applying new kinds of data sources and technologies has the potential to enhance processes of intergovernmental regulation, peer learning, and citizen-led accountability to drive real changes in governance behaviour and spatial change.

Over the past six years, Treasury and CSP have arguably enjoyed notable moments of success in coproducing and implementing new systems to address these needs. Time will tell whether the introduction of a more streamlined and accurate reporting system, alongside performance-based fiscal transfers, or the application of new kinds of data governance techniques, will drive real changes in municipal motivation and behaviour to deliver inclusive and sustainable urban transformation. It will be important for researchers to track these outcomes, and the reasons for the relative success or failure of different kinds of support interventions in this domain, if CSP's experiences are to be instructive for future processs of governance reform in South Africa and elsewhere.

The experiences of the Monitoring, Reporting, and Incentives sub-component reveal

some of the critical challenges and bottlenecks involved in implementing highly complex and technical processes of intergovernmental regulatory reform. Providing support, in this context, has meant mobilizing highly specialized technical knowledge (relating to issues including data collection and analysis, institutional transformation, monitoring and evaluation, and performance-oriented governance), and deploying this expertise in ways that respond to the concerns and demands of municipal officials, while also satisfying the legislated mandates for regulation and support allocated to national government.

For this sub-component, providing support has also meant engaging fluidly across different spheres and sectors of government, as well as across the state-civil society interface. As such, it is another clear demonstration of CSP's commitment to coproduction as a philosophical and practical approach to governance reform and city support. Arguably, a more collective, iterative, and collegial strategy will lead to better governance and developmental outcomes when compared to a purely top-down initiative imposed by a national government, for example. Coproduction would thus take on particular importance within complex and technical processes of regulatory and monitoring reform, which affect a wide range of different role players within the intergovernmental system, and where the benefits of reform efforts may not be immediately obvious to all.

Yet, these points also raise a series of critical questions. Are these assumptions legitimate? Do collective and collaborative processes for regulatory and fiscal reform actually result in better outcomes than other approaches? More specifically, what kinds and combinations of coproductive techniques and procedures work, and which function less effectively, in different urban and governance settings, and in different domains of reform? CSP's experiences stand as just one set of examples of how things could be done, offering a basis for comparative and historical reflection and learning.

In the following chapter, we proceed to discuss another critical and complex area of CSP's work: that which focuses on reforming and enhancing the ways in which South African city governments plan, manage, and finance their urban infrastructure systems.

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City of Cape Town: View of the N2 freeway from the Khayelitsha footbridge.

SYDELLE WILLOW SMITH

BARRY CHRISTIANSON

CHAPTER 8
INFRASTRUCTURE FINANCE AND DELIVERY

Aims and objectives

- **Assist cities to prepare catalytic land development programmes for effective implementation**
- **Capacitate cities to plan, deliver, and maintain infrastructure assets efficiently and over the long term**

Strategy

Enable cities to effectively articulate their total infrastructure demand, secure finance, as well as manage new investments and existing assets to drive inclusive urban growth and spatial transformation

Work areas

- **Reform the national policy environment for infrastructure financing**
- **Provide incentives for improved municipal performance**
- **Provide technical assistance to cities**

Key projects

Infrastructure finance

- **Infrastructure finance reform**
- **Medium Term Expenditure Framework and fiscal framework**
- **Revenue policy support**
- **Innovations in infrastructure finance**
- **Land development transaction support**
- **Cities Project Preparation Facility**

Infrastructure delivery

- **Social environment management programme**
- **City Infrastructure Delivery and Management System**

City of Cape Town: Golden Arrow buses parked in District 6 during off peak hours.

This chapter addresses two sub-components of the CSP's Core City Governance Component: Infrastructure Finance Reform and Infrastructure Delivery. What follows is a discussion of the Programme's agenda and activities focusing on reforming and enhancing how urban infrastructures are financed and delivered. With respect to infrastructure finance, CSP has worked closely with other units of National Treasury to further consolidate and fine-tune a range of discussions and areas of activity that preceded the creation of CSP itself. Much of this reform agenda was conceived as part of the design and inception of the CSP, with the Programme's implementation period focusing on consolidating various reform interventions. For example, the introduction of the MIG-Cities instrument, reflecting a broader Treasury discussion around the need to differentiate the infrastructure grant framework, was a central driver behind the formation of the CSP.

With respect to infrastructure delivery, CSP has sought to explore the potential for innovative and effective social and environmental management techniques, particularly around the delivery of affordable housing. The Programme has also responded to specific demands from cities for tools and support to enhance the planning and management of their complex infrastructure systems and needs, over the medium to long term, notably through the design and introduction of a City Infrastructure Design and Management System.

Overall, the CSP team, in partnership with Treasury and other government officials, have played a central role in developing and introducing new infrastructure financing, delivery, and management tools and practices, which hold considerable potential to strengthen metro capabilities to shape the urban built environment according to a transformation agenda.

THE CHALLENGE

South Africa faces a profound urban infrastructure challenge. The condition of many existing urban infrastructure assets is rapidly declining due to a lack of maintenance and repair; at the same time, many poor urban residents remain deprived of adequate levels of services, including shelter, energy, transport, water, and sanitation. While the metros have performed well (relative to other municipal categories) in addressing historical service backlogs, there is an urgent need for new investments to renew existing assets and accommodate further economic and demographic growth. Deficits in the quantum and quality of urban infrastructures have been identified as critical obstacles to economic growth and development at both the city and national scale (Foster and Briceño-Garmendia 2009).

As such, South African cities require a major infrastructure investment drive over the medium to longer term (see Box 8.1). In 2009, it was estimated that the country needed as much as $27 billion per year to spend on its total infrastructure requirements, both for investment (creating new assets and rehabilitating existing systems) as well as operation and management (Foster and Briceño-Garmendia 2009). While much of this investment would need to be concentrated in urban areas and systems, quite how this could be done at the scale required is unclear. It is necessary to both create and distribute value, something that is difficult when economic growth is flat and government plans are non-enabling.

At the city level, municipalities have been unable to secure and spend capital at anywhere near the scale required to address historic backlogs, to allow for economic growth, and to rehabilitate existing assets (Palmer et al. 2017, p. 143; Savage 2016). Generally, private financing for infrastructure has been constrained due to poor portfolio management by municipalities, and an inability to articulate long-term need and demand. The trend, over the past two decades, has been for local governments to become increasingly reliant on national transfers or grants to fund urban infrastructure investments — a pattern that is both 'fiscally immature' and 'fiscally unsustainable'.[151] Yet, historically, the intergovernmental system for municipal grants has been fragmented between sectors and functions, and has largely failed to reward or incentivize the performance of local government in relation to integrated infrastructure planning and investment (Savage 2008). Even when finance is available, local authorities struggle to develop long-term infrastructure investment plans that follow a central strategic logic and agenda. Moreover, in relative terms, municipalities have tended to focus too much of their spending on the capital cost of installing new services, thereby underspending on the ongoing operating costs required to run and maintain existing assets.

In terms of infrastructure delivery, large cities are highly complex systems, as are the bureaucratic and technical systems that are necessary for their planning and ongoing management. Yet South African city governments have generally lacked capacity to manage their overall infrastructure portfolios in an effective way. Officials and practitioners require tools allowing them to make sense of that complexity, and to effectively predict and plan for future demand. Moreover, conventional modes of infrastructure delivery in South Africa have struggled to promote more integrated and inclusive modes of urban development. Cities need tools and a regulatory environment enabling them to create more inclusive and higher quality urban environments, for all citizens, through their infrastructure investments.

The upshot of these dynamics is that South African city governments have been relatively hindered in their capacity to invest, construct, and maintain infrastructure at the scale required to meet people's basic needs and promote inclusive development. Given these trends, patterns of socio-spatial inequality and urban economic stagnation are only likely to become further entrenched unless municipal infrastructural capabilities are greatly enhanced.

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Interview with David Savage, Cape Town, 30 May 2018.

Box 8.1: South Africa's Urban Infrastructure Investment Challenge

We are heading for a massive infrastructure crisis if there isn't a huge turnaround in infrastructure investment and maintenance. Urbanization will continue; people are going to continue to head into the cities, with many settling there permanently. You have some migration back into the rural areas now, but that is not going to last forever. The infrastructure investment and maintenance shortfalls and delays are really getting us into trouble now. For a long time, infrastructure spending has been flat. The context of the last decade, with very slow economic growth and limited fiscal resources, has certainly made things harder. But for four or five years now there has been negative growth, yet effectively, nominal spending stayed the same. Even in the big cities that are growing in population terms, adequate investment is not happening. So, that is one really big crisis. A massive expansion in investment and infrastructure has to happen, not over three years, but over the next twenty or thirty years. And, in some ways, the restructuring of the spatial landscape — creating more consolidated cities, developing inner cities, and the shortening of commuter times — that is only possible if you have a lot of investment, because it is the investment that makes it possible to create new spaces, and to target that investment in particular areas. So, the spatial framework is the right perspective on how to think strategically about changing the landscape, but if you do not have a big investment drive alongside it, you are not going to get there, because you also have to maintain everything in the existing landscape.

Andrew Donaldson, former Director of Public Finance, National Treasury

THEORY OF CHANGE

CSP's work on Infrastructure Finance Reform and Infrastructure Delivery constitute two of the five sub-components sitting within the wider Core City Governance Component.

The Infrastructure Finance Reform sub-component operates according to the following hypothesis: that South Africa has sufficient financial capacity at the municipal level to meet the country's large and growing infrastructure needs — something essential to promoting inclusive growth and reducing poverty at both an urban and national scale — but that this capacity is poorly organized. More generally, developing the self-financing capacity of urban local government is critical for enabling the emergence and consolidation of a more fiscally sustainable municipal sector.

The Infrastructure Delivery sub-component proceeds from the understanding that improving the capability of cities to deliver efficiently and effectively on new infrastructure needs, while ensuring full life-cycle management of assets, is a key requirement for unlocking the investment needed to transform South African cities into more compact, inclusive, productive, and sustainable spaces.

Both sub-components are rooted in the logic of 'infrastructure-led development', or the notion that public infrastructural investments can act as an important 'engine of growth', provided that governance is adequate to ensure a sufficient degree of efficiency in that investment (Agénor 2010, p. 932). Moreover, CSP's work in this area accords directly with the National Development Plan's emphasis on the need to 'establish a competitive base of infrastructure' so as to lower the costs of doing business and hence to promote investment, internal trade, and job creation (NPC 2013). As such, there is a close link between these infrastructure-related sub-components and CSP's work focusing on economic development (see Chapter 11).

HISTORICAL CONTEXT

CSP's interest in questions of municipal infrastructure finance ties into a longer history of the evolution and devolution of South African policy on municipal finance.

The application of financial analysis to municipalities to assess their infrastructural investment requirements dates back to the early 1990s, when the World Bank began to support the ANC — as the government-in-waiting — in articulating a new agenda for urban fiscal policy. With the basic policy coordinates established through political negotiations, this work ultimately evolved into the Municipal Infrastructure Investment Framework (MIIF) (Palmer et al. 2017, pp. 141–2). The 1998 introduction of the 'equitable share' for local government was geared towards helping officials to meet the operating costs identified by the MIIF (Savage 2008). The Municipal Borrowing Framework, introduced in 1999, clarified the regulation of the municipal debt market to enable leveraging of private capital into municipal investment programmes on a sustainable basis (Savage 2008). The creation soon thereafter of 'wall-to-wall' municipalities brought greater opportunity for devolution of financial responsibility to the local level (Palmer et al. 2017, p. 130). The series of municipal fiscal legislation passed in the early 2000s — notably the 2000 Municipal Systems Act, 2003 Municipal Finance Management Act, and 2004 Property Rates Act — collectively defined the basic financial management system for local government (Savage 2008).

Through the course of the 2000s, this system was subject to ongoing refinements, with the emphasis placed on pro-poor tariff arrangements and revenue management systems. Within National Treasury, a key area of debate and activity focused on how the system of intergovernmental fiscal transfers, or grants, could be made more effective in enhancing government performance and driving economic development. The first real attempt to consolidate the grant system came with the 2004 introduction of the Municipal Infrastructure Grant, replacing the 'raft' of grants administered by individual sector departments (Palmer et al. 2017, p. 130). Meanwhile, it was increasingly recognized that large cities have particular kinds of needs and capacities, and should thus be afforded differentiated forms of fiscal and managerial support alongside greater flexibility in how they spend their grant funding. The MIG-Cities, and its evolution into the Urban Settlements Development Grant, were the direct result of these discussions.

Despite these efforts, flaws in the grants system continued to emerge, especially with respect to housing and transport subsidies (Palmer et al. 2017). Moreover, increasing municipal reliance on fiscal transfers from central government enjoined Treasury interest in the potential to apply new self-financing instruments for urban infrastructures.

CSP took shape in the context of these emerging and ongoing debates and agendas surrounding grant reform and the potential for municipal self-financing. These concerns are reflected in all aspects of the Infrastructure Finance Reform and Infrastructure Delivery work programmes. These are described and discussed in the sections that follow.

WORK PROGRAMME

Infrastructure finance

The Infrastructure Finance Reform sub-component has been led by David Savage, who joined the National Treasury as an expert in municipal infrastructure finance in the late 1990s, before working at the World Bank and as an independent public finance consultant. He explains that the objective of this sub-component is to 'broaden the base for self-financed investments in cities' by working across three dimensions: creating an enabling policy environment, assisting cities to articulate long-term fiscal strategies, and providing assistance with the financing of catalytic development programmes through mechanisms like land-based financing instruments.

In the sections that follow, we describe several of the key projects undertaken within this sub-component.

Infrastructure Finance Reform

The 'Infrastructure finance reform' project supports cities to more effectively access and utilise available sources of infrastructure finance. It does so through two workstreams. The first focuses on policy and regulatory issues, seeking to create an 'enabling environment' for effective municipal fiscal administration. David Savage elaborates:

> The first area of our work focuses on the enabling policy level, looking at the extent to which municipalities have utilized their own balance sheets effectively to access private capital for investment, and so forth. We are finding that while we have a relative-

> ly enabling policy framework, we have had quite conservative borrowing strategies from most of our cities. We have been trying to explore the reasons for that, as well as what we could do to make the municipal debt market operate more efficiently.[152]

More specifically, in close coordination with the cities, CSP has assisted National Treasury to review and update the government policy framework for municipal borrowing and financial emergencies, originally adopted in 2000. The need for review has been driven by changes in political and economic context, the experiences gained by municipalities over the past two decades in understanding issues related to borrowing, as well as their changing infrastructure needs (and understanding of those needs). The review addressed a range of issues including project-based financing instruments, development charges, pledging, supply side or investor issues, and pooled finance borrowing (CSP 2017a). This work has been assisted by the Urban Finance Working Group, a reference body comprising cities, development finance institutions, as well as private sector financial institutions and bodies (CSP 2017b).

Another critical area of work has focused on improving the disclosure of market information. Here the key output has been the development of a quarterly Municipal Borrowing Bulletin, which National Treasury now publishes on a regular basis. The Bulletin provides updates to various stakeholders on developments in the municipal borrowing market. It aims to contribute to a better understanding of movements and trends in municipal borrowing through data sharing, analysis, and discussion of topical issues. Moreover, it seeks to promote transparency, accountability, and the prudent and responsible use of municipal borrowing for infrastructure finance. David Savage sets out the reasons for the urgency of this work, and reflects on some of the key lessons learnt:

> We have re-reviewed the borrowing policy framework and so forth, but our key constraints are on the demand side, which relates to the long-term financial strategies that cities use. So, most of our cities actually use a more hand-to-mouth capital investment strategy, with a growing reliance on grants from the centre. That is both fiscally immature and fiscally unsustainable. It is fiscally immature because why would you buy your house with cash? That means you are going to buy a very small house. If cities stopped using their annual operating surpluses, and actually leveraged those surpluses over time, they could invest them at a much greater scale. It is fiscally problematic, for us, because a growing reliance on grants is a growing pressure on the national budget, and we can't sustain that anymore. But we have to get the demand side right, so that is where, having done our analytics in terms of the market and the supply side and some of the intermediation issues, we have made some interventions, like improving the quality of information that is available. National Treasury now produces the quarterly Municipal Borrowing Bulletin, and so forth, and we are also in discussions with a range of other stakeholders. You have to show effective demand for spending, not only at the strategy level but also at the project level, so we are increasingly turning our attention to that strategy and project development.[153]

The imperative of getting the 'demand side right' informs the project's second workstream, which focuses on assisting cities to develop long-term financial strategies and policies for infrastructure financing. This stems from CSP's basic conviction that the strategic development priorities of a municipality have to be 'reflected and supported' by its financial management strategy (Savage 2008). This work has involved the development of an integrated financing model that accounts for current and projected financing positions, investment needs, and spatial locations in order to identify the tangible policy choices facing a city. The model will be used as an input to a city's municipal infrastructure finance policy statement, providing specific commitments (including bylaws, where appropriate) and long-term plans for the investment community, alongside a statement of proposed financial partnerships and instruments that will be considered. This is being undertaken in four phases and is currently underway through pilot projects in Nelson Mandela Bay and eThekwini.

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Interview with David Savage, Cape Town, 30 May 2018.

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Interview with David Savage, Cape Town, 30 May 2018.

Fiscal Reform and Incentives

This project focuses on reforming the fiscal grants system to encourage cities to become more self-financing and to incentivize better municipal performance. Key successes that CSP has enjoyed with respect to grant reform have included the crafting and introduction of the Urban Settlements Development Grant (USDG) and the Integrated City Development Grant (ICDG). The former aimed to provide the metros with a consolidated and more discretionary source of infrastructure finance, while the latter is specifically designed to incentivize better performance and integration.

The issue of grant incentives is discussed in more detail in Chapter 7, which points out some of the challenges involved — for example, there is an inherent tension in using national fiscal incentives to improve local government performance without being overly prescriptive or encouraging municipalities to continue to rely on transfers from the centre. David Savage reflects on the lessons learnt from CSP's experience, highlighting the importance of seizing moments of political and economic opportunity in order to drive fiscal reforms:

> Restructuring of capital grants to local government is a difficult process and, to my mind, a slightly low-return process. I think that probably the easiest thing to do is what we are doing now, which is just cutting back on the grants to put municipalities under pressure to self-finance to a greater extent. But to promote a consolidation and an alignment of the grants is something that we will be looking at. At a strategic level, we now have, I think, sufficient consensus that our system needs to be streamlined, with fewer grants and more performance-orientated grants. So, we have introduced the basic instruments to deal with that, in the form of the USDG and the ICDG. We haven't recalibrated the system yet, and that will be something that we look at in the future, but we haven't really had a moment to do so... Actually, this is the first MTEF [Medium Term Expenditure Framework] cycle where we are cutting the grants. And, you know, crisis brings opportunity, so there is an opportunity now to restructure the calibration of the system and to push further for consolidation and re-targeting. So, we will be looking at that going forward. In a growing economic environment it is quite difficult to do that, curiously. One would think it would be easier, but it is always difficult.[154]

Financing and Preparation Support

This project consolidates and focuses various activities in the Infrastructure Finance Reform sub-component on innovative mechanisms to expand the range of available sources of infrastructure finance for urban development. It seeks to provide national-

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Interview with David Savage, Cape Town, 30 May 2018.

level policy and guidelines, as well as city-specific support for their implementation.

One specific area of work has addressed **land value capture instruments**. These are instruments that ringfence specific revenues for investment in a specified area. Examples include special improvement districts, business improvement districts, special rating areas, and tax increment financing. The general logic behind the introduction of land value capture instruments is as follows: if city investment in infrastructure or services results in specific private properties increasing in value, disproportionately to other similarly situated properties, then the city should be able to recover a portion of the increased value to help pay for the investment it has made (CSP 2017a). David Savage explains the approach followed, and the findings of this work:

> There is a lot of interest in land value capture instruments at the moment. Our view has been that if you want to take land-based financing forward in South Africa, the problems are not predominantly regulatory. They are around just introducing new practices. We have been looking to work with cities to secure a few examples of what is possible in this area. I think that there is now a growing consensus, and the Treasury support has been quite useful in that respect, to say, 'please explore these domains and if, in the event, you do come across some deep regulatory challenge, we can talk about it'. But, to date, we haven't found a deep regulatory challenge. So, we are much more focused on the support side. There are a range of issues and there is complexity and a transaction cost to executing these kinds of limited-recourse financing structures that are being proposed.[155]

A second area of work has focused on the potential for the introduction of **development charges** as a municipal self-financing mechanism. A development charge is one levied as a condition of approval of a land development application, in order to contribute to the cost of capital infrastructure assets needed to meet increased demand for bulk external engineering services. Stephen Berrisford, a consultant who has worked on South African development charge reform, reflects on the specific role of these charges for municipal infrastructure governance, and on the history of governmental interest in their use:

> The World Bank did a study in 2009 [Savage 2009] that said that South African local governments as a whole were losing up to R4.7 billion every year due to the poor recovery of development charges, or the under-recovery of development charges. So, municipalities were not charging enough from developers. That began a long process, which preceded the CSP, of trying to create a national, uniform set of rules around development charges. The idea is that this is a cost recovery mechanism. It is saying that if you develop two hectares of residential land, that is going to put X amount of strain on various services, then because of that incremental additional load, you must pay for it. So, it is very directly about the financial sustainability of local government. The cities and everybody who wants particular outcomes thinks that incentivizing developers by giving discounts is the way to do it. Whether it is climate change, or the township economy, there is always an idea that you must relax development charges or property taxes and that is how you encourage development. Treasury's response is, 'no, that just makes the municipality weaker, and less able to do things that it needs to do in order to attract investment'. And then, for spatial change, it is particularly the city planners who desperately want to use development charge discounts and penalties to encourage and discourage developments in different parts of the city. Treasury is adamant that that is not the correct way to go about it.[156]

155
Interview with David Savage, Cape Town, 30 May 2018.

156
Interview with Stephen Berrisford, Cape Town, 23 May 2018.

The rationale of this work therefore stems from the realization that South African local governments, by failing to implement development charges effectively, have foregone a major source of revenue to invest in 'the expansion of infrastructure that supports economic growth and poverty reduction' (Savage 2009, p. 2). Moreover, as indicated in Box 8.2, an equity argument sits behind the principle of development charges, rooted in the notion that higher-value developments should contribute relatively more to the costs incurred on the public infrastructure purse. Speaking in May 2018, David Savage describes CSP's specific role in the process:

> We have worked quite intensively on finalizing the last phase of reforms to development charges, which are one of the land-based financing instruments, and we have provided a lot of support and guidance to the Treasury team working on that. We have helped to fine tune and get that ready to go. It should be going in the next few months, and we have produced a guideline for the municipalities around that, which will be released once the legislative amendments are finalized. This was one area where there was under-regulation. It wasn't countervailing regulation. It was just oblique and unclear, and always led to a lot of misinterpretation and so forth. So, there was a whole reform programme plan there, that has been worked on over the last ten years, which we helped to support.[157]

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Interview with David Savage, Cape Town, 30 May 2018.

Box 8.2: The Rationale and Review of Development Charges

If infrastructure is financed through debt, there are several options to service the debt:

- *When funded from a municipality's general revenues and accumulated surpluses, the cost is borne by local taxpayers and consumers.*
- *When funded from national transfers, the cost is borne by all national taxpayers.*
- *When funded from specific user charges or impact fees, the cost is borne by those who use the infrastructure, or create the need for it.*

Each of these approaches carries its own social and political dynamic, and has its own economic and financial implications. Capital recovery fees can be collected when, for example, a developer connects its new development to the city's water and sanitary sewer lines. Impact fees can be collected when the developer builds a shopping mall that generates traffic requiring upgrades to offsite streets, or paves over a formerly pervious surface, causing more runoff and the need for storm drainage improvements downstream.

Development charges have the potential to allocate costs more equitably: if we accept that affluent households, industrial and commercial users, and others that can afford to, should pay at least in proportion to what they use, or to the impacts they cause, then we would want to encourage greater reliance on development charges.

The revised policy framework is likely to encourage the use of development charges, with the proviso that they be clear, transparent, and non-discretionary.

CSP (2017a)

A third area of work has sought to assist cities to develop a **pipeline of investment programmes**. This ties directly into the agenda of 'getting the demand side right', which has been briefly described above. David Savage explains:

> We have made a major input around developing the pipeline of investment programmes, because that is the key to the demand side. You can have the financing instruments — the grants, the local financing instruments, limited recourse loans, or whatever — all these exciting ideas of how you could finance things. You can have your grants aligned to it. But if you don't actually have the spending programmes ready, it is very difficult to do anything with all those ideas and instruments. So, that has really been the focus: trying to set up a much better portfolio programme and project management practice in the cities around catalytic land development programmes. So, we have taken both a supply and demand-side approach.[158]

A fourth project has focused on **revenue policy support**, whereby CSP supports cities to review and develop a better economic policy rationale for their own current revenue sources, through reviewing and adjusting the incidence of taxes and tariffs to ensure equity and efficiency. David Savage reflects on the project:

> One of the additional areas of work, which we haven't really worked a lot on, around infrastructure finance, is obviously the critical role of how revenue can fund this process. Just core tariffs and taxes are fundamental to the generation of operating surpluses, and operating surpluses are what you leverage for private finance, that is how you pay for infrastructures, whether it is now or in the future. So, we have done some analytical work there. It is a fairly complicated issue, but I think we have built sufficient consensus around the need for a more integrated programme for revenue management in our cities. This programme wouldn't just look at the administrative value chain, it would also look at some of the outstanding policy issues, as well as some of the expenditure and political-economy issues surrounding local revenue.[159]

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Interview with David Savage, Cape Town, 30 May 2018.

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Interview with David Savage, Cape Town, 30 May 2018.

Land Development Transaction Support

This project provides support to cities to prepare catalytic land development programmes by reviewing the regulatory framework for land development (including the formation and implementation of public-private partnerships), creating national guidelines and providing technical support for project preparation, and providing direct technical assistance to selected projects (DPME 2018). One such project is the planned redevelopment of the Conradie Hospital site in Cape Town.

CSP has also collaborated with the Urban Land Institute (ULI) in facilitating expert panels to review proposed catalytic land development programmes in cities like Buffalo City, Nelson Mandela Bay, and Cape Town. One external observer, an academic real estate expert who participated in several of these panels, spoke highly of ULI's rationale and approach, as well as the quality of the expertise mobilized:

> I think some of the panels were more successful, and some less successful. I think the more one did them, the smarter one became in terms of how to use them. It is a very interesting way of intervening in a metro… What is fantastic about these types of things is how focused they are. It isn't an ongoing, long-winded process. It is more like a weeklong or two-week process. What is good is that there is a lot of preparation time that goes into that process. The city has to write up a report that must include two main elements: giving some context as to what is happening in the city, plus the specific issues that they are looking at. That forced the cities to get their thinking going, and to bring some coherence to a problem statement in that space.
>
> Then you have outside experts who are brought in. I must say, I was always very impressed with the calibre of these people, and how much effort they had put into doing all their homework. And they just listen for three days. But what is interesting is that they listen across all the silos. They hear perspectives from all the silos within the public space, but also from the private players, and often civil society organizations as well. And it is amazing, you know, how being an outsider can give you some perspective quite a lot faster than if you are too close to the noise and everything else. They had the ability to synthesize complex information, and to reduce it down to several basic points, to say what the crux of the matter is. They also had the ability to understand institutional politics, or even politics with a big 'P' and a small 'p'. It is often very difficult for some of these players to say things, whereas the ULI panel could come out and identify the elephants in the room.[160]

One ULI panel focused on Buffalo City and paid particular attention to the potential development of the Sleeper Site — a central city area earmarked for catalytic development projects.

