Consolidating Developmental
Local Government
Lessons from the South African Experience

Editors:
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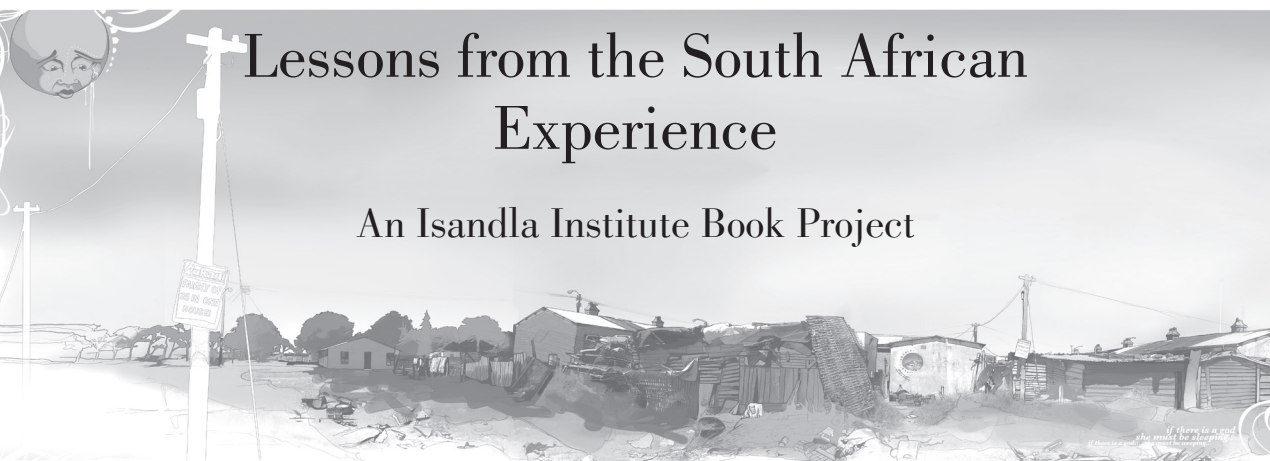## Lessons from the South African Experience

An Isandla Institute Book Project

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Foreword

by Sydney Mufamadi

It has been 13 years now since we began tackling the complex challenge of dismantling apartheid in our bid to consolidate democracy and build a South Africa that is based on the template of a non-racial local governance system. Looking back, our experience shows that this has been a particularly complex challenge. It is clear that there has been a slow but progressive consolidation of our understanding of the place and significance of local government in our governance system and there has also been an increased appreciation of the centrality of municipalities in developmental processes.

A variety of laws have been passed since 1994 to ensure a smooth functioning of our local government system, based on a cooperative and constructive relationship between the three spheres of our government. After realising there were persistent problems in most municipalities, mostly relating to capacity, government decided to intervene through Project Consolidate, which was meant to strengthen the identified municipalities so they would be able to render efficient services to people. Project Consolidate is a reflection of how serious the national government takes the challenge of building up strong local government structures and processes.

The reform of local government is a process that fuses together the dynamics of dismantling apartheid spatial forms and the creation of developmental institutions at the local level that can foster the kind of empowerment that is required if state development strategies are to succeed. The 1998 White Paper on Local Government committed South Africa to building a developmental local government system. At the time it was impossible to predict the consequences of this seemingly obvious and necessary commitment. This book, by some of the most accomplished researchers in the field, contributes in a major way to our understanding of this commitment, the consequences of this commitment, and what needs to be addressed to deepen this commitment.

Although staff and system capacities have been highlighted as critical weaknesses, it has also been necessary to develop the *ideational* capacity within local government, in particular amongst councillors and newly employed professionals. By this we mean an understanding of the nature of democratic and developmental local governance in accordance with the constitutional principle that defines local government as a *sphere* within a cooperative governance framework and not just a *level* or *tier* at the bottom of a vertical hierarchy. This is not an easy concept to absorb, internalise and translate into the daily practice of governance. This is why researchers have such an

important role to play. They raise critical questions and discover connections between elements of the system that often make local government officials and councillors feel uncomfortable. However, this is part of the evolution of a democratic space for open dialogue about the advances we have made and the ongoing challenges that must still be faced as we head into the second decade of democracy.

It is important to note that although there is much critical discussion in this book, none of the contributors have suggested that we dismantle the key pillars of our local government system, namely democracy and developmentalism. Instead, this book deepens our understanding of these twin pillars, and how they can interact more meaningfully. There are those within the wider policy debate who focus exclusively on the need for accelerated delivery of services and question why we need such complex time-consuming participatory and democratic processes. This view assumes that everyone has the same needs and therefore it is obvious what must be delivered. All that remains is to get the finances and technical capacity in place. In short, developmentalism becomes predominant, with democracy almost a luxury. The problem with this view is that it is not always obvious what people living in specific communities actually need, and in particular it is often decidedly unclear as to how best to deliver services. If we accept that each context is different, then we cannot assume that 'one-size-fits-all' is going to work. This lesson has been learnt across a number of sectors, but in particular with respect to housing and urban services such as water and sanitation. This is, therefore, why we need a democratic system that can provide spaces for contestation, dialogue and agreements about the most appropriate developmental goals at the local level. Following Amartya Sen, the celebrated Indian economist and Nobel Prize winner, this provides a framework for developing the grassroots capabilities that individuals and collectives require to achieve these agreed goals within their own lives and on a community-wide basis. Without democracy, developmentalism could become a top-down technocratic affair.

Finally, local government has a key role to play in the fight against poverty and unemployment. It is, therefore, a key player in the implementation of national macro-economic policies and practices. At the core of our macro-economic policy is the need to strategically invest R370 billion over the next medium-term expenditure framework period into what is effectively mainly urban infrastructure. These investments need to be in line with the integrated development plans. This stimulating book offers municipal practitioners the insights and warning signals about how to make their integrated development plans such tools for coordinated development that will lead to more holistic and just outcomes. I look forward to the debates that will undoubtedly ensue as this volume gets added to the rich stew of debate.

This is a particularly opportune time for such debates to take place and inform the local government system. The Ministry and the Department of Provincial and Local

Government this year launched a policy review on provincial and local government. The review will allow for public consultation at different stages of the process. The public submissions coupled with systematic, qualitative and quantitative research will inform a White Paper on Provincial Government and a Review Report of Local Government in 2008. It is our hope and expectation that the outcome of this process will be to strengthen and consolidate developmental local government.

Sydney Mufamadi
Minister for Provincial and Local Government

Preface

This edited volume is the result of a reasonably long and intense process of planning, reflecting, discussing, writing, presenting, re-examining, editing and revising. It all started with a rather simple request from UCT Press, who had published the 2002 volume *Democratising Developmental Local Government: The South African Experiment*, for an update of this publication. But it was clear to the editors that *Democratising Local Government*, which engaged with the policy implications of the notion of 'developmental local government', is a time-bound publication that cannot easily be updated. Its contributions reflect on a particular moment in the history of local government transformation (i.e. the process of policy formulation in the 1996–98 period and the main policy thrusts to transform the system of local government) and as such it is less relevant for those seeking to understand the current realities facing local government, which relate to the challenges of interpreting and implementing the policy imperatives. Thus, the idea came about to put together a new publication on local government, one that focuses on how the notion of the developmental local state is operationalised and what the lessons are in this regard.

Initially (and, admittedly, rather naively) we thought that all this could be done in about 10 chapters – the volume in front of you is nearly three times as long, and it still does not cover all issues or aspects a volume of this nature could include. We do not profess that this is the ultimate collection on local government in South Africa, but we do hope that it will contribute to a better understanding of (and more debate on) the dilemmas and possibilities of consolidating developmental local government.

The publication brings together contributions from academics and practitioners at the cutting edge of policy and implementation. While their insights and experiences formed the basis for the chapters, this was complemented by two important events. The first event was a seminar with potential contributors in May 2006, which was made possible through financial support from the Open Society Foundation for South Africa. The seminar provided a forum for robust and inspired exchange and reflection on the nature and state of local government.

The second event was a national conference 'The Developmental Local State: Lessons from Theory and Practice', hosted by Isandla Institute in November 2006 and made possible by financial support from the European Union's Conference, Workshop and Cultural Initiative Fund. Contributors presented their draft chapters to a well-informed audience of municipal practitioners and researchers and received valuable feedback, which has served to improve on the quality of their analysis.

On behalf of Isandla Institute, I would like to thank my co-editors, the contributors and our enthusiastic colleagues at UCT Press, Fiona Wakelin and Sarah O'Neill and her team for their professionalism, support and inspired contributions throughout this process.

I trust you will enjoy the fruits of our collective labour.

Mirjam van Donk
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Contributors

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Consolidating Developmental Local Government

Edgar Pieterse, Susan Parnell, Mark Swilling and Mirjam van Donk

… democracy does not automatically benefit poor people and groups that have long faced social exclusion …. [Hence,] [p]oor people must be more fully included in newly democratised systems. Just as an earlier genera-tion recognised the need for growth with redistribution, many today have come to see the need for *democratisation with inclusion* (Manor 2004:5–6).

To shift from city-marketing to an endogenous strategy that is focused on developing the city-region's tangible assets requires a strong government capable of undertaking major interventions. It also calls for enlightened political leadership … an endogenous strategy will need the backing of a majority of the city's population whose long-term support is essential to its success …. It means engaging local citizens in the common effort by giving them a stake in the society of which they are a part. It means reaching out to other cities, other regions and strengthening emerging networks. Above all, it means trusting in your own powers to shape the future that lies ahead (Friedmann 2006:13 & 15).

The objects of local government are –
a) to provide democratic and accountable government for local communities;
b) to ensure the provision of services to communities in a sustainable manner;
c) to promote social and economic development;
d) to promote a safe and healthy environment; and
e) to encourage the involvement of communities and community organisations in the matters of local government (Constitution of the Republic of South Africa, Act 108 of 1996).

Despite the many challenges surrounding the unfolding 'developmental local government' (DLG) experiment that are catalogued in this volume, the ongoing (and possibly accelerated) reform agenda holds the exciting promise of greater democratic inclusion. The reworking of the capacity and direction of state action at the local level provides the basis for advancing more holistic forms of endogenous

territorial development that must, for the first time, take into account what are often mutually antagonistic economic, social and environmental imperatives. The South African DLG project contains the seeds necessary to give fruit to the 'democratisation with inclusion' and sustainable settlement agendas that Manor and Friedmann argue for. Many of the burning global policy questions about how to achieve local political and economic inclusion within a broad sustainability paradigm can be explored fruitfully through the South African experiment. In this regard, the central ideological and practical issues revolve around how to implement a rights-based agenda that will unlock comprehensive citizenship for all, especially the poor and structurally excluded, without further destroying the ecosystems, services and resources that our urban systems depend on.

Our claim that the South African experience has more general application begins in this chapter with the exploration of the dimensions and significance of the DLG policy architecture in South Africa. In the process, we also offer a conceptual contextualisation of the themes and issues explored in greater depth in the chapters that follow. The section introductions provide a further opportunity for locating the South African experience in a wider context, and they also guide the reader through the structure of the book and the contents of each chapter. In the nature of a volume such as this, where specialist writers were commissioned to explore particular topics without an overly prescriptive methodological framework, the chapters are neither a comprehensive review of every issue relating to local government, nor do they present a coherent or sustained position or overarching argument on the way forward. We therefore position this chapter as a primer to the ongoing debate about the developmental role of the state, especially the sub-national state, in transitional contexts such as South Africa. Bearing this in mind, we explore six broad themes below – policy ambitions, policy scope, institutional dimensions, implementation variables, power and learning praxis – around the central empirical focus of this book: the trajectory of DLG in post-apartheid South Africa.

POLICY AMBITIONS OF THE LOCAL STATE

When the White Paper on Local Government came into being in 1998 (DPLG 1998), the ambitious vision for local government as set out in the Constitution was entrenched. DLG was defined as the custodian of the public interventions necessary to ensure the realisation of social and economic development, while at the same time, section 24(b) of the Constitution insisted that development must also be 'ecologically sustainable'. This state intervention, read together with the implications of the National Environmental Management Act 107 of 1998, was premised on a commitment to environmental sustainability and various forms of participatory local

democracy that would allow citizens and their associations to shape the agenda and actions of municipalities, not only through elections, but also through annualised moments of engagement that would link high-level city, district or town plans to the budget. The magnitude of this ambitious policy agenda for the local state has begun to sink in. After the 2000 local government elections, the mandate of DLG remained entrenched and replaced the limited equity-based service delivery approach of the earlier years (see Chapter 5). This was despite the mounting evidence that many, if not all, municipalities were not able to function in any way that resembled the imaginary of the White Paper on Local Government. Instead of abandoning the DLG political project, the problem has, by and large, been defined as one of institutional capacity failure. The ongoing commitment to a developmental local state is significant and requires amplification, because public commentaries about the performance and effectiveness of the state push a narrative of over-centralisation, seemingly at the expense of provincial and local governments (e.g. Calland 2006). In the international literature too there are strong critiques of devolution (Batley & Larbi 2004), and in the African context decentralisation has often been an excuse for increased centralisation (Swilling 1997). An enduring commitment to the local scale of state-driven development has to answer to such critics.

In numerous macro policy statements by representatives of the South African government, the pivotal role of local government in achieving the overall developmental ambitions of the state is emphatic, as reflected in this excerpt from President Mbeki's 'State of the Nation Address' in 2006:

> … to meet our developmental objectives, which must respond to the high expectations of our people, we will pay special attention to the critical task of strengthening local government. Our government considers this to be especially important at this stage of our evolution. After the March 1st local government elections, all three spheres of government will therefore continue working together to ensure that each … of these municipalities has a realistic Integrated Development Plan, a credible Local Economic Development Programme, and the material and human resources, as well as the management and operational systems to implement these IDPs and LED[P]s. Integration of planning and implementation across the government spheres is therefore one of the prime areas of focus in our programme for the next term of local government (Mbeki 2006).

Thus, municipalities remain the primary sphere responsible for many of the basic services such as water, waste management, electricity reticulation, sanitation, roads, stormwater drainage, land use planning and control, and transport planning. In fact, during the past three years, there has been a move to expand and make more sophisticated the role of local government by compelling municipalities to deliver these services in

relation to two larger developmental objectives: (1) building sustainable and integrated human settlements that demand the complex coordination and interweaving of various categories of infrastructure and service provision (DoH 2004); and (2) fostering sustainable local economies through local economic development (LED) strategies that exploit the infrastructural provision and maintenance role of the state, alongside various supply-side microeconomic support measures (DPLG 2006). A third more recent and still-emerging developmental objective that local government is expected to pursue is sustainable development, and in particular sustainable resource use with respect to, in particular, solid waste, water, sanitation, energy and densification (DEAT 2006). These new – and arguably higher-order – policy responsibilities of local government, alongside the now explicit understanding that municipal integrated development plans (IDPs) will articulate all of the state's plans for a local area (Patel 2006), have raised the profile of municipal spatial and strategic planning functions. Overall, there is now more rather than less commitment to the developmental roles that local government is expected to perform than when the Constitution was signed a decade ago.

The reaffirmation of the lead role of municipalities in the reconstruction agenda was not uncritically adopted, but it emerged from an assessment of the first decade of democratic rule (Presidency 2003a). What is clear from the *Ten Year Review* is that national government came to appreciate the impact of government services and functions on the spatial economy of the country, spelling out its commitment to locally variable development action in a fascinating policy intervention known as the National Spatial Development Perspective (NSDP) (Presidency 2003b). The NSDP brought to the fore the importance of working local or sub-national spatial outcomes – i.e. greater or lesser spatial integration and economic efficacy – into the cost-benefit calculations of overall government policies and programmes. The consequence was a realisation that most of the state was essentially 'space-blind' and oblivious to local imperatives, with the effect that scarce development resources were invested in all kinds of initiatives with very little foresight about what kinds of territorial development they were likely to yield. Much of government was operating on a location-neutral, 'spray-and-pray' approach, hoping that some of what it invested in would in fact yield the kinds of integrated social, economic, spatial and environmental outcomes valorised in its legislative and policy principles. To remedy this 'wasteful' approach of evenly distributed developmental investment, the national government concluded that municipal IDPs had to incorporate and illustrate the NSDP principles of investing in areas of opportunity, while ensuring that minimum basic service commitments were upheld and potential opportunities for people from disadvantaged areas were maximised. Unfortunately, the NSDP's two key performance indicators were social need and economic potential. Sustainable resource use (including efficiency) was ignored by the NSDP, thus reinforcing rather than countering the general trend that has seen negligible attention to

sustainability within IDPs (Muller 2006). If sustainable resource use was included as a performance criterion for prioritising territorial investments, certain localities, such as the rural Northern Cape, with some of the best solar resources in the world, would or could become national priorities.

Nevertheless, this layering onto and endorsement of the already central place occupied by the IDP was intended to ensure a better articulation of the intergovernmental programme of action, but it also entrenched the centrality of local government in advancing the ambitions of the developmental state. It remains to be seen, however, whether aligning IDPs with the NSDP will reinforce centralisation of top-down strategic policy thinking about localities, or whether it will encourage locational entrepreneurship as suggested by the NSDP.

POLICY SCOPE

The entrenchment and extension of the expansive policy ambition for local government during the last few years means that the policy scope of municipalities remains broad and all-encompassing, especially when compared to many international contexts in the developed and developing world, where neo-liberal policy regimes have severely disempowered local governments. The injunction for municipalities to pursue and achieve 'integrated development' processes and outcomes is indicative of the breadth of the local agenda. Thus, it is expected of municipalities to simultaneously address poverty reduction, sustained economic growth, sustainable resource use, environmental conservation, spatial integration of diverse social and class groups, and various land uses in ways that deepen democratic values, institutions and citizenship. This agenda is a tall order by any standard. In a context of great institutional stress, where most municipalities have yet to emerge from the amalgamation of racially defined smaller entities that made up the highly stratified and uneven apartheid local government system (Swilling et al. 1991), some deem it unrealistic, at least in the short term (Van Donk & Pieterse 2006).

One mechanism for dealing with the ambitious DLG agenda has been to more consciously nest the work of municipalities within the intergovernmental system. Practical imperatives to realise local integrated development outcomes led to a refinement of the intergovernmental development planning system, as municipalities were forced to articulate national and provincial alignment in order to receive funds (see Figure 1.1). At the apex are the NSDP and the Medium-Term Strategic Framework (MTSF). The latter sets out the state's macro developmental objectives towards realising the vision of the ruling party for 2014. (Many of the targets in this vision are consistent with the United Nation's Millennium Development Goals – MDGs – set for 2015.) At a provincial level, provincial growth and development strategies (PGDSs) are meant to

translate the agenda of national government into a provincially specific analysis of key development challenges and priorities. In some provinces, the PGDS is underpinned and informed by a provincial spatial development framework (PSDF), which explores the implications of the NSDP at the provincial scale (e.g. PGWC 2006). At a municipal level, IDPs are then meant to reflect the critical local development needs and prioritised responses, but aligned to the guidelines that emanate from the NSDP, MTSF and the PGDSs at provincial level. Thus, while IDPs are now required to be a comprehensive reflection of the investments and programmes of all spheres of government in a particular municipality, how municipalities do this is more closely guided or directed by national and provincial leadership (and resources). This distillation of government action and spending is called an 'IGR [intergovernmental relations] impact zone'. This is a departure from an earlier position that IDPs were meant to provide a distillation of local priorities, rather than a synthesis of all of government's inputs. The significance and implications of this shift away from autonomous to interconnected spheres of government is addressed in various ways by a number of chapters in the volume (see Chapters 2, 14, 15 and 19), but would be misread as being either a tendency to centralisation or devolution of the state. Rather, we suggest it represents a reconfiguration of the state that paradoxically both enhances and erodes the place of local government in the development chain. This is the debate that is addressed by Schmidt (Chapter 5) when he asks whether we really are operating in accordance with a 'spheres' approach, or whether in reality things work in accordance with a hierarchical 'tiers' approach.
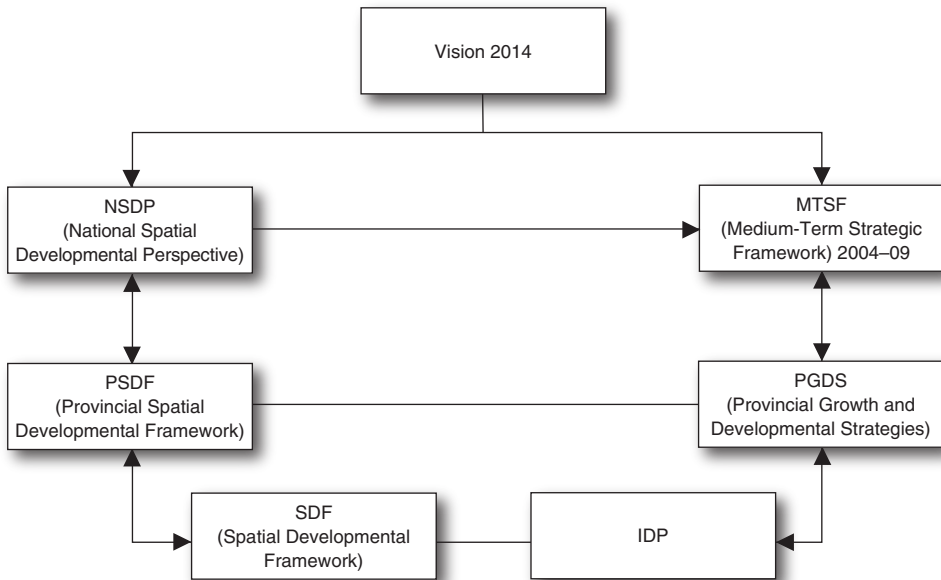
Figure 1.1: National development planning system

Concretely, this shift in the conception of how the state works across scales has brought to the fore the need for municipalities to produce rigorous IDPs informed by credible LED strategies and SDFs. It has placed greater emphasis on the growth and development compacts negotiated with local stakeholders, and has forced infrastructure plans to be articulated spatially and financially (see Chapters 2, 14, 15 and 19). The IDPs are supposed to be, more than ever before, the policy frameworks that are meant to define how integrated development outcomes will be realised through the deployment of local and intergovernmental resources to achieve particular strategic and programmatic outcomes. IDPs are also supposed to provide the avenues available to civil society organisations to engage the local state on the quality and content of its policies and programmes, even though in reality most IDP processes are facilitated in ways that transmit information to citizens rather than engaging them to make inputs, unlike some of the more sophisticated models in Brazil (see Chapter 7 in this volume; Fernandes 2007; Menegat 2002). Despite the fact that under the original DLG conception the IDP would provide a primary site of public engagement and participation, such targeted and institutionally mediated civil society participation is not a common phenomenon, as many chapters in this volume intimate (see Chapters 22, 23, 24, 25 and 26). Instead, civil society engagement with local government in general of either a cooperative or confrontational sort tends to be a lot more ad hoc and issue-driven. Local governments have in general done very little to ensure that resources are transferred to empower civil society formations, or that processes are designed in ways that encourage citizen actions. Civil society is regarded as the lowest rung in the governance ladder, rather than a potentially rich reservoir of associational life and policy initiation.

However, it is not only on the question of citizen engagement around the IDP that questions can be raised about the workings of the emerging policy architecture of local government. There are serious institutional, implementation and power dynamics embedded in local government that, because of the dramatic transition, have been especially difficult to uncover. We now turn to these issues.

INSTITUTIONAL DIMENSIONS OF DLG

It is difficult to overstate the institutional impact of the various processes of amalgamation of apartheid-era local government to produce the consolidated councils that came into being with the December 2000 elections, when the final phase of local government reform commenced. The process of amalgamation and merging of asset registers; accounts; accounting and billing systems; conditions of service; human resource development systems pertaining to performance, training, compensation and benefits; health and safety; and non-financial incentives

was simply gargantuan. Unintended consequences of a softer kind must also be acknowledged – new phone numbers, new offices, new colleagues, new bosses, and new networks translated into pervasive and enduring uncertainty. The labour relations and staff relations management that accompanied exercises to get on top of these institutional pressures of transformation created an added political pressure that raised the stakes on what government actually got done. As a result, with the benefit of hindsight, it is now clearer that the whole domain of institutional reform and change management became something of a black hole, sucking into it all attention and energy, which left very few resources and very little time for coming to terms with the overarching political-technical aspects of the developmental agenda. It has taken policy makers a decade to realise that institutions are not machines that can be reprogrammed by a new organogram – they have a momentum of their own, and performance is directly dependent on institutional coherence, operational certainty and the perpetuation of institutional memories.

The institutional pressures within municipalities were compounded by the fact that most of the politicians who oversaw these transformation processes were new to (local) government and were on a steep learning curve about what their new responsibilities involved. In other words, due to a lack of experience of formal political oversight of governmental bureaucracies, these politicians were not in a favourable position to simultaneously address change-management pressures, capacity shortage and complex policy imperatives associated with holistic development ambitions. This is not to suggest that nothing was done to deal with this situation. In fact, it is instructive to review institutional reforms in three domains: internal, external and intergovernmental, and to reflect on how universal these issues are for local governments facing major developmental challenges of the kind implied by the imperative of reaching the MDGs by 2015.

Internally to municipalities, four major system reforms were embarked upon to improve the functioning of local government. In line with the tenor of the White Paper on Local Government, there has been a strong emphasis on performance management, echoing new public management principles that have been a feature of the overall governmental reform agenda (Bardill 2000; Pieterse 2002; Swartz 1999; Schmidt, this volume, Chapter 5). Initially, performance management was left to individual municipalities to formulate and drive. Since the launch of the Strategic Agenda for Local Government in 2006, there has been a much stronger push to set national standards to underpin performance systems in local government. It is expected that the national targets must inform municipal targets, and particularly the performance contracts of municipal managers and senior managers. The mooted move towards the creation of a single public service can be seen as a further measure to consolidate the performance management regime of the developmental state.

Another area of substantive internal reform is the financial management systems of local government. The architecture, performance and challenges of this agenda are detailed by Savage (Chapter 13), and he ably underscores how central this domain of reform is to the overall performance and prospects of the local government system. A third area of reform related to these two issues of improved performance is the burgeoning field of monitoring and evaluation. Most of the government's effort has gone into establishing a national system that can be cascaded down to municipal level, but even the national system has been slow in the making. In the interim, the national government has taken to the practice of publishing a national 'Programme of Action' linked to the 'State of the Nation Address' of the president and updated on the government's World Wide Web portal on a quarterly basis. Some provinces are going the same route (e.g. Gauteng and the Western Cape), and one can expect the larger municipalities to follow international practice in monitoring and evaluation, and in establishing more sophisticated observation capacities to inform strategy. However, given the poor quality of local data and the fact that the monitoring and evaluation field is oversubscribed with different methodologies and intricate debates about categories of indicators and measurement instruments, it is unlikely that we will see great advances in the short term. Unless a simplified system that is easily understood by all stakeholders is introduced, monitoring and evaluation will continue to generate large quantities of data that only the specialists and consultants will read and use, with little democratic or efficiency benefits.

Lastly, there has been great effort to establish mechanisms for better interdepartmental cooperation to achieve 'joined-up' service delivery systems and outcomes. Better interdepartmental cooperation is supposed to be deepened by the sharpened focus on sustainable human settlements, integrated spatial planning (including sub-municipal-level planning) and LED. However, this is a difficult reform agenda, because most municipalities have inherited, and in some ways deepened, the historical legacy of hierarchical and sectorally focused departments, which operate like silos. This tendency is compounded by the fact that the Municipal Finance Management Act 56 of 2003 uses departmental accountability as a yardstick for good financial management. One of the most important institutional innovations to shift this legacy of silo-driven service delivery is the shift within municipalities to area-based delivery models and agency-based management of precincts within the municipalities. The Johannesburg Development Agency is the best known example of this, though it is by no means unique. The chapter in this volume by Smith and Morris (Chapter 19) on municipal partnerships explores this theme to some extent, and it is clear to us that this is an issue that requires a lot more attention, for the success of an integrated developmental agenda rests on the ability of different departments to seamlessly bring together diverse and discrete inputs in order to achieve shared goals (6 (*sic*) et al. 2002).

Externally, the institutional relations of local government are informed by the White Paper on Municipal Service Partnerships (MSPs) (DPLG 2004) and the Municipal Systems Act as amended in 2003. In terms of this White Paper, the following categories of partnership are envisaged:

> … an MSP may include arrangements between a municipal council and:
> ■ A private sector partner, termed a public–private partnership;
> ■ A public sector partner, which includes another municipality, a municipal entity or an organ of state, termed a public–public partnership;
> ■ A CBO [community-based organisation] or NGO [non-governmental organisation] partner, termed a public–CBO/NGO partnership; or
> ■ Any other person or organisation legally competent to operate a municipal service business activity.
>
> These options are now enshrined in section 76(b) of the Municipal Systems Act which lists these as the alternative forms of so-called 'external mechanisms'. Contracting with any of these entities involves an assessment under section 78(3) of the Systems Act which has recently been amended [to include …] whether they will provide value for money, address the needs of the poor, be affordable and transfer appropriate technical, operational and financial risk (DPLG 2004:2, 9).

The terrain of working out the daily practice and institutional systems of MSPs is one of the key sites of municipal innovation in South Africa. Chapters by Smith and Morris (19) and Pickering (20), using the water and energy sectors, respectively chart how very complex and contested the partnership field is. What is significant about the emerging debates on MSPs is that they involve new ways of getting external resources and improving efficiency of service delivery along the lines of the neo-liberal advocates, but there is also evidence of a progressive imperative that defines how the developmental agenda of a state and its systems of public accountability can be carried through and operationalised outside of the direct control of local politicians (Cranko & Khan 1999). Examples include the kinds of cooperative projects between communities and local governments pioneered by the Federation of the Urban Poor (formerly the South African Homeless Federation) over the years, starting with the R10 million grant for the People's Housing Process provided by Housing Minister Joe Slovo in 1996, culminating in the R300 million deal between this movement and Housing Minister Sisulu in 2006.

The key lesson that has been learnt about the future of partnerships is that the current requirements of the Municipal Finance Management Act makes them operationally unviable, due to the huge complexities and management-intensive processes that are now required. As Smith and Morris point out in Chapter 19

of this volume, some of the more successful partnerships happened prior to the implementation of this Act. Since then, there has been a marked decline in the number of these partnerships at the municipal level. Instead, there is anecdotal evidence of a rising trend in *de facto* partnerships brokered via deals between officials and developers, in terms of which development approvals are granted or sales of state land are approved on condition developers finance the extension of infrastructure. This works well on the urban peripheries, but developer-led urban expansion is probably the main driver of unsustainable urban sprawl.

The focus of some of the most heated local government policy debates have been on the merits and dangers of partnership arrangements, particularly with the private sector, but there is an even more important external relation – with state-owned enterprises (SOEs). This arena has, by and large, escaped scholarly and political scrutiny, even though in the case of South Africa, especially in urban areas, dysfunctional partnerships between local governments and SOEs have been the most crucial area of development impasse over the last decade. SOEs remain very important public institutions that play a pivotal role in the ways particularly infrastructure investments have to be planned, coordinated and sequenced if economies of scale and cost-effective integration are to be achieved. This importance has been amplified through the Accelerated and Shared Growth Initiative of South Africa. Yet, by and large it seems to us that SOEs have been allowed to simply operate and plan in terms of their own balance sheet considerations and direct client needs, and not the broader spatial territories where they own assets, make their investments, and interface with the investments of local and other spheres of government. For example, Eskom supplies around 40% of the City of Cape Town's electricity, but does not share any information with the city's energy planners. This makes effective coordination of energy planning in Cape Town almost impossible. This is a significant weakness in the institutional architecture of DLG, and requires both concerted political attention in defining the 'public good' mandate of the SOEs and institutional reform along the line of the greater emphasis on intergovernmental coordination.

Whereas the early phase of DLG debates gave little attention to technical and financial imperatives necessary to enable the local state to fulfil its mandate, much was made of participation and transparency. That this pendulum has swung back is reflected in this volume. Institutionally, municipalities are compelled to establish systems and mechanisms for focused citizen participation to influence the priorities and programmes of the IDP and the deliberations of ward committees. Furthermore, service delivery policies always reiterate the intention to facilitate the participation of citizens and civil society organisations in the design and delivery of the service. Again, across all the sites of participation, the practice and quality of engagement are highly uneven, according to some of the chapters in this volume (Chapters 7,

9, 11, 13, 14, 23, 25 and 26). Moreover, one of the seriously neglected issues in the scholarly community is the link between the imperative of meaningful citizenship participation – focused and with consequence – and the various institutional reforms mentioned before, especially the pre-eminence of the municipal scale of strategic planning and budgeting in the IDP. While obviously the more one can facilitate a multiplicity of local state–citizen engagements along the full spectrum from household-level issues through to city- or region-scale imperatives such as water catchment policies and labour market interventions, the better for the overall democratic inclusive nature of local development, there is, as experience from Latin America shows, no substitute for civil society engaging the IDP and budget (Heller, this volume, Chapter 7). However, there is little evidence from any locality that a *modus operandi* of culturally embedded routinised practices of substantive engagement has been developed.

The last external institutional linkage of importance is in the domain of international relations. The South African transition has always been informed to a very large degree by international discourses and practices to guide and shape the plethora of development legislation and policy frameworks post-1994 (Pieterse 2007). In step with this legacy, many municipalities have looked to the larger world of local government reform and innovation to draw lessons and secure support for local initiatives. There is a vast, largely undocumented and under-regulated series of engagements between municipalities in South Africa and elsewhere, apart from participation in various local government and policy associations. This is important, because these links can have a profound influence on the policy debates and choices municipalities make. For example, the Winelands District Council (in the Western Cape) is part of a highly specialised global network of wine-growing regions that include regions in Australia, Argentina, California, Chile, France and Spain. Furthermore, almost all municipalities participate in the meetings of the International Council on Local Environmental Initiatives, and many of the professions have local council-level partnerships.

Lastly, on the institutional dimension of local government consolidation, it is important to draw attention to the various overlapping and sometimes disjunctive intergovernmental systems that shape the policy choices and service delivery practices of municipalities. The primary system of intergovernmental coordination is in terms of the Intergovernmental Relations Framework Act 13 of 2005, which makes provision for the President's Coordination Council, premiers' intergovernmental forums, district intergovernmental forums and any other structure deemed appropriate by the president or premiers in their provinces. Another system of intergovernmental relations pertains to the fiscal system: at the apex is the Budget Council, which brings together the minister of finance and the nine provincial members of the executive committee (MECs) responsible for finance. This forum meets six or

seven times a year, and at the annual *lekgotla* version of their meeting that focuses on local government, the South African Local Government Association (SALGA) is invited to participate. At a provincial level, the MECs for finance also engage municipalities in a structured fashion on the alignment between the IDP and budgets. A final system of coordination entails the sectorally driven ministerial–MECs meetings (known as Minmecs). In these forums, national ministers liaise with their provincial counterparts on various matters of policy formulation, often with significant implications for local government. However, local government is not formally represented, except for the participation of SALGA in some cases. This creates significant pressures on local government institutional priorities and systems, especially since many of the downstream implications of decisions taken at Minmecs are not properly considered from the perspective of municipalities. There has been a recent move to correct this through the introduction of national master sector plans that are 'expected to be aligned with the IDPs and Infrastructure investment plans to be finalised by Municipalities by the end of June 2007' (DPLG 2007). It is too soon to assess whether this will be adequate to address the problems raised before. There are also national/provincial/local coordination structures for environmental impact assessments and spatial/land use planning, and more recently a multilevel coordination structure for 'integrated waste management'.

Tellingly, these intergovernmental systems largely operate in parallel, which tends to muddy the policy focus and coherence of many municipalities, which in turn undermines the integrated delivery of services.

IMPLEMENTATION DYNAMICS OF DLG

Thus far we have outlined the expansive and ambitious scope of the policy mandate of local government. We have argued that this potentially transformative agenda must be contextualised and understood in relation to a very complex, multinodal and sometimes tension-filled institutional environment that is overdetermined by both historical inheritances from the apartheid era and too many system changes at once, and relatively inexperienced municipal leadership, especially in municipalities outside of the metros. The next step in the argument is to explore the implementation challenges that many municipalities confront as they try to make sense of the diverse policy imperatives alongside innumerable institutional complexities. We believe there are four key variables at play that shape the implementation effectiveness of municipalities as they discharge their developmental mandates.

Firstly, it is important to recognise that if municipalities are not able to establish a broadly shared vision for their territory (and how it interfaces with adjoining territories), as envisaged in the IDP methodology, it is very difficult to see

how their leaders (political and administrative) will be able to navigate their way through competing demands of interest groups within the municipality, other spheres of government and, of course, agendas that stem from within the ruling party or coalitions that govern. The growing literature on IDPs seems to suggest that most municipalities are still too involved in struggling with the art of deliberative democracy to yield inclusive and realistic visions that truly build onto the endogenous strengths and potentials of an area (Harrison 2001; 2006). This disjuncture between what we want to happen and what is happening in municipalities raises hard questions about why this is the case, and how from a policy, politics and institutional design perspective one can remedy this. The chapters in this volume that deal with the strategic priorities and tools of DLG (Sections II and III) address aspects of this question, but more empirically-based work is required to render more generalisable results. One fruitful avenue for future research will be to examine the dynamics of these complex systems and then to contrast this with the way these complex systems are understood by senior managers and politicians.

Secondly, in the absence of a legitimate, realisable vision of DLG, it is virtually impossible for a municipality to build a sound strategic management institutional pyramid comprising vision→ goals→ strategies→ programmes→ projects and→ intelligence instruments, such as monitoring, evaluation and review systems that provide a feedback loop to continuously refine and refocus the previous steps. Under the DLG rubric, such a strategic municipal planning system has to be underpinned by a consistent and transparent financial management system and effective citizen participation mechanisms to legitimise it. This apparently linear conception of strategic management may seem a modernist conceit, but without it, it is very difficult to manage and steer complex and fractured Weberian bureaucracies towards joined-up or aligned practices and outcomes. The imperative of modernising the local state has emerged as the consequence of embracing the DLG vision. As the chapters of this book reveal, the act of modernising South African local government is moving inexorably forward, and it is only half complete. Given the legacies, the capacity and fiscal constraints, and the contested place of local government in the intergovernmental system, finishing the task will require political determination and policy innovation, and even then completion might be thwarted by the possibility that the imagined end point contradicts fundamentally the actual conditions on the ground. It will be interesting to see how the planned White Paper processes dealing with the role of provinces, the single public service and the role of local government, due to be completed by 2008, will address these questions.

Thirdly, without the right human capacity (and enabling systems), it is simply impossible to deliver on the promising ambitions of DLG. This has of course

been the primary focus of the government's response to the delivery weaknesses displayed in the first cycle of local government post-2000. The national response is the Project Consolidate initiative, which is an intervention to provide hands-on technical support to about 130 municipalities across South Africa (see Mufamadi 2006 for more details). This volume does not cover this programme in part because DPLG has just conducted its own review of Project Consolidate, and the findings were not available in the public domain by the time the book was finalised. Clearly, a Project Consolidate-type initiative is necessary and appropriate, but it cannot be the sole intervention to come to grips with the capacity challenges facing local government. A number of authors in this book suggest that the issue is much more fundamental – the nature and distribution of powers and functions as defined in the Constitution (see Chapters 13, 17 and 21 in this volume). Whether a constitutional amendment is warranted or not, it does seem to us that the debate must include, but also go beyond, addressing the Joint Initiative on Priority Skills Acquisition's recommendations for overcoming the shortage of skilled personnel such as engineers, planners, accountants and so on. The debate about capacity must include questions of consolidating democratic skills and expectations at the local level, which takes us to the fourth dimension of implementation dimensions of DLG.

In terms of the imaginary of the White Paper on Local Government, democratic participation in priority setting, performance reviews and service delivery are constituent aspects of DLG. In practice, participation has largely been restricted to input-gathering exercises of IDP processes with little effectiveness, because communities are not compelled to explore and resolve competing demands and trade-offs within themselves and more especially between communities with different needs. In a segregationist settlement structure in both urban and rural areas where intercommunity difference is heavily overlaid with race and class differences, these imperatives for political dialogue and contestation are even more important, even if difficult. In addition to IDP processes, a number of service delivery processes also require and induce participatory processes. Again, the evidence seems scant that many municipalities have had significant achievements in this regard, even though this is one of the most important and potential-rich areas of democratic inclusion (Manor 2004; Goetz & Gaventa 2001). There are certainly political reasons for the lack of achievement in the area of meaningful democratic inclusion, especially of the poor, but for now we simply want to highlight this as another area of capacity weakness that is too often left out of the debates. Throughout this volume, the importance of political mediation of diverse and conflicting interests is a recurring theme that takes us back to the imperative of locating the state in its social context.

POWER

One of the most under-researched and theorised issues in local government studies in South Africa is the nature and dynamic of power relations. In the literature, the following kinds of questions tend to be elided: Who sets the agenda for municipal action (Parnell 2004)? How are the terms of various municipal debates (internal and external) framed and maintained? Who controls the actual implementation of policies and programmes that can greatly diverge from macro objectives (e.g. see Miraftab 2004)? Who benefits from the policies that municipalities implement and how they implement their functions and policies? How are political and techno-cratic imperatives co-produced and managed? Chapter 3 of this volume by Pieterse and Van Donk suggests a conceptual framework to bring 'the political' dimensions and associated power relations more explicitly to the fore in local government studies. We will not rehearse their argument here, but simply draw attention to the political–technical interface in municipal management: an interface that requires us to appreciate the presence of both complexity and power in the functioning of all aspects of (local) governance. In particular, we want to draw a picture of how service delivery dynamics, which can be construed narrowly as complex technical problems, are in fact sites of shifting political contestation.

Our starting point in understanding how power is exercised in the municipal scale is that all of the services in the domain of local government and those that impinge on achieving developmental outcomes at the sub-national scale are much more complex than was originally anticipated when the Reconstruction and Develop-ment Programme was drafted or even when White Papers were penned in the latter half of the 1990s. There are many reasons for this. Some are internal to the dynam-ics of a particular service, and many others are about the rapidly changing demo-graphic, settlement and economic patterns in the country as a whole. The latter pertains to the now familiar problem of a faster household formation rate compared to the population growth rate, which has meant that despite significant achieve-ments in redirecting public resources to extending basic services to poor African people, the backlogs and demand for service extension has remained extremely high (SACN 2004). This is coupled with a further problem of growing poverty and inequality in South African society, linked to the profound structural and spa-tial changes to an increasingly post-Fordist service economy. The starkest and most debilitating consequence of the inability of the new economy to absorb labour fast enough is the catastrophically high rate of unemployment. Thus, the more poverty grows, the larger the pool of 'indigents' who require basic services and the larger the demand for cross-subsidisation: an imperative that runs contrary to municipal financial management objectives of cost recovery and efficiency. Indeed, the neo-liberal bias that is embedded in the financial management theory that lies at the

heart of many municipal financial management regulations regards unemployment as an aberration (and also as largely the fault of the unemployed themselves), and not as an organic element of a particular form of capitalist development. Stacked on top of these formidable challenges, there is also a pervasive problem of asset stripping in most infrastructures, due to a deliberate lack of maintenance in the dying years of apartheid, which generates enormous pressure for repairing and restoring what exists, which, paradoxically, tends to be in areas where the poor do not live, but where the so-called first economy and its participants live, work and play. In contrast, service delivery in poor areas is regarded as a capital investment, quite often without always making sure that annual operating budgets are sufficient to cover recurrent operating costs.

Faced with a fluid external environment and the hugely demanding DLG agenda, many in local government have tried to avoid complexity by focusing on the basics of service delivery. However, doing the 'basics' developmentally and inclusively so that everyone benefits is not at all a straightforward or politics-free endeavour. There are five critical areas of service analysis or design that must be addressed if one is to understand how a particular service contributes to DLG. Firstly, what are the funding streams for the service, and how do these relate to investment cycles and cross-subsidisation demands? Secondly, what are the technological standards and assumptions that inform the delivery of the service? How do these standards mediate tensions between efficiency and sustainability; capital-intensive and labour-intensive projects; and internally delivered and outsourced services? Are they always the best options from an ecologically sustainable resource-use perspective? Thirdly, what are the capacity implications of delivering the service as part of a broader objective to advance developmental outcomes? Do you need to first retrain staff for a certain amount of time before delivery becomes effective? What kind of incentive/sanctioning system makes sense in the context of the specific mix of professionals and physical implementers of the service? Fourthly, what type of institutionalised citizen interface is required to ensure responsiveness towards and oversight of the realisation of rights and obligations? Fifthly (and closely related to number three), in terms of institutional design, at what geographical scale must the service be delivered to achieve both economies of scale and effective area-level coordination, integration and citizen engagement? Depending on the answers to these questions, what types and levels of management are required to make the service function smoothly, especially if there may be intergovernmental dimensions to the service or the larger family of services it belongs to? Arriving at satisfactory answers to these questions for any municipal service, whether it is transport, housing or electricity reticulation, is a daunting task and certainly not likely to be uncontested among technicians, let alone if one brings, as we must, citizens and elected representatives into the picture.

In a situation of inherent service complexity, mainstream local government – municipal leaders and managers, and the associated professional service industries such as professional bodies, academics and consulting firms – understandably tend to fixate on solving the more overtly technical or managerial problems. One could argue that to stem the tide of complexity and uncertainty, the state inevitably falls back on technocratic managerialism, i.e. performance management. There is, of course, a political economy of knowledge production and control at play here. Professional interest groups are vested in solutions that favour increased investment, lowest possible risk and financial technical fixes through, for example, appropriate fee structures to ensure financial viability of the service, usually pegged against an international 'best practice' benchmark. The more municipalities buy into this approach to finding answers to the issues raised above, the more they get absorbed into particular, necessarily apolitical, debates about how to fix and finance the service (e.g. see Swilling, this volume, Chapter 4 for how this operates to exclude consideration of environmental externalities in such calculations). The national government's determined efforts to institutionalise performance management must be seen against this backdrop. It is likely to deepen these technocratic tendencies, which is a danger some contributors to this volume explicitly critique, while others advocate the imperative for enhanced capacity (Chapters 2, 5, 14, 16 and 20).

LEARNING PRAXIS FOR THE CONSOLIDATION OF DLG

We concluded the previous volume's (Parnell et al. 2002) introductory chapter with a reference to the philosophical argument of Roberto Mangabeira Unger (1998) about the importance of collective learning for fostering *experimental democracy*. It is clear to us that it remains early days in our collective social learning experiment to foster a meaningful DLG system. As this introduction and the book at large illustrates, this experiment is multidimensional, complex and also sutured with political dynamics. For this reason, it is crucial that all the various actors involved in driving forward this experiment – municipal officers, councillors, activists, NGOs, social movements, citizens, etc. – acknowledge that they cannot hold all the answers, but need to co-produce understandings and potential solutions to the challenges of service delivery, institutional design and management, democratic citizenship, and so forth. This requires more applied research interventions that can document and analyse real-life experiences as imperfect actors do their utmost in the midst of imperfect information and resources to achieve better material outcomes for their municipalities. Beyond research, we also need many more systematic processes that allow diverse, but mutually dependent, actors to debate and contest what they think is going wrong and how to fix it. Such mediated learning processes are essential for

strengthening the institutional capability of municipal and community leaders who have to co-produce, within an agonistic participatory democratic system, situated solutions to the variable contexts that frame what developmental local governance may mean in tangible terms (Bernard & Armstrong 1998; Johnson & Wilson 2000).

However, it remains unclear who the drivers of such processes will be. Institutions such as SALGA continue to struggle to define their relevance and impact, and many civil society organisations remain trapped in either a purely service delivery or oppositional mode. Key NGOs and their networks (e.g. Urban Sector Network) that have worked in the field also seem to have run out of steam, with important exceptions. Similar patterns of policy marginalisation can be observed among the older generation of civic associations, such as the South African National Civic Organisation. However, new actors mobilising against municipalities in the interest of sections of the poor and excluded have burst onto the scene. But, for now they seem largely stuck in one-dimensional opposition politics with very few ideological resources to recast the meanings of a form of democratic experimentalism that transcends binaries such as cooption versus opposition or state versus market (for a more nuanced reading, see the insightful exchange between Oldfield and Swilling, Chapters 22 and 23, respectively, in this volume). In the absence of obvious or clear-cut drivers of a radical democratic approach to DLG, there seems to be a strong need for the construction of interlocking and overlapping policy networks that work on specific areas of reform and continuously think about how different dimensions of reform (as explored in this volume) can best be knitted together to advance particular agendas (Johnson & Wilson 2000). The future of deepening the DLG agenda will be dependent on the facilitation of suitable 'learning' processes and forums to ensure a closing of the gap between policy intent and outcome in the pursuit of DLG as imagined in the South African Constitution.

What is clear from contrasting the content of this and the previous volume on DLG (Parnell et al. 2002) is that there are new and emerging issues as well as enduring debates. The dimensions of local governance in South Africa are vast, which means that a volume of this nature is bound to have many gaps and unexplored themes. Some of the topics that certainly warrant systematic treatment, but are not covered by us, include: labour relation regimes in local government (a difficult issue, especially in light of the mooted integration of the public service); the role of trade unions in shaping the overall policy agenda and particular service delivery dynamics at the municipal level; the domain of basic services (for a recent review, see Mosdell 2006); the rise of city development strategies or city-region initiatives alongside IDPs – especially in the context of Gauteng, Durban and Cape Town; human resource development and human capital imperatives to provide the requisite skills set and institutional systems

implied by DLG; the capacity-building initiative of DPLG, Project Consolidate; the approaches to and impact of various capacity-building initiatives pursued by government, civil society organisations and private sector consultancies; the role and dynamics of SALGA; the rise and impact of monitoring and evaluation systems linked to the promotion of various knowledge management products; the place of information communication technologies' innovation; the critical role of international capacity-building and donor agencies that work internationally on questions of decentralisation, democratisation and integrated development; corruption; and crime. Nor do we delve into critical questions about the dynamics of our mixed representative electoral system (proportional and ward-based) or the significance and impact of floor crossing. Our hope is that this volume will trigger research interest, on the one hand to respond to the arguments put forward here, and on the other to explore both the areas untouched by us and new areas that arise at the intersection of our body of work and other conceptual registers. We look forward to a deepening and robust exchange in both scholarly and applied domains of knowledge.

The purpose of this introductory chapter has been to prime the reader to the expansive dimensions of the South African experiment in developmentally oriented local democratisation. A starting assumption is that the South African experiment represents one of the most promising, even if contested, attempts to institutionalise a system that can simultaneously deal with the imperatives of democratic inclusion, poverty reduction through service delivery and asset building, and more sustainable forms of territorial development. However, this bold vision is ensnared by a difficult history of racialised exclusion and bifurcation driven by segregated local government, which is hard to unravel and remake in the image of a non-racial and rights-based Constitution. In light of this, we first wanted to assert the expansive policy ambition of the still-emergent local government system, which creates scope for innovation in municipal government and governance. However, we have been at pains to explicate the institutional dimensions and challenges associated with capitalising on a potentially empowering policy framework. Many of the challenges are in the domain of policy implementation, which is why we devoted a full section to this topic to concretise the institutional questions. Another core theme of this chapter, and the volume at large, is that neither the policy canvas nor associated institutional challenges can be delinked from 'the political', and we would foreground the importance of more work on power relations and DLG.

At the intersection of these themes, we want to conclude with an assertion that we can improve the emerging, and still malleable, local government system to work better so that it can address core normative objectives of South Africa's democracy such as poverty reduction, environmental integrity, cosmopolitanism, economic inclusion and cultural expression. We hope this volume will be a catalyst for many

debates that reinforce the belief that futures are there to be defined and struggled for, not simply to be endured or to resign oneself to.

A Note on 'Group' Names

In this book, we use the Statistics South Africa (Stats SA) terminology for ethnic/racial groupings, i.e. African, coloured, Indian/Asian and white. However, we wish to point out that we do not accept racial classifications *per se*, and only use the designations as defined by Stats SA because they are categories that were and are used in the policy discourses of repression and reconstruction across local government, and are therefore necessary to our discussions.

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Section I

Developmental Local Government in Comparative Context

Everyone knows that local government takes on varied forms across time and place, and not just because of the myriad of electoral and committee systems that exist. Different pasts, different values, different resources, different legislation – there are so many explanations for why no two local government experiences are the same. Yet there is much to be gained by comparative and historical reflection on the meanings and expectations of local government practice. This section seeks to unveil the form, structures, values and trajectories of new municipal practice in South Africa in order to reveal the intentions behind the design of developmental local government and to expose the unintended consequences of emerging municipal practice. The idea is to become aware of what has already changed, how effective this has been and to (re)open spaces for imagining the evolution of more progressive local government by better understanding the underlying values, opportunities and constraints.

In this section, Robinson, Schmidt, Swilling and Heller provide us with a critical base from which the South African experience of developmental local government can be read, by placing the post-apartheid experience in temporal, paradigmatic and comparative context. Pieterse and Van Donk, and Goldman and Reynolds take up the original concept of developmental local government and probe the emerging practice and politics of the new local government regime, measuring them against, respectively, the national developmental agenda and the difficult terrain of rural space.

Noting continuities with the highly centralist apartheid past, Robinson notes that it is difficult to break the apartheid tradition of planning serving the interests of the elite without a clear understanding of how the old system of local government operated in practice; something our historiography has not really prepared us for. Without such a revisionist exercise, she suggests, we will remain oblivious of inherent or structural tendencies within planning to support the privileged, we will not understand enduring legacies and we will be thwarted in our efforts to move ahead in fashioning a developmental agenda.

Post-apartheid reconstruction was premised on a new system of local government – and developmental local government was a self-conscious effort to break from the past. As such, it embraced not just the values of social integration, but also those of

sustainability as the imaginary on which developmental local government systems should be built. Swilling's chapter, however, is a sobering reminder that even the reworked municipal systems are inadequate for addressing the sustainability challenge. He shows that there is an internal contradiction between the twin prevailing managerialism and conservationist perspectives that, even if fused, creates a lacuna for municipalities wishing to action a sustainable urban development agenda, and he proposes an alternative approach. For Schmidt, the issue is also one of the conflicting paradigms that inform the practical operation of developmental local government. In his chapter, he points out how the legacies of public administration and new managerialism persist and erode the original conception of developmental local government that emerged in the late 1990s out of network theory. He suggests that, as a result of these tensions, local government has failed to transform as intended. Instead, the legacy of compliance and hierarchy dominate through the new legislation, especially the Municipal Systems Act and the Public Finance Management Act. These regulatory structures govern the operation of municipalities in a manner that precludes local innovation. Similarly, Heller points out how the South African tradition of a highly centralised and strong state favours technocist ways of operating over more associational practice as seen in Brazil or India. But, while cautioning the centralising tendencies that are evident, he also makes the point that the capacity of local government in South Africa is unusually strong, and this provides an excellent base from which to deliver on basic services and other developmental expectations.

The issue of design integrity highlighted by Swilling, Schmidt and Heller, whose concerns with the inefficacy of developmental local government rest on revisiting its intellectual premises and fundamental design, is echoed in the chapter by Goldman and Reynolds on rural local government. Only here it is the issue of the distribution of powers and functions that is given primacy alongside the imperative of acknowledging the heterogeneity of rural areas. Robinson's anxiety about the inability to fully break with the past in shaping new municipal systems pertains here, not only through the ongoing tensions around traditional leaders, but also in the inadequate rural tax base for implementing the redistribution implied by the developmental local government agenda.

Three themes unite the chapters – the tension around centralisation versus localisation; the dissonance between policy intent and outcome; and, critically, the inherently (and increasingly) political character of local government. These themes are brought together in the chapter by Pieterse and Van Donk. Their account also updates the debate about the expectations of local government in the new political discourse of the Accelerated and Shared Growth Initiative for South Africa and of a more assertive civil society unconvinced of delivery by the developmental state.

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Continuities and Discontinuities in South African Local Government

Jennifer Robinson

Introduction

Much has changed in South African local government, yet it is the contention of this chapter that significant continuities with the past remain. This is not to suggest a doom-and-gloom analysis that implicates post-apartheid local governments in the same evils as their apartheid predecessors, although it is important to be alert to continuities in power relations, and to new forms of domination and exploitation. Rather, I am interested here in how the past has laid a foundation for today's efforts at urban governance, and also in how certain routine elements of council activities exhibit strong and significant continuities with the past. The examples of urban spatial segregation and economic development are explored in order to consider in more detail exactly what some of these continuities and discontinuities might be. The case of urban residential segregation offers some insights into how the spatial inheritances of apartheid persist and have consequences for many different aspects of contemporary local government. The idea that the cities in which post-apartheid local governments operate exhibit strong continuities with apartheid cities, with implications for what local government does, is also pertinent to urban economic development. Here I consider international influences and the day-to-day involvement of local government in crucial aspects of the urban economy, notably land development and globalisation.

A starting point for adopting a longer-term perspective on contemporary local government is an engagement with the existing accounts of the urban past. The chapter begins therefore with a review of existing historical analyses of South African cities and local government. There have been a number of different theoretical and political approaches to urban history, and all have shaped what issues have been discussed by historians and framed how we understand the past. As we turn to reframe the history of South Africa's cities from a post-apartheid perspective, we need to consider these different approaches and what they do or do not address.

To evaluate current policies and outcomes effectively, we might well need to revisit existing historical accounts, with some new questions.

Assessing the continuities and discontinuities in local government requires a nuanced analysis over the long term; it is unlikely that the evidence will all point in one direction or another. A blanket disavowal of past practices, for example, could prevent important lessons from being learnt; and to rush too quickly to the conclusion that post-apartheid local government has irrevocably broken with the past might put obstacles in the way of protesting unwanted continuities. For critical purchase on the pressing issues facing local government today, and on the enduring challenges of urban governance, a re-engagement with the history of our cities is important.

A New Historiography of South African Cities?

The basis of urban local government has certainly shifted profoundly over the last decade and more. And yet it is all too clear that, in many ways, there are significant continuities with aspects of past local government practice and organisation. These relatively uncontentious observations raise some complicated questions for contemporary observers, as well as for historians of South African cities. For while one has a strong sense that history matters in trying to make sense of current trends in local government, the available literature on the past is not always very helpful, as much of the extant historiography of cities is written with reference to the rise, crisis and demise of apartheid rather than with an eye to the wide range of urban processes that have shaped South African cities. As a result, the concerns that are rehearsed in these writings do not necessarily have a direct bearing on understanding the aspects of South African urban history that are relevant to the governance of the post-apartheid city.

For example, while racial segregation remains a crucial feature of the city, and is arguably being reinforced through some current decisions by local, provincial and national governments, the focus of much historical research in explaining this outcome is on a limited range of state interests and the racist demands of white residents and politicians. Traditional municipal functions impacting on land pricing and availability and the significance of local government's financing difficulties in shaping the segregated form of the city, while crucial to understanding the current context, were less relevant to many apartheid-era historians of the twentieth century South African city. Likewise, the details of urban infrastructure provision, a core political issue of the current period, were not much attended to, except insofar as their absence was often the basis for political protest. It was these moments of

protest as much as state efforts at political control and spatial organisation that attracted rather more attention.

These observations open up for us something of what is at stake in approaching contemporary local government in relation to the past. Historians always offer selective interpretations of the urban past. The topics selected have been shaped by the theoretical debates dominant at the time, as well as by prevailing political concerns. Since both of these have changed substantially since the ending of apartheid, the extant historiography does not always enable useful critical reflection on the topics of interest today. Authors might offer explanations for urban outcomes that arose out of prominent concerns at the time of writing, while quite different processes might need attention today.

Many attempts to intervene in the current urban situation rely on assumptions about why things come to be the way they are, and therefore in what ways they can be changed. Effective contemporary interventions take place within the context of existing historical understandings. There is clearly a tension, then, between the need to learn from the past in order to act today, and the potential mismatch between the concerns of the historians of a previous era and the issues and approaches that are of interest today. Before we explore this in more detail through the two cases of residential segregation and economic development, it would be helpful to set out some of the key approaches to the South African city that have shaped the available imaginations and understandings of our urban past.

An important consideration here is the influence of different theoretical approaches to South African urban history on the themes that came to dominate such writing at different times (see Maylam 1995). Some of the earliest liberal accounts, for example, stressed the complex dynamics of decision making, personal positions, parliamentary process and political parties in shaping urban legislation and urban form (e.g. Davenport 1991; Swanson 1977). Marxist revisionists offered a new set of themes concerned with the power of capital and the way in which the state operated to secure an urban labour force for capital and also to contribute to the collective costs of reproduction through housing and services provision. These restrictive practices often became the focus of popular mobilisation that writers hoped would (and which indeed did) transform the city (e.g. Mabin 1986; McCarthy & Smit 1984; McCarthy & Swilling 1985; Seekings 1988). Some post-Marxist contributions layered in an emphasis on the power of the state and the autonomous dynamics of various technologies of power, such as planning, policing and administration (e.g. Crush 1994; Robinson 1996; Posel 1997).

These theoretical developments were overlaid by a series of political considerations that shaped much research on local government. Exceptionally influential here was the social history movement, which turned the attention of scholars to African experiences of the city and the dynamics of popular mobilisation in opposition

to local and national government. A strong political motivation here was to write history from below, in contrast to the earlier more state-centred and structuralist approaches. In the process, a range of state policies, including transport, housing, removals, administration and planning came into view as they generated protest and framed the grounds for popular mobilisation (e.g. Sapire 1992; Stadler 1979). Some studies were focused on excavating and critiquing the racist nature of local government, and through this to identify the racist origins and motivations for many different policies (e.g. Maharaj 1997). Others sought to draw on a range of theoretical explanations to account for the emergence of apartheid city forms and local government decisions (e.g. Parnell 1993).

As the apartheid state degenerated into crisis through the 1980s, the political imperative to understand the terrain of state restructuring saw a stronger attentiveness to the details of state organisation, internal state politics, and questions of management and administration. Analyses of the reorganisation of the state – regionalisation, the tricameral system, the national security management system – were central to political analyses of late apartheid cities (e.g. Frankel et al. 1988). The rise of urban non-governmental organisations such as Planact facilitated this strategic research agenda, in which the intricate workings of local government became a deliberate object of analysis. These concerns also saw historians look to understand the origins of urban reform within the apartheid state (e.g. Chaskalson 1988).

Even such a necessarily compressed survey of urban historical endeavours under apartheid (for a more extensive review, see Maylam 1995) suggests the potential to both learn from these various approaches and move beyond them. The experiences of the post-apartheid decade indicate, for example, the importance of renewed attention to party politics and the policy process as proposed by liberal historians (Pillay et al. 2006), but also the role of capital, as Marxist revisionists have insisted (Freund 2005). At the same time, themes from later historical analyses of the apartheid city, including the micro politics of power and space and the intractable technical constraints on local government actions around housing delivery, for example, would certainly repay attention. The decline and renewal of popular mobilisations over the last 15 years could also offer some important resonances with apartheid-era Marxist and post-Marxist historiography (Ballard 2005). The potential for substantive, narrative and theoretical links with apartheid urban history certainly exists, but equally there are many areas of current concern that were relatively neglected in these times.

There is a significant challenge, therefore, awaiting urban historians. How can one cast a backward glance across the experiences of local government in South Africa in such a way that it is meaningful to today's reader? This is a substantial task. Here I confine my discussion to some specific topics. The historiographical imaginary of South African urban studies awaits rethinking. This is an important

task for contemporary scholarship: the present and future demands on local govern-ment are all too often framed in relation to the (imagined) past, as policy makers and analysts turn to (or away from) the experiences of the apartheid city to inform their interventions or to justify their positions. If the extant analysis of relevant processes in the past is limited or non-existent, or framed in relatively inaccessi-ble ways, then the tasks of reconstruction are made that much more difficult. This could be as simple as the fact that the anti-apartheid movement inspired a history that focuses almost exclusively on mapping segregation and its negative impacts. As Todes (2006) suggests, the spatiality of the South African city and its consequences for economic activity and social life are more complicated than this, and a failure to appreciate this can lead to some serious policy mistakes. Any effective spatial policy for a post-apartheid city would need to revisit the history of South African urban spaces, considering them as dynamic spaces of circulation, engagement and interaction, as much as spaces of racial segregation (Nuttall 2005; Robinson 2003). Such revisionist post-apartheid readings of the urban apartheid past will slowly make available a historiography that attends to both continuities and discontinuities between apartheid and post-apartheid cities, and thereby enables us to offer a his-tory of the urban present. The following section suggests some ways in which this task might be undertaken in relation to thinking about segregation in apartheid and post-apartheid cities.

THE DIFFERENTIATED SPACES OF LOCAL GOVERNMENT

One of the great disappointments for urban scholars considering the post-apartheid city is the relative failure of government to significantly counter the spatial form of the city inherited from the apartheid era. Todes (2006) indicates that after an initial flurry of policy activity, spatial policy has been neglected in local authority planning and implementation. Although unicities (later metropolitan councils) have fundamentally restructured the racialised fragmentation of apartheid local govern-ment, and wealthier (rather than working-class) areas have been substantially dera-cialised, the social and spatial divisions of the major cities have been altered only a little (Saff 1994; Turok 2001). Some informal settlement and low-income housing construction has taken place nearby wealthier neighbourhoods, such as the Cato Manor development in Durban, or the informal settlement of Diepsloot adjacent to Dainfern gated community in Johannesburg, but controversy and opposition have generally followed attempts to plan such developments. That there are important race and class continuities with the apartheid layout and organisation of cities under the aegis of post-apartheid local government is clear. But how are we to understand this, and what does it mean for post-apartheid local government?

I suggest two lines of analysis here. Firstly, we will revisit the causes of urban spatial segregation to consider more theoretically why race and class segregation emerge and persist. Crucially, this entails moving our focus beyond the specificity of the South African experience of segregation, but also revisiting the segregation experience here to identify some of the causal processes that were mediated by local government at the time. This will enable us to consider that there might be similar spatial outcomes in apartheid and post-apartheid cities, but that these might have different causes and therefore different political meanings. Secondly, we will consider in more detail the consequences of the apartheid spatial inheritance for post-apartheid local government: In what ways does the history of urban segregation continue to impact on contemporary local government? Both directions of enquiry call for a re-engagement with urban pasts from the vantage point of the contemporary moment. In both lines of enquiry, continuities and discontinuities between past and present can be identified.

The reasons for the emergence of spatial segregation in cities are numerous and usually overdetermined. This poses a considerable challenge for comparative urban research, as the same spatial form could be the result of a range of quite different social processes. In addition, spatial proximity does not necessarily imply social interaction, and neither does spatial distance mean the absence of social contact: one cannot read social meaning off spatial form. These cautions apply also to comparing apartheid and post-apartheid urban forms. Moreover, each city in South Africa has a distinctive history that has shaped its specific spatial form, with many different layers of reasons for the emergence of particular patterns. Apartheid-era interventions did streamline and rework earlier arrangements to a large extent, but often tying in with earlier motivations and spatial organisation.

In Port Elizabeth (now part of the Nelson Mandela Municipality), for example, the townships to the north of the city were established in 1902, and simply extended northwards through the century, with significant developments in nearly every subsequent decade.[1] Racially mixed neighbourhoods were removed under apartheid and African and coloured neighbourhoods rationalised into respective group area townships as in other cities (Christopher 1987). But earlier rounds of housing provision and segregation are very informative in relation to the range of dynamics that support spatial segregation and that motivated local government intervention in the built environment through most of the twentieth century. The earliest black settlements in nineteenth century Port Elizabeth were informal, on the edges of the city, and often dependent on landlords (usually farmers) renting land on which shelters could be constructed. The reasons for this early segregation are not entirely clear, but Baines (1990) has suggested there is evidence that this location was partly chosen by black migrants to preserve cultural identity, and because of a preference for an out-of-town location. The availability of land where

people could construct their huts was also an issue. As with the 1902 township in New Brighton, early housing developments in the 1920s were associated with the desire to address public health issues and clear slum areas that had developed in the city. Key local government officials such as the medical officer of health and the town engineer played a large role in motivating for these developments.