> What was interesting with the Sleeper Site was how the ULI panel helped to turn around the thinking. For a long time, officials have thought, 'great, we have this big piece of land, well-located in the middle of the town, and so on. Now we are going to use this piece of land to catalyse everything around it, the redevelopment of the downtown area'. And the panel looked at this proposal and thought, 'why would anybody develop this site when all around the area is a complete mess?'. They said, 'actually, what you want to do is increase the attractiveness of that site by fixing up what's going on around it'. It was a complete 180-degree turn. It identified something the municipality could start doing tomorrow. They didn't need to commission another research report. The local high street just needed an urban management intervention to clean it up. The traffic lights needed to be fixed. Simple stuff, that one could get going with right then and there.
>
> So, I thought they were able to bring in some very useful external resources and thinking, which I don't think would have been possible otherwise for a place like Buffalo City.[161]

Infrastructure delivery

Nishendra Moodley led the sub-component focusing on Infrastructure Delivery from 2015, taking over this responsibility from David Savage. A long-time consultant who worked extensively on the design and review of intergovernmental systems and structures to support and regulate municipal functions, including infrastructure delivery, Moodley brought

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Interview with Rob McGaffin, Cape Town, 4 July 2018.

161
Interview with Rob McGaffin, Cape Town, 4 July 2018.

considerable experience to this role, combining acute technical knowledge with an astute understanding of the institutional dynamics of the public sector.

The Infrastructure Delivery sub-component aims to capacitate cities to plan for and manage a complete portfolio of their infrastructure needs, while ensuring full life-cycle management of their assets. It includes two key projects, described in the sections that follow.

Social and Environmental Management Programme

The first project aims to investigate the social and environmental management (SEM) issues that impact on infrastructure delivery, with the intention of promoting reform (DPME 2018). More specifically, the project works with selected cities to review and enhance existing SEM policies and practices, or to identify and pilot innovative approaches and instruments that more effectively safeguard the interests of poor and vulnerable urban residents and their environments, within a sustainable and integrated urban development process. It supports those cities to implement a plan aimed at driving a common understanding of and approach to SEM, as well as the implementation and monitoring of innovative SEM instruments and initiatives.

The project involved commissioning work in several related areas. A concept note on SEM and affordable housing delivery was produced, and research undertaken on SEM tools and practices, which involved engaging with cities to develop and test a multi-criteria decision analysis (MCDA) tool. A third area of investigation focused on the regulatory constraints to urban infrastructure delivery. For the latter, a piece was commissioned from the Human Sciences Research Council (HSRC) focusing on the national-level regulatory barriers and other obstacles working against the delivery of affordable and accessible housing. Nishendra Moodley describes some of the guiding questions and outcomes of the study:

> What are the regulatory constraints to any urban development project? What in our regulations, from the Municipal Finance Management Act, and more particularly in terms of environmental legislation, hinders the delivery of urban development projects unnecessarily? That work started to pinpoint some of the National Environmental Management Act suite of legislation, and particularly water-use licensing, as one of those areas imposing a huge cost on any development project in an unnecessary and inefficient way. So, some recommendations have been made around that, in terms of how you can streamline the regulatory system to better support urban development.[162]

More specifically, the HSRC research uncovered several key areas of weakness in the national regulatory framework, including:

- Inconsistencies and rigidities that exist in national human settlements policy around the location of new housing developments, and policy responsiveness to emerging socio-economic realities;
- Complex and overlapping approval procedures surrounding environmental, water-use, and land-use planning systems, which act to delay the delivery of housing and tend to inflate costs;
- The existence of a culture of compliance and risk aversion that tends to undermine the pursuit of a collaborative problem-solving approach involving both the private sector and low-income communities (HSRC 2017, p. 24).

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Interview with Nishendra Moodley, Cape Town, 3 December 2018.

The report's authors argue that South Africa's significant urban housing challenge requires overcoming siloism and moving beyond the application of 'standard remedies'. Rather, they call for a 'proactive and creative approach' that recognizes the 'unique value of well-located urban land' (HSRC 2017, p. 24).

Finally, the SEM project also entailed the production of a framework to accelerate infrastructure delivery. This involved a study reviewing the opportunity costs of current SEM systems on urban development, and identifying actions for speeding up infrastructure delivery. The research focused on the risks associated with three different and disconnected environmental and social management systems: (i) municipal due diligence assessments (including the risks of community protests); (ii) the statutory environmental and social licencing procedures of national and provincial government; and (iii) the due diligence procedures operated by development financial institutions (such as the Development Bank of Southern Africa) and commercial banks. The principal outcome of the study was the development of a Rapid Integrated Project Options Assessment tool (RIPOA), designed as a cross-sectoral platform to help municipalities identify trade-offs and to mitigate risks early on in the infrastructure project pipeline. This, it is hoped, will save a considerable amount of time, effort, and money at later stages in the development process by preventing projects from being aborted (CSP 2017b).

City Infrastructure Delivery and Management System

A major output of the Infrastructure Delivery sub-component, and a landmark CSP project, is the City Infrastructure Delivery and Management System (CIDMS) toolkit. The project originated from a request from the cities themselves, for a system comparable to the Infrastructure Delivery and Management System (IDMS), a resource introduced by National Treasury in 2004 to assist provincial governments with the management of their health and education infrastructure assets. Nishendra Moodley describes how thinking about the potential form of a city-focused resource diverged from the original emphasis and design of the IDMS:

> When the demand was expressed by cities, they wanted an IDMS, but when we scoped it out, we realized that actually, to add value in cities, we needed to do much more than that. IDMS was just the tip of the iceberg. Cities have very complex infrastructure environments, and work at an incredibly complex scale. They have to manage interactions between different services and between the different levels of service that they are able to provide. It is highly complex, requiring a system to help them make sense of that complexity.
>
> So, we needed to get cities to start understanding their current assets, what the age of them was, to understand and plan for future migration trends, climate change, different technologies, and so on. Also, it was at the same time that new international standards for asset management were coming out. What we developed was something that retained the core elements of the IDMS but went much further.[163]

The CIDMS toolkit was codesigned by an external consultant in close collaboration with CSP and three participating metros: eThekwini, Johannesburg, and Cape Town. Each city was intimately involved in the process, contributing elements to the toolkit based on particular areas of practice that they had already been carrying out effectively.[164] In essence,

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Interview with Nishendra Moodley, Cape Town, 3 December 2018.

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Interview with Nishendra Moodley, Cape Town, 3 December 2018.

it responds to three contextual challenges: First, that South Africa is experiencing high rates of urbanization with concomitant increases in demand for services. Second, that city governments have mobilized inadequate levels of capital expenditure due to weak portfolio, programme, and project management practices. And third, that inadequate municipal attention has been devoted to asset management and maintaining infrastructure over its full life cycle. Nishendra Moodley elaborates:

> It is hugely exciting work. It is really trying to deal with the challenge of the fact that our cities are not able to spend their capital budgets. Almost all of our metros are deficient in this respect; they don't develop a portfolio of projects over time and understand what they are doing with that portfolio, where the risks are, how to move and allocate money, and so on. So, how officials manage these portfolios of projects has always been relatively weak from a project management point of view, in all our cities. And then there is the endemic problem: we haven't invested enough in infrastructure renewal and maintenance and so on. We have concentrated spending on new infrastructure and have neglected our current asset base. So, in responding to those problems, together with the fact that cities have to contend with migration, urbanization, new technologies, and so on, our cities need to deal with growing infrastructure demands over the next thirty years.[165]

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Interview with Nishendra Moodley, Cape Town, 4 July 2018.

Given these imperatives, the CIDMS toolkit was designed to draw upon international standards for asset management — notably those of ISO 55000 and the International Infrastructure Management Manual — and to apply those standards to the particular challenges of urban infrastructure delivery and management. More specifically, it aims to support South African cities in identifying their infrastructure needs over multiple planning horizons, in evaluating the merits of different infrastructure investment proposals, in procuring and delivering infrastructure, and in undertaking these processes within a framework for sustainable, integrated infrastructure asset management (CSP 2017b). Nishendra Moodley describes this logic:

> The toolkit is based on new international standards around asset management, but it develops — for the engineers and the planners, and the full range of built environment professionals — a highly codified and methodological way of looking at infrastructure needs over the next thirty years, defining current levels of service, taking stock of all existing assets, and profiling them. It then leads to a multi-criteria decision-making process around prioritization, indicating where you should put your money now. But then it gets you to the point where you can agree on a formal infrastructure plan over the term of office, and over a longer period, and then how you would finance that plan, and how you then procure, deliver, and look after the full life cycle of the infrastructure assets.[166]

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Interview with Nishendra Moodley, Cape Town, 4 July 2018.

As such, the toolkit provides cities with a customized system incorporating principles, methodologies, techniques, and case studies to optimize performance right across the urban infrastructure value chain, while responding to the long-term spatial transformation strategies of cities. It comprises twelve modules, each focusing and giving guidance on how to address a particular issue or stage within the overall infrastructure delivery and management process (see Figure 8.1 opposite).

Nishendra Moodley, who was integral to the toolkit's conceptualization and production, is open about the scale and ambition of the project. For him, 'it is bigger than the CSP itself; it is another programme'. This raises capacity challenges around its implementation. Indeed, while there has been 'huge demand' from cities to apply the CIDMS, to date CSP has only been able to roll it out in Cape Town, eThekwini, and Johannesburg — the three cities with which it was codeveloped. Ultimately, CSP plans to introduce the CIDMS to all the metros, in a staggered way, over the coming years. CSP is currently working to increase its internal capacity to be able to provide the necessary support for this implementation. Yet the CIDMS project also faces wider challenges relating to resourcing and institutionalization: 'Now that we have designed it, we need to find ways to fund it and sustain it over time'.[167]

For National Treasury, CIDMS represents a critical complement to existing resources geared towards improving the governance of infrastructure assets in different kinds of environments. This collective agenda was formalized in November 2018, when the South African Government launched One-IDMS: a package comprising the original IDMS, the CIDMS, and an additional system designed for local governments situated outside of the major cities. One-IDMS thus comprises a triad of toolkits that, it is hoped, will assist Government in the implementation of a new R400 billion infrastructure investment plan (South African Government 2018).

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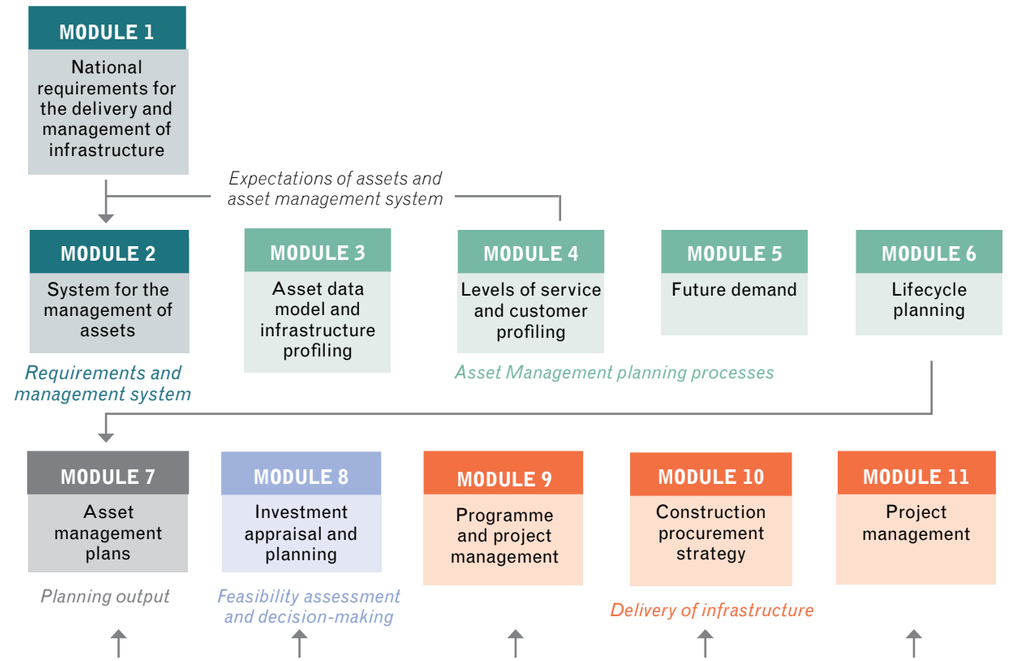
Interview with Nishendra Moodley, Cape Town, 3 December 2018.

Figure 8.1: Structure and Logic of the CIDMS Toolkit Modules *(source: National Treasury 2018a)*



SUCCESSES, CHALLENGES, AND DEBATES

Infrastructure finance

A recent external evaluation of the CSP concluded that the Programme has managed to achieve significant gains in its agenda for fiscal reform (DPME 2018). This chapter has illustrated some of these gains through a brief discussion of some of the remarkable array of CSP activities and projects relating to infrastructure finance reform. This work has, in many cases, emerged from and contributed to a longer history of reform thinking, both within and outside of National Treasury. Many of the ideas discussed in this chapter were central to the conceptualization and early implementation of the CSP. Subsequently, CSP has been able to work with other Treasury units to drive and consolidate important changes to the enabling policy environment, as well as to the long-term fiscal planning processes, intergovernmental grants, and infrastructure financing practices available to South African metros.

CSP's support for long-term financial planning in the metros, to help cities articulate their total future infrastructure demand, has been identified as a critical area of work.[168] It appears to have been well received by the metros. One official from Nelson Mandela Bay described this work as 'crucial', an essential precondition for municipal fiscal sustainability: 'I think, without this kind of planning, cities are going to fail. Especially cities on the edge, like our city'.[169]

Within this fiscal reform agenda, an important area of debate concerns the future of the grants system, specifically the potential for further consolidation and incentivization. While the introduction of the USDG and ICDG have been important and effective interventions in this space, the demand for further consolidation remains from some metro officials. One, a spatial planner from Ekurhuleni, commented:

> I know Treasury is working on a review of the whole grant setup. Actually, to cut a long story short, if Treasury want to make things easier for the metros they should only say: 'we will give you a single grant, and the only condition is that you will implement it according to your BEPP'. So, cut out all the other paperwork, and all the other conditions, and all the other requirements. Give us one grant; whatever the amount is can be decided on. Give it at the beginning of the year — this thing of paying in tranches is also making it difficult, but it's not too insurmountable. Give it as a once-off transfer to the city and allow us to implement according to our plan. So, in terms of improving the process: the process itself is working fine. It is just that financial element of it, I think, will make it easier for the cities. Because what happens right now, when we identify individual projects, we are supposed to identify a project based on knowing which of these six grants we will get, and which grant will fit the needs of that project. And it becomes very theoretical as to how we do that fit. In our metro, we always do a retrofit. So, it kind of jippos the system a bit. It would be much easier to just say, 'you're getting the grant; implement your plan'.[170]

How should National Treasury and CSP respond to this extant kind of demand? Treasury as a whole actively aims to 'bring predictability and certainty into the fiscal system' for local governments. But it also takes a relatively hard line with financially distressed municipalities, arguing that 'as long as municipalities fail to practice sound financial discipline they will always argue that funding is inadequate' (National Treasury 2018b, p. 51). Elsewhere, it has been argued that the infrastructure grants system in South Africa is relatively sophisticated, therefore any grant reforms aiming to improve access to capital by municipalities will only enjoy modest success (Palmer et al. 2017, p. 156). Moreover, as described above, CSP's experience suggests that the restructuring and leveraging of municipal capital grants can be a challenging and potentially 'low-return' process. That said, the CSP team clearly recognizes that there is scope to explore further the potential to consolidate the grant system, and to utilize that system as a way to incentivize better municipal performance.

As has been shown in this and the previous chapter, it is clear that, from the perspective of National Treasury, the overall project of fiscal reform calls for a delicate balancing act between the leveraging of grant finance as an instrument to drive improved local performance, on one hand, and the agenda of promoting municipal self-financing, on the other. The argument, mentioned in this chapter, that it may be best to simply cut back on the scale of national grants, and to use the current fiscal crisis as an opportunity to recalibrate and consolidate the system, would inevitably raise some concerns over the short-term performance and financial effects that this austerity measure might have for some city governments and the wellbeing of their beneficiaries. Considering these risks, future initiatives in this area will have to be coproduced with cities, and possibly combined with specific support interventions, so as to ensure minimal disruption to service delivery. It should be remembered, however, that cities regularly underspend on their grant budgets and, as such, cuts in grant funding could be complemented by further support measures designed to maximize the efficiency of municipal spending.

The issue of reworking the grant system to make it performance-oriented will remain a key area of CSP's work in future years. Yet, as CSP's own experience has shown (see Chapter 7), shifting towards a performance-based allocation of funding to municipalities, in a manner designed to reward the outcomes of their interventions (rather than simply producing outputs), is not something that can happen overnight. It will yet take time to get the monitoring and reporting systems in place at the municipal level to justify the distribution of funding based on progress towards designated urban outcomes. It is possible that lessons might be gleaned from experiences emerging from India, where there have also been recent movements to broaden the revenue base of urban local governments and deepen financial decentralization, in part through the introduction of a performance grant (albeit oriented towards rewarding outputs more than outcomes) that is contingent on the implementation of fiscal reforms (Nandi and Gamkhar 2013).

The introduction of new instruments to encourage municipal self-financing remains an ongoing topic of debate within and outside of Treasury. A key issue concerns the potential for a 'local business tax'. This has been an important issue of debate since eThekwini Municipality's 2011 application, through the Municipal Fiscal Powers and Functions Act, for the authorization of a local business tax for metros to use exclusively in providing new economic infrastructure and services.

The eradication of the Regional Service Council levies in the mid-2000s, and their replacement with a national grant, removed an important and stable source of self-financing (Savage 2008). Proponents of a local business tax argue that it potentially offers benefits in three areas: efficiency, equity, and political acceptability. From an efficiency perspective, they argue that it is 'economically necessary to levy taxes on firms and individuals that benefit from public services' (Bird 2003, p. 697). In terms of equity, it is arguably fairer for everyone to pay the same price for services they receive, whether from the public

168 Interview with Matthew Glasser, by telephone, 15 August 2018.

169 Interview 34.

170 Interview 35.

sector or a private seller. Politically, a local business tax can satisfy public demands that business pay higher rates of tax than, strictly speaking, is economically beneficial. Yet there is also a further political argument — a local business tax, as a source of discretionary funding, can improve municipal accountability, and promote a closer relationship between local private actors, political leaders, and officials.[171]

Local business taxes do hold potential risks. Most forms of business taxation induce significant economic distortions. Sometimes they might act as a barrier to the expansion of smaller businesses (Bird 2003). Their potential introduction in the South African context will therefore require careful research, coproductive mechanisms, reform advice, and targeted support to ensure their optimal configuration and implementation. It is also critical that any new tax be accompanied by 'built-in performance incentive systems' that encourage municipal commitment, collaboration with the local business sector, cross-city comparison, and sound fiscal management (FFC 2012). Given CSP's particular expertise and experience, it is well placed to play a key role in this process.

Finally, recent research on land-based financing has argued that the diversity of cities militates against a one-size-fits-all approach, and points to the need for innovation and locally driven experimentation:

> These experiments will need to balance the desire to attract economic development, on the one hand, with the fiscal sustainability of local government and the equitable provision of urban infrastructure, on the other. They will require in-depth and targeted analysis of the interplay among urban land market forces, urban land governance, and local political-economic arrangements. In addition, these experiments will need to move beyond the fixation on the quantity of money that local governments have available (i.e., the finance gap) and consider the best infrastructure finance arrangements and configurations for these cities (Berrisford et al. 2018, p. 50).

There is likely some way to go before National Treasury can decisively and effectively differentiate between the land-based financing arrangements and configurations that are optimally suited to South Africa's various cities, and this may prove an area worth exploring in future research. CSP's experiences provide an important reference point for thinking about how a differentiated approach to land-based financing support could be designed — one from which other initiatives, both within South Africa and elsewhere, can learn.

Infrastructure delivery

The Infrastructure Delivery sub-component has seen the production of a series of valuable resources and tools. The CIDMS toolkit, in particular, promises to be an invaluable resource for city governments. It has been subject to extensive consultation and peer review, with the conclusion that it represents a resource of international standing.[172] It is early days yet, and the challenge remains in its rollout and implementation at the metro level. Indeed, CSP's experiences with the Fiscal Impacts Tool (see Chapter 6) demonstrate that the uptake of such instruments depends on a range of factors including the local availability of skills and capacity, as well as the usability of the tool itself. Given these issues, implementation will take time and effort, and it will be imperative, as with all other areas of CSP's work, to listen to the metros and adjust the support strategy and approach as experiences and lessons emerge. These lessons will prove valuable in thinking about the kinds of skills and competencies that future urban infrastructure planners and managers should possess in order to be effective, and their potential to inform future higher education and training initiatives should not be overlooked.

The CIDMS project again speaks to the value of coproduction as an approach to the development of new resources and tools for city support and reform. It is a classic example of coproduction in governance: an initiative that emerged as a demand from the cities themselves, was designed and implemented through a collective definition of the problem, and involved close cooperation between officials in different spheres of government. That collaboration meant that the toolkit could draw upon international best practices, while using local city experiences to moderate those examples, and to discern what might be more or less applicable and appropriate in the South African context. It also benefitted CSP, in terms of the rate at which the team was able to devise and implement the project:

> The cities have collaborated with us. It hasn't been done to them, it has been done with them, and that has resulted in the speed at which we have been able to develop and pilot it.[173]

Aside from the value of coproduction, the CIDMS project also points to several areas of research with the potential to enhance the uptake, review, and efficacy of the tool, as well as its linkages to a larger urban climate response:

> How do we strengthen the climate resilience aspect of infrastructure delivery and management? There is a fair amount of infrastructure planning that takes into account spatial transformation and climate resilience in decision-making about technologies. But we would like to better understand how infrastructure choices impact on the environment. We want to connect that to research around how we best measure the maturity of our cities in terms of how to use the CIDMS. And does using the system, which is a codified mechanism of practice, make a difference? Does it result in better, longer lasting, and more accessible infrastructures that improve the quality of people's lives and give you value for money? It is very easy to think up recipes for good practice, and then check that everyone is doing it, but we have to assess both things at the same time.[174]

CONCLUSION

Infrastructure-led development is a key national development priority in South Africa, as set out by the National Development Plan. Cities are being encouraged to invest vast amounts of capital to develop a competitive infrastructure base to lower the costs of doing business, encourage the location and expansion of firms, and thereby drive inclusive economic growth.

For National Treasury, specifically, reforming the environment in which municipal infrastructure is financed to promote local government self-financing is an important agenda in terms of promoting fiscal sustainability at a wider national level. CSP has inherited and furthered this agenda, in part by securing additional technical expertise and initiating new support processes, but also by enabling a close link between Treasury, as the national department mandated for fiscal oversight and support, and metro governments, as the mandated implementing agents of spatial transformation.

One of the key contributions of CSP has been to link up a fiscal reform agenda with a

171 Interview with Matthew Glasser, by telephone, 15 August 2018.

172 Interview with Nishendra Moodley, Cape Town, 4 July 2018.

173 Interview with Nishendra Moodley, Cape Town, 3 December 2018.

174 Interview with Nishendra Moodley, Cape Town, 3 December 2018.

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programme of support to capacitate urban infrastructure planning, delivery, and management, all under the strategic coordinates of a spatial targeting and transformation agenda. Its success, in some ways, has been to weave together these various strands of thought and debate emerging within Treasury into a coherent strategic and spatial framework.

CSP has been effective in driving and consolidating fiscal reform, and in introducing new infrastructure management tools, but it may take some years before any specific positive outcomes, in terms of inclusive urban growth and spatial transformation, can be causally linked to its support initiatives. There is evidence, however, to suggest that city governance behaviour is starting to shift. Assessing the extent of these shifts, their benefits for driving urban spatial transformation, and their link to various kinds of support and reform processes, will be an important area for researchers to explore in years to come.

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CHAPTER 9

HUMAN SETTLEMENTS

Aims and objectives	**Support cities to ensure the availability of affordable accommodation at scale for all residents, within more inclusive, integrated, and efficient human settlements**
Strategy	**Ensure that cities have greater control over human settlements and housing investments and systems, and are better capacitated to plan and manage these systems, in order to drive urban spatial transformation and inclusive development**
Work areas	• **Planning and land support to create an enabling environment through property markets and land reforms** • **Providing support for scaling-up incremental and participatory practices of informal settlement upgrading** • **Improving the performance of fiscal instruments**
Key projects	• **Understanding property markets** • **Supporting cities in strategic land availability** • **Analysis of the regulatory and institutional framework for urban land-use management** • **City housing strategy development and planning alignment support** • **Scaling-up upgrading of backyard and informal settlements** • **Exploring options for rental housing finance** • **Community-based fund for upgrading informal settlements**

This chapter focuses on the CSP component work addressing the development of inclusive and sustainable human settlements. We argue that CSP has helped to facilitate a shift in the way that South Africa's metropolitan municipalities plan and develop human

Ekurhuleni: Various housing conditions.

settlements. This work has been critical, among other things, in placing emphasis on understanding the dynamics of the residential property market, in promoting city-scale participatory and incremental upgrading of informal settlements, and in encouraging a more strategic approach to the modelling and planning of housing supply. It has been able to do so in the context of an intergovernmental system that has made it difficult to realize a definitive practical shift from the delivery of housing to a wider sustainable human settlements approach. CSP is also involved in supporting ongoing efforts to ensure the transfer of housing functions to metro governments.

CSP has attempted to influence human settlements policy and practice from 'above' and 'below'. Nonetheless, major challenges remain in the crafting and implementation of a truly transformative mode of human settlements practice in South Africa, and CSP will have to play a key role in making this a reality.

THE CHALLENGE

The scale and nature of South Africa's human settlements challenges arise from the legacy of the country's post-apartheid housing policy and delivery system, which has persisted despite efforts to reform the prevailing approach away from a focus on the delivery of structures, seeking instead to encourage the holistic development of sustainable human settlements. After 1994, the housing-centric and target-driven strategy implemented as part of the Reconstruction and Development Programme (RDP) focused on the formal delivery of single-unit housing, specifically through capital subsidy schemes, by national and provincial government. This legacy has had several major effects. Fiscally, the capital subsidy scheme devoted too little money to purchasing well-located land when measured against the budget for constructing housing units. This encouraged the development of peripheral, sprawling, and low-density housing schemes in urban areas. Institutionally, it created a mismatch between the responsibility to deliver shelter to citizens and the local sphere of government, which is the primary agent of local planning and developmental decision-making. Moreover, the focus on the delivery of formal housing has stretched state capacity and allowed demand to far outstrip the rate of supply.

The net result of these and other trends is a massive and growing urban housing backlog, accompanied by the flourishing of informalized shelter arrangements in informal settlements or backyard shacks. Meanwhile, those lucky enough to access formal state housing generally find themselves living in sterile and under-serviced environments, far from economic opportunities, and facing high transport costs for commutes to better-located areas (Gardner 2018).

South Africa's Constitution and housing legislation give local government a clear mandate to ensure that communities can access adequate housing and services. However, the ability of municipalities to launch an effective response to the challenges outlined above remains constrained by the fact that the specific function of implementing national and provincial housing programmes remains vested in provincial government. This tends to promote the uncoordinated planning and development of housing and services, and a reproduction of fragmented and inequitable urban forms.