Health continued as an important argument for housing developments in the following decades, as did an abiding concern with policing and maintaining order in informal areas, on which subjects the police representatives and officials known as native administrators made frequent representations to the council (Swanson 1977). Financing was a major concern for local authorities, and they consistently balked at subsidising African housing development from 'white' rates. The city treasurers routinely offered a sobering voice in relation to the housing ambitions of the various councils. However, the latter were not averse to making massive improvements to the value of land cleared in the course of removals and township development, either land that they owned or on which they could levy rates. In Port Elizabeth this was most evident in the removal of African people from Korsten to McNamee Village in New Brighton in 1936, which cleared the way for more lucrative development opportunities (Cherry 1988; Robinson 1996). Port Elizabeth councillors regularly commented that low-cost housing more than paid its way in terms of producing a reliable asset at relatively low cost to the council, especially once central government concessionary interest rates were introduced in the 1930s (Parnell 1993). The difference in cost (and rents) between the housing built with state subsidies and the earlier, more expensive developments was substantial and caused some tensions among township residents. Cheap, easily available land for which there were no other alternative lucrative uses was earmarked for township development, leaving other land free for high-value rateable activities, especially industry. The pattern of industrial development closer in to the centre of the city than African residential areas, on well-located transport routes is repeated in a number of cities.

As in many other countries, the design and layout of urban space were strongly associated with the ambition to produce certain kinds of self-regulating political subjects (Rose 1999; Huxley forthcoming). The ambitions of early township builders were, like planners elsewhere, to facilitate the emergence of educated, domesticated, familial residents and to maintain order and control. The important difference in the South African case was that the links between the behaviours that would hopefully be facilitated by the built environment and the rights of a self-responsible political subject were cut through the racial exclusivity of the political order. Effective surveillance and political control were arguably equally important ambitions of urban spatial interventions during the period of segregation and apartheid. Much was made of the potential political consequences of orderly and controlled urban environments. However, these environments also gathered people together in shared

residential spaces and thereby facilitated mobilisation around the failures of the built environment – the high costs, poor services, inadequate housing and education, and brutal policing – that was central to the overthrow of apartheid.

What aspects of these dynamics associated with the emergence of the segregated and apartheid form of the city might help us to appreciate the present period of local government initiatives? Here I will pick up two processes that cut across the apartheid–post-apartheid periods: the relation between the built environment and political subjectivity, and the role of the land market in shaping urban form.

Certainly, motivations to improve public health, to attend to the consequences of 'slums'[2] and homelessness, and to produce productive and responsible citizens all remain important to contemporary local governments. Apartheid-era scholarship might suggest the value of attending to the political discourses and micro-political consequences of urban policies. On the one hand, one might note the link between the failure to deliver basic urban services and effective political mobilisation. But one could also ask how, for example, the fields of housing delivery and associated urban planning are contributing in a more mundane way to the production of political subjects. Poor urban residents are being framed in policy terms through some powerful discourses – discourses of poverty, economic survival, participation, contributions and citizenship rights, for example. Little has been done to consider these political consequences of housing developments, as much intellectual work has been focused on supporting effective policy (or opposing policy), or on the larger-scale spatial consequences for the city (Harrison et al. 2003; Van Donk & Pieterse 2006).

Some of the consequences of housing development for political subjectivity are profound: delivering municipal services and housing in traditional authority areas, for example, opens up substantial conflicts between being a citizen of the municipality, or a subject of the traditional leader (Beall 2005; Ballard et al. forthcoming). Other processes of subjectification might involve being invoked as a subject who is available to contribute labour for construction or who is creatively able to seek opportunities for earnings in the informal economy. Both of these have strong gendered implications, since more poor households are headed by women. In addition, expectations that negotiations over development would happen with 'a' community organisation powerfully construct local subjectivities (Beall et al. 2002). Who, then, is the political subject of the housing process? Referring back to debates around the causes and consequences of the segregated landscape of apartheid could possibly inspire a more subtle form of political critique of the current era of local government, rather than the relatively polarising critiques around performance.

One strategy for avoiding simplistic comparisons with past urban landscapes along purely spatial or formalistic lines could be to investigate the different ways in which the intersection between state practices and the capitalist land market framed

apartheid-era interventions and remain relevant today. As Freund (2005) argues, important developments in the post-apartheid city are being driven by capital and permitted by the state. Sandton, for example, in the north of the City of Johannesburg is to some extent the product of apartheid-era fragmentation and intermunicipal competition, as it adopted a *laissez-faire* attitude to development in the 1980s to encourage growth. But this development has continued in the post-apartheid era, perhaps because the underlying causes were to do with the relatively concentrated forms of ownership of the major property-investing companies in the city (Goga 2003). Ironically, this citadel of the private sector is also one of the major sites of middle and upper-class racial integration.

The pattern of urban expansion has had profound implications for service delivery and infrastructural renewal priorities. A similar pattern of edge-of-the-city expansion is evident in Umhlanga, in the north of eThekwini Municipality. Here, major land development was enabled by an ambitious apartheid-era municipality and property developers, Moreland. These developments reinforce the spatial concentrations of employment, growth and infrastructural investment characteristic of apartheid, driven by many of the same processes that shaped the 'white' areas of the apartheid city (Mabin & Smit 1997). However, for post-apartheid local government, these kinds of processes pose distinctive challenges. They confound efforts to redirect infrastructural investments to poor neighbourhoods, and they pose a conundrum insofar as they represent a substantial component of the city's potential for economic growth in 'new' economic sectors. Ironically, while these developments might well be contributing to reinforcing the overall apartheid form of the city and overlaying this with substantial class-based divisions, their success is arguably also crucial to local government capacity to achieve its developmental ambitions. Their meaning and the nature of the challenges they pose in the post-apartheid city, then, is to some extent different than before, insofar as the local state is now developmental and redistributive.

The land use patterns of the post-apartheid city might formally look the same – many commentators have remarked on how housing developments and planning practices are simply reinforcing the apartheid form of the city (e.g. Turok 2001; Charlton & Kihato 2006). But it is useful to consider critically both the causes and the consequences of this emerging post-apartheid spatial form. Some processes shaping segregation today carry important continuities with the apartheid era – such as the technical difficulties of financing and delivering low-income housing. Others mark clear differences, as in the observation that supporting economic opportunities for the poor, especially smaller-scale informal sector operators, might ironically be facilitated by some aspects of urban fragmentation (Dierwechter 2001; Todes 2006).

Notwithstanding the many differences from the past in terms of urban process and social outcome, the weight of the apartheid-era urban form on the present

remains substantial. At the very least, the huge backlog in housing and infrastructure owes much to the refusal of the government to build houses for African people in cities through the 1970s and 1980s, as the focus was on settlement in the Bantustans, leading to the development of expansive areas of informal settlements in cities and 'displaced urbanisation' in rural areas (Mabin 1991). More prosaically, local government is operating within a profoundly spatially differentiated environment, and this has some serious effects on core elements of post-apartheid urban governance, including elections, representation, housing delivery and participation (see, for example, Oldfield 2000). The apartheid inheritance means that post-apartheid local government effectively functions as a differentiated democracy.

The apartheid spatial form of the city affected processes of representation most seriously during the transitional period of local government, when 50% of the wards were to be demarcated in formerly white, coloured and Indian/Asian group areas (Robinson 1998; Cameron 2006). This gave an effective over-representation to these constituencies during the transitional period, except in Cape Town, where it meant a stronger representation for the minority African population living outside of these areas. Although this arrangement terminated with the final phase of local government transformation in 2000, the ward basis of representation means that the apartheid geographies can still make a difference. Either wards are demarcated entirely within one racial grouping, implying that the geography of electoral representation follows the racial geography of the past; or, where they occasionally cross former group areas, the racial geographies can cause conflicts, or unusual outcomes, such as that in Chesterville, Durban, where the white leader of the Democratic Alliance was representing a majority African ward after the 2000 elections, because conflicts within the African National Congress (ANC) split the vote (Low et al. forthcoming). Either way, the racialised geography of the city shapes the substantive form of representation, for example, where some minority communities in a ward might feel unable to approach their councillor and therefore have reduced access to local government processes. In Durban, the ANC caucus assigned proportional representation (PR) councillors to wards with no ANC representative, to address this concern for their constituents, occasionally leading to some conflicts with the elected ward councillors.

One point at which the apartheid geography can seriously impact on local governance practices is in processes of participation. In preparing its integrated development plan (IDP) and long-term development framework, eThekwini Municipality embarked on a substantial process of participation and consultation (Moodley 2004). This process did seem to affect aspects of the policies and budgeting, although perhaps more influential were the sector plans prepared by officials and a number of earlier decisions taken by councillors regarding major investments that limited budgetary discretion (Ballard et al. forthcoming). However,

the apartheid divisions meant that the participation process in different wards was highly variable. Stark differences, for example, can be seen between the former white areas, where more distanciated political cultures meant few people attended meetings and communication with residents needed to be through formal media and many former African areas where mass-style meetings drew many participants through the use of posters and loudhailers. The rich civil society traditions in the latter areas meant that meetings where representative groupings were invited to contribute were well attended. Meetings in some former white and Indian/Asian areas were also restricted as a result of conflicts between officials designated to mobilise participation (who were seen as ANC-aligned), the ANC PR councillors and the opposition ward councillor. Managing participatory processes is complicated and fraught in the face of such geographical differentiation. Many other aspects of routine council business are also likely to be deeply affected by this apartheid geography.

Spatial segregation is likely to be a persistent feature of the post-apartheid city, as historical and contemporary processes driven by race and income inequality are reinforced by land availability and financial constraints on housing and services delivery. But as I have suggested, here we would benefit from teasing apart continuities and discontinuities in the causal processes that shape segregation; and from attending to the easily overlooked ways in which post-apartheid South African cities, segregated by both class and race, might frame a differentiated democracy. Another equally significant site for contemporary local government – globalisation – has quite the opposite face to the past than segregation. Whereas we often see segregation as an apartheid inheritance, globalisation is usually seen as a new challenge for post-apartheid local governments to contend with. But here, too, both continuities and discontinuities with past local government experiences are apparent.

International/Global Urban Economies

Post-apartheid developmental local government has a strong mandate to pursue growth strategies that enhance competitiveness in a globalising economic context (DPLG 1998; Rogerson 2000). In many ways, this seems like a new set of activities for councils, whose previous activities are often characterised as being focused on service delivery (Monitor Group 2001). However, there were many ways in which former white local councils acted to promote economic development in their localities. To ignore this is potentially to lose critical purchase on some important continuities with former local government activities and to lose sight of some of the more mundane ways in which local economic development can be supported (or not) by local governments today.

The idea of globalisation performs much of the conceptual labour needed to mark a boundary between the apartheid past and the post-apartheid moment, in both academic arguments and policy documents (GJMC 2002; Swilling et al. 2002). The assumption is that globalisation reflects a substantially new condition of the international life of countries and cities. What is being referred to here as globalisation is based on the changing conditions of the organisation of production and of the management of firms internationally. For many decades, the international division of labour assumed manufacturing took place in wealthier, 'advanced' nations. For places like Brazil, South Africa and many former colonies, the opportunity to host assembly or branch plants of these Western firms represented an important aspect of industrialisation. Behind trade barriers from the 1920s onwards, these countries embarked on a process of import substitution industrialisation, some of which involved producing replacements for imports, but much of which involved firms setting up assembly lines within the protected trade zone. Some of South Africa's cities did very well out of competing for these kinds of industrial activities, such as Durban as a traditional break-of-bulk point, and Port Elizabeth, which established a substantial automotive industry as a result of strenuous marketing efforts (Adler 1994; Rogerson 2000).

Starting in the mid to late 1970s, and associated with economic crisis in advanced capitalist countries, new possibilities for communication and management at a distance, new technologies of production (hiving off unskilled elements of production to different plants) and a search for cheaper labour costs meant that the organisation of manufacturing became increasingly dispersed across poorer countries, leading observers to remark on a 'new international division of labour'. No longer were poor countries simply exporting raw materials and agricultural goods, but manufacturing production came to form a large component of exports. For countries like South Korea, Hong Kong and Taiwan, these processes meant a massive increase in economic growth (Harris 1991). In South Africa, this period arguably coincided with the Regional Industrial Decentralisation Policy, which aimed to tie job creation to the Bantustans (Rogerson 1994). It is in this period of international manufacturing history that critics see 'globalisation' emerging, as components produced in unskilled processes in many different countries were re-exported for final assembly elsewhere. Sceptics question the extent to which international trade, trans-national production and cross-country ownership structures have genuinely changed (Hirst & Thompson 2000). But many other social and cultural processes of consumption, communication and migration have confirmed for some observers the existence of a new social and economic era.

What has changed substantially is the international institutional and financial architecture, which has supported the opening up of economies (bringing down earlier trade barriers) and the disciplining of poor countries through structural

adjustment policies, conditional lending and policy advice to participate in the competition for jobs, markets and investments. Although the success stories of the 'new international division of labour' occurred as a direct result of trade barriers, subsidies and interventionist government policies, and wealthy countries have been extraordinarily reluctant to lower their own trade barriers, the dominant expectation for poorer countries is that they would conform to this international neo-liberal norm (Amsden 1989). South Africa has imposed its own version of these expectations through its participation in lowering tariffs and managing the economy according to these principles (Bond 2000; Pycroft 2000).

Running alongside this narrative of globalisation is the argument that cities are increasingly at the forefront of economic growth. They are thought of as sites and platforms for most secondary and tertiary economic activities. But they are particularly important to those successful and rapidly growing sectors of the economy that are arguably intrinsic to globalisation: finance, producer services and law (Sassen 2001; Taylor 2004). For scholars and policy makers alike, though, it is important to explore these general claims in order to establish the extent to which South Africa's cities are becoming more globalised and, if so, in what specific ways this is happening. How exactly are international connections changing and affecting firms, city growth, councils and citizens differently than in earlier periods? Until very recently, foreign direct investment (FDI) has been very slow to flow into the country, although exports from the major urban areas have increased markedly (SACN 2006), and there have been significant flows of outward FDI by South African firms (UNCTAD 2006). Perhaps the most relevant impact of globalisation has been the job losses consequent upon trade liberalisation. Some studies indicate that rather than FDI, there have been strong portfolio flows into the country, which increases liquidity and the search for local investment opportunities (Ahmed et al. 2005). Has this been one factor driving the local property market boom of recent years? (See Goga 2003 on earlier periods.)

Since one absolutely core continuity in the structural form of local government across the apartheid and post-apartheid eras is the dependence on property-based taxation income, some of the strongest motivations structuring local government action around local economic development remain intact. Earlier boosterist efforts in Umhlanga and Sandton to enhance land values, then, are reproduced in many cities supporting high-profile developments that hope to recoup capital expenditure in a future taxation stream, mortgaging current social investment against the success of speculative property development. A good example is evident in the strong associations of interest between eThekwini Municipality and the property development arm of Tongaat-Hullett, Moreland, in industrial and tourist developments, despite other conflicts between the two concerning urban sprawl and environmental impacts (see Ballard et al. forthcoming).

Whether and how South Africa's cities are more dependent on the international arena for success now than they were in the past is an important question for investigation. In London, for example, one of the most globalised urban economy in the world, about 70% of economic activities are national in focus (LDA 2000). This is echoed in the most recent Johannesburg City Council's Growth and Development Strategy, which remarks on the strong rise in domestic demand in South Africa through the 2000s, driven, it suggests, in part by increasing incomes of previously marginalised groups. It argues, then, that '[e]ndogenous growth may therefore work together with international demand as the driver of the local economy' (CoJMM 2006:28). Since South Africa's cities have long been tightly connected to the global or international economy, the extent and nature of changes ascribed to globalisation do need to be considered (Beavon 2004). Building competitiveness and sustaining existing economic activities have been established as core agendas for post-apartheid local government. An important role for historically-minded scholarship would be to assess some of the claims concerning changes in the specific circumstances of South Africa's urban economies before relying too heavily on either scholarly or policy narratives imported from elsewhere that make universal assumptions about certain kinds of historical trends towards increasing globalisation.

Given these caveats, how can policy makers for South Africa's cities now be expected to respond to the challenges of globalisation and to help these cities to become more 'competitive' in ways that have positive benefits for the whole community? And how might these activities be different from in previous eras? Again, this is an area in which more historical research is clearly needed. Under apartheid, local governments in South Africa certainly involved themselves in trying to attract industry and other firms to their city, both international and national: they advertised their advantages to businesses; they ensured that the land, infrastructure and services were available for new developments; they were concerned with the speed and efficiency of enabling such locational decisions; they significantly cross-subsidised the costs of water and electricity for major industrial consumers (a rather regressive strategy in income distribution terms); and they involved themselves in debates and procedures concerning the availability and nature of labour. Indeed, Posel (1991) has suggested that the inability to ensure an adequate supply of labour for certain industries (especially for lower-paid, less appealing types of work) was a major failing of influx control policies that allowed urban residents to remain in the city even if they chose to be unemployed rather than do this work, at the same time that more willing rural workers were prevented from coming to the city. Some local councils were vociferous advocates of local firms struggling with such policies, even when they were obliged to implement them.

To some extent, South Africa's spatial policy has moved on a trajectory from regional policy under apartheid to a new focus on local economic development. A

more targeted national spatial development policy has also emerged (see Rogerson 1994; 2000), and there is a resurgent interest in city-regions, as evidenced most overtly in the case of the Gauteng Global City Region debate. Although there have been some significant changes, many contemporary local government concerns in relation to economic development were also important at different times in the past. What is new is that local government now has a directed mandate (rather than voluntary enthusiasm) to oversee local economic development, itself a relatively recent (1980s) concept. Previously, local economic development goals were not planned at a national level (except to be actively undermined by a regional policy that encouraged decentralisation – see Cobbett et al. 1985). Economic initiatives by municipalities were not commonly associated with such important contemporary objectives as poverty alleviation or service delivery (although public health, housing provision and adequate labour were all seen to be important related concerns). The routine structuring and pricing of council services, as well as land use policy, shaped the potential for economic growth in important ways throughout the twentieth century

Appreciating the continuities in the economic effects of council activities could be an important antidote to some of the more flamboyant urban development activities that can be encouraged by the concept of globalisation, or 'global city-region'. Rather than investing heavily in support of a few, albeit rapidly expanding, low-employment sectors strongly associated with contemporary globalisation, or trying to 'pick' certain winning sectors for council support, some commentators argue that the most effective support a council can give to the local economy involves precisely the mundane round of effective service delivery, which would also be an important strategy for addressing the needs of the poor. As Amis (2002: 109) notes:

> Municipalities should concentrate on their traditional roles of providing infrastructure, ensuring health and education, and appropriate planning and regulation. Despite the hype about city marketing and mega projects, traditional service delivery may be more critical. For policy makers this means concentrating on not destroying employment opportunities as well as undertaking traditional functions as efficiently and equitably as possible. The poor benefit disproportionately from the efficient and inclusive delivery of services.

Current policy options under conditions of globalisation may not be markedly different from before, then, especially if the twin agendas of economic growth and poverty alleviation need to be considered together. The recent round of IDPs suggest that for post-apartheid metropolitan local governments, supporting local growth means they need to, for example, ensure the availability of appropriate land

for various kinds of economic activity; oversee the efficient and reasonably priced delivery of services; maintain and, where necessary, extend infrastructure; and work to attract new businesses to the area. However, a whole new suite of concerns have been added to the agenda of local government in the post-apartheid era, although some, such as supporting small and African businesses, have been in place in various bodies of local government since the late apartheid period. New initiatives involve direct economic analysis and ambitions to support particular sectors, to encourage clusters of activity, to secure specific kinds of investment in global growth areas, to target infrastructure development for identified sectoral priorities, to improve existing economic assets and business nodes, and to promote city visibility through high-profile developments (see, for example, CoJMM 2006; Moodley 2004). However, all of these ambitions take place within a policy environment in which there are many competing demands on city managers and their budgets. New activities to respond to the perceived challenges of globalisation and to support economic growth take place alongside other, often more established or politically sensitive functions, and are at times subordinated to them and underfunded, depending on political balances within councils (for the case of eThekwini, see Robbins 2005; Ballard et al. forthcoming).

One aspect of globalisation that has had a noticeable effect on local government intentions relating to economic development is the (ostensibly) changing form of policy advice. Certainly, the ending of apartheid opened up new kinds of avenues for major donor bodies, international financial institutions (the World Bank; the International Monetary Fund) and consultancy firms to operate within the field of local government policy. City managers and local consultants are strongly networked with counterparts in different parts of the world, and the use of case studies, study tours and visiting advisers has proliferated. At the same time, many councils have relied on excellent local intellectuals and former activists to develop creative syntheses of available knowledge. However, the sharp power relations at work between external and local agents in framing national and local policy have been noted by many commentators and practitioners (Bond 2000; Tomlinson 2002). Councils have taken different positions on this at different times, valuing fresh external advice, or cultivating local capacities and knowledges. Even though knowledge and consultants might have been set free to circulate across the globe in search of a ready audience or new clients, the specific demands of South Africa's cities have kept open an important role for local decision makers and advisers. Once again, globalisation – the specific tracks or spaces carved out by various transnational mobilities – is complicated and distinctive to particular localities.

I would suggest that a historical view can caution against too heady (or too pessimistic) a position on the implications of this globalisation of policy. For international experience was circulating in powerful ways through South Africa's

cities long before the ending of apartheid – as Heymans (1991) discusses in relation to neo-liberalism and urban management through the 1980s. Ideas about organisational management and the interventions of international consultancy firms in the structure and functioning of municipalities were common currency throughout the apartheid era. Similarly, as Parnell's comprehensive (in progress) research on housing policy in colonial Africa demonstrates, many of the foundational elements of the apartheid city were developed in earnest engagement with the latest and best available international evidence (see also Mabin & Smit 1997).

However, the conditions under which these exchanges take place might have changed substantially. As Bond (2000) argues, the World Bank's wide-ranging role in circulating and enforcing policy advice in poorer country contexts has escalated in order to discipline policy makers and borrowers. And Tomlinson (2002) offers a set of intriguing insights into how these ideas are translated into the implementation of 'international best practice', sometimes confounding attention to local specificity. These institutional features of globalisation, which have arguably changed the ways in which knowledge circulates and constructs power relations in urban policy making, are clearly important. There could be an interesting historiographical conversation across the apartheid–post-apartheid divide about the scope for locally distinctive solutions to South Africa's urban problems – albeit in two quite different registers. For historically, we have been concerned to show how apartheid was not exceptional, but implicated many of the same power relations and practices that shaped cities elsewhere. And in the contemporary moment, we might be eager to disaggregate the rather more obvious lines of influence, and also assert the importance of locally appropriate interventions. There is scope, then, for much valuable intellectual traffic between urban history and contemporary urban studies, on this and other topics, but, as I draw out in the conclusion, not always in ways that support either a triumphalist or a pessimistic post-apartheid scholarship.

Conclusion

The project of forging post-apartheid local government is infused with so much energy and purpose, as many of the chapters in this book demonstrate, that it might seem a strange moment to cast a backward glance at the apartheid city. But the two examples of spatial segregation and globalisation that I have discussed here both illustrate that keeping in mind the urban history with which we continue to live (both as urban reality and as interpretive backdrop to policy) is important. At a very basic empirical level, it is crucial to appreciate what exactly the constraints of past social and spatial arrangements might be, free of the apartheid-era political concerns that informed earlier urban analysis. Whether

this is to inform contemporary efforts at urban development or to make sense of local political practices and outcomes, a fresh contemporary look at the apartheid inheritance would seem useful. I have suggested that in this process we are likely to discover both continuities and discontinuities with the past. Long-standing property development and property taxation systems seem to offer a considerable source of continuity, for example, whereas developmental local government mandates might call for new understandings of older phenomena such as the role of spatial fragmentation in enabling informal markets, or the value of 'new' economic sectors to overall city growth.

The challenges for urban history are also important to note. Returning to apartheid history a decade or more after the apartheid era formally came to an end reveals scope for exciting new directions. With the political concerns governing interpretation during the apartheid years now thankfully consigned to history, the opportunity to write quite different kinds of histories presents itself. One could think that these might be more properly social histories that are not always eager to reference political affiliation, political mobilisation or outcomes. In some ways, there is an opportunity to fulfil the social history movement's project to attend to ordinary people's experiences in their own right (albeit that apartheid was such an encompassing political system) and to appreciate the vitality and potential of cultural inventiveness. The same is true of the spatial history of South Africa's cities. Apartheid, one could assert, was not only resisted, but also failed in its own terms in many ways: the ability to control space and to control what people did in designated spaces was certainly one area in which the more comprehensive ambitions of apartheid-era administrators were unable to be realised. But it is not just these failures and insecurities of power that might be more legible from the present moment. Insofar as South Africa's cities were also *cities*, their spatial form surely embedded a range of social and spatial experiences beyond the remit of 'apartheid', as different people moved through the city, encountered one another or imagined from afar the experiences and reality of other places and other people than those they knew directly. The spatialities of circulation, interaction and juxtaposition remain to be creatively attended to in our accounts of the past.

The break with apartheid means that it is not possible to imagine a seamless timeline of historical endeavour. Strong discontinuities have been created in our cities' histories – something to be celebrated! But such a view could too easily feed a triumphalism for those writing in the post-apartheid era. And certainly, strong continuities remain – an important basis for legitimate political protest about the speed and form of service delivery or continuing social and spatial inequality. But an overly pessimistic conclusion about the persistence of apartheid would, I suggest here, also not be merited. There is a need to interrogate both theoretical explanation and empirical process in the spirit of the best traditions of South Africa's

outstanding historiography, to assess both continuities and discontinuities between apartheid and post-apartheid local government, and to weigh their significance.

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ENDNOTES

[1]   Unless otherwise indicated, this narrative is taken from Robinson (1996).

[2]   Curiously, this term is back in fashion in some local policy circles (thanks to Richard Ballard for pointing this out to me), partly as a result of the activities of the UN agency UN-Habitat, which has a campaign for 'cities without slums'. Davis (2006) has also recently written of the *Planet of Slums*, in which he strangely casts Soweto and the Cape Flats as the 8th and 11th largest mega slums in the world, respectively. This is ironic, when the challenges of South African housing policy are (quite properly) focused elsewhere.

three

Developmental Local Government: Squaring the Circle Between Policy Intent and Impact

Edgar Pieterse and Mirjam van Donk

Comparatively speaking, the emergent South African municipal system that operates under the sign of 'developmental local government' (DLG) remains one of the most promising reform initiatives in the South (Manor 2004). In this chapter we want to revisit the original meanings of DLG, contrasted against the uneven concretisation of the ideal, and reassert its continued importance and potentialities. We argue that the notion of DLG is especially pertinent at a time in the democratic transition when everyone is asking fundamental questions about the distributive character of what we are building through the transformation of the state. In this debate, there is a growing realisation that the basic services and core settlement infrastructures that municipalities provide are critical to the larger, and increasingly important, policy concerns with unemployment and inequality. Since 2004 a raft of new policy reforms has focused on the greater importance of the latter two issues, as reflected in the recent Accelerated and Shared Growth Initiative for South Africa (ASGISA), which asserts that–

> the goal of reducing unemployment to below 15% and halving the poverty rate to less than one-sixth of households will not be achieved without sustained and strategic economic leadership from government, and effective partnerships between government and stakeholders such as labour and business …. Our second decade of freedom will be the decade in which we radically reduce inequality and virtually eliminate poverty. We know now that we can do it, working together around an initiative which has the support of the nation (Presidency 2006:2–3, 16).

At the same time as government's own emphasis has shifted from basic service delivery to job creation, local government itself has been under popular pressure and has lost its innocence. The past few years have seen a steady rise in community-

level protests against municipalities that are perceived as not delivering essential services and opportunities, as corrupt, or as acting against the spirit of the Constitution by victimising those too poor to pay for municipal services. Some commentators interpret this as evidence that the prospect of DLG is bleak, especially since the state has opted for a neo-liberal growth path tied to the commercialisation of service delivery. According to this view, until this trajectory shifts, it is nonsensical to talk about DLG (Bond 2005).

We take a different view. In our reading, the upsurge in popular protests and non-violent direct action is an integral part of participatory local democracy and fully in line with the scope for democratic expression envisaged in the Municipal Systems Act 32 of 2000. However, we do think that these protests reveal that the efforts and achievements of most municipalities have fallen short of critical developmental ideals such as poverty reduction, environmental integrity, cosmopolitanism, economic inclusion and cultural fulfillment(/pleasure): ideals that depend on the realisation of rights embedded in the Constitution. The underachievement of municipalities across South Africa is by and large recognised by national government. This is manifested in its substantial overhaul, refinement and focusing of local government policy over the course of the past few years, along with the no-nonsense style and tough talking to councillors by the president and Minister Mufamadi at various municipal *imbizos* and post-local government election events. Reforming and further capacitating DLG is clearly still a pillar of the democratic development delivery agenda. But, while we conclude that much of the new local government policy agenda has progressive and transformatory value, we also have our reservations about whether the policy shifts have been sufficiently problematised to offer a viable path to DLG. The chapter seeks to critically capture the new governmental agenda to institutionalise DLG in order to foreground serious questions about substance, instruments and institutional readiness, so as to deepen needed debate about the prospects of DLG. Such probing, in our minds, is about bringing 'the political' back into a potentially technocratic debate and, in our view, the only way to square the circle between policy ambition and outcomes.

THE REFINED ARCHITECTURE OF DEVELOPMENTAL LOCAL GOVERNMENT

The heart of the South African local government system is its developmental ambition, captured as follows in the 1998 White Paper on Local Government: 'Developmental local government is local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic, and material needs and improve the quality of their lives' (DPLG 1998:38).

This comprehensive understanding of the ambit of local government's role in the national development process stems from the constitutional definition of the role of local government. However, before municipalities could be fashioned into the image of the Constitution and the White Paper on Local Government, it was first necessary to effect the institutional transformation, particularly consolidation, of apartheid-based municipal government (Pieterse 2002). This was a complex undertaking that could only be realised through a carefully designed and managed process. Three phases were embarked upon to effect the 'normalisation' of South Africa's local government (Van Donk & Pieterse 2006).

The holistic developmental vision envisaged for local government in the White Paper on Local Government was dampened by the scale and complexity of the various cycles of institutional reform required to finally establish the permanent and fully non-racial local government system after 2000. And even after the establishment of the final phase of local government, it took most of the term of office of that generation of municipalities to understand and (partially) address the consequences of complex institutional mergers and rationalisation. This made it very difficult for most municipalities, except the well-resourced ones, to come to terms with their developmental mandates such as community, social and economic development through participatory democratic means and within a sustainable development paradigm.

The institutional crisis was manifested most acutely in the shortage of appropriately skilled municipal staff, especially in managerial and technical positions, and very weak financial management systems. Thus, one of the flagship interventions of the Department of Provincial and Local Government (DPLG) in the past few years has been the introduction of a large-scale capacity-building initiative called Project Consolidate. This programme operates in at least 134 municipalities (almost 50% of the total) and is explained in the following terms by the minister for provincial and local government:

> National and provincial government, as well as the South African Local Government Association (SALGA) remain worried about those municipalities that operate sub-optimally with respect to such performance indicators as universalizing access to basic services, provision of social and economic infrastructure, and the creation of conditions for local economic development. This explains why we launched Project Consolidate on the 29th October 2004. Through Project Consolidate we seek to erect the scaffolding for bridging the gap between intentions and outcomes. This is a two-year programme of intervention in support of municipalities. Through it, we seek to harness the additional resources from other spheres of government as well as from the private domain, to the task of improving

municipal performance. The professionals and specialists we are deploy-
ing as Service Delivery Facilitators will focus on the short-term goal of
helping to remove service delivery blockages. This initiative will also give
them the possibility to have a forensic feel of the situation at local level
(Mufamadi 2005:2).

The municipalities who are not part of Project Consolidate also face serious
skills and financial management challenges, but are deemed sufficiently capable
of addressing these issues through various monitoring mechanisms that track the
realisation of concrete service delivery targets and compliance in the area of financial
management with the Municipal Finance Management Act 56 of 2003.

Against this context of serious institutional weaknesses at local government level,
the national policy framework for DLG has been refined in a number of respects to
ensure that municipalities are positioned to deliver on the vision of the White Paper
on Local Government. As regards substantive content policy, four major themes
have been prioritised by government:

■   Sustainable human settlements to address the spatial and economic distortions
    of most settlements in the country;
■   Viable and robust local economies that can address the disjuncture between
    the formal and informal (first and second) economies of South Africa and so
    address the crisis of unemployment and poverty;
■   Access to a package of free basic services that enable all South African house-
    holds, irrespective of income, to have access to a minimum of services so as to
    avoid destitution; and
■   Meaningful opportunities for participation in municipal affairs, ranging from
    priority setting in the integrated development planning process to engagement
    with routine political decision making and oversight through ward committees
    (DPLG 2006; Patel 2006).

However, with the experience of institutional weaknesses during the first five years
of fully democratic local government fresh in the government's mind, the policy
agenda is complemented and underpinned by an institutional policy agenda that
must be pursued in tandem with the issues listed above. This agenda entails:

■   modern, transparent and credible financial management promoted through the
    Municipal Finance Management Act and its supporting regulations (see Savage,
    this volume, Chapter 13);
■   effective intergovernmental coordination in terms of new forums that
    tie together national, provincial and local government as envisaged in the

Intergovernmental Relations Framework Act 13 of 2005 (see Patel and Powell, this volume, Chapter 15); and

■ comprehensive performance systems that apply to both the executive and the administrative strata of municipalities. The performance targets are derived from the Local Government Strategic Agenda and milestones towards the achievement of specific Millennium Development Goals (MDGs).

Based on these imperatives, DPLG summarises its agenda for the consolidation of DLG in the terms reflected in Table 3.1. This summary is instructive, because it identifies five policy priorities and crystallises the challenges or weaknesses that the government seeks to remedy.

Table 3.1: Local Government Strategic Agenda for 2006–11

Key performance area	Main challenges
1. Institutional capacity and municipal transformation	■ Core municipal systems not established or implemented, e.g. performance management systems ■ Municipal management capacity and capability and high vacancy levels ■ Poor accountability mechanisms ■ Serious challenges in the areas of financial management, programme management, engineering and organisational development
2. Basic service delivery and infrastructure	■ Slow pace and poor quality of services delivered ■ Water and sanitation backlogs emerge as one of the critical challenges ■ Housing backlog seen as a critical issue
3. Local economic development (LED)	■ High levels of poverty due to unemployment ■ Poor-quality LED strategies and scarcity of municipal LED specialists
4. Financial viability and management	■ Inadequate billing, debt management and credit control systems ■ Poor municipal financial management capacity and systems ■ Low revenue base due to high levels of indigents
5. Good governance	■ Instability within and between political and administrative domains ■ Poor communication between council and communities ■ Non-functioning of ward committees

Source: Adapted from Msengana-Ndlela (2006)

From a 'developmental outcomes' perspective, it is clear that the government remains highly ambitious about what DLG should deliver in the medium to long

term: the realisation of everyone's social and economic rights through the material establishment of sustainable and spatially integrated human settlements nested in robust economies that continuously draw more and more citizens into the realm of inclusion and access to opportunities. To fully contextualise our review of these ambitions, it is appropriate to delve a little deeper into the genesis and prospects of the sharpened 'outcomes' agenda for DLG, with specific reference to the integrated settlements and robust local economies themes.

Understanding the Genesis and Implications of the Refined DLG Agenda

The refined DLG agenda of DPLG must be seen against the rethinking proposed and triggered by the influential report of the Presidency (2003), *Towards Ten Years of Freedom: Progress in the First Decade, Challenges of the Second Decade*. One of its core conclusions was the following:

> The advances made in the First Decade by far supersede the weaknesses. Yet, if all indicators were to continue along the same trajectory, especially in respect of the dynamic of economic inclusion and exclusion, we could soon reach a point where the negatives start to overwhelm the positives. This could precipitate a vicious cycle of decline in all spheres. Required are both focus and decisiveness on the part of government, the will to weigh trade-offs and make choices, as well as strategies to inspire all of society to proceed along a new trail. If decisive action is taken on a number of focused areas, the confluence of possibilities is such that the country would enter a road of faster economic growth and job creation, faster and more efficient provision of quality services, increased social cohesion and reduction of the paradigm of exclusion prevalent among sections of society (Presidency 2003:102).

Essentially, this quote suggests that the predominant focus on extending basic services and opportunities to those excluded by the apartheid regime was a necessary and legitimate preoccupation in the first decade of democracy. However, simply improving coverage of basic services without much higher rates of growth and, crucially, labour absorption will translate into overall failure in the future. It is recognised that government investment in basic services and the welfare safety net has to deliver much better returns in terms of enhancing the stock of assets of poor people. This can only occur if the state becomes more conscious of how (fragmented or synergistically), for whom (the poor, ultra poor or working poor) and where (in growing or declining areas) it expends it resources. Immediately it becomes apparent that the basket of services that the poor rely on to survive

is spread across all spheres of government and among numerous departments that do not coordinate their plans or delivery programmes. Furthermore, unless the growing number of poor and unemployed people get access to productive employment, the scale and cost of the service delivery agenda is not financially viable into the future. Poor South Africans have to be empowered economically to fend for themselves and reinvest in the state's capability through service payments and income tax.

Consequently, within the state-centric notion of development that prevails in South Africa, a two-pronged approach emerged to deal, on the one hand, with the rate and quality of economic growth and, on the other, the efficacy of service delivery for the enhancement of poor people's livelihoods. On the economic front, the recently unveiled ASGISA and the Joint Initiative for Priority Skills Acquisition constitute the spear point in the effort to raise the rates of growth and increase the levels of formal participation in the economy. The central role of local government in realising the goals of ASGISA is highlighted in the president's 2006 'State of the Nation Address':

> For ASGISA to succeed, it is clear that the machinery of state, and especially local government, should function effectively and efficiently. During the past year, our government has undertaken a detailed assessment to determine what we need to do to improve the capacity of our system of local government (Mbeki 2006).

The new National Framework for Local Economic Development in South Africa unveiled by DPLG in August 2006 at a national LED summit is clearly modelled on the image of ASGISA and the broader raft of economic policies that sit in the Economic Cluster of the government.[1]

At the heart of this new approach is a profound appreciation of space. The National Spatial Development Perspective (NSDP) highlights the strongly concentrated nature of economic activity, people and poverty, as captured in the recent *State of South African Cities Report*:

> The most recent update of the NSDP showed that 84.46% of the national population and 77.31% of people living below the Minimum Living Level are located within 60km of areas that generate at least R1 billion of GVA [general value added] per annum. While constituting 31.24% of the land surface, these areas generate 95.59% of the total national GVA (SACN 2006: 2-8–2-11).

This geography of economic concentration is graphically illustrated in Figure 3.1.

Areas of National Economic Significance: Percentage of National GVA, SOUTH AFRICA   NSDP 2006
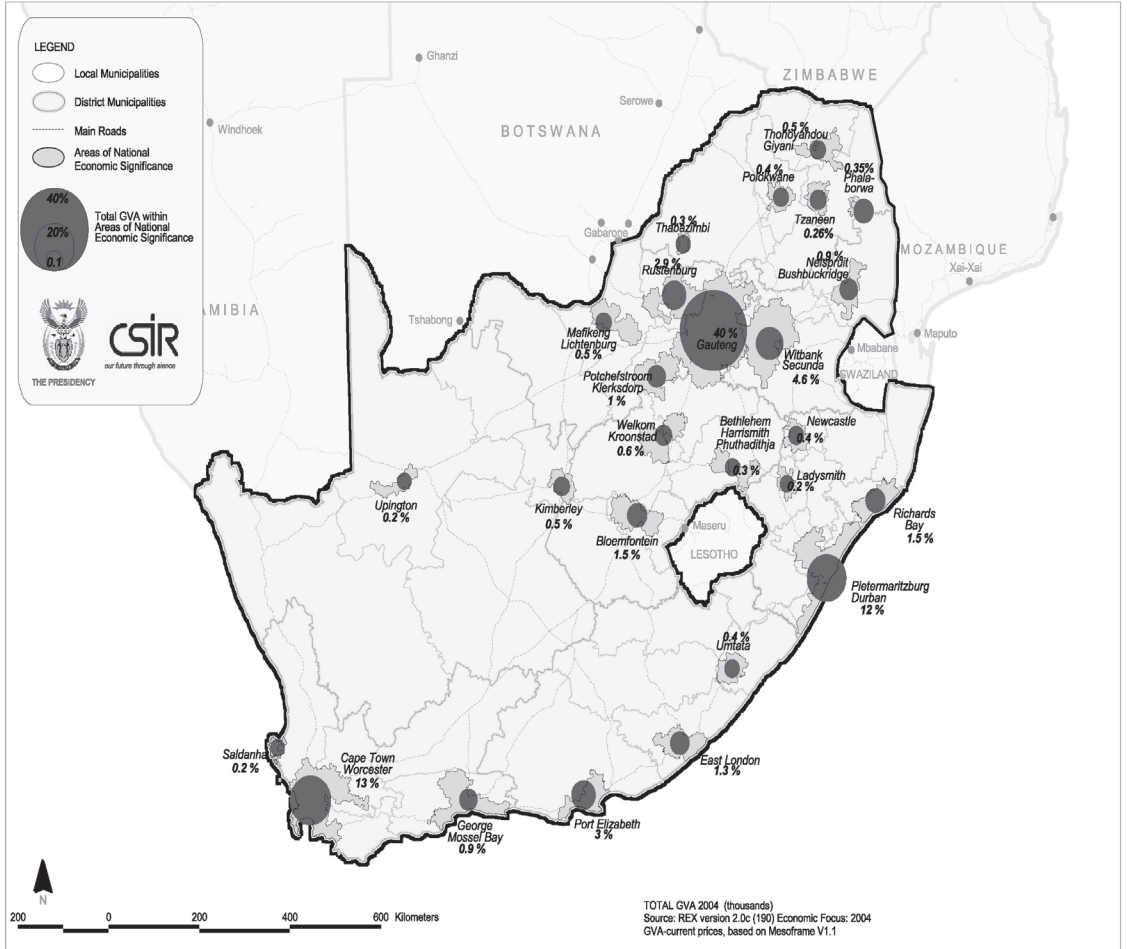
Figure 3.1: Space economy of South Africa

Secondly, the government moved to appreciate a livelihoods model of how poor households function (Rakodi 2002). In this approach, the government seeks to understand how it can augment the human, social, physical, environmental and financial capital of poor households (Presidency 2003). In addressing this impera‐ tive, it has become clearer that public policy must appreciate that the manner in which various services either come together or not in particular places can have a beneficial/detrimental impact on the ability of poor households to manage and enhance their composite stocks of capital. In other words, the government has understood that if sectoral services such as water, electricity, waste management, housing, roads, transport and so on are not better coordinated, and even integrated programmatically, it will not be able to maximise the return on investments and is also likely to squander the potential economic impact of service delivery.

Against this conclusion, the role of local government in settlement management came strongly to the fore. The bedrock of the new approach to service delivery and livelihoods would have to be local government. The instrument best placed to achieve such an integrated approach is, of course, the integrated development plan (IDP) and, in terms of economic services, LED programmes (Harrison 2006; Nel & John 2006; Rogerson 2006). The other key actor in this sharpened approach to addressing the spatial dimension of development is the Department of Housing as the driver of the new human settlements strategy called Breaking New Ground (BNG) (DoH 2004).

The objectives of BNG are expansive. It sees housing as an instrument to address poverty alleviation, economic growth, improving the quality of life of the poor, expanding the asset base of the poor and, ultimately, developing sustainable human settlements (Charlton & Kihato 2006; DoH 2004). Critically, the notion of sustainable human settlements is also meant to denote the government's determination in the next round of housing delivery to address the perverse perpetuation of apartheid geographies that dogged its programme in the first decade (see Menguelé, Khan and Vawda, Chapter 8, this volume). Spatial marginalisation is seen as one of the key drivers of economic and social inequality. The housing programme, even more so under the banner of sustainable human settlements, has a profound impact on local government because it involves a complicated intergovernmental chain, but also brings together a variety of sectoral departments through the imperatives of wet and dry connectivity infrastructures associated with houses and surrounding areas. Again, it places local government at the centre of the action.

It is therefore understandable that the substantive focus of DLG from the perspective of DPLG involves the promotion of integrated sustainable human settlements and realistic and inclusive LED strategies – both with a view to substantially reducing poverty in line with the United Nations' MDGs for 2015. Lastly, DPLG sees these twin policy thrusts as being implemented in a manner that deepens local participatory governance systems, also seen as central to the developmental character of municipalities (Patel 2006). The participatory agenda involves the promotion of ward committees, a new cadre of grassroots development facilitators called community development workers, the promotion of multipurpose community centres as one-stop shops for government services and the public forum mechanism called *imbizo* (see further Buccus and Hicks, Chapter 25; Oldfield, Chapter 22; and Swilling, Chapter 23, in this volume). At this point we want to flag some questions and concerns surrounding the human settlement and economic development agendas, since other chapters in this volume explore these issues in greater depth.

Integrated, sustainable human settlements

Provisional assessments suggest that the sustainable human settlement agenda is in deep trouble, largely because Breaking New Ground (BNG) is 'undercooked' and

the institutional readiness of the Department of Housing (at national and provincial levels) is simply not in place to implement a policy that is both underdeveloped and highly ambitious. The N2 Gateway pilot of the BNG initiative in Cape Town is the most obvious case of premature policy application. This initiative has been riddled with failed targets, institutional conflict, social conflict and protest, serial delays in delivery, uncertainty about what is being delivered as decisions keep on shifting, and charges of corruption, to name some of the problems. This is not the occasion to assess the initiative, but it is disconcerting and revealing that the pilot of the new approach is in such tatters in both policy and political terms. In our reading, the N2 Gateway project points to larger weaknesses: institutional reform of the various government departments – including the vertical dimension – implied by the BNG approach has not been conceptualised, let alone implemented; the public statements about slum eradication by various politicians have served to confuse the policy elements and intentions of BNG; the financial modelling and relevant adjustments to make a multidepartmental large-scale programme work has simply not been done to a sufficient degree of detail; and the requisite land use management reforms have also not been worked out, let alone institutionalised. Finally, we think that in the context of these significant shortcomings of government, it has been damaging, in terms of credibility and legitimacy, to promote an essentially half-baked policy.[2] This suggests to us that one of the key pillars of the new priorities of DLG is close to crumbling.

Credible LED strategies

It is somewhat premature to comment on this policy thrust, because the draft policy framework has only recently been released. On the face of it, it is a major step forward compared to earlier attempts by DPLG to provide a national policy framework for LED. Scholars such as Nel and John (2006) and Rogerson (2006) provide definitive accounts of why it has been such a struggle for national government to frame and drive LED. The current buzzword in DPLG and government at large is *credible* LED programmes. The new policy framework stresses the importance of the fact that municipalities need to greatly deepen their economic intelligence and planning capacities, and engage with the newly refined national economic strategy emanating from ASGISA and the microeconomic strategy of the Department of Trade and Industry. LED programmes will only become credible in a context where local knowledge about constraints to competitiveness and exploiting comparative advantages leads to a strategy that simultaneously responds to such constraints, and to national opportunities flowing from ASGISA. This suggests that there is finally a recognition that the diverse economic programmes that reside in the departments of Public Works, Labour, Trade and Industry, and Environmental Affairs and Tourism, among others, need to be coordinated and integrated, where appropriate,

in response to local conditions. DPLG envisages that the 52 districts and metropolitan governments will become the primary level of LED planning and implementation. This is a welcome and overdue development.

However, a concern still remains that the two-economy dualism remains a central plank of the economic development approach. Devey et al. (2006) have convincingly demonstrated that this dualism is unhelpful, because it obscures the ways in which the informal economy is structurally integrated with the formal economy and, in some ways, a contributor to the wealth-generating capacity of the first economy. Furthermore, the programmes supposedly targeting the second economy – i.e. broad-based black economic empowerment; the expanded public works programme; small, micro and medium enterprise development – have all proven to miss survivalist enterprises, the mainstay of the informal economy (see Rogerson 2006). Another area of concern is the absence of adequate attention to the importance and significance of regional economic development as an interface scale of planning and development between national programmes and municipal economic policies. These should be embedded in provincial growth and development strategies, which are promoted in the new planning system, but regional economic planning remains underspecified in thinking about effective LED. Finally, there is insufficient focus on the profound implications that land-use management (planning and zoning) holds for economic development, and the degree to which the nature of the growth path is shaped by these regulatory instruments (see Berrisford and Kihato, this volume, Chapter 17).

In essence, we conclude that the refined substantive agenda for DLG advanced by DPLG remains ambitious, even if it needs to be more focused, and represents a step in the right direction. However, the success of this agenda depends on recognition of the importance of 'institutional readiness' (Parnell 2005) and accepting the inherently political nature of DLG, because, if it is to be successful, it must lead to substantive shifts in power relations between the wealthy minority and the marginalised majorities. If our local government institutions cannot facilitate the political processes required to identify what exactly needs to be done to achieve distributive equity in terms of land, economic opportunities and integrated human settlements, then DLG will fail. To substantiate and explore this assertion, we now turn to the prospects for DLG.

PROSPECTS FOR DLG[3]

Reflecting on the original and the more recently adopted architecture and substance of DLG suggests that the notion of a sub-national developmental state is not yet a clearly understood policy model, and it is a model whose refinement will be the object of contestation. This is normal and to be expected, but all the more in

need of careful consideration, as power struggles play themselves out. In this section we explore four constitutive tensions in the unevenly emergent system of DLG.

Top-down versus bottom-up

The first significant tension in the DLG model is the balance and flow between 'top-down' directives and programmes and 'bottom-up' initiatives to address local priorities. One of the key elements of the reformulation of the development planning system is the idea that IDPs will in future be an expression of governmental investments and activities in a given locality – defined as Intergovernmental Relations (IGR) impact zones by DPLG – as opposed to a collation of locally derived strategies and interventions. The background to this shift is that national government is keen to see that the disparate investments by various spheres of government and organs of state be coordinated more effectively so that the return on these investments can be maximised. In other words, the logic goes that as long as municipalities fail to spatially integrate the various streams of resources into their areas, they will not manage to address their myriad of developmental challenges, and scarce resources will effectively be wasted. This is, of course, a perfectly reasonable and sensible argument.

However, this argument obscures two particularly complex issues. Firstly, if IDPs are to be truly strategic perspectives premised on a rigorous analysis of and a negotiated view (via local participatory forums and mechanisms) about local priorities, the focus and approach of programmes launched by national departments may not fit with the local development strategy. In such instances, it is unlikely that municipalities will have the political clout (let alone the institutional capabilities) to persuade a national department to delay or redefine its particular programmes. This asymmetry in power is further reinforced in favour of provincial and national spheres of government by the Intergovernmental Relations Framework Act 13 of 2005, because of the assumed cascading that occurs from the President's Coordinating Council (PCC) to each province's premier's coordination forum (PCF), then to district coordinating forums (see Figure 3.2). Secondly, at a more technical level, it is very difficult to synchronise the planning and delivery cycles of all the departments and interested bodies, as required by the sustainable human settlements approach to infrastructure investment and maintenance. Again, the level of programme and project management expertise required to do this would be difficult to replicate across all municipalities – the unlikely scenario that national and provincial sectoral specialists (at senior and middle-management levels) will allow themselves to be guided by municipal staff aside. More fundamentally, financial management prescripts in the Public Finance Management Act 1 of 1999 as amended by Act 29 of 1999 and the Municipal Finance Management

Act also militate against interdepartmental and multisphere synchronisation and integration. If these asymmetries of power between national and local levels of government are not confronted, the tension between a top-down and a truly bottom-up approach to development planning and delivery will tilt the system in favour of the top. This effectively undermines the central significance of the IDP: a locally defined and negotiated strategic response to local development priorities, which by definition must vary greatly among municipalities, given the unique spatial histories of localities in South Africa (Todes 2006).
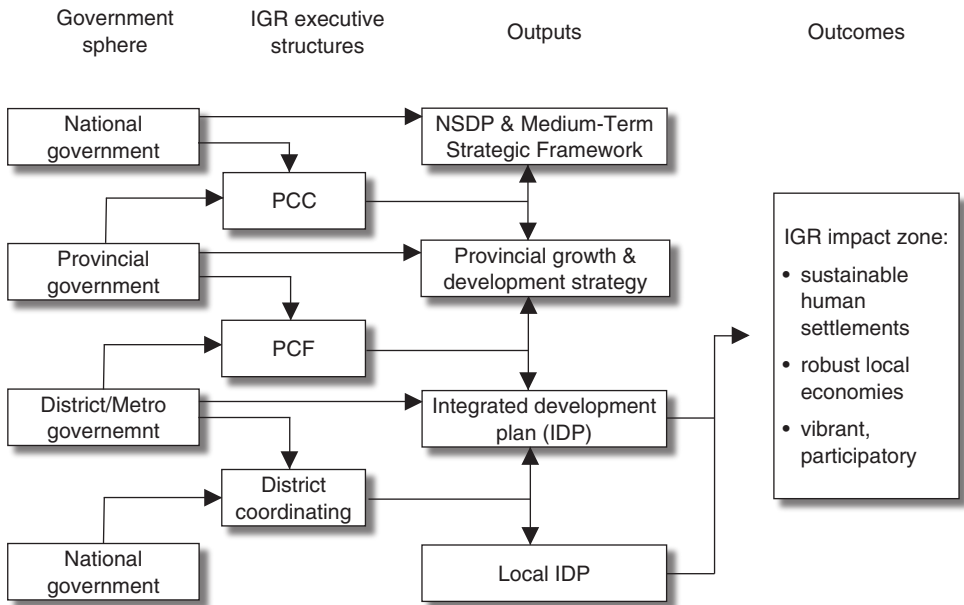

Figure 3.2: South Africa's intergovernmental system
Source: Adapted from Patel (2006)

Political versus technical accountability

A second tension can be identified between technical and political accountability. There are various dimensions to this tension. Firstly, the understandable drive to set hard targets for achieving substantive progress in extending basic services to the poor, as stipulated in the ruling party's local government election manifesto, counteract a holistic programmatic approach, as implied by a sustainable human settlements approach and inclusive LED strategies. Post-apartheid experience with regard to housing delivery has demonstrated how an over-emphasis on chasing numerical targets can sideline other, more important, policy objectives such as spatial integration, access to economic opportunities for the poor and more environmentally sustainable

land use patterns (Charlton & Kihato 2006). A similar dynamic can be let loose with the various targets announced by the president in his 'State of the Nation Address' in 2004 and partially reconfirmed and revisited in the two subsequent ones (see Hemson & O'Donovan 2006). This is not an argument against such targets, for they have their place motivating politicians and building confidence among the citizenry, but simply serves to highlight that the substantive priorities of the DLG policy framework for the next decade can be undermined by an over-emphasis on what remain fundamentally sectoral targets. The complicated challenge is therefore to bring these prioritised service delivery targets and integrated programmes together, which may simply not be possible in a number of municipalities.[4]

Secondly, the focus on service delivery targets (and not sustainable human settlement outcomes and shared growth outcomes) institutionalised in the performance management system tends to structure accountability upwards and not outwards or downwards to citizens and civil society organisations. It is clear that the performance management contracts of senior managers are tied to these service delivery targets. Politicians, in turn, through the National Programme of Action, are held accountable in the PCF and the PCC,[5] where they have to account for the achievement – or not – of service delivery targets. This is clearly where the pressure in the system is being concentrated, with little evidence that municipal councillors or staff feel particularly accountable to the communities that also constitute their municipality. Again, if IDPs are made up of building blocks defined at a ward level and strategically aggregated at municipal and regional levels, it is unlikely that the priorities and needs arising from local micro conditions would neatly correspond to the lack of basic services encapsulated in the service delivery targets. However, if the accountability pressure points lie upward inside the governmental system, this part of the democratic design will fail, undermining the developmental responsiveness of the municipality and raising questions about the quality and depth of the participatory democracy we are building (Heller 2001; Hickey & Mohan 2005; Williams 2004).

Prescription versus experimentalism

A third tension, intertwined with the first two, relates to finding the balance between prescription and experimentalism. The raft of institutional strengthening measures discussed above reflects the determination of the government to address the capacity challenges in government. There can be little doubt that these are needed in most municipalities, where one would be hard pressed to find an environmental health inspector, let alone an economist or engineer steeped in environmental technologies. It is important not to lose sight of the fact that until recently many municipalities did not have audited accounts, asset registers, effective credit control instruments, and so on. So what follows is not to argue against

institutional and capacity building aimed at putting in place the rudimentary systems and suitable, trained staff to work those systems. Yet, we need to draw attention to the fact that the multidimensional development approach implied by the refined DLG agenda discussed above requires a qualitatively different class of municipal staff, managers and leaders. The international literature suggests that holistic development programmes require a high capacity for creativity and innovation (Abers 2000; Healey 2002; 2004; Landry 2000; Lowndes 2001; Mintzberg 2004). The reason for this is that the technical, institutional, political and economic complexities of these programmes require managers who can work *adaptively* and not only procedurally according to a rule book. It requires managers that are confident enough to experiment with different approaches to solve often unforeseen and unexpected problems, in a manner that also holds the institution together and committed to the ultimate outcomes, even if those are not necessarily visible. In other words, we need to be fostering a generation of municipal (perhaps public sector at large?) managers that are politically savvy, democratically confident, developmentally conscious and administratively competent, and grounded in an understanding of how to *transform*, and not just reproduce, society. The nationally driven attempt to set performance standards in relation to the role of both political and administrative leaders of municipalities could undermine a spirit and ethos of experimentation that is indispensable for addressing complex development challenges over the medium to long term (Healey 2004; Flood 1999).

Horizontal versus vertical integration

Flowing from these tensions is a fourth one: finding the balance between the horizontal and vertical integration of development plans and institutional priorities. The integrated development planning cycle is about achieving optimal vertical integration, embedded in the Intergovernmental Relations Framework Act. As we have argued above, this may actually undermine the autonomy and scope for local experimentation required to truly understand and address human settlement and economic inclusion challenges. On the other hand, it is also clear that unless we begin to see much higher degrees of horizontal integration across departments in municipalities (and, arguably, in provincial and national government), we are equally unlikely to see the institutional capability to deliver on multidimensional programmes (6 (*sic*) et al. 2002). The various service delivery targets tend to get municipal departments caught up in responding to sectoral pressures, even if this means that they are not pulling their weight at a cross-departmental level within the municipality. (This phenomenon is particularly acute in provincial government, where the funding arrangements almost compel departments to be upwardly

responsive, often at the expense of sideward cooperation and integration.) Clearly, there is a need for vertical alignment, coordination and even integration, but this should not be pursued at the expense of intramunicipal alignment, coordination and integration. As things stand at the moment in terms of funding streams, where political clout resides, the deep fragmentation (and sometimes antagonism) among sectoral departments, the autonomy of state-owned enterprises and the relentless pressure to be 'delivering', among other dynamics, suggest that both horizontal and vertical integration is complex. Finding the optimal balance between the two axes of integration is clearly even more so. This fact is not lost on the government in its thinking about effective capacity building:

> Co-ordination and integration in large and multi-faceted organisations are perennial problems, and one [*sic*] which the public sector the world over and in perpetuity has suffered from. With the greater structural complexity that I have already alluded to that marks all administrations in the 21st century the challenge of achieving effective horizontal and vertical integration both within the public service and public sector, but also in the wider governance framework with community and private sector role players is massive (Fraser-Moleketi 2006).

These four tensions underscore the complexity of pursuing DLG around the multidimensional agendas of integrated human settlements, inclusive and growing local and regional economies, participatory democracies and, ultimately, poverty eradication. An instinctive policy response would be to find a policy solution to box, stabilise and manage this complexity. We believe that this instinct must be resisted and replaced with an approach that appreciates the constitutive nature of complexity in light of the tensions presented here, especially if seen in concrete and contested local contexts, which in turn are invariably riddled with inter and intraparty strife, inter and intradepartmental conflicts, multiple and contradictory claims from diverse external interest groups, and vulnerability to a variety of natural disasters that can throw municipal plans and budgets out of whack. In other words, what is required is an understanding of complexity leavened by politics and conflictual power dynamics. The debate about what DLG means and, more importantly, how to make it a material reality requires us to explore the dimensions of 'the political' in DLG.

Unravelling 'The Political'

Reviewing public documents on DLG and scholarly commentaries suggests to us that we continue to underspecify and undertheorise the significance of local political dynamics in a given municipality (defined inclusively, as in the Municipal

Systems Act). Here we want to follow a four-step argument to move the debate forward. Firstly, it is essential to understand the levels and types of power dynamics in a municipality. Secondly, one has to recognise how different categories of issues or pressures animate political forces differently. It is therefore necessary to develop a typology of discursive topics that focus political engagement. Thirdly, one has to recognise that political engagement and power relations take on different forms depending on the institutional setting. For instance, political debate is very different in the council chamber of a municipality compared to deliberations of the executive committee, or compared to deliberations across a barricade once a community has decided to take its views and demands to the streets. These different institutional locations matter greatly for how one frames political discourse and moves particular agendas forward. Fourthly, one has to take a sober look at the *realpolitik* dynamics of municipal leadership and management as they are expressed through the hierarchies and dynamics of the political parties in control (and opposition), for it exercises profound influence over what is decided (or not) and where delivery may happen (or not). It is only once these dimensions of local political engagements and cultures are properly appreciated that one can return to the most important question: How are we to advance and achieve developmental outcomes in particular municipalities? We will now briefly elaborate on each of these dimensions in order to begin to unravel 'the political' of DLG.

Know what is going on

Healey (2004) provides a useful conceptual framework to unpack and analyse the dynamics of local governance (see Table 3.2). She argues that this conceptual framework is a useful tool to 'evaluate *actual* governance situations and their dynamics, and [to] explore the particular "balance" in any new governance initiative between constraining and enabling forces' (Healey 2004:92–93, emphasis added). The model suggests that there are three dimensions to municipal power dynamics. In the first instance, specific episodes (e.g. World Cup readiness, eliminating bucket toilets, responding to a land invasion, etc.) tend to structure and move political attention. As these episodes unfold, one usually identifies all the actors involved (and marginalised), the strategies they deploy and the interests they seek to advance, all of which may not be that predictable because informal agreements and deals may influence how either politicians or officials act on a specific issue. In addition, the way these issues are framed, talked about and relayed – discursive formations – is critical to understanding what is being included/excluded from debates and decision making.

What's more, the issues addressed in an episode are always dealt with in specific institutional sites (more on this overleaf), which implies particular 'rules of the game' that must be adhered to. Again, one can point to the fact that often council

debates are largely performative and even theatrical, but executive mayoral committees are more business-like. Indeed, very different kinds of politics get mobilised and driven in these different sites. Crucially, how issues are debated, dealt with, and resolved or not is informed by the deeply embedded governance culture of a municipality. Actors typically know what they can and cannot say; they know when to play to the media gallery and when not to; they know how to speak for particular interests without saying they are speaking for sectional interests, and so on. Again, these cultures tend to be highly particular in each municipality and also in different provinces, depending on the larger balance of forces and discursive parameters in the public sphere. To think that one can ignore these dimensions of local polities and successfully advance particular developmental agendas is clearly naive.[6]

Table 3.2: Dimensions of governance

Level	Dimension
Specific episodes	■ Actors: roles, strategies and interests ■ Arenas: institutional sites ■ Settings and interactive practices: communicative repertoires
Governance processes through which bias is mobilised	■ Networks and coalitions ■ Stakeholder selection processes ■ Discourses: framing issues, problems, solutions, etc. ■ Practices: routines and repertoires for acting ■ Specification of laws, formal competences and resource flow principles
Governance cultures	■ Range of accepted modes of governance ■ Range of embedded cultural values ■ Formal and informal structures for policing discourses and practices

Source: Healey (2004)

Differentiate among the categories of issues that structure deliberation

Political engagement takes on very different dimensions depending on the focus of the engagement. For example, we would differentiate between four categories of issues that may be the focus of political deliberation both in the municipal structures and in engagements with civil society groups. Firstly, macro policies such as the IDP, the human settlement strategy, the LED strategy, the transport plan and others get tabled periodically for review and debate. Here, expert knowledge and managerial framing plays a big role in how the politics – questions about choices and trade-offs – of a particular policy are mediated. Secondly, political engagement can centre on more pragmatic and technically detailed service delivery strategies.

These are debates not so much about policy approach and choice, but about the dynamics of implementation of a particular policy. Again, expert knowledge weighs heavily, but one finds that powerful councillors with vested interests to get service delivery to their areas will make a play to influence the distributional aspects of the plan.

Thirdly, and closely related to the previous point, one can identify locality-specific engagements. The ward system lends itself to area-based approaches to service delivery, and this movement is reinforced by the coordination and integration imperatives of both integrated settlement plans and LED strategies. Significantly, this category of political debate brings very different issues and interests to the fore, and also tends to underplay a regional perspective, which is so important to achieving spatial equity across territories (Moulaert 2000). Lastly, political engagement can be focused by more circumscribed issues that pop up on the radar screen, especially in response to print media publicity, such as the plight of street children in the holiday season, the safety of women where repeat rapes occur, disaster management responses after a flash flood or runaway fires, and so on. Again, political discourses and interests align very differently in these cases, which allows for power relations to be recast in one way or another. Of course, as we present these four categories, we are mainly referring to intramunicipal processes of engagement, but on all of these issues, one would have different patterns of engagement and influence, or 'the production of bias', in Healey's terminology, taking shape at the interface with civil society and the private sector. Clearly, these different categories of issues lend themselves to very different networks or coalitions, stakeholder clusters, discourses and value formation. On a broad macro-policy issue where little is at stake in the short term, actors may take a very radical stance to capture the moral high ground, but on issues affecting their immediate constituencies and/or sponsors, they may be less inclined to radicalism or experimentation if it affects their power bases adversely.

Understand layered institutional settings

On previous occasions we have made an argument for a more *relational* perspective on local politics. This will aid analysis and, more importantly, strategic politics to advance transformative agendas. It is conceptually possible to disaggregate political practice into five overlapping and interdependent domains, paying particular attention to their zones of interface: (1) representative political forums such as the municipal council, the mayoral/executive committee and ward committees; (2) neo-corporatist political mechanisms that comprise representative organisations, typically the government, the private sector, trade unions and, occasionally, community-based organisations, such as Nedlac at a national level or the Provincial Development Council in the Western Cape; (3) direct action or mobilisation against state policies

or to advance specific political demands for response to or incorporation into government programmes; (4) the politics of development practice – grassroots engagement in social, environmental and economic development projects to benefit targeted groups and/or areas; and (5) symbolic political contestation, as expressed through discursive exchange and projection in the public sphere (Pieterse 2003; 2005). These are obviously only conceptual distinctions. In real life, these domains are intimately connected, and often an action in one institutional arena can trigger responses in another.

For example, if a council decided to evict people who do not pay for services, this could trigger protests in the form of direct action, which in turn could unleash a flurry of press coverage, framing the terms of the debate in ways that either strengthens or weakens the position of the community/council. Effective political management from the perspective of either the local government or civil society groups requires an articulation of their position and agenda across these domains if they want to be successful in advancing their agenda. Moreover, this framework also allows one to explore the dimensions of local governance as captured in Healey's model, above, in particular institutional settings, which in turn can analytically be related to specific issues or episodic moments of an issue (at one of the levels identified in domain 2, above). The point of these conceptual models is to enable one, both as a researcher and/or activist, to understand the 'terrain of struggle' (to use a rather old-fashioned term) in fine detail, ostensibly opening the door to more effective analysis and political activism, indispensable to a radical politics of transformation (further analysed in Pieterse 2006).

Confront the reality of everyday *realpolitik*

Much of the formal political and policy processes in municipalities are stylised and choreographed by repetitive routine. In many council meetings that we have observed, it is clear that debates are by and large conducted along party political lines and in a manner that revels in cheap discursive points scoring. Party caucuses are very important and powerful in how political debate and decisions are handled. In our reading, the dearth of research and analysis on the role of political parties in municipal governance is a serious gap in our knowledge about how best to culturally embed DLG. Anecdotal information suggests that political party caucuses function heavily on internal factional lines. This undermines the prospects of rigorous debate, because positions are taken on partisan lines and seldom on the substantive merits of the issue. Furthermore, factions are not just discernible at one level of government: they tend to stretch from the local to the national levels, which further implicates how priorities are determined and decisions are arrived at. These pervasive dynamics raise a very difficult and complicated issue that is

clearly beyond the scope of this chapter: how does one democratise political parties so that substantive debate, within the ideological parameters of a given party, can occur that simultaneously deepens analytical grasp and policy coherence? To be sure, without learning through debate, implementation and reflection, one cannot evolve over time the political experience and maturity to adjudicate among the myriad of complexities outlined above. Factions in (all) political parties are a facet of South African political life, like elsewhere, which is vital in shaping the informal norms, practices and instruments of power that dominate the parties, and ultimately the political culture of the municipality itself (Lowndes 2005). Apart from skewing municipal processes and debates, factions also undermine meaningful citizen participation processes: a subject matter that requires an exposition in its own right beyond our immediate scope.