While examples of good government practice do exist with respect to social housing, small-scale inner-city rental projects, in-fill housing, and re-blocking of informal settlements, these practices need to be shared, catalysed, and scaled-up across all cities in order to effect a decisive change to patterns of urban spatial development.

THEORY OF CHANGE

The Human Settlements Component is closely linked to a range of other CSP work areas. As transforming the relationship between where and how people work, live, and move within South Africa's cities is the core objective of the CSP, the development of quality, well-located, and sustainable human settlements is critical to realizing the Programme's wider agenda of inclusive growth and spatial change.

In order to change where and how people live in cities, we have to reform the conventional intergovernmental mode of housing delivery in South African cities. As with public transportation systems (see Chapter 10), urban municipalities need to have control over key human settlements tools and financial instruments if they are to be able to effectively integrate and accelerate the planning and delivery of land, shelter, mobility options, and other infrastructure needs. In this respect, the institutional arrangements pertaining to functional assignments should be approached through research and evidence-based decision-making, rather than through a strictly political approach. Additionally, cities require a more refined understanding of their local residential property markets, as well as how those market dynamics might be enhanced as a driver of inclusive economic growth and spatial transformation. These demands call for specific kinds of capacity-building and support at the municipal level.

HISTORICAL CONTEXT

As described in Chapter 2, South African housing policy emerged from a range of debates in the early 1990s. The policy developed through the National Housing Forum combined an existing 'site and service' and subsidy-driven approach, championed by the Independent Develop Trust and Urban Foundation, with the development of single-storey top structures. This would form the core of the RDP's housing strategy. Arguments around the need for densification, and for the creation of quality integrated settlements lost ground to a state-led, target-driven, and highly formalized approach that saw individual homes on single plots as the most effective means of delivery and redistribution.

In 2004, the Department of Housing launched its 'Breaking New Ground' (BNG) policy. This policy responded to criticism of the RDP-driven vision and modalities of service delivery by arguing for a 'broader vision of sustainable human settlements and more efficient cities, towns, and regions' and for 'utilizing housing as an instrument for the development of sustainable human settlements in support of spatial restructuring' (Harrison 2014). In essence, it exemplified a shift in emphasis from a narrow focus on subsidy-driven housing delivery to the development of integrated human settlements (Harrison 2017). The shift in policy was affirmed by a departmental name change, to the Department of Human Settlements.

The BNG policy appeared to gain some traction. The National Housing Code was duly amended to fall into line with the new policy disposition. An Upgrading of Informal Settlements Programme (UISP) was launched in the same year as BNG, signalling real official interest in promoting a more incremental and coproductive approach. However, the UISP was bedevilled by poor uptake and implementation by local officials (Huchzermeyer 2006). A new National Upgrading Support Programme (NUSP) was launched around 2010 through the support of Cities Alliance. Meanwhile, the adoption

of the national government's Outcomes Approach included a focus on informal settlement upgrading within Outcome 8.

In 2012, the National Development Plan (NDP) highlighted the inefficiencies and failures of the state housing system, noting the continued tendency to deliver houses away from areas of economic opportunity and without paying adequate attention to the production of a quality, well-serviced living environment (Harrison 2014). It too emphasized informal upgrading as a mechanism of meeting shelter demand in the country's cities, and as a key component of a strong, integrated, and efficient planning system (NPC 2013).

Despite these clear policy shifts, 'changes on the ground in relation to the form and location of settlements have taken longer to materialize' (Harrison 2014). Some observers quip that the phrase 'BNG houses' has simply replaced that of 'RDP houses' in policy and practical discourse. It is also increasingly clear that these nominal policy changes have effected no great improvement in delivery.

Box 9.1: NDP Proposals for Human Settlements Finance Reform

The NDP proposes that the existing grant and subsidy regime for housing should be urgently reviewed with a view to accomplishing the following:

- *Ensure that state funding does not support the further provision of non-strategic housing investments in poorly located areas.*
- *Prioritize development in inner cities and in other areas of economic opportunity, such as around transport hubs and corridors.*
- *Progressively shift state support from only providing top structures to investing in public space and public infrastructure.*

Harrison (2014, p. 50)

The conceptualization and launch of CSP roughly coincided with these emerging concerns around the fiscal, social, and spatial implications of conventional housing delivery. More recently, it has coincided with another key policy shift — the Department of Human Settlement's 2014 announcement that it would pursue a new housing strategy based on the development of 'megaprojects'. The Department, once again, set itself ambitious new numerical targets for delivery, and went about identifying a limited number of large-scale formal integrated settlement projects — each consisting of over 25,000 housing units — to be implemented across the country. These projects had precedents in the Special Integrated Projects of the 1990s and Urban Renewal Programme of the Mbeki era (see Chapter 2). Megaprojects were to be funded by 'top-slicing' the range of housing and infrastructure grants available to provinces and municipalities (Cirolia and Smit 2017).

CSP's agenda for assignment and accreditation — that is, to promote the transfer of housing functions to the metros — has a strong basis in the South African legal and policy landscape. The Constitution allows for the assignment of housing powers and functions to local governments, which refers to a formal and complete transfer of state functions from provincial to local government. The 1997 Housing Act, meanwhile, provides for accreditation as way to progressively capacitate municipalities to implement and administer national housing programmes. A local government can be accredited with certain functions with the understanding that additional support and capacity are required before it can assume full responsibility for these programmes (DHS 2012). BNG, too, envisaged the progressive accreditation of the metros leading to complete assignment. More recently, this agenda also was supported by both the National Development Plan and Integrated Urban Development Framework (COGTA 2016; NPC 2013). However, the accreditation process requires that municipalities demonstrate adequate capacity to take on housing functions, and this must be approved by the Minister of Human Settlements. As we shall see, this approval has not yet been granted.

WORK PROGRAMME

Seth Maqetuka joined CSP as the Human Settlements Component Lead in late 2016. A human settlements practitioner and expert, with experience working in participatory urban housing processes since the early 1990s, Seth brought with him a profound interest in and commitment to development processes that combine state action with the grassroots capacity of community-based organizations (CBOs) and the support of non-governmental organizations (NGOs). He sought to bring this experience to the Human Settlements Component, and launched a number of new projects that reflected his professional background and experience.

Activities within the Human Settlements Component are arranged into three sub-components. These are briefly described and discussed in the following sections.

Planning and Land Support

The Planning and Land Support sub-component focuses on improving the understanding of property markets as a driver of economic growth, and facilitating the release of strategic public land and review of the regulatory environment for land-use management. Several key projects are pursued in this area, and these are briefly described below.

Understanding property markets

This project is concerned with the development and piloting of data-driven analysis, on a biannual basis, of residential property market dynamics at the city level to inform planning and project financing arrangements (DPME 2018). Commissioned from the Centre for Affordable Housing Finance in Africa, this work was carried out with support from the World Bank. Seth Maqetuka explains the rationale of the project:

> What we discovered is that most metros were focusing on RDP-type housing, but without having a broader perspective of the residential property market: how it works, how transactions take place, whether it is performing or not — which is more of a data generation and analysis task, using city data, as well as data from the Deeds Office and Lightstone. What we want to achieve is to create an understanding in the metros of their residential property markets. We believe that when they understand the overall market, seeing what is working and not working, especially for poor people, municipalities will be able to start planning for human settlements development in a holistic manner — creating settlements in a way

> that ensures that the private sector is incentivized to come on board, and that well-located land is developed. Then there is the issue of the whole process of transaction. Within the wider residential property market, some transaction processes are conducted very informally, and to the detriment of low-income home seekers. So, how do we formalize the market to make it more affordable and inclusive, especially for the urban poor?[175]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

The work concentrated on three aspects. First, CSP sought to develop an outline and conception of a housing market framework as a tool for understanding the overall housing continuum in South African metropolitan areas. Second, it developed a housing data system (including data, tools, and expertise) for cities to actively use to further their immediate and longer-term housing goals. And third, it involved the piloting of a House Price Index (HPI) to clarify the character and growth of local housing markets (CAHF 2018). So far, CSP has piloted this project in three cities — eThekwini, Mangaung, and Cape Town — and intends to roll it out to all metros in the future.

Box 9.2: Approach and Findings of the Understanding Property Markets Project

Currently cities utilize several urban planning principles with which to realise a liveable, sustainable metro. While an emphasis on value creation is fundamental to municipal functions, city officials lack the data and analytical frameworks for understanding how land and housing property markets seek and create value. There is demand for a tool that can provide ready information and understanding about housing markets, and which can leverage existing metro tools, processes, and staff expertise and capacity.

Through this project, the ways in which a dynamic, replicable, scalable housing-market data management system could be built from existing data and expertise were determined. This included determining how existing data could be configured and adopted for this purpose.

Municipalities use house price indices to help inform their valuation roll and municipal budget. The project showed that a house price index driven by municipal data can more equitably and accurately allocate value, in particular to lower end markets, better highlighting market dynamics in support of generating revenues and making service delivery more sustainable.

Through the project it was found that while using municipal data to understand housing markets appears straightforward, the process of adjusting existing municipal functions and staff allocations to deliver the necessary requirements can be challenging and should be addressed intentionally, and within the context of broader global municipal data initiatives.

CAHF (2018, p. 5)

Housing transaction support

CSP has also partnered with the Centre for Affordable Housing Finance in Africa (CAHF) to establish a Transaction Support Centre: a 'free advice centre that aims to make established legal and administrative processes in the housing sector work efficiently' (CAHF 2018). The Support Centre is a physical institution targeting areas where there is an active informal market (see Box 9.3). The approach taken to date has been as follows:

> We are piloting a Transaction Support Centre in Khayelitsha, in Cape Town, where we will provide a free service to the communities in terms of conveyancing, house plans, and rates clearances, so that they have access to a one-stop shop that encourages a transaction process that is more affordable, less onerous on the people, and to basically reduce the informality of title deeds registration. We are piloting this in Cape Town. The Department of Human Settlements is starting to see the logic behind this kind of initiative, and is gradually becoming more interested in rolling it out to other metros. They are thinking about exploring the piloting of this kind of approach in Johannesburg, for example.[176]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

Box 9.3: Description of the Transaction Support Centre Pilot Project

The pilot involves the establishment of a physical support office at the Desmond Tutu Sport and Recreation Hall in Khayelitsha, where buyers and sellers can receive the following services:

- *Preparing the property for sale — confirming integrity of the title deed, obtaining a property valuation, and assessing legality of any previous home improvements*
- *Matching buyers and sellers, and providing advice*
- *Establishing the sale: preparing the offer to purchase|deed of sale and obtaining necessary certificates*
- *Registering the sale*
- *Financing the sale*

In the so-called normal market, these services are provided to buyers and sellers by various entities, including registered estate agents, conveyancers, mortgage providers and originators, property developers, and so on. In addition, the City of Cape Town, in providing rates clearance certificates, plays a critical role in facilitating housing transactions.

CAHF 2018

Land redistribution

Land reform and redistribution is a topical political issue in the country, linked to the ongoing debate over 'expropriation without compensation'. A distinct feature of current discussions is that the urban dimensions of land reform and redistribution are, to some extent, being surfaced and recognized. Arguably, the current political moment provides a critical opportunity to rethink the country's approach to the allocation and management of urban land. However, shifting the debate requires more concerted attention to issues such as:

- How land reform and redistribution can serve not only an agenda of social redress, but also as a means to promoting the development of more productive, inclusive, and sustainable cities;

- How reforms can be undertaken in a productive relation to local property markets so that they contribute significantly towards value creation; as well as
- The different roles that both private and state-owned land can play within a larger project of land reform (Pillay 2018).

Given the centrality of this debate to questions of land and human settlement development, CSP recently initiated an investigation into the question of land reform and how it can facilitate more inclusive and productive modes of urban development. Maqetuka explains the thinking behind the work:

> The flavour that we are trying to bring to the urban land reform debate is the promotion of redistribution, restitution, and rapid release, but through a process based on four principles. We wish to start from the perspective that releasing land is not an end, but a process that must lead to an end, and what is that end we want to achieve?[177]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

He outlines the four guiding principles as follows: First, that land reform and redistribution should enable the creation of assets and value. Second, that it should promote more equitable access to residential property markets (the issue of efficient and effective title deed registration being key in this respect). Third, it should ensure that land is not just released, but that it contributes to a spatial transformation agenda. And finally, it should provide a basis for the effective management of urbanization and informality to promote social cohesion within South African cities. Seth Maqetuka elaborates:

> The first issue is that of asset management. How do we start ensuring that land we identify is well-located? So, we should look at issues of density, bonuses, inclusionary housing, creating incentives, and creating assets. When it comes to equity, we also have to look at accelerating the title deeds registration process, not only looking at formal titles, but also some functional titles of security of tenure in those areas. Then there are issues of spatial transformation. Land reform and redistribution needs to be linked to the Urban Network Strategy, particularly in relation to housing development within a city's integration zones. When it comes to informal settlement upgrading, we need a more radical approach based on in situ and incremental upgrading, driven by participation and collaboration.
>
> Our approach must, therefore, be two-pronged. On one hand, we need to look at enhancing and promoting formal residential markets. On the other, we have to recognize the existence of informal markets, which also need to be looked after in terms of essential and basic services, functional security of tenure, as well as retrofitting initiatives in formal townships.[178]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

Supporting cities in strategic land availability

CSP operates an additional project that aims to support cities in identifying strategic land availability. It involves producing a status and review report on strategic land parcels for human settlements development. These will lead to the production and workshopping of guidelines for the acquisition and release of state-owned land for the development of integrated human settlements. Cities will be supported to acquire strategic land through the appointment of a service provider who will assist with managing the city-level projects (DPME 2018).

Analysis of the regulatory and institutional framework for urban land-use management

SPLUMA provides the context for this project, which focuses on how metros can use regulations enabled by this legislation to support the development of sustainable human settlements. A report will be developed that articulates how SPLUMA can be used as a regulatory mechanism for human settlement development. This will be shared through a number of workshops and seminars with cities and other interested stakeholders (DPME 2018).

City Housing Strategy Development and Planning Alignment Support

This project provides technical support to the metros to formulate housing strategies as part of the process of developing their annual Built Environment Performance Plan (BEPP). The broader aim is to ensure that metros can produce an integrated housing plan linked to their long-term City Development Strategy. As part of the process, a tool will be developed to support the metros to achieve this objective. The project has a particular emphasis on Nelson Mandela Bay, which is developing an Integrated Human Settlements Plan using this tool (DPME 2018). Seth Maqetuka explains the rationale behind the project:

> The situation that you often find is that the way that we have planned human settlements is by taking a backlog figure — say 250,000 households — and then, based on that figure, you go to your census data to give you a breakdown of the need for housing rental or ownership. Based on that, you then begin to develop a housing strategy without a full analysis or understanding of the specific housing needs and circumstances at play. This kind of approach is driven by the allocation of grant funding, rather than being a demand-led approach. It is not evidence-based or data-driven in terms of addressing the specific housing circumstances that are faced by people on the ground.[179]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

Using housing strategy models developed by two sets of consultants, CSP examined the various options available to the metros:

> The strategic modelling looks at data in terms of the real housing circumstances that a particular metro faces, with regard to backyard housing, to private accommodation, to the need for rental, social housing, upgrading, and so on. So, you look at the total housing circumstances in the municipality through a data lens. Once we have done that, we start working with the metro to analyse that data through the model. They then look at the different scenarios and development options available to them. If they go for RDP-type housing — say 60% RDP housing — what will the performance be, and how long will it take to address the housing need? In another scenario, you could take 80% of your resources for informal settlement upgrading, and the remaining 20% for other modes of delivery — what will be the performance

> in terms of medium- and long-term development? And so we work with those scenarios based on a data platform, which gives the metro a clear picture of how their strategy is going to perform in delivery, and exactly what needs they want to target through their developments. We also look at the impact, when it comes to land identification and development. If you sprawl out your urban space, for instance, what impact is that going to have versus securing inclusionary and well-located sites? Out of that analysis, we come up with a strategic model that provides the municipalities with a data-based tool that they can use to start negotiating with citizens and politicians in terms of a longer-term housing development strategy.[180]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

CSP initially tested the model in Nelson Mandela Bay, learning from the experiences that Cape Town had gained in creating its Human Settlements Development Framework. Following the project's finalization in Nelson Mandela Bay, it was extended to Tshwane and eThekwini.

Implementation support for the upgrading of informal settlements

The second sub-component focuses on addressing city-level constraints to drastically scale-up the upgrading of informal settlements and to support self-build housing (DPME 2018).

Scaling-up upgrading of informal settlements

This project was introduced by Seth Maqetuka when he joined CSP. He explains its origins and rationale:

> What we have seen happening in most metros and municipalities is that although they have got the tools — they've got good policies with regard to upgrading, as well as at a national level, with the UISP — but you still see a focus on RDP-type developments, and a lot of relocation projects when it comes to informal settlement upgrading. Coming back to the issue of economic and spatial transformation, and the issue of prioritizing and targeting informal settlements that are well-located for in situ upgrading and participatory incremental development — you see very little happening in that regard. You do see some pockets of initiatives, like re-blockings and so on, but they remain small pockets and pilots. We asked ourselves: what is inhibiting or constraining municipalities from more of a city-wide incremental and participatory approach to ISU? So, we did a study, where we looked nationally at good informal settlement upgrading practices that followed the principles of participation as well as incremental upgrading. We then went to the metros and asked, 'there are some good practices happening. Why are they not getting scaled-up?' And so the metros identified key barriers that were holding them back.[181]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

The insights from the metros led to the development of a programme management toolkit for the scaling-up of upgrading, which was completed in November 2017. CSP is currently in the process of closing out the development phase of the tool, and will now start working more on technical support to the metros to develop a more programmatic, incremental approach in the form of city-wide upgrading plans. CSP will be doing this while working closely with the National Upgrading Support Programme (NUSP), with the intention that NUSP will take the lead in supporting municipalities to implement the tool.

Seth Maqetuka explains how his interest in starting this project and his approach to implementation were profoundly influenced by his work as a human settlements practitioner and official in Cape Town and Nelson Mandela Bay:

> I have worked a lot with non-governmental organizations (NGOs) like the Community Organization Resource Centre (CORC), Shack/Slum Dwellers International, and Utshani Fund, so really my approach to upgrading is that government, on its own, will not be able to meaningfully upgrade informal settlements. So, this work is about encouraging a participatory approach — true, meaningful participation — especially by working with community-based organizations (CBOs) and NGOs in a way that really enables us to scale-up upgrading practices across the cities. We are trying to strengthen that interface between the NGO and CBO sectors and government to ask, 'what is blocking us from working together, and what can we do to work together?'. We will have our differences here and there. NGOs might be influenced by funders and certain agendas. Then you have government, which operates within a very tight regulatory framework. But there are also some common issues between us that we want to achieve at the end of the day — so how can we strengthen those areas? I think that's what drove my approach in Cape Town towards re-blocking. We started re-blocking in Cape Town, and I drove the agreement between CORC and the City of Cape Town, and helped to develop a re-blocking policy and identify a series of relevant projects. So, I am very interested in that kind of collaboration between government and the CBO and NGO sector.[182]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

Backyard Incremental Development Studies

Backyard rentals are increasingly a major source of accommodation for people in low-income urban areas. In the decade before 2011, the number of households living in backyard shelters increased by 55%, from 460,000 to 713,000 (Turok and Borel-Saladin 2016). In Johannesburg alone, close to 124,000 people now live in backyard shacks (Gardner 2018). While in the past these trends were neglected by government policy (Turok and Borel-Saladin 2016), more recently officials have shown considerable interest in enhancing this phenomenon as a housing option for lower-income residents. The Gauteng Backyard Rental Programme, for example, provides capital and assistance to homeowners in old townships to construct two rental rooms with a shared ablution facility, and is the first programme of its kind in South Africa (Gardner 2018, p. 7).

Given the significance of these emerging realities, CSP operates a project to explore the backyard rental market, and does so by reviewing current practices to support, encourage, and manage the development of backyard rental markets (DPME 2018). To date, CSP has supported Cape Town officials to examine and understand the dynamics of backyard accommodation in their city:

> We supported Cape Town to look at issues of incremental housing and densities through a study done by the Human Sciences Research Council on backyarder in-

> cremental housing. There was a study in the Joe Slovo settlement. Our intention, and one of our strategies, is to promote peer learning between the metros. The study is brilliant on what the challenges are with respect to backyarding; the issues of infrastructure volumes, which are very overstretched; as well as the community dynamics that require municipalities to start engaging. There are entrepreneurial energies there, which the municipalities are not tapping into. In a way, those backyard units help the metros in terms of their housing needs, because they offer private accommodation. But the metro does not organize that, or investigate how they might support these providers of housing.[183]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

The next step will be to disseminate this information through the production of reports, and to encourage a wider process of sharing information and peer learning as a means to improve and scale-up practice in this area. The Cape Town study report will also be escalated to the national Department of Human Settlements as an input to the latter's policy processes.

Human Settlements Finance

The third sub-component focuses on a range of issues related to the financing of human settlements. These include investigating various options for rental housing, incentivizing the private sector to participate in developing affordable housing in better-located areas, piloting demand-side subsidy instruments, and exploring the potential for the establishment of community-based funds for informal settlement upgrading (DPME 2018).

Exploring options for rental housing finance

This project investigates the full range of tools and instruments available for supporting affordable housing finance options for rental housing. Still underway, the project is intended to develop a study report on rental options in cities in collaboration with the Social Housing Regulatory Authority (SHRA).

Demand-side housing subsidies

A second project has focused on the design and piloting of demand-side housing subsidies, particularly for the 'gap market' — the market comprised of people earning above the level required to receive a state-subsidised house, but below the threshold required to obtain a bond from a commercial bank (NPC 2013, p. 61). Seth Maqetuka outlines this work:

> We basically provide support to the national Department of Human Settlements from a finance policy perspective. At the moment, the Department is reviewing their policies and developing new legislation, and we have been working collaboratively on fiscal and financial reforms with respect to housing. The key areas we have been looking at are financial instruments to stimulate affordable housing markets, city partnership funds, and sharpening instruments linked to the Finance Linked Individual Subsidy Programme (FLISP) and the Integrated Residential Development Programme (IRDP).[184]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

In particular, CSP has been working closely with the Department of Human Settlements to review the IRDP subsidy programme, which is the key instrument available to promote and develop integrated and catalytic housing projects.

The overall thrust of CSP's work on subsidy review has been to encourage the design and uptake of demand-side subsidy instruments. The logic of introducing demand-side instruments is that, by giving households more autonomy regarding where and how to invest their housing subsidy, this will drive a closer alignment between the supply and the nature and location of household demand (Gardner 2018, p. 19). Seth Maqetuka explains the approach:

> We worked with the World Bank and an international expert and developed a report on how government can start developing more demand-side instruments. They came up with some very precise recommendations as to how they could be implemented. We are also engaging the national Department on this, because our approach at the moment is very supply-driven. The only major demand-side instrument that we have — although it also requires further refinement — is the FLISP subsidy. People's Housing Process is also relatively ineffective at the moment. But we are looking broadly at demand instruments, encouraging the metros to play a more active and effective role with respect to demand-side subsidies. Obviously, we are not discounting the imperative of supply. At the end of the day, you still need the supply of housing, but there has to be a change — there has to be a balance between the two so that we stop seeing the development of housing on the periphery of cities when there is demand from people to live close to work opportunities, and where there is demand from people to contribute their own savings to housing, and where there are employers saying that they wish to support their employees with housing needs. And so, why don't we come up with housing schemes to support them?[185]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

This project was conducted in phases. Initially, an instrument report was developed. CSP is currently working to disseminate and institutionalize the report, which it seeks to use as a basis to assist the Department of Human Settlements with the review of FLISP (DPME 2018).

Community-based fund for upgrading informal settlements

Currently, the provision of subsidies and grants for developing informal settlements is not geared towards the scaling-up of upgrading projects. The objective of this fourth project is to identify financial constraints to the scaling-up of coproduction and partnership-based upgrading practices, and then to respond to these constraints with appropriate funding mechanisms. The main project output will be a concept note setting out the potential advantages and structure of community-based upgrading funds. The concept note will then be discussed and positioned as a basis to reform the grant structure to promote more effective upgrading practices (DPME 2018). Seth Maqetuka reflects on the approach taken to date:

> We have been working with the World Bank, tapping into their resources on international best practices, to see how some could be applied to the South African environment. In one of those initiatives, I am exploring what is called a 'city fund', which is implemented in Thailand, where we look for possibilities for more of a joint management partnership between cities and communities, especially with respect to upgrading and urban management projects.[186]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

Box 9.4: The Community Development Fund

The Community Development Fund in Thailand has proven to be a very powerful development tool to address urban poverty and affordable housing at a national scale. The Community Development Fund model supports poor communities in organizing savings groups, and improves their capacity to manage their fund or the loans for community development activities.

It is a mechanism that enables urban poor organizations to tap into resources directly by building up their own capacities and allows communities to decide on and design various development activities.

UN-Habitat (2009)

SUCCESSES, CHALLENGES, AND DEBATES

In the context of South African housing debates, CSP represents a particular position. In many ways, it is the inheritor of a longer history of an urban spatial agenda — an agenda that advocates for building quality, well-serviced living environments rather than simply hitting quantitative targets for housing units. This position can be traced back to the ideas and work of built environment activists who, in the late 1970s and 1980s, started searching for alternatives to the segregated and township-based planning models of apartheid (see Chapter 2). It is a position that is nominally inscribed in post-apartheid policy, particularly in Breaking New Ground, but has been overshadowed by a continued commitment to the mass delivery of single-unit households at a low density on peripheral land.

Within the contemporary policy and practical context, CSP's work represents a particular approach to driving urban spatial transformation. It is based on systemic regulatory, fiscal, institutional, and planning reform, which can be contrasted with a more 'project-focused' approach represented by the 'catalytic project' or 'megaproject' strategy adopted in recent years by the Department of Human Settlements (Cirolia and Smit 2017).

The efficacy of CSP's work programme needs to be considered in relation to the specific position that it has sought to occupy in the human settlements governance space. Seth Maqetuka describes this as follows:

> The role that we are playing in the space is basically to provoke some innovation. We are provoking some thinking in the sector; thinking about how things could be done differently at scale and as a means to drive urban spatial transformation.[187]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018.

Given this agenda, it does appear that CSP has been able to partner effectively with other actors and organizations in developing new practical instruments with the potential to provoke changes in the way that metros plan their human settlements investments (DPME 2018). The work on residential property markets, conducted in partnership with CAHF, has been recognized as a particularly important intervention in the realm of local planning and housing practice. It is widely recognized that the conventional state programme for housing delivery has not only overlooked the workings of local property markets, but has also contributed to market dysfunctions that act to exclude the poor

(Gardner 2018). That being said, one observer (an expert on urban real estate) wondered what the CSP's specific position is with respect to the market.[188] Is it pro-market or not? To what extent does CSP wish to rely on the market as a driver of affordable shelter and spatial transformation? Is CSP's emphasis on spatial targeting and place-based development strategy appropriate to, or compatible with, a more market-oriented agenda?

The principal challenges facing CSP's interventions in the human settlements sector are, arguably, institutional and collaborative in nature. CSP has attempted to drive changes in policy and practice both 'from above' and 'below'. In the first sense, the Programme has used its relationship with the Public Finance Division of National Treasury to exert some policy influence by introducing reforms to the conditions under which human settlements grants are dispersed. Seth Maqetuka describes the second, 'bottom-up' strategy:

> We try to influence the metros' BEPPs through the BEPP guidelines, and by ensuring that we ask the metros very strategic questions: is your housing plan linked to your transport plan? Have you mapped your informal settlements in the integration zones? Can you prove that you have done that? We want to look at issues of IGR budgeting; give us proof that your budget not only comes from national government, but also that you are putting in some of your own resources towards integrated development. Are you discussing with parastatals and government departments like education, so that you come up with more integrated settlement plans?[189]

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Interview 20.