The point we want to make is that the prospects of DLG as envisaged by DPLG is not just subject to profound institutional complexity, as demonstrated above; it is also immersed in fluid and messy political dynamics. It is crucial to remain mindful of both dimensions, and their mutual shaping of each other, in thinking through the practical advancement of DLG. Clearly, it is impossible to expect that developmental outcomes will emerge or arrive from somewhere else other than these over-determined settings. This is why DLG requires a lot more empirical research about real-life situations and processes in order to progressively deepen our understanding of what the ingredients may be of policy success over the medium to long term. To be sure, there is no short cut, free of barbed challenges, to DLG.

Conclusion

The core policy ambition of DLG as defined in the White Paper on Local Government has not changed: the government remains committed to the ideal of a local state focused on achieving holistic and integrated development outcomes consistent with the realisation of socioeconomic rights. However, through the hard experience of policy operationalisation since 2000, there has been a decided sharpening of the policy elements that need to be sequenced in particular configurations to move closer to the development ideals embedded in the local government policy agenda. This chapter has mapped out the refined agenda of DLG, which rests on two tracks: firstly, a content-driven agenda that prioritises sustainable human settlements, robust local economies, free basic services to the indigent and participatory local democracy; and, secondly, an institutional reform agenda focused on financial management, intergovernmental coordination and performance management. The latter agenda is seen as a precondition of the former, but both tracks must be pursued in tandem.

The second half of the chapter explored the prospects of this ambitious, yet decidedly less naive refinement of DLG. In this section, we showed how there are at least four constitutive tensions that run through the government's agenda, namely: (1) between top-down directives and bottom-up initiatives; (2) between technical and political accountability; (3) between prescription and experimentalism, a prerequisite for innovation; and (4) between horizontal and vertical integration of development plans and institutional priorities. Our main conclusion is that unless these issues are more explicitly dealt with in public and academic discourses, those concerned are unlikely to manage the power relations that circumscribe the everyday operationalisation of DLG. The theme of power took us to the last section of the chapter, which seeks to uncover local political dynamics in municipalities. Again, a number of conceptual vectors were proposed to facilitate more clearly delineated analysis of the institutional–political contexts within which developmental ambitions are meant to be realised. By proposing these lines of analysis, we hope to foster more viable conditions for squaring the circle between policy intentions and outcomes of DLG in South Africa, and elsewhere, where democratic decentralisation remains in currency.

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ENDNOTES

1   Further information on the various economic policies and programmes of government can be found on the websites of the Department of Trade and Industry, the Department of Public Works, the Department of Labour, the Department of Minerals and Energy, and the Department of Environmental Affairs and Tourism, accessible via the portal <http://www.gov.za>.

2   However, in fairness it has opened the possibility for further policy development work at a provincial level. The Department of Housing and Local Government in the Western Cape tabled a substantially advanced version of BNG applied to a provincial context at its cabinet *lekgotla* in June 2006. (One of the authors of this chapter participated in that event.)

3   This section is more speculative in nature, and much of the argument could be read as propositions that require further research. It would be clumsy to write the argument as a proposition, so we have opted for a more narrative style. The main purpose here is to promote debate on issues we believe remain too hidden in the scholarly and policy communities about the essence of DLG.

4   This tension is further explored in Pieterse (2004).

5   The Western Cape has the Premier's Metropolitan Coordination Forum ranking before the PCF.

6   There is obviously a lot more to be said about the richness of this framework and the wealth of issues that it will generate if applied systematically to a particular development issue, or if one wants to track the governance culture of a municipality over a period of time. We leave it to the interested reader to read the original article and explore the analytical possibilities.

four

Local Governance and the Politics of Sustainability

Mark Swilling

INTRODUCTION

The cover of the 17 June 2006 edition of the mainstream science magazine *New Scientist* featured a stylised image of ecological urban modernism emblazoned with the headline in *Star Wars* type: 'Ecopolis: Last Hope for the Natural World'.

The 3 April 2006 cover of *Time* featured climate change with a tragic picture of a polar bear perched on the edge of a melting block of ice with a headline that screamed: 'Be Worried. Be *Very* Worried.'

On 2 August 2006 Bill Clinton presided over the formation of the Large Cities Climate Leadership Group. Ken Livingston, mayor of London, was there, and he said: 'Our aim is simple – to change the world'.

On 3 August 2006 Cape Town Mayor Helen Zille signed a 20-year contract with an independent wind-power generation company to supply the city with 13,200 MWh of renewable energy per annum, increasing Cape Town's commitment to renewable energy sources to 10%. She said: 'Ultimately we would like to see Cape Town become one of the world's leaders in sustainable energy'.

The underlying assumption of this chapter is that there is a rapidly changing global context that will have substantial material effects with far-reaching consequences for local government around the world and in South Africa. Sustainable urban development has become a buzzword, but rarely is it adequately defined. Many problems that are rooted in unsustainable resource-use approaches are now top of the agenda in many South African municipalities, for example traffic congestion, rising water and energy prices, declining food security, rapidly rising building costs, shortage of landfill space, polluted rivers, degraded environments and overflowing sewage treatment plants. However, many of these problems are translated into conventional infrastructure solutions that exacerbate the underlying problems. A sustainability perspective provides a way of rethinking solutions within a context of rapidly depleting natural resources and degraded ecosystem services.

In 1987 the World Commission on Environment and Development (WCED) published a report entitled *Our Common Future* (WCED 1987). More commonly known as the Brundtland Commission after its leader, Gro Harlem Brundtland, it was this report that attempted to reconcile the ecological limits to growth articulated by the Northern green movement and the need for growth to eliminate poverty as articulated by Southern developing country governments. This extremely influential report provided the strategic foundation for the 1992 Earth Summit in Rio, and the World Summit on Sustainable Development (WSSD) that took place in Johannesburg in 2002. Since the release of *Our Common Future*, the world has changed quite fundamentally, and we understand in greater detail the multiple challenges we as a species must still meaningfully confront. These challenges include the following:

- Global warming: The broadly accepted reports of the Intergovernmental Panel on Climate Change confirm that global warming is taking place due to the release into the atmosphere of greenhouse gases caused by the burning of fossil fuels, and that this is going to lead to major socioeconomic changes (IPCC 2001; Stern 2006).
- Ecosystem degradation: The United Nations Millenium Ecosystem Assessment, compiled by 1,360 scientists from 95 countries and released in 2005 (with virtually no impact beyond the environmental sciences), has confirmed for the first time that 60% of the ecosystems that humans depend on for survival are degraded (UN 2005).
- Oil peak: Although there is no consensus on whether we have hit oil peak or not (i.e. whether or not it is true that we are only finding one barrel of oil for every four we consume), the fact remains that even the major oil companies now agree that oil prices are going to rise and alternatives to oil must be found sooner rather than later. Our cities are designed for systems that depend on cheap oil, and changing them will mean fundamentally rethinking the assumptions underpinning half a century of urban planning dogma (see <http://www.peakoil.net>).
- Slums: According to the UN-Habitat report entitled *The Challenge of Slums*, one billion of the six billion people who live on the planet live in slums; or, put differently, one-sixth of the world's total urban population (rising to over 75% in the least developed countries) live in slums (UN-Habitat 2003).
- An urban majority: According to generally accepted UN population statistics, the majority (i.e. just over 50%) of the world's population is now officially living in urban areas (UN 2004).
- Food insecurity: 65% of global agricultural soils show signs of soil degradation, and this has already started to undermine the $1.3 trillion global agricultural

industry that is supposed to feed a population that will grow from six billion in 2005 to eight billion by 2030 (WRI 2002).

Assembled together, the above trends combine to conjure up a picture of a highly unequal urbanised world connected to rapidly degrading ecosystem services, with looming threats triggered by climate change, high oil prices and food insecurities. This is what the mainstream literature on unsustainable development is worried about. Increasingly, across the world, these are the same issues that many local governments are dealing with in their practical manifestations at the local level. There are now major internationally networked local government coalitions that coordinate knowledge and learning about the way local governments are responding (see <http://www.iclei.com>). It is unsurprising that local governments lead the way in responding to the sustainability crisis – it is at the point of everyday living that this crisis will be experienced in the first instance.

After all is said and done and all the verbiage put aside, the challenge of sustainable development in the current global conjuncture is about eradicating poverty and inequality once and for all, and doing this in a way that rebuilds the ecosystems and natural resources that we depend on for our collective survival as a species. Cities may well provide the spatial context for imagining and institutionalising new cultural frameworks for sustainable living. This may sound simple and logical, and very few would disagree, but in reality it will entail a profound transformation of our understanding of development, which, in turn, directly challenges the existing structures of political and economic power. The simplest way to understand this is that if poverty is to be eradicated via a development strategy that promises everyone that they can all live like the global middle class that comprises 20% of the population (about one billion people who live in the richest countries), but who account for, according to the United Nations Development Programme, 86% of total private expenditure (UNDP 1998), there will simply not be sufficient resources available to make this happen. Human needs have expanded while the ecosystems we depend on have remained formally finite and are in the process of being substantively eroded. The only way poverty eradication can be achieved is if we radically decouple our production and consumption systems and their management from rising levels of resource use. This is what is referred to as 'dematerialisation', or, in more popular terms, reduction in the size of our 'ecological footprint'. It is now technically possible for entire communities to meet all their material needs by reusing all their solid and liquid wastes, using renewable energy to meet most of their needs instead of burning fossil fuels, renewing rather than degrading soils for food production, cleaning rather than polluting the air, preserving instead of cutting down forests and natural vegetation, under- and not overexploiting water supplies, and conserving instead of killing off other living species (in particular marine species).

Put differently, can we really afford to subsidise inefficient and unsustainable urban systems and simultaneously generate the funds required to eradicate poverty? Contrary to what most development economists think, it is not a matter of first eradicating poverty and then 'cleaning up the environment'. Nor is there much sense in the neo-liberal resource economics case, which argues that the poor benefit from unsustainable resource use by the rich because this is what drives global growth, and that as scarcities kick in, the market will trigger demand for more sustainable production and consumption systems. The alternative perspective sees sustainable resource use as a precondition for poverty eradication, because it means cutting at the root causes of poverty, namely inequality and, in particular, the economic and political power structures that protect these inequalities. Overconsumers will have to cut back and be satisfied with sufficient to meet their needs, and the savings will be needed to ensure that poverty is entirely eradicated by making available infrastructures, services and goods that have been produced and consumed in accordance with efficient and sustainable resource-use approaches.

All of this raises two fundamental questions for South African local government. Firstly, what are the implications of sustainable development for the governance of South African urban centres? Secondly, do the municipal planning and environmental regulatory systems provide an adequate framework for ensuring that local governments understand and respond to the sustainable development challenge?

It will be contended that local government is not appropriately configured to meet the sustainable development challenge. Instead, it is caught between two mutually exclusive paradigms: the municipal developmentalism that inspires the Municipal Systems Act 32 of 2000 and integrated development plans (IDPs) in particular; and the environmental conservationism that inspires the National Environmental Management Act 107 of 1998 and environmental impact assessments (EIAs) in particular. Neither of these policy frames adequately define what sustainable urban development means. Sustainable urban development is not the sum of developmental local government plus environmental conservationism. Unfortunately, because EIAs are rooted in the assumption that development is by definition at the cost of ecosystems, it follows that the environmental agenda is about development impact mitigation – development itself is left uncontested, accepted as a given. As the rest of this chapter will argue, the implications of the sustainability paradigm are that we need to redefine and rethink what development means, and therefore also question the adequacy of an 'impact mitigation' mindset. Can urban development be decoupled from ecosystem degradation and unsustainable resource use? If the answer is 'yes', then we will necessarily go beyond the 'development–conservationist' dualism. An example to highlight this argument might be useful: if a conventional sewage treatment plant is required to service housing extensions within a given locality, the EIA is interested in impact on local ecosystems, biodiversity and the

visual impact for communities (smell, health, etc.). There is no problem with either in their own right. However, no-one involved in the IDP, the EIA or the housing project is required to ask how to reuse the effluent in order to reduce water consumption while meeting the needs of the un(der)serviced, or how to capture the nutrients for food production. Similarly with respect to the energy sector: the consulting electrical engineer is not briefed to propose a plan that reduces the consumption of grid electricity for a particular development. Efficient use of resources and increased use of renewable resources are simply not requirements when it comes to IDPs and EIAs. In short, IDPs and EIAs represent the methods of a dualistic 'development-plus-impact-assessment' paradigm that obliterates the space for sustainable urban development methods, options and preferences. The end result is a waste of money for the taxpayer and higher operational costs for households. This has negative implications for the financing of poverty eradication strategies and sustainable resource use.

SUSTAINABILITY AND THE URBAN CHALLENGE

To date, the primary focus of urban reform policy has been on the racially segregated nature of the city, on the one hand, and infrastructure and housing backlogs in poor African communities, on the other. The former resulted in the massive institutional restructuring that produced our integrated non-racial local governments underpinned by integrated tax bases; and the latter resulted in public sector subsidies for land release, infrastructure development and housing construction. The end result, unfortunately, has been the perpetuation of the apartheid spatial form: we now have class-divided towns and cities characterised by racially integrating middle-class areas coupled to sprawling low-income ghettoes and informal settlements on the peripheries that are eating into valuable agricultural farmlands that used to supply urban food markets – and all presided over by non-racial local governments. Whereas many of the more innovative cities around the world have over the past decade experimented with sustainability and dematerialisation, South African local governments – and the communities they serve – have imagined and planned urban development using remarkably conventional modernist conceptual frameworks inspired almost entirely by American urban planning traditions. Virtually without exception, the IDPs written during the first decade of democracy – and the associated urban development projects that have resulted in the expansion of the urban system – have depended on technologies prescribed in the main by the engineering, planning and architectural professions (Muller 2006). These professions have mastered the art of presenting solutions as depoliticised, low-risk, tried and tested panaceas with no reference to context. The combined impact of

developmental policy frameworks and conventional technology solutions has resulted in the following:

◼ Cheap electricity generated from coal-fired power stations has been extended to the large majority of urban households to meet all their energy needs without prioritising energy efficiency (via building regulations, insulation, correct north–south orientation, eliminating incandescent lighting, etc.) and renewable energy options (such as solar water heaters, wind generation, biomass). The average middle-class household consumes 750 to 800 kWh of energy per month, with low-income households averaging 250–300 kWh/month and rising as they hit the linear road to urban modernity (Winkler 2006). Significantly, local governments are highly dependent on surpluses generated from electricity sales to subsidise overheads and other services. This means local governments are disincentivised to promote energy efficiency, and households have no real incentive to find alternatives to cheap grid electricity (by, for example, purchasing CFLs rather than incandescent light bulbs).

◼ Road-based transportation solutions are biased in favour of the private car and minibus taxi-based systems rather than integrated bus-rail-taxi systems that are less dependent on imported oil, more user friendly for poor people, and less likely to lead to congested highways and rapidly rising transport costs for poor and middle-class households.

◼ Water and sanitation systems do not promote water efficiency, rainwater harvesting, reuse of grey water, capture of the methane via biogas treatment systems, nutrient capture for food production and localised sanitation systems. Instead, the focus has been on expensive, inefficient large-scale end-of-pipe solutions that result in effluents that go into landfills, rivers and the sea with minimal reuse for productive purposes. Engineers are like economists: everything will work perfectly if the assumptions are correct. Like classical economics, in the real world the assumptions are never correct. Water demand in the urban areas over the past decade has therefore been growing faster than the population growth rate and faster than the economic growth rate. Typically, low-income households use on average 80 l/person/day, middle-income households 100 l/person/day and upper-income households 150–250 l/person/day. This means that a minority of users in the higher-income groups (between 10% and 15% of all households) can use up to 60% of the total consumed by households in a given city – for a Cape Town case study, see Gasson (2002). Durban, however, claims that it has managed to extend the number of households with access to water, and simultaneously reduce total consumption of water per household via improved maintenance and efficiency incentives (Sutcliffe 2002). Nevertheless, according to the Department of Water Affairs and Forestry (DWAF), demand

for water between 1996 and 2030 is expected to triple in the urban domestic household sector; double in the mining and industrial sector; and only increase slightly in the agricultural, forestry and environmental sectors. By 2030, DWAF reckons demand will have outstripped supply (Rowlston 2005). Like the warnings about electricity generation capacity running out, DWAF will probably be ignored until it is too late. Have IDPs and EIAs made water saving and efficiency a focus? No. Have IDPs and EIAs suggested zero-waste approaches to sanitation? Not likely.

■ Solid waste includes all municipal waste and industrial waste (e.g. mining, power generation, etc.). As of 2005, the solid waste system managed the disposal of 20 Mt (1 Mt = 1 million metric tons or 1 billion kgs) of municipal solid waste, 450 Mt of mining-related wastes and 30 Mt of power station ashes (Blottnitz 2006). Solid waste outputs from our cities have grown faster than the average economic growth rate over the past decade. For many middle and upper-income areas, waste output per person per day is breaking through the 2 kg barrier, which is three to four times higher than that of the average European Union citizen (Blottnitz 2006). And in many cities, these elite suburbs can generate half the total domestic waste stream. Costs of disposal over the past five years have doubled in many areas. At most, 20% of all our solid waste is recycled, although this figure is much higher when it comes to industrial waste. Have IDPs and EIAs suggested zero-waste alternatives? No.

■ South African architects have a very long way to go when it comes to designing sustainable buildings. Instead of depending entirely on air-conditioning and electronic lighting, they could use appropriate design to secure more natural light: maximise passive heating and cooling; improve insulation; introduce more appropriate, less toxic materials; and make more effective use of natural landscaping and plants. The cost of cement is directly tied to the rising price of fossil fuels, because cement is derived from lime that needs to be baked in kilns that reach temperatures of up to 2,000 degree C. For every ton of cement produced, one ton of CO_2 is emitted into the atmosphere (Monbiot 2006). And yet, alternatives to cement are discouraged by the strictures of the National Home Builders Registration Council (NHBRC) and the banks who only bond buildings approved by the NHBRC. The construction and operation of buildings accounts for 50% of all CO_2 released into the atmosphere. Despite all this, local governments have done little to introduce by-laws governing the sustainability of the houses and buildings whose building plans they approve every day. Even when they try, the well-organised professional associations often object, not least because the consulting firms have no financial interest in being forced to innovate or put their professional indemnity insurance policies at risk. For the professions, the lowest-risk solution is the tried and tested one.

What they fail to tell their clients is that the tried and tested solutions are rapidly becoming high risk from a sustainability point of view.

■ Food supplies: Local governments play a major role in ensuring food supplies into the urban system (Witt 2002). However, whereas about 15% of the world's food is now grown in urban areas, according to the UN as cited in Pearce (2006: 39), South African local governments have done relatively little to promote urban agriculture, despite positive evidence about the potential of urban agricultural as a local job generator (Rogerson 2003) or of the Human Rights Commission's insistence on the right to food. Indeed, well-publicised cases in Johannesburg of officials closing down urban abattoirs suggests a bias against urban agriculture, because officials and most citizens associate agriculture with what happens in the rural areas, not cities. Furthermore, sourcing from local small farmers and incentivising organic production have not been major priorities. And now that we have a wall-to-wall local government system that incorporates rural areas, which IDP has suggested the preservation of high-value agricultural land for farming and the introduction of organic farming methods to rejuvenate the soils to ensure long-term food security?

■ Spatial planning: Breaking away from our addiction to low-density urban sprawl along road transportation routes has – despite many policy statements to the contrary (compact cities, densification, hard boundaries, etc.) – been almost impossible. The result has been an increase in the average distance between home and work. Even in American cities, the more European predilection for higher densities and inner city renewal – the so-called New Urbanism – has taken hold. Low-density spatial sprawl makes mass affordable public transportation economically unviable – it is mall-centred, which destroys the social lifeblood of local communities as neighbourhood commercial centres and 'high streets' collapse; it assumes cheap energy to make it work; and it also assumes that the funds are available to endlessly extend underused water, sanitation, road and stormwater infrastructure systems. What is the fundamental driver of urban sprawl? The answer lies in the structure of the land market, because maximum profits for developers have been on the peripheries, where land is cheapest. Local government infrastructure investments have basically followed the developers over the past ten years via a set of ad hoc decisions justified by unsubstantiated arguments about extending the tax base to generate resources to finance service delivery for the poor – for a Cape Town case study, see MCA Planners (2006). (Indeed, smart developers sold their projects this way.) The Gauteng government, however, conducted a detailed study that concluded that cheap land on the periphery to house the poor in the end costs the fiscus more than the purchase of more expensive inner city land (CSIR & Adec 2004). The reason for this is

that sprawl generates increased infrastructure and transportation costs, factors ignored in the first national housing policy that Minister Joe Slovo adopted as the first housing minister, which focused exclusively on the direct costs of housing provision (Khan 2006). Sprawl in some areas has been so bad that it would be cheaper for the fiscus to pay people to stay at home than to subsidise the costs of transporting them to work (CSIR & Adec 2004). As the oil price rises, this will become an increasingly attractive proposition. Which project-level EIA said the following? 'Don't put this development here because it will push up the transport subsidies and make households poorer as the oil price goes up'. The alternative would have entailed accepting not just mixed-use, but socially mixed (not just racially mixed) neighbourhoods as well. These did emerge in inner city areas, but it is unprofitable for developers in greenfields developments. It was therefore no surprise when the South African Property Owners Association felt morally obliged to defend the apartheid city by threatening to walk out of the negotiations with the Department of Housing that took place in mid-2006 over the proposal that every development must include a component for subsidised housing – a proposal that the Department of Housing was forced to withdraw.

The development assumptions inscribed in the IDPs and the technology solutions embedded in urban development projects are related to assumptions that can be found in the recent sociological literature on urban development. As argued elsewhere, during 2002–03 South Africa's community of engaged urbanists produced a flurry of books and edited collections that together provide a remarkable insight into the changing nature of the South African city and urban policy in the post-1994 era. These include a set of general readers on the intersection between urban policies and urban development trends (Bond 2002; Khan & Thring 2003; Parnell et al. 2002; Harrison et al. 2003), plus a range of interesting texts on the changing dynamics of specific cities, often set within a historical context (Watson 2002; Haferburg & Obenbrugge 2003; Freund & Padayachee 2002; Beall et al. 2000). The three most theoretically coherent and empirically informed texts are Beall et al.'s *Uniting a Divided City*; Watson's (2002) seminal study of metropolitan planning in a post-apartheid context (Cape Town); and Khan and Thring's (2003) richly informative theoretically integrated (despite being an edited collection) reader. All these publications, plus work hitherto only published in journals by Patel (2000a; 2000b), provide remarkable insights into the complex and extensive modes of intervention by an aspiring developmental state (with special reference to its local expression) in shaping the spatial and economic realities of the South African city. This literature raises important questions about the future role of the local state within a new democratic, non-racial context that is characterised by post-Fordist and globalised

economic processes and dynamics. In particular, they are concerned that a job-shedding post-Fordist urban economy could exacerbate urban poverty in ways that undercut redistributive policies in South Africa's major cities, and how this dynamic plays itself out via the micro dynamics of political deal making.

In general, this body of material provides critical perspectives on the intersection among the global economy, local political economies, the changing structure and role of the local state, the changing nature and dynamics of urban poverty, and the contradictory evolution of a vast array of sectoral and spatial policies. Those who wrote within this tradition (including myself) used a language and a set of concepts that can be traced back to the 'new urban sociology' and neo-Marxist urban economics that emerged internationally during the late 1980s and 1990s. However, as sustainable development emerged after the WCED in 1987 as a new developmental discourse, this gradually generated applications in the urban field, creating by the late 1990s a new international literature quite often referred to as the 'sustainable cities' literature. Leading journals such as *Environment and Urbanisation, Local Geography,* and the *Journal of Environmental Management and Planning* published the key interventions that laid the basis for this new analytical framework. Although the most significant reader on the international stage is a general Earthscan reader entitled *Sustainable Cities* (Satterthwaite 2001), there are others that share an interest in rethinking the political economy of cities from the point of view of their dependence on increasingly constrained 'sources' of natural resources and diminishing 'sinks' for unwanted wastes. Heavily influenced by the increasingly popular 'ecological footprinting' methodology (pioneered and popularised by Wackernagel and Rees 2004), these studies raise critical questions about the ecological sustainability of the existing urban systems, no matter how redistributive and equitable they may be from a poverty point of view – see in particular the contributions by Satterthwaite (2001), Pugh (1996; 1999), Hardoy et al. (2003), Roelofs (1996), Girardet (2004), Godschalk (2004), Mitlin and Satterthwaite (2004), Beatley (2000), Wheeler and Beatley (2004), Portney (2003) and Keiner et al. (2004). A spate of international conferences generated huge quantities of papers from writers from across the disciplinary spectrum, for example, events such as Ecocity 03 2003, S-DEV (Sustainable Development) 05 2005 and SB (Sustainable Building)-05 2005.

The 'sustainable cities' literature seriously questions whether it is possible to resolve urban poverty without significantly reducing the high levels of urban overconsumption by the middle and rich classes of key natural resources such as water, energy, land and clean air – see Low et al. (2000) and Sachs (2002). With few, but important, exceptions, the 'sustainable cities' literature has had very little impact on the new South African urban studies literature (although it has had greater impact in the more technical disciplines related to planning, design and construction). Nor was it reflected in an earlier generation of published research

on the 'apartheid city' (Humphries et al. 1991; Smit & McCarthy 1984; Judin & Vladislavic 1999). Only a few contemporary South African urbanists have published significant texts that reflect the influence of the 'sustainable cities' literature, namely Patel (2000a; 2000b), Irurah & Boshoff (2003) and Bond (2002), followed more recently by my own work (Swilling 2004; 2006; Swilling & Annecke 2006). There is only one published case study review of projects that have taken into account both social and ecological sustainability criteria (Irurah et al. 2002), and one unpublished study of local initiatives and projects (Christer 2004).

THE POLITICS OF FOOTPRINTING

Following the work of Wackernagel and Reese (2004), ecological footprinting is a methodology that is now widely used by governments, cities, NGOs and consulting companies. It is an accounting tool that measures how much biologically productive land is required to support the living standards of an individual, a city or a country. This includes the land required to produce the physical resources consumed, absorb the wastes generated and sequester CO_2 emissions associated with energy demand. Using the World Wildlife Fund estimate that the global 'fair share' is 1.8 ha per person if we are all to live within the carrying capacity of the planet's ecosystems, it is a generally accepted notion in this research field that this means we would need three to five planets if everyone were to live and consume resources like the average middle and upper-income consumer from a developed economy (Sachs 2002).

The footprinting methodology has two major problems when it is applied to highly divided cities in developing economies. Firstly, the metaphorical function of the notion of footprinting is to conjure up the image of your average middle-class urban consumer who needs to be shocked into realising that he/she needs to consume less. However, in cities in the South, the footprint of the majority needs to be increased so that their basic material needs can be satisfied. 'Consume less' is not exactly a popular or even desirable slogan in a squatter camp. Secondly, the 'city footprints' studies that have been developed by hundreds of cities worldwide have tended to generate an average footprint for the city that runs the danger of masking the inequalities that exist between the footprint of the richer and poor areas. International measurements of national footprints, for example, estimate that South Africa's footprint is 4.02 ha per person. This implies that 2.2 planets would be needed if everyone lived like the average South African. However, this masks the inequality. My own recent study of Cape Town (Swilling 2006) found that there are nine different footprints in this city, and that the ecological footprint of households in some of Cape Town's richest suburbs were so large that nearly 15 planets would be required if everyone lived like the richest people in, for example, Camps Bay

and Constantia (including international air travel, multicar dependence and large quantities of packaged food). This is much higher than the average United States (US) footprint, which is 5.2 planets, but on a par with rich US households. The footprint of Cape Town's middle-class suburbs is 5–7 planets (similar to the United Kingdom), and the footprint of the poor areas is around 1 planet (less than India) and half a planet (similar to Bangladesh). It is highly unlikely that there are sufficient resources to eradicate poverty by increasing the footprint of the poor if the footprint of the rich remains so large. This becomes particularly clear when one takes into account how subsidised suburbanisation really is.

There are over 800,000 households in Cape Town spread out across nine different suburban types in Cape Town. Based on various cross-tabulations from the Knowledge Factory's ClusterPlus database (which, in turn, relies on the last census), it was possible to calculate the number of households for each category, as shown in Table 4.1.

Table 4.1: Households per suburb category

Cluster group	% of suburbs	No. of households	% of total households
Silver spoons	14	54,630	7
Upper middle class	19	68,129	9
Sub-total	*33*	*122,759*	*16*
Middle suburbia	20	77,380	10
Community nests	1.5	17,564	2
Labour pool	9.5	42,404	6
New bonds	13.5	101,638	13
Sub-total	*44.5*	*238,986*	*31*
Township living	4.5	80,980	11
Towering density	13	170,752	22
Dire straits	2	26,108	3
Below the breadline	3	111,770	15
Sub-total	*22.5*	*389,610*	*51*

Source: Swilling (2006)

Table 4.1 would suggest that the Cape Town elite comprises 16% of the households, the middle class 31% and the poor and working class 51%. Significantly, over 100,000 households, comprising 15% of the households that make up the city, live in approximately 240 shack settlements. However, the actual housing backlog is over 200,000, because one must also take into account backyard shack-dwellers, and people who live on serviced plots that they own, but cannot afford to build a house on. Figure 4.1 shows how this can be geographically represented.
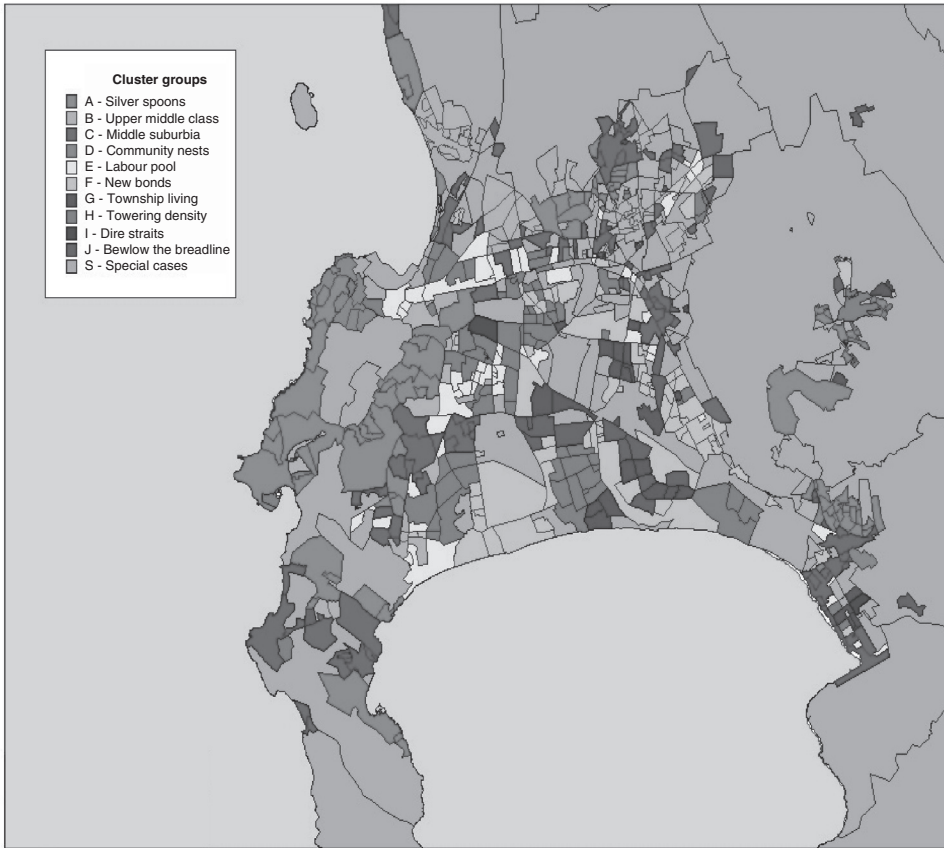
Figure 4.1: Cape Town's suburbs according to suburb category

Map: With permission from Knowledge Factory; Source: Swilling (2006)

Cape Town's ecological footprint of 4.28 ha/person is an average. Using the databases provided by the Knowledge Factory in conjunction with in-depth interviews with a sample of households drawn from the different cluster groups, it was possible to calculate footprints for the different suburb categories using a web-based data processing facility provided by <http://www.earthday.org>. The factors that were taken into account were as follows: diet (in particular the quantity of meat in the diet); how much of the food bought by the household is processed and/or packaged; whether waste disposed of is higher or lower or similar to others in the neighbourhood; size of family; size of house; type of house (including whether or not the house has a water supply); electricity supply; distance traveled by public transport each week; distance traveled by car each week; flying time; litres of fuel consumed by car per 100 km (if the family owns a car); and how often one travels with/as a passenger. The result was a calculation of the footprint in terms of hectares and how many planets will be required if everyone lived in the same way as

the people in a given suburb. This was followed by a second calculation whereby the footprint of the same family with the same income living in the same area was worked out, but with the following adjustments: the house was built in accord-ance with a 'green design' (i.e. proper north–south orientation, low-impact building materials, efficient use of energy and water, proper insulation, waste recycling, etc.); use of more energy-efficient devices; reduced quantity of waste (via separation for recycling); more energy-efficient cars used (for those who could afford a car); more public transport used; walking to local facilities and shops made easier by a 'walking distance' approach to planning the densification and the location of facilities and shops; and those who previously lacked an in-house water and electricity supply benefitted from a programme of basic services delivery. The results of this 'before-and-after' exercise are captured in Table 4.2.

Table 4.2: Footprints of Cape Town's suburbs

Cluster group	Key characteristics	% of total households in Cape Town	Hectares required before/ after ecoefficiency	
			Before	*After*
Silver spoons	Elite, largest consumers, getting richer	7	14.8	2–3.8
Upper middle class	Established, mature, conservative, professionals, gated	9	5.8	2
Middle suburbia	Tight budgets, mid-level jobs, bargain hunters, big spending on educating children	10	4.7–5.2	1.7
Community nests	Mixed, Afro-cosmo, shifting, small spaces, stylish, café culture, dense	2	2.4–2.7	1.1
Labour pool	High-density family neighbourhoods, stable jobs, secondary education, struggling	6	1.5	1
New bonds	New South African families, youngish, targets of the developers	13	1–2	1
Township living	Old places, few jobs, youth cultures, soul of the new South Africa, buzzy, vulnerable	11	1	1

Towering density	Teetering, high hopes, few options, the educated leave as soon as possible, limited reinvestment	22	1	1
Dire straits	Old places, overcrowded, services collapsing, high unemployment, decaying	3	1	1
Below the breadline	Shack settlements, desperation, insecurity	15	1	1

Source: Swilling (2006)

Table 4.2 reveals the impact of ecoefficiency interventions. These interventions are a combination of private decisions (e.g. flying time, type of car and how frequently it is used, amount of meat eaten, quantity of packaging purchased, choice of house design, whether to bath or shower, and selection of light bulbs, etc.), but are also dependent on sustainability interventions at the neighbourhood level, e.g. provision of improved and safer public transport; a 'walking distance' approach to neighbourhood planning; by-laws governing house design and energy efficiency; the provision of a waste separation and recycling service; and even investments in food markets to encourage healthier and cheaper food consumption, and reduced purchase of processed or packaged food. Although further research is required, based on experiences in other cities, it has been assumed that ecoefficiencies translate into savings for households, businesses and the municipality (Monbiot 2006). The argument is no different to the argument that Telkom's high charges should be decreased to reduce the cost of doing business or running a household in South Africa. Municipalities can play the key role in making this happen, because they are the regulators of the building by-laws. The City of Cape Town, for example, is drafting a new set of so-called 'green building guidelines' that, hopefully, will eventually translate into by-laws that will regulate the criteria that will be used to approve building plans. Monbiot has shown that in Germany the so-called *Passivhaus* regulations can result in the construction of houses that do not require additional heating or cooling – and this in a country where temperature extremes are much more pronounced than in South Africa (Monbiot 2006). However, where these savings land up will depend on various system manipulations. For example, they could be captured by public authorities or intermediaries if the unit cost of electricity were increased while total consumption decreased, resulting in higher margins per unit sold. Or the savings could remain within household budgets.[1]

SUSTAINABILITY AND THE REGULATORY FRAMEWORK

The key question is whether a regulatory framework has been established that appropriately configures the purpose, role and powers of municipalities to deal with the sustainability challenge as defined and described above. This is a difficult question to answer, because (with one exception) there is nothing that *prevents* a particular municipality from developing an integrated sustainable development plan for a particular area, nor is there anything (again, with one exception) that prevents a municipality from approving developments designed in accordance with sustainability principles. The exception referred to here is the destructive impact of the highly bureaucratised NHBRC,[2] which forces a marriage between the large materials producers, the major banks and mainstream design professions who replicate unsustainable urban forms and buildings. This forced marriage of convenience comes about because the banks are only allowed to bond houses that have an NHBRC certificate, and the NHBRC will refuse to certify houses using non-conventional materials and designs. In short, the NHBRC, has made innovation in the built environment illegal. This is why the NHBRC will go down in history as the cause of massive economic and environmental costs that will burden future generations of South Africans. Ironically, there are governments around the world who fund the dismantling or retrofitting of structures that the NHBRC and the banks regard as satisfactory – one example being Germany, where government subsidises the conversion to energy-efficient design and construction. In Japan, financial institutions lower the interest rate for houses that have been sustainably built, and even in the United States, the Green Building Council certifies sustainably built buildings, which, in turn, tend to generate higher rates of return for individual and corporate investors.

The national regulatory frameworks within which municipalities are required to operate create a dualistic framework that results in the popular perception among politicians and many officials that development and environmental conservation are irreconcilable, and that EIAs in particular are 'retarding development'. This perception is a reflection of the dysfunctional consequences of this dualistic framework, and this dualistic framework, in turn, effectively leaves uncontested conventional conceptions of development.

The White Paper on Local Government that was published in March 1998 by what was then the Ministry of Provincial Affairs and Constitutional Development[3] defined the purpose of integrated development planning as the framework that allows municipalities to 'understand the various dynamics operating within their area, develop a concrete vision for the area, and strategies for realising and financing that vision in partnership with other stakeholders' (DPLG 1998:27). The Municipal Systems Act, which emerged from the White Paper on Local Government, made it

mandatory for municipalities to formulate IDPs, and the Act prescribed nine 'core components' of the IDP (discussed further below). The IDP, plus the spatial development framework (SDF) and local economic development (LED) plan that (ideally) forms part of the IDP, was intended to be the primary instrument and focus for the new conception of 'developmental local government' that lay at the centre of the White Paper and the Municipal Systems Act. An elaborate set of guidelines (informed by a comprehensive rational planning mindset) for formulating IDPs was published, and municipalities were required to follow these guidelines closely (see DPLG 2001). A similar mindset and approach was applied with respect to LED planning, which in some cases ran parallel to the IDP process and in others formed part of that process (DPLG 2000).

After a decade of formulating IDPs, it is now possible to identify some common trends – for a review from a sustainability perspective, see Muller (2006), and from a conventional planning perspective, see Ambert and Feldman (2002). The dominant discourse is a basic-needs approach to poverty, but then this is coupled to an emphasis on investment in physical infrastructure and services often written in the technocratic planning language of either the engineering services department or the planners. On this foundation, one often finds a second layer of discourse that is usually the metaphorical gestures of the spatial planner, who always feels obliged to say things about overcoming the spatial legacies of apartheid. This would make sense if indeed the bulk of the projects proposed to meet basic needs served this purpose, but this has rarely been the case in practice. Then finally, layered across all this, there is an economic perspective that is either a stakeholder-process approach for deciding on economic options, or an economic strategy that is invariably about 'selling the town' or 'attracting investment' or, worse, 'attracting tourists'. Frequently it is a mixture, and often a summary of a separate document that is the LED plan for the area (written invariably by a consultant whose main aim is to get reappointed to interpret his/her own document). But what is striking about almost all IDPs is how vacuous their economic thinking really is, and in particular the disjunctures between the proposed development strategies and the structure of the budget. The missing link between development strategy and the budget is financial modelling and scenarios for making sense of the medium- to long-term impact of different investment decisions. The problem is that most economists do not really understand real financial flows, and the budget is drawn up by city treasurers who often do not have the tools to actually translate development strategies into multiyear budget frameworks. Engineers are better integrators of these dimensions, but only with respect to investments in physical infrastructure (which explains the tendency across many local governments to equate development with infrastructure extensions). An investment in social capital as a key driver of the economy is difficult for almost everyone to understand. But when it comes to the relationship between all this and

ecosystems, there is an astounding and deeply disturbing absence. The environmental sections of IDPs are often written from an 'impact assessment' perspective, with sentences like 'the proposed housing extension and related infrastructure works will take place in an area where there is no significant indigenous biodiversity and its visual impact will be obscured by …'.

Muller's (2006:18) review of the process of formulating IDPs generated the following conclusion:

> The results of the analysis showed that IDPs are mostly technical, managerial documents (based on scientific rationality) instead of collaborative, communicative processes. Integrated development planning is still seen by many practitioners as mainly a rational planning process, with varying degrees of public participation and with a definite end-product in mind (the IDP document) which is often little more than a municipal budget and list of 'integrated' (in a very limited sense) projects to be developed by the municipality.

The evolution of South Africa's sophisticated environmental management system ran parallel in time and disciplinary space to the evolution of the developmental local government system. Very few people realise that sustainable development is enshrined in section 24(b)(ii) of the Constitution (Act 108 of 1996), which reads as follows (emphasis added):

> Everyone has the right to an environment that is not harmful to their health or well-being; and to have the environment protected for the benefit of present and future generations through reasonable legislative and other measures that prevent pollution and ecological degradation, promote conservation and secure *ecologically sustainable development and use of natural resources* while promoting justifiable economic and social development.

The crowning glory of our environmental management system is the National Environmental Management Act, known as NEMA. Besides making it mandatory for all levels of government to take responsibility for environmental management, NEMA sets the framework for the regulatory regime that defines the content and scope of EIAs. This connection to environmental governance was recognised by the local government reform community, hence the White Paper on Local Government specifically stated that environmental management is a local government mandate. The White Paper also provided for inclusion of environmental considerations in the IDP process. Section 2.2 specifically states that 'planning for environmental sustainability is not a separate planning process, but is an integral part of the process of developing municipal Integrated Development Plans' (DPLG 1998:93).

In reality, sustainability thinking and 'ecologically sustainable development and use of natural resources' was not an element of the core body of knowledge that informed the way IDPs were conceptualised and understood. Nor have these themes been incorporated into the conceptual universe of the rapidly expanding 'LED community', which spans a vast network across hundreds of local governments; consulting firms; provincial governments; parastatals like the Industrial Development Corporation and Development Bank of South Africa; and the *de facto* 'royal house' of LED, namely the Department of Provincial and Local Government. With a few exceptions (e.g. the LED Framework for the Overstrand Municipality), the consultants and officials involved in the formulation of IDPs and LED plans came from a generation of development thinking that was paradigmatically sealed off from the ecological sciences. 'Environment' for this generation is a hard, lifeless set of things and resources somewhere 'out there' that is somehow looked after by the EIA community − often derogatively referred to as 'the greenies'. This much was forcefully and clearly recognised in a remarkable document released in December 2002 by the Department of Environmental Affairs and Tourism (DEAT) (DEAT 2002). Entitled *National Framework Document: Strengthening Sustainability in the Integrated Development Planning Process*, this document notes:

> Although IDP is potentially an important tool for drawing sustainability concerns into planning and decision-making at the local level, there are a number of challenges that need to be addressed. … The environment is often defined narrowly, focusing on biophysical issues, rather than social, economic and natural environmental concerns. This results in a fragmented approach where the relationships between the different components of the environment are considered separately. Perhaps the greatest challenge is that meeting the extensive needs within local authorities in a sustainable way *requires trade-offs*, and these should be carefully considered so that a *balance* is found between social needs, economic demands and ecological sustainability (DEAT 2002:1–2, emphasis added).

EIAs are mandatory requirements for project-level environmental impact assessments with respect to a set of 'listed activities'. However, the most significant observation made by the abovementioned DEAT document is that there is no provision for a mandatory EIA-type process at town or city level. The most appropriate instrument would be a strategic environmental assessment (SEA). The Municipal Planning and Performance Management Regulations, promulgated in 2001 in terms of the Municipal Systems Act, prescribes the content of IDPs. The regulations (chap. 2, sec. 2(4)(f)) state that the SDF reflected in the municipality's IDP must 'contain a strategic assessment of the environmental impact of the

spatial development framework'. The DEAT document points out that the White Paper on Spatial Planning and Land Use Management, published by the Department of Agriculture and Land Affairs in 2001, states that each municipality must compile an SDF, and that one of the components of this framework must be an SEA (DEAT 2002). However, Muller concludes that none of the IDPs was informed by such an SEA (Muller 2006:19).

Although hardly ever used or referred to, the DEAT document developed some sophisticated proposals for 'greening the IDPs'. This included a revision of the 'nine components' of the IDP process to include tools and instruments for incorporating ecosystem assessments into the development planning process. The result was the intriguing, but possibly over-complicated, rational planning framework for integrating environmental managerialism into municipal developmentalism given in Table 4.3.

Table 4.3: The DEAT's approach to environmental management

IDP process	Environmental management process
Assessment of development needs	Assessment of the environmental assets, opportunities and constraints; and identification of causal factors of environmental degradation and environmental risks
Long-term vision statement	Vision that is based upon and supports the principles of sustainability
Formulation of development priorities and objectives	Development priorities should be assessed from a sustainability perspective – major environmental problems and threats must be reflected
Main development strategies, aligned with national and provincial plans and planning requirements	Environmental implications of alternative strategies need to be examined. Specific strategies should be closely aligned with the requirements of environmental legislation and policy
An SDF, including basic guidelines for land use management	An environmental sensitivity map, which includes all environmental assets, problems, and areas of environmental sensitivity. The 'value' of various environmental assets should inform the spatial development framework
Description of the operational strategies	Clarify which operational strategies will require detailed environmental assessment, mitigation measures and even environmental management plans
Include disaster management plans	These should include environmental risks and hazards

A financial plan, including a budget projection for at least the next three years	Environmental management tools and implementation of environmental management plans. Budgets should reflect the real costs and value of environmental resources, where possible
The key performance indicators and key performance targets	These should form part of a set of sustainability indicators

Source: Adapted from DEAT (2002:15)

Unfortunately, the recommendations referred to above reflect the continuation of a dualist paradigm. This is unsurprising, given the reference to 'trade-offs' and 'balance' in the way the problem statement was formulated at the start of the document, and a 'triple-bottom-line' approach that is explicitly articulated in the usual three intersecting circles depicting social, economic and environmental development. Consequently, nowhere in the document, nor in the above modification of the steps in the IDP process, are there clear references to an integrated approach to sustainability and sustainable resource-use challenges (such as renewable energy, zero waste, soil rejuvenation for farming, etc.). Indeed, the fact that the EIA is limited to 'listed activities' that are affected at the project level and that SEAs have not in fact been incorporated into SDFs, LED plans and IDPs is a direct consequence of this dualist approach, with developmentalism in a dominant position. Indeed, EIAs could result in certain sustainable resource-use activities being ruled unacceptable, as happened to this author when a sustainable on-site waste treatment plant at the Lynedoch EcoVillage was deemed to be environmentally inappropriate by the provincial government's Department of Environment and Development Planning – a decision that was contested and then reversed based on sustainable resource-use arguments (Swilling & Annecke 2006).

An alternative approach is represented below. In a situation of continuing inequality, accompanied by a deteriorating resource base, it is imperative for us to go beyond thinking in terms of trade-offs and the simplicity of the 'triple bottom line'. If we recognise that there are non-negotiable ecological thresholds, that we need to maintain our stock of natural capital over time and that we must employ the precautionary principle in this approach, that is when we will realise that we need to rethink what we mean by 'development'. Decoupling development from rising resource use is what sustainability is all about. This will entail a systems-thinking approach that depicts social, economic and ecosystem factors as embedded within one another, and underpinned by our systems of governance. This is preferable to the 'triple bottom line' and its three circles, where sustainable development is the fragile intersection point in the middle.
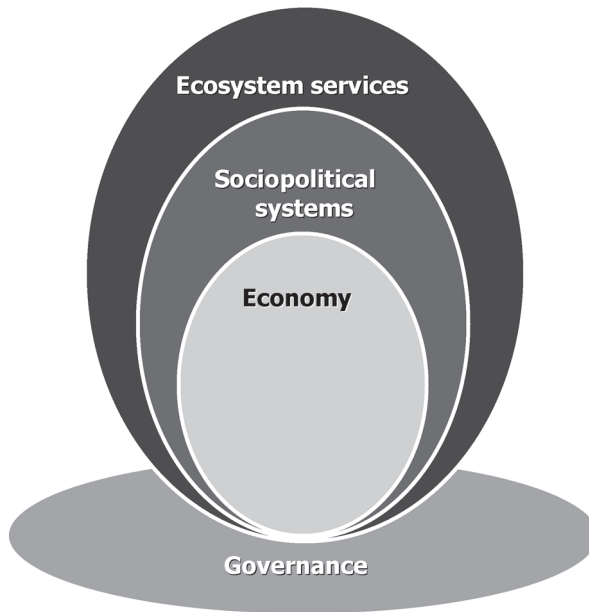
Figure 4.2: The DEAT's view of 'environmental management'
Source: DEAT (2006)

STRATEGIES FOR THE FUTURE

As I have argued elsewhere (Swilling 2006), the sustainability challenge in the urban context means rethinking the structure, function and purpose of neighbourhoods. The core focus of urban planning for at least a century has been the creation of 'consumption neighbourhoods', i.e. areas designed for the consumption of goods supplied via market transactions. From Le Corbusier to Christopher Alexander, consumption neighbourhoods assumed that 'neighbourliness' is a cultural relic that gets replaced by the primary relationships of the so-called 'modern economy', namely the workplace and the commercial centre/strip. 'Getting there and back' was, for the architects and planners of modernity, more important than the relational world of local communities and neighbourliness. It was decades later that Robert Putnam bemoaned the consequences so aptly captured in the title of his book on the subject, *Bowling Alone.* In Southern cities where personal security is rare, the impact of un-neighbourly urban patterns is not just culturally dysfunctional, it can be a threat to personal survival.

Neighbourhood design and construction have played a particular role in the historical development of the capitalist market and the urban forms that particular modes of capitalist regulation required. This includes infrastructure services like

roads, energy, water and waste, as well as consumption goods such as foods and household furniture. Above all, they have been designed on the assumption that cheap oil will stay cheap forever. The sustainability challenge means designing and building 'sustainable neighbourhoods'. These will be areas that will enjoy a greater sense of community, be more diverse, and will generate more energy than they consume, produce no waste for landfill, reduce water consumption to a minimum by recycling and reusing black and grey effluents, and be as self-sufficient as possible by promoting and supporting local urban agricultural products. Above all, they will be places that reflect the preferences of citizens, not the lifeless hand of the developer, whose bankers and professionals have helped to maximise profits, not create places that foster a sense of safety, history, meaning and love.

The Accelerated and Shared Growth Initiative for South Africa aims to increase growth to an average of 6% per annum via a range of strategies, but the most important is a massive multiyear R375 billion-plus investment in public infrastructure. The Municipal Infrastructure Grant Fund will play a crucial role, because it will be the primary source of funds for investment in municipal infrastructure. The 2003 National Spatial Development Perspective will influence the spatial allocation of these funding flows by prioritising areas that have high growth potential and are also characterised by high social needs. The result is that certain localities (e.g. growing secondary cities over declining rural towns) and certain areas within localities (e.g. metropolitan peripheries rather than inner city areas) will be prioritised. However, if nothing changes, this massive infrastructure investment programme could result in investments that perpetuate and exacerbate unsustainable urban forms and processes, thus diminishing its poverty reduction and growth promoting potential. Unlike China and other places going through large-scale infrastructure development processes, there is virtually no research into building what the *Stern Review* calls 'low carbon' infrastructure (Stern 2006). We are building ourselves into a financially unsustainable resource-intensive infrastructural cul-de-sac. This is where the recently released National Framework for Sustainable Development (NFSD) in South Africa (DEAT 2006) could influence outcomes at the local level, especially if local governments use it to lead the way in designing 'low carbon', affordable and sustainable infrastructure.

The NFSD defines integrated sustainable development in a way that is appropriate to the South African context, and provides a set of criteria for assessing progress. It demonstrates that there are various long-term resource-use trends that will in future undermine – and may have already undermined – future growth and poverty reduction strategies. The NFSD suggests an approach to sustainable resource use that could lead to significant dematerialisation over the long term, thus obviating the risks posed by rapidly degrading ecosystem services. The NFSD targets the national infrastructure programme in particular, and suggests that this provides a

major opportunity for fundamentally redefining the design criteria that the design professions will use to design and build these infrastructures.

The NFSD contributes significantly to a new understanding of the relationship between local economic development and resource use by itemising the ecosystem resources that economic growth will depend on. For example, the growth in water consumption has grown roughly at the same rate as the economy over the decades. However, every expert in the water sector, as well as DWAF, are agreed that South Africa only has between 1.2% and 1.7% extra fresh water capacity left, i.e. water consumption can only grow another 1.2–1.7% before hitting the ceiling (Blignaut 2006). The result will be the retardation of growth and increasingly costly implications of over-exploitation (e.g. dilution of waste absorption capacities, etc.), which, in turn, will loop back to undercut growth as the costs of remedial action kick in. The economically sensible thing to do is, therefore, to invest in technologies and systems that decouple economic growth from rising raw water consumption. A good example is treating and reusing every last litre of sewage that comes out of urban households and businesses. Investing in new ways of doing things is an economic growth stimulant, and the result of such interventions is to prevent growth retardation later on.

The logic applied here to the water sector can be applied to all the other ecosystem resource sectors. The NFSD identifies the same basic trend with respect to the following key ecosystem resources:

■ Climate change: This will reduce rainfall in the drier south-western parts of South Africa and increase rainfall in the wetter eastern areas, with major economic consequences.

■ Oil peak and oil-based fuels and products (e.g. plastics, agricultural fertilisers and herbicides, and nearly all the inputs for the chemical industries that are regarded as key to growth): The oil price may go through peaks and troughs, but the long-term macro trend is upwards – South Africa's economy depends on imported oil for nearly 20% of its energy requirements, but the large bulk of this is consumed by the transport sector, which is, in turn, the lifeblood of our towns and cities.

■ Energy: It is an accepted fact that somehow long-term energy planning collapsed after 1994, resulting in the current crisis where demand is starting to outstrip supply, forcing massive annual investments in new generation capacity. However, the CO_2 implications of coal-generated energy are so serious that investments in clean coal technologies (i.e. ways of burning coal so that the CO_2 is captured and buried underground in disused mines, etc.) plus non-coal renewable alternatives (wind, solar, biomass, wave, hydro) are now necessary.

- Water and sanitation: Water has already been referred to, but sanitation is the forgotten twin brother of water consumption. Population growth plus rapid extensions of sanitation services (water-borne and pit latrine) using conventional waste-oriented technologies concentrates human excrement into flows that cannot be absorbed via natural cycles. However, there are simple low-cost techniques that are used world-wide to treat the water for reuse, extract the nutrients (nitrogen and phosphorus) for reuse in agriculture, and capture the methane gas as an energy source.

- Solid waste: Solid waste over the past ten years has been growing faster than population growth, resulting in household waste levels that often exceed levels in more developed countries. The result is not only the cost of more landfills and transportation, but also the lost economic potential that solid waste recycling industries can provide. Again, simple proven techniques can decouple growth from rising solid waste outputs.

- Soils: 35% of South Africa gets enough rain, but only 13% of the surface area (14 million ha) has soils suitable for agriculture. However, only 3% of our soils are high potential soils. Our soils are being systematically degraded via erosion (25%), acidification (5 million ha), wind erosion, soil compaction, soil crusting, salinisation, fertility degradation via over-use of (oil-based) chemical inputs, and pollution. Now that local governments include rural areas and must therefore become champions of land reform, methods such as organic farming to revive the biological capacity of the soils will be necessary. The NFSD suggests that Cuba provides a working model for how to achieve this.

- Coastal and marine resources: Once again, these resources across the board are either degraded or at critical tipping points, with major implications for communities that depend on incomes from the fishing industry, and for tourism.

- Biodiversity: Biodiversity conservation is a well-developed sector in South Africa, but still economic growth strategies systematically undermine biodiversity, because development projects are designed in ways that are ignorant of tried and tested methods for harnessing natural energies and systems to enhance the aims of development. For example, natural ways of treating sewage, heating water or using winds and temperature differentials to cool/heat buildings are ignored.

- Minerals: Although mineral exploitation will remain a key economic growth factor for the next generation, with a few exceptions, how to mine in more ecologically sustainable ways is not what engineers are trained to do.

- Air quality: The correlation between economic growth rates and declining air quality is well known, but what is ignored is the economic cost, as health budgets carry the burden of mitigating respiratory diseases and (directly and indirectly) related deaths (which implies not only health care costs, but also loss of economic output).

Solutions exist for all these problems. They have been tried and tested elsewhere, and increasingly in South Africa itself. What is missing is the policy commitment to substantive sustainability across all spheres of government.

Finally, it needs to be said that there is growing evidence that ecosystem break-down can exacerbate the HIV/AIDS pandemic. Public health hazards such as unkempt pit latrines, poor water supplies, bad food (related to poor soils), poor air quality and even loss of access to natural habitats can all have negative impacts on immune systems, which, in turn, can have negative consequences for people living with HIV and AIDS.

It is unlikely that the NFSD will trigger a major rethink of the relationship between the national infrastructure programme and the development process. The reason for this scepticism is that the current (largely unsustainable) methods for designing, producing and consuming the built environment are rooted in massive, highly sophisticated and complex capital markets, legal structures and capitalist own-ership regimes that have very little interest in changing the way they design, finance, build and operate the built environment. These tightly agglomerated economic interests ensure a high level of inertia, often legitimised by the large engineering and architectural consulting firms who think they have the monopoly of technical knowledge when it comes to formulating design and construction specifications. Their standard refrain when confronted with sustainable resource-use proposals is: 'We've tried that; it doesn't work'. It is this same financial–construction–property complex that has perfected the mass production of the built environment, offer-ing up standardised units to buyers who have had no role whatsoever in imagining, designing and shaping the physical structures and layout of the places in which they are supposed to live, bring up children, express themselves in art and culture, recre-ate themselves and enjoy a semblance of a relationship to the natural world. The standardised mass production of an unsustainable built environment only works for the people who make their profits from this business. Sustainable resource use chal-lenges this hegemonic hold on our urban systems and provides spaces for citizens to have a role in imagining and building their own neighbourhoods.

The NFSD could stimulate and encourage new local approaches that have already tentatively begun to emerge. The Development Bank of Southern Africa (DBSA), for example, has led the way by setting up what it calls the Sustainable Communi-ties Programme. Six pilots have been identified across the country, and the relevant local governments have approved the project plans. All six are serious developmen-tal challenges, combining extensive material and social poverty, crippling govern-ance weaknesses, inadequate economic bases, and severe infrastructure and service backlogs. Given the central role that the DBSA has played in infrastructure funding, this new approach, backed by substantial expertise and funding, will chart the way ahead via practice.

There are other examples. Port Elizabeth has issued a tender for the supply of renewable energy from a range of sources, offering investors/suppliers a contract to purchase the energy produced, which can then be used to raise the capital required to build the infrastructure. Cape Town has already signed a purchase agreement with a privately owned and built wind farm. Many municipalities are experimenting: Johannesburg has supported the EcoCity project in Midrand, Ekurhuleni is looking at methane reclamation at its landfills, and urban agriculture and organic farming projects are emerging in various metropolitan and small town areas. For a comprehensive review of some of these initiatives, see Christer (2004).

There are several initiatives under way in the Western Cape that are all motivated by a resource use perspective, including the Lynedoch EcoVillage Development, which is managed by a section 21 company; the redevelopment of the Oude Molen site in Pinelands, led by the Western Cape Provincial Government; the joint venture between Investec, various NGOs and funders at the so-called Old Cement Factory site in Philippi; the Sustainable Grabouw initiative jointly developed by the Theewaterskloof Municipality and the DBSA; the Reinventing Stellenbosch strategy, which is a joint venture between Stellenbosch Municipality and Stellenbosch University; and the Energy Efficiency Initiative set up by the Cape Town Partnership to significantly improve the energy efficiency of the Cape Town central business district.

Conclusion

Local governments will in one way or another experience the direct or indirect consequences of unsustainable development. These can have non-local causes such as climate change and oil price rises, or they can be localised as the costs of waste, congestion, pollution, soil degradation and inefficient resource use eat into fiscal resources that should be used to address poverty. Unfortunately, local governments operate within a regulatory framework that reinforces the dualistic 'development-plus-impact-assessment' paradigm. This can prevent them from seeing the opportunities that the new politics of sustainability will throw up as developmental interventions come up against the long-term impact of previously unrecognised ecological thresholds.

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Endnotes

1   The Sustainability Institute, School of Public Management and Planning, University of Stellenbosch and the Cape Town Partnership have mounted an applied research project aimed at establishing an energy efficiency unit for the Cape Town central business district. This work will reveal how it will be possible to allocate the savings in different ways with different outcomes for households, distributors and local government.

2   The NHBRC is the National Home Builders Regulatory Council, which was set up with the good intention of protecting the consumer from builders who do sub-standard work. However, by interpreting its mandate so narrowly, it is creating other problems that are probably far more serious than the ones it set out to resolve.

3   For practical purposes, this document is referenced as being produced by the Ministry of Provincial Affairs and Constitutional Development's successor, the Department of Provincial and Local Government (DPLG).

From Spheres to Tiers – Conceptions of Local Government in South Africa in the Period 1994–2006

David Schmidt

In any project we design, the absolute perfection of the concept ... in practice
... must coincide with its chronic dysfunction.

W. G. Sebald (2001)

The acknowledged legislators of the world take the world as given. They dislike
mysteries, for mysteries cannot be coded, or legislated, and wonder cannot be
made into law. And so these legislators police the accepted frontiers of things.

Ben Okri

INTRODUCTION

Metaphors

Plaatjes was a man confined in the mental asylum that was Robben Island in the late
nineteenth century. He built a boat to take him to the mainland. When the boat was
complete, the authorities destroyed it. Plaatjes proceeded to build another boat, which was
again destroyed. The pattern of boat building and destruction continued thereafter. This
clearly made an impression on the asylum authorities, because his story is documented
in photographs. Plaatjes died on the island and never did reach the mainland.

The story of Plaatjes serves as a metaphor for how local government policy in
South Africa has functioned over the past decade. New boats are continuously being
built to get it to the mainland and then being destroyed. Many initiatives are started.
Typically, they peter out relatively quickly and then we start again. We are inclined
to reinvent. We are strong on ideas and conceptions, poor on implementation; and
we struggle to build on what was done in the previous initiative.

This chapter is about some of the key explicit ideas that have defined the policy
environment and the way in which municipalities have gone about their business.
Again, like Plaatjes, whose big idea was that to get to the mainland you needed to
build a boat, municipal policy and action have been underpinned by a few big ideas.

This chapter explores some of those big ideas. However, it also tries to explore some of the often unconscious mindmaps, paradigms and metaphors that also inform policy, because it is this interaction between the explicit policy ideas and the more hidden mindmaps that produces the policy outcomes.

Outline

I start by evaluating municipal reform in South Africa through the lens of three paradigms of governance and public service: bureaucracy, managerialism and networked governance. I suggest that the trend since 1994 has been from one where networked governance was dominant at a policy level, to one where more hierarchical and bureaucratic practice has progressively displaced this. I then show how the core development ideas mean very different things depending on your paradigm.

I then look at some of the key policy ideas related to delivery that have shaped local government policy since 1994. I first explore the idea of equity, which I suggest was the dominant idea that shaped policy analysis and policy prescriptions in local government in the initial period after the transition to democracy in the period 1995–99. Equity was a powerful meaningful idea that produced important change while preserving stability. It is also an idea strongly associated with the bureaucratic paradigm. At the same time, it is not a sufficient idea in policy or financial terms, for it was an idea that was essentially about addressing the past rather than getting to grips with the future.

The White Paper on Local Government issued by what was then the Ministry of Provincial Affairs and Constitutional Development[1] in 1998 (DPLG 1998) contained an array of policy ideas that sought to radically change local government practice and define a new discourse to get to grips with the future. There are a number of important ideas contained in this document, including emphasis on economic and social development, participation and partnership. I focus on what is arguably the key concept: 'developmental local government'. I also argue that 'developmentalism' is associated with networked governance.

I then suggest that these new policy ideas, such as development and integration, may have lacked the clarity and power to displace earlier driving ideas, and have thus not had the substantial transformative impact that was intended. At the same time, some bold efforts have been made in some of our municipalities to shift into a more developmental mode. It is here that the future is being built.

To contrast the tension between a bureaucratic tiers approach (and its associated emphasis on equity) with a networked 'spheres' approach (and its associated more strategic 'developmental' approach), I briefly compare the respective agendas of Cape Town and Johannesburg in the period 2000–05 and make some preliminary conclusions about their relative merits.

Theoretical concerns

A key concern in this chapter is how language is used for practical and symbolic purposes within the processes of municipal policy and practice. The linkage among language, policy and society has long been an area of scholarly endeavour. The Frankfurt school, critical linguistics, critical discourse analysis, and cognitive linguistics all represent efforts to understand the use of language in social and political contexts (Chilton 2004:x). However, discourse analysis has been a neglected avenue of enquiry in understanding public management and governance, not only within South Africa, but also internationally, as Ferlie et al. (2003:S4) point out.[2]

In this chapter, I make rudimentary use of some of the concepts of discourse analysis. In particular, I draw on some of the thinking emerging from the discipline of cognitive linguistics, especially the work of Lakoff (1996, 2002). Lakoff points to the centrality of metaphor to human thinking, political behaviour and society. He and Johnson suggest that 'our ordinary conceptual system, in terms of which we both think and act, is fundamentally metaphorical in nature' (Lakoff & Johnson 1980). They proceed from this premise to point to the importance of issue 'framing' within a contested policy terrain, arguing that the terms in which an issue is 'framed' metaphorically tend to define the terms of the debate. I use this insight to explore how conceptions of the local state have increasingly been 'framed' in a manner that reinforces the 'tiers' metaphor associated with the bureaucratic paradigm.

THE PARALLEL PARADIGMS OF GOVERNANCE

The literature points to a number of public service paradigms that have emerged over the past century. Typically, three primary paradigms are isolated:

- ■ Traditional public administration as the dominant paradigm for much of the twentieth century, with its emphasis on hierarchy, rules and procedures;
- ■ The 'New Public Management' (NPM) that emerges in the 1970s and seeks to bring both the managerial practice of the private sector and private sector involvement in the provision of public services. It becomes powerful in the 1980s, and starts to wane in the 1990s, against the backdrop of the complex and diverse governance challenges; and
- ■ The networked governance approach that emerges in the more complex 'information era' times of the 1990s to address the limitations of the state and the market in addressing the many complex challenges facing society. In this world, partnership with civil society, co-innovation and civic leadership become driving ideas.

Table 5.1 illustrates these paradigms.

Table 5.1: Public administration paradigms

	Traditional public administration	NPM	Network governance
Context	Stable	Competitive	Continuous change
Population	Homogeneous	Atomised	Diverse
Needs/ problems	Straightforward, defined by professionals	Wants, expressed through market	Complex, volatile, prone to risk
Strategy	State-/producer-centred	Customer-centred	Shaped by civil society
Governance through actors	Hierarchies, public servants	Markets, clients & contractors	Networks/ partnerships, civic leadership
Key concepts	Public goods	Public choice	Public value
Improvement	Initial big-step change, but less continuous improvement capability	Improvements in processes & systems	Transformational & continuous improvement
Role of policy makers	Commanders	Announcers/ commissioners	Leaders & interpreters
Role of public managers	'Clerks & martyrs'	Efficiency/market maximisers	'Explorers'
Role of population	Clients	Customers	Co-producers

Source: Based on Benington and Hartley (2001)

It is interesting to analyse the evolution of local government reform in South Africa since 1994 in terms of these paradigms. If we look first at the legislation, a cursory reading would suggest the following:

■ The Constitution (Act 108 of 1996) is arguably imbued with the spirit of the networked governance paradigm. The notion of 'spheres of government' to describe the relationship among national, provincial and local government rather than 'tiers' or levels is the iconic expression of this sensibility.