189
Interview with Seth Maqetuka, Cape Town, 5 July 2018.

Ultimately, CSP has sought to play a support role to the Department of Human Settlements, which since 2014 has pursued its own megaprojects agenda. Arguably, the human settlements agenda has thus regressed back to an 'extensive' model of urban development rather than one aiming for the more intensive use of scarce well-located urban land at higher densities (Turok 2015; 2016). Moreover, transfer of the housing function to metro governments has not yet happened — the Minister of Human Settlements halted all accreditation processes until municipalities could prove their competence in delivering on the Department's megaprojects strategy (Cirolia and Smit 2017).

Engaging and partnering with other institutions has therefore proved extremely challenging as a result of the diverse and sometimes competing interests at work in the sector (DPME 2018). Moreover, while CSP's institutional location within National Treasury has, to an extent, facilitated buy-in with key stakeholders, notably at the city level, it may also have had the effect of making governmental stakeholders 'who are already wary of the influence of National Treasury reluctant to engage with the CSP' (DPME 2018).

In response to these challenges, the CSP team has learnt to be pragmatic and patient. While CSP recognizes that securing the participation and support of the full range of stakeholders is critical to driving a new vision of human settlements practice, they have had to move forward with the implementation of support projects within the metros, as the agenda of supporting cities to be resilient, productive, and sustainable cannot be delayed. The hope is that by gaining traction and support at the city scale, changes may unfold at the national level at a later stage. Seth Maqetuka indicates that some progress may recently have been achieved, particularly with respect to the accreditation and assignment debate:

> Through our relentless pressure, the Department of Human Settlements is beginning to say, 'ok, perhaps instead of just looking at giving a full assignment or accreditation, let us maybe test one or two programmes. We can assign them, and then maybe we can move to other projects'. They are quite amenable to starting

> with the informal settlement upgrading work — giving capacities and responsibilities to the municipalities to implement that, and if we see that they are capacitated to do it, then we can give them the full assignment to implement it. Social housing could also be another such programme.[190]

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Interview with Seth Maqetuka, Cape Town, 5 July 2018

The Human Settlements Component therefore offers a prime example of CSP's practice-based reform agenda (discussed in Chapter 3).

> *The relationship with the Department of Human Settlements is good sometimes; other times it is not so good, as you might expect with any kind of relationship. Sometimes I am ignored, and then I keep on knocking and knocking until the door opens, and we can start talking sense. We do get some achievements here and there. I think there is very strong support from the Department on incremental and participatory approaches to informal settlement upgrading. We have been very strong in saying, 'look, we are here to work with you and to support the National Upgrading Support Programme (NUSP)'. We believe that NUSP has an important role to play, and that the Department must be supported so that they, in turn, can support our metros effectively.*
>
> Seth Maqetuka, Human Settlements Component Lead

Despite some breakthroughs, significant challenges remain, including that of confronting the megaproject strategy. As Ballard (2017) recognizes, megaprojects are an attractive approach precisely because they answer to short-term political imperatives to deliver shelter units in dignified environments free from the perceived dysfunction of existing urban areas. It has been argued that CSP could have taken a more oppositional stance to that agenda and its long-term implications for urban development.[191] As a Treasury-based platform oriented towards practical reform and technical support, CSP is not particularly well-positioned institutionally to take an oppositional stance or to drive the political process that would be necessary to challenge and shift the policy stance of a sectoral department. Doing so would raise profound political risks and could undermine the Programme's agenda to promote the coproduction of new tools and their collaborative implementation.

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Interview 39.

By contrast, CSP has attempted to balance top-down with bottom-up pressure and influence. Whether this has been an appropriate approach, done in an optimally effective way in terms of driving a project of intergovernmental reform and urban spatial transformation, is debatable, and a question warranting further research. Indeed, CSP's experiences in the human settlements domain highlight the importance and urgency of encouraging the formation and consolidation of new 'communities of practice', comprising actors from a range of government spheres and agencies who, in collaboration with civil society groups, can drive a reformed vision and mode of urban human settlements practice in South Africa.

CONCLUSION

This chapter is the first to describe and discuss an area of CSP's work programme that falls outside the Core City Governance Component. It is one that is more sectoral in focus. In terms of the overall organizational structure of CSP, the Human Settlements Component is rare in that it aligns with the structure and competencies of the state.

The very fact that human settlements is a defined sector of government is part of the challenge for this component — CSP has had to position its support and reform efforts in relation to a particular state department that holds a clear sectoral mandate. Arguably this gives the project of city support, and the competencies required to implement that support, a different character to the examples discussed in previous chapters. Working longitudinally alongside and with a national department like Human Settlements within a process of governance reform is, qualitatively, a very different kind of challenge to that of organizing multilevel and cross-departmental processes around urban indicators and monitoring systems, for example (as discussed in Chapter 7). The effectiveness of the coproductive approach taken by CSP will have to be tested against the achievement of a real policy and practical shift towards intensive, density-driven models of urban spatial development in South Africa. In the following chapter, we go on to discuss another CSP component that faces similar circumstances and challenges to those discussed here: Public Transport.

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GUTO BUSSAB

CHAPTER 10

PUBLIC TRANSPORT

Aims and objectives	**Assist cities to enhance urban mobility and accessibility, boost public transport ridership volumes, and alter land-use patterns to support sustainable and pro-poor public transport systems**
Strategy	**Ensure that cities have greater control over public transport investments and systems, and are better capacitated to plan and manage these systems, in order to drive transit-oriented development, inclusive economic growth, and spatial transformation**
Work areas	• **Enabling policy and regulatory environment** • **Fiscal reform** • **Direct city support**
Key projects	• **Development of transport devolution strategy and programme for provincial bus services** • **Development of transport devolution strategy and programme for Metrorail** • **National capacity-building strategy** • **Review of Integrated Public Transport Network plans** • **Study on minibus-taxi innovation and integration** • **Reform to the fiscal architecture of public transport finance** • **Annual Public Transport Network Grant support**

This chapter addresses the agenda and work programme of CSP's Public Transport Component. Here important progress has been made in promoting the development of fiscally and financially sustainable urban public transport systems, producing new technical and knowledge outputs, shifting transport planning towards a broader array of modal choices, and encouraging a closer link between transport planning and a strategic spatial agenda encompassing other areas of infrastructure planning and development.

City of Tshwane: Minibus taxis provide transport to thousands each day.

CSP has also played a key role in keeping the devolution of bus and commuter rail functions, from provincial and national government respectively, on the political and governmental agenda. As urban local governments look towards the implementation of 'hybrid' public transport systems — which include a role for South Africa's minibus-taxi industry — CSP is well-positioned to assist in thinking through the fiscal reforms required by a hybrid planning approach, as well as addressing the technical support needs and future capacity challenges arising from such interventions.

THE CHALLENGE

Public transportation in South African cities presents a raft of challenges driven by trends that are both historical and contemporary. They are historical because apartheid planning worked according to a logic that was fundamentally concerned with specifying and controlling not only where people could live, but also how and where they might travel. It was a logic that sought to delimit and differentiate the ways that various kinds of people (including those of different races, classes, sexes, and abilities) could move across and interact with space. Transport planning and infrastructure thus emerged as key instruments of apartheid socio-spatial engineering, providing a way to segregate and limit interaction between race and class groups. Controlling the mobility of populations was also a means of exclusion, and of generating inequalities, as the South African transport historian Gordon Pirie notes:

> On a material plane, transport was an instrument of marginalization and domination via its underwriting residential segregation, and via the time and financial sacrifices it imposed (Pirie 1986, p. 51).

As such, a particular logic of mobility planning underpinned the spatial makeup inherited by the post-apartheid city: a sprawling, fragmented, and disjointed form, with those living in poor peripheral townships enjoying limited connectivity to central economic areas and affluent suburbs. Indeed, it has been argued that the 'DNA' of South African cities was encoded and expressed in the second half of the twentieth century, when planning was dictated by the logic of social segregation and the service of the private motorcar (Van Ryneveld 2018).

Alongside fragmented urban spatial forms, post-apartheid cities also inherited an institutional and fiscal legacy that prioritizes private road-based motor transport. This prioritization continued well into the democratic era. Indeed, passenger transport, particularly rail, suffered from a lengthy span of financial neglect in the years following 1994, although more recently there has been a significant injection of capital into these services. A key contemporary challenge facing South African cities, then, is to find ways to use new investments in urban transport systems to transform historical urban forms and mobility patterns that transportation was itself integral to creating. This must be accomplished in the context of an institutional and fiscal system with a historical bias towards private road-based transport.

Developing a credible state response to urban mobility challenges, however, is complicated by the fact that transport governance is an area of overlapping responsibilities within the South African Constitution. Key urban public transport functions are allocated beyond the sphere of local government: provinces have historically held the responsibility for operating bus services, while national government operates and oversees commuter rail. Meanwhile, although the 2009 National Land Transport Act promotes the devolution of public transport services to metros, progress in transferring these responsibilities has been slow. This has largely been due to inadequate capacity at metro level, poor policy implementation at national level, and a lack of policy clarity on how devolution should be implemented, particularly in the complex case of rail functions.

In recent years, national government has made urban public transportation more of a funding priority, particularly in the build-up to the 2010 World Cup. Yet the system of public transport grants has been poorly aligned with those addressing other built environment functions such as housing. Moreover, it has become increasingly clear that the practical translation of these grants — in the form of bus rapid transit (BRT) systems — has created major fiscal challenges for the municipalities that have chosen to implement such systems.

As such, urban public transport services and governance are characterized by fragmentation, both between different modes of transport service (including rail, bus, and minibus taxis) and between transportation and other built environment functions. Problems arising from this lack of integration and alignment have been compounded by severe governance problems within major transport operators like the parastatal Passenger Rail Agency of South Africa (PRASA), which came under concerted 'state capture' efforts from 2012, and has generally suffered from a lack of effective leadership (Swilling et al. 2017).

The net result of these historical legacies, governance, and fiscal problems has been continued socio-spatial fragmentation in South African cities. Poor black residents continue to reside in peripheral neighbourhoods, facing long commuting distances and high household transport costs. Indeed, more than 60% of the lowest income earners spend above one-fifth of their income on public transport, in some cases rising to as high as 40% of household income (National Treasury n.d.).

Moreover, the particular spatial makeup of South African cities creates particular kinds of problems for public transportation and complicates the use of international 'models' of transit-oriented development (TOD). Compared to many Latin American cities, for example, South African urban areas exemplify relatively low rates of density, and average trip lengths are longer. South African commuting patterns are also characterized by 'tidal', rather than bidirectional, patterns of demand, with little seat turnover in between. As a result, revenue-to-cost ratios for South African BRT systems, ranging from 45% to as low as 11%, are far below those of other contexts, including Latin America (National Treasury n.d.).

THEORY OF CHANGE

As outlined above, the current system of financing and operating urban public transport services in South Africa's metros has tended to allow the persistence of socio-spatial segregation and unproductive urban spaces.

Creating efficient and effective public transport systems is central to CSP's agenda to promote urban spatial transformation. Indeed, accessibility, connectivity, and mobility — and the infrastructure and services underpinning the realization of these concepts — are a backbone of the CSP's strategy to promote inclusive urban growth and change the spatial form of cities.

In order to act as an effective mechanism of urban change, however, public transport interventions need to understand and respond to the changing nature of the built environment context in which they are situated. Devolving public transport responsibility from national and provincial government to municipalities would provide cities with an additional instrument or tool (alongside spatial planning, land-use management, and infrastructure investment) with which to articulate and implement a programme of spatial transformation.

As with other CSP components, and in accordance with the general role and agenda of National Treasury, reforming the fiscal system surrounding urban public transport is central to this strategic approach.

HISTORICAL CONTEXT

CSP's work in the public transport space can be traced back to a longer history of trends and discussions within national government.

The 2007 Public Transport Strategy, launched by the Department of Transport in the context of the then-upcoming 2010 FIFA Football World Cup, provided a major impetus for cities across South Africa to reform and improve their public transport services. The thrust of the Strategy was to be the introduction of a new technology and mode of operation: bus rapid transit (BRT), a model drawing upon the experiences of other countries, particularly those of Bogota in Colombia, but also of Latin American cities more generally. BRT services were intended to provide an efficient, subsidized transportation option to city residents, absorbing and replacing the country's ubiquitous minibus-taxi industry. BRT-operated routes were to form the backbone of a city's overall public transport network.

In order to fund the Public Transport Strategy, the state introduced two grants: the Public Transport Infrastructure Grant and the Public Transport Network Operations Grant. However, the first years of their implementation revealed patterns of expenditure on inappropriate and fiscally unsustainable transport systems. Concerned with these findings, National Treasury, working closely with the national Department of Transport, set about reforming the aims and modalities of the grants. The result, in 2015/2016, was the combination of the two existing grants into a single Public Transport Network Grant (PTNG). The PTNG specifically aimed to promote the establishment of 'financially and fiscally sustainable' Integrated Public Transport Networks, or IPTNs, as a means of influencing urban land use and spatial change (National Treasury 2018a). The Grant also introduced a specific requirement that municipalities should demonstrate sufficient local capacity to implement and operate any proposed projects. Moreover, the Grant required that municipalities broaden the range of transport services to be supported by the funding beyond BRT systems.

The creation of the PTNG and its predecessors was a progressive step, being 'the first major injection of public transport funds to city-level institutions in South Africa's history' (Van Ryneveld 2018). These grants have helped to initiate the building of municipal capacity around public transport, and in principle, the newer PTNG has allowed city governments to focus on reforms to their entire urban public transport system — termed the Integrated Public Transport Network — rather than any one particular kind of service. However, as noted at the beginning of this chapter, the design and implementation of those grants and plans, with their focus on BRT systems, have created major fiscal problems for local governments. Already by 2011 there was an emerging recognition that the full cost implications of urban BRT systems had not been adequately accounted for during the planning stages. Over the years it has become clear that the costs of BRT programmes are 'significantly higher than originally anticipated', including 'high ongoing operating deficits' that some cities have struggled to finance (Van Ryneveld 2018, p. 3). Combined with fare-revenue shortfalls, these factors have challenged the sustainability of these programmes.

Against this background of fiscal unsustainability, national government has promoted a rethinking of the design of transport systems and the disbursement of public transport funding. Working in close cooperation, Treasury and CSP have been at the heart of these discussions and processes.

WORK PROGRAMME

Michael Kihato joined CSP in 2014 as the Component Lead for Public Transport. He describes the first and most urgent task he faced as 'to stop the bleeding'; that is, to deal with the impending fiscal crisis associated with costly city BRT systems.[192] Given the urgency of this task, CSP set about working closely with the national Department of Transport and the metros to plan how available funds could be spent more effectively and efficiently. This called for a wide range of support interventions and policy reforms geared along three lines: creating an enabling fiscal environment, supporting an enabling policy and regulatory environment, and providing direct technical support to the metros. The Public Transport Component organizes these activities in three sub-components, discussed in the sections that follow.

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Interview with Michael Kihato, Pretoria, 14 June 2018.

Transport leadership and planning

As part of the first sub-component, CSP seeks to support the national Department of Transport in creating a national legislative, institutional, and policy environment that is conducive to the development of effective and sustainable city public transport systems.

In establishing the Public Transport Component, it soon became clear that proper plans and budgets for public transport systems did not exist in most metros. Michael Kihato describes how addressing these shortcomings became the early priority of CSP's work:

> It was about doing the basics right: getting proper plans and budgets in place, and developing guidelines for what a proper public transport plan should be. It is not a plan that seeks to operationalize a BRT system. It is a plan that assesses your entire public transport demand pattern, and then allocates an appropriate mode to that demand, within the total basket of funding available. So, it could be rail, it could be a quality bus service, it could be minibus taxis. It was about understanding what your built environment is like, and what it is going to be like, and then starting to calibrate and match your transport services based on that understanding.[193]

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Interview with Michael Kihato, Pretoria, 14 June 2018.

Review of IPTN planning guidelines

One of the key project outputs was a set of guidelines for IPTN planning, launched collaboratively by the Department of Transport and National Treasury. This document aims to assist cities in carrying out sound public transport planning and prioritization. Moreover, it seeks to place a spatial transformation agenda at the centre of the logic of urban public transport planning. As we discuss below, publication of the guidelines document was accompanied by the implementation of reforms to the annual PTNG budgeting process in order to create a more credible assessment procedure for the business plans and budgets linked to a city's IPTN. Such a procedure would specifically take into account an IPTN's fiscal sustainability as well as the local capacity available for its implementation. The overall objective was to ensure that a planned public transport system is not only appropriate for the city concerned, but also affordable to operate in the longer term.

Currently, a city receiving PTNG funding is required by the grant's conditions — as set out in the Division of Revenue Act (DORA) — to compile an IPTN plan as well a 'project plan'. IPTNs are also required by other sectoral legislation. The 2009 National Land Transport Act calls for cities to produce a Comprehensive Integrated Transport Plan (CITP), which must include a Public Transport Plan (the equivalent of an IPTN). The final chapter of the CITP must ensure that all projects and activities undertaken in (at least) the coming five years, including existing services, be combined in a single consolidated programme. Similar to the stipulations of DORA, the law requires that this is accompanied by a financial plan. This plan should be of similar duration to the CITP, showing that the totality of planned activities is affordable. International best practice indicates that developing an affordable programme of projects is a key adjunct to the IPTN and the project plans required by the conditions of the PTNG.

The IPTN Guidelines document therefore seeks to align the requirements for preparation of CITPs and the PTNG application into a single, consolidated planning approach with three distinct planning perspectives, namely:

1. A long-term (more than twenty years) strategic perspective providing city-wide guidance in the form of the IPTN plan;
2. A project perspective reflected in project plans, which, when initially identified as part of the IPTN, are specified only at a high level, but that through a process of conceptual engineering and more detailed planning and design, are developed to the level of detail meeting the technical, corporate policy, financial, and fiscal requirements necessary for implementation;
3. A programme perspective where all projects and activities over the medium term (approximately ten years) are collated and prioritized into a Public Transport Improvement Programme to ensure that collectively they are appropriately phased and affordable in terms of capital, operational, and cash-flow constraints (National Treasury 2018a).

The IPTN Plan and the PTIP emphasize the 'whole', while each of the project plans represents a component 'part' of these. Both the logic and the affordability of the individual parts need to be assessed in the context of the whole system — within the IPTN at a strategic level and, at a more detailed level, within the Public Transport Improvement Programme. Apart from providing technical guidance on these three different planning perspectives, the document also details two key technical planning areas — namely 'alternatives analysis' and 'multi-year financial analyses'.

The guidance document was prepared with technical input and advice from the World Bank, which provided support through the Bank's Integrated Urban Transport Planning Pillar of the South Africa Urban Knowledge Hub (Technical Assistance Programme). The work was funded by the Swiss State Secretariat for Economic Affairs (SECO).

Development of transport devolution services

A second and critical area of work within the Transport and Leadership sub-component seeks to promote the devolution of provincial bus services and national commuter rail services to metropolitan governments, where this is deemed appropriate. Michael Kihato explains this agenda:

> **The key to driving a changed spatial form is having capable city governments with access to all the levers and controls enabling them to change their spaces, and public transport is one of those levers. Therefore, you want to devolve. While cities do get part of the funding, it is not all of the funding.**[194]

More specifically, the project entails working with the cities, providing them with technical and strategic support for the process of acquiring bus and rail functions. This is an ongoing objective and activity of CSP, and one that is inherently political and coproductive in nature — it requires close collaboration with the cities and sector departments, as well as identifying and taking advantage of a 'political window of opportunity' to drive the devolution process (DPME 2018). Some specific initiatives undertaken to date have included supporting Cape Town with a high-level panel to assess and review the City's business plan for the devolution of rail functions according to principles of international best practice.

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Interview with Michael Kihato, Pretoria, 14 June 2018.

National capacity-building strategy

A third area of activity focuses on building greater capacity within the national Department of Transport, so as to ensure that it is capable of fulfilling its legislated mandate in the public transport sector, and particularly with respect to city-specific issues. This has been done by providing support to the Department in several key areas: Firstly, in the preparation of a capacity and capability development strategy and implementation plan to effectively assist cities in implementing nationally-funded urban transport activities. This has been accompanied by funding through the Department's general budget allocations. Secondly, in the development of a data collection strategy for the monitoring of nationally-funded urban transport activities. And thirdly, in working alongside the Department for the continuous refinement or extraction of lessons learnt from completed or ongoing urban transport activities that have been nationally funded.

More specifically, CSP and Treasury have worked with the Department of Transport in running a series of workshops on topical transport-related issues, in assisting with the development of a national database on urban public transport systems, and in crafting a series of knowledge products based on various technical reports commissioned by CSP. Based on this work, knowledge products produced to date include:

- Practice notes on BRT station management and Intelligent Transport Systems (ITS);
- A toolkit on the 'planning, design, and operational review' of BRT and City Bus Systems, which provides information and procedures to enable cities to improve their BRT operational efficiencies in both the planning and operations phases;
- A research paper comparing South African BRTs with those implemented in Latin America, identifying the essential differences between the two contexts, and why the local context calls for very different transport solutions;
- A policy paper on South Africa's automated fare collection system;
- A literature review on the importance of public transport for city economic development;
- A comprehensive report on all the provincial bus contracts in the country;
- Reports on the status of IPTNs across the country;
- A technical note on potential for reform to the public transport financing regime; and
- A series of research reports on minibus-taxi innovation and reform.

Minibus-taxi innovation and integration

The final set of knowledge products listed above deserves some further explanation, as they are indicative of a wider shift in urban transport reform thinking in South Africa. The minibus-taxi industry constitutes the backbone of the urban public transportation system in South Africa, providing two-thirds of the total market share for public transport in the country's metros (see Table 10.1). The industry not only delivers critical public transport services to millions of people, but also generates vital opportunities for employment and business development (National Treasury 2018b). What is more, it has been able to do so with relatively little support from the state, historically speaking.

Table 10.1: Minibus Taxi Share in Total Public Transport and Motorized Transport Markets in South Africa, 2013 *(source: Van Ryneveld 2018, p. 56)*

MODE	WORK	STUDY	TOTAL	SHARE OF MOTORIZED TRANSPORT	SHARE OF PUBLIC TRANSPORT
Train	649,000	174,000	823,000	9.2%	17.5%
Bus	439,000	329,000	768,000	8.6%	16.3%
Taxi	1,987,000	1,123,000	3,110,000	34.8%	66.2%
Total public	3,075,000	1,626,000	4,701,000	52.6%	100.0%
Car	2,833,000	1,409,000	4,242,000	47.4%	
Total motorized	5,908,000	3,035,000	8,943,000	100.0%	

CSP's interest in questions of minibus-taxi innovation and reform has emerged as part of a growing official acceptance that transforming the industry constitutes the future of urban public transportation in South Africa (Van Ryneveld 2018, p. 3; National Treasury 2018a). This makes basic financial sense, as in the local urban context, minibus taxis move more people, more responsively, and at lower cost, than high-volume and infrastructure-heavy services. Further, officials have realized that the process of buying out minibus-taxi operators — an intention of the original plans for urban BRT systems — is financially unsustainable and has failed to empower the industry in the longer term, particularly when taxi operators prefer to only receive compensation (National Treasury 2018b).

Yet working with a largely informalized industry raises particular kinds of questions and challenges for municipalities and governance reform. How, for example, can authorities help to improve safety and labour practices in the sector? How should they promote and enforce appropriate regulatory compliance? Given the powerful sway the taxi industry has over local politics, who could become the political champions of reform, and how would they go about this role? How could the licensing function for minibus taxis be devolved to give municipalities greater control over the industry? And what do all these processes mean for municipal capacity and skills development? The last question is a critical one, as noted by one transport planning official from Nelson Mandela Bay, who appreciated the logic behind the devolution agenda, but who also recognized its implications and challenges for capacity at the local level, emphasizing the importance of experimentation and peer learning as a way to alleviate these difficulties:

> I support the devolution agenda. The Provincial Regulatory Entities, who regulate operating minibus-taxi licences, applications for routes, and all of that, are not really helping. I don't think they have been re-examined in quite a long time. That function has to devolve to us. We are closer to the ground. The issuing of operating licences affects our integrated planning. The issue that we have is that there are often disagreements and fights between different agencies involved. Sometimes you have to massage the egos of others just to get things done. If you take all of those processes into the municipalities, you will make sure that integrated planning and decision-making can happen here, in the cities. But it means you need to have people who really know the transport business; you need to have capacity to deal with that. Municipal officials need to be properly trained, and to understand what needs to be done. Perhaps there could be a pilot, where you start with one municipality, and learn what you can from that case. For this, bodies like CSP and SACN can be very instrumental, to take lessons from one metro to another, rather than each trying their own thing.[195]

195 Interview 32.

Given the uncertainties and challenges surrounding these kinds of questions, CSP, working with the national Department of Transport, commissioned a series of research reports into aspects of the governance of the minibus-taxi industry, including emerging innovations in that sector and potential for their integration into city IPTN planning processes. One report examines the nature of the transitional arrangements (particularly concerning financial compensation) of the taxi industry during the implementation of IPTN plans in Johannesburg, Cape Town, George, and Tshwane (National Treasury 2018c). Another provides a preliminary review of emerging taxi reform initiatives in South Africa, considering these in relation to other emerging initiatives in the regional African context (National Treasury 2018b).

A third study drills into particular case studies of innovation in minibus-taxi reform in South Africa (National Treasury 2018d). In recent years, several important examples have emerged, largely through the initiative of the metros themselves. In Cape Town, for example, the second phase of the MyCiTi BRT system aims to establish taxi-based com-

panies to run local services. In eThekwini, officials have proactively initiated Moja Cruise: an improvement incentive scheme for taxi operators, focusing on the areas of driving, maintenance, and passenger care. In Nelson Mandela Bay, meanwhile, the Libhongolethu service aims to combine BRT-run trunk routes with taxi-based feeder routes. As they emerge and consolidate, these initiatives will provide important lessons in how cities can go about managing the transition away from the top-down implementation of highly formalized, infrastructure-heavy BRT systems, towards more flexible and affordable transport networks that offer greater accessibility to the majority of urban residents.

The overall aim of these research studies, then, is to assist cities in exploring options for a second wave of IPTN planning that focuses on developing 'hybrid' public transport systems in which the minibus-taxi sector is more equitably and thoughtfully included, and which help locate the sector within wider processes of integrated transport and land-use planning (CSP n.d.; National Treasury 2018c; Van Ryneveld 2018). In support of this agenda, a national community of practice focused on minibus-taxi innovation has emerged, linking cities, academia, the taxi industry, as well as policymakers, to take stock of and critically assess the latest thinking in this area.

Transport capacity support

As part of the Transport Capacity Support sub-component, CSP provides technical assistance to metros for the efficient and effective planning, construction, and operation of city public transport systems in order to provide better value for money and to offer improved transport services to the most deserving citizens. Incentivizing public transport systems to reflect genuine user-demand at a city level, and to take into account the 'fiscal envelope' available at both the national and local levels, is an important objective of this work.

Several key projects have been pursed here. In working with cities to develop credible and sustainable Integrated Public Transport Network (IPTN) plans, CSP hosted a series of technical workshops on integrated network planning. It has also supported the review of the IPTN plans of various cities (see Table 10.2), notably by setting up a peer-review mechanism involving local and international experts (CSP 2017).