■ The White Paper on Local Government of 1998 is similarly rooted in this para-digm, embodied in ideas such as defining 'municipality' as comprising not just councillors and officials, but all the citizens of the locality. The White Paper also gives some weight to some concepts associated with a more NPM managerialist paradigm, such as public–private partnerships and performance management.

- ■ The 'managerialist' NPM ethos becomes much more apparent in the Municipal Systems Act 32 of 2000 in its requirements regarding performance management, municipal service partnerships and so on.
- ■ More recent legislation such as the Municipal Finance Management Act 56 of 2003, with its stringent and prescriptive requirements regarding financial management and procurement, would seem to be clearly within the traditional public administration paradigm. There is considerable anecdotal evidence that the Act places major constraints on the establishment of the partnerships envisaged in the White Paper and Municipal Systems Act.

This shift is also embedded in the way in which the policy discourse and the associated metaphors used to describe 'governance' and the relationship between national and local government has unfolded.

During the period of local negotiations from 1993 to 1995, a period that paralleled the drafting of the Constitution, the policy language tended to reinforce the 'spheres' metaphor of the Constitution. Thus, the local government negotiations took place in 'forums' or 'chambers', both terms talking to inclusivity and non-hierarchy. The mode of decision making during that period was 'inclusive' and 'consensus'-focused: outcomes emerged from the process rather than being pushed down from the top. Even the title of the operative legislation – the Local Government *Transition* Act[3] – speaks to a transformation that emerges through process rather than one established at the top and cascaded down.

However, the framing of the policy conversation in a manner that reinforced a 'spheres' metaphor did not last, and the policy discourse regarding governance has subsequently largely been framed in terms of a 'tiers' perspective rooted in a traditional public administration paradigm.

The first big new metaphor post-1994 was Reconstruction and Development Programme (RDP) Minister Jay Naidoo's characterisation of local government as the 'hands and feet of the RDP'. While he may simply have been trying to underline the developmental importance of local government, his metaphor reframes the relationship between national and local government. They are no longer equal, distinctive and interdependent 'spheres', and local government is seen as an extension of an agenda set at a national level, i.e. policy and direction are established nationally and local government then implements. Inherent in this, I would suggest, is an implicit hierarchy and the notion of local government as a subordinate level. This notion of local government as the 'delivery arm' of government has been an enduring metaphor in the period since 1995.

The 'tiers' approach is also implicit in the language of the legislation that drove the next wave of restructuring from 2000 onwards. This is exemplified by the Municipal Structures Act 117 of 1998, whose title telegraphs a 'tiers' mindset and

whose content reinforces this. There are no longer participatory forums, but ward committees chaired by a ward councillor and comprising no more than ten persons, and with no authority or decision-making capacity. A 'tiers' perspective is also reflected in the detailed prescriptive content of the Municipal Systems Act and its associated regulations, where all of local government, from big metropolitan councils with budgets larger than many provinces', thousands of staff and considerable professional and managerial capacity to small rural local municipalities with small budgets and small, poorly skilled staff complements, is subject to exactly the same system requirements. A 'spheres' paradigm, alternatively, is able to acknowledge that local government can comprise large 'spheres' and small 'spheres' and that legal frameworks can allow a differentiated approach. The more capable a municipality, the more discretion and the less prescriptive regulation it requires.

As major problems in the delivery of the ambitious agenda established nationally during this period became apparent, a second related metaphor emerges – that of local government unable to stand on its own two feet. The biggest problem in the governmental system is now the 'lack of local government capacity'. This finds expression in many presidential 'State of the Nation' addresses and pronouncements of other national and provincial ministers. Building 'municipal capacity' becomes a national priority. Project Consolidate, managed by the Department of Provincial and Local Government, is one programmatic expression of this perspective.

Now, the concept 'capacity' has its origins in law – if you are a minor or are insane, then you do not have 'capacity' in a legal sense. Framing the problem of delivery as a problem of 'municipal capacity' again reinforces a 'tiers' mindset – local government as the 'child' requiring support and discipline from the superior tiers. This framing inevitably results in a series of interventions from the national and provincial levels to tighten control over local government. Thus, the provisions of the Municipal Finance Management Act 56 of 2003 are much more onerous than those of the Public Finance Management Act 1 of 1999, for the former Act makes provision for extensive regulation of municipal systems and planning that does not apply to national departments or provincial government. The current policy idea of creating a 'single public service' – which basically means bringing municipal employees into the same regulatory framework and conditions of service as national and provincial staff – is similarly about tightening control of local government, because it cannot be trusted to remunerate and manage staff appropriately.

It is interesting that 'municipal capacity' is singled out for particular attention relative to 'government capacity' in general. Is it true that municipalities have less capability than other levels of government? I personally suspect that a study of the relative competence of the three levels of government would find that local government in general has a higher level of general competence than national and

provincial governments. If you look at our largest 25 municipalities where a large part of our population and our economy are concentrated, the service delivery foundations in most areas are in place – water and sanitation, electricity, refuse collection, development control, roads, traffic management etc. get delivered, the bills get issued, and so on. There may be challenges of maintenance, service consistency and quality, and financial management in some of these municipalities. There may be isolated incidents of corruption. But generally, service delivery and urban management happen relatively effectively and are improving. If you look at almost all major government departments that have a large service delivery as opposed to policy component, on the other hand – think Home Affairs, Correctional Services, Justice and Police – endemic corruption and poor performance appear to be the norm.

Even at a policy level, some of the major urban challenges facing cities, including urbanisation and settlement, and transport, are in part poorly addressed because of the failure of national housing and transport departments to provide any strong policy and resourcing frameworks over a sustained period of time. Indeed, integrated policy-making capacity across the major metros is probably more advanced than what has been possible at provincial and national government levels, especially when one takes into account the complexities of integration at the metropolitan level.

Similarly, if you were to compare the performance and capability of a large number of our provincial governments with that of our larger municipalities, the result would doubtless indicate the relative strength of the municipalities. Does the Eastern Cape provincial government exhibit better performance and competence than the Buffalo City or Nelson Mandela Bay Municipalities?

At another level, you might argue that the admittedly low performance and capability of many of our smaller, typically more rural municipalities are rooted in national fiscal frameworks and policy. Such municipalities will always struggle to employ sufficiently qualified personnel, given their limited financial resources in the context of a national shortage of technical and managerial skills while the current financial model remains in place.

EVALUATING THE SHIFT

How are we to evaluate the apparent legislative and policy trend away from networked governance (and the associated 'spheres' metaphor) and even NPM towards consolidating a more bureaucratic paradigm (and a 'tiers' metaphor)? Does it represent a retrogressive watering down or rolling back of progressive thought and practice? Or is it a necessary response to a lack of capability within the state

and a need to ensure that the basic administrative infrastructure is in place as a precondition for the higher-order networked governance practice? Or is it both at the same time?

The literature acknowledges that the point about these three paradigms is not so much that a new paradigm progressively displaces a previous paradigm that disappears over time, but rather that the three paradigms build on one another and consequently exist simultaneously (Newman 2001; Schultz & Hatch 1996). From this perspective, more modern networked governance requires a foundation of sound administrative practice.

Many public sector managers confirm that one of their great challenges is that they operate within an increasingly complex context characterised by these multiple overlapping governance paradigms and multiple accountabilities that exist simultaneously. The implication is that managers need to have strong capacities to tolerate and manage complexity and ambiguity. Another way of saying this is that the good public sector manager needs to be a bureaucrat, a manager and a leader/explorer at the same time.

However, it would be a mistake to resolve the issue in too glib a manner and to affirm that these three paradigms are complementary components of public service thinking that are capable of nesting neatly together within the organisation or the individual. The problem is that while the paradigms do build on one another and while they contain an essence that remains valid even as paradigm change occurs, they are at the same time competitive paradigms.

If the thinking inherent in each of these three paradigms is to function together in a mutually synergistic manner, there is a requirement that there is some individual and collective awareness of the different paradigms, their assumptions, their strengths and weaknesses and how they might deployed. This is analogous to modern team building, where we use profiling tools to understand our individual team, work and leadership styles and how these can complement one another. Where this consciousness does not exist and where different paradigms collide, then confusion, conflict and despair ensue.

More importantly, given the competitive nature of the paradigms, we need to be clear about which paradigm is dominant and underpins the policy debate in practice. Understandings of big policy ideas mean very different things, depending on the underlying paradigmatic assumptions. If one's unconscious mental mindmap or conceptual metaphor is that of hierarchy or 'tiers', key policy words will be understood in a completely different and often diametrically opposite way to someone approaching the world from the perspective of networks or 'spheres'.

Table 5.2 outlines the very different meanings that major policy words such as integration, development and performance might have, depending on the underlying paradigm.

Table 5.2: Meanings of key terms within the different paradigms

	Traditional public administration	NPM	Network governance
Integration	■ Top-down alignment ■ Hierarchy of plans ■ Fixed	■ Alignment via contract ■ Focus ■ Responsive	■ Alignment via relationships ■ Network of plans ■ Dynamic
Development	■ 'Welfare state' ■ Infrastructure bias ■ Intervening	■ 'Market as provider' ■ Public–private partnership bias ■ Enabling	■ 'Co-innovation' ■ Social capital bias ■ Engaging
Performance	■ Performance is about carrying out instructions from above and complying with the law	■ Indicators and targets expressed in contracts and integrated development plan (IDPs) drive performance	■ Performance flows from common vision, commitment and relationships

It seems to me that there is a lack of consciousness within our context about these underlying paradigms and mindsets. It also seems to me that we are unclear as to whether 'tiers' should be our conceptual metaphor (as is currently the case), or whether we need to move forward on the basis of the 'spheres' idea of the Constitution. We are not clear which should be dominant. This tension is an important element of the contemporary debate about the 'developmental state'.

A typical response to perceptions of poor and inadequate delivery by the private sector, municipalities and other government agencies is to argue that we need a stronger, more hierarchical state capable of decisively intervening in society and the economy through implementing major interventions at scale.

And yet, in many ways, part of our 'implementation failure' since 1994 flows from this understanding of delivery – it is the rigidity and centralised nature of our governmental institutions and their inability to effectively harness private and civil society resources and energy that has been the major obstacle. Our major challenges are not solvable through simple top-down fixes. Our society is too complex and diverse for this. It requires a state with sufficient complexity and capability so that it can successfully engage with society in its complexity. This requires a high-capacity state with a strong strategic core at the heart of any government, but where power and authority are also widely diffused to the frontline municipalities and service units. It is a well-run state with sound bureaucratic and managerial capacity, and with an enhanced ability to network, to experiment and to influence.

THE POWER OF EQUITY VERSUS THE POTENTIAL OF DEVELOPMENT

The virtues and vices of equity

Equity was the predominant driving principle behind municipal service delivery change after the transition to democracy. It may not appear as a dominant idea in the Constitution or in policy documents of the time. But in my experience, it has inevitably been the starting point when discussing priorities at the municipal level for much of the period after 1994. This was an understandable response, given the deeply discriminatory and unequal service delivery situation inherited by the post-1994 democratic local government.

I wish to explore two characteristics of the concept of equity as it has been articulated in the South African municipal context: its ambiguity and its hegemonic character.

Equity is a rather loose concept, and is accorded a range of ambiguous and some-times contradictory meanings. In relation to municipal service delivery in South Africa post-democracy, it has been and is used in at least the following senses:

■ Equality (every resident should receive the same services as every other resident);

■ Equivalence (every resident should receive a package of services that is equivalent in value to that received by other residents, even if it may not be identical);

■ Equality of access (every resident should have access to municipal services that is equal or equivalent to that of every other resident, even if he/she chooses not to use services in an equal or equivalent manner);

■ Redress (some residents should receive higher levels of a certain service or other benefits in order to rectify historic injustice); and

■ Fairness (residents can receive varying levels of service, provided that there are legitimate grounds for this, including the preparedness to pay, special needs, policy considerations, and so on).

Now, ambiguity – the attribution of a number of different meanings to the same core concept – has potential utility in the arena of public policy. Sharkansky (1999), writing on the Israel–Palestine issue, even asserts that the use of ambiguity and other forms of coping are more suitable than problem solving in dealing with certain kinds of public problems, particularly where high levels of social or political conflict are prevalent.

Ambiguity can facilitate consensus and can accommodate a range of diverse interests and concerns. Thus, a massive shift in capital expenditure to former

African areas to provide basic infrastructure was achieved without any major deterioration in levels of service provision to former white areas or major increases in property taxes or tariffs, which have generally tracked the inflation index. (There was, of course, major opportunity cost. Investment in maintenance was deferred, reserves were expended, and so on.)

Ambiguity also creates flexibility in implementation and founds pragmatic rather than normative solutions to complex issues. It might be argued on these lines that land-use planning budgets continued to be disproportionately spent in rich areas, because of the high requirement for development control in those areas, whereas health and community facilities were almost exclusively provided in poor areas where such services were needed.

Ambiguity and its inherent tensions can also lead to new insights and generate new possibilities with respect to major contested issues. The drive for providing basic services on an equitable basis resulted in a number of innovations. Poor people for the most part could not afford to pay for the new services, and arrears rocketed. In response, municipalities had to develop a much deeper appreciation of these people's needs and had to change their conceptual frameworks. The development of pro-poor policies typically comprising stepped tariffs based on usage that allowed large consumers of these services (presumably richer households) to subsidise small consumers was one manifestation of this.

However, there are obvious potential costs as well as benefits associated with ambiguity. It can represent or result in political laziness. It can also result in the avoidance of making big political choices when these are necessary. It can produce confusion and a loss of direction – people do not understand what to do because there is no coherent direction, and this can lead to stasis and decline.

Whether policy ambiguity is helpful or not obviously requires some understanding of the political moment. There is a time for ambiguity and the potential consensus and stability it brings. There is also a time for radical clarity and its potential for conflict and for transformation.

Equity as the key transitional idea to support the transition from apartheid to a democratic dispensation had great positive power at that moment – it both facilitated real change and also helped found a sufficient level of social harmony. However, its ongoing value as the central idea driving policy and practice in the unfolding dynamic of change can be questioned.

This brings us to the second characteristic of the concept of equity as manifest in the municipal sector in South Africa, namely that it became hegemonic and started to function as a discourse.[4] It created a space in which only certain things could be said and even imagined.

The power of the equity concept is that it is so intrinsically bound up with notions of fairness, equality and justice. To question equity is to be against justice. It thus elevated municipal service delivery into an issue of rights rather than an issue of choices. It crowded out a strategic conversation about the most appropriate use of limited public resources by pre-determining the outcome.

For the logic of equity led inexorably to a focus on the basic services of water, electricity and sanitation. These services are delivered on an individualised basis to households. They are tangible and measurable. You either have access to water, sanitation and electricity on your *erf*, or you do not. The absence is obvious, and it is *a priori* inequitable. In addition, these are also services to which some acceptable standard of provision is attached.

In many rural and peri-urban areas, equity demanded that the basic standard was waterborne sewage. Thus an expensive and not necessarily superior technology developed in London on the Thames and exported to the world as a signifier of civilisation became a primary standard of equity in the barren veld of the Free State, although much less expensive, more environmentally sensitive 'intermediate' sanitation technologies were available.

Other municipal services such as clinics, libraries and other community facilities are not delivered on an individual basis. Equity here only demanded a fair distribution of facilities across the municipality. It said nothing about the quantity or standard of provision. Inadequate provision of these is reflected in queues and poor quality service, but does not sin against equity. Those services such as economic development that are rendered for the municipal area as a whole figure even lower down in the hierarchy of priorities when equity is the discourse.

The consequences of this logic are profound. In Mangaung Municipality, the sanitation share of the operating budget grew from 13.9% to 23.5% in the period 1994/95–2001/02.[5] The allocation to primary health fell from 7.8% to 5.8% during the same period, at a time when the incidence of HIV/AIDS was escalating rapidly to the current pandemic levels of 27.9% of the population. Similarly, the allocation of funds to economic development activities declined substantially, at a time when the local economy was in significant decline and a number of major corporates were closing their operations and relocating to other parts of South Africa. In addition, notwithstanding the massive investment in sanitation implicit in these figures, many households remained without this service.

In short, the discourse of equity resulted in a strategic blindness and made it very difficult to reallocate resources from infrastructure-biased basic services to other 'softer' areas that were potentially more productive and strategic.

Developmental Local Government as a Strategic Reconceptualisation

Equity, then, was the powerful concept that ruled the stage in the period 1995–99. It could be said that equity is a concept that is about addressing the injustice and inequity of the past.

There was already a recognition in policy circles that the challenge is to develop some key ideas that get to grips with the challenges of the future. The White Paper on Local Government of 1998 was an attempt to do this. In many respects, it sought to create a different discourse from that of equity (with its focus on basic service delivery) to one of emphasising the development-enabling and civic leadership-providing roles of local government, in line with some thinking internationally. There is, in fact, almost no reference to equity or transformation in the White Paper.

The core concept in the White Paper is that of developmental local government – 'local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of life' (DPLG 1998:17). This concept is defined as having four characteristics:

■ maximising social development and economic growth;
■ integrating and coordinating;
■ democratising development; and
■ leading and learning.

I want to focus briefly on the first two characteristics, because they have tended to be the ideas that have been most in focus.

Maximising social development and economic growth

The White Paper gives very broad and general guidance regarding what is meant by maximising social development and economic growth (DPLG 1998:18). It acknowledges that local government has great influence on the local economy, and should leverage this in a strategic manner. It can help ensure the conditions for job creation. It points to simple changes to procedures such as affirmative procurement and speeding up the approval process that can have a big impact. It points to the potential for promoting social development through arts and culture, and sports and recreation. It gives very little indication about what approaches and what choices are involved in maximising development. The maximising development idea is thus largely a good intention rather than a direction with substantial content. It does throw up a number of questions. What is the relationship between social and economic development, and how are these to be held together, given that

there appear to be significant trade-offs between them? National policy is silent on the subject. Municipalities, typically, have underlined the connection between competitiveness and poverty alleviation, but found it hard to address the linkages or trade-offs. A serious drive for competitiveness, with its inevitable emphasis on putting resources into economic infrastructure that is attractive to investment and on improving labour market efficiency would appear to inevitably result in a decreased ability to address poverty and employment in the short term, even if there is possibly a positive impact in the long run. But, here also there is no policy advice. The consequence is that the equity idea prevails and the development focus ends up being poverty alleviation via basic service provision and limited local economic development support focused on poor communities.

If policy is unclear on the linkage between social development and economic growth, it is similarly unclear on specific approaches to social development or economic growth. Is the primary approach to social development and poverty reduction a focus on addressing basic needs, or is it about moving towards a sustainable livelihoods approach? Policy is silent on this question, but the implications of this issue for the profile of municipal services are massive. Similarly, what is required to facilitate economic growth? Does it, for example, include drawing the private sector into municipal service provision? The rhetoric of public-private partnerships or 'municipal service partnerships' (MSPs) was very strong in the years after the White Paper. Notwithstanding this, only two major MSPs (Dolphin Coast and Nelspruit water concessions) were entered into during this period.

In short, the policy messages regarding 'development' have been often contradictory and lacking in substance. The idea has thus had little impact on the reality of municipal practice up to now. There is, however, some evidence of hard thinking and innovation in our stronger municipalities. The case study section, below, provides some evidence of this.

Integration

Integration in the South Africa context has implied things like getting a more strategic focus, the creation of more coherent entities and facilitating 'joined-up' working across sectors. Its major manifestations in policy and legislation include:

■ the requirement that every municipality produce an IDP and that this be supported by a performance management system;
■ the massive rationalisation of municipalities, which has reduced the number of municipalities nationally by more than 50% and has established one-tier unicity authorities in the metropolitan areas; and

■ a substantial increase in political executive authority through the creation of executive mayors in order to increase the ability to drive integration.

However, what is apparent from even a cursory examination of integration is that its focus has tended to be on process and structure rather than on the content of what needs to be achieved. There is an assumption that making municipalities plan more and creating larger rationalised entities will result in better outcomes.

This is not necessarily the case, although good process and good structure doubtless have utility. The evidence from my experience seems to suggest that the initial outcomes have been mixed. The IDP processes often reinforce bureaucratic rather than 'developmental' thinking. The fact that a council has complied with the law by preparing a plan is far more important that the content of the plan. This is inevitable, given the absence of any substantial benchmarking that allows municipal outputs and outcomes to be evaluated in some evidence-based way. There has been very little joining up of government, beyond platitudes. In short, integration as applied tends to represent the triumph of form over substance. Taken together, development and integration currently fail to inspire or to cohere.

It can be argued that the process of moving from an approach rooted in an equity discourse to one rooted in development will necessarily take time – that the concepts of development, integration, participation and learning will develop and mature through experience and experiment. I think this is a valid perspective, and some municipalities are boldly moving in this direction. However, it will not happen on its own accord. It will require support for networks, education and training interventions, and process facilitation work that reconstitutes the mental maps that prevail across local government institutions.

A Comparison: 'This City Works for You' (Cape Town) Versus 'World Class African City' (Johannesburg)

It could be argued that these different world views or mindsets are illustrated by the practice of the cities of Cape Town and Johannesburg over the period 2000–06.

I would contend that Cape Town followed an approach where a 'tiers' mindset was dominant. The roots of this more top-down hierarchical approach lie partly in the highly contested nature of politics in Cape Town, which was intensified by a shift in political control from the Democratic Alliance to the African National Congress (ANC)–New National Party halfway through the term as a result of floor crossing. A consequence was great lack of trust between the political leadership and top officials, especially where they were appointed by the other party; a highly partisan political environment, where the dominant party typically sought little

positive engagement with the opposition; and a strong sense of insecurity, which manifested itself in a strong assertion by political leadership of their power prerogatives. The 'tiers' approach was reflected in:

■ a centralising approach to organisational restructuring (such as a rejection of any decentralisation to area administrations or corporatised arrangements);
■ a strong infrastructure emphasis to delivery, focused on the provision of basic services to the poor in order to achieve service equity;
■ a downgrading of the importance of economic development and competitiveness as key areas of city government engagement;
■ very limited lobbying of national government to change policy, but a preparedness to take on substantial risk to pilot new national government initiatives (such as RED ONE – a regional electricity distribution entity created by the city – and the N2 Gateway pilot of the Breaking New Ground Human Settlement agenda); and
■ a suspicion of partnership arrangements as undermining the jurisdictional authority of city government, and an associated attempt to shrink the role of such partnerships and reassert city prerogatives regarding central business district management, tourism, and so on.

Even the branding strapline that Cape Town adopted during the period – 'This City Works for You' – is itself arguably rooted in 'tiers' thinking: the notion that government is there to deliver to you as citizen, rather than government as working in partnership with stakeholders to co-deliver.

I would argue that Johannesburg over the period 2001–06 conversely tried to move beyond the 'tiers' paradigm and to give effect to a 'spheres' concept. It also had the benefit of considerable political stability and a positive dynamic between political and administrative leadership. This effort to emphasise a more networked 'spheres' approach is reflected in:

■ a much more decentralised approach to reorganisation than any other South African city, with the creation of the regional administrations and 'corporatised' service delivery entities;
■ a strong emphasis on regenerating the inner city via sophisticated multidimensional interventions with complex social dynamics;
■ a strong preparedness to engage and influence national policy debates;
■ a conscious effort, among other things, through the Jo'burg-2030 process to shift the emphasis of municipal action from equity and municipal service delivery to development and the need to focus on economic growth; and
■ the confident use of partnerships and entities such as the Johannesburg Development Agency to drive the development agenda.

The Johannesburg strapline – 'World Class African City' – has often been appropriated by critics as the iconic expression of a dominant neo-liberal, anti-poor agenda. I would rather view it as an aspirational attempt to move beyond a narrow municipal concept rooted in a traditional bureaucratic paradigm to one that embraces connectivity and competence.

Table 5.3: Cape Town versus Johannesburg

	Cape Town	Johannesburg
Dominant governance metaphor	■ Tier	■ Sphere
Strategic focus	■ Equity ■ Hard infrastructure bias	■ Development ■ Soft social intervention bias
Institutional	■ Internal business units ■ Area coordinators	■ Utilities, agencies & entities ■ Decentralised regions
Flagship project	■ N2 Gateway Housing Project	■ Inner City Regeneration Strategy
Slogan	■ This City Works for You	■ World Class African City

The analysis above is supported by a cursory review of some core outcomes data.[6] The data also raises some questions about the relative efficacy of the two dispositions.

Firstly, the data as outlined below shows that Cape Town significantly outper-formed Johannesburg in the provision of basic services to the poor. We might expect this, given its relentless focus on equity and on providing basic services.

In regard to sanitation, Cape Town reduced the backlog of households with a ventilated improved pit toilet or less by 92% from 2001 to 2004 (from 95,524 to only 7,279). In Johannesburg, the backlog was only reduced by 40.7% (from 135,373 to 80,233).

Cape Town's performance in extending electricity was also significantly better. It reduced the number of households without electricity for lighting from 12.75% in 1996 to 2.99% in 2004. Johannesburg's backlog reduction was from 14.12% to 6.71% over the same period.

The results for water provision were slightly more ambiguous. Cape Town increased the number of households with water in dwellings from 69.35% to 84.93%, as opposed to Johannesburg's increase of 49.6% to 62.01%. However, Johannesburg reduced the number of households without water on site from 13.52% to 4.71% over the period 1996–2004, in contrast to Cape Town, where it fell from 10.16% to 5.78%.

A more profound indicator of municipal commitment to basic service delivery to the poor is refuse removal. Extending water, sanitation and electricity is relatively simple from a municipal perspective – the capital requirements are largely funded out

of national grants, and operational costs are meant to be paid for through the equitable share allocation. Once the capital investment has been made, no great change is required in how operations are undertaken. This is not so simple a matter when it comes to refuse removal, particularly in informal settlements. Nor is this driven by national capital grants. It requires a concerted change in operations and resource allocation. Here, Cape Town massively outperformed Johannesburg. The percentage of households without weekly refuse collection in Cape Town fell from 10.16% in 1996 to 2.05% in 2004. In Johannesburg, it rose from 11.45% in 1996 to 11.54% over the same period.

We can attribute the comparative differences in basic service improvement in large measure to Cape Town's policy choices and commitment to basic service implementation relative to Johannesburg. There are no other major differences such as variations in population growth[7] and informal settlement formation rates that would account for the indicated gaps.

Secondly, the data shows that the Johannesburg economy significantly outperformed the Cape Town economy. Average annual general value added (GVA) growth for Jo'burg in the period 2001–04 was 5.3%, higher than any other metropolitan area. GVA growth for Cape Town during this period was 2.9% (SACN 2006). Similarly, the Quantec annual average growth in employment in the period 2001–04 for Jo'burg was 2.47%, as against Cape Town's 1.6%.

The causal connection between economic growth and the performance of city government is obviously much less direct than the connection between municipal service access and municipal action. It is, for example, not possible to draw any definitive conclusion that the higher rate of growth for Johannesburg reflects the city's greater emphasis on growing the economy or a higher level of overall city management.

It could be argued, for example, that the drivers of the enhanced national economic growth since 2001 – the rapid growth in resource exports (primarily driven by the demand from China) and the growth of the internal market (largely concentrated in Gauteng) – disproportionately benefit the Gauteng metropolitans and eThekwini (as a key resource export port relatively close to the Gauteng market). The strong resource exports also results in a relatively strong Rand, which further disadvantages coastal tourism and product export centres such as Cape Town.

However, there should be concern that Cape Town's exaggerated focus on basic service delivery to the poor and lack of attention to its economic prospects during the period undermined its competitive positioning. Thus, if we compare Cape Town's GVA growth during the period 2001–04, it is lower than any other South African city other than Nelson Mandela Bay, which also grew at 2.9%. In addition, most cities showed significant increases in GVA growth relative to the 1996–2001 period, as we might expect, given the accelerated national economic growth over the period. In short, the evidence suggests that Cape Town had the best basic service

delivery performance and the worst growth performance of any of the nine South African cities during the period 2001–04. The question remains as to whether there is any definitive correlation between these outcomes and whether the poor growth performance was due to other factors, but it is certainly something to explore.

Similarly, we might ask what the comparative impact of Cape Town's tiers-equity-basic services versus Johannesburg's spheres-growth-regeneration approaches were on poverty and equality. The available data is not conclusive again, for the reasons outlined above – the connection between economic growth and municipal action is difficult to determine.

However, there is some evidence that higher rates of growth in Johannesburg did translate into a reduction in the number of households in poverty. For example, if we look at the change in the percentage of households in the six most deprived living standard measurement (LSM) groupings between 2002 and 2004, we see that in Cape Town the percentage decreased by 0.24%. In Johannesburg, it was far more pronounced, decreasing by 2.8%.

However, at this stage, we generally do not know enough about the impact of different policy positions or strategies. There are few rigorously conducted pilots of social and economic interventions that assess the macro impact of such interventions in our context. We also do not have much research-based evidence as to the comparative impact of different strategies on poverty and growth.

CONCLUSIONS

The discussion above is rather preliminary, and points to many areas requiring further research and conceptual thought, including:

■ a comparative assessment of the South African municipal change discourse with those of other countries and their relative outcomes;
■ the link between sectoral or local policy agendas and the national policy agenda;
■ the link between different municipal strategies and actual outcomes; and
■ the relationship over time between policy ideas and their implementation in practice, and how they might interact and evolve.

In conclusion, the discussion underlines the powerful influence of core underlying ideas and discourses on policy formulation and practice. This points to the desirability of a conscious ongoing reflection in the policy process on such ideas, their impact and their relevance.

The discussion also suggests that stagnation and decay are inevitable where strong ideas or discourses that give meaning and direction to human activity

are insufficiently present in a society. This is poetically expressed by Foucault (1998:181) when he says: 'In civilizations without ships, dreams dry up, espionage takes the place of adventure and the police take that of corsairs'. This brings us back to our beginning: Plaatjes the boat builder and his desire to reach the mainland.

The geography of political life globally has shifted tectonically since 1989. The mainland is no longer where it used to be. The old discourses that have dominated thinking within the ANC as central political movement in South Africa – such as state-managed socialism, nationalistic economic policies, fiscal populism, etc. – now lack traction and legitimacy as driving policy ideas, as do watered-down equivalents at the local level, like equity. The neo-liberal ideas and the associated managerialist paradigm that have dominated much of international government agenda similarly have lost legitimacy, and new answers are being sought. What is there to learn from the emergence of India and China as major economic powers? Is there anything in the experience of President Lula's Brazil that helps point out a new direction? What are the comparative outcomes of public sector reform in Europe, North America and Australasia? The lesson seems to be that fixed recipes for all to follow no longer exist, but that there is instead a need for the capacity to comprehend local conditions and develop context-specific policy responses.

The new conceptual boats required for relevance in this brave new world have not yet emerged with strong clarity in South Africa. In the interregnum, the policy process at all levels will be somewhat provisional, contradictory and uncertain. This could gestate the emergence of a new set of ideas, while equally it might translate into a strategic lethargy reinforced by leadership vacuums. The alternative might be a new energy expressed in new manifestos – a new polemic filled with fresh, radical, confrontational, out-of-the-box ideas rather than more pale, nuanced, safe and cautious government policy-type documents. But it might be both – the incremental emergence of new ways of thinking, spurred by confrontational manifestos that provoke new policy debates.

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ENDNOTES

[1] For practical purposes, this document is referenced as being produced by the Ministry of Provincial Affairs and Constitutional Development's successor, the Department of Provincial and Local Government (DPLG).

[2] The work of Newman (2001; 2002; 2005) is an exception to this. She uses cultural and discourse analysis to explore, among other things, the language adopted by New Labour as part of its modernisation agenda.

[3] Local Government Transition Act 97 of 1996, Second Amendment; emphasis added.

[4] I use 'discourse' in a not very technical or post-modernist sense to mean the vocabulary and conceptual frameworks through which policy issues are expressed, which tell us what policy makers and political parties believe and where they are heading.

[5] All the Mangaung information is drawn from Van Ryneveld (2001).

[6] All the data used in this section is drawn from the data schedules in SACN (2006:chap. 6).

[7] Average population growth in Johannesburg for the period 2001–05 was 0.53%; for Cape Town it was 0.65%.

Rural Local Governance

Ian Goldman and Kian Reynolds

INTRODUCTION

The post-1994 system of local government changed the realities of municipal governance everywhere – but more so in rural areas than anywhere else, where urban and rural municipalities were amalgamated. The fact that there was no uniform tradition of local governance outside of the old white municipalities and the huge range of on-the-ground challenges presented by rural conditions in South Africa make rural areas a litmus test of successful developmental local government. Critical issues include not just the depth of poverty, but also the lack of municipal resources and the anticipated and unimagined difficulties of operating across spheres of government. This chapter seeks to analyse the particular challenges facing rural local government in South Africa. It begins with a discussion of the definition and demography of rural areas, the characteristics of rural areas and the challenges posed for rural development. Local government is a key actor in addressing rural development, and we look at the interaction between local government and other levels of government, as well as the relationship with key stakeholders. Issues in delivery of rural services and efforts to promote local economic development (LED) are highlighted. Finally, the strengths and weaknesses of rural local government and challenges for the future are identified.

WHAT IS RURAL – AND WHAT ARE THE IMPLICATIONS?

What is rural?

Currently, there is no formally agreed and accepted definition of 'rural' within South Africa. The Rural Development Framework (RDF) of 1997 defines rural areas as–

> sparsely populated areas in which people farm or depend on natural resources, including the villages and small towns that are dispersed through these areas. In addition they include the large settlements in former homelands, created by

the apartheid removals, which depend for their survival on migratory labour and remittances (DLA 1997:5).

Unpacking the diverse meanings of these non-urban places is a critical step in coming to terms with the developmental and local governance challenges of South Africa today.

The main types of rural areas can be categorised as commercial farming or communal areas. Commercial farming areas cover much of the country, characterised by large farms interspersed with small towns. Poor (African) people in these areas are predominantly current or ex-farmworkers and their families. There has been an explosion of the population of the small towns due to inward migration of ex-farmworkers, reinforced by the provision of services such as Reconstruction and Development Programme (RDP) housing, but often without prospects of employment. Communal areas are predominantly former homelands or Bantustans. They are often displaced semi-urban settlements with no economic base and people scratching out a livelihood from their micro holdings. People are surviving on remittances, pensions and home gardens, with land often the basis for livelihood survival. Despite the economic challenges, these former homelands are often seen as safe places, with lower costs, and a different and more caring social system.

This means that areas defined as rural are a heterogenous group. Annex 1, taken from *The State of the Cities Report* for 2006 (SACN 2006), shows a typology of settlements akin to that of the RDF. According to Statistics South Africa (Stats SA 2003), in 2001, 43% of the population of South Africa were living in a rural area.[1] The provinces with the highest rural populations were Limpopo (87%), Eastern Cape (61%), North-West and Mpumalanga (58%), and KwaZulu-Natal (54%). However, the absence of a definition of urban and rural in South Africa remains problematic.[2] The reality is that most municipalities, including some of the large metros such as eThekwini, or secondary cities such as Mangaung (based in Bloemfontein), contain significant rural areas, even if their share of the population may be small.

Rural areas are poor areas

When the new system of local government was introduced in 1994, poverty was undoubtedly concentrated in the old homeland areas, which were all classified as rural. Since then, there has been significant urbanisation, and the poverty spread between urban and rural areas has shifted, but the depth of poverty remains deepest in rural areas. Table 6.1 indicates the poverty share as shown in the RDF. Although it is somewhat outdated (prepared using data before the 1996 census) and uses only income data that notoriously overestimates rural over urban poverty, this table nevertheless suggests that the bulk of the poor (74.6%) and ultra-poor[3] (80.7%) lived in rural areas, while 70.3% of rural people were poor. The pressures for out-migration

are obvious, and the challenges of what local government could do to mitigate the poverty experienced by residents were huge.

Table 6.1: Distribution of poverty between rural and urban areas, 1993

	Poverty share (%) (where poor people are)		Poverty rates (%) (what proportion of the population is poor)	
	Poor	Ultra poor	Poor	Ultra poor
Rural	74.6	80.7	70.3	43.5
Urban	15.7	14.1	40.5	19.8
Metropolitan	9.8	5.3	19.7	5.8

Source: DLA (1997)

The Department of Social Development commissioned research in 2006 into the 21 presidential priority nodes, 13 rural and eight urban, which were participating in the Integrated Sustainable Rural Development Programme (ISRDP) and the Urban Renewal Programme (URP). These nodes are some of the poorest and most poorly served parts of the country. The survey covered 8,387 interviews in 21 nodes, and this data is used extensively in this chapter.[4] The data suggests that poverty is much higher in rural areas, but also that it is dropping, albeit at a lower rate than in urban nodes, namely by 5.9% in the rural nodes (from 53.7% in 2001 to 47.8% in 2006) and by 8.9% in the urban nodes (from 27.1% in 2001 to 18.2% in 2006) (DSD 2006).[5]

In 2006 the level of unemployment in the rural ISRDP nodes averaged 79.1%, compared to 62.6% in urban nodes. Between 2001 and 2006 the rate of unemployment *increased* in all rural nodes, and 79% of respondents report that it has become harder to find work in the last five years. Three-quarters of the unemployed have been unemployed for four years or more. In ISRDP households, the importance of social grants is enormous. As unemployment has increased, the research suggests that poverty reduction has been achieved by ongoing provision of infrastructure and improved access to social grants provided by the Department of Social Development (DSD 2006:14). This confirms figures from development indicators for 2007 (Presidency 2007), which suggest that since 2002 strong overall income growth, including the expansion of social grants, has resulted in the rise of the income of the poorest 10% and 20% of the population. While income poverty is declining, inequality has not been reduced and the poorest 10% have the same share of income as in 1993, and the Gini coefficient is not reducing. This could be seen in a case study of Senqu in Ukhahlamba District Municipality (DM), which shows increasing inequality in incomes and educational levels, with an increasing number of adults with no schooling, while there are also increases in those with secondary and higher education (Nel et al. 2006).

THE CHALLENGE FOR RURAL DEVELOPMENT

There is no clear direction for rural development in South Africa. The RDF of 1997 was never formally adopted, and there has never been a coherent strategy for the development of rural areas. The primary economic motor of rural areas is still agriculture, commercial agriculture and potentially the development of a cadre of small farmers. It was hoped that land reform would stimulate the small-farmer sector, but there is little evidence to suggest that the transfer of land is having a significant impact in terms of the creation of a cadre of small-scale commercial farmers and the generation of wealth in rural areas. World-wide, there is evidence that gross domestic product (GDP) growth from agriculture benefits the poorest four times more than GDP growth from non-agricultural sectors, and this opportunity is not being realised in South Africa (De Janvry 2007).

The National Spatial Development Framework focuses on the major urban centres, arguing that the government's key social objective of poverty alleviation would best be achieved by focusing economic growth in economically sustainable areas with proven development potential (Presidency 2003). This links with the dominant paradigm of a belief in the formal economy as the driver for growth, and suggests inadequate analysis of how livelihoods-based approaches could lay the basis for a solid base to the pyramid on which a broader growth agenda can be built, as happened in South-East Asia. For example, in research Khanya-aicdd conducted with Rhodes and Wits Universities on pro-poor LED in South Africa, 44 ways were identified that pro-poor LED could be supported, which suggests that the potential exists for these approaches (Khanya-aicdd 2006).

THE CURRENT SYSTEM OF LOCAL GOVERNMENT

With the amalgamation of local governments in 2000, 843 separate urban and rural transitional local governments were amalgamated into six Category A municipalities (metros), 231 Category B (local municipalities) and 47 Category C (district municipalities), with all local municipalities falling within district municipalities.[6] One of the key features was to amalgamate a town with the rural area served by the town, and thus all types of local government combine urban and rural areas.

Municipalities vary greatly in size and resources, from very rural district municipalities such as Naledi Local Municipality in the Free State, which has a population of 29,000, and 29% of general value added (GVA) comes from agriculture, to the adjacent Mangaung Local Municipality, which has a population of over 650,000 and encompasses the city of Bloemfontein and some large and small towns with only 3.4% of its GVA coming from agriculture.

Many local governments have inherited complex and fragmented structures from the

apartheid dispensation. For example, Mangaung Local Municipality was created from the amalgamation of Bloemfontein Transitional Local Council (TLC), Thaba Nchu Transitional Rural Council in the former Bophutatswana, Botshabelo TLC and parts of Bloemfontein Area District Council. These were themselves a result of the amalgamation of former white, coloured and African administrations. Service delivery has benefitted from consistent management by the former Bloemfontein TLC core administration. Nonetheless, significant problems still have had to be overcome in amalgamating the various administrations and establishing consistent policies and work practices. These historically different places have factions derived from the different components, which complicates the political dynamics of the overall municipality.

In both urban and rural local government, the substructures are ward committees, except in district management areas. The Municipal Structures Act 117 of 1998 provides for variants of local government, including participation through ward committees. Some municipalities have chosen to have elected ward committees, while in others, ward committees are made up of stakeholder representatives. Rather than local municipalities and wards, some district municipalities covering national parks or areas of very low population density have district management areas, of which there are 25 in the country.

RELATIONSHIPS WITH LOCAL GOVERNMENT AND OTHER STAKEHOLDERS

The relationship between district and local municipalities

The relationship between district municipalities (DMs) and local municipalities (LMs) is highly problematic, often being one of competition rather than cooperation (see Nel et al. 2006:xxiii). The Department of Provincial and Local Government is currently funding a project looking at sectoral alignment, and the following factors have emerged as working against cooperation:[7]

- The division of roles and responsibilities between the two types of municipalities is inadequately defined.
- Generally, DMs are supposed to provide support to the LMs. However, in some instances, the LM has a higher capacity than the DM. In these circumstances, strong LMs promote their own agendas without consultation with the DM, causing resentment and power struggles.
- The LM and DM in some circumstances compete for available funding.
- Non-attendance at key meetings, or attendance by junior officials who do not have the necessary information or decision-making authority and inconsistent attendance by different officials are features of council meetings.

- ■ Unclear terms of reference exist for the intergovernmental relations (IGR) cluster forums.
- ■ Municipalities struggle to get sector department planning and budgeting information, and face-to-face discussion on the sectors' proposals. They are basically given a list of projects to include in their integrated development plans (IDPs).
- ■ The roles of councillors are also blurred between these two levels.

For example, in Capricorn DM, this results in some duplication of hard infrastructure, inappropriate delivery of social facilities (e.g. with some schools built without water or sanitation, and others where toilets have been duplicated), or inappropriate location of services out of the access range of those who need the services.

The relationship between municipalities and provinces

The relationship between municipalities and provinces is also often difficult. The decentralised system is emergent – and most devolution has actually been to provincial rather than local government. Municipalities are responsible essentially for water, roads, sanitation, electricity and environmental health, while significant functions, such as agriculture, primary health care, education and social development, are managed by provincial departments. Yet, some confusion exists. A particular problem is that there is little incentive (neither carrots nor sticks) for provincial departments to participate in municipal integrated development planning processes, which makes for a lack of alignment between planning processes at the different levels, and there can be power struggles over which plans take priority. Another example of a problematic relationship in rural areas is between the (national) Department of Land Affairs and the (provincial) Departments of Agriculture, who are responsible for agricultural extension. Support for land reform projects is not integrated between these two key actors, which is one of the main reasons for the poor performance of land reform projects, as the establishment and ongoing support for projects are not integrated.

Local governments, traditional authorities and rural land allocation

One key difference between rural and urban local governments is that the former often have traditional authorities operating in their areas. The lack of a clear division of roles and responsibilities between local municipalities and tribal authorities has also led to tension and complications.

Section 81 of the Municipal Structures Act indicates that '[traditional leaders], may participate … in the proceedings of the council of that municipality, and those traditional leaders must be allowed to attend and participate in any meeting of the council'. The White Paper on Traditional Leadership and Governance of 2003 recognises that 'traditional leadership, as an institution located in the rural

areas, has a role to play in the fight against poverty, homelessness, illiteracy, and the promotion of good governance' (DPLG 2003:3). It recognises the role of national, provincial and district houses of traditional leaders in advising government on rural issues. At local level the following applies:

> The institution of traditional leadership can also participate in the municipal Ward Committees established in terms of national legislation. Traditional leaders will also continue to participate in municipal councils in terms of section 81 of the Municipal Structures Act … until legislation providing otherwise is introduced …. [Apart from customary roles] Traditional Councils shall:
> (a) support municipalities in facilitating community involvement in development planning processes;
> (b) communicate community needs to municipalities and other spheres of government;
> (c) recommend appropriate interventions to government to bring about development and service delivery;
> (d) promote indigenous knowledge systems for sustainable development;
> (e) participate in the development programmes of municipalities and other spheres of government; and
> (f) participate in the development of policy and legislation at local level (DPLG 2003:3).

Despite the provisions in the Act and the White Paper, relationships between traditional authorities and local government structures are often problematic, representing rival centres of power. This emerged, for example, in Sekhukune in the ISRDP research.

Traditional authorities often have a key role in land allocation. A local chief may allocate land for residential, business, industrial, grazing or arable purposes, as well as access to forests or woodlots. There are certain problems in the effective administration of these rights, both in recording the rights and in demarcating the land, and, as a result, disputes regarding land tenure can occur. According to Macintosh Xaba and Associates (1999), the introduction of Western freehold systems in traditional areas also contributes to land tenure disputes and weakens the traditional system.

Allocation of land use within government is distributed between different levels of government and different departments, which can also hamper development. The municipality administers land use in areas transferred into freehold ownership within its area of jurisdiction, while provincial government administers land use in those areas falling outside the boundaries of the municipality. Different national and provincial departments are responsible for administering land use rights in terms of their field of expertise. This creates duplication, demands cooperation between the departments concerned and is time-consuming and costly. An illustration of these problems emerged in the ISRDP study, where it was found that in Maluti–a–

Phofung, the local municipality developed a number of RDP houses, but the beneficiaries of the houses were unable to take ownership because the Department of Land Affairs owned the land upon which the houses were built. The procedure of transferring this land to the municipalities is a long and complicated one that wastes valuable human and financial resources. This is a common problem in the former homeland areas, because after these structures were abolished, the Department of Land Affairs took ownership of most of the communal land in these regions.

The role of the private sector and civil society

Apart from commercial farmers, and the limited retail sector in small towns, the formal private sector in rural areas is not extensive and its involvement in local governance is generally limited. Khanya–aicdd worked with Rhodes and Wits Universities on a survey of pro-poor LED in rural and urban municipalities in South Africa. The survey found that only 46% of rural municipalities have links with local chambers of commerce. The relatively low levels of collaboration with the private sector are problematic in the attainment of sustainable economic development (Nel et al. 2006). There were positive examples of collaboration such as in Creighton (Ingwe Municipality) or in Umhlatuze DM in KwaZulu-Natal, or the active role being played by eThekwini and Mangaung in addressing the informal sector.

Where private companies are major employers and generators of economic wealth within a region, this places them in a powerful position *vis-à-vis* local government. In some cases they can bypass local government and go through provincial government structures or national departments to acquire the necessary licences, interacting directly with tribal authorities to secure land. The ISRDP study provided an example of this in Sekhukhune, where the mines consulted directly with the tribal authorities over the use of land for sites for housing clusters and other mining activities. This weakens the ability of local government structures to manage local developmental activities. There is not necessarily any pressure on the private sector to be responsible to the community. In Sekhukhune, for example, local communities felt that the mines had little or no impact upon their lives and livelihoods.[8]

Figure 6.1 indicates that municipalities and government departments are now consulting widely with civil society groups as part of their LED activities. This is discussed further under the promotion of local democracy.

To sum up, there is evidence that management and development at local government level could be made more efficient and effective if the roles of different spheres of government (including types of municipalities) were clearer and more formalised, if there were less bureaucracy and more effective cooperation and partnerships, and if there were improved incentives for integrated and aligned planning and implementation both horizontally and vertically. In addition, strong leadership

is needed at local government level to prevent political infighting, which is common in many municipalities.
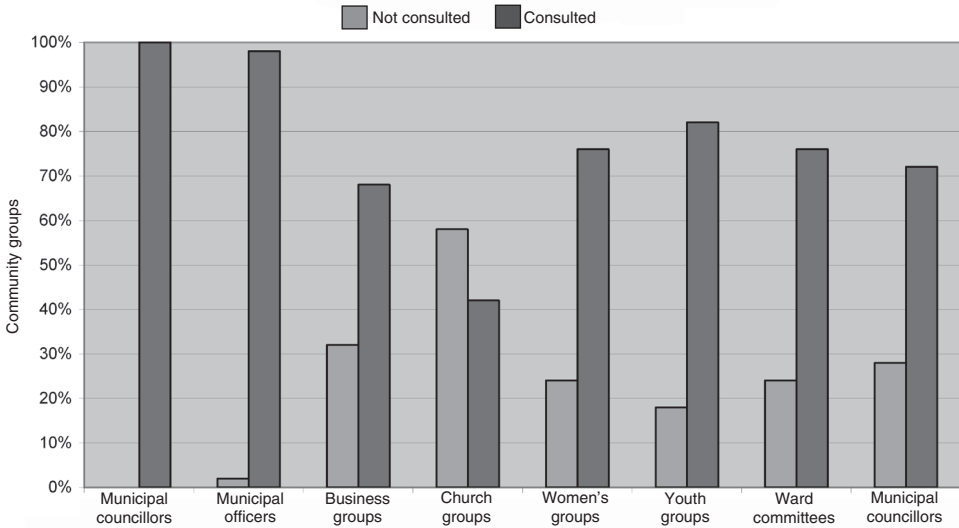
Figure 6.1: Stakeholders/community groups represented in LED decision making
Source: Nel et al. (2006)

KEY CHALLENGES FOR SERVICE DELIVERY

The ISRDP/URP baseline indicates that service delivery is better in urban areas than in rural areas, although overall perception of quality was similar in urban and rural nodes (with 52% perceiving service delivery as poor). Some of the findings are shown in Table 6.2. Note that figures vary tremendously among nodes.

Table 6.2: Access to services in urban and rural nodes

	Rural nodes (%)	Urban nodes (%)
Perception of service delivery as poor	52	52
No access to clean water	19	0
No access to electricity	28	5
Poor-quality roads	56	25
Security of poor quality	60	36
Education of poor quality	15	12
Health care of poor quality	42	23
Average access to child support grants	58	38
No access to a phone or phone far away	21	10

Source: DSD (2006)

Note that these are a mix of hard numbers (access to water) and perceptions, and the latter have changed as expectations have risen. People may still have high (and unfulfilled) expectations, even where services have improved considerably, as in many urban former townships. For example, recent protests in Metsimoholo Municipality in the Free State are ascribed to dissatisfaction with services, despite Metsimoholo being the 21st best performing municipality in the country (and the best in the Free State), but still with high levels of poverty and unemployment, although much lower than the levels in the ISRDP nodes (Robinson 2007:4). The reality in Metsimoholo is that protests may primarily be due to political conflicts.

In general, large numbers of people are receiving social grants, such as old age pensions (e.g. 51% in Chris Hani, 41% in Alfred Nzo) or child support (e.g. 69% in Umkhanyakude), while use of foster care grants was low (e.g. 5% in Chris Hani). Child support levels were much lower in urban nodes, namely 21% in Mitchells Plan and 30% in Galeshewe. Only 39% of rural respondents and 47% of urban respondents were aware of any development activities in their nodes, despite the focus on these nodes as priority areas.

The government services that are sometimes available in rural towns are social development, health and agriculture. Some of the dispersed services, such as farm schools, are being withdrawn. The ISRDP study concludes that people perceive it to be preferable to be poor in an urban setting than a rural one. An urban environment was associated with a range of services, better health status, less poverty, and more positive attitudes to women and society. The one redeeming feature of a rural setting was a richer associational life. The study also suggests that rural to urban migration will only be stopped or reversed if poor people living in rural areas receive better quality services (DSD 2006).

Perceptions of service delivery and how it has changed in the period from 1994 to the present have also been investigated in a recent Khanya–aicdd study funded by the World Bank. Table 6.3 is drawn from research in six participating municipalities: Mangaung, Naledi, Tzaneen, Sol Plaatje, BelaBela and Maluti-a-Phofung. All of these municipalities comprise urban as well as rural areas. The six services investigated include those delivered by local government, as well as by other, mainly provincial, agencies. All the services discussed were seen as important, but views on their accessibility and how service delivery has changed since 1994 varied widely.

Table 6.3: Summary of perceptions of services in six municipalities

Service	Average % score for accessibility	Range of scores for accessibility	Comments
Housing	56	20–80	■ There was very poor pre-1994 housing for the majority of African people, with many evictions and many informal settlements. ■ 1994–2000 RDP houses were provided to poor families, but the quality was very poor. Contractors were not reliable. ■ Since 2000 and the creation of the new municipalities, more community control of housing projects through the People's Housing Process and other schemes. The quantity of houses has improved, but quality has gone down.
Education	73	40–100	■ The pre-1994 Bantu education system was very bad for African people. However, service providers knew their work, and were professional and efficient, even though they failed to treat the majority of the African population with respect. The education was also of low quality and the educators did not care. ■ Now a large segment of the population can still not afford 'good schools'. Previous predominantly African schools are beginning to show good results, but there is a long way to go in terms of teachers behaving professionally. Some students have to travel long distances. ■ Progress has been made with early childhood development.
Health	29	20–40	■ Pre-1994 health services were efficient with drugs and staffing, and ambulances were available. Staff were professional. Challenges were corruption and lack of care for African people. ■ Post-1994, the service was average, but there were problems with corruption, few ambulances and a shortage of staff and drugs. ■ Post-2000, the service is unreliable and comes late. Staff have a poor attitude. Corruption, limited opening hours and long waiting times are common. ■ Home-based care and related community-based services are seen as positive (including traditional healers).

Water and sanitation	84	66–100	Water
			■ There was very poor access pre-1994.
			■ 1994–2000 saw the provision of water within short walking distance.
			■ Post-2000 there has been further improvement, including free water. Continuing challenges include reliability, corruption, lack of response, trustworthiness, coverage patchy and water quality variability.
			Sanitation
			■ The bucket system is still operating, although being phased out.
			■ Services often break down; there are many blockages and slow response to requests to undo them.
Agriculture	73 from respondents in 3 predominantly rural municipalities	60–100	■ Pre-1994, the service provided by the agricultural sector was good. They were controlled through the traditional chiefs, who ensured that the people were engaged in agriculture.
			■ Post-1994, the extension officials are uncaring, and there are limited relationships between the Department of Agriculture and emerging farmers.
Social grants	80	60–100	■ There have been major improvements since 1994.
			■ Access involves limited hours, few pay points and long queues.
			■ There is easy access for those in need, except farmworkers.
			■ There is a problem of access to Home Affairs for documentation.

Source: Khanya-aicdd (2007)

People perceived a varied quality of service provision:

■ Agencies such as the South African Social Security Agency were seen as providing a good service.
■ Municipalities were seen as effective in water supply, but not sanitation or health (where health is still a municipal function).
■ Provincial service delivery is seen as problematic in housing, health, agriculture and education.
■ Community-based services such as home-based care and direct observation therapy workers are seen as effective.

According to Doreen Atkinson of the Human Science Research Council,

ordinary residents' frustrations can be due to a variety of problems: the unavail-ability of infrastructure, particularly if other communities are seen to have access, the high price of services, the erratic provision of infrastructure, rudeness and shoddy treatment by frontline municipal staff, patronage networks that seem to benefit particular individuals or communities, and resentment at the sight of the rapid financial privileges enjoyed by councillors (cited in Robinson 2007).

This perception of the relative effectiveness of different levels of government is reinforced by figures from the ISRDP baseline of 2006. In terms of contribution to improving their quality of life, ISRDP respondents rated the national government as having done most, then local and then provincial government (see Table 6.4).

Table 6.4: Which sphere has done most for your quality of life?

Sphere of government	% indicating sphere has done most for their quality of life	
	Rural nodes	Urban nodes
National	39	43
Provincial	9	16
Local	28	22
None	12	11
Don't know	12	8

Source: DSD (2006)

However, in the data from the urban nodes, national and provincial spheres were seen as performing better and the local sphere worse. Specifically on the performance of local government, 33% of rural respondents rated the performance of the local government as good or excellent (compared to 30% in urban nodes), while 35% rated it as bad and 32% had no opinion. The high level for national government may reflect the profile of being a priority node. The low levels for provincial government are a real concern, bearing in mind that many developmental services are provided by the province.

ADDRESSING THE RURAL ECONOMY

Previous sections indicate the prevalence of poverty in rural areas and the fact that where poverty is reducing, it appears to be as a result of more people accessing social grants rather than an increase in economic opportunities. Considering the still-high levels of poverty, great importance must therefore be given to widening social grants, as well as fostering growth in rural economies, particularly a type of growth that creates jobs and reduces poverty. For this reason, LED strategies are embedded in the IDP process, and the promotion of LED is seen as a key element of the work of local governments (although this is not a scheduled competence in schedules 4 and 5 of the Constitution, and is thus an unfunded mandate).

In the pro-poor LED study referred to earlier (Nel et al. 2006), an

essential dichotomy was identified between sophisticated pro-poor policy, on the one hand, and very real operational difficulties, on the other. In addition, there is a tendency in many local governments to rely on large-scale pro-growth initiatives that have high visibility and so are attractive to politicians, but are not necessarily effective in creating widespread benefits for the poor.

The study included a survey of 50 rural municipalities (20% of the more rural municipalities in the country) and examined the degree to which LED has become institutionalised within municipalities (Nel et al. 2006). Almost all the municipalities participating in the survey appreciated the role LED can play in both the pursuit of economic growth and poverty relief. However, there was poor understanding by municipal officials of economic processes and an absence of an LED policy in 52% of municipalities, although LED featured prominently in most IDPs. While LED officers have been appointed in most municipalities (82%), and in many cases LED units have been established (56%), there are weak institutional links, and the absence of a guiding policy or direct political links is less than ideal. Actual budget allocations are low in real terms and are unlikely to allow LED to reach its full potential. In only two of the seven rural case studies conducted in this study was the municipality making a major contribution to LED (Creighton and Mangaung).

In all cases, partnerships are critical in LED: either between the private and public sectors, as in Creighton, where the LED officer has created partnerships with local farmers; between private sector operators (e.g. Magaliesburg Meander); or between non-governmental organisations (NGOs) and the community (e.g. Wuppertal). In such cases, significant impacts have been documented. Therefore, the relatively low levels of collaboration with the private sector mentioned previously are a cause for concern.

Greater municipal support is needed for development initiatives, particularly facilitation, publicity and infrastructure. Improved recognition and encouragement are needed for the development and facilitation role of NGOs, such as in promoting market access, as well as in business support, providing a link with an entrepreneurial culture and systems that local governments do not naturally understand. A key challenge is for local governments to recognise their own limitations, and the need to subsume petty notions of power under a broader need to establish development partnerships and integrated services, notably between local and district municipalities, and with provincial government, civil society organisations and the private sector.

LOCAL GOVERNMENT AND LOCAL DEMOCRACY

One of the main rationales for decentralisation is the principle of subsidiarity, i.e. that decisions should be made at the lowest possible level, and that services should be delivered and managed locally where possible. The Municipal Systems Act 32

of 2000 specifically promotes the idea of citizen participation in local governance. Citizen participation is meant to take place through ward processes, but one difficulty is that wards are very large, typically covering 5,000–15,000 people, and up to 50 km across. In general, ward committees are not functioning very effectively, because their roles are unclear, they have limited resources or powers with which to operate, and they are often dominated by political factionalism (Robinson 2007).

IDP representative forums have been created to involve stakeholders, but they are large and unwieldy affairs, and are difficult to use effectively to generate meaningful contributions, as opposed to focused involvement (from the authors' personal experience of facilitating the IDP in Mangaung Local Municipality).

However, Figure 6.1 from the LED study mentioned earlier indicates that the principle of consultation is entrenched, with municipalities actively making contact with local stakeholders, though we have seen that political contacts are more likely to be included than local businesses. However, only 9% of respondents in the urban and rural nodes had heard of IDPs. Around half of those who had heard of them had participated in some manner.

In terms of deeper forms of participation there have been attempts to promote community-based planning (CBP) as an empowering form of planning at ward level that promotes community action, linked with discretionary funds for wards to implement community action. CBP was piloted in Mangaung Local Municipality in 2001–02, and then in eight municipalities in the country in 2003–04 (see Khanya-aicdd 2004), and was launched as national policy in 2005.[9] Participatory planning combined with discretionary funds made available to wards has the potential to significantly empower communities and ward committees to take forward their own development.[12] Municipalities such as eThekwini are experimenting with larger budgets of up to R200,000 allocated to wards.

Another aspect of democratisation is the accountability of local government to citizens, which is enshrined in the Municipal Systems Act. In practice, accountability is very limited at present, and practical mechanisms are needed to make this effective.

What is the impact of this limited participation? In the ISRDP nodes, 21% of respondents felt alienated ('no-one cares about people like me') and 27% experienced anomie ('people like me cannot influence development'). Interestingly, both these negative scores were higher in urban nodes, suggesting that they may result from the fragmentation of urban life rather than simply the impact of poverty. By contrast, in the wards of Mangaung in 2002, over 10,000 people actively participated in the five-day planning process in each ward, over 2% of the population. Similarly, in the other eight pilots in 2004, evaluations showed there was also significant empowerment, and this approach does offer potential if upscaled in a systematic and empowering way. CBP has been included in the National Framework on Public Participation, which has been discussed by Cabinet.

EMERGING STRENGTHS AND WEAKNESSES OF RURAL LOCAL GOVERNMENT

The challenge that South Africa set for itself in the late 1990s was massive, with the creation of wall-to-wall local governments and the amalgamation of the 832 local governments to 283 new institutional structures, overcoming the fragmentation that apartheid had deliberately created. However, the scale of the challenge that still remains for local government can still be seen in that 136 municipalities have been targeted by Project Consolidate for specific support.

Considerable progress has been made in addressing constraints to service delivery, with improvements in areas such as access to finance, devolution of decision making and integrated development planning. Challenges still to be addressed include limited infrastructure, limited budgets to address service delivery, a lack of human capacity and the inability of rural municipalities to retain qualified staff. The more rural local governments are more severely affected by these constraints, which may explain why the vast majority of the municipalities that have been targeted for specific support by Project Consolidate are located in rural areas, and specifically in the former homelands, as can be seen in Figure 6.2. The variation in municipalities from ones encompassing cities to small under-resourced rural municipalities means that policies need to be differentiated for different capacities of municipalities. For example, one strategy for attracting staff to the rural municipalities could be to follow the example of the Department of Health in offering rural allowances to employees in rural posts.
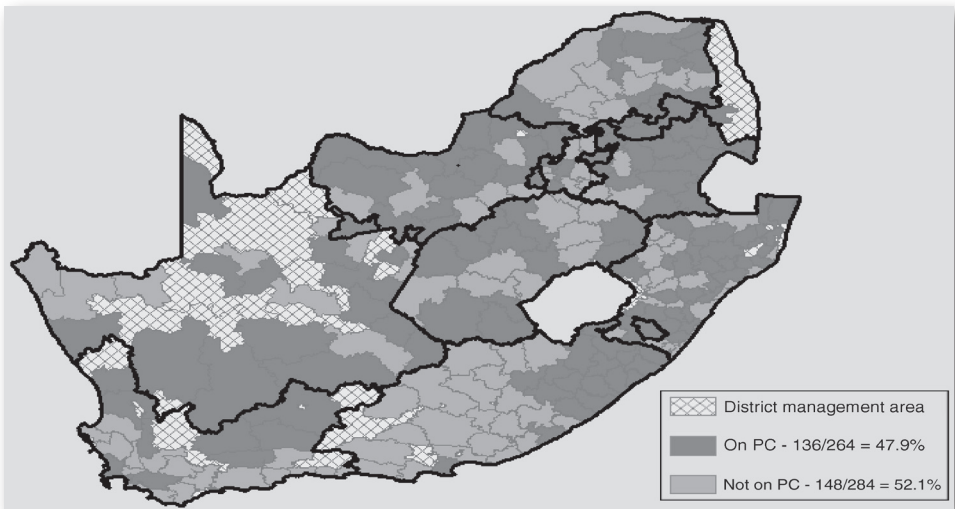
Figure 6.2: Project Consolidate (PC) priority municipalities
Note: The figure of 284 municipalities is the original total; see endnote 8.
Source: DPLG (2007)

Another weakness arises from the tendency in South Africa to develop complex managerialist and technocratic processes. A classic example is the IDP process, with the seven-volume manual, the complexity of the IGR system,[11] and the service delivery and budget implementation plan required under the Municipal Finance Management Act 56 of 2003. The difficulty in operationalising such systems leads to poor performance, and a tendency to reinforce the managerialist tendency with further crackdowns on performance. In many cases, it would be better to simplify the system and leave more discretion for implementation, the IDP process being a prime example.[12]

Table 6.5 summarises some of the strengths and weaknesses of rural local government at local and district levels, drawn particularly from experience in the ISRDP nodes.

Some other weaknesses that are more locale-specific include:

■ political instability and poor leadership (e.g. O. R. Tambo, Central Karoo);
■ lack of economic activity in the region, which makes it hard to generate rates and taxes, etc. (e.g. Central Karoo); and
■ poor relationships between traditional leaders and elected councils (e.g. Sekhukhune).

It should be remembered that the nodes are among the weakest areas in the country, and there *are* rural local governments that are succeeding, such as Ingwe (already mentioned) and Mantsopa Local Municipality, which is adjacent to Mangaung Local Municipality in the Free State and a winner of the Vuna Award for a Category B municipality in 2005.

Table 6.5: Strengths and weaknesses of rural local governments

	Both	District	Local
Strengths	■ IDPs are attempting to create an integrated development model at local level ■ There is a participatory structure at ward level ■ There is some degree of accountability, considerably more than with provinces	■ Usually a larger budget than local municipalities ■ Some have significant capacity in terms of staff numbers and quality ■ Able to control their budgets	■ Strategically placed in relation to communities ■ Staffed usually by local residents and so seen as in touch ■ Greater access to communities, and knowledge of issues at community level ■ Have a budget to operate and have multilevel support, e.g. district agencies and some departments ■ Some are stronger than the districts

	Both	District	Local
Weaknesses	■ The IDP methodology is too complex; the plans are created by consultants and are often poor ■ Inadequate resources in smaller local governments ■ Many stakeholders are not participating effectively in IDPs, as there are few incentives ■ The wards are weak ■ Perception of high levels of corruption ■ Relations with traditional authorities often poor ■ Unclear and unfunded mandates about who is responsible for service delivery ■ Inadequate links between service delivery and economic development	■ Inadequate differentiation of role of district and local municipalities and from provinces ■ Limited capacity in critical areas, e.g. engineering ■ Poor leadership and coordination ■ District municipality competes for resources with the local municipality ■ Supporting role of the local municipality not clearly understood, and there are no definite guidelines on how this issue needs to be addressed ■ Limited hands-on support from provincial government ■ IDPs often not strategic – and merely stapling together of local municipality IDPs	■ Poor human resources, particularly in critical areas, and recruitment not easy in rural areas ■ Lack of equipment ■ Limited resources to address the needs of the communities, and limited control of their budgets, which are often provided by the district ■ Limited hands-on support from provincial government ■ Weak leadership and communication ■ IDPs often driven by consultants; too complex and don't add sufficient value ■ Many severely in debt due to lack of recovery of fees and charges

Key Challenges Emerging and Ways Forward

This section summarises the key issues and challenges facing rural local government as described in this chapter, and proposes some ways forward. Some of these issues are more specific to rural areas and some are challenges facing local government in general. There is the potential to address most of these issues by making changes at the policy level or changing the behaviour of local government and other stakeholders at the local level.

Firstly, there is a huge diversity between relatively large and well-funded munici-palities, often those that encompass large urban areas with developed industries, and

the small, poorly resourced municipalities. This situation demands a differentiated approach. Simplification of systems and processes should make things easier and lead to improved performance, especially for municipalities with lower capacity. Some discretion in terms of implementation should be allowed.

Secondly, greater clarity as to the roles and responsibilities of different spheres of government would help reduce duplication and competition among local municipalities, districts and provinces. Attention needs to be given to unclear and unfunded mandates, as in the case of LED, which is not covered in schedules 4 and 5 of the Constitution. The rationalising and streamlining of procedures (e.g. to obtain licences and permissions) would reduce bureaucracy, save time and money, and free up capacity. In addition, clear incentives need to be in place to encourage integration of services, for example, enhanced grant rates for services provided by cross-organisational entities, such as those provided for in Bolivia (Khanya–aicdd 2002), or the funding of capital projects of a local nature through an integrated district development fund mechanism, as used in Uganda.

Thirdly, tensions between traditional authorities and local government arising from different power bases need to be resolved by actively facilitating traditional leaders' involvement with local government.

Fourthly, participatory systems must be strengthened. Ward committees need to be capacitated, for example, by participating in CBP, with discretionary funds to take forward community actions identified in the process, and significant support for wards to implement development activities. This would strengthen the social contract between the municipality and the community it serves. To foster participation at the neighbourhood level, at some point a lower-level structure than a ward will be needed, equivalent to the civics. It is interesting that when Uganda created its local government structure, it incorporated the resistance structures equivalent to civics to give a cascade of levels of administration reaching to the village, with much higher capacity for mobilisation than the South African system.

Finally, economic policy in relation to agriculture and rural development needs to be thought through to support commercial and small-scale farming and to mobilise the significant potential of the agriculture value chain to promote pro-poor growth (see De Janvry 2007) and promote widespread participation in the rural economy. Municipalities need to strengthen their capacity to foster LED, drawing in and supporting relevant local actors to create greater leverage, particularly from the private sector. There are examples cited of municipalities doing well in this regard.

To conclude, there are problems in service delivery affecting all spheres of government, but also some areas where innovation is happening, for example, around LED or CBP. The data quoted in this chapter indicates that local government is seen as playing a significant role, but there are major concerns about the quality

and responsiveness of many services, the integration of services, and the attitudes of several service providers, such as primary health care staff and educators. Rural areas suffer particularly from a lack of infrastructure, and there are also insufficient resources to effectively tackle service delivery. Overall, the rural local government system is still new and emerging, but it is delivering in some areas. However, significant improvements are needed if it is to deliver to its potential and to make a significant difference to rural people's lives.

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ANNEX 1: CHARACTERISTICS OF DIFFERENT TYPES OF SETTLEMENTS

Settlement type	Scale and settlement characteristics	Economic base	Institutional context
Metropolitan cities	Population over 1 million, Established formal core of industrial, commercial and suburban development. Formal townships, hostels, and backyards. Informal settlements with significant RDP housing on the periphery.	Huge economic base plus the core of economic potential. Highest concentrations and absolute numbers of urban poor.	Metropolitan government consolidates fragmented municipal history. Urban benefits not yet seamlessly applied to all residents.
Secondary cities	Population 250,000–1 million. Established formal core of mining, commerce and suburban development. Formal townships with backyards plus informal and traditional settlements and significant RDP housing on the periphery.	Economic potential varies from strong to weak according to sectoral base and geographical location. Rapid urbanisation and some of the most extreme levels of poverty.	Racially divided municipal history, now typically the core of a district municipality. Complex issues of planning and cross subsidisation.
Large towns in 'white' South Africa or old homeland capitals	Population 25,000–250,000. Typically former colonial administrative centres, the hubs of mining and industrial areas, but also old homeland capitals, Limited formal suburban stock, formalised townships now extended with RDP housing and informal settlements.	A few are booming, but many are severe decline. A relatively small, but crucial elite population, in most cases employed in the public sector, offers limited rates base. Majority impoverished without land or urban economic livelihoods.	Municipal capacity is stretched, institutional systems are often non-existent. The urban councils are poorly equipped to deal with the complex urban-rural interface of districts.
Large towns providing crucial access and service functions	Population 2,000 to approximately 25,000. Typically a small commercial, administrative, farming or tourist node. Small, generally ageing formal housing stock and a former township, spatially integrated over the last decade with the 'old' town through RDP housing and informal settlements.	Save for a few small locally significant activities, the economies are in most cases struggling and weak. Work is scarce and prospects for employment of educated youth virtually non-existent.	Municipal and other public services are in most instances weak or non-existent. Councils are virtually incapable of assisting communities. Services offered by the private sector reserved for the few inhabitants with a stable income, often a pension or a grant.

Settlement type	Scale and settlement characteristics	Economic base	Institutional context
Displaced dense settlements on homeland boundaries	Population up to 400,000 Consolidated dense informal settlement on traditional land characterised by absence of formal industrial or commercial activity.	Often depicted as 'rural', these large non-agricultural areas are characterised by a virtual absence of a modern urban economy and services. Out-migration or split urban-rural lifestyles are common.	Prior to 1994 there was no urban administration. The introduction of local government post-1994 coexists with traditional leadership control; capacity is weak.
Source: DPLG and the Presidency			

Source: SACN (2006)

ENDNOTES

[1] In 2001, Statistics South Africa defined rural as including commercial farms, small settlements, rural villages and other areas that are further away from towns and cities. The definition included semi-urban areas that are not part of a legally proclaimed urban area, but adjoin it.

[2] In South Africa, the situation regarding the classification of the country into urban and rural areas is rather fluid at this stage. There has been a move away from this classification towards an all-inclusive municipal one by the Municipal Demarcation Board. Nevertheless, in view of important government programmes, such as the Integrated Sustainable Rural Development Programme and the Urban Renewal Programme, this concept remains an important one for statistical classification (Stats SA 2003).

[3] With an income less than half of the poverty datum line.

[4] The sample is based on census 2001, stratified by municipality in the ISRDP to ensure coverage, not for the URP. The sample was based on probability proportional to size sampling for the URP and ISRDP, randomness via random selection of place names in each municipality, then random selection of respondents (birthday rule), with external back-checking. The sample error margin was 1.1% and nodal error margin 4.9%.

[5] Note this finding differs from the analysis in the Presidency's report on macrosocial trends (Presidency 2006), which uses 1995 and 2000 income and expenditure survey figures to show a decline in the rural share of income poverty, while it increased by about 5% in the urban areas. In 1995, 28% of households lived below the estimated poverty datum line of R322 per month – calculated on the basis of expenditure – while the figure for 2000 was just under 33%.

[6] Since reduced to 283 municipalities through changes in cross-border municipalities.

[7] Rashnee Parhanse and Marc Feldman, personal communication.

[8] Note that Lonmin is being supported by the International Finance Corporation to pioneer a different approach in Madibeng, North-West Province.

[9] Launched at a national workshop on CBP in eThekwini in July 2005.

[10] And Khanya–aicdd is currently undertaking research on good practice drawn from examples of approaches to funding communities in Africa.

[11] Intergovernmental Relations Framework Act 13 of 2005.

[12] And in fact the strategic planning process in the CBP methodology is probably more relevant to many smaller municipalities as a facilitated planning process than the current IDP approach.

seven

Local Democracy and Development in Comparative Perspective[1]

Patrick Heller

INTRODUCTION

There are two desiderata of developmental local government (DLG): efficiency and participation. Most of the arguments for DLG focus on efficiency, especially on the comparative advantages of scale, information and accountability that come with having government 'closer to the ground'. The metrics of success for the efficiency view are the 'hard' indicators of development: better housing, better services, more effective forms of integrated development, more local economic growth. If the policy literature and multilateral donors have focused on the efficiency dimensions of DLG, civil society groups and social movements have tended to emphasise participation. More decentralised and democratic government, it is argued, creates more opportunities for ordinary citizens (or at least activists) to engage the state and to play a meaningful role in shaping public allocations and local decision making. DLG can as such promote democratic deepening. The metric of success is better citizens and more accountable public authorities.

Officially, almost all parties to the debate support both dimensions of democratic decentralisation. The World Bank (2006) now routinely underscores the importance of promoting 'empowerment', and civil society-based actors and their academic supporters argue that even while participation is a desirable outcome in its own right, it can also promote more just and efficient development outcomes. In practice, of course, both sides of the debate tend to have zero-sum views of the double desiderata. Those who emphasise efficiency (let's call them the *technocrats*) believe that too much participation can overwhelm new and fragile institutions (echoes of Huntington), and those who emphasise participation (let's call them the *associationalists*) believe that an over-emphasis on institution building crowds out civil society.[2] These two zero-sum views are echoed in the academic literature, both along disciplinary and ideological fault lines. Economists, and, to a lesser

extent, political scientists, are more preoccupied with getting the incentives right in order to achieve the optimal allocative equilibrium, whereas sociologists and anthropologists are more concerned with getting the process right by levelling power asymmetries. Ideologically, the fault line is between those who put their faith in formal institutions – high modernists of both the left and right – and those who put their faith in civil society, which can mean either an emphasis on the virtues of 'communities' or on the virtues of the public sphere.[3]

Both of these perspectives ultimately fail to provide a comprehensive understanding of the local developmental state. The technocrats fail because they assume that, if built correctly, the institution will work irrespective of the power equations in society. While this view may hold some water in contexts characterised by robust and evenly distributed associational capacities, in most young democracies, associational capacities are circumscribed by a range of extrainstitutional constraints, and the actual capacity to 'work the institution' will vary dramatically across social categories. Under conditions of pervasive social inequality, institutions are likely to be captured by elites or governed by logics that have exclusionary effects. The associationalists fail because they invariably presume that communities or disadvantaged groups have some innate associational capacity – be it social capital or mobilisational energy – that simply needs to be harnessed. But even if we accept that collective capacities and learning are central to both the normative and instrumental case for participation, there are still two fundamental problems that this view leaves unresolved. The first is that associational life is in many ways an artifact of institutional design, and that promoting participation requires building new kinds of institutions. The second is what could be called the transmission problem, i.e. the issue of how participatory inputs actually get translated into actual outputs. Both problems require very serious attention to institutional design, including complex issues that are generally the purview of the technocrats and often shunned by the champions of civil society and social movements.[4]

I emphasise these divisions because this tension between technocrats and associationalists, and between the desiderata of efficiency and participation, has become the most troublesome fault line in South Africa. The problem – addressed at length by contributors to this volume, such as Oldfield (Chapter 22) and Smith and Morris (Chapter 19) – is generally presented in policy and political circles in stark oppositional terms as a conflict between service delivery and participation, top-down versus bottom-up planning, 'hard' versus 'soft' development, the African National Congress (ANC) as party-state versus social movements, the neo-liberal Growth, Employment and Redistribution Programme (GEAR) versus the civil society Reconstruction and Development Programme (RDP). But while these fault lines are very real – if in no other sense than that they have become the locus of political contention – they provide an overly stylised picture of the problem

that glosses over much of the political and institutional complexity of building DLG. From the perspective of developing a transformative politics, what is most problematic about these stylised narratives is that they present state and society as locked in a battle of irreconcilable logics, leaving little room for positive-sum configurations and workable strategies to achieve the double desiderata of DLG.

Following the editors' call to unpack and disaggregate the complexities of the South African situation, I examine the challenges of building more democratic forms of DLG in South Africa through the lenses of two of the most carefully researched cases of participatory decentralised government in the developing world: participatory budgeting in Brazil and the People's Campaign for Decentralised Planning in the Indian state of Kerala. The chapter has two goals: firstly, to bring into sharper relief the state-centric logic of the South African case by showing how participation has contributed to institution building in Kerala and Brazil, and, secondly, to inform a discussion about the possible synergies of technocracy and associationalism.

The Comparisons

Though the contexts for each of these three cases are, of course, dramatically different, there is a basis for comparison. Firstly, all three are robust and consolidated democracies. Secondly, in all three cases, strong and well-organised civil societies have a demonstrated capacity for playing an active role in local government. Thirdly, in all three cases, the challenges of surmounting accumulated inequalities and entrenched forms of social exclusion are enormous. Finally, in each case, an identifiable agent of change – left-of-centre programmatic parties – has created significant opportunities for promoting more democratic forms of local government. More specifically, these are three cases where the concern with strengthening participation in local government has not come at the behest of multilateral institutions, but rather has emerged from domestic political processes (including active social movements) and has been enshrined in legislation.

These are then all cases of decentralisation of a special *democratic* type, where there has in particular been a concern for promoting more participatory forms of local government. There are, however, also significant differences. On the one hand, as I have argued elsewhere (Heller 2001), what most distinguishes South Africa from Kerala and Brazil is its dominant party system. In Brazil and Kerala, a highly competitive electoral arena has pushed parties of the left to work closely with civil society and social movements. Thus, both the Communist Party of India (Marxist) in Kerala and the Partido dos Trabalhadores, or Workers' Party (PT) in Brazil have favoured participatory reforms as part of an overall political strategy of strengthening the associational capacities of subordinate groups. In the absence of a viable

threat to its electoral hegemony, the ANC has had little incentive to work with civil society, and has instead emphasised the political objective of consolidating its control over public institutions. On the other hand, in building DLG, South Africa has a clear and distinct advantage that can only be fully appreciated when it is examined in comparative terms. Historically, and especially in urban areas, the local state in South Africa has been deeply involved in planning and allocating resources, in large part in response to the highly engineered forms of social and spatial control that apartheid necessitated. Building DLG has been about deracialising the apartheid city, but has not required devolving resources, as in the cases of Brazil and Kerala. Viewed comparatively, then, the capacities of the local state in South Africa, and especially in the former white-dominated areas, are dramatically more sophisticated and extensive than in either Kerala or Brazil, where intergroup domination never required the minutely organised forms of social control of apartheid. The higher degree of state penetration and greater capacity of the South African local state is manifest in institutional, infrastructural and material terms.

In institutional terms, the South African local state enjoys a high degree of Weberian stateness, i.e. highly professionalised state managers who operate within an institutionally robust environment of rule-bound behaviour and accountability. The Brazilian state is notorious for its degree of penetration by political interests (some 'islands of efficiency' notwithstanding), and municipalities have long been ruled by oligarchical interests who have transformed budgeting and planning into little more than an exercise in organised rent seeking. The Indian state, with the 'steel frame' of the Indian Administrative Service inherited from the British, has been characterised as semi-Weberian (Evans 1995), but at the subnational and local levels, the bureaucracy has been deeply penetrated by patronage politics. Even in Kerala, where the provincial state has been widely celebrated for its ability to deliver basic services (Sen 1999; Heller 2000), organised rent seeking is endemic, amounting by some internal estimates (Heller et al. 2007) to over 50% of public expenditures. In institutional terms, moreover, the local state (i.e. municipalities and rural governments) had few developmental functions before the reforms of the 1990s.

In infrastructural terms, the sheer capacity of the local state in South Africa to reach into society is in a category of its own. This is visible to the naked eye in terms of physical infrastructure, but is even more powerfully revealed in comparisons of the tax capacity of the state. Lieberman (2003) has shown that while South Africa has one of the highest tax collection capacities of any developing world state, the Brazilian state is almost powerless to collect anything but the most regressive of taxes. Much the same is true of India. The most startling difference is simply that the local state in South Africa can and does collect local property taxes that account for as much as 90% of the revenue of the local authority, a

source of revenue that is insignificant in Brazil and India. Similarly, the technical capacities of the local state in South Africa, including the use of technology (e.g. Geographic Information System or GIS), planning know-how, budgeting systems, specialised knowledge (engineering in particular), rationalised lines of authority, procurement practices, tracking and monitoring of capital investments – in sum, all the systems and functions of a bureaucratic state – are all far more advanced than in either Brazil or Kerala (cf. Savage, Chapter 13, and Berrisford and Kihato, Chapter 17, in this volume).

Finally, in material terms, the local state in South Africa is much better positioned than its counterparts. Not only can it collect property taxes (rates) and service fees, and has long enjoyed the autonomy to do so, but it has a powerful political and constitutional mandate for redistribution. In Brazil, the endemic fiscal crisis of the state, the political clout of elites (including entrenched organised lobbies of formal-sector workers) and the fact that even under President Lula there has been no specific redistributive agenda (only various poverty alleviation measures) have severely constrained the resource base for local development. In Kerala, a redistributive developmental mandate has long dominated politics, but its sub-national status, coupled with the liberalisation of the economy in 1991 and the ensuing severe fiscal crisis, have left governments with only very painful options.

These two fundamental differences in political configurations (South Africa's dominant party system) and state capacity have in turn produced dramatically different trajectories of building DLG, which, when compared, bring into sharp relief the tensions and complexities of the technocratic and associational views of DLG. I draw on the existing literature, as well as a number of research projects that I have been involved in, to make the case that while in comparative terms the efficiency side of the equation is highly developed in South Africa, the participation side of the equation remains poorly developed, and has in fact suffered from many of the conventional zero-sum assumptions that pervade the literature on decentralisation. In contrast, the efficiency of local developmental government remains highly problematic in both Kerala and Brazil, but the participatory institutions that have been built are quite effective and have directly addressed many of the obstacles to participation that are often singled out in South Africa as intractable. Most notably, institutional reforms in Kerala and Brazil have had a direct impact on building civil society capacities and providing subordinate groups with meaningful and consequential opportunities for shaping local development. Given the severe fragmentation and increasing desolidarisation of South African cities (Harrison et al. 2003; PCAS 2006), as well as new emerging forms of social exclusion, the cases of Kerala and Brazil offer at least some suggestion of what is possible even under high-inequality, low-state-capacity conditions.

THE CASES

The Indian state of Kerala (population 31 million) has long been recognised for its achievements in promoting social development (Sen 1999). But despite the strength of mass movements (most notably organised labour) and a high literacy rate, Kerala, as is true of all Indian states, has been governed in a highly top-down fashion. Vertically organised state departments have exercised a virtual monopoly in service delivery and development, and local government – i.e. municipalities and rural governments – have enjoyed very limited powers and virtually no resources to promote development. Until recently, DLG in India more or less meant provincial states, with average populations in the tens of millions. This began to change in 1993 with the passage of the 73rd and 74th constitutional amendments, which gave new powers to local governments, but left the details of implementation to states. Most did very little, but when a coalition of left parties led by the Communist Party of India (Marxist) returned to power in 1996 in Kerala, the government launched the People's Campaign for Decentralised Planning (the Campaign hereafter). All 1,214 local governments in Kerala – municipalities and the three rural tiers of district, block and *gram panchayats* (rural local governments) – were given new functions and powers of decision making, and were granted discretionary budgeting authority over 35–40% of the state's developmental expenditures. In addition to devolving resources, state officials sought to directly promote participatory democracy by mandating structures and processes designed to maximise the direct involvement of citizens in planning and budgeting.

In Brazil, the origins of the local participatory government were quite different, but bore interesting parallels to Kerala. The return to democracy in 1989 marked not only a significant political transition, but also the ascendancy of civil society organisations (CSOs). The new Constitution (1989) introduced a wide range of participatory mechanisms, including popular councils in health and education, and new powers and responsibilities for local government. But local politics in Brazil are dominated by traditional elites, and the take-up of these new participatory opportunities was limited. The exception was participatory budgeting (PB), first introduced in the city of Porto Alegre in 1983 by a PT government. Initially, the PB process was little more than a set of practices promoted by CSOs that allowed citizens to play a role in shaping the annual capital budget. Each year, under the impetus of what is by all accounts one of the most sophisticated local civil societies in Brazil, the institutional infrastructure and design of PB evolved, expanding the scope and reach of participation and fine-tuning the procedures to ensure that participatory inputs were translated into budgetary outputs. Because of the success of PB in Porto Alegre and other cities, the PT gained a reputation as a party of good governance (which has since been seriously tarnished at the national level).

Over the past two decades, PB has been embraced by a wide range of local parties and has been expanded to over 400 cities, including large metropoles such as Belo Horizonte and Sao Paulo.

While the actual design of the Campaign and PB are different, the political origins are very similar, as are the foundational principles. Much as is true of the participatory thrust of the South African White Paper on Local Government (DPLG 1998) and the RDP, PB and the Campaign were specifically conceived as vehicles for deepening democracy, and had their roots in civil society.[5] Indeed, in each case, associationalist and technocratic logics converged, and the case for participation was made both in terms of building active citizenship in a context of thin citizenship, and capturing the efficiency gains of increased accountability and mobilising community resources. This convergence was neither fortuitous nor the product of the international development community. Rather, it emerged directly from the organised strength and public influence of social movements in challenging existing elite-dominated state structures. These challenges included sophisticated normative and efficiency critiques of the limits of representative democracy, and resulted directly in demands for more inclusive and participatory forms of local democratic control.[6]

But PB and the Campaign parted from the South African vision of DLG (as represented in the RDP) in being much more explicit about the institutional challenges of promoting participation and the political obstacles to be surmounted. In South Africa, the terms of the transition had produced a ruling party that saw itself as the incarnation of transformative politics and as the sole legitimate heir of the National Democratic Revolution. So even as the RDP reserved an important role for civil society in the transformative project of deracialising South Africa, it viewed civil society's role as largely complementary to the goals of the ANC. As a truly hegemonic force, the ANC could in effect subsume civil society. This political logic, born of the broad and encompassing mandate that the transition conferred on the ANC and to the quite extraordinary state capacities inherited from the apartheid regime, explains why structures and processes that were originally presented as providing autonomous spaces for civil society participation in DLG, such as community development forums and integrated development plans (IDPs), were quickly (and especially after the introduction of GEAR and its emphasis on managerialism) either brought under the control of party structures or substituted with more technocratic forms of decision making.

In contrast, the political circumstances under which participation was promoted in Porto Alegre and Kerala came against the backdrop of a crisis of political party systems and the left's loss of faith in the traditional top-down, command-and-control transformative state. In Brazil, PB was publicly presented as an alternative to the traditional local clientelistic state and as a means for dislodging oligarchical

party control. In Kerala, the challenge was less public (supported as it was by a party in power), but the architects of the Campaign and its civil society progenitor – the Kerala Sastra Sahitya Parishad, a 50,000-member organisation with a long history of engagement in local level development – were determined to challenge the power of patronage politicians, and especially what is locally referred to as the 'bureaucrat–politician nexus of corruption'. In Brazil, the challenge to politicians was frontal: the PB process was designed to operate in parallel to the official budgeting process and to circumvent elected councillors. In Kerala, the Campaign was designed to integrate locally elected *panchayat* officials, but to carefully contain their discretionary powers through participatory structures. In Kerala, moreover, the goal was not just to clean up local government, but to build local government by in effect devolving traditional line department functions to *panchayats*.

Another point of contrast with the RDP and the vision of participatory DLG is that PB and the Campaign both viewed institutional reform firstly and foremostly as a means of providing new avenues of mobilisation. The emphasis was less on promoting development and extending service delivery and more on nurturing new forms of state–citizen engagement, and specifically on changing the way in which choices about development are made. In Brazil, PB has been closely tied to the new discourses of active citizenship that grew directly out of the democracy movement. When the PT came to power in Porto Alegre as a coalition of diverse social movements, there was actually little agreement as to what a PT government should do other than increase popular participation (Baiocchi 2003). The rallying cry of the first PB became the 'inversion of priorities', i.e. reversing the traditional pattern of elite-dominated budgeting. In Kerala, the political logic of the Campaign was succinctly summarised by a key Planning Board official: 'Politicians and bureaucrats want to hold onto power and the only way to dislodge them is through a social movement' .The link between mobilisation and development was, moreover, made very clear. Making his case for democratic decentralisation, especially with respect to Kerala's economic problems, the architect of the Campaign, Thomas Isaac, writes as follows:

> Defending the public infrastructure in education, health and other sectors is no longer possible without improving the quality of their services. All these necessitate a reorientation of the mass movements towards direct intervention in the development process in order to improve productivity or improve the quality of services (Thomas Isaac & Franke 2002:45).

A permanently mobilised civil society thus emerges as the primary goal of the Campaign and PB, and, in stark contrast to the technocratic view, planning becomes 'an instrument of social mobilisation' and specifically a means of re-engaging citizens in the process of public decision making.

INSTITUTIONAL DESIGN

It is possible to identify four design principles that both these cases share in common:

1) giving citizens a direct role in city governance by creating a range of public forums (micro-regional councils, district councils, sectoral committees, plenary meetings, delegate councils) in which citizens and/or delegates can publicly articulate and debate their needs;
2) linking participatory inputs to the actual budgeting process through rule-bound procedures;
3) improving transparency in the budgeting process by increasing the range of actors involved and publicising the process; and, by the same token, reducing the possibility of elite capture; and
4) incentivising agency by providing tangible returns to grassroots participation.

In Kerala, the Campaign is part of the annual plan exercise led by the Kerala State Planning Board. The process begins at the local level, where each of the states' 990 rural *panchayats* is granted 'untied' funds (between 35–40% of total plan expenditures) and mandated to produce a local plan and to design and budget for specific projects across the full range of development sectors. *Panchayats* are required to develop their plans through a series of nested participatory exercises in which citizens are given a direct role in shaping policies and projects. In a first stage, open, public *gram sabhas* (ward-level assemblies) are held to determine broad priorities and to elect delegates to task forces for each of ten development sectors.[7] The task forces – which include one government official and one elected representative – then develop a shelf of projects to be presented to the *panchayat*. The *panchayat* finalises a budget based on projects proposed by the task forces and presents the budget (which is distributed in advance) to a second *gram sabha*. All budgeted projects that involve targeted beneficiaries (e.g. housing for the poor) are required to have a beneficiary committee and to publish lists of beneficiaries for *gram sabha* approval. The plans formulated at the *panchayat* level are submitted to the higher level (the block), which formulates its own plan by integrating *panchayat* plans. The cycle is then repeated at the district and finally the state level. Fully 35–40% of the final state-wide plan is as such a direct product of this bottom-up planning exercise.

   The most successful and carefully researched case of PB in Brazil has been Porto Alegre, which has become a model administration and a point of reference for other PB initiatives. The current format of citizen participation in Porto Alegre has evolved significantly from the original model of neighbourhood assemblies and a city-wide budget council of delegates from the neighbourhoods. Since the early

1990s, the structure of meetings throughout the city has become more complex, evolving to include thematic forums where participants can debate city priorities that are not necessarily specific to one district or neighbourhood. The process begins in March of each year, with district-level assemblies in each of the city's 16 districts in which citizens participate as individuals and as representatives of various CSOs (neighbourhood associations, cultural groups, special interest groups). These popular assemblies are followed by meetings in subsequent months by delegates elected from each assembly who deliberate about the district's needs and specific projects. By the end of the year, projects and priorities are passed on to a municipal council of the budget made up of representatives from each district, who then reconcile demands with available resources and propose and approve a municipal budget in conjunction with members of the administration. The municipal legislative then approves the budget. The projects proposed are then monitored by participants in subsequent months and years. Every budget proposal in Porto Alegre has been accepted. The popularity of PB has enabled PT administrations to carry out a number of ambitious reforms, such as introducing land use taxes targeted at wealthier citizens that have funded many PB projects. Studies of other PB cities show that the general structure of the process is similar, involving popular assemblies and elected delegates. Key differences have to do with the extent to which delegates are bound by clearly defined priorities established by the popular assemblies and the extent to which the popular budget is binding.

When compared to South Africa, a very interesting contrast emerges. Even if the architecture of participation is quite similar (conforming to the four points of institutional design at the beginning of this section), in South Africa participation in DLG has been much more formally institutionalised, at least as measured by the range and detail of enabling legislation and the wealth of legally mandated procedures. Kerala comes very close to South Africa in this respect, but much of the more fine-tuned regulation of the participatory process was introduced *after* the mass mobilisation phase of the Campaign was launched. In Porto Alegre, the principles of the PB process are enshrined in the Constitution, but it has never actually been given any formal legislative support, and exists entirely as a set of highly developed practices. In both Kerala and Brazil, this lack of institutionalisation was in part by design. In Kerala, the architects of the Campaign feared that over-institutionalising the process would empower the bureaucracy and politicians at the expense of civil society. In Brazil, a long history of corporatism and clientelism made the proponents of PB especially wary of giving the initiative to the state. Indeed, in Porto Alegre, the PT leadership refused to institutionalise the process, on the grounds that this would deprive civil society actors of the ability to make up new rules and to learn from practice.

PARTICIPATION

A number of studies have already established that in institutional terms the Campaign has resulted in a significant reorganisation of the state and governance, and that the level and scope of decentralisation surpasses what has been achieved in any other Indian states since the 1993 constitutional amendments (Thomas Isaac & Franke 2002; Véron 2001; World Bank 2000). Firstly, the increase in the discretionary portion of village *panchayat* budgets has been dramatic, jumping from Rs. 1,000 million in 1996–97 (the year before the campaign) to Rs. 4,204 million in 1997–98, and over Rs. 5,000 million in each of the three years following. A World Bank report (2000:28–29) found that Kerala has the greatest degree of local expenditure autonomy and is the most fiscally decentralised state in India, and is second only to Colombia in the developing world.[8] Secondly, the campaign has brought very significant devolution of authoritative decision-making powers. In our survey of key informants in 72 randomly selected *panchayats*, we found that in every single case *gram sabhas* were held on a regular basis, task forces were constituted, development plans were created and beneficiaries committees were set up (Heller et al. 2007). Thirdly, the most decisive impact of the Campaign, as documented in a number of studies, has been on the level and composition of participation. Data collected by the State Planning Board from all 990 *panchayats* for the first two years of the campaign shows that 10.3% of the electorate participated in the first annual *gram sabhas* in 1996 and 10.6% in 1997 (Chaudhuri & Heller 2003). The social composition of the campaign, moreover, improved drastically in the second year. If in the first year of the campaign 'scheduled caste' and 'scheduled tribe' (SC/ST)[9] participation was well below the average rate (relative participation was 0.53, with 1.0 indicating the participation rate of the general population), but by the second year it was 1.44, meaning that SCs/STs were participating in greater proportions than non-SC/STs. Similarly, women's relative participation increased from 0.57 to 0.82, with women constituting 40% of all participants in 1997–98. Data collected from the sample of 72 *panchayats* found that representation of women and SCs in task forces (the bodies charged with designing projects) was less high than in *gram sabhas*, but still impressive. If participation was broad and inclusive, it was also effective. In a survey of 858 key respondents (including activists, government officials and elected officials), almost two-thirds (64%) of our sample answered that 'felt needs' expressed in the *gram sabhas* are 'always reflected' in the final plan. Similarly, task forces were also very effective: 80% of our respondents said that task force projects were 'almost always' or 'always' included in the final *panchayat* plan. Finally, the associational spillover effects of the Campaign have received extensive commentary. A whole new generation of younger activists and politicians came alive with the introduction of the Campaign. Over 14,000 local elected officials who previously were limited to largely

ceremonial roles were given meaningful functions. Local CSOs that had no local state to engage with found a new partner in *panchayats*. A number of local studies have explicitly tied the rapid rise in self-help groups (generally formed by lower-caste women) to the matching funds made available by the campaign (Chathuku-lam & John 2002; Manjula 2000; Seema & Mukherjee 2000). Registration data that we collected from 72 sample *panchayats* shows a three-fold increase in the number of self-help groups during the campaign.

In Brazil, it is also very clear that PB has invigorated associational life (Abers 2000; Avritzer 2002). In cities where PB has been sustained, participation has tended to increase each year. Single case studies have shown that PB has had a 'crowding-in' effect on civil society, and Baiocchi (2005) has pointed to signifi-cant ripple effects. In Porto Alegre, he found that women who participated in the PB process formed new alliances and became active in other areas, including the policing of domestic violence. In a survey of 833 delegates from 11 PB cit-ies, Wampler (forthcoming) found that participatory institutions 'are rewarding group-oriented behavior among individuals from lower socio-economic classes'.

One of the methodological problems with most studies of PB is that they select for the dependent variable, making it difficult to isolate the impact of PB from other variables. The observed success of PB could thus simply be a reflection of favourable preconditions, such as an active civil society. A study that I and my collaborators conducted corrects for this problem by pairing five cities that adopted PB with cities of the same size and political configuration (as measured by PT support) that did not introduce PB (Baiocchi et al. 2006). The findings are telling. As the associational democracy literature has emphasised, institutional reform matters. The paired analysis shows that measurable increases in the asso-ciational activity of CSOs and of their capacity to effectively engage government took place in four of the five PB cities, but remained constant (i.e. dominated by clientelistic ties) in the five non-PB cities. The introduction of PB made it pos-sible for existing CSOs to abandon either clientelistic or 'combative' strategies in favour of direct rule-bound engagement through the PB process.[10] The varying degree of success did reflect the pre-existing strength of CSOs. The *municípios* (municipalities) where CSOs had enjoyed significant organisational strength and autonomy before the introduction of PB were the *municípios* where the introduc-tion of PB had the most significant impact. This is not surprising, but what is extremely revealing is that in the two *municípios* where civil society was weak to begin with (i.e. dependent on clientelistic ties) and where the budgeting proc-ess had traditionally been dominated by local elites, the introduction of PB did bring civil society demands directly into the budgeting process and weakened clientelistic practices. In these cases, weak civil societies became more active, but only under the protection of a reformist state. There is one cautionary case. In

one of the PB cities, the introduction of PB actually increased the control of a political party in power over civil society. CSOs that once enjoyed a high degree of autonomy (but no opportunities for engaging the state) compromised much of their self-organisation in exchange for inclusion in the governance process. This underscores the importance of designing participatory processes that protect, and ideally promote, the organisational autonomy of CSOs.

One must be cautious about making generalisations about the conditions for successful participation based on these two cases. There has been enormous variation within each case. In Kerala, the Campaign had a much greater impact in rural areas than in municipalities, in part because political efforts were focused on *panchayats*. Even across Kerala's 990 *panchayats*, the level of participation varies enormously, and in statistical tests does not correlate with regional factors (which might act as a proxy for social capital) or any of a large number of stock variables (such as population, population density, economic measures, etc.) (Chaudhuri & Heller 2003). There is, however, a strong correlation between proxy measures of rural union organisation, suggesting a link with existing mobilisational capacity. A similar picture emerges in Brazil. The pre-existing strength of civil society is clearly linked to both the adoption and the relative success of PB. But there are also notable exceptions, as in the city of Camaragibe in the north-east, where a very slight shift in electoral distributions displaced a traditional oligarchical elite in favour of a quite successful PB process (Baiocchi et al. 2006). What the study of five paired cities underscores is that the success of participation depends in large part on local configurations of power and pre-existing state–society conditions. When this is coupled with the finding from Kerala that rates of participation of subordinate groups increased rapidly after the first year of the Campaign, it becomes clear that participation is highly plastic and is very much an artifact of politics, both in the sense of formal political opportunities that result from institutional changes (that follow, for example, from changes in ruling party) and social movement politics that can strengthen civil society capacities.

DEVELOPMENTAL IMPACTS

The developmental impact of participatory decentralisation is extremely difficult to evaluate. Simply identifying measurable indicators itself raises a range of questions about what constitutes development (e.g. for housing, does one measure the units, the location, the quality, the distribution or the sustainability of projects?). Even if one could resolve such problems, actually isolating the effect of the participatory component of the budget and comparing it to non-participatory inputs while controlling for other variables is so difficult that I am not aware of any study that

has done this successfully. The fragmentary evidence that is available does, however, suggest that, in Kerala and Brazil, participatory decentralisation has resulted in three broad developmental gains. Firstly, expenditures have been more carefully aligned with democratic preferences. Secondly, because of higher levels of participation and greater accountability, the level of leakage has been reduced. Thirdly, allocation patterns are now more redistributive.

In Kerala, the survey of key respondents produced very clear results (Heller et al. 2007). All respondent categories (officials, politicians and civil society) saw the Campaign as having improved the effectiveness of development services and projects in all 13 categories they were asked about. Improvement was much more marked in providing housing and child care than in promoting local economic growth. The survey results also point to a clear redistributive impact. Firstly, the high impact areas of the Campaign were in housing to the poor, child services and roads. All three of these areas have a pro–poor impact.[11] Secondly, 89% of respondents indicated that the primary beneficiaries of the Campaign were the 'socially and economically disadvantaged', with only 4% indicating the 'socially and economically advantaged'. Similarly, when asked if 'beneficiaries selected for various schemes under the campaign were more or less likely to be poor than under earlier schemes', 88% indicated 'more likely under the Campaign'. Finally, when asked if corruption had increased or decreased with the Campaign, 74% said 'decreased' and 6% said 'increased'. Even a majority of the *heads of opposition party branches* point to a decrease. These survey findings also find support in a recent report by the Planning Board in Kerala, which found that while corruption was still a significant problem, the Campaign represented a dramatic improvement.[12]

If the Campaign was a matter of building institutions of DLG where none existed before, PB has been about making existing local government structures more participatory rather than building entirely new structures of governance and delivery. In this respect, the direct developmental impact of PB is even harder to assess. Scholars who have conducted case studies generally find that PB has made capital expenditures (and, in a few cases, operational expenditures) more responsive to developmental needs, and there is also ample qualitative evidence that the transparency of the PB process has reduced the wholesale rent seeking of the past. A statistical analysis of the cities that adopted PB in the period 1996–2000 found that they were far more successful in reducing poverty, even when a range of possible confounding variables are controlled for (Baiocchi et al. 2006). The evidence from Porto Alegre – which is the only PB city with a significant time lag – is unambiguous, both with respect to the efficiency and the redistributive nature of PB outlays (Baiocchi 2005; Abers 2000). The paired cities study discussed earlier also found that CSOs felt that the introduction of PB led to a dramatic

improvement in the targeting and quality of public investments and, in many cases, in the performance of service departments.

Evaluating the developmental impact of participatory reforms is clearly an area that calls for more research and better methodologies. Having said this, the near-consensus view among researchers is that the Campaign and PB have had significantly positive effects on developmental outcomes. In both cases, the mechanisms at work have been the increased accountability of officials and elected representative and the greater transparency – or, more accurately, the increased publicness – of the budgeting process. Stated somewhat differently, participatory structures have reduced the transaction costs of influence for traditionally marginalised groups and increased the transactions costs of influence (and capture) for traditional elites. Many of the officials and CSO leaders we interviewed in PB cities were able to provide clear, detailed and precise information about the budgeting process in such cities, in sharp contrast to their counterparts in the non-PB cities. In the case of Kerala, there is also excellent qualitative evidence that decentralisation and participation resulted in the much better use of local information, and also triggered significant innovation and horizontal diffusion of new, grassroots 'best practices' (Thomas Isaac & Franke 2002).

The problems that remain, however, are significant. *Panchayats* in Kerala remain institutionally weak. The process of building local institutional capacity has been slow, and the quality of the systems in place remains quite poor. A number of critics have pointed out that *panchayats* often have had difficulty in spending their money and maintaining even the most basic accounting practices. The Planning Board openly acknowledges that the quality of planning – as measured by the formulation of strategically integrated projects – was highly uneven. At the *panchayat* level, plans were more often than not little more than aggregations of ward or sectoral demands, and the process of integrating *panchayat* plans into block and district plans has not worked at all. In Brazil, while some PB cities have introduced thematic forums that allow for the discussion of city-wide issues, many have not progressed beyond neighbourhood participation and the listing of priorities. And in both Kerala and Brazil, the participatory process has only had a limited impact on the operational budget and on transforming the silo culture of line departments. In Kerala, some line services such as agriculture have been successfully integrated into the new *panchayat* governance structures, but most department personnel remain beholden to their bureaucratic superiors. And in Brazil, there is as yet no evidence that PB has fundamentally changed the notoriously fragmented nature of the Brazilian local state. Finally, when compared with South Africa, it becomes particularly clear that as highly developed as participatory structures are, the technical quality of planning and the capacity of departments to deliver remains underdeveloped.

Some Tentative Lessons

In scope and depth, the Campaign and PB have been widely recognised as significant and fairly successful cases of promoting decentralised participatory development. These are extremely complex institutional reforms that display highly uneven levels of implementation and impact. Drawing out any lessons must be done with care and with many qualifications. The most important qualification is that there are no ready-made transposable solutions, given that institutional performance is always conditioned by history and context, most notably existing state capacity, the quality and activity of civil society, and the underlying political configuration. For proponents of participatory forms of DLG in South Africa – where the promise has been great, but the results to date frustrating – these two cases pose some interesting points of comparison, especially with respect to the fundamental tensions between efficiency and participation. Because of space limitations, I present these observations in a very stylised form.

Firstly, the most important lesson is that not only is it possible to create institutions that allow for meaningful forms of citizen engagement, but that the conditions for participation are quite plastic. When offered genuine opportunities for participation, local actors will get involved. Participation is not a function of stock variables such as human capital and social capital, which can only be accumulated slowly over time. It is a function of much more malleable factors, such as institutional design, openings in the opportunity structure, alliances and new incentives. When poor people do not participate, it is not because they don't have the skills or the determination, but because the obstacles to participation are too high. There are transaction costs to participation, and careful design and political action can go a long way in changing those costs. A related point is that participation can have dramatic knock-on effects. This is true not only in the sense of demonstration effects (more groups and communities join as the returns become clear), but also in the sense of expanding the possibilities and meanings of citizenship. Of the many obstacles the poor face, none is more debilitating than the cultural constraints of limited cognitive horizons and limited experience of working the system. The 'performance of competence and innovation' that even the most modest forms of participation offer confronts these constraints by nurturing what Appardurai calls the 'capacity to aspire' (2004). In sum, participatory institutions that are carefully designed and properly scaled can significantly expand opportunities for the poor and the most marginalised groups to practise citizenship.

Secondly, the two most common technocratic objections to decentralised participation – that poor communities don't have the capacity to engage in local planning and that too much participation can be disruptive, time-consuming and even lead to conflict – simply don't hold up. Before the Campaign, local citizens had few, if

any channels through which to influence public action and no prior experience of planning or local development. Existing structures of local government were paper thin. The Campaign strategy was in effect to build institutions through mobilisation. The process was messy and has required extensive fine-tuning from year to year, yet *panchayats* in Kerala have managed to produce annual local plans, design thousands of projects across a wide range of sectors, and basically transform and more often than not improve on the command-and-control line department delivery mode of the past. Though critics argue that local government still has significant institutional weaknesses, there is widespread recognition that the Campaign has created forms of popular governance where none existed before.[13] The fact that all political parties in Kerala's extremely partisan polity now publicly support the Campaign underscores its broad-based legitimacy.

Under PB, ordinary citizens have proven more than capable of making city budgets and negotiating with department officials. Indeed, as Abers (1996) has shown, popular participation actually forced city officials to transform a cumbersome, opaque and needlessly complicated budgeting process into a much more streamlined, clear and transparent one. The fact that neighbourhood assemblies were in many cases supplemented by the creation of thematic groups to take up city-wide issues suggests that territorially based participation, rather than producing local particularisms, can have learning and scaling-up effects. Indeed, the extralocal networks created through thematic forums in Brazil and through the many district and state-level conferences of Campaign workers in Kerala (both for training and 'best practices' diffusion) have created new ties *across* communities, movements and sectors, generating precisely the kind of bridging ties that many analysts have argued promote development (Storper 2004). Rather than unleashing parochialisms in what are extremely heterogeneous societies, democratic participation has increased interactions among groups and levelled the playing field. Women, *dalits* and the poor have become more organised in Kerala and have benefitted the most materially from the Campaign. Participation in PB has been far more pronounced in working-class and poor communities, and has opened doors to CSOs of blacks, gays and the homeless (Wampler forthcoming; Baiocchi et al. 2006). Both cases would appear to confirm the argument made in the deliberative democracy literature that meaningful public spaces for deliberation and joint collective decision making nurture thicker civil societies with more cross-cutting ties. To borrow from Hirschman's famous formulation, promoting the politics of voice can act as a counter to the politics of loyalty (clientelism, communalism) or the politics of exit (apathy, crime, flight). Given the involuted dynamics of so many poor urban communities in South Africa and increased concern with social disintegration, this may be an especially important lesson.

Thirdly, even as it is important to bear in mind the power equations that often pit technocrats against the associationalists, bureaucrats and politicians against civil society, and institutional logics against mobilisational logics, we must also recognise that local government is often an arena where alliances across the state–society boundary can develop and produce synergistic outcomes (Evans 2002). The most unexpected finding from the Kerala survey data was that local department officials – widely perceived to have opposed the Campaign – in fact had extremely favourable views of it. Moreover, as I have argued elsewhere (Heller 2005), the Campaign itself was made possible by the support of key factions in the bureaucracy and the political class. Similarly, in Brazil, many of the government officials we interviewed in the paired cities study welcomed PB as a way of developing ties to partners in civil society. This fits neatly with Chalmers et al.'s (1997) argument that the decline of corporatism and populism in Latin America has opened up room for 'associative networks' that cut across traditional state–society boundaries. The resulting dense ties between officials and civil society actors, moreover, neatly replicate that embeddedness that Evans (1995) has argued was critical to the success of the East Asian developmental state. If such ties were critical to promoting industrialisation under conditions of authoritarianism, it only stands to reason that they are even more critical to promoting social development and redistribution under democratic conditions (Heller 1999).

Fourthly, even as we recognise that participation has been possible and consequential in Brazil and Kerala, and that it has in large part emerged from civil society and social movements, we must not slip into the voluntarism and spontaneity of the associationalists. As Watts (2000:82) has noted, 'the danger of conceiving of development as dialogue and negotiation – even if the powers of rights-driven social movements are upheld and enforced – is that development's primary reality remains struggle, strife and conflict'. To make full sense of PB and the Campaign, one has to acknowledge the historical and political configuration that made them possible and, specifically, that created a balance of power that was amendable to reform from below. Three key elements of a favourable 'ecology of actors' (Evans 2002) for participatory decentralisation can be identified: reformist elements within the state that recognise the limits of traditional command-and-control developmentalism; civil societies that enjoy sufficient organisational capacity and operational autonomy to align with, but not be coopted by, the local state; and a programmatic left-of-centre political party that can orchestrate the necessary political conditions for reform.

A final lesson is strategic. The Campaign and PB were made possible by openings from above, but were born of experiments that were developed and elaborated through a continuous process of learning-by-doing. What made this possible was reversing the conventional logic of first putting institutions and systems in

place and then inviting participation. As intellectual elites who see themselves as equipped with solutions, academics and policy makers tend towards high modernism, i.e. an imperial and exaggerated sense of the actual predictable effects of state intervention (governmentality). What results is an apolitical, incrementalist view of institution building that presupposes the existence of good governance blueprints that can be implemented by committed experts and capacitated state agencies. The reform sequence that is proposed is one in which institutions and all the necessary procedures and systems are in place before real power and resources are devolved. The architects of the Campaign and PB proceeded from a very different set of assumptions. Having taken note of the many well-intentioned institutional reform projects in India and Brazil that have repeatedly been scuttled or nibbled to death by vested interests, they argued for an approach that reversed the sequence, i.e. devolving resources first, and then building the institutions (Thomas Isaac & Franke 2002). The approach was, of course, not quite so crude, since, as we have seen, the Campaign was built on an elaborate institutional architecture, and the PB process benefitted from the rich repertoire of participatory forms developed by Brazil's social movements. But there is no doubt that the sudden introduction of binding participatory control of significant portions of the budget represented a shock to the system of business as usual. The strategy – and it was every bit a self-conscious strategy – was predicated on two assumptions: firstly, that only such an approach could dislodge vested interests and pre-empt various elite tactics of resistance; and, secondly, that this sudden opening of institutional spaces could trigger a mobilisational response that would create its own momentum of reform. The birthing pangs that critics have pointed to notwithstanding, this approach quite clearly was successful in opening up the institutional and political space for sustained reform. In light of this, posing the question of what might have happened in South Africa if the spirit of the RDP's commitments to people-driven development had been fully carried through – for example, if community development forums had been maintained, if IDPs had been formulated through binding community inputs (rather than consultants) and if housing projects had been developed by beneficiary committees – takes us well beyond dry exercises in counterfactual analysis and back to politics as the art of the possible.

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Endnotes

[1]   This paper draws on two separate research projects conducted in India and Brazil. For India, I would especially like to acknowledge my research collaborators, Shubham Chaudhuri of the World Bank and K. N. Harilal of the Centre for Development Studies, as well as the Ford Foundation for its generous funding. For Brazil, I am indebted to my collaborators – Shubham Chaudhuri, Gianpaolo Baiocchi and Marcelo Kunrath Silva – and to funding from the World Bank.

[2]   Bardhan (1999:189) divides the terrain into two camps of 'technocrats' (which includes 'positivistic economists, die-hard Stalinists … leftover Fabians, mandarin administrators and technocrats') and 'anarcho-communitarians'. If I agree with his characterisation of the former, I think the latter is too lumpy. With the exception of some fringe and not very serious groups, most of the non-governmental organisations, social movements and other civil society organisations that support democratic decentralisation do not romanticise community life and in fact favour institutionally supported forms of participation as a remedy not only for the deficits of technocratic decision making, but also the inequities of communities.

[3]   For an elaboration, see Castell's (2003) discussion of reactive versus project identities.

[4]   Even Habermas, the most influential and sophisticated exponent of deliberative democracy, falls into this trap. In his most recent direct contribution to the debate (1996), he explicitly argues that while civil society can problematise and mobilise around issues and exert influence over the political system through the public sphere, it should have no direct power over decision-making processes.

[5]   For the most comprehensive overview of the Campaign's origins and design, see Thomas Isaac and Franke (2002); for PB, see Baiocchi (2005), Avritzer (2002) and Abers (2000).

[6]   Though I can't develop the point here, it is worth noting that the civil society-based critiques of the limits of representative (aggregative) democracy that emerged in all three cases were almost identical, and almost exactly replicated the general terms of the debate in the academic literature between advocates of deliberative (and associational) democracy and advocates of formal, representative democracy.

[7]   I focus on rural *gram sabhas* because the research summarised here only covers rural areas. Each *panchaya*t has an average population of 27,000. *Gram sabhas* are held at the ward level (10–12 per *panchayat*). The *panchaycat* council has one elected representative from each ward. Elections are held every four years and are fiercely contested.

[8]   In a study of six states, Jha (2000:2614) found that in 1999–2000, the average size of the *gram panchayat* budget in Kerala was Rs. 8,900,000. The next-highest of any state was Rs. 200,000.

[9]   'Schedule caste' is the bureaucratic designation for 'untouchables', now referred to as *dalits*. 'Scheduled tribe' is the bureaucratic designation for 'tribals', now referred to as *adivasis*.

[10] Wampler and Avritizer's (2004) study of Porto Alegre and Belo Horizonte, as well as Wampler's (forthcoming) survey of delegates in 11 PB cities also found that the introduction of PB weakened traditional practices of bargaining for public goods through clientelistic ties in favour of group-based negotiations.

[11] Because the rural road infrastructure is already highly developed, it has been argued that new roads primarily benefit marginalised communities.

[12] As reported in *The Hindu*, 11 May 2006.

[13] One of the most respected and sceptical commentators on the campaign, K. P. Kannan, has maybe offered one of the most succinct assessments: the Campaign has not only created a 'public platform for a vigilant civil society', but has also ensured an 'enabling environment for development' (Kannan & Pillai 2004:39).

Section II

Strategic Priorities of Developmental Local Government

At the core of developmental local government is the idea that municipalities must deploy strategic planning and management to realise the objectives spelt out in the Constitution. This implies a shift away from a reactive, compliance-driven approach to the delivery of basic services towards a strategic orientation that involves analysis, prioritisation, choices and more integrated modes of delivery in order to achieve transformative outcomes. This is much easier imagined than actualised as municipalities confront a range of complex and intractable local problems: unemployment, chronic poverty, sometimes economic decline, environmental degradation, a growing burden of disease, undignified and unhealthy shelter conditions, social fragmentation and conflict, and so forth. Inside the maze of these competing challenges it is a daunting task to come to situated political agreements about how to prioritise interventions and resources. This section provides a series of challenging perspectives on some of the key issues that confront municipalities — issues that we believe are essential to address in the prioritisation that gives life to integrated development plans.

The first chapter in this section deals with the grave issues surrounding shelter, land and housing. A decade after political democratisation in 1994, the Department of Housing unveiled a new policy agenda for housing entitled *Breaking New Ground: A Comprehensive Plan for Sustainable Human Settlements* (BNG), which is an audacious break with the policy approach of the first decade. In the main, the chapter by Menguelé, Khan and Vawda can best be read as a primer on the nature of BNG, its potentialities, institutional constraints and conceptual implications. They catalogue and analyse the fundamental shift in BNG from a model of standardised housing products for passive citizens to a new one of differentiated housing/shelter responses to meet a multiplicity of needs and contexts populated by engaged citizens. This seemingly simple shift involves immensely complex institutional reforms for the state and civil society, which are not yet fully understood or worked through in local efforts to gear up to deliver on the imperatives of BNG. In light of this, the chapter calls for a more central role for the poor in decision making around these differentiated housing solutions, and cautions against a mechanistic instinct to translate BNG into a series of instrumentalist targets for delivery.

One of the key planks of the BNG conceptualisation of sustainable human settlements is the idea that public transport is interlaced with household and community-level infrastructures. It is therefore important to consider where we are on the public transport transformation agenda, which is addressed by Wilkinson in the second chapter of this section. Wilkinson explores specifically urban passenger transport in South Africa's major metropolitan cities. The chapter provides a selective overview of the situation of urban passenger transport in South Africa's metropolitan areas with an eye on the structural condition of systemic duality between public transport operations and private transport usage. This problematic condition is contextualised through an account of the policy and legislative framework established by the first post-apartheid government during the second half of the 1990s, a framework that sought transformation, but failed to realise it. Wilkinson reflects on the reasons for the lack of progress, with a view to understanding how the strategic imperatives of equitable transformation in the field of urban passenger transport provision might be reframed.

A further aspect of sustainable human settlement revolves around social questions. We have two chapters that deal with these questions from two different angles. The chapter by Ndlela approaches the question through the literature and policy frameworks rooted in social development. Her starting point is that social development is clearly defined as part of developmental local government in the Constitution, but very few municipalities have applied their minds to the question of what this means for the delivery of their services and functions. As a result, social development is treated in a ghettoised fashion and taken to refer only to the arts, culture, community and recreational services, and social welfare functions, where these are devolved to local government. As a result, social development considerations are not placed at the heart of the delivery of big budget items of local government — water, sanitation, electricity and solid waste — with detrimental consequences for dealing with poverty and social exclusion. Thus, the chapter builds a careful case for the mainstreaming of social development as an approach to community development and empowerment that can and must lead to more effective coordination and integration of the major municipal services.

The complementary chapter by Van Donk on HIV/AIDS makes a very similar kind of argument. Van Donk argues that, because of the scale of the epidemic in South Africa, it holds the potential to undermine and unravel many development achievements that may be realised by municipalities in the domains of basic service provision, housing, local economic development and transport. However, despite this somewhat obvious observation, the chapter demonstrates how most South African municipalities have been very slow to take on HIV/AIDS as central to their respective development strategies as an issue that affects the communities they serve and their own staff and workplace effectiveness. With this in mind, Van Donk provides a compelling argument for why HIV/AIDS is a comprehensive

development priority (as opposed to a narrow health policy concern) and what municipalities need to do to come to terms with its complex and mutating dimensions. Overall, the chapter demonstrates that current approaches and practices of municipal planning are simply inadequate to ensure an effective response to the daunting impacts of HIV/AIDS.

The last two chapters in this section deal with the economic and financial imperatives that confront municipalities. Xuza and Swilling explore the vast terrain of local economic development (LED), which is unquestionably one of the most strategic imperatives facing municipalities as the country buckles under extreme levels of unemployment and growing inequality. Since two authoritative overview studies on the theory and practice of South African LED since 1994 appeared recently, the authors opt to take those insights as a given and rather focus on the challenges associated with institutionalising LED effectively. This focus is premised on the assumption that effective LED programmes and interventions will stand or fall on the basis of institutional efficacy, and despite almost two decades of experimentation with LED, there is seldom an explicit analysis of what kinds of institutional imperatives make — usually partnerships-based — LED programmes achieve success. Thus, the chapter focuses on institutional arrangements for LED implementation, highlighting institutional roles, functions of various partner organisations and their implications for LED implementation, all of which are informed by local experiences across the country.

The final chapter in this section deals with the challenge of municipal finance. Savage explains that whatever the strategic priorities may be of a municipality, they have to be reflected and supported by its financial management strategy. However, this domain has for too long been seen as merely one of the technical implementation of arcane and specialised rules and regulations, carefully patrolled by municipal accountants: a perspective that also takes financial management outside of the domain of democratic oversight and engagement. This chapter is a forceful corrective to this traditional perspective and demonstrates persuasively how the effective management of revenues, expenditure and debt is critical to the ability of municipalities to deliver on their developmental mandates. Savage's perspective is demonstrated through an exploration of three key debates in municipal finance in South Africa: redistribution, fiscal distress and systems of accountability. The chapter also draws on trends data to illustrate municipal financial performance and cross-references it with the three thematic topics to highlight a selection of emerging financial management issues that arise within a more transparent and democratic milieu.

eight

The Emergence and Endurance of an Evolving Human Settlements Imaginary[1]

François Menguelé, Firoz Khan and Ahmedi Vawda

INTRODUCTION

Located in the evolving second decade developmentalist imaginary and praxis[2], this chapter is, at best, a brief commentary on the contemporary shape and continuous reshaping of South Africa's endeavour to furnish a coherent sustainable human settlement development framework. *Breaking New Ground: A Comprehensive Plan for Sustainable Human Settlements* (BNG) (DoH 2004) is an ambitious attempt to navigate contending and complex[3] trajectories that repeatedly produce and reinforce spatial dysfunctionalities and social inequalities. In this vein, the recommitment to and re-engagement with sustainable human settlement development potentially frames the developmental state as a dual concept, referring here, on the one hand, to the state's ideational and political capacity, and to its technical and implementational capacity, on the other (see Southall 2006 for a discussion of these dimensions). Simply put, at the core of this dual concept is (1) the packaging, projection and socialisation of a development vision in a particular context, and (2) the managerial, technical and administrative capacity of the state to drive and sustain the vision and project.

Implicated in the interrelated and frequently disarticulated dimensions of the developmental state are questions pertaining to the appropriation, ownership and operationalisation of the imaginary across sectors and spheres of government. Whether housing is in the driving seat or not, the imaginary (as always) lends itself to tensions and power struggles associated with conflicts around resources and resourcing; the mechanics of the integration of inputs, as relayed by the cooperative governance framework; and the social distribution of state largesse (especially in the case of the choice of localities earmarked for the implementation of pilot/lead projects). Complexity and struggles over the allocation and application of resources inevitably determine and shape the capacity and capabilities of the state (in all its dimensions) to operationalise the imaginary into a coherent, cohesive and

coordinated response to the shelter development vision, its imperatives and material form.

The assembly and integrity of diverse state inputs into a *bundle* poses challenges to the structuring and operation/s of state organs. With many of the essential material inputs[4] – the bedrock of sustainable human settlements – not under (and/or beyond) the control (and/or sphere of influence) of the Department of Housing, the restructuring of the state to respond cohesively and coherently to the imaginary of BNG poses a problem. Promising though, and sparked by the new imaginary, is the shift in the discourse within the housing sector from the previously simplistic and reductionist language of finance (subsidy) and project administration or management to more sophisticated and refined conceptions of governance, institutional integration, intergovernmental relations and the activist developmental state. It is, furthermore, significant that there has, over the years, been a noticeable increase of requests by sister departments to the Department of Housing to explain the new approach to housing in the negotiation and facilitation of, sometimes even leadership in and over, the formation/formulation[5] of integrated settlements. Accordingly, this chapter spotlights the nature and mechanics of the institutional arrangements and intergovernmental relations geared at improving the state's response to the imperatives of differentiated need and of speedy, qualitatively better, predictable and resource-efficient housing delivery. These imperatives are critical in revealing the type of capacity the state (not housing alone) is crafting to 'eradicate' both the slums (by 2014) and the current backlog (through a projected annual delivery rate of 500,000 housing units) so as to address the functional efficiency of and social confidence in our built environments.

Extending beyond government entities, the new imaginary implies a multiagency approach whose governance agenda and orientation simultaneously strive to moderate the practice of business entities, while prising open avenues and supportive scaffolding for the active[6] involvement of civil society. The extent to which both agenda and approach constitute the core and driving thrust/s of policy implementation awaits detailed consideration and interrogation. Thus, this chapter should be read as a primer on the nature of BNG, its potentialities, institutional constraints and conceptual implications. In a sense, the chapter can be interpreted as the beginnings of a research agenda to anchor a highly ambitious and promising policy direction in the complex and power-ridden material realities of local spaces and regimes of governance.

Finally, the tone of this chapter in elucidating the symbiotic link between the power to allocate and apply resources, and complexity, is that with greater stakeholder comprehension of the managerial (versus managerialist), technical (versus technocratic) and administrative options and choices,[7] adjustments in historically crystallised power relationships will be precipitated and thereafter endure. The challenge then resides in predicting the possible consequences of technology/ical choices and capacity/capability options for/of multiple agencies to construct a

collective, shared and inclusive meaning, so as to reduce or offset the surprising consequences of an ill-managed imaginary. However, the first order of exploration is the origins and core tenets of BNG, to which we now turn.

CORE TENETS OF BNG

The BNG policy is significant in its audacity and scope. The policy successfully deconstructs the most salient failings of the first generation of housing policy and recasts the imperative for adequate shelter as in fact a policy commitment to the development of sustainable human settlements, rooted in a modernising and advanced capitalist economy. The scope and nuance of the policy is too wide-ranging to comprehensively summarise here. We therefore restrict our treatment to a handful of the most salient issues that municipalities are tasked with in sustainable human settlement development.

The BNG policy framework commences with an unprecedentedly frank state-ment on the problems and deficiencies of the state housing programme, termed 'challenges'. These 'challenges' are three-fold: (1) the changing nature of housing demand at the lower end of the housing market; (2) the nature of housing supply; and (3) the slowdown in delivery.

Exacerbating the arrest and containment of the 1994 backlog – worse than the post-World War II situation (see Khan, forthcoming) – was/is demand outpacing the delivery capacity of the state. BNG explains as follows:

> Despite scale delivery, the changing nature of demand and the pace of urbani-sation has meant that the size of the backlog has increased. Current figures indicate that there are over 1.8 million dwellings which can be classified as inadequate housing. The number of households living in shacks in informal settlements and backyards increased from 1.45 million in 1996 to 1.84 mil-lion in 2001, an increase of 26%, which is far greater than the 11% increase in population over the same period (DoH 2004:4).

In addition to under- and flagging supply, the housing delivered effectively reinforced the spatial form of the apartheid city. BNG candidly acknowledges this:

> The lack of affordable well located land for low cost housing resulted in the housing programme largely extending existing areas, often on the urban periphery and achieving limited integration. Post-1994 extensions to settlements have generally lacked the qualities necessary to enable a decent quality of life (DoH 2004:4).

If the determination and demonstrated commitment of the state to rapidly deliver at

scale was uncontested across sectors, institutional weakness – evidenced in provincial under-spending in the late 1990s – scuttled scaling-up ambitions. On the other hand, had the state been able to deliver at scale and match the pace of demand, the 'inability of recipients of subsidy-housing to pay for municipal services and taxes, has meant that such housing projects have been viewed as liabilities to municipalities' (DoH 2004:4). Spatial peripheralisation, sterile living environments, public sector under-investment in essential infrastructure in new settlements, unabated financial sector red-lining of impoverished localities, and rising poverty and unemployment were collectively a few of the ingredients of a lethal cocktail that stymied the activation of housing markets in old and new residential settlements. Subsidised housing as an asset-accumulation vehicle and wealth generator for the poor and an instrument for spatial restructuring – being key objectives of the 1994 housing intervention – were beyond the reach and grasp of the poor and the state.

In the second part of BNG, the vision and related objectives are detailed as follows:

> The new human settlements plan reinforces the vision … to promote the achievement of a non-racial, integrated society through the development of sustainable human settlements and quality housing. Within this broader vision, the Department is committed to meeting the following specific objectives:
> ■ Accelerating the delivery of housing as a key strategy for poverty alleviation;
> ■ Utilising provision of housing as a major job creation strategy;
> ■ Ensuring property can be accessed by all as an asset for wealth creation and empowerment;
> ■ Leveraging growth in the economy;
> ■ Combating crime, promoting social cohesion and improving quality of life for the poor;
> ■ Supporting the functioning of the entire single residential property market to reduce duality within the sector by breaking the barriers between the first economy residential property boom and the second economy slump;
> ■ Utilizing housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring (DoH 2004:7).

Flowing from this vantage point, the BNG plan signals a break with the past, spotlighting the interconnectedness of the housing market. In short, the new plan now addresses itself to the entire residential sector, and not only to the bottom end of the market. This creates room to identify linkages among segments in the market and to build a case for private sector actors to also work across the full spectrum of the property market. Thus, the policy champions interventions to enable/empower

individuals and households to deploy their subsidy in different ways, removes barriers to housing trade and enhances access to title.

A further fundamental shift is movement away from the supply-driven approach and product uniformity (the so-called 'RDP matchboxes')[8] to a demand-driven and supply-negotiated orientation. The latter prises open an expansive range of settlement development strategies and options, including *in situ* informal settlement upgrading, social housing in urban renewal nodes and inner-city areas, rural housing instruments, ensuring that social and economic infrastructure coincides with the development of housing development, improved settlement and housing design, and new financing instruments and resources. Each of these themes is elucidated and interwoven in the BNG document, stitched in a tightly knit policy framework that could (potentially) qualitatively change the decade-long approach to housing and human settlement development towards more sustainable and developmental formats.

Significantly, the new policy is also linked to a number of pilot projects, the first and most prominently featured being the N2 Gateway Project in Cape Town. In contrast to previous policy reform initiatives that centred on improving performance through task forces and official reviews, the pilots are meant to test and push the boundaries of BNG through a mixture of 'in-' and 'out-of-the-box' interventions. Linking policy reform and refinement to practice/real projects is without doubt a more sophisticated approach than that of the past – at least in theory. Interestingly, it is perhaps one the reasons why BNG has remained a work in progress for some time now, which is both a strength and weakness (returned to shortly).[9]

From Pragmatism to Transformative Developmentalism

First-decade pragmatic developmentalism and second-decade transformative developmentalism (elaborated below) are powered by imaginaries, technologies and modalities that are simultaneously complicit in the reproduction of inherited settlement patterns of inequality and subversive of the first-decade shelter provision praxis. Not unsurprising, then, are the commentaries on and critiques of BNG, which range from fundamental change of the decade-long housing praxis (Tomlinson 2005) to positive change (Dewar 2005) to no/minimal change (Charlton & Kihato 2006). In the confusions and mayhems unleashed by a praxis dynamic of 'staying' (pragmatic developmentalism) and 'altering' (transformative developmentalism) the inherited delivery path/patterns/vehicle, BNG struggles to fix the boundaries and stabilise the dynamics of formalisation and informalisation, regulation and deregulation, sustainability and speed, commodification and decommodification (see Cross 2006). Mature and encouraging, though, is the recognition by the state and the architects of BNG of the fluidity and porosity of these (contrived) 'boundaries'

in the cut and thrust of both theory and the real world. Today, as in the past, but now with heightened speed and pace, these old oppositions (binaries)/markers merge in 'indistinguishable new combinations' (Kozain 1992, cited in Sole 2001–02:48) that circumvent governance regimes and the neat policy constructions of the state. Disarming though is the finding that 'the normalisation of this spontaneity is … no longer [being] possible – the scale of the interventions required and the management of the consequence lie beyond the scope of the democratic, neo-liberal state' (Kozain 1992, cited in Sole 2001–02:48).

On the other hand, and in a slight corruption of Foucault (1988:166–67), if the 'tools necessary to envisage in new terms the form in which we might attain what we are looking for … will not come [exclusively] from those who administer that authority'[10] – especially because of our appreciation of the tyranny of past and present 'alternatives', and/or that the 'master's tool will never dismantle the master's house'[11] – answers should additionally be sought in experiments that work with the grain of the 'solutions'/'remedies' engineered by the poor in their slums and shanty towns. The contemporary reconstruction of the developmental project in numerous left-leaning Latin American administrations supports this. Encountered in the contemporary pro-poor developmental rebalancing of the 'three different (sometimes contradictory) modes of guiding administrative action' (bureaucratic capacity, market signals, democratic engagement) (Evans 2005:30) is an activist central state engaged in unconventional actions of democratising relations at local level, thereby facilitating more equitable planning outcomes (see Tendler 1997). Observable in Venezuela (and Brazil) is the construction of a developmental state that is attempting to 'reconnect' politics and economics through 'building participatory, democratic processes from the community level up and building redistributive mechanisms into policy making from the state down' (Gibbs 2006:270). A counter-hegemonic project is being institutionalised 'from the constitution down [i.e. the installation of a redistributive vertical axis of governance[12]] to the every day practices of average citizens' (Gibbs 2006:269). Vertical axis reordering is complemented by democratically or community-driven reorganisation of the horizontal axis of governance through the introduction and strengthening of participatory processes generative of economic, social and cultural projects that are 'community-designed and -driven' (Gibbs 2006:276).