Table 10.2: Focus of IPTN Reviews in Different South African Metros

METRO	IPTN REVIEW FOCUS
JOHANNESBURG	• Improving efficiencies in three areas: bus operations, Intelligent Transport Systems (ITS), and station management • Panel review of the operational and business plans of the North Eastern Quadrant of the city's IPTN
NELSON MANDELA BAY	• Comprehensive review of the current CITP (What is the best public transport system based on the spatial, social, and historical systems of the metro? Has the current system and routing been optimally planned? What could be usefully achieved with the legacy of the World Cup routes? Has the current rollout plan been appropriately considered in terms of phasing and implementation?)
TSHWANE	• Review of institutional arrangements for the public transport system (What would be the best institutional location, optimizing on built environment synergies? What is the optimal structure of the current institution overseeing public transport implementation? How can governance be improved with respect to this institution?) • Support in improving efficiencies of bus operations within the public transport system • Review of current operational and business plans for public transport, highlighting key risk areas in the current approach, and providing strategic support to start to develop a more suitable approach

Moreover, CSP has provided direct support to cities, like Johannesburg and Tshwane, to assist in diagnosing their operational problems, and to identify actions to moderate costs and enhance revenues for their BRT systems. The lessons learnt from this work were then shared more widely through a series of technical workshops on bus operations, intelligent transport systems, and station management (CSP 2017).

Transport financing

The Transport Financing sub-component responds to the recognition that finance, policy, and legal instruments need to be sharpened to allow for greater leveraging of private sector investment and more innovation in financing instruments to share the benefits of increased land values that result from public infrastructure investment, and to drive the inclusion of disadvantaged communities. This is an area where National Treasury can play a critical role by leveraging its fiscal responsibilities and capabilities.

The strategic thrust of this work has been to encourage national government to move away from the use of transport grant funding to impose a specific technology (e.g., BRT) on cities, and to move towards a wider fiscal perspective that enables urban transport planning to accommodate other transport modes — including improved minibus-taxi systems — and encompasses processes of municipal capacity-building and support. The aim, in other words, is to reposition the PTNG as a way to help build local government capability to plan effectively, and to develop solutions that are appropriate and responsive to local urban contexts.

Reform to the fiscal architecture of public transport finance

The Transport Financing sub-component comprises two key projects. The first is entitled 'Reform to the fiscal architecture of public transport finance'. Michael Kihato explains the basic problem to which the project is addressed:

> Public transport has many funding streams, and what we need to do is start gaining efficiencies from all this money flowing from various places. It is very ineffi-

> cient. We are funding rail, we are funding these bus systems, we are funding minibus taxis through the Taxi Recapitalization Programme, and there is no coherent narrative around our public transport funding initiatives. Throw in roads, and the picture becomes very complicated.[196]

196 Interview with Michael Kihato, Pretoria, 14 June 2018.

To overcome this misalignment of finance and strategy, CSP has supported the creation of a system of allocating public transport finance that allows for greater efficiency, accountability, and transparency. This work has involved efforts to secure agreement between national departments on the matter, through close cooperation between Treasury, the Department of Transport, and the metros. The project also supports the Department's ongoing efforts to draft the national subsidy policy.

Annual PTNG support

A second key project of this sub-component focuses on providing support to the annual allocations of the PTNG. Michael Kihato explains the rationale:

> What we have done with the PTNG is to initiate a reform process, which has proceeded over the last three years. The Grant is an annual allocation, so every year you can reform a part of it. At the heart of the reform was to make the Grant much more predictable, equitable in terms of its distribution, and incentivizing of the right kind of things. Previously, the grant was allocated through a bidding process. So, a city would submit a public transport system plan, and national government would simply allocate the money. But now we have converted the Grant so as to ask cities, 'what is your total public transport demand? This is the total funding envelope that you have to work within'. What was going wrong is that you had small cities bidding for big projects, and because the plans and the budgets were not good, they dug themselves into a hole. Public transport is very risky from that perspective. You can implement a big infrastructure project, like a BRT system, but the real costs of public transport are running the buses. That's where the huge costs are. So, the Grant was incentivizing the wrong kinds of behaviour.[197]

197 Interview with Michael Kihato, Pretoria, 14 June 2018.

Reforms to the PTNG have also been informed by a specific problem at the heart of the fiscal transfer system. That is, while grants are allocated to local governments on an annual basis with a three-year projection for the Medium Term Expenditure Framework, a project with the complexity of something like a BRT system will take far longer to implement. As one observer commented, given the temporal mismatch between funding flows and implementation, it can be 'a real leap of faith for a city to commit itself to something like a BRT project'.[198]

198 Interview 7.

Given these realities, significant improvements have been made to the design, management, and disbursement of the PTNG. Here work has concentrated on two main areas. One focused on supporting the annual budget process. More specifically, CSP has provided technical support to the Department of Transport and National Treasury in assessing city IPTN business plans and multi-year budgets. Part of the annual process of allocating the PTNG, this support helps to ensure that these plans and budgets are fiscally and financially sustainable, as per the Grant's framework. CSP has also supported the process of reforming the PTNG framework under the Division of Revenue Act. For instance, a formula-based mechanism for allocating grant finance among cities has been designed to guarantee a predictable ceiling of funding for each municipality, thereby eliminating the tendency for cities to bid for large, unaffordable transport systems. Moreover, the PTNG allocations made under the 2019 Medium Term Expenditure Framework for the first time included an incentive component as a way to reward and encourage good municipal planning and performance.

SUCCESSES, CHALLENGES, AND DEBATES

Planning and fiscal reform

The Public Transport Component has enjoyed considerable moments of success. The Integrated Public Transport Network (IPTN) Guidelines work has been well received by all role players, including the metros, and evidence suggests that the wider package of IPTN reform has helped to shift the ways in which cities plan and budget for their public transport systems (DPME 2018). More specifically, this work has: highlighted the need to plan across the full range of built environment functions in order to achieve spatial transformation; reformed the budget system to operate with longer-term projections that align with desired spatial changes; and assisted in annual sectoral oversight of progress in these areas through the PTNG budgeting process. This has helped foster an understanding of the fiscal and financial sustainability for public transport systems as being intricately linked to spatial change (DPME 2018). CSP has also been able to bring the cross-sectoral spatial planning approach of the BEPP into formal alignment with the IPTN, which was previously isolated from other planning processes and outputs (National Treasury 2017).

Working alongside the various units of National Treasury and the Department of Transport, CSP's efforts in relation to reforming the Public Transport Network Grant (PTNG) have helped to introduce a greater degree of predictability and sustainability into the allocation of the Grant. These reform efforts have also assisted in repositioning the PTNG as a mechanism to incentivize better kinds of transport planning and governance behaviour, and to build the local capacity that is required to develop locally appropriate urban mobility solutions. These initiatives have reportedly been 'positively received' by the metros (DPME 2018).

Given the fiscal unsustainability of the first phase of BRT systems, CSP, working alongside Treasury and the Department of Transport, will retain an important role in helping to redefine the precise concept, strategy, and model of transit-oriented planning and development that cities should deploy to drive spatial transformation. The development of 'hybrid' systems involving South Africa's existing minibus-taxi industry offers a compelling alternative, but also presents particular kinds of political and economic risks if not carried out in a considered, coproduced way (Van Ryneveld 2018). Moreover, engaging with and integrating a largely informal taxi industry presents the state (as an institution operating within a highly regulated and rule-based framework) with political and institutional challenges of its own, calling for experimentation with practices of hybrid and adaptive local governance (Seeliger and Turok 2013). CSP is well-positioned to partner with other agencies to help think through and drive the fiscal and other reforms necessary to address these challenges. The chapter has also noted that engaging with the taxi

industry also raises new questions and challenges relating to local capacity development and training. As such, CSP may also have an important future role to play in identifying and developing the skills and competencies that will be required, both on the part of taxi industry players and municipalities, to enable the successful planning and implementation of truly integrated, efficient, and affordable urban mobility systems.

Devolution

Like the Human Settlements Component discussed in the previous chapter, CSP's work on Public Transport reform has involved the pursuance of a devolution agenda. In the case of public transport, this agenda has entailed working closely with the national Department of Transport to craft a devolution strategy and programme, as well as supporting city governments to prepare their plans and applications for the reception of bus and rail functions.

While CSP's agenda to promote the devolution of key public transport functions to the metros has enjoyed some success, progress has been relatively slow, despite the degree of effort put into the system. As mentioned in the chapter introduction, the principal challenges lie with a lack of capacity at the municipal level, and slow policy implementation by the national Department of Transport. Another specific challenge is that of policy uncertainty: the National Land Transport Act gives little clarity over the definition of competence that should be demonstrated in order for cities to be awarded bus and rail functions.[199] To date, only one city, Cape Town, has requested the devolution of the provincial bus function after complying with the Act's various policy and regulatory requirements. Despite this, the Department of Transport has stalled in signing off on the application. Moreover, while the 2017 draft of the *White Paper on National Rail Policy* calls for devolution of urban rail functions to local authorities, alongside the necessary funding mechanisms, the document does not elaborate on how, precisely, this should be carried out.

Promoting a devolution agenda is a particularly challenging area of work, given the multiple spheres of government and actors involved, and the large amounts of capital that flow through the transport system. Reform efforts inevitably run up hard against vested interests in both the public and private sectors. While more remains to be done, CSP's experiences again highlight the importance of persistent, intensive dialogue, and cross-sector coproduction for driving sustainable institutional and fiscal change.

Capacity challenges

The challenge of building sufficient capacity for the integration of the minibus-taxi industry, and for the successful implementation of the devolution agenda, leads to the final point. South Africa faces a basic problem in this respect — transport planning is not an organized profession in the country, and very few higher education and training programmes are currently offered that would enable a professional to gain the high-level technical and political skills required to work in this space. As part of a long-term agenda to drive urban spatial transformation, it will be critically important to consider the kinds of professionals that are needed to plan and implement truly effective and sustainable IPTNs. CSP potentially has an important role to play in addressing this gap, by providing a platform for the creation of partnerships between cities, government departments, academia, and training institutions.

199
Interview 44.

CONCLUSION

As with the Human Settlements Component described in Chapter 9, CSP's activities focusing on public transport support and reform face certain kinds of challenges, and are given a certain character, by virtue of the fact that they interface directly with a defined sector of the state. The project of city support, in both cases, becomes a long-term game of patient collaboration and coproduction; a task complicated by the inevitable tensions that exist between sectoral and fiscal departments of the state.

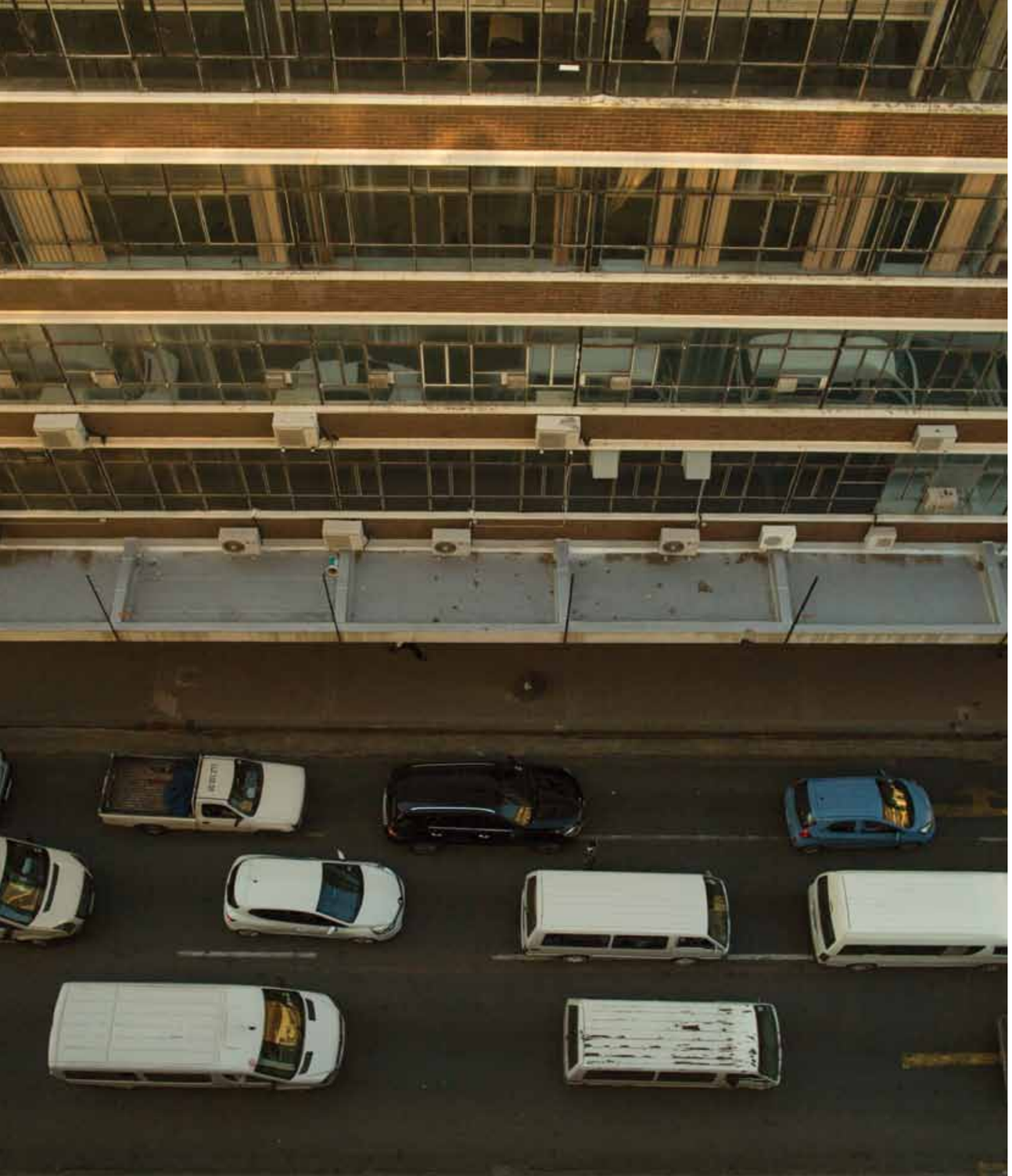
Yet CSP's engagements with public transport governance reform have had to negotiate particular kinds of challenges, specific to the sector. These have involved working with a national department — that enjoyed a major funding boost for urban public transportation in the run-up to the 2010 World Cup, and which is still in the process of refining a strategic and fiscal approach to operating in cities — as well as with city governments, to develop integrated and sustainable networks of urban mobility. One external observer, an expert on South African urban transportation, sees this as the defining feature of CSP's involvement in the transport governance space:

> What we are seeing is national government learning how to support the implementation of a major built environment project at the city level. For me, CSP has been about encouraging and assisting this process of learning.[200]

Such a 'process of learning', if it is to leave a real and long-lived mark on urban policy, governance, and spatial change, should not be exclusive or limited to the bounds of the state. Indeed, there are promising signs that South African civil society groups and activists are increasingly interested in taking up the cause of improved urban public transportation, and alliances like #UniteBehind have recently emerged to place important pressure on officials and political leaders to address key problems like Cape Town's faltering commuter rail service. Yet more needs to be done to build new communities of practice around public transportation questions in South African cities. One challenge that remains is for CSP and civil society organizations to find ways to partner effectively, and to leverage one another's capabilities and influence, to drive real governance reform, visionary political leadership, and a transformed future for urban mobility and accessibility in South Africa.

In the following chapter, we proceed to describe and discuss an area of CSP's work programme that is focused less on supporting and reforming a single sector, and more on operating 'transversally' across a range of sectors and themes. The focus is on the Economic Development Component.

200
Interview 7.



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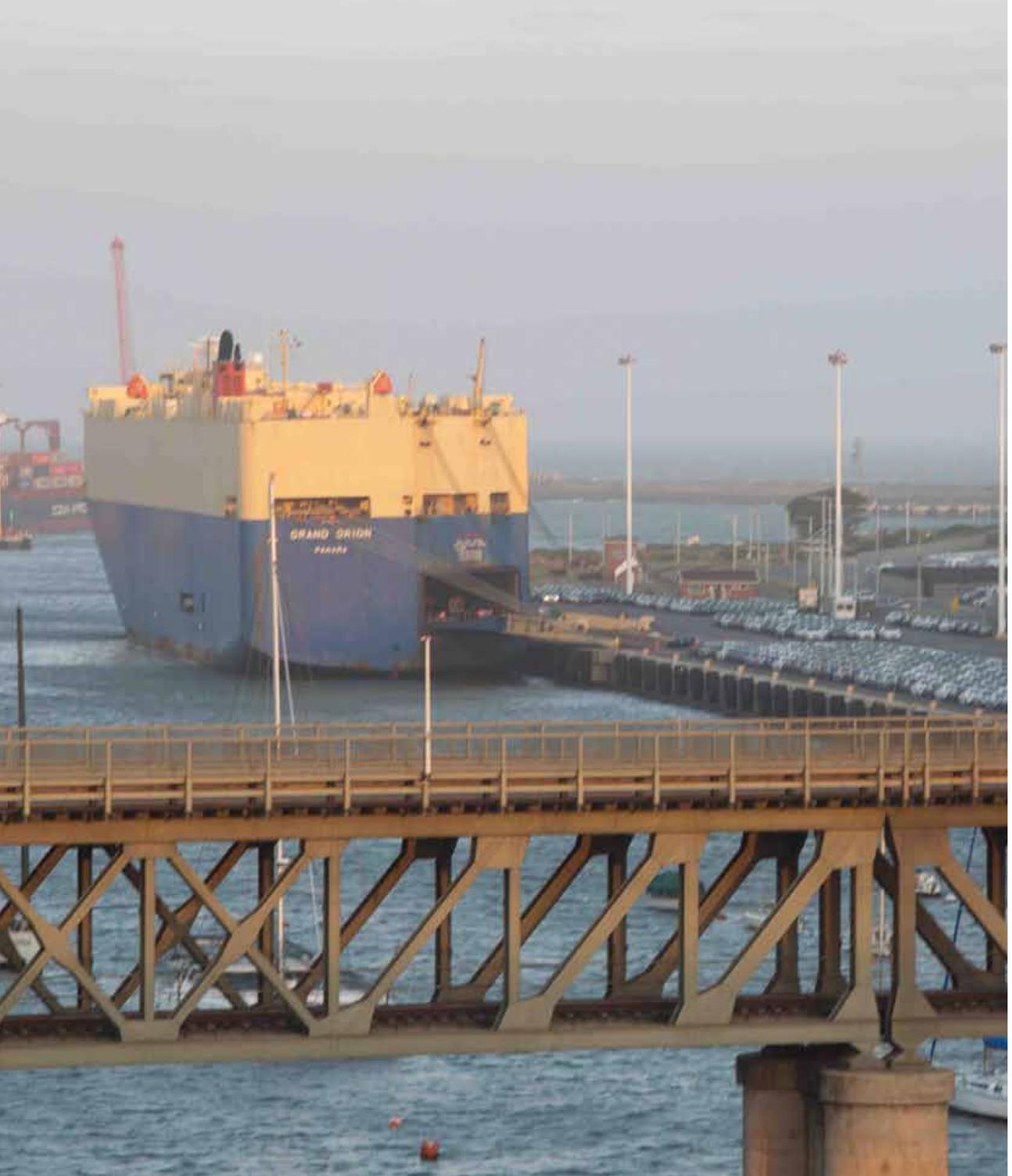
City of Johannesburg: A view of downtown traffic.



GUTO BUSSAB

CHAPTER 11

ECONOMIC DEVELOPMENT

Aims and objectives

- **Support city governments to refocus their economic development activities on increasing formal economic activity and facilitating livelihood opportunities**
- **Support city officials to see economic development as a task calling for inherently collaborative action to achieve an overall improved environment for economic activity**

Strategy

City governments should provide effective platforms for local economic activity to improve their competitiveness in order to drive poverty reduction and boost prosperity

Work areas

- **City leadership and planning**
- **Direct city support**
- **City economic strategies**

Key projects

- **City economic strategy, planning, and partnering**
- **Subnational Cost of Doing Business**
- **Informal and township economies**
- **City investment promotion**
- **City public employment innovation**
- **Asset management and service delivery support**
- **South African Urbanization Review**

This chapter addresses the agenda and work programme of CSP's Economic Development Component. As a 'transversal' component, it has overseen a number of important projects with the potential to drive benefits for urban economic performance in both the short and long term. Its strategic approach and work programme have been characterized by a process of learning, and of adjustment to emerging realities and challenges. It will be vital to maintain this attitude and approach as CSP moves forward into its second phase and faces the critical challenge of institutionalization.

Buffalo City: A shipment of motor vehicles leaving the port of East London.

THE CHALLENGE

Over the past decade, South African national economic performance has been poor, with slack labour market performance driving a significant rise in unemployment (Turok and Visagie 2018). The country's large cities or metros are critical to turning this situation around. In relation to other regions of the country, the metros create value and new jobs at a disproportionate rate. It is estimated that these cities are responsible for 57% of all gross value add in South Africa. Between the first quarters of 2015 and 2017, metros accounted for 59.5% of all formal and informal jobs created nationally. Metropolitan areas also produce 2.5 time more manufacturing jobs per resident than elsewhere (National Treasury 2018). However, despite their economic significance, South Africa's large cities have not fulfilled their economic potential. As outlined in the book's Introduction, although the country is already highly urbanized, it has not reaped the rewards of an 'urban dividend' — the economic benefits expected to stem from agglomeration (see Box 11.1).

Box 11.1: South Africa's Failure to Realize the Urban Dividend

South Africa is already an urbanized country, but when you compare it to other countries which are as urbanized, they seem to be getting far more of a benefit from that urbanization. There is an economic value that arises from people living and working close together. That is why cities form, and no matter how far communication technologies advance, there is always going to be a value in what is called agglomeration — being close together. So, manufacturers of parts for the motor industry are always going to locate nearby the motor industry. There is a value in the closeness, and that closeness has value not only from a business point of view, but also from the worker's point of view, because the worker who has built up skills in a particular industry is able to sell those skills to another manufacturer or supplier in that industry without moving to another area. But the benefits of agglomeration seem not to have been working so well in South Africa. Why is that? It comes back to CSP's original thesis, which is that it has something to do with the spatial form of the city. During apartheid, workers were deliberately located far away from economic centres; the city was deliberately fragmented.

Roland Hunter, CSP Economic Development Component Lead

Government approaches to managing urbanization are arguably ineffective, incoherent, and unaffordable, focusing overwhelmingly on the supply of services without an adequate understanding of actual demand (CSP 2018a). They enable divisive, fragmented, and sprawling urban spatial patterns to persist, which in turn undermine productivity and the potential for economic growth.

In the post-apartheid era, implementing the notion of 'developmental local government' has included assigning municipalities with a responsibility to promote 'local economic development' (LED). Yet local authorities have been poorly equipped to drive such processes. This is, in part, a legacy of the particular approach to LED that was written into post-apartheid development policy, and the manner in which that notion has been translated into practice. It is also a function of inadequate municipal strategy, capacity, and resources to drive local economic activity (see Box 11.2). Many urban local governments regard the promotion of economic development as the equivalent of a line function — a series of local projects to be managed by a single municipal department — rather than as an inherently collective and collaborative process aiming to achieve 'an overall improved environment for economic activity'.[201]

The challenge, therefore, is to secure the future role of South African cities in driving economic growth and reducing poverty and inequality. To do so, they must become more productive and competitive, and city governments must learn to engage and promote economic development in a more appropriate way.

201
Interview with Roland Hunter, by telephone, 4 December 2018.

Box 11.2: The Problems of Implementing Local Economic Development

In South Africa, local governments are constitutionally mandated to ensure social and economic development of their localities. It is, however, acknowledged that local economic development (LED) is unique and very different from traditional local government functions in that it is primarily 'market facing'. Local governments are expected to deliver economic results in an environment where they have limited internal resources for economic development, and little or no control over the behaviour of private sector actors, who are the drivers of the economy. Traditional planning and consultative processes have typically not delivered the desired impact; there is often paralysis as large-scale plans are made that require significant budgets, and problems may seem too overwhelming to know where to start.

Partnering for Growth — Baakens Valley note (CSP 2018b, p. 1)

THEORY OF CHANGE

As the CSP was originally conceived, inclusive and sustainable economic development were regarded as implicit and cross-cutting outcomes of support activities undertaken in the domains of governance, public transport, land use, human settlements, and infrastructure planning. A dedicated Economic Development Component was only established in 2014, partly in response to pressure within national government and Treasury to put more emphasis on the means to drive urban and national economic growth.[202] As such, economic development is integral to the CSP's overall theory of change.

CSP works on the hypothesis that ensuring a closer and more strategic relationship between the governance of land, shelter, mobility, and infrastructure will result in transformed urban spatial forms, enabling cities to become more inclusive, productive, and sustainable. This, in turn, it is assumed, will allow urban areas to reap the benefits of agglomeration, boosting their competitiveness and thus driving economic growth, employment generation, and poverty reduction (UN-Habitat 2013; World Bank 2015). At the same time, promoting local economic development activity is a critical precondition to enable spatial planning and targeting to function more effectively, and thereby to drive urban spatial transformation.

As such, and in line with the thinking of the 'new economic geography', CSP's approach emphasizes that space is a critical factor underpinning economic processes, and that getting spatial arrangements right is a precondition for efficient and competitive development (Krugman 1991; World Bank 2009).

202
Interviews with David Savage, Cape Town, 30 May 2018; and Andrew Donaldson, Cape Town, 5 June 2018.

WORK PROGRAMME

The Economic Development Component is one of three transversal components of CSP's work programme, alongside Core City Governance (Chapters 5 to 8) and Climate Resilience (discussed in the following chapter).

Roland Hunter was appointed as Component Lead in 2014. In the early 1990s, Hunter had worked with the urban sector non-governmental organization Planact as a local government finance and restructuring expert. He later lectured on economics and public finance at the University of the Witwatersrand, before entering subnational government, ultimately serving as the Chief Financial Officer for Johannesburg Council for a number of years. Subsequently, as a consultant, Hunter undertook assignments on city public finance and management issues across Africa, South Asia, and the Middle East. As such, upon his appointment to CSP, Hunter brought with him a quarter-century of professional experience, covering all areas of subnational finance and economic development, detailed knowledge of city finance in South Africa, and extensive experience with capacity-building and executive programmes for senior management and political office bearers.

CSP's work programme for Economic Development is arranged into three sub-components. These are described and briefly discussed in the following sub-sections.

Leadership, Strategy, and Planning

City economic strategy, planning, and partnering

The Leadership, Strategy, and Planning sub-component aims to support metro leadership in refining their perspective of and approach to economic development (DPME 2018). Specific areas of project work focusing on city economic strategy, planning, and partnering have involved:

- Researching economic development planning and its potential link with city Integrated Development Plans (IDPs) and Built Environment Performance Plans (BEPPs);
- Undertaking detailed engagements, drawing on international expertise, on the transversal management of urban economic development with four cities, selected on the basis of their willingness and ability to absorb that engagement;
- Organizing events and creating knowledge products on transversal management and economic development planning;
- Disseminating knowledge products consolidating the economic development experiences of different cities; as well as
- Establishing partnerships as an approach to municipal economic development interventions.