Second-decade reordering of the horizontal and vertical governance axes in South Africa is arguably not at some distance from the contemporary – albeit diverse – Latin American and Asian developmentalist experiments (see F. Khan 2004). In terms of BNG, shelter provision post-2004 is to be driven by the latest institutional innovations and legislative-regulatory approaches associated with contemporary thinking on the second-decade developmental state (e.g. interministerial committees, institutional compacts and intergovernmental development protocols/agreements). Housing delivery that is demand-driven is set to activate initiatives presently referenced to

a reconfigured institutional and social ecology[13] (domestically and internationally) akin to the developmental state, e.g. through refocused housing public entities; a state construction arm; a (mooted) dedicated housing bank; a special–purpose land acquisition and assembly vehicle; the reorganisation of the domestic social realm through charters and compacts, with not insignificant performance obligations demanded and extracted from the private sector (financial, property and developer sectors); and the redefinition of the global neo–liberal human settlement agenda through intra- and intercontinental government treaties. The housing sector is also now the testing ground for new strategies of institutional restructuring and capacity building (direct national government implementation and local support), and is the pilot for improving planning, alignment, coordination and investment prioritisation referenced to the National Spatial Development Perspective (NSDP) and a Housing and Settlements Delivery Implementation Protocol (Khan forthcoming).

Harking back to the experiments, the essence of BNG is structured around the imperatives of maximising the benefits accruing to citizens and households from state programmes/instruments in economically, spatially and community–empowering formats. Proposed in the plan is the construction of socioinstitutional technologies and modalities that facilitate and enable dynamic partnership formation configured and deriving from developmental state engagement of markets (vertical) with the horizontal networks of community organisations that builds and/or draws on social capital, i.e. partnerships rooted in radically different social ecologies from the recent past. Again, though, and similar to the weaknesses/failings of neat policy constructions, second–decade–style 'South African developmentalism' – as policy and process – is an ambiguated project not unrelated to its straddling of competing conceptions of governance praxis; its inability to connect politics, society and economics in pro- poor ways; and the partial and incomplete institutionalisation of progressive state–civil society linkages (Beall et al. 2005:687). We will return to these themes later.

Relevant to the immediate discussion is the shelter-governance agenda of the first and second decades of the post–apartheid era. Cross–referenced to and embedded in the objectives of the progressive realisation of human rights and the restoration of human dignity, the plan's objective is to deploy state resources to leverage systemic change and effect greater equity across and within the entire residential sector. This necessitates having a better handle on the dynamics reproducing dysfunctional human settlements, the distributional outcomes and sociospatial consequences. Pursuant to this is the recognition in the new national shelter strategy of the need to revamp the social ecology so as to nurture and promote developmental human settlement outcomes through sharper settlement intervention instruments and institutional regearing, founded on new modes of governance that rebalance power among state (hierarchy/bureaucracy), the private sector (market) and civil society (as elaborated in Table 8.1 and discussed in the concluding section).

Table 8.1: Key elements of the first-decade and second-decade shelter-governance agenda and regime

Elements	Theoretical roots	Nature of state	Focus and emphasis	Product and citizenship	Relationship to external non-public partners	Governance mechanism	Value base
First decade	New Public Management	■ Disaggregated, managerialist and technocratic ■ Housing powers and functions, duties and obligations of the spheres of government are defined by the Constitution, legislation and regulation. Working within untransformed land, financial and property markets is the delivery of a state-packaged and government-defined output to subjects (no active participation by beneficiaries)	■ Intra- and interorganisational management ■ State as key driver of development with an emphasis on service inputs and outputs (efficiency and targets) focused on income-graded width	■ Standardised, passive citizenship	■ Independent contractors within a competitive marketplace ■ State-facilitated, market-driven housing programme ■ Delivery by the private sector	■ The market and commercial contracting	■ Efficacy of competition and the market place
Second decade	Organisational sociology, network theory, human capability development	■ Plural and pluralist state, organisational flexibility with greater collaboration among spheres ■ National and provincial governments not only overseeing and monitoring development, but also involved in implementation via partnerships (memorandums of understanding, Intergovernmental Relations Framework Act 13 of 2005). Delivery of locally (collaboratively) defined and customised products within transformed land, property and financial markets wherein people are no longer objects (active participation of beneficiaries and their integration into restructured land, financial and property markets)	■ Interorganisational/multi-agency governance focused on width (as entry point) and depth ■ Development driven in partnership but community-centred frameworks, with an added emphasis on service processes and outcomes	■ Differentiated responses to need; active citizenship (community empowerment)	■ Preferred suppliers, and often interdependent organisations with ongoing relationships ■ Does not preclude direct delivery by the state	■ Trust and relational contracting with state as guarantor of developmental distribution outcomes	■ Neo-corporatist

Source: Adapted from Osborne (2006:383)

THE TENSION BETWEEN POLICY OUTCOME DEFINITION AND PROGRAMME DESIGN

While the new path–altering human settlements policy was widely acclaimed upon its release in September 2004, packaging/calibrating its multiple elements into coherent and cohesive interventions constitutes a formidable challenge.[14] Where the first–decade housing policy had only nine programmatic instruments, BNG instruments number nearly 30 programmes, which will probably increase with further refinement of the demand–driven, supply–negotiated approach. One aspect of the emerging tensions between outcome definition (policy) and programme design derives from the fact that three years after the release of the policy, critical programmatic components, including 'inclusionary housing' and the accreditation of municipalities, await finalisation. Another dimension of this tension derives from juxtaposing the central outcomes of BNG with programmes designed to achieve these outcomes. The tension amplifies concerns related to the comprehensiveness of programmes deemed of high relevance (with regard to scale, scope and pace of delivery) in the realm of the strategic fit between policy intent and the implementation instruments. However, a narrow correlation between the comprehensive intent/definition and the application/outcomes of programmes, particularly at the local level, has the tendency to reinforce first–generation technocratic limitations and interpretations, with a resultant finger pointing in the event of failure (see Table 8.2).

Table 8.2: Selected key outcomes of BNG and supporting programmatic instruments

Outcomes	Primary instruments	State of completion	Critical cross references
■ Dignified living environments	■ Informal settlements upgrading	■ (Aspects of) Policy (in)complete; implementation commenced	■ Institutional adjustments/readiness to take programme to scale and application of phases over multiple medium-term expenditure framework periods
■ Socially amalgamated and desegregated settlements	■ Inclusionary housing programme (80/20) ■ Social housing policy	■ Policy complete ■ Programme adjustments and application in process ■ Institutional adjustments required	■ Provincial adoptions varied and inconsistent ■ Institutional readiness across spheres a point of concern
■ Empowered local government	■ Accreditation, operational and capital budget	■ Policy complete; no comprehensive implementation rollout in place	■ Application designed for staged application ■ This may detract from the intended 'comprehensiveness' of the policy
■ Integrated human settlements	■ Integrated development plan (IDP) housing chapters; socioeconomic facilities	■ Policy complete; implementation not resourced	■ Application requires greater intergovernmental agreement ■ It also requires greater correlation of other resources of the state

Outcomes	Primary instruments	State of completion	Critical cross references
■ Asset building through increased end-user finance (linking the primary and secondary housing markets)	■ Collapsed subsidy bands MOU with financial sector ■ Credit-linked subsidy	■ Policy complete; selective implementation ■ Financial Sector Charter housing targets are 'reportedly' on track (albeit unevenly and not uncontested) ■ Credit-linked subsidy approved modalities are being resolved	■ The key issue around projecting asset value relates to location and the appropriate application of planning instruments ■ Targets are still reportedly bedevilled by a number of issues ■ Some of the outstanding issues evidently relate to clawback
■ Urban efficiencies and compactness	■ Densification and urban restructuring programmes	■ Policy incomplete (save for social housing and the development of the Community Residential Unit policy to support backyard rehabilitation and assist with densification) ■ Implementation pending	■ These are less about the development of specific instruments, and more about the ability to utilise and apply existing instruments within a more rigorous adjustment coupled to the application of planning instruments

The key message relayed by Table 8.2 is one of the time lag between policy formulation and the design and operationalisation of the necessary instruments, generating tensions with (among others) the culture/practice of target setting (a point revisited shortly). These tensions are worth considering, because target setting and achievement scoring is an international proxy[15] to benchmark capacity levels deemed appropriate to earn the title of a modern 'developmental' and democratic state. Delays in the release of the final version of BNG and supporting instruments for public engagement have raised concerns of the plan becoming a *perpetuum mobile* or a moving target. Debatable, though – as called for by numerous stakeholders – is the possibility of policy closure. This is because the plan has to break new ground while simultaneously undoing the entrenched socioinstitutional and implementational ecology of the status-quo-accommodating White Paper (DoH 1994; see Khan, forthcoming). If rectification of the first-decade ecology does not lend itself to easy remedies, implicating as it does the many powerful sectors frequently portrayed as 'seemingly' beyond the control and reach of the state, the enduring political, institutional and financial imprinting of the first-decade shelter-governance regime on the second introduces added obstacles, complications and complexities (see Khan, forthcoming).

Against the backdrop of these multiple tensions and contradictions, provinces and municipalities are expected, with the assistance of the national Department of Housing, to customise desired national policy outcomes into locality-specific

implementation modalities. Managing the new policy compels municipalities to cope with high levels of complexity and irresolvable dilemmas without the support, advice and guidance from the national department. With regard to latter's relationship/s with other departments, opportunities were squandered to lend traction to government-wide undertakings (e.g. Project Consolidate). Promising, though, were the initial bilateral engagements with the Department of Provincial and Local Government (DPLG) that in some senses' animated good practice nostrums of cooperative governance, i.e. *building relationships before the need arises* (Gray & Larson 2003:339). Sadly, these embryonic initiatives and cooperative governance endeavours were neither sustained nor extended to other critical stakeholders.

In the absence of national assistance and monitoring, some provinces and municipalities have overlooked complicated and 'difficult-to-implement' policies in 'order to accelerate' delivery (Moss 2006:46). Local government officials have come to question the feasibility of some policy prescripts, most notably the 'eradication of informal settlements', as simply 'not achievable', flowing from a disjuncture between the 'needs of communities and what government can "realistically" afford to provide' (Ibid). Moreover, with no funding provided to local government to finance the devolved housing function, many municipalities have 'sought to finance the shortfall by borrowing from other sources, including the private banking sector … [which] has reportedly plunged some municipalities into a debt cycle' (Ibid). On the other hand, and in spite of the national assistance gap and funding shortfalls, numerous provincial and municipal initiatives have attempted to translate BNG into project-level outcomes. This emerging experience is a rich source of learning, to which we now turn.

Local Government's Interpretations

With the objective of assessing these interpretations and interrogating implementation, the Department of Housing in June 2006 convened a policy-review workshop with selected municipalities and provinces. During the workshop, the following associations[16] were brought to the fore in connection with the new imaginary, revealing the level of familiarity with BNG.

At provincial level, the Western Cape can be singled out for its comprehensive undertaking to customise national policy into a provincial strategy. The strategy has far-reaching implications, with housing now a key driver in the formulation of human settlement restructuring in the province. If effectively implemented, in Cape Town alone, the strategy is predicted to have system-wide impacts in arresting and reversing the apartheid settlement form of profound sociospatial inequalities and urban inefficiencies. Its strategic thrust and orientation has prompted informed

(insider) observers[17] to label it a *de facto* 'provincial urban development strategy'.[18] On the other hand, Gauteng and KwaZulu-Natal appear to have adopted a rather reductionist approach by equating (and/or restricting) the new policy to informal settlements' upgrading, inclusionary housing and the identification of well-located land for housing development (comprising components of the Western Cape strategy).

The City of Johannesburg's methodological approach navigates the complexity of the new imaginary via differentiating between the *ends* and the *means*. eThekwini, however, embraces the new policy as a comprehensive service delivery strategy to animate organisation-wide accountability towards 'human settlement' (versus 'housing') development. A slightly similar approach is encountered in Ekurhuleni, pivoting on developing strategic partnerships in key programmatic areas, notably gradual upgrading of its 108 informal settlements. Local variation aside, the most prominent interpretations of the new policy include the accreditation of municipalities, informal settlements' upgrading, inclusionary housing and the acquisition of land within the city for housing developments (DoH 2006a).

Nationally, COSMO City (in Johannesburg), the Cape Town N2 Gateway and Blythedale Estate (KwaZulu-Natal) are projects consistently singled out by the national department to spotlight tangible manifestations and outputs of the new imaginary.

The dominance of sociospatial restructuring, pro-poor service delivery and the project approach, collectively comprising the defining features of the new imaginary at the local level, is striking across the diverse interpretations and appropriations. However, the principles of *asset building*, *creating a single residential market*, and (the BNG-enshrined) *structured engagement with the financial sector* to unlock end-user finance are universally absent from local frames of appropriation. From this angle, one could accuse local government of selective and myopic applications of BNG. In the process, they, arguably, run the risk of entrenching the (first-decade) welfarist-derived perspective of the shelter provision intervention – housing directed mainly at the poor and dislocated from the wider residential market. This narrow perspective of some municipalities is contested by the department, whose focus – as mentioned above – now encompasses directing, influencing and impacting on the entire residential market. A key objective of this reorientation is to alleviate the financial burden shouldered by local government, whose implementation of the narrow welfare-type intervention compromises their rates base. At the same time, it is clear that municipalities are caught in a chicken-and-egg dilemma. For as long as market-wide rightsizing is not effected and/or supported by adequate resources and implementation scaffolding, it is difficult to move beyond the narrow intervention gearing. Thus, what is needed most is for national government to deliver on existing commitments by either fast-tracking or implementing existing measures/programmes (i.e. accreditation), and/or, at least, extending packaged

finance for the un-/underfunded devolved housing function. The lack of follow-through by national government, coupled to the inability of the citizenry to pay basic service charges, places further strain on the fiscal viability of municipalities. Critical, then, in this context is (parallel) interrogation of existing funding shortfalls and gaps, the contribution of the various housing instruments to fiscal and economic sustainability, and intensive financial modelling around requisite resourcing for the effective and efficient implementation of BNG.

The Institutional and Intergovernmental Adjustment Process

The scope, width and breadth of the sustainable human settlement development programme can probably serve as both flywheel and lynchpin for all spheres and sectors of government to exercise cooperative and integrative governance as they pursue their respective mandates. This potential is undermined by deeply entrenched attitudes that the institution initiating a policy is the sole mandatory owner and accounting institution for this policy, irrespective of its transversal nature. Typically, sectoral line departments are inward-looking when developing their policies, with little consideration for initiatives from neighbouring departments,[19] which forecloses possibilities to conceptualise (and implement) a continuum of complementary and mutually supportive measures and technologies. In light of the constitutional imperative of cooperative governance, it is worthwhile testing sectoral government policies against the criteria of continuity, fluidity and strategic fit (as required by BNG) and other holistic policy imperatives that underpin developmental local government. Sectoral silos and discontinuities constitute subtle breeding grounds for fruitless power games, which impacts negatively on delivery capacity.

The material realisation of the sustainable human settlement development imaginary necessitates integrated packaging of the infrastructures that feed into the dwelling in addition to a range of socioeconomic amenities and facilities that structure the neighbourhood where the dwelling is built. Despite this imperative, there is no binding or incentive-based disciplinary regime to compel various departments to plan, budget and implement in a sequenced and coordinated fashion. The new governance framework that stem from the imperative of 'credible IDPs' (see Pieterse and Van Donk, this volume, Chapter 3) presumably attempts this, but its success hinges on organisational restructuring within municipalities and across the spheres of government. On the vertical intergovernmental side, one would expect the re-negotiation of roles and duties among spheres of government within the same line responsibility to be less problematic, especially when institutions are constrained by capacity and capability issues. Yet, in truth, *realpolitik* intervenes, and

even those municipalities with the requisite capacity are not allocated the powers to foster housing solutions that they can mould, manage and resource on their own. Significantly, this reality continues, despite the existence of a management framework and supporting guidelines for the devolution of the housing function to those with requisite capacity and experience (DoH 2006b:5). Extensive interactions among the national department, provinces and the municipalities have (to date) not produced meaningful results (DoH 2006a:5).

THE MANAGERIAL IMPERATIVES OF TARGET SETTING, SPEED, QUALITY AND CAPACITY

One notable common feature accompanying/following political independence is the culture/practice of envisioning and setting developmental goals for the entire nation through electoral campaigns propagating populist imaginaries, for example, 'health for all in the year 2000' (WHO 1981) or first Ivorian president Houphouet Boigny's statement that in not later than ten years' time, the last shack would be eradicated from Côte d'Ivoire (Paulais 1995:32). This culture/practice is reflected in the 1994 election manifesto of the African National Congress to construct one million homes in five years. With the advent of the United Nations' Millennium Development Goals (MDGs) in 2000, target setting was reinforced as a vehicle for translating national visions into measurable outcomes.

In step with this culture/practice of target setting, South Africa's second-generation housing policy became equally assertive in performance benchmarking. A quick glance at some of the most significant targets that lend practical expression to the new imaginary of BNG include, for instance, (1) the ambitious target to eradicate all informal settlements by the year 2014 (referenced to the eleventh target of MDG 7) and (2) *scaling* and *speeding* up the current total annual delivery rate from 250,000 units to 500,000 units per annum (DoH 2007a; 2007b). With an estimated annual growth of informal settlements of 4%, and factoring in current urbanisation rates, approximately 4 million households over 15 years will require assistance in upgrading. This constitutes 193,000 households per annum in addition to the overall annual delivery rate of housing to all income categories earning up to R7,000. Running alongside this is the need for repair of the large number of RDP houses built since 1994 through the Rectification Programme recently approved by the department (DoH 2007b).

Admittedly, there is a tension between large-scale, paced delivery and quality, since both parameters, if not properly managed, tend to be negatively correlated. The first decade of housing delivery is reflective of how the marshalling and direction of (deficient) technology in (reductionist) target chasing can pervert

the scope of a well–intended policy, producing poor-quality dwellings and living environments that are insensitive to demand–side factors. Beneficiary alienation or abandonment and commodification are closely correlated in this production regime. The establishment of a Housing Development Agency – tasked with the paced acquisition of state land in prime locations and accelerated delivery of new housing stock – is proposed by the Department of Housing to enable improved negotiation of the so-called 'trade-off' between large–scale, paced delivery and quality imperatives (see Figure 8.1 for the envisaged impacts).

Figure 8.1: Negotiating the trade-off between the imperatives of scale delivery and quality: Local government empowerment option (accreditation) versus Housing Development Agency option
Source: Adapted from Pycraft et al. (1997:787)

The supplementing through a housing agency of both old and new technologies can potentially deliver both more output and better settlement outcomes. However, further clarity is required on the relationship between local government and the proposed agency. Also important are accountability and governance mechanisms related to procurement processes to avoid corruption and maladministration implied in a wider shift to relational contracting (see Table 8.1).

Notwithstanding existing and proposed technological and institutional innovations, widespread is the perception that the ambitious housing delivery targets are not in kilter with state capacity as a whole. Although the current high-level structures for policy monitoring, coordination and steering – including clusters, *lekgotlas*, forums, councils, etc. – could possibly enhance performance across government and at the local level, policy coherence is often compromised. This is due to the delimiting of decision making and policy reform to the immediate environment of senior management, to the exclusion of middle and lower management. Such tendencies frustrate the emergence of *learning organisations*, which require middle-to-lower management to be exposed to new policy imperatives, internalise the reforms and explore ways of innovating to realise/achieve BNG goals/objectives via their daily actions. This *power distance* between senior and lower management, coupled to a

narrow 'chains–of–command' bureaucratic mentality, is an obstacle to the kind of development praxis demanded by BNG. A further obstacle is the limited capacity of systems to facilitate horizontal and vertical deployment of multidisciplinary problem-solving teams. Secondly, although municipal IDPs are (not unproblematically) projected and invested with the potential to gather and deliver the entire government congregation and its multiple programmes at the local level ('feet of delivery') – thereby presenting the possibility of leveraging complementary investments into human settlements formation – the hesitant resourcing of IDP housing chapters exposes one of the many loose ends of a well-thought-out imaginary. This mismatch of the state's financial and managerial acumen with its developmental intent is here most starkly showcased. The frequent risk associated with such loose ends in managing and delivering on complex and cross-cutting developmental imaginary is demoralisation and the shredding of the 'people's contract' or 'social contract', dear to both the President and the Minister of Housing. Demoralisation and the shredding of contracts bode ill for effective and efficient implementation of BNG, especially because of the way in which they collectively frustrate developmental reassembly of social ecologies that are incubated in the deal making, and nourished by the relationships, within the state and between the state and civil society (a point returned to shortly). We now turn to instruments, technologies and strategies that are employed and deployed to activate and entrench a socioinstitutional ecology founded on the engagement, embracing and mobilisation of *all* structures of society.

COALITION BUILDING FOR DELIVERY: CONTRACTS, COMPACTS, ACCORDS, MEMORANDUMS OF UNDERSTANDING/AGREEMENT (MOUs/MOAs)

Earlier sections of this chapter underscored the intricacy of the new imaginary, i.e. volume-variety parameters, targets and the interdependency of parameters. Pitted against the capacity challenges outlined earlier, the overwhelming and complex nature of the new imaginary effectively rules out a human settlement development vision and production regime driven and managed within the sectoral and spherical confines of the state alone. The appropriate social embedding of the developmental state in the second decade is more urgent than in the first, especially if the vertical and horizontal governance axes have to be reoriented and realigned.

The recurrent land invasions in KwaZulu-Natal, the mass evictions of informal settlements residents in Ekurhuleni in early 2005 and in central Johannesburg in March 2007, and the housing-related protests in Port Elizabeth (and elsewhere) attest to the favourable conditions presented to the state to respond creatively

to the voices from below to hook up the agency of civil society in the delivery chain more effectively, thereby embracing circuits of joint accountability between the state and society. Often sparked by (among others) miscommunication and/or the failure to honour set delivery targets and/or political promises to local constituencies, such circuits, are not infrequently unproductive, shoring up the confidence overflow of state power, i.e. government's frequent overestimation of available administrative and managerial capacity within the state in the delivery of bricks and mortar to 'objects' (passive and obedient citizens). On the other hand, civil society groups have for some time now realised that self-organisation and mobilisation enhance the prospects of their being heard and their needs being prioritised in local development plans. In mind here are organisations such as the Federation of the Urban Poor (FEDUP), Slum Dwellers International and the Homeless People's Federation. Their global networking increasingly renders them important players in major international events pertaining to local government, urban development and human settlement development (in general). Increasingly, they are afforded access by the open door policy of the Minister of Housing, who in 2005 convened a summit culminating in a 'social contract' that institutionalised a platform for regular engagement with civil society and business to mainstream their contribution towards the acceleration of housing delivery. This approach to engaging civil society complements the state-centric engagement modality dubbed the People's Housing Process, which was established to encourage the active involvement of communities through sweat equity in the building process. Sadly, the People's Housing Process is often misused by elements in government to circumvent the less than 10% beneficiary contribution requirement applied to the conventional project-linked subsidy delivery vehicle (Khan & Pieterse 2004). The use by the state of private developers to achieve economies of scale – on the grounds of the slow pace and output of community-driven delivery – is a further corruption of the People's Housing Process (Khan & Pieterse 2004).

Another institutional arrangement supportive of coalition building with civil society is the MOU signed on 31 March 2006 between the minister and the banking sector to provide end-user finance in excess of R42 billion for low-cost housing over a five-year period. Also significant are negotiations with private sector developers to reinvest up to 30% of their project earnings in low-cost housing either in the immediate proximity of high-income residential developments or elsewhere.

The problems, though, with this type of coalition building, particularly those involving the private sector, are numerous. Chief among them are the continued employment of (first-decade) technologies and modalities (i.e. accords, compacts and MOUs), which by their nature are voluntary. While the state extends abundant and (overly) generous inducements/incentives/assurances/insurances ('carrots') to the private sector, it is generally remarkably lacking in the requisite 'sticks'

(penalties, enforcement measures, strict reporting requirements and so forth) to balance incentives. Such a regime should also not continue vesting regulation of and compliance with targets in the private sector.

Weaknesses of the state's approach to coalition building aside, the initiatives are suggestive of the state admitting and allying with multiple agents/actors in civil society (non-governmental organisations, community-based organisations, the private sector) in the shaping and reshaping of a robust and dynamic settlement imaginary and implementation strategy. This is at some distance from the previous supply-side strategy that elevated the state as the driver of development and the private sector as the preferred (exclusive) delivery agent.

CONCLUDING PERSPECTIVES: RESPONDING TO COMPLEXITY

Currently, numerous issues central to the integrated packaging, funding and project management of human settlement development as envisaged in BNG remain unresolved. DPLG's recent adoption of sustainable human settlements as one of the two strategic pillars of a new generation of credible IDPs is reason for hope, but much depends on the housing sector utilising IDPs as a tool for 'bundling' together the dwelling with other capital and operating investments. Hope also springs from housing scoring positively on intergovernmental relations front via its human settlements redevelopment grant affording priority programmes (such as the Urban Renewal Programme) access to ring-fenced funds. A case in point is DPLG's Urban Renewal Programme, whose initial design and financial architecture – i.e. aligning and maximising synergies between existing investments and resource flows of other sector departments in the targeted node – fared quite poorly in enhancing the performance of the housing product and the quality of targeted settlement. The programme's present access to ring-fenced funding could yield qualitatively different outcomes.

These strategic reorientations therefore bode well for the installation and endurance of a progressive and socially responsive human settlement development regime. On the other hand, the overwhelming complexity within which the new imaginary was created and the time taken to finalise, publicise and operationalise programmes may result in a declining enthusiasm for the new policy. Hope, uncertainty, irresolution and incompleteness may perhaps be positively or productively correlated in contemporary developmentalism. This correlation may be the reason for such developmentalism steadily being referenced to both a pragmatic and transformative human settlement developmental state that (1) demonstrates political will and (2) subjects itself to the test of 'trial and error' (Mkandawire 1998). In this sense, leaving the new (evolving and incomplete) imaginary open to

diverse interpretations by municipalities has facilitated learning on the nature and mechanics of institutional internalisation and customisation, refracted through both different local contexts and differential capabilities and capacities (thus allowing for a considered adjustment path for national policy and programmatic structuring). Rather than providing local government with a finished policy and implementation blueprint, developmental local government is increasingly demonstrating its ability (and inability) to work with unfinished tools and recipes, while refining its understanding of the issues at hand through continuous engagement. Ongoing engagement with implementation that is engineered and calibrated to local dynamics and circumstances on a 'trial-and-error' basis sets the stage for greater instrument refinement and more sophistication in the deployment of resources in ways attuned to both the disciplinary and progressive impulses of macro programmes (such as the Accelerated and Shared Growth Initiative for South Africa and the NSDP). Such an engagement also helps to strategically and programmatically reposition the presently elevated (albeit not unproblematic) role of local government in ongoing system-wide institutional remodelling, and in the (associated) reform of the first-decade development planning machinery.

The rebalancing of power, functions and duties within and across the state in these 'trial-and-error' formats also bodes well for improved strategic and tactical engagement with the market and civil society. On the other hand, rebalancing relationships between market, hierarchy and civil society in both vertical and horizontal governance spheres, will require more invasive surgery that centrally confronts the disjuncture between current attempts to devolve housing responsibilities to the local level 'while mandates remain in place to strengthen provincial and national government driven delivery' (Napier & Vawda 2006:2). Furthermore, serious attention will need to be devoted to rectifying existing local plan-making regimes that (1) perpetuate apartheid-created spatial inequalities via the budgeting process (Makgetla 2007) and (2) are often 'intrinsically hostile to the effective participation of the poor' (Friedman 2006:3). The tendencies of the present developmentalist infrastructure and strategies to strengthen upward accountability compound the existing 'general lack of accountability' of municipalities to the 'voting public' (Atkinson 2007:64).

Redressing institutional and societal power imbalances and movement towards a demand-driven, supply-negotiated sustainable shelter strategy and future underscores the centrality of institutionalising progressive state–civil society linkages at the macro and micro levels. In other words, the pro-poor reconnection of politics, economics and society effected through progressive institutionalisation (e.g. Venezuela and Brazil) are pivotal to the success of BNG. Without addressing the limitations of old and new shelter technologies or modalities to effectively arrest and redirect the continued exclusionary workings of the interlinked land, property and financial markets,[20] (local) government will be hamstrung in effecting material

change to the human settlement condition of the poor. Without institutionalising progressive state–civil society relations, which entails altering the structural relationships between the state and poor and the state and the rich, our institutions will falter and the human settlement condition will grow worse (see Khan forthcoming).

In conclusion, and differently worded, if second-decade developmentalism is both about policy and process, it is erroneous to believe and think that institutions themselves, regardless of their democratic credentials and development orientations, and operating in an untransformed political economy, will deliver on poverty eradication, the restoration of human dignity and developmental shelter outcomes without parallel and/or prior redistribution of assets, incomes and social power (for example, see M. Khan 2004). Voluntary memorandums, compacts, contracts and accords have to date failed and are failing to arrest and address the daily injustices and exclusions of land, financial and property markets. On the other hand, and in response to the optimistic ruminations and projections of contemporary democratic developmentalism (Latin American and Asian style), complementing the necessary invasive social surgery are unconventional strategies of government-led/guided/assisted socio-institutional reform directed at strengthening the 'political clout of the poor in civil society to keep the state on its toes' (Grindle 2002:14). The improved resourcing of civil society organisations, democratising and deepening the access of the poor to decision-making forums and processes, and the devolution of authority and funds to civil society organisations presently separates BNG implementation from imaginary.

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ENDNOTES

[1] This chapter is a commentary on the new housing strategy drawn from the first-hand impressions and insights of the authors, who occupy very different institutional positions: one, a former, but independent, GTZ-funded adviser to the Departments of Provincial and Local Government and Housing; the second, an academic based at the University of Stellenbosch completing a PhD on post-apartheid housing praxis; and the third, a former deputy director-general of the Department of Housing, with ongoing engagement with the department. The article does not engage with the vast and voluminous secondary literature. In light of their diverse backgrounds and positions, and beyond the arguments put forward in this chapter, disagreements between the authors prevail. Thus, the chapter is a dialogue piece.

[2] A distinction is made throughout this chapter between first and second-decade developmentalism. The latter refers to the democratic state's ideological projections of its sociopolitical and economic ideals and the various manifestations of its managerial acumen and capacity to effectively gear up its machinery towards achieving these ideals. A comparative scan of the various expressions of South Africa's developmentalism within the first (post-1994) and ongoing second (post-2003) decade of democracy is suggestive of distinct patterns of development imaginaries (values, institutions, laws, symbols and shared meanings), punctuated by a 2004 ten-year review of government policies. Manifest in the first-decade developmentalism was (1) the re-engineering of state institutions, systems and structures in a fashion attuned to a development agenda, mainly geared towards establishing the policy foundations of a democratic and non-racial society with equitable access to opportunities for all and (2) the reversal of the accumulated service backlog imposed on the previously disadvantaged groups in a highly commodified and supply-driven fashion. Notorious to the second decade of democracy, however, are, among others, (1) the emergence of policies that are striving for greater responsiveness to the evolving demand sophistication and policy literacy among the population; and because these policies often find themselves trapped in the inward-looking confines of sectoral mandates, they are increasingly (2) prompting the state to explore more effective forms of coalition building within and beyond itself to supplement/boost its capacity and nurture/promote joint/collective forms of accountabilities.

[3] Complexity here refers to the volume-variety aspect of components of human settlements and the co-dependency of the multiple (state and non-state) agencies in the creation and implementation of sustainable human settlements.

[4] Among others, schools, playgrounds, clinics, transport, community parks, economic/employment amenities/infrastructures, etc.

[5] The words 'formation' and 'formulation' are not used interchangeably here. While 'formation' refers to a deliberative/purposive endeavour/design of 'sustainable human settlements' (as defined in BNG), 'formulation' suggests a way of thinking, i.e. varying approaches/mindsets to human settlement development derived from locally negotiated conceptions of sustainability. 'Formation' could possibly suggest a particular settlement form and outcome. 'Formulation' is about localised adaptations and mediations, with the resulting settlement form and outcome being fluid, provisional and open-ended.

[6] The term 'active' is deliberately used here to oppose the literal and misleading use of 'participatory', which often tends to be interpreted as a compliance requirement.

[7] Specific reference is made here to managerial choices undergirding and driving the execution of the human settlement development project in a transformed political economy.

[8] RDP refers to the government's Reconstruction and Development Programme.

[9] While this chapter was being finalised, the authors learnt of the launch in the second half of 2007 of an amended Housing Act, a revised Housing Code and the Comprehensive Plan itself.

[10] Foucault here is commenting on the installation of a social welfare regime that rebalances individual autonomy with security.

[11] A phrase borrowed from the late Audre Lorde, American poet, teacher and activist (1934–92), available at <http://en.thinkexist.com/quotation/the_master-s_tools_will_never_dismantle_the/162466.html>, accessed 7 August 2006.

[12] This includes improved distribution of oil revenue and land, economic infrastructure construction, and progressive social policies 'oriented to a humanist society based on full respect for citizenship rights', i.e. education and health care for all, decent employment, land to those who work on it, food security, and the 'genuinely leading role played by the people within the national political dynamics' (President Chavez, 2004, cited in Gibbs 2006:270).

[13] For more details on 'social ecology', see F. Khan (2003).

[14] Since then, the number of Departmental business plans has noticeably decreased from 17 to 7.

[15] And here we have in mind the United Nations' Millennium Development Goals, to which South Africa is a signatory.

[16] Supplemented by learnings, observations and exposure wider than the review workshop.

[17] The source prefers to remain anonymous.

[18] The absence of a national framework to direct and guide vertical and horizontal engagement between the state and existing development coalitions makes it difficult for sectors to influence the direction of sociospatial transformation in a cohesive fashion.

[19] The initial 'muscle exercise' between the accreditation policy, on the one hand, and the Intergovernmental Relations Framework Act and Municipal Systems Act 32 of 2000, on the other, is a case in point.

[20] Witnessed in the doubling of property prices since 1999, the doubling of land prices between December 2003 and June 2006, astronomical rise in building costs (85% between 2000 and 2006), and heightened construction sector cartelisation (Rust 2006; Khan, forthcoming)

nine

Reframing Urban Passenger Transport as a Strategic Priority for Developmental Local Government

Peter Wilkinson

Introduction

The provision of urban passenger transport is an arena of discourse and practice that seems to have received relatively little critical attention to date in debates about the role of developmental local government in contemporary South Africa. The purpose of this chapter is to sketch some key features of the complex and shifting institutional terrain in which this arena is situated and to present a perspective on what appear to be the key strategic issues that currently traverse it.

International agencies such as the World Bank and UN-Habitat have recognised for some time that urban transport systems are fundamental in sustaining and enhancing the economic performance and the routine daily life or functions of any city. The recent World Bank urban transport strategic review (World Bank 2002) argues that urban transport provision should be an essential component of any city development strategy, and that it provides a key means of addressing urban poverty:

> Economically, transport is the lifeblood of cities; in most countries, including developing countries, cities are the major sources of the national economic growth. Cities, and the growth of cities make poverty reduction possible. Poor transport inhibits the growth of cities. Socially, transport is the means of (and the lack of transport is the impediment to) accessibility to the jobs, health, education and social services that are essential to the welfare of the poor; inaccessibility emerges as a major cause of social exclusion in studies of the poor in urban areas. Urban transport strategy can thus contribute to poverty reduction both through its impact on the city economy, and hence on economic growth, and through its direct impact on the daily needs of the very poor (World Bank 2002:1).

This position has been echoed in the most recent *State of the Cities* reports of both UN-Habitat and the South African Cities Network, where the operational

effectiveness of urban transport systems has been seen to directly address the 'triple bottom line' criteria commonly ascribed to developmental government – economic efficiency, social equity and environmental sustainability: 'Efficient mobility is essential to the economic success of cities, and mobility is facilitated by transport systems that are cost-effective, responsive to changing demands, environmentally sound and accessible to all residents' (UN-Habitat 2006, cited in SACN 2006:4-10).

In South Africa, after a period of apparent official neglect or indifference, the economic significance of the transport system has now been explicitly acknowledged by government – 'Transport is the heartbeat of the South African economy', as the slogan for Transport Month 2006 had it – and substantially increased budgetary allocations have begun to flow into the sector. Considerations of social equity, specifically the imperative to address the mobility needs of previously disadvantaged sectors of the population, have been prominent since the major reformulation of transport policy undertaken in the 1990s (discussed below). Concern for the crucially important impact of transport system operations on environmental sustainability has been paid some lip service in official pronouncements, but has yet to receive anything like the level of detailed and systematic policy attention it deserves as an object of developmental government, not least at the local level (see Swilling, this volume, Chapter 4). It should be acknowledged, however, that the commitment to prioritising public transport and non-motorised transport modes over private passenger transport in the current policy framework could have significant implications in terms of reducing both the consumption of non-renewable fuel resources and the production of exhaust emissions that contribute to the atmospheric build-up of greenhouse gases and the associated probability of potentially catastrophic global climate change.

The focus of this chapter is specifically on urban passenger transport in South Africa's major metropolitan cities as a strategically important part of a very large, highly complex sociotechnical system stretching far beyond any delimitation of the administrative or functional boundaries of those cities to enable the movement of people and goods both within and between them, at regional, national and global scales, and by land, sea and air (see Figure 9.1). The section immediately following this introduction provides a selective overview of the situation of urban passenger transport in South Africa's metropolitan areas. It emphasises the structural condition of systemic duality between public transport operations and private transport usage that continues to permeate and shape this situation, and outlines the institutional framework within which the increasingly ineffective provision of public transport occurs. The chapter then offers an account of the policy and legislative framework established by the first post-apartheid government during the second half of the 1990s with the intention of directing the transformation of urban transport systems towards more developmentally appropriate ends. The singular lack of progress in this regard is linked, in the third substantive section

of the chapter, to a discussion of how the strategic issues that confront the project of developmental local government in the field of urban passenger transport provision might be reframed. This reframing seeks to incorporate a 'governance' perspective that goes beyond the essentially 'technical' or 'managerialist' frameworks that appear to have dominated discourse in the arena to date. The chapter concludes by calling for the development of locally derived and contextually appropriate responses to the critically important passenger transport issues that confront both the metropolitan cities in particular, and the nation more generally.

SYSTEMIC DUALISM: AN OVERVIEW OF URBAN PASSENGER TRANSPORT IN SOUTH AFRICA'S METROPOLITAN AREAS

South Africa has a relatively well-developed transport infrastructure – certainly the most extensive and effective in Africa – which is strongly connected into global transport systems through its network of major seaports and airports. While rural areas, particularly in the former 'homelands', suffer from major deficiencies in their transport linkages and services, the major metropolitan areas are generally equipped with road and rail networks that support a comprehensive range of passenger and freight transport services. In various combinations or formats, urban passenger transport systems in the metropolitan areas comprise an array of road-based modes (private vehicles, scheduled bus services and minibus-taxi paratransit operations), rail-based modes (restricted to commuter rail services) and non-motorised modes (primarily walking and some – limited – cycling). These public and private passenger modes operate in conjunction with freight transport systems and connect into regional, national and international networks in ways that more or less adequately support urban development, but are yet to be systematically and coherently planned and regulated.

Passenger transport constitutes the most important component of urban transport systems, dominating peak period traffic flows and presenting the most complex and challenging problems for transport planning, regulation and management frameworks. In South African cities, such systems manifest an essential duality in their operation, which is derived from, and reinforced by, the structural legacy of sociospatial segregation inherited from the apartheid era. On the one hand, when they can afford it, lower-income households predominantly situated in peripheralised townships and informal settlements constitute the majority of public transport users across all the relevant modes – or otherwise walk. On the other hand, middle and higher-income households situated in more or less conveniently located suburbs for the most part use private vehicles. The routine travel patterns and experiences of these two broadly defined segments within the passenger transport market remain effectively discrete, reflecting significantly different mobilities.[1]

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│  Urban/local  │  │Regional/national│ │ International  │
│  intra-urban  │  │  inter-urban  │  │ cross-border  │
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│  Passenger    │  │    Freight    │
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Road-based modes	Rail-based modes	Non-motorised modes
– private vehicles	– commuter rail	– walking
– scheduled buses/ BRT	– LRT	– cycling
– minibus-taxis		
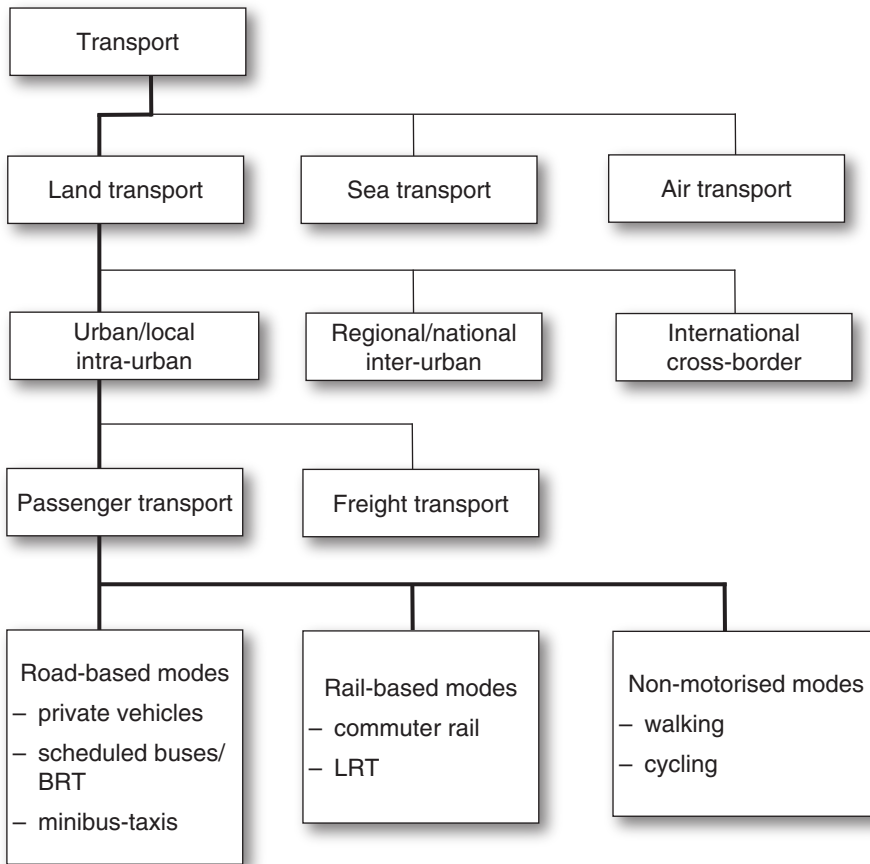
Figure 9.1: Urban passenger transport as part of a complex system
BRT = bus rapid transit; LRT = light rail transit

Data drawn from the first National Household Travel Survey (NHTS) conducted in 2003 indicate that some 69% of the 4.56 million households estimated in the 2001 census to reside in the six metropolitan areas include public transport users. Of these 3.14 million households, 76% have incomes of less than R3,000 per month. Average car ownership levels remain below 0.2 cars/household below this income level, but rise rapidly to 0.6 cars/household in the R3,000–R6,000 monthly income band immediately above it, and increase further to 1.3 cars/household when income rises above R6,000 per month (Cameron 2006). Unsurprisingly, personal and household mobilities remain differentiated broadly along lines that reflect the ascribed 'population group' categories bequeathed by apartheid's social engineers, but increasingly, as upwardly mobile strata within the historically disadvantaged groups aspire to car ownership, are being overlaid by differentiation in terms of socioeconomic status or income band. The NHTS data for Cape Town, for instance, analysed in terms

of the current market segmentation model (see endnote 1), indicates that as much as 94% of the white 'customer segment' fall into the 'mobile' category in which private car use dominates, while some 53% of coloured customers and only 15% of African customers occupy this category. Some 59% and 12% of the African customer segment fall into the 'public transport-captive' and 'public transport-chooser' categories, respectively. For the coloured segment, the proportions for these categories are 18% and 14%, respectively, while the proportions of white customers in both categories remain insignificant (Lombard 2006).[2]

In general, despite broad recognition that it requires major reform, the institutional framework for public transport provision in the metropolitan cities remains highly fragmented and incoherently configured (see Figure 9.2). Agencies of all three spheres of government, parastatal or state-owned enterprises, formal private sector operators, and paratransit operators interact in complicated and sometimes not yet formally institutionalised ways to carry out the planning, regulatory, operational management and funding functions associated with the provision of infrastructure and the delivery of public transport services.

FUNCTION / MODE	Planning	Regulation	Operational management	Funding		
				Capital investment		Operations
				RoW networks + ancil, infrastructure	Vehicles/ rolling stock	
Commuter rail	SARCC (coord. with ITP?)	NDoT + National Rail Safety Regulator	SARCC (merged with Metrorail 2006)	Treasury → NDoT → SARCC budget allocation including operational subsidy + farebox revenue		
Scheduled buses	Municipality/TA via ITP (Rat-Plan)	Provincial OLB + Provincial DoT (subs. service contracts)	Operators	Local roads + PT interchange facs.: Municipality + PTISG	Operators	Treasury → PDoT → operators operational subsidy + farebox rev.
Minibus-taxis	Municipality/TA via ITP (OLS)	Provincial OLB 'motherbodies' + route associations	Operators	Provincial roads: Provincial DoT national roads: SANRAL	Operators + taxi recap prog.	Farebox revenue

Figure 9.2: Current institutional framework for public transport provision

RoW = right of way; SARCC = South African Rail Commuter Corporation; ITP = integrated transport plan; RatPlan = rationalisation plan; NDoT = National Department of Transport; TA = transport authority; OLB = operating licence board; PT = public transport; PTISG = public transport infrastructure and systems grant; PDoT = provincial department of transport; OLS = operating licence strategy; SANRAL = South African National Roads Agency Ltd

In important respects, this institutional framework has become patently ineffective and is now widely regarded as unsustainable. As a direct consequence of the protracted failure of the relevant agencies to invest adequately in the maintenance and extension of necessary infrastructure and vehicle fleets or rolling stock, it

provides generally poor levels of service to its largely captive user base and imposes an increasingly excessive and inequitable burden on the budgets of low-income households.[3] Research undertaken in the late 1990s for the Moving South Africa Action Agenda indicated that 35% of passengers within the 'public transport-captive' segment were spending more than 10% of their disposable income on transport, exceeding the target maximum benchmarked in the 1996 White Paper on National Transport Policy (Venter & Behrens 2005). More recent data from the 2003 NHTS suggest that commuters earning less than R500 per month spend on average as much as 35% of their incomes on travel to work, while this proportion decreases to 23% for commuters in the R500–R1,000 monthly income band, and to 14% and 9% for those in the R1,000–R2,000 and R2,000–R3,000 income bands, respectively, falling to 5% for those earning more than R3,000 per month (DoT 2005). In addition, current expenditure from the state fiscus on operational subsidies – of the order of R2 billion on rail subsidies and R2.3 billion on bus subsidies (Palmer Development Group 2006) – has become difficult to justify in terms of any objective assessment of its imputed social benefits. The rationality of a system that subsidises scheduled bus and commuter rail services at significantly different levels and offers no ongoing subsidisation of minibus-taxi operations at all remains, at best, opaque.[4]

The net effect has been a shift in the public transport modal split away from scheduled bus and rail services towards the generally more expensive, but more convenient and effective minibus-taxi operations or – for those able to afford it – towards private transport. NHTS data for the metropolitan areas indicate that in 2003, 11% of work trips were undertaken by train, 9% by bus, 29% by minibus-taxi, 39% by car, 9% on foot, and 3% by other modes, including cycling (Cameron 2006). Nationally, the number of households with access to a car increased by 808,000, or 33%, between 1995 and 2003 (DoT 2006) – a rate that suggests that there is likely to have been a concomitant shift of some significance from public to private transport in at least the 'public transport-car aspirant' segment of the market. The ever more evident outcome of all of this is manifested in intensifying peak period congestion on significant sections of metropolitan road networks, with concomitant increases in average travel times, fuel consumption and exhaust emissions.

STALLED PROGRESS, FAILED INTENTIONS? A DEVELOPMENTAL POLICY AND LEGISLATIVE FRAMEWORK FOR URBAN PASSENGER TRANSPORT

During the latter half of the 1990s, a significant reorientation of urban passenger transport policy towards what might be considered more developmentally

appropriate ends was signalled with the publication of the White Paper on National Transport Policy in 1996 (DoT 1996) and the Moving South Africa Action Agenda some three years later (DoT 1999). The overarching goal of bringing about a fundamental transformation of the ineffective and inequitable transport system inherited from the apartheid era was captured in the 'vision for South African transport' articulated in the White Paper, of a system that will–

> [p]rovide safe, reliable, effective, efficient, and fully integrated transport operations and infrastructure which will best meet the needs of freight and passenger customers at improving levels of service and cost in a fashion which supports government strategies for economic and social development whilst being environmentally and economically sustainable (DoT 1996:3).

Among other proposals, these documents present a policy and strategy framework for urban passenger transport provision in which the central concerns may be interpreted summarily as:

- the prioritisation of the provision of public transport and non-motorised transport modes to address the mobility needs of the more disadvantaged sectors of the population; and
- the introduction of travel-demand management strategies, including the promotion of public transport-oriented land-use patterns ('development corridors'), tough road space management and possible road pricing measures to 'disincentivise' private car usage (dedicated public transport or high occupancy vehicle lanes, parking restrictions, congestion charging, etc.) (cf. Behrens & Wilkinson 2001).

In what was explicitly identified at the time as transitional legislation – to be 'replaced by final legislation within the next three years', according to the Bill tabled early in 2000 – the National Land Transport Transition Act 22 of 2000 (NLTTA) established the initial outline of a statutory framework for comprehensive and integrated planning, regulation and management of urban transport systems. Key elements of this framework, which has yet to be finalised legislatively, include:

- provisions enabling the (voluntary) formation of independent local transport authorities empowered to undertake the preparation and implementation of transport plans, the development of land transport policy incorporating spatial development considerations, financial planning to give effect to such plans and policies, and the management of tendered commercial and subsidised public transport services;
- statutory requirements for the formulation of integrated transport plans at the

local level, in which the central component is a public transport plan intended to comprehensively integrate public transport services across the three major modes; and

■   a process to rationalise the provision of road-based public transport services through a system of 'regulated competition' and to formalise or regulate the operations of the minibus-taxi industry in conjunction with the implementation of the taxi recapitalisation programme.

The primary thrust of the agenda embodied in the Act, clearly reflecting intentions articulated in the earlier policy and strategy documents, is to initiate the construction of a platform from which – in the terms of the slickly presented 'techno-managerialist' discourse of the Moving South Africa Action Agenda – the 'current [very limited, modally fragmented] commuter-based service' can be transformed 'into a viable, customer-based [fully integrated] public transport system' (DoT 1999:24).[5]

Given the demonstrable lack of progress towards achieving this goal during the more than seven years that have elapsed since it was enunciated, it may be interesting – and possibly of some practical value – to pose the question of what underlies the failure of this particular aspect of the post-apartheid state's developmental project. Some of the key reasons undoubtedly can be located in the well-established general difficulties of translating any policy or strategy into practice on the ground. There are, however, additional factors specific to the South African situation to be found in the apparent inability of many agencies, in all spheres of government, to create or maintain the institutional capacity to address the varied and complex demands involved in this undertaking. Two specific issues, or clusters of issues, may be identified in this regard.

Firstly, the essential preconditions for establishing effective transport authorities – devolution to the local level of powers to regulate all public transport modes within an integrated system of provision, and the establishment of an appropriate framework to fund the execution of these functions – have not yet been put in place (Cameron 2005). Tensions between provincial governments and the metropolitan municipalities over the possible institutional location and governance arrangements for such authorities continue to hinder their formation, as does the reluctance of municipalities to assume what are regarded as 'unfunded mandates'. The only transport authority established to date, in the eThekwini metropolitan area, appears to be operating essentially on a 'business as usual' basis and has made little in the way of significant progress towards creating the fully integrated public transport system that clearly must be one of its highest priorities.

Secondly, the technical capacity of municipalities, even the metropolitan municipalities, to meet the statutory requirements of the integrated transport planning

process laid down in the NLTTA is in doubt, exacerbated in some cases by the failure to produce effective frameworks for strategic decision making, including the systematic integration of land use and transport planning within their jurisdictions. In practice, as will be elaborated in the following section, the integrated development planning process generally seems not to be offering adequate guidance in this regard – and, possibly, has been too short-term in its orientation to provide the type of framework that is needed. A contributing factor may be that at least some – if not all – of the metropolitan municipalities have experienced professional and technical staffing difficulties associated with the protracted period of organisational restructuring that has unfolded in the sphere of local government over the last decade. This has undoubtedly had a significant impact on the ability of the agencies concerned to perform their roles in terms of both longer-range strategic planning and shorter-term programming and budgeting functions, as well as their more routine operational management tasks, as competently as might have been anticipated by policy makers.

I want to turn now to an undoubtedly partial and still provisional attempt to reframe – in an appropriately grounded and relevant way – the key strategic issues that the situation outlined above presents.

Beyond Techno-Managerialism: Reframing Strategic Urban Passenger Transport Issues for Developmental Local Government

There will be little in the discussion that follows that has not already been remarked upon and considered – often at length and in some detail – by policy makers and their advisers in various arenas of governmental and professional discourse over the last few years (particularly in various papers presented at the annual Southern African Transport conferences). What is being offered here does not seek to review that debate, but rather to put forward a perspective on certain of the issues lying at its core that presumes to go beyond the techno-managerialist frame of reference in which, to date, those issues seem almost invariably to have been cast.

From the standpoint of pursuing the project of developmental local government, the central and most pressing strategic imperative in the current situation is, perhaps quite obviously, to stabilise and then to enhance the performance of local public transport systems as the core component of effective and sustainable provision for urban passenger transport in the major cities. Most immediately, this requires that the precipitous decline in the levels of service offered by public transport systems – and hence their effectiveness in meeting established policy objectives – be arrested. At the very least, this would involve establishing

a systematically articulated and predictable framework to secure both immediate and ongoing large-scale investment to address current backlogs and routine asset maintenance and replacement needs in such systems. A further requirement is that the conduct of operations be rationalised across modes in a sustainable and equitable manner. Importantly, the environment of 'regulated competition' within which operators, either individually or in combination, might tender their services competitively for and across the different modes requires the establishment of an equitably allocated and financially sustainable subsidy system. It is only within some such framework that it might then become possible to enhance and extend the levels of service to those associated with the sort of fully integrated 'customer-based' public transport system envisioned in the Moving South Africa Action Agenda.

There would appear to be three primary vectors or dimensions of intervention involved in addressing this imperative. The first is essentially *technical* in nature and centres on the multifaceted operational management problems to be overcome in establishing a system that enables the 'seamless' passage of users between routes and modes by providing fully integrated routing, scheduling and ticketing facilities. It also entails a relatively complex calculus of 'modal economics' to match service delivery to anticipated demand through the selection of appropriate vehicle types or rolling stock, service frequencies or headways, and other operational parameters. The second dimension to be considered is the *financial* one, which – as already indicated – concerns the establishment of sustainable funding arrangements to provide not only for equitably distributed operational subsidies set in relation to appropriate tariff or fare structures, but also for the installation and maintenance of necessary infrastructure (road or rail rights of way and ancillary equipment) and the expansion and replacement of vehicle fleets or rolling stock. The amounts involved here are very considerable (see endnote 3), and the question of how and to what extent they are to be financed publicly has generated an as yet unresolved debate about possible revenue sources, including additional, locally levied taxes, which – implicitly at least – places it at the centre of a classical theme of political discourse. The third and final dimension of the issue is *institutional*, revolving around the current absence of – and the need to develop – an appropriate framework for system governance. Given the perception that, in many ways, resolution of the governance issue is likely to prove most problematic in that it involves such a disparate and incoherently ordered array of 'stakeholders', it is to this that I now want to devote more detailed attention.

It has become axiomatic for many policy analysts and advisers that 'governance' arrangements should involve the broadest possible array of stakeholders with a serious interest in the issue under consideration – particularly in situations where there is some commitment to the ideals of 'participatory democracy', 'deliberative

governance' or 'collaborative policy making' (as articulated, for instance, in various contributions to the collection edited by Hajer and Wagenaar 2003). In this regard, while the specific dynamics of public transport operating environments will undoubtedly differ from city to city, in general, in South Africa's metropolitan areas, the key stakeholders concerned are likely to comprise:

■ agencies (public transport departments or branches) in all three spheres of government – national, provincial and municipal – with various separate or cross-cutting responsibilities in terms of public transport planning, regulation and management;

■ formal public transport operators from both the private and parastatal sectors – municipal or private bus service providers, the South African Rail Commuter Corporation (SARCC), etc.;

■ informal or partially 'formalised' minibus-taxi operators and their associations, factions of which appear to be significantly disaffected and prone to undertaking 'wildcat' interventions to manipulate or obstruct negotiation of the terms of the industry's formalisation and regulation; and – too often ignored –

■ public transport users, who at present seem to remain largely 'voiceless' and unrepresented in whatever policy forums may exist, and some of whom may occasionally vent their frustration about service breakdowns in violent protests (setting fire to trains or even, in one instance, Pretoria's central station).[6]

In addition, the institutionalised deliberations of any such stakeholder network appropriately – perhaps necessarily – should be extended to include other stakeholders with their own interests in the functioning of the broader urban transport system that go beyond a concern with public transport operations, including:

■ the large constituency of private transport users – motorists (and motorcyclists), whose interests to date have tended to be forcefully represented through the intervention of bodies like the Automobile Association;

■ freight transport operators from both the private and parastatal sectors (the latter in the form of Transnet's 'corporatised' freight operations); and, finally

■ the non-motorised transport constituency – pedestrians and cyclists, of whom only the latter have any effective representative bodies of any sort at the moment, despite their relatively very small numbers.[7]

Given the complexity of this situation and the evident potential for the interests of various of the stakeholders involved to come into conflict around specific issues, the formation of a local transport authority might be regarded as a necessary condition for establishing an effective urban transport governance system, but it would seem unlikely, in and of itself, to represent a sufficient condition.

Any such authority – while it might subsume not only the interests, but also the functions and resources of all or some of the government entities currently involved in the situation – would become simply another actor, albeit a critically important one, in the governance process. How and on the basis of what specific terms this authority's interactions with the other actors engaged in this process might be institutionalised in some sustainable framework would still remain to be resolved. All of this, of course, is predicated on a general acceptance of, and serious commitment to, the principles of 'good governance', which have been widely celebrated as being at the heart both of South Africa's formal Constitution and the practices of its developmental democracy.

In this light, then, I want to begin drawing this chapter towards a conclusion by identifying three further issues or clusters of issues that seem to me to have a strategic saliency beyond that which has already been considered. The first of these concerns the proposed incorporation of the minibus–taxi industry into an integrated and rationalised public transport system. Given the importance of the industry as the dominant mode of public transport in all the metropolitan cities but Cape Town, as well as the high levels of uncertainty surrounding its future development trajectory, a resolution of this issue is clearly needed urgently. Any such resolution, however, would seem to require detailed negotiation of the terms under which the rationalisation of the public transport operating environment is to be conducted. It is evident that the establishment of a fully integrated public transport system in which the phenomenon of 'destructive' – as opposed to 'regulated' – competition between operators for particular routes has been overcome could have a profound impact on current operating practices in the industry. In particular, it is probable that there would be a loss of livelihood for a significant proportion of operators and their employees (drivers, guards, rank marshals, etc.), whose total number has been estimated at some 185,000 (ILO 2003), with possibly an additional 150,000 jobs in associated forms of employment in the motor industry. As matters stand currently (November 2007), operators are being expected to commit themselves to a process of formalisation and regulation of their operations, initially through participation in a taxi recapitalisation programme, in which, in the view of an informed observer, '[l]ess time has been devoted to serious research on operating systems, business models, increasing stratification [within the industry], local and regional variations, and on economic sustainability' than to 'designing new mini- and midi-buses, down to specifying colour' (Cronin 2006).

It would seem obvious – but apparently has yet to be acknowledged by the agencies implementing the process – that, without clarifying exactly how minibus-taxi services are to be incorporated into a rationalised public transport system, the application of a standardised 'one-size-fits-all' recapitalisation model is likely only to further complicate an already fraught situation by sustaining the current overtraded

patterns of operation. Operators who have invested heavily in new specification-compliant vehicles (at a minimum of probably R200,000 per vehicle) are unlikely to accept, without serious resistance, any outcome of the rationalisation process that is going to leave them without access to what are perceived to be the more lucrative – or any – routes to ply their trade. Dealing with such legitimate concerns in a manner that does not then obstruct or even preclude the eventual establishment of a fully integrated public transport system is possibly the most intractable of the many issues to be confronted in the current situation, and it also seems clear that it cannot sensibly be addressed exclusively at the local level, even if '[t]o be sustainable … the process has to be anchored within local-level planning' (Cronin 2006).

The second cluster of issues revolves essentially around the present state of such planning at the local level. Arguably, the development of effective integrated public transport systems requires direction from strategic planning frameworks that are adequately grounded in the current and projected realities of urban development in specific local contexts, on the one hand, and derived from a sound conceptual understanding of how land use and transport systems co-evolve and recursively interact in urban areas, on the other. South African urban transport policy, strategy and legislation formulated during the last decade explicitly reflect such intentions and call for integrated transport plans (ITPs) to be aligned with, and indeed to form an essential part of, integrated development plans (IDPs) and to pay 'due regard to any relevant integrated development planning or land development objectives' (Wilkinson 2002:6, quoting provisions of the NLTTA). In practice, however, the relationship between ITPs and IDPs and their component spatial development frameworks (SDFs) – which are intended to embody, among other things, longer-term land development objectives for the locality concerned – has often tended to remain somewhat tenuous at best (Wilkinson 2002). The failure to integrate land use and transport planning practices in operationally effective ways has undoubtedly been exacerbated by continuing uncertainty and incoherence in the current legislative and policy frameworks for spatial planning and land use management (Berrisford & Kihato, this volume, Chapter 17).

In some cases, the SDFs supposedly deployed to guide integrated development processes have tended to reflect what might be labelled fantasies of geometric spatial order rather than patterns of spatial development that realistically might – or should – be promoted in a locality, given the inertia associated with established land and property markets, as well as pre-existing infrastructural geographies (cf. Pieterse 2006:184 on the shortcomings of such forms of detached spatial planning in the context of metropolitan Cape Town). In particular, there is little possibility that a viable transformation of the public transport system can be effected around any such imposed 'urban imaginary'. Arguably, in the absence of any more substantial framework, efforts to install public transport-based 'development

corridors' or 'activity corridors' as the core element of city-wide processes of urban restructuring are likely to be misconceived, as perhaps was the case in designating the (now significantly down-scaled) Klipfontein Corridor project as the first phase of a city-wide 'Mobility Strategy' for metropolitan Cape Town (Behrens & Wilkinson 2003).

One important consequence of such lack of robustness in at least some of the strategic planning frameworks currently in place is that decision making may begin to be driven more by the pursuit of short-term political capital or the putative financial returns, or both, of high-profile 'legacy' or 'vanity' projects than by efforts to address the routine transport needs of what Amin and Graham (1997) have termed the 'ordinary city'. In recent years, urban passenger transport proposals associated with hosting once-off mega events (in preparation for the Olympic bid in 2000 and current proposals for the 2010 World Cup) or to address prestige or aspirational 'world-class' projects (the Gautrain) have been subject to exactly this sort of criticism, most consistently by representatives of the labour movement providing a proxy voice for public transport users. Without a well-grounded, widely accepted frame of reference, however, contesting the strategic appropriateness and viability of such interventions remains problematic, and it is likely that political and business elites may continue to 'parachute' favoured projects of this sort into local programmes. Only a painstaking and probably messy process of institutional change and the building of broadly based commitment on the part of key local stakeholder constituencies to carefully framed longer-term strategic objectives will provide a platform for effective and appropriate decision making.

The third and final issue I want to draw attention to here is that of the urgency that should be attached to achieving significant and sustainable improvement of the public transport systems of the major cities. There is a real danger – already evident in rising levels of car acquisition and usage among strata of the lower-middle-income population who might previously have remained public transport users – that continuing decline in the levels of service offered by those systems will accelerate this trend and become difficult to contain, let alone reverse, if it persists. It is possible that the objective – put forward in the 1996 White Paper on National Transport Policy – of promoting a public:private modal split of 80:20 in urban passenger transport was essentially rhetorical in its intent, given that the current split for metropolitan work trips is of the order of 56:44. On the 'developmental' grounds of promoting economic efficiency, social equity and environmental sustainability, however, it can certainly be argued that it is worthwhile seeking to defend and, over time, to improve that split in favour of public transport usage. The alternative is to anticipate increasing pressure from private transport users and a chastened, but still active road-building lobby to revert – fruitlessly, some observers would contend (Marvin & Guy 1999) – to trying to 'build our way out of

congestion' through expanding the urban road network and the road space available to general traffic.

The experience of other countries, such as the United Kingdom, that have seen a dilution or partial recasting during the last decade of so-called 'new realist' policy frameworks oriented to managing travel demand and prioritising public and non-motorised transport may be salutary in this regard. While recognition of the unsustainability of 'automobile-dependent' forms of urban development in the face of well-publicised 'peak oil' or oil depletion scenarios appears to be spreading, the long-standing investment of possibly a majority of established transport planners and engineers in 'predict and provide' rationality and practices provides fertile ground for road-building lobbies to resurface their agenda at opportune moments (Richardson 2001). In South Africa, for the reasons suggested earlier, the discursive arena in which transport planning rationalities and practices are contested is undoubtedly configured quite differently than it may be in countries like the United Kingdom. However, the need to give demonstrable effect to the priorities and commitments embodied in the current policy and legislative frameworks – and to do so very soon – remains. As a nation, we may well be standing on the cusp of two quite different possible futures: one that leaves the present operational duality of our urban passenger transport systems intact – and, indeed, deepened – with all of its negative economic, social and environmental consequences, while the other transcends that dualism through the building of systems in which income – or its proxy, 'population group' status – ceases to be the primary determinant of individual and household mobilities.

CONCLUSION

It seems evident that the reform of urban passenger transport systems presents a difficult, but critically important and urgent challenge for the project of developmental local government in the major metropolitan cities of South Africa. The complex contextual specificities to be addressed in setting up effective and sustainable arrangements for system governance would appear to preclude any simplistic or unproblematic adoption of 'international best practice' in either the technological or the institutional arenas. There is no 'quick fix' to be imported from outside, whatever claims in this regard may be advanced by political or business elites pursuing what are often highly partial or selective agendas. In many ways, it is likely that the formulation of locally grounded and contextually appropriate *'homebru'* rationalities and practices (Pieterse & Meintjies 2004) in the provision of urban passenger transport represents the better – and perhaps the only – way forward.

Precisely how such rationalities and practices are to be constructed and installed

lies beyond the scope of this chapter. The more 'experimentalist' and deliberative approach to policy formation, implementation and review advocated by the editors of this volume presents itself as a sensible, if challenging, way to proceed. There would certainly be detailed and sometimes seemingly intractable problems to be overcome in instituting it effectively. It may be a useful starting point, however, to acknowledge the complexity of the *political*, as well as the *technical*, discursive and practical dimensions of the central strategic issues involved. It is hoped that the reframing of those issues presented here has gone some modest distance towards establishing the need for that acknowledgement.

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ENDNOTES

1 A more elaborate categorisation of 'customer market segmentation' is used by the National Department of Transport for analytical purposes and strategy formulation. The current categories are a revision of the six 'customer segment' categories originally formulated for the 1998 Moving South Africa Action Agenda exercise and have been used in analysis of the data generated in the National Household Travel Survey undertaken in 2003 (Lombard 2006). They are specified as follows:

   • 'strider' segment: commuters who walk or cycle for less than 30 minutes;
   • 'stranded' segment: commuters compelled to walk or cycle more than 30 minutes due to lack of income or access to public transport;
   • 'PT-captive' segment: public transport passengers earning less than R2,500 per month;
   • 'PT-chooser' segment: public transport passengers earning R2,500–R4,000 per month;
   • 'PT-car aspirant' segment: public transport passengers earning more than R4,000 per month; and
   • 'mobile' segment: car users (including passengers) with incomes of more than R6,000 per month.

2 It may be noted that the composition of metropolitan Cape Town's population diverges significantly from that of other major South African cities in that it is dominated by the coloured population group, estimated to comprise (with the very small Indian/Asian group) 48% of the total population in 2006, while the African and white population groups comprise 34% and 18%, respectively (Dorrington 2005; estimates drawn from the 'middle' projection for 2006, which gives a total population for the city of 3.24 million).

3 For the metropolitan municipalities, the capital expenditure requirement on public transport infrastruc-ture, excluding rail infrastructure, over the next ten years has been estimated at R14 billion, while the annual operating subsidy for an integrated public transport system could total R15 billion (against the cur-rent R4.3 billion) at a subsidy level of 50% (Palmer Development Group 2006). The reasons for the failure to maintain adequate levels of investment in public transport infrastructure and operations are likely to be complex and multifaceted. At the national level – at least until quite recently, with prominence given to meeting the transport demands of the 2010 World Cup event – it appears that transport issues received considerably less priority (and proportionate budgetary allocations) than other matters, notably housing delivery. This may well have had something to do with the less than forceful representation of transport interests at Cabinet level following the departure of the energetic Mac Maharaj, who served as minister of transport between 1994 and 1999. At the sub-national level, the fragmented institutional framework outlined in Figure 9.2 would seem to have effectively precluded the formation at both local and provincial levels of coordinated and coherently organised coalitions to lobby for the allocation of more adequate or additional resources to the public transport sector.

4 Implementation of the taxi recapitalisation programme, which was initially intended to be 'rolled out' in 1999, finally began in October 2006. It comprises a once-off capital subsidy in the form of a R50,000 'scrapping allowance' paid to owners of vehicles with valid operating licences. From the perspective of many operators, this amount offers little prospect of achieving an affordable upgrade to the specified 18-seater and 35-seater vehicles, the smaller of which are currently priced from R250,000 upwards.

5 A more detailed account of the evolution and content of the NLTTA, and of its relationship to the preced-ing policy and strategy documents, is provided by Behrens and Wilkinson (2001).

6 At least one issue-based user organisation – Cape Town's Rail Commuters Action Group – emerged some years ago and has actively sought to engage Metrorail and the SARCC around rail passenger safety concerns, but, to date, has confined its efforts to legal action through the courts. The leadership of the Congress of South African Trade Unions (COSATU) in the Western Cape has for some time consistently voiced the concerns of commuters within its worker constituency about the state of public transport serv-ices in Cape Town, but has yet to persuade other stakeholders to establish a forum in which such issues can be deliberated more systematically and comprehensively. More recently, the Gauteng Action Committee

for Public Transport, led by the South African Communist Party (SACP), has initiated a 'million-signature campaign for public transport' that 'brought us face to face with the reality of a non-existent public transport system' and the domination of transport policy in the province by promotion of the Gautrain project and the need to address 2010 World Cup transport needs (Satgar 2006:31). The involvement of the SACP and COSATU as governing party alliance partners in such activities does suggest that the provision of public passenger transport may now be becoming more important as an arena of broad political mobilisation, if still in largely inchoate ways.

7   Other interest groups may also have a stake in urban transport issues – in particular, those associated with efforts to promote the emergence of more integrated and sustainable settlement patterns, in which access to improved public transport services would undoubtedly be a central concern. The question of how such additional stakeholders might be accommodated within a collaborative framework for urban transport policy making or governance is clearly important, but would probably need to be addressed as part of the establishment of a broader system of institutionalised urban governance with multiple, overlapping arenas of deliberation (cf. Pieterse 2003).

ten

Social Development: An Imperative for Local Government

Lindiwe Ndlela

Introduction

Social development, as a responsibility of governments, owes its existence to the informal way democracy has been defined in practice and the legal commitment to the realisation of basic socioeconomic rights. Social development is thus an outcome of a sum total of actions to address various dimensions of social support, as opposed to a single action the successful application of which achieves the goal of social development. Social development is both an outcome and a process. It results from a set of deliberate activities aimed at achieving the positive development of society. This chapter has the difficult task of unpacking the concept and locating it within local government in South Africa. The key challenge of the chapter is to define social development and to articulate why it requires a local government response.

The enduring facts of poverty, inequality and underdevelopment underscore the need for government to address issues of social development. The formal imperative for social development in local government can be found in the legislative framework governing local government. The Bill of Rights, moreover, provides for the right to adequate housing, and sufficient food and water, and for every child the right to basic nutrition, shelter, basic health care and social services. South Africa is also a signatory to the United Nations' Millennium Development Goals (MDGs), where the realisation of basic socioeconomic rights is spelt out through the definition of various targets (Parnell & Boulle 2006) that contribute to human development. These goals are summarised in Table 10.1. Yet, despite cutting edge development policy making and a range of anti-poverty sentiments from government and civil society, poverty and inequality have been getting worse since 1994 (Pieterse 2001).

Table 10.1: MDGs: International commitments to socioeconomic rights

MDG	MDG target indicators
1. Eradicate extreme poverty and hunger	1. Halve, between 1990 and 2015, the proportion of people whose income is less than US$ 1 a day
	2. Halve, between 1990 and 2015, the proportion of people who suffer from hunger
2. Achieve universal primary education	3. Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling
3. Promote gender equality and empower women	4. Eliminate gender disparity in primary and secondary education, preferably by 2005, and at all levels of education no later than 2015
4. Reduce child mortality	5. Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate
5. Improve maternal health	6. Reduce, by three-quarters, between 1990 and 2015, the maternal mortality ratio
6. Combat HIV/AIDS, malaria and other diseases	7. Halve by 2015, and begin to reverse, the spread of HIV/AIDS
	8. Halved by 2015, and begin to reverse, the incidence of malaria and other major diseases
7. Ensure environmental sustainability	9. Integrate the principles of sustainable development into country policies and programmes, and reverse the loss of environmental resources
	10. Halve, by 2015, the proportion of people without sustainable access to safe drinking water
	11. By 2020, achieve a significant improvement in the lives of at least 100 million slum dwellers

Source: Adapted from Parnell and Boulle (2006)

The overarching legal and political commitment to social development is unambiguous. The 1996 Constitution places the responsibility of promoting the social and economic development of communities with local government. As such, municipalities are also mandated to structure their administration and budgeting to achieve social development. While social development is a clear mandate for local government, what social development means is not, however, defined, and neither are the powers and functions allocated appropriately in part B of schedules 4 and 5 of the Constitution as local government responsibilities. As a result, there is some ambiguity in translating the commitment into practice at the municipal level.

In the absence of clearly defined activities that make up social development, municipalities have limited their social development function to arts and culture, community and recreational facilities, and delivery of social welfare services. This

cluster of functions has become a line function in many municipalities, with no relationship to the main function of local government of ensuring service delivery. The term 'service delivery' is commonly used to refer to the big four municipal services, i.e. water, sanitation and electricity provision, and solid waste disposal, excluding the social support functions. The nature of the delivery of social services has no link to the delivery of the big four services, and the beneficiaries are often not the same, reinforcing the perceived service divide. As a result, the narrow understanding of social development produces a disconnect between the big four services and the social services in which the former are strong and latter is weak, and social development is reduced to a few activities rather than being elevated to the core service function of local government. It is clear that it is this limited understanding of social development and its application that has led to a fragmentation in service delivery and limited progress in the progressive realisation of socioeconomic rights. It is therefore important to define social development in a municipal context more broadly and to highlight what this expanded definition means for municipal service delivery.

This chapter argues that full delivery on social development would require an understanding that facilitates a more coordinated approach to service delivery that will reduce poverty and advance the general social development of communities. Municipalities have a mandate for social development, but very few of them are actually delivering on this mandate.

Having identified the problem, the chapter provides a fuller and more appropriate definition of social development and locates it in a municipal context. In doing so, it also explores the rationale for a social development perspective and the implications for service delivery and the concomitant institutional arrangements. Secondly, the chapter looks at the experiences of municipalities with regard to social development, and highlights some lessons learnt. Thirdly, the challenges and opportunities that exist for social development are discussed. The chapter concludes by pointing out the opportunity that exists for social development to be seen as an imperative for local government.

DEFINING SOCIAL DEVELOPMENT

Social development has been defined in a number of different ways by different authors. This section explores some of the definitions that have been put forward and the extent to which they converge. Thin (2002:17) argues that 'social dimensions of development are very important and … they have been neglected partly because people cannot agree on what they are'. He states that development practitioners could include under the heading of social development: health, education,

demography, basic needs, informal sector activities, poverty, crime, (un)employment, culture, relevant civil society organisations, unmonetised subsistence activities and empowerment. He further argues that there is no common element or principle that logically unites these components, and without such a common element, the term 'social development' offers no sensible guidance for organisation, policy or analysis and will only confuse people. However, the common theme that runs through the list and the different ways of defining social development is the term 'society.' Thin insists that social development can only be useful if it is linked to society.

Within this approach, Thin offers a number of sample definitions of social dimensions of development and critiques the extent to which they link with society. I will look at only two of these. Firstly, the United Nations Department for Economic and Social Affairs says that 'social development … includes in particular the objectives of provision of economic opportunities for all and reduction of poverty …. It refers to the well being of individuals and to the harmonious functioning of societies' (Thin 2002:17, citing UNDESA 2001; 2002). Thin (2002) argues that this definition is so inclusive that it robs the concept of any meaning. Secondly, the 1995 World Summit for Social Development identifies three core social development issues as poverty reduction, employment and social integration. In response to this definition, Thin (2002) argues that only social integration is specifically social, while poverty is multidimensional, with several core meanings that could be financial, biophysical (inadequate food, shelter and physical well-being) and social. Employment is covered by the 'economic' label, even though it has social dimensions.

Thin (2002) further asserts that there are few attempts at defining social development except indirectly through the inclusion or exclusion of discussions and indicator lists, and implicit distinctions of social from economic and environmental dimensions. However, he considers the definition of social development offered by Marsden (1990) as covering all the common themes. Marsden's (1990:21, cited in Thin 2002) definition is that social development is about addressing 'problems of access to resources, the provision of basic needs, the distribution of those resources, the room to manoeuvre in straitened circumstances, and the effectiveness of the use of scarce resources'.

Poverty is still seen as primarily a social development issue, but there are many social development issues that are not about poverty, Thin argues (2002:23). Therefore, social development is not equal to poverty reduction, but has other aspects to it, such as culture and social capital. He asserts that the discussion of these areas of social development tend to be so positive that 'the existence of malign social capital (e.g. criminal networks and ethnic chauvinism) and bad culture (e.g. health-threatening traditions and culturally sanctioned human rights)' (Thin 2002:23) are downplayed by some authors. For the purposes of this

chapter, it is important that we refer to social development as synonymous with 'intentional social progress' (Thin 2002:23).

The notion of 'social progress' is taken further by the White Paper for Social Welfare, which cites the definition of social development by Midgely as 'a process of planned social change designed to promote people's welfare in conjunction with a comprehensive process of economic development' (DoW 1997:87). The White Paper itself defines social development as an outcome that 'brings about sustained improvement in the well-being of the individual, family, community and society at large' (DoW 1997:87). It continues by stating that the indicators of social progress are the reduction or eradication of poverty, inequality and conditions of underdevelopment (DoW 1997:87). This definition is the most useful, as it suggests a structural approach to social transformation

Beall (2000) refers to a number of references in defining social development, putting forward a definition that suggests that social development focuses on how disadvantaged groups in low-income countries can benefit more equitably from development projects in which stakeholders are involved in the design, delivery and implementation to help sustain the improvements made. She further quotes the United Kingdom's Department for International Development, which defines social development as a growing discipline in which the focus is on the needs and interests of the poorest people. She goes further to say that 'a social development approach aims to secure more equitable relations between people within and between households and communities'. By their nature, relationships between people are social and thus add to the argument presented by Thin, above, that any definition of social development should focus on the 'social'.

Taking all these definitions into account, it can be argued that social development is a planned process, and is an approach to the transformation of society that allows holistic development processes to take place towards the reduction or eradication of poverty, inequality and uneven development or underdevelopment. A social development approach is thus a multidimensional process to achieve positive social change.

Social Development in a Municipal Context

Having defined social development, it is important to discuss how it is performed as a function in South Africa generally and what it means in a municipal context in particular. Social development is not exclusively a local government competency, and welfare support in particular is performed through the national and provincial social development departments. This is done through the provision of social safety nets to the poor and vulnerable comprising the following services:

- Non-contributory social grants (the old-age, disability and child-support grants);
- Social welfare services (prevention, treatment, support and counselling programmes to address, for example, the effects of HIV and AIDS; drug and substance abuse; and the vulnerability of children, older people and the disabled); and
- Development support programmes (food relief, poverty alleviation and community development initiatives to strengthen the fabric of family and community life).

These services are delivered through provincial delivery systems, as well as through partnerships with local governments and non-profit-making organisations. Currently, social development is firmly established in the provincial sphere, and there is a move to centralise the social assistance function in national government in a new, dedicated agency. With the centralisation of social security, provincial and local government are potentially freed up to focus more on the developmental rather than welfare aspects of social development.

Ambiguous legislative imperatives for social development in local government

While there are ambiguous requirements for local government to take up the social development agenda, the intention is clear and can be found in numerous legal statements. As mentioned earlier, the imperative for social development in local government is expressed through the Constitution, policy and legislation. The Bill of Rights provides for the right to adequate housing, sufficient food and water and for every child the right to basic nutrition, shelter, basic health care and social services. Government is required to achieve the progressive realisation of each of these rights. Furthermore, section 152(1) of the Constitution sets out the objects of local government and provides that the promotion of social development is also a responsibility of local government. However, the Constitution does not define what social development means. Section 153 goes on to provide that a municipality must structure its administration and budgeting to give priority to the basic needs of the community and to promote the social and economic development of the community.

The 1998 White Paper on Local Government defines 'developmental local government' as 'local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives' (DPLG 1998:17). According to the Johannesburg Human Development Strategy (HDS), the White

Paper 'launches the concept of economic and social development into the domain of local government' (City of Johannesburg 2005:66).

Section 6 of the Municipal Systems Act 32 of 2000 obliges municipalities to be responsive to the needs of the local community, and gives them the right to design programmes that will achieve this. In addition, municipalities can provide services, including providing childcare facilities; facilitating primary interventions, such as referrals and crisis interventions; facilitating economic development; creating an enabling environment for employment and income opportunities; setting up of leadership and development programmes; and establishing intersectoral and multi-disciplinary forums and action committees, according to the Johannesburg HDS (City of Johannesburg 2005). The Municipal Systems Act also obligates municipalities to build the capacity of communities for public participation in the affairs of the municipality, as well as focusing on employment and income-generating opportunities as the locus of economic participation in the community. It further provides that all members of the community must have access to a minimum level of basic services (City of Johannesburg 2005).

Two of the seven general key performance indicators in the Municipal Planning and Performance Management Regulations of 2001 require municipalities to collect data on access to basic services, and, in particular, access to these services by households with an income of less than R1,100 per month. The Property Rates Act 6 of 2004, section 3(3)(f), provides that the municipal rates policy must take into account the effect of the rates on the poor and thus include measures to alleviate the rates burden on them. In levying property tax, municipalities are obliged to exempt the poor if it is shown that the rates will prove burdensome to the poor. As a result, some municipalities do not levy rates on properties below a certain value. For example, the threshold for the City of Johannesburg is currently R20,001. This varies from one city to another, but thresholds for the six metros are shown in Table 10.2.

Table 10.2: Usages of indigence policies in selected municipalities

Social package services	Jo'burg (current)	Cape Town	eThekwini	Tshwane	Nelson Mandela
Summary of targeting methods applied for entire social package	■ Property size ■ Land value ■ Consumption ■ Means testing	■ Property value ■ Consumption ■ Means testing	■ Property value ■ Consumption	■ Land value ■ Consumption ■ Means testing	■ Property value ■ Consumprion ■ Means testing
Assessment rates	■ Land value up to R20,001	■ Property value up to R50,000	■ Property value up to R30,000	■ Land value up to R10,000	■ Property value R20,000 in Despatch ■ R10,000 in Port Elizabeth ■ R4,000 in Uitenhage
Water	■ Consumption: 6 kℓ to everyone	■ Consumption: 6 kℓ to everyone and indigents receive further 4 kℓ	■ Consumption: 6 kℓ to everyone	■ Consumption: 6 kℓ to everyone	■ Consumption: 6 kℓ to everyone
Electricity	■ Consumption: only domestic Lifeline* customers get 50 kWh free	■ Consumption: free basic electricity (50 kWh) is applicable to households consuming less than 500 kWh	■ Consumption: everyone gets first 50 kWh free	■ Consumption: everyone gets first 50 kWh free	■ Consumption: indigents receive first 50 kWh free
Sanitation	■ Means testing and used to be property size up to 300 m²	■ First 4.2 kℓ No fixed charge up to R50,000 property value	■ Up to R30,000 property value	■ Up to 6 kℓ water consumption ■ Not clear	■ Credit charge for up to 11 kℓ for water-borne sanitation
Refuse	■ Means testing and used to be property size up to 300 m²	■ Up to R50,000 property value	■ Property value up to R30,000		■ Property value – see assessment rates

* When opening an account with the City of Johannesburg, residents are supposed to choose the tariff to be used. There is a Lifeline tariff and a two-part tariff. A Lifeline tariff is for low-consumption users with a 'break-even' point being a predetermined number of kilowatt hours (kWh), above which the tariff steps up.

Despite this legislative imperative, municipalities have not clearly defined their role in social development. The accepted meaning differs from one municipality to another, and it is usually associated with a cluster of services that fall outside the big four services (water, electricity and sanitation supply, and solid waste disposal). The HSRC et al. (2004) indicate that there is very little evidence of local government involvement in social development activities, except for a few agency agreements involving monitoring and evaluation of poverty alleviation projects within some municipalities. Other instances are where there may be municipal involvement in activities aimed at combating HIV/AIDS, which are incorporated into the municipalities' integrated development plans (IDPs).

Rationale for a social development perspective in municipalities

The rationale for a social development perspective in municipalities is primarily that the poverty, inequality and uneven development patterns that still persist in South Africa are most experienced in the local sphere. Firstly, the skewed nature of economic growth and income distribution constitutes an imperative that forces municipalities to adopt a social development perspective. According to the White Paper for Social Welfare, the economic decline that was experienced in South Africa has resulted in a decrease in per capita income and an increase in poverty, thus increasing pressure on the welfare system to meet basic needs. About a third of South African households live in poverty, and the character of these households is mainly African and headed by women, while many of them are in rural areas, informal settlements and backyards (DoW 1997).

Secondly, unemployment in the formal sector is high, and again this is seen mainly in women in rural areas and among young people under the age of 24 (DoW 1997). While the proportion of rural poor may be more, urban poverty is on the increase. In addition, people with disabilities have not been catered for in the formal sector, resulting in many more people relying on the welfare system for income and social support.

Poverty is defined as being more than a lack of income. Poverty exists when an individual or a household's access to income, jobs and/or infrastructure is inadequate or sufficiently unequal to prohibit full access to opportunities in society. The condition of poverty is caused by a combination of social, economic, spatial, environmental and political factors. According to the World Bank, poverty is multidimensional phenomenon where the poor suffer from various deprivations in five distinct dimensions (Klugman 2002:488). These dimensions include:

- income poverty;
- health poverty;

■ education poverty;
■ personal and tenure insecurity; and
■ disempowerment.

PDG (2004) asserts that urban poverty manifests itself in more than one of these dimensions simultaneously, and that the net effect is usually cumulative deprivation. Figure 10.1 illustrates the interrelatedness of these dimensions and the resultant cumulative impacts of urban poverty.
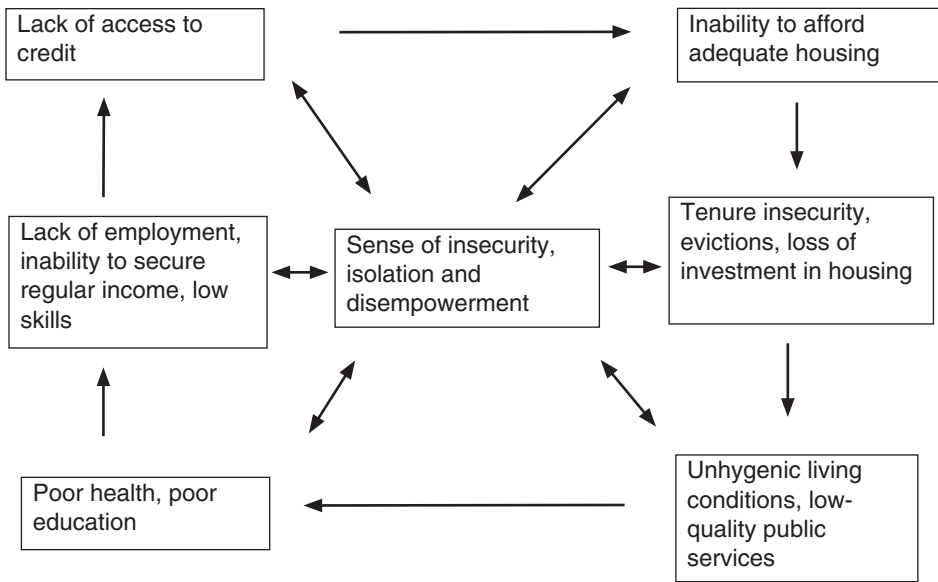
Figure 10.1: Cumulative impacts of urban poverty
Source: Adapted from Klugman (2002)

Thirdly, access to social welfare provides a safety net for people during times of hardship and contributes to human development by enabling impoverished households to care for their vulnerable members. However, social welfare programmes should be accompanied by capacity building to enable beneficiaries to escape the poverty trap, according to the White Paper for Social Welfare. These investments in people can lead to economic development, as 'social and economic development are two interdependent and mutually reinforcing processes' (DoW 1997:4).

Parnell and Boulle (2006) argue that neither democracy nor growth has secured the gradual realisation of the socioeconomic rights of the poor and excluded in post-apartheid South Africa. During apartheid, African people were made poor through urban management, and revoking racially exclusionary policies did not level the playing fields. Instead, a superficial sense of equality was created. The effect has been the inability of most of the population to claim their socioeconomic

rights. Parnell and Boulle (2006) further argue that the entrenched patterns of inequality arising out of human settlement management has resulted in the rich being able to reproduce the conditions of their privilege in an environment that is superficially equal. Urban transformation has been precluded by the 'tardiness of a reformist state to dismantle all of the discriminatory governance practices that intentionally, or unintentionally, preclude equal rights of access to economic opportunities' (Parnell & Boulle 2006:17).

Fourthly, huge service delivery backlogs are experienced mainly in the former urban African areas and former homelands, subjecting these areas to continued underdevelopment. All these problems result in a vicious cycle where due to high levels of poverty, municipalities have to rely on small tax bases to service large areas of demand for service infrastructure and the general development of the municipal areas. This results in an over-reliance on grants from national government, some of which are not always provided.

Given the fact that all these pressures find expression at the local level, it is imperative that municipalities respond to them in the manner that reduces or eradicates poverty and inequality, and promotes development. Service delivery, deployment of resources, decision making and policy making, and cooperative governance with the other spheres has to be conducted with the aim of the social development of communities. It then follows that municipalities have to develop institutions that respond to this imperative. The section below explores the implications of conducting municipal affairs according to a social development perspective.

Implications for service delivery

Adopting a social development perspective has implications for service delivery in municipalities. While some dimensions of social development converge at a local level and thus at the municipal level, some of them, such as education and land reform, are being delivered outside the sphere of municipal governance. Where there is an overlap, i.e. social welfare, or urban and rural development and health, the funding largely remains with national and provincial governments, and in only very few circumstances can larger municipalities perform these social development functions on an agency basis. (e.g. some larger municipalities perform ambulance functions on an agency basis for the Department of Health, and housing is a function that is being assigned to metros). The more social development functions are assigned to larger municipalities, the more advanced will be their capacity to deliver on the social development mandate in a more holistic manner.

The fragmentation of service delivery suggests that the failure to advance social development in municipalities has more to do with lack of institutional holism than a lack of resources. Pieterse (2001:40) argues that 'existing resources earmarked

for poverty relief are frequently not spent'. Social development is a concurrent competence for all three spheres of government, yet there is very little alignment and cooperation vertically and horizontally. As a result, the impact on social development is minimal and activities are often poorly targeted. To illustrate this point, various departments that have a developmental function do not have the same definition of who is poor, even when they use income as an indicator for poverty. The Department of Housing uses R3,500 per month as the threshold below which a household can qualify for a Reconstruction and Development Programme (RDP) house. To qualify for free basic services, households have to have income of R800 or less per month or not more than two state pensions, depending on the municipal area in which they reside. Thus, a household can be considered poor to qualify for an RDP house, but not sufficiently poor to qualify for free basic services.

Even though municipalities are mandated to develop five-year IDPs, these prove to be of little use to provincial and national planning. It seems that these plans in effect give expression to national and provincial growth strategies, resulting in a top-down as opposed to a bottom-up approach. But the problems associated with social development are experienced more at the local level, and these should inform the national and provincial government response, and not the other way around. The Intergovernmental Relations Framework Act 13 of 2005 provides for cooperative governance and intergovernmental relations allowing for cooperation among the spheres. This provides an opportunity for government to integrate its effort in social development converging at the local level, but that opportunity has yet to be taken up.

In the absence of an ability to influence the social development agenda through the IDP, municipalities define for themselves what social development means regarding their constitutional powers and functions in narrow terms that exclude health, education and welfare. But even this restricted understanding could have enormous scope. The core functions of municipalities involve the delivery of services such as water supply, electricity, solid waste disposal and sanitation. The national response to the high levels of poverty and unemployment has been the introduction of the free basic services policy to assist municipalities to contribute to the social development agenda at the local level. The problem is that a number of municipalities, especially smaller ones, are finding it difficult to provide these functions properly in the absence of an adequate tax base.

Beyond the fiscal gap, there are additional barriers to the roll-out of an integrated local government social development agenda. The lack of institutional holism among the three spheres of government is mirrored within the municipalities themselves. Firstly, there is a problem with how social development has been defined in municipalities. As mentioned above, the municipal approach to or interpretation of social development has been extremely narrow and restricted

to only institutionally marginal and low-budget welfare support activities such as libraries, sports and recreation, and early childhood development.

Secondly, social development is performed as a function of a specialised department, and the interaction among the departments – service delivery, revenue and social services – that impact on social development is often very weak. In many instances, the service delivery department provides services and the revenue department collects revenue for services provided, but there is little mutual consultation or interaction.

Where a basic service-based interpretation of social development does exist, it is typically given expression only in indigence. While indigent policies could provide an opportunity to address poverty, inequality and uneven development/ underdevelopment in a holistic manner, this is often missed due to non-alignment of policy and practice. A municipal indigence policy is often a separate policy targeting poor households to access free basic services with no reference to other policies or programmes that have a developmental impact. The often-talked-about indigence exit strategies are rarely linked to programmes such as the expanded public works programme or economic development policies.

This leads me to the fourth point on the impact of the institution on social development. While local economic development is discussed in detail in another chapter of this book (Chapter 12), it is important to note that social development and economic development are interrelated. As with social development, municipalities have also often interpreted economic development narrowly, reducing it to small unsustainable projects that have had no impact on poverty. In addition to service delivery with a pro-poor agenda, economic development is another way a municipality can contribute to social development. There is an opportunity for municipalities to conduct their business in a manner that allows economic development to take place.

For social progress to occur, service delivery has to be informed by a social development agenda. In developing its policies and carrying out its programmes, local government should be constantly aware of their impact on social development. The lack of alignment in policies and the low degree of interaction between departments that contribute to the social development of communities, combined with the fact that a large part of social development happens outside the municipal sphere results in failure to achieve the social development of communities in many cases.

A social development perspective in a municipal context implies the delivery of services with a pro-poor agenda. The Johannesburg HDS asserts that the social development function of a municipality 'incorporates a wide range of departments including health, social development, arts and culture and development planning' (City of Johannesburg 2005:71). All parts of a municipality need to deliver their

services in a pro-poor manner, and in a manner that addresses inequality and uneven development/underdevelopment.

Institutional implications

Parnell and Boulle (2006) argue that to realise socioeconomic rights across a city demands that the role of local government be conceived, designed and capacitated to do the job of upholding these rights at a city scale. 'A rights based city necessitates the introduction of instruments or institutions across markets, civil society and the multi-scalar state that will enable redistribution and basic service delivery based on need not ability to pay', they continue (Parnell & Boulle 2006:1). Therefore, if municipalities are to realise the full extent of the social development perspective, they will have to change the manner in which they operate.

The implications on the institutional arrangements are considerable in that, firstly, the interpretation of their social development role has to extend beyond operating libraries, community halls, early child development facilities, sports and recreation facilities, museums and a few poverty programmes the activities of which go unmeasured. They have to mainstream social development and allow the manner in which they deliver services to result in the social and economic development of communities. To achieve the level of integration to achieve this objective may require specific institutional arrangements. Municipalities will need to develop a strong understanding of how poverty manifests itself and develop appropriate mechanisms and a holistic response to deal with the problem. In many cases, municipalities, especially small ones, do not understand the profile of poverty in their areas, and where they do, they are not able to respond appropriately. This is mainly due to lack of funds – but large municipalities command huge capital budgets.

If we accept that poverty is more than a lack of income, as discussed earlier, the response should therefore address more than income, but rather all the conditions that cause poverty, inequality and uneven development/underdevelopment. Therefore, programmes that are aimed at addressing only income will fail to achieve social development. Importantly for municipalities, social development programmes should not be ad hoc and uncoordinated, even if they are meant to complement national or provincial programmes. A high degree of integration within the municipality should channel and target programmes properly, and the IDP offers an opportunity to do this by including intergovernmental programme coordination.

EXPERIENCES AND LESSONS LEARNT

As discussed above, the extent to which the social development perspective is embedded within municipalities is limited in many instances. What is interpreted as

social development, limited as it may be, is usually put in the social services depart-ment, which often results in the marginalisation of the social development agenda. This section explores some of the experiences of municipalities in addressing social development.

Municipal indigence policies

As discussed above, municipalities render services to communities and in return they charge for these services, in order to sustain themselves. Revenue collected enables municipalities to perform their developmental functions. The high levels of poverty and unemployment that are seen in localities present a tension between the obligation of municipalities to further social development and their need to be financially sustainable. This is a constant balancing act for many municipalities, and those with a sizeable tax base find it slightly easier to manage the balance. However, even adequately resourced municipalities must contend with ever growing demand, as migrants add to the pressure for services. The inability to service all migrants means that social exclusion is the consequence. A social development perspective is meant to address social, financial and institutional exclusion and to build inclusive settlements.

Municipalities are trying to address poverty and prevent financial exclusion through indigence policies. Such policies are meant to provide free access to services (water, sanitation, electricity and refuse removal), based on limited consumption, by the poor and socially excluded groups in the community. The City of Johannesburg (2005) has gone beyond an indigence policy and developed a comprehensive human development strategy to address inequality and social exclusion in the city. This strategy can be seen as promoting a social development perspective that begins to shape the city's response to poverty. The city is also in the process of developing a comprehensive social package policy that defines how it should deliver services in a pro-poor manner that contributes to social development within the context of the HDS. Experiences in Johannesburg and elsewhere suggest that finding the right tools to implement a social development agenda may not be simple, especially as such a large proportion of the population is poor, making targeting difficult. What is also clear, though, is that core municipal service delivery offers enormous scope for expanding the social development impact of government and improving the lives of the poor.

Targeting the poor: The problems of means testing

Many of these policies use means testing[1] as a targeting method, but has met with little success, according to Van Ryneveld et al. (2003), who undertook a study of the indigent policy of the City of Cape Town. Means testing owes its limitations to a number of reasons. Firstly, it uses income as the sole measure of poverty, when

'poverty is more than a lack of income. Poverty exists when an individual's or a household's access to income, jobs, infrastructure or services is inadequate to ensure full access to opportunities in society' (Van Ryneveld et al. 2003:15).

Furthermore, the poor are not a homogeneous group, and display a wide spectrum of differentiation. The study (Van Ryneveld et al. 2003) shows that while there are clearly households that are poor and fall below the income thresholds that are used to determine indigence, there are some households that are just above this threshold and thus vulnerable to changes in the economy. This group is excluded when using means testing as a targeting approach. According to HelpAge International et al. (2006:36), 'communities … find it hard to accept that the "ten poorest households" will receive free transfers while the eleventh poorest household will not … especially where poverty rates are high'. Means testing thus results in 'exclusion errors and resentment' (HelpAge International et al. 2006:36).

Secondly, means testing is dependent on administrative assessment of household income at least yearly. Not only is this task costly, since it inflates personnel costs and thus reduces the funds available to provide benefits to the poor, it also susceptible to corruption or accusations of unfairness and lack of trust in the system. The Social Services Department of the City of Cape Town is supposed to carry out the function of income assessment. This was not done effectively and, as a result, action on the 'Special Cases Policy' was characterised by backlogs and delays. Typically, as changes are brought about through the indigent persons policy, bottlenecks in the system do not lie with the approval process, but rather with the assessment process. Thus, in practice, means testing may have the opposite effect, with people that do not qualify for the benefit receiving it.

Thirdly, means testing encourages applicants to be dishonest about income when they apply, and it is difficult to establish conclusively that one earns less than a certain amount, according to the South African Council of Churches (SACC 2003). Monitoring this effectively is costly, as it requires large administrative personnel. It is not clear if the cities have the capacity to implement the assessment rate of visiting 5% of applications received monthly, as provided for in the current policy.[2]

Fourthly, means testing invariably requires people to identify themselves as poor, and this can be stigmatising: the 'process of documenting one's poverty can be a difficult and demeaning process in and of itself' (SACC 2003). Fifthly, the strict criteria applied could lead to lower take-up rates when applicants weigh the benefit against the trouble of putting all the required documentation together. Despite these problems with means testing, some of the large municipalities continue to use it. Table 10.2 shows how municipalities use indigence policies to facilitate access to services for the poor.

Of the large cities, eThekwini is the only one that has completely avoided using means testing. Instead, it uses property value combined with consumption to

target the poor. A limitation of the indigence policies is that their implementation is often the function of the social services department. In its HDS, Johannesburg has defined a full social package that can result in the achievement of social development in municipalities, because it maximises the opportunities of local government in this function. The full social package that the Johannesburg municipality provides is detailed in Table 10.3.

Table 10.3: The full services package

Name of service	Level of service (LOS)
The plot package	
Water supply	LOS 3: metered water supply with free 6 kℓ per month per consumer unit, with a figure of free 10 kℓ per month being investigated
Sanitation	LOS 3: waterborne sanitation, with certain qualifications as given in the water services development plan
Electricity	Metered electricity supply
Solid waste (refuse) removal service	Weekly collection of refuse from the plot boundary
Special services	
Housing	Support to the social housing process. Interim assistance with rentals for those in city-owned properties
Public transport	Access to the bus service provided by the city at subsidised fares for the disabled and school children
The public services package	
Roads	All-weather access roads to each plot and a road network allowing the movement of vehicles throughout the city
Health	Access to a clinic on five days a week within a 5 km distance. Access to advice on health and hygiene
Community services	
Libraries	Access to libraries five days a week
Sports and recreation facilities	Access to sports and recreation facilities for a reasonable fee
Social services	Assistance provided to vulnerable groups in the city to assist them to become assimilated into society
Parks	Free access to the city's parks
Emergency services	Emergency assistance with fires and other disasters; ambulance service provided on behalf of the province
Municipal police	Supplementary service to that provided by the South African Police Service

Source: City of Johannesburg (2005)

It is acknowledged that such a social package requires funding, and a large proportion of municipalities in South Africa cannot afford to fund such a package. However, this package gives an indication of what is possible in the realm of a developmental local government, and it begins to define a social development perspective in a municipal context. While the opportunity to achieve social development does not end with pro-poor service delivery, the Johannesburg HDS continues to identify the role of municipalities in facilitating access to provincial social grants. These grants will have the effect of complementing the social package of municipalities. In this manner, the vulnerable groups of the community can be protected through a coherent social safety net of both provincial government, through grants, and local government, through services.

As mentioned earlier, these mechanisms for social relief alone cannot be sufficient in themselves to achieve social development. It is important that they are accompanied by capacity-building programmes, including the provision of economic opportunities to help the poor get out of the poverty trap, the facilitation of equality and programmes to deal with uneven development/underdevelopment. A multidimensional response is required to ensure social progress.

CHALLENGES AND OPPORTUNITIES FOR THE FUTURE

Service delivery

The biggest challenges facing municipalities are still in the area of service delivery, and there is very little capacity left to provide social development programmes. In many municipalities, the service delivery backlogs are still high, and therefore implementing the social development approach is still a challenge. As mentioned earlier, service delivery is also limited to water supply, electricity supply, refuse removal and sanitation, to the exclusion of other non-core services that are delivered by a municipality. The delivery of social services is not linked to the delivery of the core services. Thus a poor household that qualifies for core services is rarely considered for access to the social services that a municipality delivers. As a result, a basket of services that could impact on the social circumstances of a household is rarely considered by municipalities.

In addition, the role of a municipality is not only to provide services, but to ensure their provision. This means that municipalities can facilitate the provision of services that fall outside their realm. These services include housing, health, education, social welfare and so on. This brings us back to what I alluded to earlier in terms of institutional holism. Services delivery must be seamless and unfragmented to ensure social development as an outcome. A paradigm shift is therefore required to understand the spectrum of approaches to social development that range from a minimalist to a maximalist stance.

Targeting the poor

As discussed earlier, targeting the poor is still a challenge for municipalities, as they use only income to define who is 'poor'. In addition, whatever targeting method is used, there will still be a threshold to be set, and this presents that challenge of excluding those households that are only slightly better off. However, there are opportunities in the way in which municipalities can structure their tariffs and taxes so as not to be punitive to those that are slightly better off than those falling within the definition of 'poor'. A stepped tariff offers an opportunity for equity.

Continued social exclusion

The transactional relationship between municipalities and their residents is structured around account holding. There are many households that are located in informal settlements and backyard shacks that are not account holders of the city, and are thus 'hidden'. Many of these households are poor and cannot access the basic services, even if they were to be provided within a pro-poor agenda. The traditional way in which households gain access to a social package is through the housing process, and the role of the majority of municipalities is facilitative. Delays in provincial processes impact negatively on poor households' access to services if they are not attached to a formal dwelling. Municipalities can register these households as account holders, so that they can access services where possible. It is understood that this may be difficult in the case of informal settlements; however, these households must be recorded while the municipality facilitates housing delivery.

Institutional arrangements for social development

To implement a social development approach requires that all the departments in the municipality adopt a pro-poor approach, and this should be monitored at the strategic level of the municipality to measure impact on social development. In many cases, the implementation of indigence policies is relegated to social services departments within municipalities. Johannesburg has taken the time to understand the profile of its poverty and the level of human development within the city to develop a comprehensive HDS. It is important that a strategy of this nature should influence the core business of other cities, otherwise they will fail to address issues of social development in their areas of jurisdiction.

Over and above the intramunicipal institutional structure, a social development perspective has implications for how government as a whole is structured. The social development cluster needs to have an institutional vehicle that extends beyond provincial government into municipal government. This has to be followed by

decentralisation or the devolution of functions, based on the capacity of municipalities to deliver on their social development mandate. The municipalities that currently do not have capacity need to be supported by both national and provincial government to develop this capacity. Integrated government is an absolute necessity for social development – both as a process and an outcome.

As mentioned earlier, municipal IDPs offer an opportunity for intergovernmental integration and thus to achieve the institutional holism that is necessary for social development. Currently, there is little synergy between the plans at a district level, let alone those of provinces. It is important that service delivery is responsive to the needs of communities. This will result in an efficient use of resources – individual, financial and institutional. Therefore, capacity for social development needs to be developed at the municipal level and strongly supported by the other spheres. Pieterse (2001:60) warns that IDPs must not be seen a panacea to all problems of development and that '[i]ntegrated development does not mean that every development input and process must be fully linked'. However, he continues, this means that every development initiative must assess its possibly negative impact on other activities.

Conclusion

Implementing a social development approach still proves to be a challenge in many municipalities. While municipalities are implementing social development, this is understood as a set of activities rather than as a process and as an outcome of how a municipality conducts its business. The City of Johannesburg's HDS puts forward an integrated approach to social development by a municipality. However, the challenge remains for the city to institutionally restructure itself in order to implement social development. It is only once effective coordination and integration of various aspects of the municipality's business have been achieved that it can hope to achieve a pro-poor agenda. Beyond this, municipalities should engage meaningfully with provincial and local government to respond to the social development issues they directly experience, and be given the space to do so. The City of Cape Town has adopted the Economic and Human Development Strategy, which focuses on the competencies assigned to local government and ways of making linkages to other spheres of government (Parnell & Boulle 2006).

An understanding of poverty is still a challenge in many municipalities. As a result, their response is too narrow and the link to promoting equality and development is weak. The impact on social development is then undermined by unstructured and uncoordinated processes. This is further undermined by the 'glass ceiling' that seems to mark a separation between local government from the other spheres of

government. The levels at which municipalities are able to mobilise and leverage resources for social development residing with provincial governments are still very low, thus indicating that the role of local government to facilitate social development to complement its own efforts using service delivery as a lever requires development. An opportunity exists with IDPs, but these have not succeeded so far in ensuring the participation of the other spheres, especially provincial governments, in their development. The link with national and provincial social development initiatives to complement local government's initiatives can be strengthened.

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ENDNOTES

1   Means testing is a method that uses income as an indicator of poverty.
2   The City of Johannesburg's Special Cases Policy provides for a process of verifying indigents by visiting 5% of the applications received monthly.

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The Implications of HIV/AIDS for Local Governance and Sustainable Municipal Service Delivery

Mirjam van Donk

INTRODUCTION

It is increasingly clear that HIV/AIDS is not merely a health issue, and that prevention efforts aimed at behaviour change are insufficient to stem the spread of HIV. Instead, the developmental aspects and implications of HIV/AIDS are becoming ever more evident. Whereas, on the one hand, HIV/AIDS can be viewed as a short-term emergency, requiring immediate and targeted action, it also has long-term development repercussions that warrant a more comprehensive conceptualisation of HIV/AIDS that is subsequently translated into multifaceted strategies and interventions.

The HIV/AIDS epidemic (or, more accurately, epidemics, as will be explained later) in South Africa raises particular challenges for the sphere of local government. For one, the developmental role and mandate of municipalities imply that they take on a more active and proactive approach in the development of their localities. Because HIV/AIDS has the potential to undermine development prospects and erode recent development gains, and because vulnerability to HIV infection is closely associated with forms of inequality and unrealised human development, the rationale for municipalities to respond to HIV/AIDS is quite obvious. There are also practical imperatives for municipalities to develop a comprehensive approach to HIV/AIDS that effectively mainstreams HIV/AIDS into local government core functions and functioning. Municipal service provision is directly affected by HIV/AIDS as service delivery demands grow in quantity and complexity and as organisational capability to respond to these demands is likely to be eroded from within as a result of the internal impacts of HIV/AIDS on human resources, organisational productivity and municipal finances. At the same time, affected households' ability to pay for municipal services (including rates and taxes) is eroded and their need for financial support (e.g. in the form of rebates and subsidised service provision) increases, which further challenges the financial stability of municipalities. Municipal governance is not only affected

indirectly, through the impacts of HIV/AIDS on municipal service provision and financial management, but also more directly, for example, where political leaders are either infected or affected by HIV/AIDS, and governance relations or systems (e.g. the ward committee system) are put under strain as a result of the eroding effects of the epidemic, especially because of its scale in South Africa.

In general, though, municipal responses to HIV/AIDS have been slow to develop. Where responses have emerged, these have tended to be confined to a health response and a focus on prevention through behaviour change and treatment for sexually transmitted infections (STIs). Recent years have seen a growing number of municipalities adopting HIV/AIDS workplace programmes, but most of these programmes reflect an equally narrow conceptualisation of HIV/AIDS as largely a behavioural and health issue, without recognising organisational and political factors, such as the gender division of labour, gender equity with regard to remuneration ('equal pay for equal work') and career advancement, or sexual harassment. Where reference is made to the developmental nature and implications of HIV/AIDS (in integrated development plans – IDPs – for example), this often does not get articulated into strategies, programmes and interventions with concomitant resource allocations. In practice, there is a lack of functional integration of HIV/AIDS, even in the big cities, which tend to be at the forefront of a municipal response to HIV/AIDS.

This chapter will elaborate on the reasons why there has not been a consolidated local government response to HIV/AIDS. This is followed by a reality check, presenting the scale and nature of the HIV/AIDS epidemic, and an overview of what the implications of HIV/AIDS are for sustainable local government service delivery. The extent to which these implications will (or already do) materialise depends on the scale of the local HIV/AIDS epidemic and the nature of the local response. The chapter will then make a case for responding to the development conditions that enhance vulnerability to HIV infection as a critical component of an effective HIV prevention strategy. From there, the chapter will summarise how HIV/AIDS challenges the dominant assumptions that underpin municipal planning. In conclusion, it reiterates the importance of developing local responses, based on an assessment of local realities, knowledge and resources, and of ensuring that HIV/AIDS-related issues become integral to the IDP.

WHY A CONSOLIDATED LOCAL GOVERNMENT RESPONSE TO HIV/AIDS HAS NOT YET EMERGED

A number of reasons for the slow and largely ineffective response by municipalities to HIV/AIDS can be identified. Firstly, the political controversies surrounding

HIV/AIDS, particularly under President Mbeki's first term as president, have stifled any local response to the epidemic.

Secondly, there is no clear mandate for local government to respond to the development challenges posed by the HIV/AIDS epidemic. The White Paper on Local Government (DPLG 1998) and ensuing local government legislation do not make any reference to HIV/AIDS. It is only recently that municipalities have been provided with some guidance in this regard. In April 2007 the Department for Provincial and Local Government (DPLG) launched the Framework for an Integrated Local Government Response to HIV and AIDS, which seeks to:

■ promote a common understanding of what development and governance responses to HIV and AIDS entail;
■ specify the role of municipalities and other role-players in responding to HIV and AIDS;
■ provide guidance to municipalities on what they can do to respond to HIV and AIDS and how to do it within existing programmes and strategies;
■ define a strategy for supporting municipalities and other role-players to perform their respective roles (DPLG 2007a:2).

The framework, and its accompanying implementation plan (DPLG 2007b), is a clear attempt to locate local government's responsibility for HIV/AIDS within its mandate of maximising social development and economic growth, although it is too new to have made any impact as yet on municipalities and their responses to localised HIV/AIDS epidemics.

Thirdly, it is indicative of a lack of capability to conceptualise HIV/AIDS as a development issue, rather than a health and behavioural issue. Municipalities are not unique in this regard, as this is a national and global trend. In part, this is exacerbated by the fact that it may take a decade or more for the cumulative impact of the HIV/AIDS epidemic to significantly affect municipal service provision. Until that point, the consequences of the epidemic are felt at the individual, household and community levels, and are mostly hidden to policy makers and politicians. It may also suggest that HIV/AIDS remains a politically sensitive, if not contentious, issue that is more easily dealt with if relegated to the individual domain or to a particular sector (i.e. it is played down).

Furthermore, it suggests a lack of strategic capability and skills to express a more comprehensive understanding of HIV/AIDS as a development issue and then to integrate it into strategy development at the sector, spatial and strategic planning levels. In other words, while reference may be made to the dynamic links among HIV/AIDS, poverty and gender (as is increasingly the case in IDPs, for example),

when it comes to articulating strategies, programmes and interventions, those connections often tend to get lost.

In addition, and related to the preceding point, municipalities often lack the relevant baseline data and information systems to engage in the necessary analysis. Such information systems are also critical to monitoring the implications of HIV/AIDS for municipal services and, vice versa, to monitor what the effect of municipal service provision is on the spread of HIV and the consequences of the HIV/AIDS epidemic.

Furthermore, the issue of institutional capacity is important when considering why HIV/AIDS has not adequately been responded to. Smaller and rural municipalities in particular, which are unable to perform their most elementary functions because of issues such as a high vacancy rates, lack of appropriate skills and inadequate resources, are the least likely to develop holistic responses to HIV/AIDS.

Finally, and importantly, it is clear that HIV/AIDS is not occurring in a vacuum. As other chapters in this book explicate, municipalities are already faced with significant challenges with respect to equitable and sustainable service provision; promoting inclusive local economic development; integrated planning; institutional (re)alignment for planning, coordination and delivery; financial viability; and so on. In some instances, this has resulted in a 'siege mentality', whereby municipalities, especially those that have weak capacity and are under-resourced, respond to any 'new' challenge and responsibility as if it were yet another unfunded mandate, particularly if the new strategic direction is proposed by other spheres of government.[1] HIV/AIDS further complicates these challenges, but, as this chapter will argue, unless addressed effectively and in a comprehensive manner, it will undermine the policy intention of developmental local government.

THE SCALE AND NATURE OF HIV/AIDS IN MUNICIPALITIES

It is estimated that one in ten South Africans (10.8% of the population) aged two years and older is infected with HIV. This increases to roughly one in six adults (16.2%) between the ages of 15 and 49 years. Those infected with HIV are disproportionately in their twenties and thirties, with older and younger dependents; are more likely to be women than men; and are most likely African people living in poor socioeconomic settings (Shisana et al. 2005).

Geographically speaking, there are significant variations with respect to HIV prevalence, ranging from 23% in Mpumalanga to 3% in the Western Cape. At 25.9%, the HIV prevalence rate in urban informal settlements is double the rate in both urban and rural formal settlements (13.9%), while in rural informal settlements the HIV prevalence rate is 17.3% (Shisana et al. 2005). Moreover, the HIV/AIDS epidemic is spreading much faster in informal settlements than elsewhere (Rehle et al.

2007). This suggests that it is more appropriate to speak about localised epidemics, rather than a singular epidemic in South Africa, in a particular province or even in one municipality. The latter is particularly obvious in larger urban municipalities, such as the metropolitan area of Cape Town. Here, the HIV prevalence rate varies from 7.3% in Blaauwberg to 32.5% in Khayelitsha (see Table 11.1).

Table 11.1: HIV prevalence in the City of Cape Town by area (%), 2003–05

Area	2003	2004	2005
Blaauwberg	4.4	1.2	7.3
Cape Town Central	11.6	13.7	11.5
Greater Athlone	10.1	16.4	17.7
Helderberg	19.1	18.8	12.8
Khayelitsha	27.2	33.0	32.5
Mitchells Plain	6.3	12.9	5.1
Gugulethu/Nyanga	28.1	29.1	29.1
Oostenberg	16.1	14.8	16.2
South Peninsula	9.3	10.8	12.4
Tygerberg Eastern	7.9	12.7	15.2
Tygerberg Western	8.1	15.1	15.0

Source: Isandla Institute (2007a, citing Caelers, 13 September 2006)

The main mode of HIV transmission in South Africa is via heterosexual sexual contact. It is therefore not surprising that the main response (both nationally and locally) to prevent the spread of HIV has focused on sexual behaviour, through the emphasis on increasing awareness, faithfulness in sexual relations and condom use in non–monogamous contexts (often referred to as the 'ABC approach', namely abstain, be faithful, use a condom). While this seems to be having some positive impact, especially among youth under the age of 25 years (see, among others, Pettifor et al. 2005; DoH 2006), surveys have also shown a significant underestimation of personal risk, regardless of levels of awareness of HIV prevention methods (see Pettifor et al. 2005; Shisana et al. 2005).[2] Importantly, it is also increasingly obvious that knowledge of the ABC message itself is insufficient for people to take control over their sexual health. This is particularly obvious in the context of rape, which remains at disturbingly high levels in South Africa. This violating act of violence aside, the power and authority of women and girls to determine the conditions of sexual contact is generally circumscribed. For example, a national survey among 15–24 year olds found that one in four (28%) young women's first sexual experience was unwanted, compared to 1% of young men (Pettifor et al. 2005).

Similarly, people living in impoverished conditions may not be able to access HIV prevention methodologies, such as STI treatment or condoms. There may be other factors that impede the ability of poor people in particular to make 'rational' choices

concerning their sexual health. The as yet invisible, long-term threat of HIV/AIDS is likely to pale in comparison to the day-to-day struggle for survival. While for some, this struggle may translate into engaging in sexual transactions in return for food, money or perceived luxuries,[3] for others, sexual contact may be one of the few sources of pleasure and gratification in their rather bleak existence (see, among others, Campbell 2003; Marais 2000; Zulu et al. 2004), and any advice on how to engage in sexual contact may be perceived as 'interference' or paternalistic. Research conducted in slum areas in Nairobi, Kenya further suggests that poor living and shelter conditions may influence sexual behaviour, especially among children and youth. For example, it was found that children who share a single room with their parents, where they are exposed to sexual activity, tend to engage in sexual behaviour at an earlier age than their counterparts living in formal parts of the city (Zulu et al. 2004). In other instances, it has been found that the lack of electricity to provide entertainment in the home (i.e. to watch television or listen to music) contributes to boredom, which, according to respondents, meant that sexual contact provided one of the few 'recreational' outlets (Rugalema et al. 1999, cited in Collins & Rau 2000). It goes without saying that sexual contact is not necessarily 'planned for', as sexual desire is not something that can always be controlled or called up at the appropriate time (i.e. when safe sex can be practised).

In instances such as those described above, an over-emphasis on individual choice and control to prevent HIV infection has the perverse effect of holding people responsible for their own fate, even if their ability to make informed decisions about their sexual health is constrained by other people or external factors. Thus, while efforts aimed at encouraging individual behaviour change are an important element of a local HIV prevention strategy, this should be combined with interventions to address the underlying social and economic factors that enhance the vulnerability to HIV infection of particular socioeconomic groups. While there are likely to be commonalities in these factors across most municipalities in South Africa, there may also be locally specific issues and concerns that act as drivers of the epidemic (Smith 2007). This issue will be returned to later in the chapter.

THE IMPLICATIONS OF HIV/AIDS FOR SUSTAINABLE LOCAL GOVERNMENT SERVICE DELIVERY

HIV/AIDS has a number of immediate, short-term and long-term implications for local government service delivery. Figure 11.1 summarises the key impacts of HIV infection and HIV/AIDS-related illnesses on poor households, which include (apart from emotional trauma):[4]

■   ill health and an associated increase in medical costs;

■ a decline in income and food security, if the person(s) affected by HIV/AIDS–related illnesses contribute(s) to household income and food security in some or other form (and possibly if a person can no longer engage in productive activities because of having to look after a person suffering from HIV/AIDS–related illnesses);

■ the selling off of assets and/or borrowing to 'cushion' these financial implications;

■ differential needs for shelter and basic services (both in terms of quality and quantity), particularly for those in an advanced state of AIDS, who may no longer be able to walk independently, need to be washed and cleaned regularly (including washing of soiled bedding and clothing), are badly affected by fumes from gas stoves, and so on;

■ reduced ability to pay rent and service charges as a result of medical costs and loss of income;

■ the burden of care for those infected and affected by HIV/AIDS–related ill health, which disproportionately affects women, children (girls) and the elderly (women);

■ loss of education prospects for children and youth (disproportionately girls), who may be taken out of school to help in the household and earn substitute income, or because schooling has become unaffordable;

■ engagement in income substitution activities, most often in the informal sector and possibly including sex work or petty crime; and

■ social exclusion (possibly self-imposed) and marginalisation as a result of HIV/AIDS–related stigma and discrimination.
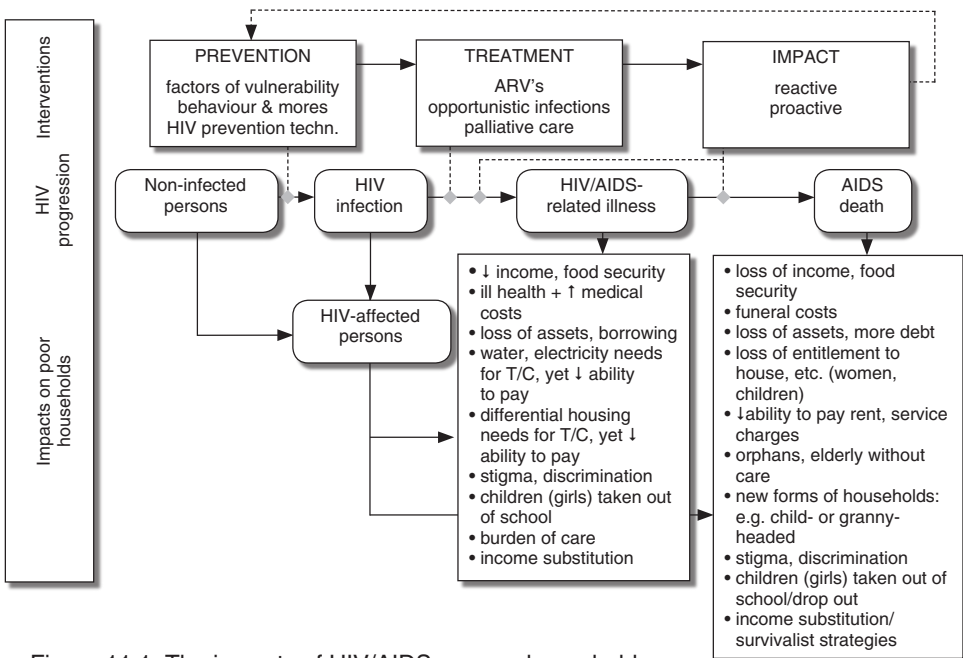
Figure 11.1: The impacts of HIV/AIDS on poor households
ARVs = anti-retrovirals; T/C = treatment and/or care; ↑ higher; ↓ lower

The financial implications of an AIDS death for poor households are even more severe, pushing individuals and households into deeper poverty and debt (DPLG 2007a; Van Donk 2004). In fact, the notion of a 'functional household' is under threat, as existing households may disintegrate, particularly if the deceased is/are adult member(s) of the household. Their dependents (especially women and children) are likely to lose entitlements to a house or to forms of income, like a pension or grant. This leaves children (often orphans) and the elderly without the traditional forms of support. Dependents are also faced with stigma, social exclusion and discrimination, if it is known or suspected that AIDS caused the death.

Following funeral costs and the loss of income, affected individuals and households may not be able to pay for rent and/or service charges, which is likely to increase informal living and homelessness (including the phenomenon of street children). New forms of households are emerging as a result of HIV/AIDS, such as child-headed households and households headed by a grandparent (usually a grandmother). Yet, these households often do not qualify for traditional-policy support measures. If it has not yet happened at the stage of HIV/AIDS-related illnesses, children/youth are likely to be taken out of school or to drop out, either because there is no money, or no adult supervision and encouragement, or because they have to take on adult roles (e.g. maintaining the household, caring for siblings or elderly relatives, and/or performing income-generating activities). To cope with these shocks, affected individuals may be compelled to engage in survivalist activities, which may include commercial sex work or sexual networking in exchange for food or petty cash. The cumulative effect of HIV/AIDS is to create and exacerbate a context of vulnerability to HIV infection, suggesting a vicious cycle that requires appropriate intervention.

The implications of HIV/AIDS for sustainable local government services are evident:

■ An increase in demand for appropriate health care, which in the case of local government specifically includes treatment of opportunistic infections and home-based care (including support for community initiatives in this regard);

■ Greater need for graves and cemetery space, with implications for land use planning – with a disproportionate number of these involving pauper burials, which has financial implications for local government;

■ Reduced ability of affected households to pay rent and service charges for basic services, which means a reduced local revenue base for the municipality and a growth of its indigent population entitled to free basic services;

■ At the same time, an increasing demand for appropriate shelter, water, sanitation and electricity to ensure people affected by HIV/AIDS-related illnesses get appropriate care and are able to retain their dignity;

- An increase in the number of vulnerable households/groups, and also the emergence of different forms of households (e.g. child-headed or granny-headed) and newly vulnerable groups (e.g. orphans, widows, etc.), which fundamentally changes the nature of 'beneficiaries' or 'recipients' of municipal services – and subsequently alters the nature of demand;
- Increasing demand for rebates and other support measures as a result of the increase in the number of vulnerable households and vulnerable groups;
- An increasing number of orphans, who have particular needs in terms of care, shelter, education, financial support, and so on;
- An increase in homelessness in general and street children in particular, resulting from the loss of entitlements and increased poverty;
- A decreasing pool of labour supply and skills, not only with respect to the current generation of (young) adults, but also in terms of the next generation as a result of the reduced education prospects of children and youth. This has long-term implications for the local economy, including a much higher level of informal economic activities;
- Reduced community resilience, which challenges expectations of community involvement in service delivery (particularly of women); and
- Eroded social cohesion as a result of stigma and fear, which links to the constitutional requirement of local government to address stigma and discrimination.

The extent to which these longer-term, systemic implications manifest themselves in particular municipalities depends on the scale of the epidemic, the nature of the local/municipal response and the extent to which other role players such as community-based organisations, non-governmental organisations (NGOs), religious organisations or other spheres of government are providing appropriate services and support. It also depends on the extent to which the municipality itself is directly affected by HIV/AIDS. HIV/AIDS does not only affect the 'demand side' of services; it also erodes the capacity, capability, leadership and resource base of organisations involved in service provision at community level, including civil society organisations, the private sector, local government and other government institutions. The internal organisational impacts of HIV/AIDS manifest in a number of ways:

- higher levels of absenteeism of HIV-infected and -affected staff;
- higher rates of attrition, which involves a loss of human resources, skills, capacity and organisational memory;
- organisational instability, stigma and discrimination;
- higher organisational costs (medical costs, replacement costs, death benefits, etc.);
- loss of (political) leadership; and,
- reduced productivity and capability to deliver on the municipality's mandate.

Because of factors related to cost and the difficulty in accurate data collection owing to the sensitive nature of HIV/AIDS, few municipalities have conducted comprehensive workplace prevalence studies to assess the extent to which their workforce is directly affected by HIV/AIDS. Buffalo City is one exception. A workplace prevalence study conducted in 2004 revealed that 10% of the municipal workforce was HIV-positive. The HIV prevalence rate was higher among temporary workers, namely 17.7%, compared to 9.3% among permanent staff. Significant differences are also revealed when job bands are taken into account, with HIV prevalence ranging from 11.7% among semi–skilled workers to 3.7% among managers. Employees living in informal forms of housing showed a disproportionately high HIV prevalence rate (Thomas et al. 2005). In Capricorn District Municipality, including local municipalities within its functional area, the HIV prevalence rate among the total municipal workforce was very similar to the rate in Limpopo Province, i.e. 11.4% and 11.8%, respectively (Thomas et al. 2006). In other municipalities, such as the City of Cape Town, the HIV prevalence rate may be below the average HIV prevalence for the local population. While the estimated HIV prevalence rate among municipal staff in the City of Cape Town is less than 3%, antenatal survey data suggests that one in six adults (16%) living in the city are infected with HIV (Isandla Institute 2007a). Thus, the extent to which municipalities are affected by the negative organisational impacts mentioned earlier can vary greatly.

Workplace prevalence studies often do not include municipal councillors. The workplace prevalence study conducted in Capricorn District Municipality is a notable exception. Here, the finding was quite disconcerting, as the HIV prevalence rate among councillors was 22%, significantly higher than the prevalence rate among municipal officials (Thomas et al. 2006). This raises questions about the robustness of local democracy, as this is likely to result in a higher turnover of elected representatives and more regular by-elections.

Given the scale and complexity of facilitating local development, a partnership approach to local service delivery and local economic development has gener-ally been encouraged by national government (see Smith and Morris, Chapter 19, and Xuza and Swilling, Chapter 12, in this volume). Similarly, partnership-based responses to HIV/AIDS have been widely promoted in the broader development literature (see, among others, UNAIDS 2006). To the extent that organisations other than local government are significantly affected by the epidemic, partnership modes of delivery are under threat and may not be sustainable. This includes other spheres of government, suggesting that intergovernmental relations are not impervious to HIV/AIDS either.

Preventing the Further Spread of HIV

Municipalities are not only faced with the need and responsibility to respond to the consequences of HIV infection; they also have a critical role to play in preventing the spread of HIV. Whereas this is still commonly understood – and, to a certain extent, misunderstood – as having to initiate or participate in HIV awareness-raising activities, condom dissemination and perhaps STI treatment, the ambit of local government's involvement is much wider. As suggested previously, by addressing the socioeconomic context of vulnerability to HIV infection, municipalities can make a strategic and lasting intervention in HIV prevention. In essence, this means effectively executing the mandate of developmental local government: reducing poverty, enhancing employment and income-generating opportunities, promoting social development, addressing gender inequality, and ensuring universal and sustainable service provision (see Ndlela, Chapter 10, and Xuza and Swilling, Chapter 12, in this volume). Specific attention needs to be paid to shelter and basic service provision. With informal settlements displaying a disproportionately high (and growing) HIV prevalence rate, an effective response to HIV/AIDS needs to take cognisance of the factors in the physical, spatial and socioeconomic environment that contribute to enhanced vulnerability to HIV (see Isandla Institute 2007b). Such interventions, if targeted correctly, will also benefit individuals and households directly affected by HIV/AIDS, for example, by strengthening their livelihoods and asset base, which can provide the necessary cushion when HIV/AIDS-induced shocks and stresses become manifest.

Municipalities also have a responsibility to their staff and councillors to ensure that they are protected from HIV infection and provided with appropriate support following HIV infection, including the reduction of HIV/AIDS-related stigma and discrimination. While HIV/AIDS workplace programmes commonly provide for appropriate measures and interventions to respond to some or all of these objectives, even here a broader developmental perspective is needed, i.e. one that aligns an HIV/AIDS workplace policy/programme with a sexual harassment policy, and equal and fair remuneration and housing benefits, for example. The latter is particularly important in light of the findings from Buffalo City and Capricorn District Municipality, referred to earlier, that staff living in informal forms of housing and hostels show disproportionate levels of HIV infection.

Critical Considerations for Municipal Planning

Preceding sections have attempted to locate HIV/AIDS in the context of development, suggesting that HIV spread is not merely a consequence of 'irrational' or irresponsible individual sexual behaviour, but is also closely linked to development

concerns such as poverty, informality (particularly informal living conditions and inadequate services) and gender inequality. Similarly, in the context of a mature and generalised HIV/AIDS epidemic (where the HIV prevalence rate in the general population exceeds 1%), the consequences of HIV infection surpass health and welfare-related impacts. In essence, HIV/AIDS challenges a number of assumptions that underpin the planning, design and delivery of municipal services.

For one, HIV/AIDS challenges assumptions about service delivery demands. In some instances, demands are likely to increase, as more people and/or households require services (e.g. health care) or other forms of support (e.g. indigent support for households affected by HIV/AIDS). Service delivery demands are also likely to change over time, as HIV infection progresses into full-blown AIDS, in both quantitative and qualitative terms. For example, when HIV/AIDS-related illnesses become manifest, more water is required to wash soiled bedding and clothing as a result of diarrhoea (a common affliction affecting people living with HIV/AIDS), for regular bathing to minimise the risks of skin infections, and to maintain a high level of hygiene within the home to minimise risks of various infections (Smith 2007). Shelter provides an example of changes in qualitative terms (see, among others, Tomlinson 2001). For example, people suffering from pneumonia or tuberculosis – both common ailments to which people living with HIV/AIDS are particularly susceptible – will benefit particularly from issues such as adequate ventilation and thermal insulation, while the need for privacy and a separate living space is likely to become more pressing at the stage of terminal care. In terms of the size of the housing unit, there could either be a demand for bigger units (i.e. household expansion as a livelihood strategy in response to HIV/AIDS) or smaller units (as households contract as a result of HIV/AIDS). Both these changes in qualitative and quantitative terms are likely to challenge the already complex sustainable human settlements agenda, which has recently been recognised as a strategic outcome of developmental local government (see Patel and Powell, this volume, Chapter 15). All in all, HIV/AIDS adds to the complexity of planning for sustainable, integrated human settlements, while adding greater impetus to the need for adequate shelter provision and basic service provision (e.g. through in situ upgrading) (Isandla Institute 2007b).

Finally, new social categories will emerge at a scale that is as yet unprecedented, with needs and service delivery demands that traditional planning and service delivery do not provide for. Here, one can think of widows, orphans, child-headed households or 'missing generation households', made up of first and third-generation representatives.