A key focus of this sub-component has been on the logic and activity of partnering. This is a focus devised in response to the identification of a specific problem in South African post-apartheid municipal policy, particularly with respect to the definition and implementation of local economic development (LED), as explained by Roland Hunter:

> If you ask people in local government what should they do to promote their own local economy, I would say in South Africa we went down the wrong path, starting in the 1990s, and that wrong path went by the heading of 'local economic development'. If you ask many in South African government, they will basically say LED consists of ignoring the mainstream economy, and trying to work with the weakest parts of the economy. Municipalities are always trying to set up cooperatives. They are always trying to promote small businesses. Now, that is not to say those are not the right thing to do, but municipalities don't have any skills in that field… The basic assumption, I think, is that the formal economy — the big economic players — can get on with whatever they need to do, without any help from government. Rather, officials aim to work with the weak parts of the economy. Surprisingly, it is assumed that government will get it right. Surprisingly also, many governments don't even know how to talk to the big players.[203]

By contrast to the prevailing LED focus on small, medium, and micro enterprises (SMMEs), CSP has attempted work with others to instigate a paradigm shift in the official approach to economic development. The intention has been to establish partnering and partnerships as the principal means by which city governments can drive development (see Box 11.3). This strategy was partly informed by research done by the World Bank (2015) into the nature and needs of competitive cities. The research concluded that, in most cases, cities that successfully promote local development are the hosts of strong 'growth coalitions' between public and private actors. However, as indicated above, South African municipalities are particularly inexperienced in this field, raising questions about how they should go about encouraging the formation of such partnerships and coalitions:

> How do you partner with business? That is a really interesting question, because many people's first assumption is that it should involve organizing a large summit. The mayor must call for a big event, and all the local businesses will attend, and some speeches will be made — we have seen that so often — and at the end of the event, one can even make a declaration of some sort, but no action results. Nothing happens out of the summit. So, what is the nature of the process by which you can partner?[204]

Rather than following a standard approach of first commissioning research into the needs and demands of urban businesses, and making policy recommendations on the basis of that research, CSP has taken a rather different approach. That approach has been to start off with the organization of events, in particular cities, that link up local governments with local business actors, and that allow officials to hear firsthand what the concerns and interests of those private actors are. Accordingly, and using the World Bank's Competitive Cities Executive Development programme as a foundation, CSP designed and launched a project in 2017 to work with a small, select group of individuals around specific economic themes in three metros: Nelson Mandela Bay, Tshwane, and eThekwini. The programme for these events included a range of exercises to 'build relationships and mutual understanding, as well as creating shared insight into the nature of competitive cities' (CSP 2018b, p. 2). The approach taken was to encourage 'grassroots partnering around particular projects', seeking to 'rely on private people's energy around a particular issue'.[205]

203 Interview with Roland Hunter, Pretoria, 21 May 2018.

204 Interview with Roland Hunter, Pretoria, 21 May 2018.

205 Interview with Roland Hunter, Pretoria, 21 May 2018.

Box 11.3: The Need for Partnering in Economic Development

> *In many cases in South African cities, stakeholders work at cross purposes with parallel strategies, duplicated functions, and even competing mandates. Within the public sector such inefficiencies are usually symptoms of complex administrative procedures and lack of coordination. Between public and private sectors, they are usually a symptom of a lack of trust and divergent interests. New ways of working together are needed to enable greater economic growth.*
>
> Partnering for Growth technical note (CSP 2018c, p. 1)

The Nelson Mandela Bay partnering event — the first in the series — was considered particularly successful. One key outcome of that event was the formation of the Real Baakens Group: a collective of social activists, business people, municipal officials, and spatial development experts interested in the fate of the Baakens Valley, a natural corridor that cuts through the centre of the city. While the Valley is clearly a potential natural and tourism asset to the city, it is affected by problems like crime and environmental mismanagement. The approach taken by the Real Baakens Group was unlike conventional municipal initiatives for economic development in the city, which tended to take the form of large-scale projects that are mired in organizational complexities. Instead, the Group aimed to investigate, at a practical level, what needed to be done to change the image and quality of this key urban space. Their actions led to new patterns of communication between interested parties, and the collaborative identification of solutions — like fixing sewage and water leaks, or cleaning stormwater drains — that transcended 'rigid confines of organizational and institutional silos' (CSP 2018b, p. 3). This example has demonstrated that new collaborative approaches and initial actions, even at a small scale, can start to shift the system relatively quickly.

The 'partnering for growth' initiative played out differently in each of the three pilot cities. In each case, there were different levels of energy to shift behaviour and practices surrounding partnering. To an extent, this was to be expected, as the approach taken fell counter to the dominant culture of collaboration that prevails in South African cities. While some of the changes may have appeared small, the key lesson that emerged from the events is that 'it is possible to do things differently' (CSP 2018c, p. 7). As noted by the project team following the events, 'supporting a different way of being and relating is an immense task'; one calling for the deployment of new kinds of resources, skills, and capacities (CSP 2018c, p. 7).

City Support

The City Support sub-component provides tools that metros can use to promote economic development more effectively.

Subnational doing business

The 'subnational doing business' (SNDB) project is one of the key means of promoting economic development more effectively. The project rationale is based on the understanding that business regulatory reform is a critical aspect of a city's investment climate and economic competitiveness. As firms drive city economies and create jobs, cities need to make it easier for them to locate and operate locally, including through reducing their cost of doing business. In order to promote investment, therefore, a municipality's internal administrative and regulatory processes should be 'quick, effective, and cheap'.[206] In this way, good city administrative performance, combined with strong governance, can underpin improved city economic performance and competitiveness.

The key output of this project has been the *Doing Business in South Africa* report. This report has applied but extended the methodology of the World Bank's Doing Business programme, which produces annual reports assessing business regulations and their enforcement, using a total of 11 indicators, applied across countries and selected cities (generally the reports focus on the largest city in a given country, although in a few cases two cities may be included).

Whereas the Bank's reporting approach focuses on the country level, and uses Johannesburg as a proxy for South Africa as a whole, the *Doing Business in South Africa* report has extended the framework to the subnational level, assessing the performance of nine city governments across a more limited range of indicators (listed in Box 11.4). It has applied the same Bank methodology, but in the context of nine subnational areas of South Africa, as opposed to the largest city, Johannesburg, exclusively.[207] It aims to capture local differences in regulations or enforcement practices, to assemble and disseminate information on good practices emerging within the country that could be easily replicated, as well as to provide a platform for cities to 'tell their story' and compete on a wider level. The first report was published in 2015, with the second edition released in 2018.

Box 11.4: The Subnational Doing Business Survey Indicators

- *Starting a business (not included in the 2018 survey and report)*
- *Dealing with construction permits*
- *Registering property*
- *Getting electricity*
- *Enforcing contracts*
- *Trading across borders*

The process leading up to the production of the *Doing Business in South Africa* report followed several steps. First, cities were approached by the CSP team, and informed that such a process was to be undertaken. Second, city officials would receive a delegation from the World Bank, which explained precisely what would be measured and how. Third, Bank representatives then communicated with private sector operators, from whom the relevant data were to be secured. Fourth, data were compiled, with municipalities being afforded a right of reply. CSP's main role was to facilitate these processes of city assessment.[208]

The ambition of the SNDB project has been to use the 2015 edition of *Doing Business in South Africa* as a benchmark against which to assess city progress or decline on the assigned indicators. With this point of reference in place, CSP has then sought to provide support for the cities to improve their own performance. In the interim between 2015 and 2018, every metro produced an action plan detailing its proposed reforms, and was asked to submit a progress report to CSP every quarter. The results of these assessments were

206 Interview with Roland Hunter, Pretoria, 21 May 2018.

207 The nine cities include South Africa's eight metropolitan municipalities, which participate in CSP activities, and Msunduzi Local Municipality (which governs the city of Pietermaritzburg) due to the latter's membership in the South African Cities Network

208 Interview with Roland Hunter, by telephone, 4 December 2018.

then presented at meetings, involving all metros, taking place three times a year. Moreover, CSP brought in international experts to engage and work with the metros on specific areas and issues that were identified as being in particular need of improvement.

Aside from providing these kinds of support measures, CSP also arranged a series of city peer-learning events. The overall aim of these events has been to encourage the sharing of knowledge between cities on best practices for business regulation. Ultimately, the goal is to encourage city administrations to think of themselves and to act as 'enablers of development' in such a way that it becomes easier for firms to locate and operate in their urban space. For CSP, it is this shift in mindset that will induce metros to improve their local business environments, and that will provide opportunities for cities to lobby national government for reforms to push this agenda for the country as a whole. In 2016, three such events were held, focusing respectively on the three areas of business regulation where municipalities have the greatest responsibility: dealing with construction permits, getting electricity, and registering property.

Informal and township economic development

A second and significant CSP project focuses on the issue of informal and township economic development. The project comprises contracted analysis of the spatial dimensions of city economic development, with a particular focus on how to promote the development of township economies. The starting point for the project is the notion that, despite the apparent dynamism of South Africa's township areas, most local economic activities are trapped within a narrow band of informal activities. The returns to these activities are often low, as are the employment multipliers. The single biggest category of activity is retail, consisting mainly of street trading, spaza shops, and shebeens, many operating from homes and on a very small scale. Manufacturing activities are notably limited, along with the jobs — and business services — often associated with their presence. Those manufacturing enterprises that do exist are rarely linked into value chains or markets outside the township. As such, most township jobs are informal and precarious.

In this sense, informality can act as a 'poverty trap' that limits the scope for economic growth. In response, the project asks: what are the constraints to formalization, and in what other ways can small enterprises upgrade to enable business-to-business transactions beyond the township and in wider value chains? While strengthening transport linkages and connectivity is part of the solution, there is also the option of promoting economic development in and around townships. The township food economy is one area of opportunity: its importance to the lives of local residents provides a basis for innovation and new opportunities.

Yet, for Roland Hunter, there is an 'important philosophical point' to note when thinking about township economic development:

> Townships, with a few exceptions, were and are residential areas located far away from employment opportunities. So, we may be making a mistake if we say that a township must 'pull itself up by its bootstraps'. If a township entrepreneur can only sell to a township market, are you not handicapping that entrepreneur? Surely, you would want them to sell into the mainstream market? So, if there is a township panel beater, how do you get them to actually start receiving panel beating jobs from insurance companies? Suddenly, a lot of work would be happening in the township, because the insurance companies would be paying for it. So, there is a process by which a township panel beater probably has to raise their standards, and become accredited by the motor manufacturer. Once they are accredited, they can register with the insurance company, and then they secure an extra cash flow. Now, notice what that is about; it is about connecting the township businesses to the mainstream economy, it is not about creating business that only serves demand in the township itself because, by definition, that would be a hard thing to do. Generally, it is too small a market. So, the objective is really to connect township enterprises to wider markets. That is not something that is very widely understood.[209]

209
Interview with Roland Hunter, Pretoria, 21 May 2018.

City investment promotion

CSP has also implemented a project focusing on 'city investment promotion'. Roland Hunter describes the project's rationale, and its clear link to CSP's other interventions designed to ease the regulatory burden of doing business in South African cities:

> Everybody wants to promote investment. Fine. But what they usually have in mind is some person publishing advertisements saying, 'Mangaung is a great place to be; it's in the centre of the country'. But that is not what investment promotion is. We have managed to bring in international experts on investment promotion, and they have been extremely useful in helping municipal leaders to switch their thinking about this. A bit of marketing is necessary, but that is not the first imperative. The first thing is to understand who is sniffing around trying to invest in your city. What do they want? And don't assume that the first thing they want is a tax rebate. Actually, what they really want is a good place to invest, and they want the infrastructure to work, and they want there to be no electricity power failures. That tells you something.[210]

210
Interview with Roland Hunter, Pretoria, 21 May 2018.

The project processes entailed selecting several metros on the basis of their demand for this support, and their capacity to effectively absorb it. The first step was to conduct an intensive scoping visit to develop proposals for specific support programmes. Such support could include:

- Structured workshops with key stakeholders to generate a common focus on specific sectors, priorities, and operational approaches to investors;
- Sharing international best-practice investment-promotion agency experiences and lessons, to extract relevant learning and knowledge to apply locally;
- Collaborative or participatory development of a comprehensive investment strategy;
- Assistance to establish and resource a professional, focused, and well-resourced investment promotion entity;
- Investment process mapping and review of existing investors, to improve the investor experience; or
- Assistance to establish a structured aftercare programme.

The logic was that once progress had been achieved on investment promotion activities within the selected metros, multi-city workshops would then be held to share lessons

and experiences. The project resulted in the production of learning products focusing on investment climate reforms, investment promotion strategies, and how cities can facilitate investment and compete for foreign direct investment (FDI).

Public employment strategy innovation

A final project pursued within the City Support sub-component addresses potential innovations in city public employment strategies. Public employment programmes offered by national government, such as the Community Works Programme (CWP) and Extended Public Works Programme (EPWP), are potentially important means of addressing unemployment and its social costs in cities. An obvious example would be the upgrading of informal settlements. If municipalities linked their CWP or EPWP applications to ongoing upgrading projects, using local people to provide the services in their areas, this would lower the costs of project implementation, create benefits for those employed, and foster local buy-in and ownership of the process.

However, municipalities generally do not take full advantage of these programmes to promote social empowerment and to support the effective implementation of city projects. In order to encourage innovation in this area, CSP devised a project extending over two phases. The first phase (2016/17) reviewed the way that city governments have used incentive grants and other funding sources to support public employment, as well as the scale and scope of public employment schemes that city governments are implementing. A two-day workshop for city governments was then held to present this data and suggest ways in which cities could make greater and more productive use of the funds available. The second phase (2017/18) involved providing support to four city governments seeking to explore these options. An additional workshop was then held to review the results of the innovations applied, and to help produce a learning product for use by other city governments and municipalities generally (see Box 11.5).

Box 11.5: Focus of the Innovation in Public Employment Programmes in Cities Workshop, May 2018

With employment creation remaining such a high national priority, what instruments and tools do cities have to take Expanded Public Works Programme (EPWP) to a new level? How can the work undertaken through public employment best support and align with other social and economic priorities in the urban space? What types of work will attract target constituencies such as youth — and open doors for them beyond the employment period?

This workshop explored these questions and more, with a focus on innovation in the types of work undertaken and on strengthening the social and economic impacts of EPWP. It is anticipated that some of the new ideas from local and international examples may be incorporated into the planning of Incentive Grant projects. Through the Cities Support Programme, follow-up support will also be provided to those cities that want to apply innovative approaches in their project selection and design.

CSP (2017)

Enabling Environment

The third sub-component seeks to refine national policies and frameworks to create an enabling environment for city economic development.

Asset management and service delivery

Within this agenda, one project has focused on the issue of asset management and service delivery support, seeking to develop recommendations for greater coordination between policy priorities and investment programmes in major municipal infrastructure and service sectors, including water and sanitation, energy, and solid waste.

The thrust of this work emerges from the increasingly stark reality that long-standing under-investment in and poor management of major infrastructure assets in South African cities now pose significant social and economic risks. Much urban water and sanitation infrastructure, for one matter, is ageing and its performance deteriorating, largely due to a lack of sufficient investment and maintenance. Informal settlements, in particular, invariably experience a significant lack of adequate sanitation facilities. For another matter, the performance and reliability of urban electricity distribution is also faltering, just as alternatives to municipal electricity distribution are becoming increasingly attractive, thereby threatening the sustainability of the conventional electricity distribution business model. Meanwhile, significant waste-related risks face our cities: waste flows to landfills (already having limited capacity) are increasing, real waste-management costs are rising, and significant shortcomings exist in the technical information available for performance measurement and regulation. Overall, then, deteriorating performance and underinvestment in these infrastructure services imposes unwarranted costs upon economic activity, and reduces the potential to achieve economic growth and social inclusivity.

In light of this challenge, CSP has assisted National Treasury in proposing a set of initiatives to start addressing these profound risks. In response to water and sanitation problems, one suggestion involves the introduction of a national sanitation challenge fund, aimed at improving sanitation in informal settlements. Another set of proposals involves clarifying the definition of social and economic infrastructure with respect to water and sanitation infrastructure investments, and to subsequently amend grant conditions so that fiscal transfers support the social aspects of water and sanitation infrastructure. A third proposal is to facilitate initiatives that crowd-in commercial financing of projects to reduce non-revenue water and trigger more metro investments in water-use efficiency programmes (National Treasury 2017).

Two proposals have been made to address the significant fiscal risks associated with structural changes in electricity distribution systems. Firstly, to initiate an internal policy development process within National Treasury to investigate alternative mechanisms to support electricity consumption by poor households, and the potential for alternative revenue sources to replace the contribution of electricity surpluses to other services. Secondly, establishing a formal working group comprising Treasury and metro officials, with the mandate to investigate suitable business models for the energy system at the metro level, has been posited as a potential way forward (National Treasury 2017).

Finally, with respect to risks relating to solid waste, National Treasury aims to work with the metros, the Department of Environmental Affairs, and other stakeholders, to

improve understanding of the economics of waste management, illegal waste disposal, waste reduction, and related economic and fiscal impacts, as well as to enhance our reporting on technical performance. Treasury officials will also cooperate with relevant stakeholders to improve and accelerate initiatives focusing on materials recovery; producer responsibility; recycling, recovery, and reuse of waste materials; as well as alternative waste storage and treatment methods. This work calls, moreover, for a Treasury partnership with the Department of Environmental Affairs to examine ways of streamlining legislative requirements to enable timely and environmentally sound decision-making with respect to new and proposed landfill sites (National Treasury 2017).

South African Urbanization Review

A second landmark project within the Enabling Environment sub-component has involved the conceptualization and production of South Africa's first Urbanization Review, produced by the World Bank at the request of CSP. Roland Hunter describes the motivation and rationale behind the project:

> We wanted to try to understand better what has caused our inability to benefit from agglomeration, and what might be done about it... About half of the authors are South African, and the other half are international. We deliberately wanted it to be done with a good dose of overseas experts because as South Africans we can be insular, and we can also think we are the best, so we wanted some external people to shake us up. But we also wanted to capture what knowledge there is locally, and there is a lot.[211]

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Interview with Roland Hunter, Pretoria, 21 May 2018.

Box 11.6: Objectives of the South African Urbanization Review Project

- *Clarify the economic, social, and fiscal implications of the evolution of the national urban system and individual metropolitan areas*
- *Identify key policies that are most likely to promote inclusive economic growth*
- *Highlight policies that need to be recalibrated*
- *Provide a framework for prioritizing and sequencing policy initiatives and institutional reforms*

National Treasury (2018, p. 7)

The World Bank has carried out urbanization reviews in a number of different countries, including Brazil, China, India, and Kenya. Their purpose, generally speaking, is to 'generate diagnostic analyses to support city and national leaders to identify the key impediments to efficient and equitable growth' (National Treasury 2018, p. 7). To do so, they draw upon an analytical framework set out in the 2009 *World Development Report* (World Bank 2009). These reviews examine the nature of a country's urban system (including issues of connectivity, coordination, and resource sharing), land (including property and housing, as well as issues of densification, fluidity, and prices), labour (mobility, disparities in access and opportunity, and skills), and capital (creditworthiness, transparency, access, and coordination) (National Treasury 2018).

Table 11.1: Summary of Recommendations of the Urbanization Review *(source: National Treasury 2018, p. 5)*

IUDF LEVEL	UNDERLYING ISSUES	RECOMMENDATIONS	
3. HOMES Integrated and sustainable human settlements	• Overemphasis on housing megaprojects placed in urban peripheries—trapping the poor and exacerbating sprawl • Supply-side subsidy approaches creating housing dependency and market distortions	• Shift away from megaprojects towards 'massive small' projects, which stimulate infill, densification, conversion and refurbishment • Regularize and upgrade, and seek mechanisms to broaden services to, backyard dwellers and informal settlements • Revamp FLISP to mobilize and convert effectively demand of middle-income households to bridge the gap/affordable housing markets. • Pilot demand-side subsidies to enable mobility and choice of low-income households for rental accommodation.	Coordinate and align incentives across all government levels Devolve increased revenue raising authority and policy influence to cities based on demonstrable capability
2. CONNECTIONS Integrated transport and mobility	• Legacy of hub and spoke public transport services • Separated supply-side public transport funding streams • Failure to integrate public transport modes into comprehensive city-wide networks • Inappropriate public transport technology choices and lack of support for key modes	• Develop and implement multimodal and polycentric integrated public transport networks for each city • Devolve decisionmaking authority to metros • Investigate new municipality-level revenue sources to accommodate long-term operational subsidies for public transport	
6. JOBS AND ECONOMIC GROWTH Inclusive economic development	• Trying to use industrialization to spatially spread economic and job growth • Special Economic Zone (SEZ) locations countering natural agglomeration sources	• Integrate and connect SEZs with adjacent urban areas • Where access to land is a constraint to investment, explore non-contiguous SEZ models or expand Urban Development Zones (UDZs)	
9. URBAN FINANCES Sustainable finances	• Increased capital expenditure risks making recurrent costs unaffordable for cities	• Assess need to expand flexible central government grants to municipalities • Explore ways for municipalities to increase own-source revenues	

For the South African version, specific terms of reference were developed to reflect the country's most pressing challenges and priorities (see Box 11.6). The project thus focused on understanding the evolution of the South African urban system and urban form, the nature of rural-urban linkages in the country, human capital development, as well as strategies relating to transport, housing, and industrial development. It aimed, too, to suggest a range of reforms to policy and practice designed to boost economic efficiency and promote social equity across the country (see Table 11.1). Shirley Robinson, who coordinated the Urbanization Review project on behalf of CSP, describes its aims and approach:

> The Urbanization Review based its analysis on several legs: human settlements, transport, economic development, and financing. If you look at those things, you can start to see the elements that reduce economic distance. So, the 2009 *World Development Report* [World Bank 2009] has a whole discussion around connecting lagging areas and leading areas. That's not necessarily how our national government departments think about equal spatial development — some would like to lift a lagging region like Pondoland to the status of Johannesburg. There is an ideological issue around economic development that sits in the South African discourse at the moment, and the Urbanization Review needed to challenge that. So, from the CSP's side, the motivation to request an Urbanization Review was to say, 'we are sitting in Treasury with some very hard fiscal decisions: on bus rapid transit systems, on housing, on megaprojects, and on special economic zones, that are pulling at different levels with very strong political leads. How do we assemble the evidence base that shows the need for urban integration and policy coherence?' So, from South Africa's side, the request was that we need a no-holds-barred evidence base — numbers — showing what the implications of current policies are, and whether they are pulling urban spaces into a more compact and productive direction, or whether they are exacerbating apartheid settlement patterns, and what the fiscal costs of these policy decisions are.[212]

212
Interview with Shirley Robinson, Cape Town, 1 June 2018.

The Urbanization Review involved and presented a range of calculations relating to South African urban issues. One key sets of calculations focused on the financial, spatial, and policy implications of South Africa's institutional fragmentation between sectors and spheres of government:

> Part of the challenge is that national, provincial, and municipal governments have functional responsibilities for which their incentives may be poorly aligned or even conflicting. The result is projects which make little spatial sense, and which end up doing little to reduce either spatial segregation or income disparity (National Treasury 2018, p. 23).

Housing projects, as conventionally envisaged and implemented in cities, are one clear manifestation of this misalignment (see Chapter 9), as are fragmented public transport systems that entail a lack of support for key transport modalities (see Chapter 10). So too are the country's special economic zones (SEZs), which have generally failed to generate anticipated levels of growth and employment. The country's current SEZ policy is rooted in the logic of using industrialization to spread economic development and employment creation across national and regional space, in some ways reflecting older apartheid-era initiatives of industrial decentralization (see Chapters 1 and 2). To date, many SEZs have been located relatively far away from economically dense areas (that is, central urban areas), have failed to link up with municipal strategies and plans, and have imposed significant bulk infrastructure supply costs on local governments. As a result, these significant investments have worked against the benefits of agglomeration (National Treasury 2018).

While the Urbanization Review has been institutionally pursued within CSP's Economic Development Component, under the lead of Roland Hunter, in reality it concerns far more than economic development, per se. It involves stepping back to see how different problems and policies surrounding the urban system interact with one another to undermine the state's spatial, social, and economic objectives:

> In a way, it covers the full spectrum of issues that make up the South African urban challenge. And it says that our public transport, human settlements, and SEZ programmes are not touching sides; they are aggravating our problems. And collectively, we see a problem, as government, and develop large, expensive programmes involving lots of procurement and technical work. But, actually, people move to cities even though the state is not building enough houses; the minibus taxis move people around even though we can't extend bus services to all areas. So, there is a theme that emerges out of the Urbanization Review saying, 'government, after twenty years of policymaking and implementation, you should think again about how you approach these kinds of challenges and processes'.[213]

213
Interview with Roland Hunter, Pretoria, 21 May 2018.

SUCCESSES, CHALLENGES, AND DEBATES

The strategy and work programme pursued as part of CSP's Economic Development Component reflect a certain notion of the role municipalities should play in relation to economic processes. It is a position that, in basic terms, says that local government should 'stick to its knitting' and focus on providing basic services in an efficient manner.[214] It is an approach that broadly accords with the 'Back to Basics' programme launched by the Department of Cooperative Governance and Traditional Affairs in 2014 (see Chapter 2). Arguably, however, local government can have more of a role to play in driving economic development than simply delivering basic services like pothole-free roads and a reliable electricity supply. A different position might hold that municipalities have a critical and creative role to play in research and knowledge building, and in building a stronger 'institutional economic fabric' in cities.[215] The counterargument to this idea could be that, if given the freedom, local governments may start to diversify their activities to the point of losing track of their basic constitutional mandates. There are arguments in favour of both positions. Nonetheless, it is worthwhile remembering that there is an active debate in this domain:

> It's a question of: what is the developmental level of local government that we need? Is it just about being the 'hands and feet' of government, delivering basic services, or is it also about being a site of innovation and stimulus?[216]

It is not within the scope of this book to assess whether CSP's approach is the most appropriate and effective option within this wider debate, although this may be a fruitful area for future research to explore. Some questions raised include: What are the optimal roles and functions that South African local governments should assume in relation to the economic sphere for purposes of driving growth and job creation? How should these roles and functions vary in accordance with city context and municipal capability?

214
Interview 24.

215
Interview 24.

216
Quote from Susan Parnell, Cape Town, 2 August 2018.

Leaving these debates aside for the moment, it is clear that the Economic Development Component, within four years of its inception, has achieved a number of important successes, in spite of significant challenges. The Partnering for Growth experimental programme, for example, has demonstrated the potential impact of shifting the approach to collaboration in cities through providing the right actors with tools and knowledge, building relationships, and finding new ways to get things done together. Although the process may be time-intensive in its initial phases, it can have important benefits, at relatively low cost, for enhancing the implementation of projects and, in the longer-term, can potentially make positive changes to institutional cultures and city systems. Evidence suggests that the programme has indeed helped to 'reframe city economic development as a shared responsibility' (CSP 2018c, p. 8).

While creating partnerships can undoubtedly add value to urban governance and development, it is a necessary but not a sufficient condition for repositioning South African cities as the engines of national economic growth. Elsewhere it has been pointed out that what many private investors demand from cities, apart from basic service reliability, is 'a clear long-term policy framework and coordination across public infrastructure programmes to bolster confidence and reduce risk' (Turok 2016, p. 22). This suggests that there is still much more work to be done in enabling municipal actors to secure the political support and technical capabilities necessary to articulate a clear long-term integrated development strategy of this kind. Moreover, observers have noted that the real measure of city economic development support will not be in the creation of partnerships, but in actually 'getting deals done', with projects implemented.[217] This calls for the development of local capacities for creativity and innovation, which are also preconditions for an effective mode of partnership-based and coproduced development. While it is unlikely that CSP itself has the capacity to provide this kind of implementation support directly, the extent to which it wishes to aim its future support, events, and resources further along the 'partnership value chain', to address questions of project delivery, remains to be seen.

The subnational doing business (SNDB) project, like the partnership work, has managed to drive important achievements. The project was able to develop and apply an effective conceptual framework and methodology for assessing and ranking the business regulatory environments in different South African cities. It went beyond simply ranking the performance of cities, to using those assessments as a basis to devise specific support interventions and peer-learning processes to enable municipalities to improve their own performance (DPME 2018). Yet one metro official contested the reduction of the complexity of 'doing business' to three indicators, arguing that an effective institutional response to these issues would necessarily include a range of other factors:

> It might include the response time to all kinds of queries, not just getting electricity, and so on, but perhaps things like business licenses and town planning approvals, rather than just getting a construction permit. How long does it take to get a rezoning application through the municipal system? Because a construction permit is only at the tail end of that process. One could also look at applications for environmental impact assessments and water-use licenses. Okay, some of those processes are external, but municipalities can facilitate them. So, one could secure a real analysis of what administrative processes within the municipality are preventing investment in the city, and how you can speed them up. Maybe that is not something for CSP to do, but it is something that all kinds of municipalities should be running, if they really want to be efficient at what they do.[218]

217
Interview 39.

218
Interview 34.

That being said, the ambition behind the SNDB project and process was not necessarily to reduce the ease of doing business to three basic processes, nor to provide a comprehensive assessment of municipal administration as it relates to investment and development. Rather, the aim was to get local governments to improve their administrative performance, and to do that by strategically selecting indicators that reveal something broader about a municipality and its business-facing performance. For example, construction permit approval was seen as a strategic indicator as it demonstrates the efficiency of a process that affects and has to pass through many different municipal departments.[219] As such, it quickly draws attention to weaknesses in dealing with issues like rezoning applications, for example. Likewise, the 'getting electricity' indicator draws attention to a range of other factors not immediately related to energy, including the ease of securing a water connection.

A major point of learning emerging from the SNDB project relates to the question of how to ensure that these assessments gain traction in spurring municipal action around the problem areas identified. Originally, the CSP team expected that following the release of the 2015 report, cities would send regular updates of their progress. But this did not happen as anticipated — it was only with the initiation of the process to compile the 2018 edition that the metros once again started to participate actively. The initial expectation, too, was that simply comparing cities in collective forums would be enough trigger their interest in improving their own performance. As it turned out, the metros were generally indifferent to their ranking position relative to other cities. A resort to 'naming and shaming' the worst-performing metros at a City Budget Forum did appear to generate greater city interest and indignation, but at the same time, some acted like the 'quiet kid at the back of the class'.[220] Sullen embarrassment is rarely an impetus for energetic action. Added to these challenges is the fact that since 2015, many metros have experienced high rates of staff turnover, so that little institutional memory remained between the first and second SNDB exercises. Many cities had to be reconvinced of the need for the assessment in the first place.

These kinds of challenges indicate that there may be a need to rethink the *Doing Business* process going forward. It has been learnt, for example, that it may need to place a stronger emphasis on transversal management, and doing things in a way that hands down fewer requirements to the metros in a top-down manner.[221]

The Urbanization Review, meanwhile, is a landmark project: the first of its kind for South Africa. The process has been criticized for using costly World Bank expertise rather than local research capacity, and for ultimately producing research that some observers have perceived as being of mixed quality. Yet the Review has assembled a vast amount of useful information that will prove invaluable to urban researchers and policymakers in future years. Moreover, its recommendations will be institutionalized within the country's Integrated Urban Development Framework. As such, it has provided timeous and useful information of direct relevance for South African urban policy and practice. As CSP moves into its second phase, it is unlikely that another full review will be required, although some follow-ups may be needed on specific issues.[222] In essence, the challenge facing CSP and its partners is to respond to the problems of institutional and policy fragmentation identified by the Review, bringing national departments, state agencies, and city governments into far greater proximity and alignment.

The research process underpinning the Urbanization Review was challenging, stumbling upon the lack of accurate data on spatial-economic dynamics in South Africa. Yet this too has been an opportunity for learning. Indeed, one of the project's important legacies may, in fact, be its role in instigating CSP's initiative to secure accurate and useful data on how people live, work, and move in South African cities, and how these dynamics are reshaping wider territorial and economic relations (see Chapter 7).

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Interview with Roland Hunter, Pretoria, 21 May 2018.

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Interview with Roland Hunter, Pretoria, 21 May 2018.

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Interview with Roland Hunter, Pretoria, 21 May 2018.

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Interview with Roland Hunter, Pretoria, 21 May 2018.

SYDELLE WILLOW SMITH

Buffalo City: Woman walking in underserved settlement.

Overall, the experiences of the Economic Development Component speak, once again, to the importance of listening and learning in the process of implementation, and of using this learning to adjust the strategy and focus of the work programme. Looking back, since its inception, there has been an evolution in emphasis. Initially, the projects and mode of support were largely technical in nature. Over time, as lessons have emerged, the technical emphasis has been complemented with a greater focus on engaging, partnering, and collaborating.[223] The challenge, going forward, will be how to institutionalize these lessons and experiences within the intergovernmental system.

223
Interview with Roland Hunter, Pretoria, 21 May 2018.

CONCLUSION

In relation to the other areas of CSP intervention discussed in previous chapters, the Economic Development Component has faced particular kinds of challenges, in part because economic development policy is a notably 'noisy' space, with many competing ideas at work, and many different sets of governance actors involved. These realities have led the project of city support and urban reform to take on a different nature when compared to the more sector-focused interventions discussed in Chapters 9 and 10. They have called, in particular, for the creation of wide-ranging partnerships and collaborations across many different government departments, as well as between municipal leaders and private sector players. In this respect, the experiences of the Economic Development Component are similar in kind (albeit with important differences) to CSP's activities focusing on climate resilience and sustainability. The latter are the subject of the following chapter.

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CHAPTER 12

CLIMATE RESILIENCE

Aims and objectives

Assist cities to scale-up their climate adaptation and mitigation interventions by leveraging available global funds and accessing global experience and expertise

Strategy

- Build strategic partnerships to help focus a climate resilience agenda and give action-oriented direction to city governments and other stakeholders
- Use instruments like the Built Environment Performance Plan to ensure that city infrastructure investments consider climate risks and response measures in their planning, design, financing, and implementation.
- Mobilize National Treasury expertise and influence to help mainstream the climate development agenda

Work areas

- Creating an enabling environment
- Support on accessing climate finance
- Direct technical support

Key projects

- Diagnostic on CSP approach to environmental sustainability and climate resilience
- Aligning climate resilience with inclusive urban economic growth
- Climate-resilient city plans and budgets
- Regulatory streamlining
- Review of intergovernmental grants
- Climate finance support
- Finance solutions for improving water and sanitation
- City support for climate-proof city plans and budget

SYDELLE WILLOW SMITH

City of Cape Town: Youth participate in climate action protest outside Parliament.

This chapter addresses the strategy and work programme of CSP's Climate Resilience Component. Climatic resilience and sustainability are critical aspects of CSP's long-term developmental agenda. This is because cities and urbanization, if poorly managed, are significant threats to environmental sustainability; at the same time, they provide critical opportunities to shift development trajectories towards more sustainable pathways. Such a perspective accords directly with the new global policy focus on cities as the 'crucibles of sustainability', as represented by the United Nations' Sustainable Development Goals (SDGs) and New Urban Agenda.

Operating within the resilience and sustainability domain in relation to city support raises particular challenges. These challenges stem, in large part, from the fact that the environmental sustainability field is a particularly contested and 'noisy' space, involving many different kinds of institutions and competing discourses, and often dominated by the agendas of international donor agencies. Given the plurality of voices and agendas active in this space, it is often difficult for city governments to identify and pursue specific practices and projects with the potential to drive real advances in urban climatic resilience that align with local development agendas and priorities. For CSP, one of the principal challenges has been to locate the 'signal' within the 'noise'; to get 'hands-on' and develop a very clear set of directions for cities to act on this issue. Moreover, as the environmental and climatic domain is an inherently cross-cutting and transversal one, a further challenge is to find ways to link resilience concerns with other urban development agendas in a clear, consistent, and synergistic way.

Due to fact that the CSP Component Lead was appointed relatively recently, in late 2016, the Climate Resilience Component has not seen projects pursued at the same scale as its counterparts discussed in Chapters 5 through 11. However, since 2016, important progress has been made in developing and implementing a refined and streamlined work programme. This work has concentrated on creating a sufficient policy and regulatory environment to incorporate and align resilience concerns and objectives with municipal fiscal and planning systems. As part of this process, key relationships and consensus have also been established with relevant national departments, and new knowledge has been generated on the nexus of urban governance and environmental change. As CSP moves forward into its second phase, the critical challenge will be to institutionalize this learning within the intergovernmental system, and to ensure multi-scalar alignment between various governance plans and processes while moving those plans forward into implementation.

THE CHALLENGE

The adoption of the Paris Agreement and Sustainable Development Goals (SDGs) by the United Nations represents a global turning point. It speaks to the recognition of a looming global environmental crisis if current patterns of carbon-intensive production and consumption continue. It highlights, too, the urgency of action required to shift those patterns. For the first time, the world has democratically agreed on a roadmap for its future; one aiming to attain 'socially inclusive and highly aspirational socio-economic development goals, within globally defined environmental targets' (Randers et al. 2018, p. 4). However, recent research paints a sobering portrait of our capacity to deliver on these high-level ambitions and targets.[224]

Meanwhile, the proportion of the global population living in cities is increasing. Uncontrolled and unplanned urbanization threaten to aggravate the profound global environmental crisis described above, given that cities are massive consumers of resources and generators of waste and emissions.[225] Cities contribute disproportionately to climatic change and ecological degradation at multiple scales. At the same time, urban populations will increasingly suffer from particular kinds of acute climate-related risks.[226]

Yet cities are also the places of greatest opportunity to overcome these problems. Sixty per cent of the area that is expected to be urban by 2030 remains to be built, providing a chance to shift urban investments onto a sustainable footing. It is now widely appreciated that 'cities are where the battle for sustainable development will be won or lost' (United Nations 2013, p. 17). Indeed, the emerging global development consensus holds that we will be unable to achieve the targets of multilateral accords like the Paris Agreement if we fail to get the urban development agenda 'right' (IPCC 2018b).[227]

As such, despite the emergence of new global governance spaces, processes, and outputs to address global environmental challenges, we have made little headway in reducing emissions and climatic warming. Translating progressive rhetoric into practice has proven particularly challenging. South Africa is a case in point of this mismatch between intention and action. Notwithstanding a range of progressive environmental policies passed in the post-apartheid era, limited progress has been achieved in mobilizing these ideas in practice. Urban development remains highly dependent on the consumption of fossil fuels, and the country as a whole continues to be a large emitter of greenhouse gases per capita. Recently, Greenpeace claimed that South Africa is home to the world's largest nitrogen dioxide (NO2) air pollution hotspot, a product of the country's coal-dependent system of electricity generation (IOL 2018). This is all the more worrisome for a semi-arid country like South Africa, where the effects of climatic changes will be particularly severe, notably for poor and vulnerable populations. These risks threaten to undermine long-term food security, water access, and socio-economic development, thereby reinforcing the burdens of inequality and poverty. As such, addressing the gap between progressive policy and practice is a critical challenge facing all spheres of government.[228]

However, in South Africa, city government capacity to manage and prepare for environmental risks is highly uneven. Part of the problem is that there is no clear 'home' for mainstreaming climate resilience questions within local government functions. 'Siloism' and sector-led planning mobilize against an effective localized and institutionalized response to a transversal issue like climate resilience. Short-term and compliance-led planning, plus political pressure to meet immediate developmental needs, all work against a mode of governance that is concerned with delivering beneficial environmental outcomes in the longer term. Moreover, promoting alignment between the sustainability plans and interventions of local, provincial, and national spheres of government, and linking these with global targets and processes, remains a profound challenge.

As mentioned above, 'getting cities and urbanization right' is increasingly recognized as a precondition for countries like South Africa to be able to meet the Sustainable Development Goals and Paris Agreement targets. It is often expected that the environmental sector will lead this process. However, meeting those targets will require an integrated 'whole of city' and 'whole of society' response. Quite how to do this, when environmental management departments often lack the funding, capabilities, and influence of other sectors, and when climate responses may be perceived as less urgent in relation to 'hard' developmental problems and solutions like basic sanitation and shelter, is a key challenge facing the intergovernmental system in general, and CSP in particular.

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In a report published in October 2018, researchers from the Stockholm Resilience Centre argue that if we continue to address sustainability problems with a 'business as usual' approach, we will not be able to achieve the SDGs by 2030 or by 2050 (Randers et al. 2018). Likewise, other researchers have posited that irreversible climatic and ecological change might be much more imminent than anticipated. We run the risk of being locked into a 'Hothouse Earth' scenario unless the scale and efficacy of our environmental responses improve drastically in the very near future (Steffen et al. 2018; IPCC 2018a).

225
Urbanization induces particular changes in land use and land cover, biogeochemical cycles, hydrological systems, and biodiversity profiles that extend well beyond the immediate space of the city (Grimm et al. 2008)

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Such risks include the increased frequency and intensity of heat waves, flooding, and episodes of food insecurity, along with their associated public health problems (Rosenzweig et al. 2011). For coastal settlements, sea level rise and more frequent storm surges will threaten essential urban infrastructure systems.

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Recognizing and responding to the intimate connection between urban and climatic sustainability means policymakers and practitioners need to be aware of how the construction and use of the urban built environment links to a city and country's total resource footprint. It means, too, connecting the management of cities and urbanization with global outcomes of long-term sustainability.

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Climate issues, which are driven by dynamics and produce effects at multiple scales, call for a concerted multilevel and multisectoral governance response. Recent research has highlighted the importance of decentralization and building local government capacity for the new urban environmental agenda. It is argued that ineffective or incapacitated local governments limit the ability of countries to manage the transitions required to meet the SDGs or Paris Agreement (Cartwright et al. 2018, p. 6). An effective local response, in turn, calls for an enabling policy and regulatory environment at the national level.

THEORY OF CHANGE

The Climate Resilience Component seeks to promote resilient and sustainable patterns of urban development in South Africa in order to reduce the country's overall contribution to greenhouse gas emissions, and to secure the long-term potential for socio-economic development and increased prosperity. To do so, city governments must help to increase the efficiency by which resources are used, reduce urban greenhouse gas emissions, and improve the function and condition of local and regional ecosystems (DPME 2018).

CSP intends to achieve this by enabling urban local governments to align city spatial plans with environmental priorities and fiscal systems, as well as to access sources of finance that promote sustainable development while decreasing municipal reliance on the national fiscus. More specifically, CSP aims to use planning instruments like the Built Environment Performance Plan (BEPP — see Chapter 6) to ensure that city infrastructure investments (relating to transport, human settlements, and so on) consider climate risks and response measures in their planning, design, financing, and implementation. Doing so, it is hypothesized, will produce beneficial outcomes with respect to inclusive economic growth, which if 'done right' should result in greater environmental sustainability.[229] At the same time, promoting urban sustainability is critical to driving inclusive economic growth.

As with the other CSP components, fiscal reform is a key aspect of the climate resilience agenda. This includes reforming the system of intergovernmental transfers to incentivize more climate-sensitive modes of development. Moreover, the increasing global availability of various forms of 'climate finance' offers an important opportunity and mechanism to enable municipalities to self-finance and shift their built environment investments and processes onto a sustainable path, while absorbing the costs of additionality (the costs incurred when transitioning to a more resilient pathway). In order to access this funding, metros have to increase their capacity to devise and articulate bankable 'green projects'. They also need to demonstrate their commitment to linking their budgets and projects to longer-term environmental concerns through their use of existing grants and revenues. Integrating environmental issues into the BEPPs and the ongoing planning, development, and management of the built environment is one way of doing so.

229
Interview with Anthea Stephens, Pretoria, 22 May 2018.

WORK PROGRAMME

Climate Resilience has been devised as one of three transversal components within the overall CSP work programme. As such, by definition, CSP's climate resilience work contributes to, and draws from, the full range of other CSP components and projects.

Anthea Stephens was appointed as the Component Lead in December 2016. An expert in natural resource utilization, conservation, and sustainable development management, and a former Director at the South African National Biodiversity Institute, her first and most urgent task was to devise an appropriate work programme that could be accomplished before the end of the CSP's first phase in mid-2018.

It is important to note that the focus and agenda of the Climate Resilience Component emerges from a longer history of efforts to encourage the National Treasury to give some direction in the environmental sustainability space. Such efforts included work on devising water pricing systems so as to better accommodate the costs of catchment management, as well as environmental fiscal reforms relating to energy grants, and the introduction of property rates rebates for land managed for conservation.

The Climate Resilience Component currently comprises three sub-components; a brief discussion of each is provided in the following sub-sections.

Enabling Environment

The first sub-component aims to support the integration of climate resilience and sustainability issues into city development agendas (DPME 2018). This is to be accomplished through four projects, which are set out and briefly described in Table 12.1.

Table 12.1: Summary of Enabling Environment Sub-Component Project Work *(source: DPME 2018)*

PROJECT	FOCUS
Diagnostic on CSP approach to environmental sustainability and climate resilience	Developing a coherent plan for the Climate Resilience Component that reflects the transversal nature of climate resilience in an urban economic growth context.
Aligning climate resilience with inclusive urban economic growth	Identifying climate risks facing key urban infrastructure and service delivery sectors, and providing a framework of analysis for the planning, policy, and fiscal reforms, as well as investment priorities, to address these risks.
Climate-resilient city plans and budgets	Mainstreaming climate resilience in local government by supporting the development of climate-proof city plans such as BEPPs, IDPs, and associated spatial tools and budgets.
Regulatory streamlining	Supporting processes to achieve the necessary regulatory clarity and, where necessary, regulatory reform. Involves contributing reports and inputs into the annual budget process.

To date, intergovernmental engagements have been concentrated at the national level and have targeted the Department of Environmental Affairs (DEA) in particular. Anthea Stephens explains:

> When I started in this programme, the existing sustainability agenda in the CSP had not got off the ground — there wasn't yet a solid programme of work. So, we focused on getting into what I call the 'jugular': the Built Environment Performance Plan (BEPP) process. A lot of our work has been trying to understand how we usefully integrate and support cities to bring climate response considerations and investments in through the BEPP, and the wider grant and financing process.

> That engagement has been at the national level to date. We have done some work at the city level to understand what the institutional challenges and opportunities for mainstreaming climate issues are, and to ensure that the BEPP guidelines [National Treasury 2017] work with those opportunities. It is grounded in city reality, but we haven't done city-level projects to date.[230]

230 Interview with Anthea Stephens, Pretoria, 22 May 2018.

Good levels of traction and agreement have been achieved with relevant national departments. In most cases, it was not necessary to make the argument within government that cities are the 'crucibles of sustainability'; the agenda was already there, albeit with more of a rural focus. The challenge was more one of finding areas of common interest and overlap between the strategic agendas of DEA and National Treasury, and to encourage a tighter focus on the urban or city scale:

> The DEA has been a big champion, but they don't necessarily prioritize the city. Their local government work is oriented around 17 priority district municipalities. They have programmes of work that do get into cities from other angles, like climate, but generally the focus is not on the city system. So, part of my job is to bring DEA and their capacity into this system, and into the Treasury's benchmarking process, as well as municipal planning and budgeting processes.[231]

231 Interview with Anthea Stephens, Pretoria, 22 May 2018.

In practical terms, this kind of engagement entails identifying and working with individual 'champions' of particular issues within the DEA and other relevant departments, largely as a way to triangulate strategies and build political support for the urban sustainability agenda:

> The challenge is not just to find people who agree with things — because there are people who agree, but who then sit back and want you to hand things to them on a silver plate — but to find people who are willing to open doors and work with you. You know, for a lot of people this kind of new work is not in their performance agreements, so they need to see the value, to want to take a risk to work with you, and then to create the spaces and performance agreements to take the work forward. So, it has definitely been about finding champions with energy and drive to work with, and to create that space within the institutions. It is critical.[232]

232 Interview with Anthea Stephens, Pretoria, 22 May 2018.

As part of this sub-component, CSP has also partnered with academic institutions to produce new knowledge products focused on improving the enabling environment for climate-sensitive urban governance. One such partnership has been formed with the African Centre for Cities (ACC) at the University of Cape Town, and will involve the production of three policy research papers on relevant topics. Anthea Stephens describes the overarching objective of this work as 'getting a sharp sense of where the research needs to go' and creating new knowledge that can be applied through the work of CSP and other actors. Put differently, the research aims to raise questions that signpost where the 'green urban agenda' is heading, and to identify 'landing strips' on and through which CSP may be able to influence policy and practice.[233]

233 Remarks by Anthea Stephens, CSP-ACC climate research meeting, Cape Town, 19 March 2018.

The first area of research enabled through the CSP-ACC partnership focuses on extracting lessons from the Cape Town drought of 2015 –18: a major crisis that almost led the city to run out of water over the course of 2018. The paper examines the governance process surrounding the drought crisis, including some of the actors and institutional arrangements and related management issues that were devised in response. In particular, it looks at the barriers and enablers that respectively increased and decreased the risk of the crisis occurring, and what those imply for future efforts to build urban resilience. The paper argues that unpacking the City of Cape Town's response will provide important lessons not only for Cape Town itself, but also for other municipalities and metros in South Africa and further afield, as to how cities might better manage slow unfolding climate events. Capturing these lessons is critical given that evidence suggests more events of this nature can be expected in the future. CSP, alongside other institutions like the South African City Network, offer a key platform through which to share and discuss the relevance of these lessons for other cities.

A second paper addresses the issue of climate information — information describing historical conditions, patterns, and trends, as well as future projections of the climate over seasons, years, and decades. The availability of the rights kinds of information is vital for cities to identify, prioritize, and invest in climate adaptation and mitigation measures that are suited to their local contexts, and thereby to build levels of climate resilience. The focus of the paper is therefore on how such information is currently brought to bear on key city development and urban management decisions in South African metros, and how this can be further strengthened. Moreover, it assesses what climate information is available but not widely used, as well as what information is sought but is not readily available, and why such misalignment exists.

The third research paper focuses on the potential for South African city governments to enhance the provision of urban services through the natural environment. In particular, the paper explores the importance of urban green infrastructure as a complement to conventional 'grey' infrastructure in urban areas. In some instances, nature-based systems provide critical services in a more cost-effective way than engineering-based solutions. In addition, urban green infrastructure can help mitigate some of the negative impacts of traditional infrastructure; for example, it can compensate for the negative role that artificially constructed surfaces play in producing the urban heat island effect. The paper thus investigates how South African cities can contribute to climate change adaptation objectives by using urban green infrastructure. However, while urban green infrastructure can provide similar services as conventional infrastructure, it does so based on ecological rather than engineering processes, which call for fundamentally different skillsets and resources to ensure effective management and maintenance.

Climate Finance

The second sub-component aims, in broad terms, to lift the financial barriers that city governments face in financing a transition towards a low-carbon, climate resilient development path (DPME 2018). The specific areas of work being pursued are listed and briefly described in Table 12.2 below. One key focus has been reviewing the system of intergovernmental grants to promote alignment between discrete built environment interventions (e.g., those relating to water or transport infrastructure) and the overarching imperatives of spatial transformation and sustainability.

Table 12.2: Summary of Climate Finance Sub-Component Project Work *(source: DPME 2018)*

PROJECT	FOCUS
Review of intergovernmental grants	Identifying and promoting reforms to the intergovernmental grant framework that strengthen the sustainability, resilience, and investment returns of infrastructure development and service delivery.
Climate finance support	Improving clarity, coordination, and capacity in accessing climate finance, particularly to enable cities to scale-up their efforts towards greater resilience, economic growth, and a reduction in poverty and inequality.
Finance solutions for improving water and sanitation	Taking forward the recommendations from the Economic Development Component that identify opportunities for innovative finance solutions to help improve the resilience of cities and the livelihoods of urban residents most at risk from service delivery failure. This includes exploring private finance options to address non-revenue water losses and informal settlement sanitation.

The broader context for the CSP's interest in climate finance is the widespread and increasing interest in municipalities accessing the new sources of 'climate finance' that are rapidly entering the borrowing market. Examples include the Green Climate Fund and 'green bonds'. In 2014, South Africa's economic capital, Johannesburg, became the first city in the global South to successfully issue a green bond. Doing so allowed the City to borrow money more cheaply than if taking out a commercial loan, and further showcased Johannesburg's environmental commitment. South Africa's second largest city, Cape Town, followed suit three years later, issuing a bond in 2017 that was to be used for, among other things, funding emergency water-supply schemes designed to address the city's severe water shortage.

Through their work in this area, National Treasury and CSP aim to enable metros to leverage their assets to access new international sources of climate finance in the medium to long term. This ties in neatly with Treasury's wider objective of encouraging metros to become more self-financing through, among other things, increasing their capital borrowing. However, in order for city governments to do this, they have to undertake a large amount of preparatory and compliance-related work. Here the BEPP becomes a key mechanism for city preparation, by encouraging municipalities to start linking their budgeting and investment programmes to longer-term spatial and environmental outcomes. If cities are to leverage their existing budgets to access new sources of climate finance and ensure that this finance supports their core development agenda, they need to get their BEPPs 'right', especially in terms of articulating their climate responses in relation to other service delivery functions, and within implementable projects. The ability to articulate fundable projects is key, but equally important is the ability to budget and spend more effectively on an ongoing basis, and this latter point remains a basic challenge to which the CSP as a whole is addressed.

City Support

The third sub-component broadly aims to develop, finance, and implement projects that improve the resilience of investments in infrastructure and service delivery (DPME 2018). To date, and as mentioned above, work in the Climate Resilience Component has been focused at the level of the national 'enabling environment'. However, as CSP moves forward into its second phase, assessing city demand for support and devising city-level projects will be important areas of focus (see Box 12.1). For example, it is likely that the Component will respond to the emergent and increasingly pressing issues of water scarcity through a specific programme around strengthening urban water resilience. Energy and solid waste issues may also constitute a specific focus at the project level. Ultimately, the precise nature and focus of such activities will depend on the evolving nature of the challenges that cities face, the specific gaps in capacity that undermine or hinder their responses, as well as the specific demands for support that emerge from the metros.

Box 12.1: Taking Forward Climate Resilience Within CSP

> *Once there are projects — once we know that, for example, in Cape Town there is a major water resilience problem that needs addressing — then we will have more city-level engagements on resilience issues. To date, I have specifically held back on doing that, because I wanted to be very clear what the programme of work needs to be, and how that programme aligns with the CSP agenda that we drive through the BEPP process. The 'green space' is one where you can get distracted very quickly and easily, and when the challenge is alignment and integration, I wanted to get that system for alignment and integration working up front. After that, project-level work can easily come in.*
>
> Anthea Stephens, CSP Climate Resilience Component Lead

SUCCESSES, CHALLENGES, AND DEBATES

Given that the Climate Resilience Component has only operated at full capacity since late 2016, it is notable that substantial progress has been made in narrowing down its focus into a set of realizable objectives and activities that could be achieved within the CSP's first phase. This has sometimes involved identifying and leveraging off other CSP component projects — for example, by feeding climatic concerns into the overall review of the intergovernmental grant system, and ensuring that the BEPP also incorporates an environmental sustainability focus (DPME 2018).

In terms of the Component's emphasis on creating an **enabling environment** for climate-sensitive urban governance, a recent evaluation report concluded that 'there has been very positive progress in developing relationships with the Department of Environmental Affairs, and trying to align the agenda and work area of CSP with DEA's existing international commitments' (DPME 2018, p. 78). There have also been good responses from the metros (see Box 12.2). For the most part, officials recognize the importance of seeing climate response as a core function of city government, and are aware of the scale of action required to address the problem.[234]

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Interview with Anthea Stephens, Pretoria, 22 May 2018.

Box 12.2: Metro Responses to the Climate Resilience Component

The city response has been quite amazing. On the whole, this work has been a long time coming, so their reaction is, 'finally somebody is here who can support us to do this work'. And that is not even really engaging with the city environmental officers. That response is coming from the planners, and the strategic officials. So, it has been very positive. The head of infrastructure in eThekwini is saying, 'we need this work; when we get whipped by a storm we have billions of Rands' worth of losses, and that affects us in a very significant way, so we need to be able to manage that more effectively'. And I think they are realizing that the very siloed location of their 'green functions' keeps things siloed, it isn't bridging those gaps. So, having a city support and climate function that rattles around in this core space is useful, but we have got to deliver something that helps make their lives a lot easier. And that is the challenge.

Anthea Stephens, CSP Climate Resilience Component Lead

The key challenge facing this work has been trying to define the climate response agenda in a way that is relevant to core city functions, and building consensus around that agenda. Doing so calls for a multidisciplinary perspective, and a capacity to work across disciplinary and sectoral boundaries. For Anthea Stephens, 'it is about processes and partnerships, and learning to speak each other's language; learning to understand what makes the other side tick'.[235] Major lessons have included the realization that it is pointless to 'reinvent the wheel'. Rather, 'quick wins' can be achieved by leveraging existing practices and areas of reform work. For example, the BEPP has emerged as an effective way of bringing climate resilience concerns into core city functions and infrastructure investments, including those of public transport and human settlements.

Taking forward the implementation of climate responses within the BEPPs will be an important area of focus as CSP moves into its second phase of operation. However, not all are convinced that this is the most appropriate line of action. For example, metro spatial planners have expressed some concern that adding more content to the BEPP might unhelpfully extend or dilute its strategic focus.[236] It has also been suggested that some city officials tasked with the management of climate, water, energy, and so on, may be aware of the BEPP, but do not necessarily see the point in trying to mainstream anything into it because they might view it as irrelevant.[237] Navigating these kinds of perspectives and disagreements, and building common support for a planning and climate reform agenda among the metros, will be an important challenge for the CSP as it moves forward.

In building new relationships and working with strategic partners, a key issue warranting further attention will be securing greater clarity from national government — including the Department of Environmental Affairs — concerning the specific roles and obligations of cities and local governments within South Africa's overall climate response effort. As mentioned in this chapter's introductory section, cities are disproportionately large drivers of climate risks, but it is unclear how much they are expected to contribute to processes like the nationally determined contributions made under the Paris Agreement. Promoting this clarity calls for close cooperation and coordinated planning between national and local agencies — something that is currently missing from the intergovernmental system. The question is how CSP can work with other key actors and agencies to provide the platform and direction necessary for such consensus to emerge.

235 Interview with Anthea Stephens, Pretoria, 22 May 2018.

236 Interview 36.

237 Interview 10.

Other challenges that CSP will need to confront with respect to creating an enabling environment for climate resilience functions centre on questions of intergovernmental alignment, specifically those linked to new overarching frameworks like the Sustainable Development Goals, the New Urban Agenda, and South Africa's Integrated Urban Development Framework. The challenge will be to find ways to devise and link local climate resilience projects within these multi-scalar commitments and processes. Doing so will raise critical questions about the municipal capacity and support needs required to promote the alignment of such processes at multiple scales. In particular, recent research on Cape Town has highlighted the experimental interventions and complex partnership arrangements that will be necessary to allow cities to meet the data and governance challenges implied by SDG 11 (Patel et al. 2017). Given the complexity of the task, it is likely that each city will need to devise its own context-specific ways of navigating these challenges, and national-level support will play a key role in assisting local officials in this process. Tracking more or less successful examples of experimentation and alignment, for the purposes of enhancing their efficacy and promoting cross-city learning, will remain an important area for further research investigation.

With respect to the agenda around **climate finance**, CSP, as a platform located within National Treasury, is very well-positioned to promote reforms to the intergovernmental grant system in order to promote a close, synergistic link between the functioning and transformation of the urban built environment and a wider sustainability agenda. At the same time, new sources of international climate finance offer important opportunities for city governments to self-finance their infrastructural investments, potentially (although not always) at lower interest rates, and to promote a climate resilience agenda in doing so. Yet some basic capacity constraints will have to be resolved before such a green agenda can be pursued at scale. City governments face specific challenges in developing their functional capacity to attract international climate finance, and these challenges tend to discourage lending organizations from engaging directly with municipalities. Cities need to first resolve basic budgeting and expenditure problems at the local level before they can start thinking about accessing lucrative international climate finance.

More general questions remain over the desirability of encouraging the uptake of new sources of climate finance at the city level. Some observers are sceptical of the opportunities they represent, regarding fiscal instruments like green bonds as being simply 'public debt rebranded'. In this view, climate-related finance provides an opportunity for established lending agencies and commercial banks to satisfy their environmental compliance requirements, thereby enabling them to access global capital markets. In this sense, it may be possible 'to dress up anything as climate finance'.[238] Other municipal fiscal experts have voiced concern that new sources of direct climate finance, offered through quasi-concessional arrangements of development finance institutions, may undermine the well-developed capital market for municipal infrastructure borrowing and investment. From this perspective, some climate finance instruments might represent little more than an inefficient, highly concessional form of capital that enables bilateral agencies to access municipal borrowers while disrupting the activities of conventional financiers, like commercial banks.[239] CSP will have to factor these kinds of concerns into a coherent overall strategy for fiscal reform.

Additionally, there are more general questions that arise from the work of the Climate Resilience Component. The climate and sustainability governance space is a particularly 'noisy' one, involving a wide range of different players, each with their own interests and objectives. In terms of the 'messaging' that CSP promotes with respect to urban finance, development, and sustainability, the Programme has had to compete with a diverse array of global advocacy programmes and development agencies. This makes it all the more important for CSP to

238 Interview 41.

239 Interview 4.

be strategic, and to 'get the messaging right' to provide clear direction to the metros. Indeed, the CSP team itself has recognized and clearly articulated the need to navigate this 'messy' and 'noisy' space. As Anthea Stephens has noted: 'we have tried very hard to find a central, practical set of levers to create some sense of alignment around priorities, and then to be able to give direction outwards'.[240] The challenge is not only to give clear direction to the cities themselves, but also to signal South African cities' specific support needs externally, to the range of international donors and development agencies that are keen to be involved in this space.

The fact that the climate and sustainability space is so highly populated and dominated by global players raises the question of what this means for the activity of city support. Arguably, the CSP's climate resilience work speaks to a dimension of city support that is about finding the analytical capacity to identify and prioritize appropriate interventions from a range of complex and competing alternatives. The question is, who does that work of resolution and prioritization? Typically, it is not something that urban local governments are concerned with. The climate space, therefore, is one that is so transparent, open, and populated, that providing support cannot simply be a case of introducing predefined technical reforms or of enhancing technical capacity. Rather, support must necessarily be about finding strategic traction for a complex issue within a workable and realizable set of urban interventions. But how can or should this kind of specialized capacity be institutionalized within the functions of municipal government? Or should this task be the preserve of a different agency or sphere of government?

If South Africa is to achieve the ambitious targets established by new global accords like the Paris Agreement, the urban development agenda requires clarity, coherence, and commitment from all governmental stakeholders. Moreover, it calls for a 'whole of society' response, a shift in the functioning of the entire city system, and indeed, of the national urban network. But how can this sort of systemic response be mobilized and coordinated, institutionally and politically? What kinds of agencies and processes are best suited to leading a multisectoral and multilevel climate response? Can the environmental sector, as it exists, perform this role? These questions have direct implications for a project of city support and reform. Their answers will determine whom CSP should be working with, and the kinds of policy, fiscal, and institutional reform objectives that it should pursue.

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Interview with Anthea Stephens, Pretoria, 22 May 2018.

CONCLUSION

In a short time, the Climate Resilience Component has started to make important progress in furthering the work of National Treasury, the Department of Environmental Affairs, and other agencies in identifying what a 'green agenda' might mean, in practical terms, for how we govern and invest in our cities. The major difficulties in achieving this coherence arise from the nature of the subject itself: climate resilience is an inherently transversal problem that demands long-term interventions, and that also occupies a particularly 'noisy' space in the world of finance and governance. Knowing how to drive real changes away from a carbon-intensive mode of urbanization and economic production is an intractable problem, lacking simple answers. These realities present particular kinds of challenges for a project of city support and urban governance reform.

In reflecting on CSP's climate resilience agenda, a number of important issues warranting further investigation and research emerge. Many surround the challenge of institutionalization and mainstreaming the climate agenda. Some indicative questions, emerging from the this discussion, are as follows:

- What are the kinds of political arguments, institutional arrangements, and interventions necessary to take an idea (e.g., the 'green economy') and ensure that it gains traction in the urban policy and development space?
- How can cities find the 'signal' among the 'noise' of the environmental governance space? How can they pare the wide-ranging environmental agenda down to a set of discrete and workable projects that can be included in annual budgets and thereby mainstreamed and subsequently used to access new forms of finance?
- What are the key climate-related problems facing different South African cities, which warrant intergovernmental support? What kinds of information is required to address and manage those problems?
- How can cities best think about and package sustainability projects as a form of urban service provision: a way of providing social goods, creating a sense of place, creating employment, and driving fiscal efficiencies in the long term?
- How should officials integrate environmental issues with other key levers like housing, transport, and spatial planning? What governance processes and practices are best suited to this task?
- What are the most appropriate forms of international climate finance that cities should access for particular kinds of purposes and interventions?
- What does this mean for the project of city support? What role should national and provincial governments play in enhancing municipal capacity to shift urban development trajectories onto a sustainable footing, and to catalyse a 'whole of society' climate response?

It is hoped that these sorts of questions may assist in framing a future urban research agenda, specifically around climate resilience issues.

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CONCLUSION

The South African Cities Support Programme (CSP) represents a particular approach to strengthening the city scale and reforming urban governance. In the preceding chapters of this book, we have sought to contextualize the approach, process, and activities of the CSP beyond a narrow narrative of what the Programme actually did over its first eight years.

In the first two chapters, a broad historical outline of South African urban reform was sketched out as a way to introduce and locate the CSP as something new, emerging as a direct institutional response to contemporary urban challenges, but also as a product of, and reaction to, what came before. The third and fourth chapters focused on CSP's structure and mode of working, noting its emergence from a diverse set of influences and debates surrounding urban reform and city support within National Treasury and the wider intergovernmental system. This formed the necessary background to describing and discussing the specific activities of CSP, organized into thematic components, which were the subjects of the remaining chapters. The aim in documenting and describing these more sectoral or thematically focused interventions was to identify key lessons that have emerged from experiences of the Programme, and to think about their implications for a future urban knowledge and learning agenda.

Seeking to draw together some of the insights captured in previous sections, this chapter will reflect briefly on two related issues. That is, firstly, contemplating CSP as a particular model and practice of city support; and secondly, discussing how CSP experiences might help to define a policy-relevant urban research agenda in South Africa. The chapter closes with a series of provocations concerning what needs to be put in place to take forward the commitment to creating better run and more equitable South African cities.

THE PRACTICE OF CITY SUPPORT

CSP represents a certain model of city support, one emerging from past experiences of practice, as well as the particular demands of context. Indeed, one of its significant features is its self-conscious attempt to be responsive to and transformative of that context. Certainly, CSP emerged from a set of precedents and influences associated with South Africa's political transition from apartheid; but it has also evolved organically and intuitively to address wider twenty-first century urban challenges and the imperatives of governance reform. It has made both mistakes and breakthroughs, and has been forced to recalibrate itself over time (see Box A). Chapters 5 to 12 of this book tried to highlight how each area of CSP's work has led to important moments and processes of learning, and showed how the approach of the Programme at large has shifted (or will shift) in accordance with emerging political realities, challenges, and opportunities.

City of Tshwane: Central business district street scene.

CSP has been self-consciously experimental in part because it emerged in a particular historical moment when change was considered possible. In the context of the intractable urban challenge of persistent inequality and enduring segregation, where there were and are no ready-to-hand answers about what should be done to support urban transformation or, for that matter, how to decide on what should be done, all options could be considered. The imperative to find radical new solutions to structural urban problems is not exclusively a South African problem, even if it assumes certain characteristics born of this particular context. National and local governments everywhere are debating the various ideas, processes, and practices that might enable cities to deliver on new multilateral goals and agreements for sustainable development.

CSP took shape and has operated in a political context that, despite some rhetorical commitments and broad policy statements, was by no means receptive of an urban development agenda. As a result, it has functioned in the midst of a number of competing ideas about how urbanization and cities should be managed, and how broader spatial-economic development could best be promoted. The ongoing creation of a 'shadow state', which effectively empowered a rural political elite, and the capture of key state departments and agencies in all spheres of government, have greatly complicated the politics of urban reform in South Africa (Swilling et al. 2017). This was particularly true for a platform working out of National Treasury, which — with its relative success in resisting attempts at being captured — was itself an outlier. Yet these experiences, too, have provided instructive lessons, and led to innovations. Chapter 4 described how National Treasury and CSP played an important role in driving the creation of the Integrated Urban Development Framework precisely as a response to the dynamics around the control of the state that have been under scrutiny across the political sphere.

The need to move nimbly against a backdrop of state capture was not the only reason CSP evolved towards a more experimental, iterative, and flexible form. Its first phase combined many different kinds of city support practice and, as such, the Programme had to negotiate a number of tensions underlying its overall strategy and work programme. Notably, CSP is a model of city support that is not simply about supporting and working in cities, but rather is one that also deals with an intergovernmental question. It aims to reform the intergovernmental system, and to strengthen that system, in order to incentivize and facilitate better municipal performance for urban spatial transformation. Indeed, some stakeholders and observers have argued that CSP should act more concertedly in the intergovernmental space, rather than 'delivering solutions' and providing direct technical support to cities. Balancing these different areas of activity has been an important challenge and source of learning for the CSP team and their partners.

Many different models of city support exist, all of which hold a degree of legitimacy. Chapter 2 described some of the precedents in the South African context. There could be others, too. City support might, for example, be a purely coordinating task, consisting of listening intently to what cities want and assisting them to navigate the intergovernmental system in order to meet and secure those needs. This would be a very different approach to that of devising large-scale interventions that are coproduced and brokered across all cities. Both approaches have something to be said for them (see Box A). Whether CSP has taken the most appropriate and effective approach to navigating these kinds of competing ideas and tensions — managing to calibrate a systemic approach to city support — remains to be seen and assessed as real outcomes and changes emerge in South African cities.

As noted above, questions of how to support positive urban transformation are not unique to South Africa. They are being asked everywhere in the world, particularly as the new global urban agenda starts to gain local traction. What makes the CSP, and South Africa, an interesting case is that unlike many other countries following a conventional National Urban Policy process (Cartwright et al. 2018), CSP is of a different order in the sense of what it has tried to achieve, and how it has gone about pursuing its objectives. Comparing its experiences with the more top-down initiatives pursued by many other national governments or donor agencies, CSP has highlighted the value of understanding local urban contexts, being flexible, maintaining an open-ended yet strategic outlook, and navigating the contradictions of politics, policy, and practice, rather than simply acceding to the normative and prescriptive. CSP experiences speak, also, to the need for close engagement with city governments: for listening to and understanding their particular challenges and dilemmas, but without losing sight of the importance of top-down forms of regulation and support. It is our hope that this book will be part of a broader discussion and debate concerning the optimal governance arrangements required to drive sustainable and inclusive urban change, both in South Africa and elsewhere.

Box A: Navigating Competing Agendas for City Support

It is one thing for city support to be about coordination, but if cities don't know where that coordination is going, that is called 'meetings'. But simply force-feeding them new support and reform measures won't succeed either. The tension and calibration of that is very important. Sometimes you get it right; sometimes you fail, completely. Sometimes you choose to do something in a certain way, and then take another approach, and then spend quite a long time knitting them together again. And that is the nature of the thing, because there is no perfect.

David Savage, CSP Programme Manager

THE URBAN RESEARCH AGENDA

This book emerged from a partnership between an academic and a government institution. On one hand, the African Centre for Cities (ACC) was keen to engage with the CSP in order to enhance how it learns from and engages with urban policymaking and practice. On the other hand, through the partnership, CSP was eager for the opportunity to participate in shaping an emerging research and training agenda for South African cities and urbanization. As indicated in the Introduction, for CSP this book has been an opportunity to help frame — although not in any conclusive sense — some key issues and areas that warrant further investigation by students and academics. By speaking to the problems and dilemmas that policymakers and decisionmakers are facing in the course of practice, it points to the kinds of policy-connected research that may have an impact.

The experiences of CSP point to at least two key themes that should be considered as part of a research agenda for sustainable urban futures. These themes relate to process and content. First, they draw our attention to the kinds of platforms and mechanisms that we should be using to drive governance reform and improved city performance. Second, reflecting on CSP enables us to start teasing out substantive topics for an emerging research agenda, which can help us prioritize main areas for investigation

and the new knowledge that should be coproduced. Again, this is not a uniquely South African problem. While cities are at the forefront of the new global development agenda, it is not entirely clear what this agenda might entail in terms of the kinds of knowledge required, and how that knowledge should be produced and fed into practice, to enable more effective modes of decentralization, city leadership, and urban governance (Keith et al. 2019).

What, then, does a reflection on CSP helpfully reveal about a potential knowledge agenda surrounding processes of urban support and reform? For the authors, several key questions have emerged over the course of researching and writing this book. They include: What are the institutions, mechanisms, and processes of support and reform that need to be in place (both within the intergovernmental system, and across state and civil society) to drive better urban governance and development, and to deliver on objectives of economic growth, poverty reduction, and environmental sustainability? How can these various elements of support and reform be calibrated most effectively? How can careful listening and responsiveness, bottom-up action, and horizontal learning be balanced with necessary top-down forms of regulation? And, within the design and day-to-day management of such a platform, how can programmatic rigour best be combined with flexibility and responsiveness to context?

As we have argued above, CSP tells us something about the importance, when designing or implementing programmes of city support, of understanding local context, and of recognizing difference where it exists among cities, organizations, and actors. But those experiences also reveal that the task is more than one of gathering data and hoping that they are taken up and used by official or political leaders. CSP — in both its successes and failures — points to the importance of 'coproduction' as a means of generating and transferring new shared forms of knowledge, and of developing a shared understanding of a problem as the basis for codesigning and implementing solutions. It speaks to the urgency of creating new connections and definitions across multiple domains of governance, including those that exist within the state, as well as those extending across the public and private sectors, as the wellspring of future practice. This has clear implications for the activity of research. The issues that we investigate, the analytical frames that we mobilize, and the data that we collect, should emanate from a common understanding of the urban problems that emerge and manifest at multiple scales, from the city, to the nation, to the global.

These kinds of research questions and imperatives concern the process by which we should generate and apply new urban knowledge for the purposes of sustainable urban development. But documenting and discussing the CSP has also raised a series of questions around the substantive issues on which that research should focus. These two issues are inherently connected. For, if one decides to deploy a certain platform and mechanism of city support and reform, then one inevitably faces the question of what kinds of real-world dynamics should be examined in order to ensure that that mechanism can function most effectively.

It is not possible to decisively set out a substantive research agenda in this Conclusion. Rather, readers will find important issues embedded within the preceding chapters that may warrant or invite further investigation, and it is to those discussions that the prospective researcher should look for inspiration. At risk of oversimplifying, however, it is worth recapping some of the key insights and questions emerging through the experiences of CSP, as well as through this book, as pointers to what might be prioritized in future investigations. These include:

- How do you create a cohort of effective urban leaders across government and civil society? How do historical and political-economic dynamics affect the nature of city leadership, and the capacity of a municipality to absorb support and to govern effectively? How can we ensure appropriate management of the political-administrative interface, particularly in times of political turmoil? What conditions and leadership competencies need to be in place to ensure that a civil service can be resilient and withstand periods of political churn?
- What kinds of knowledge do we need to generate and share, across different sets of stakeholders, in order to hold each other to account? What kinds of skills and competencies, on the part of civil society, are demanded by a shift in emphasis from participatory planning to social or citizen-led accountability?
- What are the specific regulatory obstacles to developing inclusive and spatially integrated urban human settlements, public transport systems, and public spaces? What processes of reform are most appropriate in particular contexts and in relation to specific substantive problems?
- How can reform processes ensure a close alignment between planning, budgeting, reporting, and the urban outcomes that we wish to see? How can civil society and the private sector best engage with processes and instruments like the Built Environment Performance Plan?
- How do you design an intergovernmental fiscal system to optimally drive and incentivize better municipal performance without becoming overly prescriptive or encouraging over-reliance on grants from the centre?
- What are the key issues that we need to know about urban property market dynamics, both formal and informal, that will assist with the creation of integrated and sustainable human settlements?
- How can relatively informal modes of paratransit be integrated into formal integrated public transport systems for the benefit of citizens, transport operators, and urban economic growth?
- How can cities best partner with the private sector to devise and implement projects that have real potential to create jobs and economic value?
- What are the key topics and leverage points that can be distilled from a broad and diverse agenda, like climate resilience and sustainability, into a pragmatic and impactful set of municipal projects and practices?

Beyond the specific issues arising from the experiences of individual component work areas, CSP as a whole also raises important questions that warrant further research. Some key questions relate to the framing of the spatial agenda within South African development policy. For starters: is space — when defined in terms of the problem of racial segregation and integration — the most appropriate and effective analytical frame for a project of city support and reform? Are we, as South Africans, too obsessed with spatial inequality and segregation as the principal urban challenge and impetus for government intervention? Should the state attempt to change the form and productivity of cities through spatial targeting, or should promoting space-neutral, market-led growth be the priority? Is differentiating government financing and support, based on variations in settlement type and size, actually the most appropriate means to catalyse more sustainable and transformative urban transitions? It may be that National Treasury and CSP have advocated appropriate positions in some cases, and not in others. Those are issues to be empirically tracked and answered by future research. And, if urban reforms of the past

decade can be shown to have had limited impact, then what could other more appropriate frameworks of analysis and mechanisms of reform look like?

As CSP moves forward into its second phase, the principal challenge surrounds institutionalization, and the need to embed the Programme's learning and practices within the intergovernmental system. This too raises an important knowledge challenge: how do you institutionalize the gains of an impermanent experimental entity like CSP? We invite researchers to consider and track these kinds of processes as they unfold in this critical political and economic juncture.

PROVOCATIONS

This book was written in the context of a profound urban challenge and political opportunity, both in South Africa and elsewhere. It is, in part, an intervention in that context: a description and distillation of some of the key lessons of a particular approach to addressing the urban challenge. We end by positing a series of provocations that reach across the book's intended audiences — clear, albeit not definitive, messages that may help to orient future action.

For CSP, our provocations relate to both the Programme's internal and external strategies. Internally, the Programme is on the cusp of a transition, an evolution from a coalition of the interests and agendas of a grouping of individuals (the CSP core team), and their respective capacities to persuade and dominate in particular spaces, towards a more programmatic and institutionalized approach. This raises a series of questions. How does or should this kind of platform lead to lasting institutional reform? How will it recalibrate itself in the face of evidence that there are other, potentially more effective, models for driving urban change? When does technical support become insufficient; when does one need to 'bite the bullet' of deep structural reform? How will CSP 'get its hands dirty' by engaging with the profound political changes and turbulence that affect all spheres of government in South Africa? Meanwhile, externally, CSP will need to navigate a new kind of political space, one that nominally appears to be more receptive and supportive of an urban agenda. The Integrated Urban Development Framework (IUDF) is now in place as official South African policy, so there is less urgency for the urban agenda to be argued or place-kept. Given those dynamics, how will CSP's role shift in relation to implementing and delivering on things like the Sustainable Development Goals, the New Urban Agenda, and the IUDF?

For national political leadership, the provocations are clear, and respond to the ambiguities of national spatial development policy. How long will leaders prevaricate on the urban question? When will leadership realize a definitive and purposeful shift in vision and strategy for spatial developmental, a shift around which state and civic energies can be mobilized? For how much longer, in other words, will mention of cities and urban development be met with accusations of 'urban bias' and demands for a refocus on rural development? When will discourses of compaction and growth no longer be contradicted by the development of peripheral megaprojects, or the conviction that urban services should be spread as thinly and evenly as possible across space? These kinds of challenges do not only apply to elected or appointed officials. Can South African political parties, for example, learn to manage their urban political coalitions more effectively? The answers to these questions, at the national and intergovernmental level, will be fundamental to the effectiveness of our urban response.

City leadership and administrations face their own particular kinds of governance challenges. We ask: How can city governments develop a professional municipal public service that is robust and resilient, regardless of political change and disagreement? Can this be done so that political expediency recedes as an overriding imperative, allowing hard decisions to be made in service of a coherent vision and strategy for city development?

For civil society, the challenge is one of renewed energy and engagement. How can activists, citizens, and urban sector organizations link up more effectively with the project of city support to help to identify priorities and drive better government oversight and accountability? How can processes and instruments like the Built Environment Performance Plan be used as an opportunity and lever to influence intergovernmental fiscal flows and city budgeting processes?

Finally, for our colleagues in the research community, we call for a reflection on how we can most effectively engage with the kinds of actors and processes mentioned above. How do we, as the academy, do a better job of coproducing policy-relevant research, and what are the questions that the experiences, successes, and failures of initiatives like the CSP raise? Can we move beyond a mode of critique undertaken in the self-gratifying moral shade of the Ivory Tower, or the study of 'best practices', towards a mode of 'shared critique' and 'translational research' that transcends institutional boundaries in developing a basis for future action (Parnell and Pieterse 2016; Patel et al. 2015; Perry and Atherton 2017)? What are the research paradigms and conceptual frameworks that we should look to in order to do so? Is post-structuralism a sufficient basis for a project of critique in a context of urgent human and physical development needs? What could an invigorated mode of critique, closely connected to the real problems that exercise public conscience, both past and present, look like?

Creating more effective structures and modes of urban governance, and decisively altering the patterns by which our cities grow and change, will require responses from all these sets of actors. All will need to stand up and account for themselves in this process of localizing and driving the new South African urban agenda. There are no predefined answers or solutions, nor any ready-made models of best practice. There will be failures and conflicts. Yet the scale of the challenge and opportunity afforded by our cities and urban processes is too large, and too important, for us to engage with anything less than a spirit of bold and courageous experimentation.

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In 2011, the Cities Support Programme (CSP) was set up within the National Treasury of South Africa, a country often seen as a global policy innovator. It was conceived as an intergovernmental platform for urban support and reform to address South Africa's national urban challenge in the core metropolitan areas, and to promote inclusive, sustainable, and productive modes of urban and economic growth. Through CSP, the National Treasury has sought to promote the spatial transformation of large South African cities from their current fragmented, exclusive, and low-density forms into more compact and integrated places.

Supporting City Futures captures the emergence, experiences, and lessons of CSP as a particular approach to urban support and reform. The intention of the book is not only to document the specifics of CSP, but also to capture a larger story about the evolution of urban policy and practice in South Africa. It is a story of a new era of strategic governance, planning, and urban transformation that holds relevance to other countries both in Africa and across the globe.