Key questions to assess whether HIV/AIDS has been taken into account:

- ■ To what extent are municipal planning and service delivery informed by community assessments of HIV/AIDS?
- ■ With respect to shelter and basic services, what provision is made for changing needs (both in quantity and quality) over time as HIV infection progresses to full-blown AIDS?
- ■ What, if any, provision is made in municipal planning for an increase in service demands over time as a result of the HIV/AIDS epidemic, as an increasing number of people will be poor and at risk of losing access to services?
- ■ To what extent are the needs of newly emerging social categories recognised and addressed in a comprehensive, integrated and equitable way?
- ■ Are people living with HIV/AIDS, their care givers and dependents actively consulted and engaged in local participatory and decision-making processes?

Secondly, and linked to the last point, HIV/AIDS challenges assumptions about the notion of 'beneficiaries', end–users or account holders. Given that those infected with HIV tend to be young adults, it is most likely that those registered as account holder(s) with the municipality will become incapacitated by HIV/AIDS and ultimately die an AIDS-related death. Their dependents often do not qualify under existing criteria to title deeds and associated services. Most importantly, the notion of a 'functional household' is under threat by HIV/AIDS, resulting in an arrangement of different forms of households, such as child–headed households or households consisting of grandparents (usually grandmothers) and grandchildren (often from different siblings).

Key questions to assess whether HIV/AIDS has been taken into account:

- ■ Who qualifies as a 'beneficiary' or 'account holder'?
- ■ Is specific reference made to HIV/AIDS-affected households, orphans, child-headed households, 'granny-headed' households or widows as target groups or beneficiaries?
- ■ Are appropriate measures in place to ensure these target groups or beneficiaries have continued access to municipal services, including indigent support?

Thirdly, the effectiveness of municipal cost–recovery mechanisms is being challenged. As the ability of HIV/AIDS–affected households to pay rent and/or service charges is eroded and more demand is placed on the municipality to provide indigent support, as well as support to infected and affected staff and councillors, municipal cost–recovery projections are unlikely to be realised. This undermines the financial stability of the municipality, not only to do 'more of the same', but also to offer qualitatively different services.

Key questions to assess whether HIV/AIDS has been taken into account:

■ To what extent is the municipality experiencing a loss in local revenue as a result of HIV/AIDS?

■ In terms of financial planning, are the implications of HIV/AIDS for local revenue taken into account (with regard to rent/rates, water and sewage, and electricity)?

■ Has the municipality adopted cross-subsidisation measures or other forms of support for HIV/AIDS-affected households and affected groups, such as indigent support (e.g. orphans, widows, child-headed households, etc.)?

■ Does the medium-term budget make provision for the supply of more, and possibly more costly, services to respond to the changing needs as a result of HIV/AIDS?

Fourthly, HIV/AIDS is likely to affect the organisational capability to plan and deliver municipal services. As noted earlier, HIV/AIDS does not only challenge the demand side of municipal planning and service provision; it also has the potential to erode the supply side, while increasing organisational costs. While there is a need for more, and more complex, modes of planning and service provision, organisational capability is eroded 'from within'. Similar organisational implications are likely to affect other local organisations involved in service provision, such as community–based organisations (CBOs), other public entities and the private sector. This challenges expectations and assumptions about partnership modes of service provision.

Key questions to assess whether HIV/AIDS has been taken into account:

■ To what extent do HIV/AIDS-related absenteeism and attrition affect the core functions of the municipality in terms of both quantity and quality of service provision?

■ Are HIV/AIDS-related absenteeism and attrition (and the implications for core functions) adequately recognised and addressed by the municipality?

■ In pursuing partnership modes of service provision, does the municipality take into account the possibility of HIV/AIDS undermining the effectiveness of such partnerships?

■ To what extent do HIV/AIDS-related absenteeism and attrition affect the capability of other organisations involved in community development, particularly those with which the munici-pality seeks partnership arrangements?

Last but not least, as is evident from the continued spread of HIV and the social groups that show disproportionate levels of HIV infection, prevention of HIV spread is not exclusively about individual knowledge and behaviour. Addressing the context of vulnerability to HIV infection is potentially the most effective HIV prevention strategy. This relates directly to the core functions of the municipality and its broader developmental mandate.

Key questions to assess whether HIV/AIDS has been taken into account:

■   To what extent does the municipality recognise that lack of income and employment, shelter, services, recreational facilities and gender inequality enhance vulnerability to HIV infection?

■   To what extent is municipal service provision scaled up and carefully targeted to reduce such factors of enhanced vulnerability?

■   Are vulnerable groups such as women and youth, particularly those living in impoverished conditions, actively consulted and engaged in local participatory and decision-making processes?

Conclusion

This chapter has motivated for municipalities to adopt a holistic approach to HIV/AIDS, one that recognises the developmental dimensions and implications of the epidemic. It is beyond the scope of the chapter to map out how municipalities of different sizes and with differing capacities and resources can or should take HIV/AIDS into account. DPLG's framework (DPLG 2007a) provides a good starting point for municipalities in this regard (see Box 11.1 overleaf). While a holistic, comprehensive response is required, municipal responses to HIV/AIDS will have to be informed by local realities, including the scale and nature of the epidemic, institutional capacity, localised knowledge and resources (including the presence of local organisations). In practice, what may be required is a range of different interventions and services that respond to the localised epidemics, including the variable levels of vulnerability, within the municipal boundary. In some instances, this may well mean that municipalities embark on an incremental approach, based on realistic goals. Importantly, HIV/AIDS needs to be integral to the IDP, not merely at the level of rhetoric or in the section dealing with health challenges, but in relation to all sectors and developmental outcomes pursued by the municipality. An important way of ensuring that this actually happens is by ensuring that the voices of people living with, affected by and most vulnerable to the epidemic are engaged with in relevant processes.

Box 11.1   *Key performance areas for municipalities in a context of HIV and AIDS*

- All residents within a municipal area have safe, reliable, sufficient and affordable access to basic services.
- Municipal standards and regulations in respect of land use management and land development are accessible.
- Municipal systems and procedures are made increasingly accessible to users and constituents.
- Management and governance systems are made more accessible to users within the municipality, and institutional knowledge is retained in local government.
- Role-players active in the provision of social safety nets are effectively performing their role throughout the municipal area.
- Efforts are made to foster practices of partnership-driven development in planning and implementation (with community members, CBOs, NGOs, the private sector and other spheres of government).
- Development interventions acknowledge place-specific development priorities, while ensuring the adequate balance is achieved in respect of the coverage of development interventions between rural and urban areas.
- Effective interventions are pursued to address gender inequity and inequality, beyond prioritising access to development interventions for women.
- The interests of the youth, the disabled and the aged are adequately reflected in all municipal planning and activities.
- Access by NGOs, CBOs and other role-players involved in the provision of HIV- and AIDS-specific interventions to physical infrastructure and other operational resources is supported and facilitated.

Source: Adapted from DPLG (2007a:13)

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Endnotes

1   This 'siege mentality' came through quite clearly at the 2007 IDP Conference hosted by the Western Cape Department for Provincial and Local Government. At this event, provincial government introduced the idea of functional regions and regional economic development, which led many local and district municipalities to express concern about the implications for local planning of this strategic shift in focus.

2   In the two surveys referred to, between 62% and 66% of respondents believed that they were not at personal risk of contracting HIV (Pettifor et al. 2005; Shisana et al. 2005). In the latter, 51% of respondents who were found to be HIV-positive thought they would probably or definitely not get infected with HIV.

3   The phenomenon of 'sugar daddies' refers here, where young girls engage in relationships with older men, who provide them with money, food, clothes or gifts. Research presented at the Third South African AIDS Conference, held in June 2007 in Durban, revealed alarming statistics about the role of 'sugar daddies' in increasing the rate of HIV infection (see Caelers 2007).

4   Among others, these key impacts are discussed in Barnett and Whiteside (2002), DPLG (2007a) and Van Donk (2006).

twelve

Institutional Arrangements for Local Economic Development Implementation in South Africa

Phila Xuza and Mark Swilling

INTRODUCTION

A key feature of the post-apartheid development approach has been the emergence of development initiatives and schemes that are at times independent of government support. The advent of mass-based political freedom in 1994 translated to personal freedom when people and communities seized control over their communities and local resources to determine their socioeconomic destiny. Years later, this *modus operandi*, coupled with the new government focus on local policies, resulted in what is now popularly known as local economic development (LED).

LED–

> is essentially a process in which local governments and/or community based groups manage their existing resources and enter into partnership arrangements with the private sector or with each other, to create new jobs and stimulate economic activity in an economic area (Stohr & Taylor 1981:129).

For over a decade now in the South African context, and for longer internationally, LED has been associated with attempts at the local level to respond to the resident community's basic needs (Stohr & Taylor 1981:129; Todes 1993; Nel 1994; Tomlinson 1994).

Experience nationally and internationally indicates that LED is not the sole prerogative of municipalities, but rather a partnership function, not just between the private and public sectors, but also with the community sector (Binns & Nel 2002; Maharaj & Ramballi 1998; Nel 1997; Nel et al. 1997; Rogerson 2003). This view is endorsed by the World Bank, which argues that LED is a 'partnership between local government, business and community interests' (World Bank 2002:1). This idea of a partnership is well entrenched in LED practice today, and this chapter suggests that it has become influential in the overall pace and direction of LED implementation in South Africa (Nel & Rogerson 2005; Nel et al. 2003).

A number of government policies and strategic documents are facilitating the LED trend in development (Abrahams 2003). The Constitution (Act 108 of 1996) calls for local government to 'promote social and economic development' and to 'give priority to the basic needs of the community'. The White Paper on Local Government (DPLG 1998) requires municipalities to 'promote integrated economic development'. In the foreword of the Urban Development Strategy (DoH 1995:5), former President Nelson Mandela called on 'urban residents to build their local authorities to promote local economic development'. The Rural Development Framework (DLA 1997) also identifies local economic development as an effective approach to rural development. The Local Government Municipal Systems Act 32 of 2000 provides for 'the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of communities, and ensure universal access to essential services that are affordable to all'. In 2000, following commissioned studies by the Isandla Institute (1999), DPLG published five manuals on LED that provided comprehensive guidance for local governments as to how to conceptualise, design, institutionalise and implement LED (DPLG 2000). In 2001 DPLG published *Refocusing Development on the Poor* (DPLG 2001). Eventually, in 2006 DPLG launched a document containing a national policy framework for LED called the National Framework for Local Economic Development in South Africa (DPLG 2006), which consolidates the articulation of sophisticated approaches to LED institutionalisation at the local level – approaches that include, but also go beyond, the neo-liberal focus on 'competing cities'. All these documents and legislative frameworks advocated or provided – in one way or another – for an active role for local government in promoting LED.

Two recent comprehensive policy and literature reviews of ten years of LED policy making and research in South Africa both reached the (quite remarkable) conclusion that, in the words of one them, '[t]he concept of "developmental local government" is now firmly entrenched in the country and, within this context, LED is widely recognised by local municipalities as a core responsibility' (Nel & John 2006:225). Rogerson (2006:228) refers to the 'rise of LED planning', observing that 'it is evident that since the 1994 democratic transition, the promotion of LED initiatives has emerged as a central facet of policy and planning for both urban and rural reconstruction'. What is remarkable about these two statements from the two most significant academic authorities in the field is that both explain the consolidation of LED as a key element of municipal governance and local development in terms of the gradual impact of an unfolding strategic perspective – which finally culminates in a national policy framework (by 2006) – that has tested and learnt from a multiplicity of approaches to LED during the first decade of democracy. It is clear from a remarkable empirical survey commissioned by DPLG that contemporary LED policy is a 'home brew' that has emerged from a synthesis of learning

from local-level experiences in large and smaller urban centres, academic research influenced by global trends, and the logic of increasingly integrated policy making at national, provincial and local levels (Khanya-African Institute 2006).

Rogerson's review took into account 120 academic articles and monographs, together with three books on the subject of LED, plus a wider range of policy and legislative documents. He argues that South Africa may well be a leader in the Global South with respect to innovation and strategies for promoting LED at various levels of government. Like the review by Nel and John (2006), he identifies a common set of themes that have been the focus of debate, discussion and action over the past decade. These include the tension between pro-business growth and pro-poor poverty eradication strategies; the consequences of inadequate capacity and resources; the roles of different spheres of government and the perennial challenge of coordination and integration across and within public sector institutions; big competitiveness-driven projects versus bottom-up smaller developmental initiatives; the differences between large cities and smaller towns; the highly contested 'unfunded mandate' problem; the vexed question of 'sector' or 'area' targeting; and the wide variety of tools and methods available to municipalities for designing and implementing LED.

Nel and John conclude their review by arguing that the potential of LED in South Africa has suffered from four key 'constraints', namely the delay in finalising a national LED policy framework (a problem that was resolved after their article was published); 'the limited applied results achieved to date', which they partly blame on the rise and subsequent demise of the LED Fund managed by DPLG, which had the consequence of equating LED with micro-level poverty alleviation projects; the assumption that LED is a local government affair and therefore not the responsibility of communities or the private sector; and, finally, the permanent lament that there is a lack of experienced staff and resources within local government to handle LED successfully (Nel & John 2006:225). Rogerson, on the other hand, seems far more worried about what he calls the 'pro-growth and pro-business' bias in LED policy frameworks and local strategies. Although he notes the fact that DPLG did try to counter this, his warning is worth quoting in full:

> [It] is important to avoid taking the position that it is possible or acceptable to achieve both global competitiveness and poverty reduction independently of one another. Failure to move beyond considerations of a 'balancing act' potentially will perpetuate the widely accepted notion that poverty reduction programmes are for the poor and global competitiveness projects are for the non-poor. In terms of moving the debate forward, researchers should address the more difficult question of how South African municipalities – collectively or individually – can achieve a pro-poor growth path that operates

simultaneously to achieve the desired goals of economic growth, competitive-
ness and poverty reduction (Rogerson 2006:230).

Although both reviews identified research trends and future challenges, none in our
view adequately emphasised the challenge of institutionalising LED. This is partly
related to the paucity of research into the various ways that LED has been institu-
tionalised within local government, but in our view, this also has to do with a ten-
dency to conflate the capacity problem and the challenge of adequate institutional
design. Rogerson is aware of this, and ends off his review with reference to Parnell's
path-breaking study of the challenge of institutionalisation in the Johannesburg
context (Parnell 2004). Rogerson (2006:243) concludes:

> Finally, the research frontiers in South African LED are clear – now dominated
> by issues and debates concerning the imperative of pro-poor growth as well
> as the need for more sectorally-focussed research and impact evaluations or
> closer monitoring of the progress of different forms of intervention.

However, he is acutely aware of the challenge posed by Parnell's work when he notes
that '[i]mportant question marks have been raised, however, regarding the structural
and institutional capacity of the local state for driving an inclusive economic devel-
opment agenda' (Rogerson 2006:243). This provides the point of departure for this
chapter. Our objective is to contribute to this discussion of the 'structural and insti-
tutional capacity of the local state' and to question most of the various institutional
models that have been attempted to date.

Lack of a national guideline or policy on LED created confusion as municipal
authorities tried to institutionalise LED. Simon (2003:128) understands this point
when he states that 'theoretical or conceptual contextualization does not form an
essential part of municipality's professional consciousnesses'. Therefore, the key to
selling LED to municipal authorities by national government was the promotion
of the value of a developmental local government system without adequate guid-
ance on the institutionalisation of an appropriate set of structures, processes and
leadership capacities. Developmental local government challenged municipalities
to complement their traditional approaches of service delivery, such as, for example,
refuse collection, water supply, etc., with economic development approaches aimed
at creating job opportunities and sustainable economic growth (DPLG 1998). One
reaction from municipalities was to create special units within their structures to
initiate community and economic development projects or to create an enabling
environment for economic development.

A number of other local structures were established to support the LED units and
promote public–private participation in the LED programme, which was equally
perceived as a platform for bringing democracy closer to the people. Critical to

the functions of LED units was the formation of partnerships with the community and the business sector. In some cases, the question as to 'who do the municipalities partner with in development?' was a challenge. Do they partner with communities or with business? Or both? Who the municipalities partner with directly affects the distribution of benefits. This chapter focuses on institutional arrangements for LED implementation, highlighting institutional roles and functions of various partner organisations, and their implications for LED implementation.

LED INITIATIVES AND STRATEGIES

The purpose of this chapter is to contribute to an understanding of LED in practice via the existing institutional arrangements in various localities. Specific attention will be given to an understanding of alternative strategies and instruments used, and the roles played by various actors or partner institutions in implementing them. The interpretations and discussions given below are largely influenced by the experience and observations of one of the authors with respect to the various roles she played in the past ten years as an academic researcher, a facilitator in a non-governmental organisation (NGO), a founder official of an LED unit in a local municipality, a consultant for an international donor agency and, recently, a founding chief executive officer of a development agency. This experience has been contextualised within the wider issues raised by the research community, and in particular by the conclusions reached by the two reviews of ten years of LED cited above (Nel & John 2006; Rogerson 2006).

   The core ideas in this chapter were presented at the LED National Conference convened by DPLG held in Johannesburg on 14–15 August 2006, and later refined during a study break at the Sustainability Institute, Stellenbosch. It is aimed at assisting LED practitioners to fulfil their developmental mandate, which over the years has shifted from creating an 'enabling environment' for economic growth to 'stimulating local economies' (DPLG 2006). The shift, in itself, appears to reflect the national government progression to a developmental state (Swilling et al. 2006). The question at local level and in LED implementation in particular is: What type of institutions respond to the shift to a developmental state?

INSTITUTIONAL ROLES AND FUNCTIONS

Institutional arrangements for LED implementation are different from one area to the next. This is irrespective of the fact that the role players present in these arrangements are in most cases the same, and are playing similar roles in their different areas. One of the key LED strategies employed successfully and in almost every

locality in the past years has been the introduction of new institutional structures to implement local government's mandate to foster local economic development. It will be argued that in most cases these additional institutional structures have had very little impact on poverty alleviation or job creation initiatives. Even today, it appears that building institutions is a *sine qua non* for effective implementation of LED strategies by a number of local authorities, despite growing evidence to the contrary. In many cases, as highlighted below, institution building (proposal writing, fund raising, employing staff, strategic planning, business plans) has been the exclusive focus, overshadowing actual delivery processes, despite the ongoing emphasis on the latter by national government. The institutional structure has become an LED instrument, but the economic vision for the locality remains undefined, and the institution that has been built often lacks organic linkages with the real microeconomic dynamics that drive the local economy. In the final analysis, a bureaucratic expenditure mindset has prevailed, thus contradicting the entrepreneurial capabilities required to develop the kinds of networks, value chains, regulatory environments, communications systems and social trust dynamics that are so critical for triggering and sustaining the kind of LED that is rooted in autonomous for-profit and non-profit-making businesses.

LED STRATEGIES AND INSTITUTIONAL ROLES

As indicated earlier, there are a number of role players involved in LED implementation. Depending on their formation, they seem to implement different LED strategies. The institutions fall into five broad categories: NGOs, municipal LED units, LED forums (and mayors' business forums), donor agencies, and the emerging reality of development agencies (instigated primarily by the Industrial Development Corporation – IDC). The various LED strategies they implement beyond the formation of structures are, among others, poverty relief programmes, urban renewal, small business development, agriculture, tourism, etc.

Private sector corporate social investment (CSI) programmes are not listed or discussed in this chapter. An example would be the highly innovate Business Place programme initiated and driven by Investec's CSI directorate. Building on Investec's commitment to a particularly muscular form of entrepreneurialism, Investec's CSI programme sets up interlinked, co-located support services for entrepreneurs across various localities (Johannesburg inner city, King Williams Town in the Eastern Cape, Cape Town inner city, and Philippi in Cape Town). These 'Business Places' are extremely successful, but are generally ignored by LED policy makers and LED practitioners in local government. And in general, these kinds of CSI programmes

are either ignored, misunderstood or are regarded as suspicious misfits in the LED family of initiatives.

Non-governmental organisations

During the pre-1994 era, a great deal of work on LED implementation in South Africa was driven mainly by NGOs (Nel 1994; Binns & Nel 2002). NGOs in almost every locality were, at that time, concerned with human rights education, and to make this newly acquired tool more practical to poverty-stricken areas, they demonstrated it through a number of poverty relief programmes. These programmes, which later became community development projects or LED strategies, were wide-ranging: from sewing projects, poultry raising and developing community gardens to the establishment of crèches (to afford women the necessary time to participate in community development).

The aspects that the role of NGOs brought into LED thinking is the ability to mobilise external resources for community projects and the provision of a community partner for the donors involved in the area (Foundation for Contemporary Research 1999). This partnership, where successful, necessitated a technical assistance role for community development projects. For some years into the democratic South Africa, the use of NGOs by (local) government for these types of services became increasingly noticeable (Nel 1997; Nel 1999). In Stutterheim, for example, this practice went to an extent of a community organisation dividing itself into sectoral committees, somewhat similar to government committees. There were committees for education, housing and small business development comprising local community members (Nel 1994).

However, in the United Kingdom (UK), the experience of these structures has not been altogether favourable. During the 1990s, the UK was characterised by a range of these quasi-governmental organisations at the local level with mandates to implement local economic development strategies that had previously been managed by local government (Stohr 1990). The reason for their establishment was local government reforms and the inability of government to articulate and meet the needs of local communities. The experiences in the UK were then characterised by the emasculation of the local state structures, stringent fiscal controls and the proliferation of institutions, to the point at which governance was seemingly reduced to administrative and procedural matters and the coordination of the actions of the disparate range of governing organisations. In other words, during the local government reforms, or as the state slimmed down, there was a proliferation of government and extragovernment agencies located outside the formal local government structures, generating a potential crisis of governance in terms of accountability, rebureaucratisation, and the coordination and control of

policy development and implementation. For very different reasons, under South African conditions, the pre–1994 NGO-based strategies could have resulted in a similar outcome if this approach had been carried through in a substantive way into the post–1994 era.

LED units

Pre–1998, the role of local authorities in LED was different in each locality. In most cases, local authorities were concerned with at least the facilitation of LED, if they were not in a position to implement projects or provide services (Abrahams 2003). As already mentioned, the White Paper on Local Government identified LED as an outcome of developmental local government (DPLG 1998). However, as argued by Nel and John, the White Paper gave very weak guidance on LED, and–

> fails to resolve a tension that every subsequent set of local government policy-makers and legislators ran up against. This discussion regarding LED was whether it should be a largely state-run initiative aimed at alleviating poverty or whether it should be a fairly private sector-driven affair, aimed at supporting business and maximizing economic growth (Nel & John 2006:212).

The White Paper approach resulted in the emergence of traditional approaches to LED, whereby local governments were encouraged to intervene actively in their local economies to protect and create new jobs, attract investment, support economic growth, oversee the redistribution of resources and assist with the restructuring of industries (Isandla Institute 1999; Abrahams 2003). But in most cases, local authorities were little prepared to take on this challenge, especially soon after the transitional local government elections in 1996/97, which also created a new and complex institutional set-up (e.g. metropolitan councils and district councils; then there were transitional local councils, transitional representative councils, transitional rural councils, and others) (Binns & Nel 2002).

For the period between 1998 and 2000, municipal approaches to LED implementation and support were still limited to a facilitation role, but slightly shifting to 'more people-centered approaches to LED' (Abrahams 2003:186). In the run-up to the local government elections in 2000, the national government introduced an LED Fund. The LED Fund (which initially had a budget of R42 million) targeted community projects that were either politically endorsed as LED projects or were directly promoted by the municipality (Xuza & Cook 1999; Nel & John 2006:215). The LED Fund was intended to bolster LED capacities within municipalities (Atkinson & Ingle 2003). The result was the establishment of LED units (and their committees) within municipalities.

The location of LED units within the municipality became a challenge. In some cases, the LED unit would be in a municipal manager's office or the mayor's office, and in other cases it would be in the planning department. Either way, the LED strategies employed would follow the location (a reversal of the management principle that 'structure should follow strategy'). LED units in municipal managers' offices often played a coordinating role, would spend considerable amounts of time in development plans, and were largely regarded as a normal part of an ongoing management (Atkinson & Ingle 2003). An LED unit in a mayor's office would provide funding support to community projects, most often at the mayor's discretion. The intended goals were overwhelmingly welfaristic. A unit in the planning department would mostly likely focus on spatial reconfiguration, especially around taxi ranks and informal trading points.

In almost all municipalities, especially rural municipalities, there are three programmes that the LED units experiment with in their strategies. The programmes are agriculture, small business development and tourism. Agricultural programmes tend to focus on a number of initiatives, from community gardens to goat farming or maize production, but with very limited involvement and participation of the Department of Agriculture. Small business development programmes mainly came into being as a result of the decentralisation strategies or services of government agencies such as Khula and Ntsika.[1] Since small business development offerings are not sector-specific, their disbursement often failed to strike the balance between stimulating business activity and giving support to community development initiatives. The tourism programme is largely as a result of the generous poverty relief programme launched by the national Department of Environmental Affairs and Tourism with strong ties to and confidence in municipalities as implementing agents. But these 'top-down' formatted LED approaches may have the consequences of missing the opportunities that could have been available at local level in other sectors/programmes, such as heritage projects, small-scale repairs and maintenance, and sports tourism.

Staffing of LED units has always been a challenge. No two LED officials have a similar educational background and expertise, and there is no LED professional qualification similar to that for planning or public finance. Even today, entry requirements for LED officials are something that an entity such as the Local Government and Water SETA (Sector Education and Training Authority) is struggling to define in its latest version of LED training for LED managers and officials. Skills and expertise are not the only challenge, and capacity is also an issue. Very few LED units, especially in needy municipalities, have more than two staff members.

LED forums and mayors' business forums

Due to the initial role of facilitation that municipalities played in LED, the involvement of various stakeholders was always important. Stakeholders ranged from community-based organisations, NGOs, business people and institutions of higher learning to provincial (sector) departments and ward committees. The municipality remains responsible for the establishment of these forums. The main objective of the forums is to establish synergies in the approaches being undertaken by various partners, and to provide provincial departments with a platform to disseminate new programmes and services from national government.

The issues discussed in LED forums tended to be wide-ranging and insensitive to the growing LED function in local municipalities. Provincial and national government departments increasingly viewed the forums as the medium through which to channel their demands down to unsuspecting local municipalities. In a bid to support the government-speaking-to-government LED forums, Buffalo City, for example, established a Mayor's Business Forum (MBF) in 2002 to strengthen ties between the municipality and the business community, thereby redefining city (or local) governance. The MBF met every other month. Invited as members of the forum were the 'captains of industry', most of them represented by their senior administrators, and no apparent business owners. Issues for discussion ranged from cleanliness to safety and security, and more importantly, electricity tariffs. Eventually, a programme of common interest was identified, and that was to be (city) marketing. Business went further to commit technical resources to assist the city to market itself and attract investments into the area. For months, the project could not get off the ground. The challenge was that the LED unit only had two staff members and city marketing was not a priority on the council agenda at that time.

Very few LED forums were still active at the time of writing. Most of them re-established themselves on a programme basis. An example is the European Union LED Support Programme in the provinces of the Eastern Cape, Limpopo and KwaZulu-Natal. Because of this programme and its regionalised approach to technical assistance, a number of LED forums are up and running in the Eastern Cape. Overall, however, LED forums did not achieve much on the ground, because they failed to attract the key movers and shakers that drive local economies. Key local business operators or key networks of informal sector operators, for example, either never knew about forum meetings or, if they did, after attending one, they soon concluded that these were talk shops dominated by people who had very little understanding of how the local economy actually worked on a daily basis. However, LED forums did provide LED officials – who often struggled to get support in their own municipalities via the normal decision-making structures – with a place where their ideas could be heard by senior politicians and stakeholders, unfiltered

by the prejudices of senior managers, who either lacked the capacity to understand the significance of LED or were threatened by the implications of LED for their particular roles in local government power structures.

Donor agencies

The role of donor agencies is as contentious as that of NGOs in instigating LED strategies. They provide staff, funding, training and materials for development projects, well-resourced networks, access to information and experience. But they appear to provide short-term solutions to long-term community needs (Xuza & Cook 1999). Most donor agencies are multifocused. Whenever there appears to be a dominating challenge in the recipient country, they change their focus, from low-cost housing to farmworker rights and human rights issues. In the early 1990s, community development in the small community of Seymour in the Eastern Cape was driven by the German Technical Cooperation agency (GTZ) and World Vision. The two organisations provided technical advice, financial resources and hands-on assistance (Nel 1997). A significant proportion of projects found in the area were supported by these two international agencies. Unfortunately, when these organisations withdrew, very little was left in the area both in terms of continuity and sustainability of projects.

The involvement of donor agencies is not without a particular political agenda, particularly Northern agencies. The thinking and values governing their development activities can have far-reaching implications for rural community development processes. Some donors see the promotion of better contracts between the NGO and local government as a way of increasing the efficiency of the latter, as well as increasing its accountability to a wider section of the population. The implications of this position means that for a rural community to benefit from international aid, it must have an institution that is independent of local government. Recently, there seems to have been a shift away from this situation.

Development agencies

As South Africa was entering its second term of developmental local government after the elections in March 2006, it became clear that the establishment of yet another institution or grouping to handle LED was imminent. It is difficult to find sufficiently clear statements on the thinking behind the establishment of development agencies, but international experience indicates that entities such as development agencies are established in particular circumstances. These are: in situations of poor administration or lack of service delivery within government departments; or to give a specific focus on a programme that can ill afford bureaucratic forms of government; or to respond to market failures in a specific or dominant industrial/

production sector (UNOPS 2000). The UNOPS report cited here seems to have circulated among Southern African development banks soon after its publication, and there is evidence that it influenced thinking within South Africa's IDC.

Quite a few development agencies were established at local government level before the IDC's programme to fund the establishment of such agencies. For example, the O. R. Tambo Ntinga Development Agency and the Johannesburg Development Agency, which are counted as among the oldest, were established in 2002. It was only after this that the IDC launched a programme to establish development agencies to promote economic growth at the local municipal level.

According to the IDC approach, the programme is designed in three phases: the pre-establishment phase, the establishment phase and the operational phase, spread over a three-year funding commitment (of no more than R20 million). There is a checklist of activities that need to be carried out in each phase before the programme becomes completely operational and 'self-sustainable'. Today, there are about 20 development agencies across the country that have emerged through the IDC-funded programme initiative. The different agencies are in different phases and operate completely independently of one another.

There are different development agencies just as there are different categories of municipalities in the country. There are those at district level (e.g. Amathole Economic Development Agency), local municipal level (e.g. Nkonkobe Economic Development Agency or Buffalo City Development Agency) and metropolitan level (e.g. Madiba Bay Development Agency). In some cases, as found in Amathole, there is a development agency at the district level and similar agencies at local municipal level within the same district. In other cases, this goes down to the town level.

Box 12.1 The Case of Amathole Economic Development Agency

The Amathole Economic Development Agency (AEDA) was established as proprietary limited company with full registration and appointment of its founding chief executive officer on 1 September 2005. The key mandate given by the Amathole District Council for the establishment of the AEDA is the promotion and implementation of development policies in the areas of economic production and investments in the Amathole region.

Vision

AEDA envisages a socially and economically sustainable district distinguished by an integrated regional economy with empowered communities.

Mission

AEDA's mission is to stimulate district-wide economic growth through the promotion of entrepreneurial activity, leveraging of business development support, and facilitation of investment into strategic economic sectors and spatial nodes.

☞ *Values*

AEDA subscribes to the following principles, which are reflected in the company structure, our partnerships and in the manner in which we do business:

Operational agility: To ensure that our services are responsive to the changing social environment, economic conditions, investor climate and regional priorities, AEDA will operate on the basis of cross-functional teams in a matrix structure.

Shared vision: AEDA endeavours to develop and nurture partnerships with a complete range of public and private sector allies who share our vision and understanding of economic development.

Inclusivity: Through its activities and programmes, AEDA will seek to facilitate the mainstream economic participation of marginalised communities and groups within society, focusing on women, the youth, people with disabilities, and people living with communicable diseases.

Passion: AEDA seeks to engage staff and partners who display a passionate approach to the vision and mission of the company. This passion will translate into innovative and dynamic approaches to meeting the challenge of regional economic growth.

Legislative and other mandates

The Municipal Systems Act 32 of 2000 (as amended by Act 44 of 2003) allows a municipality to establish (in terms of the Companies Act 61 of 1973) a municipal entity to assist in the performance of any of its functions. The Council of the Amathole District Municipality (ADM) resolved, on 25 September 2003, to endorse 'the formation of a development agency as proposed in the LED strategy', and to support 'the submission of an application for grant funding from the Industrial Development Corporation for the establishment and operation of the agency'.

AEDA's mandate is to assist the ADM to be 'a leading, dynamic, innovative, pioneering and focused district municipality dedicated to servicing the needs of our communities and their social and economic development'.[2] It is intended that the company do so through the 'promotion and implementation of the municipality's local economic development policies in the areas of economic production and commercial activities'.[3]

The municipality's local economic development policies are currently under review. The process of refinement has begun with the development of an LED framework for the district, which takes the existence of the AEDA into account, in addition to the existing LED Unit.

The ADM's LED Framework is built on four pillars.[4] The second pillar is '**Growing the economy of the District**'. In terms of the delineation of responsibility between the LED Unit and the AEDA, the AEDA will be responsible for this pillar, and is tasked with meeting the accompanying strategic objective, namely: to contribute to the economic growth of the district by stimulating activity in selected sectors in targeted localities

☞

☛ *Broad priorities and strategic goals*

Synergy between the policies and interventions of the Eastern Cape Provincial Government (ECPG), local government, and their social partners is a critical factor in the growth of the provincial economy, and by extension the regional economy. In terms of the Municipal Systems Act, AEDA is required to align its activities to the objectives of the ADM. By further aligning its policies and strategies explicitly with those of the ECPG, AEDA not only enhances the overall impact achieved in pursuit of common objectives, but also ensures that AEDA's interventions remain highly relevant.

In harmony with the policies and strategies of the ADM and ECPG, AEDA's priorities are to:

■ contribute to sustainable economic growth;
■ facilitate the development of an integrated district-wide (regional) economy; and
■ develop appropriate and responsive institutional capacity.

AEDA's STRATEGIC GOALS emanating from these priorities are:

I. Sustainable economic growth
■ To brand and market Amathole
■ To retain and attract business investments
■ To encourage diversification of economic sectors
■ To create opportunities for the participation of new and existing local entrepreneurs in economic activities within identified sectors and nodes
■ To establish a business support, information and resource centre.

II. Integrated regional economy
■ To facilitate the regeneration of decaying small towns to enhance their ability to contribute to the economy of the Amathole district, and to improve the quality of life of residents
■ To leverage investment generation through identification and development of bankable projects
■ To identify, develop and utilise strategic municipal properties as a catalyst for economic activity.

III. Appropriate and responsive institutional capacity
■ To creatively assemble efficient institutional capacity to meet the demands of AEDA's operating environment
■ To collaborate with a wide range of public and private sector allies to optimise provision of business support, financing and information services
■ To source adequate funding to enable the implementation of AEDA's programmes and strategies
■ To acquire and disseminate reliable up-to-date information that will enhance the effectiveness of the agency's programmes.

☛

☛ The AEDA brings together a wide range of skills and expertise aimed at driving the following core service areas or programmes: Business Partnerships; Promotions and Marketing; Property Development and Management; and Strategic Projects. AEDA programmes seek to be complementary to ADM LED actions as it delivers on the following:

- **Khul'Amathole 2025:** to increase the number of households' earning income and income per household
- **Entrepreneurship promotion:** to expand the available goods and services to, or sourced from the region
- **Small towns regeneration:** area-based and market-oriented strategy for the regeneration of small towns
- **Land development:** to link investors with land and support the beneficiation of that land such that local communities derive a sustainable benefit from income and investment value
- **Advocacy:** sound economic development principles; investment attraction; appropriate technology; transport access and linkages; middle-income housing needs.

Source: Adapted from AEDA (2005)

The global practices of development agencies include the promotion of private–public partnerships (PPPs), thus institutionally linking the public to the private sector, both at local and national levels. The other benefit of a PPP arrangement is the broadening of politics to encompass economic realities, as well as utilising the private sector to build capacity in informing and implementing LED. In the case of the AEDA, the conceptualisation, adoption and implementation of the Small Town Regeneration Programme is aimed at achieving objectives and goals associated with the PPP model at a local level, thus it is the defining institutional arrangement.

The current development agency model was promoted by the IDC because it appeared to create a structure that would provide a single focus and be somewhat insulated from the political processes and bureaucratic regulations that beset local government. However, in reality, this model has not avoided political dynamics, nor has it been exempt from the bureaucratic controls that are applicable to municipal entities. Above all, it was configured on the basis of a poor grasp of the lessons from the international literature, which tends to support far more entrepreneurial approaches, either driven by the non–profit–making sector (see Moulaert & Ailenei 2005) or by the approach that inspired the Investec Business Place approach referred to above.

Implications for Implementation

Based on the experiences detailed above, there are a number of institutional factors that prove to be either supportive of or inappropriate for LED implementation. These are discussed now.

Institutional development

The establishment of responsible drivers for LED at local government level reflects the tendencies at national level. There has always been a two-pronged approach for LED implementation at national level; one is driven by DPLG and the other by the Department of Trade and Industry (DTI). DPLG views LED as a tool for poverty alleviation; while DTI considers LED as an economic growth-promotion programme. Although progress has been made as these two departments have learnt to cooperate in joint policy formulation, leading up to the adoption of the 2006 National Framework, this tension has left its footprints in the institutional memories of local LED actors.

Through this national approach, DPLG has required the development of LED units within local municipalities. The development of such units was boosted mainly by the introduction of the LED Fund, with funding for community projects or poverty relief projects. The IDC – as the lead DTI agency – tried to initiate development agencies as growth promotion vehicles with weak and indirect connections to poverty relief. In essence, DPLG provided 'cash for projects', and the result at local level was LED units, but when DTI came up with 'cash for institutions', the result was the establishment of development agencies. Today, the two institutions remain the key institutional drivers for LED planning and implementation at the local level.

DPLG's recently released National Framework for LED is an attempt to synthesise the poverty and growth motivations for LED institutions. The inclusion into this framework of the 'sustainable community institutions' approach also connects into a bottom–up perspective that has hitherto been absent in DTI/IDC approaches and has been a minor theme in DPLG thinking as far back as 2001 (DPLG 2001). The notion of 'sustainable community institutions' recommended in a special section in the National Framework for LED represents a remarkably creative and fresh perspective, because it provides for the first time a concrete and clear strategic framework for thinking about a myriad of institutional models and forms for building local economies from the bottom up. Although social movements like the Federation of the Urban Poor (FEDUP, previously known as the South African Homeless Federation) have been developing these kinds of institutions since 1990 via the savings groups linked to the People's Housing Process, the extension of these kinds of community-based and -controlled institutions into LED follows on many successful international experiences in this field. The significance here lies in the fact that for the first time attention is being drawn to the local flows of finance and the localised financial institutions that are available to redirect these flows. For example, in a situation where LED succeeds in creating employment and raising the average revenues of households in a given

locality, if there is no mechanism for capturing savings and redirecting them back into the community as loans, the funds will flow out into other, better-off communities via formal financial institutions that are bound by formal lending criteria. This is how state-driven development initiatives can in fact worsen the situation of a poor community rather than improve it. Alternative localised structures of the kind envisaged in the National Framework for LED could reduce this kind of financial 'leakage' by empowering communities to retain control of the circulation of local financial flows. This also provides a space for not-for-profit community-based capital formation as a key driver of development – a space that has hitherto been severely restricted by a set of choices that define for-profit or state-led approaches as the only two approaches available.

Delivery mechanisms

LED institutions can either focus on projects or programmes or, in some cases, both. But the coexistence of LED units and development agencies at local government level requires a focused approach to LED implementation. A question should be asked: Who is doing programme conceptualisation and who should be implementing, and how do the two complement each other? The coexistence, linkages or lack of cooperation between the two institutions do influence the type of projects on the ground, their viability and sustainability models.

Alignment with local, provincial and national programmes or policies

There seems to be poor linkages on LED implementation among local, provincial and/or national levels. In some cases, lack of coordination is also found at local level institutions, where an LED plan is not linked or reflected in the integrated development plan (IDP) of the same municipality, or programmes/projects of the development agency have no direct link with the IDP of the parent municipality. At a local level, the challenge is to link the plans with the provincial growth and development plans and national development policies. It is hoped that the roll-out of workshops and summits of growth development plans at the district municipal level will streamline the development agenda in the three spheres of government.

Development finance

Very few cases of LED planning and implementation have an identified and dedicated funding source. It is only recently that the Eastern Cape, Limpopo and Kwa-Zulu-Natal have provincial funds through the European Union (EU) LED Support Programme. The bigger challenge is to integrate initiatives by other financiers, such

as the Development Bank of Southern Africa, the IDC and CSI programmes, and to make them responsible for funding LED implementation, while local–level institutions (LED units or development agencies) are working on programme or project conceptualisation.

Legal environment

Development agencies, as special–purpose vehicles for LED, are faced with legal constraints. Just like municipalities, they are governed by the Municipal Finance Management Act 56 of 2003, which in effect means they become parallel municipal structures. The legal environment in which they are expected to function makes its difficult for development agencies to either be self-sustainable or efficient. If these agencies are supposed to be effective and efficient, then government should consider introducing a Development Agency Act to provide institutional simplicity for an approach to LED implementation that allows them to achieve the broader objectives of economic development, as alluded to in the National Framework for LED.

CONCLUSION

From community to socioeconomic development, from creating an enabling environment to the actual stimulation of local economies, from NGO facilitation to multimillion Rand development agencies, the LED field bristles with innovative ideas, failed experiments and an emerging cadre of LED managers who have read the manuals, tried every trick in the book and seen all there is to see. There is now a sense that we know enough to make our home brew, and that we are wise enough to keep it simple. There are panaceas in LED, and many opportunities for the opportunist or the corrupt official looking for back doors through which to slip some cash. Although many bemoan a long period of an absent policy framework, maybe this is precisely what was needed for these learning processes to take place. What is now clear is that we have a heavily populated institutional field, where most formations have a role – these include NGOs, municipal LED units, LED forums, donor agencies, and the emerging reality of development agencies (instigated primarily by the IDC). Various LED strategies were implemented beyond the formation of structures; among them the poverty relief programmes, urban renewal, small business development, agriculture, tourism and other sectoral approaches. This review, like the reviews by Rogerson (2006) and Nel and John (2006), has provided evidence that suggests that the next decade of LED can draw on a well-documented set of learnings in order to prepare for a more nationally consolidated approach to

LED that nevertheless continues to allow for the continuation of the spirit of innovation, trial and error, and diversity.

From the White Paper on Local Government right through to the present National Framework for LED, challenges have been presenting themselves in different forms. From an unfunded mandate, to a funded EU LED Support Programme, the challenges remain the same. In essence, the absence of an LED policy framework has limited the ability to develop and define institutional arrangements for LED in South Africa that can access substantial resources for substantive interventions. As a developing country, South Africa's challenge to deal with the magnitude of the poverty challenge and the skills required to respond to poverty, particularly at the local level, needs to be tackled in a more meaningful way than has hitherto been the case. This means all stakeholders and role-players like NGOs, LED units, forums, donor agencies and development agencies are important in building an institutional base for LED.

In customising an institutional arrangement for the South African context, the issue of capacity must be at the top of the agenda, while the resource base for building such a capacity needs to be identified. Utilising local businesses through PPPs to stimulate innovation and beneficiation processes is a primary challenge at the local level, as is the challenge of building up a robust non-profit sector of 'sustainable community institutions'. The establishment of a regional SPV ('special purpose vehicle'), whether it is called a development agency or corporation, to achieve the cooperation of all stakeholders referred to, and the coordination, mobilisation and implementation of exogenous activities, especially national government policy, is fundamental. While appreciating the emergence of national government policy and initiatives, as well as an increased flow of resources for institutional development, the need to fuse both a top-down and bottom-up approach to development is essential in order to achieve a sound institutional arrangement.

The identification and appointment of a champion at the local level to implement LED strategies is a global trend. This role often balances the political and technical aspects of LED, and this champion is central to institutional arrangements for LED. By and large, the champion, like the proposed SPV, provides services pertaining to identifying the capacity needs of local municipalities, as well as to make recommendations to support municipal initiatives, particularly around LED. All in all, the cooperation of stakeholders, the institutionalisation of a champion/SPV and the coordination of LED activities are key when it comes to defining and implementing appropriate institutional arrangements at a local level for furthering the LED vision.

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ENDNOTES

1   Khula and Ntsika were small-business promotion agencies set up by the Department of Trade and Industry in the late 1990s. They were mandated to provide start-up funding for small businesses, micro loans, technical assistance and training. In general, reviews have not been favourable, due to over-bureaucratisation and inexperienced staff.
2   Vision statement of the Amathole District Municipality.
3   AEDA, Articles of Association, 1 June 2005.
4   Local Economic Development Framework for the Amathole District Municipality, October 2005.

thirteen

Key Themes and Trends in Municipal Finance in South Africa

David Savage[1]

INTRODUCTION

Local government financial management has long been regarded as a labyrinth of arcane and highly specialised rules and regulations, carefully patrolled by municipal accountants intent on obscuring financial performance from public scrutiny. The absence of even basic data on municipal financial management and performance reinforced this view, preventing policy makers from analysing the structure, performance and possibilities of local government finance, either across the local government system or within specific municipalities. At the national level, the absence of any empirical analysis of the financial capacity of municipalities has weakened key debates, such as the extent of fiscal distress in municipalities and the role of the local government sphere in redistribution. At the local level, the crisis faced by Johannesburg in the mid–1990s reflects an over–optimistic assessment of the financial capacity of the municipality.

Fortunately, this view is now changing. Financial management is increasingly seen as an issue of strategic management, the primary site of contestation and choice over development priorities, rather than purely a matter of implementation. Effective management of revenues, expenditure and debt is increasingly critical to the ability of municipalities to deliver on their developmental mandates. Indeed, more strategic financial management may hold the key to transforming communities, not only through the resources that are provided, but also through building local ownership of development choices through transparent and participatory approaches to municipal financial management. Increasingly, therefore, municipal accountants are no longer left to 'manage the books' of municipalities, reporting back only in situations of crisis.

Three factors have supported this reassessment of the role of financial management in local government. Firstly, the financial crises experienced by some municipalities during the prolonged restructurings and redemarcations of the

transition period have emphasised the importance of a careful consideration of the financial constraints and possibilities of the local government system in South Africa. Secondly, the disappointments experienced with development planning reforms have highlighted the importance of integrating financial management into the planning process, particularly in moving away from 'wish listing' towards revenue-led planning in order to provide realistic assessments of the nature and scope of choices available to municipalities. Lastly, national government – and particularly the National Treasury – has significantly increased its oversight of local government finance and considerably reformed and strengthened the regulatory environment surrounding it.

This re-evaluation of the role of municipal financial management reflects and has been supported by a significant increase in the availability and quality of financial data on municipalities since 2000.[2] However, longitudinal data remains unreliable, due to the extensive reforms to reporting standards and formats, and the incompleteness of earlier data sets. Any analysis must also remain acutely aware of the dangers associated with imputing from aggregates. In particular, municipalities vary significantly across the country in size and context, and areas within a single municipal jurisdiction also vary markedly. Both these factors have grown in importance since 1994, with larger urban municipalities becoming increasingly sophisticated in response to more dynamic local economic performance relative to their more rural counterparts, and intramunicipal differences becoming more marked as jurisdictions have expanded. Notwithstanding these riders, and the growing efforts of the National Treasury, local government policy makers and analysts have yet to fully digest the increasing bulk of financial data that is becoming available to them.

Municipal finance is thus increasingly, and correctly, seen as a cross-cutting issue – both an input to the service delivery and governance processes at the local level and an indicator of the effectiveness of the municipal transformation pro-gramme. It is simply not possible to cover the range of issues affecting municipal finance in a single chapter. This contribution will confine itself to highlighting three of the key debates in municipal finance in South Africa, namely redistribu-tion, fiscal distress and systems of accountability. It will then review some related trends in municipal financial performance and highlight a selection of emerging issues as local government's role as the driver of the developmental agenda over the next decade is entrenched. Set against the arguments made elsewhere in this volume (the Introduction, and Chapter 7 by Heller.) that South Africa provides an important example of development engagement by the sub-national state, the issue of the fiscal capacity of local government assumes particular prominence.

THE EVOLUTION OF POLICY ON MUNICIPAL FINANCE

The inequities of apartheid local government were most evident in the financial structure of the local government system, which institutionalised massive differences in resources and expenditure needs of white and African local authorities. Black local authorities faced massive and growing expenditure needs with very few available revenue sources, which in any event became increasingly unproductive as popular resistance to the local government system grew. Service delivery in these areas was increasingly funded from an ad hoc series of intergovernmental transfers and loans, eventually supplemented by Regional Services Council (RSC) levies on business payrolls and turnover. White local authorities, on the other hand, faced largely stable, well-serviced consumers and had access to the vast bulk of local revenue bases, including almost all high-value residential, commercial and industrial property owners and service consumers. This was complemented by central government providing implicit and explicit guarantees for municipal debt, allowing these municipalities to obtain investment-grade credit ratings and relatively cheap funding from the private sector (Van Ryneveld 2006).

The local government transition was guided by the principle of 'one city, one tax base', which led directly to the amalgamation of racially segregated municipalities at the local level. The immediate financial implication of this amalgamation was that formerly white areas would no longer have privileged access to local revenue sources while avoiding associated expenditure responsibilities. The consolidated financial outlook for local government was considerably bleaker than the one that white local authorities were accustomed to, and immediately led to perceptions of a structural mismatch (or fiscal gap) between available own revenues and expenditure needs at the municipal level. This was compounded by ongoing political and managerial failures, including continued low levels of payment for services and weak financial management systems and capacity.

The 1998 White Paper on Local Government proposed a restructuring of the system of municipal finance, in order to build 'a financially independent and viable system of local government in the long term' (DPLG 1998:127). As Van Ryneveld (2006) notes, the White Paper offered little new in this respect. It built on the broader policy framework for public financial management, based on the principles of fiscal discipline, avoiding moral hazard, reducing implicit liabilities and promoting transparency (see Ahmad 2003), and laid out a number of 'basic policy principles' covering the approach to municipal revenues, intergovernmental transfers, expenditure, debt, redistribution, financial management systems and accountability to communities. These basic policy principles were established in the course of local government negotiations (see van Ryneveld 2006). The actual policy proposals of the White Paper were considerably more limited, focusing primarily on the regulation of financial instruments available to municipalities. In this respect. it has been remarkably effective in guiding subsequent policy formulation, including the

introduction of a uniform system of property rating, the reform of RSC levies, the consolidation of various grants and transfers to local government to allow them to become effective instruments of national policy, the introduction of recurrent subsidies for basic services in a manner that retained the administrative discretion of municipalities, the re-regulation of the framework for municipal borrowing and the need to carefully monitor concessional finance institutions (particularly the Development Bank of Southern Africa) to ensure they did not distort the market for municipal finance.

The White Paper's contribution on municipal finance was thus primarily a way-point in the reform process, rather than a new direction. It either summarised or resulted in a number of key policy statements by government. Most important among these was the Municipal Infrastructure Investment Framework, which laid out the parameters for the expansion of access to basic services, including both the capital cost of installing services (which would mainly be met by national government for poor households) and the operating costs of these services (to be funded through a mixture of user fees and subsidies, provided that the level of service was affordable). The introduction of the 'equitable share' for local government, a constitutional entitlement, was targeted towards contributing to these operating costs. The Municipal Borrowing Framework (National Treasury 1999) expanded on the approach, and specifically dealt with the re-regulation of the municipal debt market. The annual Division of Revenue Acts pursued the ongoing consolidation and reorientation of intergovernmental fiscal relations, and the Municipal Financial Management Act 56 of 2003 eventually consolidated these various strands into a single piece of legislation governing municipal financial management. The Municipal Systems Act 32 of 2000 and the Property Rates Act 6 of 2004 have added to the framework with regard to community participation, tariff setting, and the definition and administration of property taxes. Collectively, this has gone a considerable distance to unpicking the legal framework for financing apartheid local government, and introducing modern, transparent financial management practices in municipalities.

The White Paper was not, however, as effective in resolving the underlying debates around the role of local government in redistribution, the managerial capacity of municipalities in financial matters, and the degree to which municipalities were to be held to account by citizens for their financial performance, together with the mechanisms for this procedure. These weaknesses were a result of three factors. Firstly, the extent and causes of fiscal distress in municipalities were by no means clear at the time of writing the White Paper. Data on municipal finance was not readily available, trends were difficult to discern and reporting standards were contradictory and incomparable. Policy makers had to focus on the more obvious problems facing local governments, while ensuring that reliable data systems were established over time. Secondly, policy makers could not fully anticipate the financial effects of the

transformation programme proposed by the White Paper, particularly the effects of the demarcation process. This disconnect reflected the very instrumentalist perception of municipal finance as simply the means through which the 'job got done'. Thirdly, the policy debates are to some extent evidence of irresolvable tensions.

UNDERLYING DEBATES IN MUNICIPAL FINANCE

The role of local government in redistribution

Local government transformation has been defined by the slogan 'one city, one tax base', which sought to consolidate all local revenues to meet the full set of expenditure needs across municipal areas. As noted earlier, this was in direct opposition to the financing strategy of apartheid local government. The slogan thus implied a degree of internal redistribution, away from the blatantly inequitable practices of the past, but provided very little guidance as to how this should occur beyond the deracialisation of local government structures. This has given rise to a widespread debate on the appropriate mechanisms for redistribution at the local government level. Importantly, these debates have not been about the desirability of redistribution occurring at this level, but rather on the mechanisms by which it should be affected. There have been two intertwined strands to the debate, focusing on fiscal and capacity issues, respectively.

The debate on fiscal redistribution at local government level has taken a lead from standard economic theory, which assigns the redistributive function to the national government, given the limitations of sub-national revenue instruments, the geographical mismatch between sources of revenue and expenditure needs, and the likelihood of tax competition and 'Tiebout' effects as sub-national jurisdictions seek to attract high-value residents and discourage poor people from locating in their areas (see Whelan 2002 for a discussion of these issues in the South African context). This approach underlies the Constitution, which provides for provincial and local governments to receive an 'equitable share of nationally-raised revenues', in addition to a limited set of local revenue sources. The introduction of the equitable share for local government was explicitly intended to provide a mechanism for local redistribution of resources, and was immediately complemented by a set of conditional transfers for municipal infrastructure development to ensure that poor households obtained access to basic services. Central government grant funding to local government has risen dramatically over the last ten years, significantly expanding resources available for redistribution at the local level. This has limited the power of arguments for further closing of a 'fiscal gap' (the differences between assigned expenditure responsibilities and available resources) at the local level, but raises concerns regarding the effectiveness and accountability of municipalities in spending these resources.

On the one hand, Raich (2005) and Rao (2004) have nuanced somewhat the

debate on fiscal redistribution and local government, emphasising the importance of the expenditure efficiencies that can be generated through ensuring that there is adequate discretion for local governments in establishing expenditure priorities. In South Africa, government has progressively expanded municipal discretion over grant expenditures, most recently through the introduction of the Municipal Infrastructure Grant (MIG), indicating sensitivity to this perspective that arises from local experience regarding the limited effectiveness and sustainability of direct central government expenditure on municipal infrastructure. The framework document for the MIG clearly indicates a concern that direct national spending had led to higher unit costs in infrastructure delivery, undermined local choice over expenditures and transferred maintenance responsibilities somewhat unfairly onto municipal budgets.

However, there is as yet little evidence that the growth and decentralisation of grants to local government has been accompanied by an expansion in the developmental effectiveness of these expenditures. This is partially a function of limited empirical evidence, but the concern remains that the transfer of resources to municipalities does not directly infer an increase in pro-poor expenditure, as it amounts to a subsidy to the service provider rather than directly to poor consumers themselves. The concern here is that municipalities may simply absorb these resources, through increasing the unit cost of services or reducing their efforts to collect their own revenue.[3] Conceptually, therefore, the scope for increasing transfers to municipalities is thus increasingly counter-balanced by arguments for increasing welfare transfers directly to poor households, in order to improve the targeting of resource redistribution to its intended beneficiaries. Additionally, the increasing dependence of municipalities on grants from national government provides a growing opportunity for central government to set parameters to municipal decision making. These trends are discussed later in this chapter, although it can be stated at this stage that evidence here is mixed.

The second strand of the debate on the role of local government in redistribution has focused on its structure and functions. The driver of this debate has been the redemarcation of municipal boundaries, undertaken by the Municipal Demarcation Board (MDB). At the time of this debate in 1999–2000, it had already been decided to create single-tier 'unicities' in metropolitan areas, based on the sub-optimal experience of city management in Johannesburg under the transitional two-tier model. The debate has thus largely been confined to non-metropolitan areas, including large secondary cities such as Bloemfontein and East London.

The boundary debate occurred in a context of very embryonic rural local government structures in the transitional period. These transitional rural/representative councils had huge expenditure responsibilities, almost no revenues and existed largely in name alone. The MDB proposed to draw the boundaries of local (Category B) municipalities very widely to address this, covering both 'core' urban areas and their large rural hinterlands. This was justified by reference to the

economic linkages between town and country, as well as the prospects for ensuring that all municipalities had a modicum of institutional and professional capacity that could be used to deliver basic services in rural areas. In essence, the argument was that these amalgamations could reorient residual capacity towards providing service in rural areas. Regardless of whether this capacity actually existed (which seems to have been a concern for the MDB as well, and is discussed below), this approach was seen to have some immediate fiscal implications. The National Treasury argued that the balance sheets of 'core' urban municipalities would be negatively affected by the incorporation of large numbers of poor rural residents. The argument here had less to do with the imperative of financing services in these areas than with the impact of the wider boundaries on demands for national financial support. In essence, the National Treasury argued that the very wide boundaries proposed by the MDB would negatively affect the ability of municipalities to raise private finance to expand services, increasing their reliance on limited national funding and thus diverting it from areas of greater need (in other words, those municipalities who would never be able to borrow). The concerns were thus confined to the secondary cities and large towns that had achieved a degree of market access. At the same time, the National Treasury proposed an incremental expansion in the number of metropolitan areas to secure their access to additional revenue sources (the RSC levies). This would effectively relieve taxpayers in secondary cities of the responsibility of financing local government activities across their districts.

The debate here was fairly robust, with the MDB accusing the National Treasury of, among other things, 'boundary determinism' (Cameron 2006) in that the MDB had also suggested a fundamental realignment of fiscal and functional assignments to local government, and had not sought to ensure the financial viability of local government, as this was 'simply impossible' (Cameron 2006:96). Cameron, a member of the MDB at the time,[4] does attempt to defend the MDB's approach, although it remains methodologically confusing how the MDB could draw boundaries without any significant understanding of the allocation of functions and fiscal powers to local government as expressed in legislation and government policy at the time, implying that these policies should be altered to accommodate the boundaries proposed by the MDB. It is thus not clear which approach to boundaries was deterministic! This debate is now largely a historical footnote, though it does raise important questions on the capacity of municipalities themselves to give effect to imperatives for redistribution, as well as the difficulties of adopting a single approach to municipal structures across the widely varying circumstances facing municipalities in South Africa. In any event, the MDB stuck resolutely to its boundary determinations, given the tight time frames of the demarcation process and data weaknesses discussed earlier. The effects of the boundary determinations on the fiscal health of non-metropolitan local governments have yet to be subject

to rigorous subsequent analysis, which would provide some interesting insights on these issues. Cameron (2006:95) does, however, concede that some municipalities are 'too big to service their rural hinterlands'.

The powers and functions of local government, and the division of these powers and functions between local (Category B) and district (Category C) municipalities have provided another dimension to debates on redistribution at the local government level, particularly in relation to the capacity of non-metropolitan municipalities. Capacity shortfalls at the municipal level were highlighted by the electricity industry as a binding constraint to the sustainable development of the sector, particularly in the light of the rapid roll-out of infrastructure to previously unserved communities. Proposals for the restructuring of the electricity distribution industry focused on consolidating municipal distribution functions into independent regional electricity distributors. It was hoped that this would spread available staff capacity over a broader area and capture revenue surpluses generated by municipalities from their distribution activities for reinvestment and cross-subsidisation in the sector. Similar arguments were behind efforts to reallocate powers and functions from local to district municipalities after the December 2000 municipal elections. Although the White Paper and Municipal Structures Act had allocated the bulk of local service delivery responsibilities to local municipalities, the Act was amended to allow for functional reassignments based on capacity assessments that would be conducted by the MDB. This led to a significant transfer of functions to district municipalities in three provinces (see Savage 2004).

Although concerns over municipal capacity drove both of these initiatives, the difficulties in reassigning fiscal powers turned out to be an Achille's heel. Municipalities vigorously contested the electricity distribution industry restructuring, on the basis that this would result in the loss of an important revenue source (the surplus generated from electricity operations that funded other activities), as well as reducing the size of their asset base, which would have a negative impact on their balance sheets. This eventually led to substantial modification to the restructuring proposals. In the case of the broader debate on non-metropolitan powers and functions, there has remained a concern that available fiscal instruments are not able to adjust to a complex set of functional assignments between district and local municipalities. Matching fiscal instruments to these assignments may require the development of intermunicipal revenue-sharing protocols for key revenue sources such as property taxes. Attempts to achieve this in metropolitan areas had been a proximate cause of the fiscal distress in some metropolitan areas in the transitional period. Complex functional assignments may also require the development of an overly complex, and thus increasingly opaque, system of intergovernmental transfers in order to ensure that grant funding reaches individual municipalities holding specific functional assignments.

Beyond these debates on the fiscal limits to sub-national functional assignments (which were not an explicit concern of policy makers at the time), the extent to which capacity concerns can actually be addressed at a sub-national level remains unclear. The approach is predicated on a perception that residual capacity exists at this level – and particularly within provinces where capacity constraints are most severe. Reallocating capacity at a regional or district level may simply stretch available capacity beyond its limits, undermining service delivery as a whole. Capacity, like financial resources, is concentrated in wealthier cities and provinces, which are largely protected from these efforts at sub-national redistribution.

Despite the common objectives of these two strands to debates on redistribution, they have tended to occur in parallel. Fiscal policy outcomes, however, are more closely intertwined. The growth and distribution of transfers to local government (and their various knock-on effects), as well as municipal borrowing trends are thus discussed in the next section of this chapter.

Causes of and responses to municipal fiscal distress

Fiscal policy inputs into the local government reform programme have sought to balance the redistribution objectives of government, such as the need for a rapid expansion of municipal services, with the prospects for the sustainability of these investments over the longer term. This perspective was reinforced by the Johannesburg crisis, which has been largely attributed to imprudent capital expenditure programmes that were undertaken with an expectation by the city that national government would not allow it to collapse (National Treasury 2000).

The extent of fiscal distress[5] among municipalities was initially difficult to monitor. Explicit monitoring had not been undertaken by the apartheid government, as this would have amounted to an admission of the extent of failure being experienced in the system. The new policy makers, at both the central and local levels, found themselves managing a municipal transformation process on many fronts, and, with the limited information at their disposal, largely assumed that the absence of an immediate crisis was an indication of that fiscal distress had been overcome by the consolidation of the local tax base. Indeed, the evidence of fiscal distress is mixed. Despite the consensus that municipalities are facing significant financial pressures, an analysis of the fiscal health of the local government system using the range of indicators developed by Kloha et al. (2005) and in the South African context by Carter and Ajam (2003) does not reveal an immediate financial crisis.[6] There are, however, continuing signs of a system under stress, and individual municipalities have faced or are facing financial emergencies.

Early analysis of the causes of this fiscal pressure tended to focus on its most immediate proximate causes, particularly the growth in consumer debtors arising from

high levels of non-payment for services, the higher levels of expenditure on personnel than found elsewhere in the public sector, and the extent of the mismatch between the expenditure responsibilities of municipalities and revenues available to them (the 'fiscal gap'). Government's policy response has focused on direct interventions to assist ailing municipalities, through initiatives such as Project Viability, and the allocation of significant real increases in national government's transfers to municipalities over successive years from 1998/99. The experience here has been mixed, not least because the proximate causes of distress are a poor predictor of future financial crises (Kloha et al. 2005). Even so, the auditor-general has reported that consumer debtors have now stabilised (albeit at high levels), there has been only a marginal change in personnel expenditures, while there have been significant real increases in grant allocations to local government that have occurred for successive years since 1998/99.

More recently, the underlying causes of fiscal distress have received attention from policy makers through reforms to the regulatory regime for municipal financial emergencies that were introduced in the Municipal Finance Management Act 56 of 2003 and distributional shifts in the allocation of grants to municipalities. The new regulatory framework emphasises the accountability of municipal managers for their financial performance. It reinforces the hard budget constraints facing municipalities by providing clarity on the manner in which financial crises will be dealt with, while precluding the provision of 'bail-outs' to municipalities that would reward poor management behaviour. The shift in intergovernmental transfers has been more subtle, but significantly more dramatic. Government has backed away from its previous assertion that cities should be largely self-funding in order that national government support may be directed to rural areas. This has been in response to demographic shifts, particularly urbanisation and the increase in household formation rates in large cities (see Pillay et al. 2006), and growing evidence of asset maintenance backlogs in cities that might have significant economic consequences. Cities have increasingly seen a real increase in their share of total transfers to local government, as well as a growth in their level of dependence on these transfers to fund their activities (see Table 13.1 on page 299).

Government has developed two operational responses to municipal capacity shortfalls. The Municipal Financial Management Reform Programme assists municipalities to introduce new budgeting and accounting practices, while Project Consolidate provides a broader package of assistance to those municipalities identified as 'weak'. These two approaches may well be continuing to reflect uncertainties as to the proximate and underlying causes of municipal distress, rather than a concerted strategy to address it.

Strengthening accountability in municipal financial management

A final theme underlying debates on municipal finance revolves around the focus on and mechanisms for municipal accountability for their financial performance.

Government has expended considerable effort in reforming the regulatory regime for municipal financial management, rebuilding reporting and monitoring systems, and tightening up procedures for municipal financial management. These efforts have been driven by a desire to improve data availability and empirical analysis on municipal performance, and thus allow greater oversight by policy makers, in the context of ongoing decentralisation of authority to local government. Most simply put, government has sought to manage the risks associated with the decentralisation of authority to local government by improving information flows and clarifying intervention procedures. Budgeting for and reporting on intergovernmental transfers and municipal budgeting and accounting practices have received considerable attention, and this has vastly expanded the quantity of information available at the national level. Regulatory changes, such as the procedures for municipal financial emergencies, have been clarified to guide central government interventions in municipal matters. The mechanisms of municipal accountability to higher tiers of government have thus been developed considerably.

More limited attention has been given to the role of citizens in overseeing municipal financial performance. This disconnect is surprising, given the importance attached to community oversight and participation in local governance in the White Paper. A criticism of the Municipal Finance Management Act is that it places insufficient emphasis on citizen participation in municipal financial management, through techniques such as participatory budgeting, robust and regular public disclosure requirements, and citizen performance reviews. Provisions for public participation are predominantly found in the Municipal Systems Act, while the Municipal Finance Management Act demonstrates a marked preference for central and provincial monitoring and intervention (see section 23, for example). This presents a weakness in the accountability framework for municipalities, given that top–down monitoring is both underdeveloped in South Africa (focusing largely on inputs – see De Groot et al. 2006) and is unlikely to be able to exercise the same level of oversight or interest as citizen monitoring has the potential to do, particularly in areas such as procurement, which have a high propensity for maladministration or corruption.

More structurally, Raich (2005) notes three determinants of community empowerment in local governance: the extent of discretionary resources available for local decision making, the size and flexibility of municipal budgets, and the costs to individuals of participation.[7] Here too, the policy framework for municipal finance is ambivalent on the role of citizens. The removal of the RSC levies has eliminated a key local tax that connected businesses with municipalities. Although this has been replaced by an unconditional grant, this is not an indefinitely stable source of revenue, nor does it encourage local businesses to actively engage municipalities over its allocation. Indeed, the growth of municipalities' reliance on intergovernmental grants may increasingly blur lines of accountability to citizens, as

'the point of origin and destination of funds do not match' (Raich 2005:10), which can create ambiguities about the actual expenditure preferences of residents. In theory, municipal budgets are supposed to reflect their integrated development plans, and intergovernmental transfers are increasingly focused on funding the implementation of these plans. In practice, this linkage has been difficult to establish.

In metropolitan areas, the growth in the size of municipal budgets has not been matched by increased expenditure flexibility. Capital spending by metropolitan municipalities has remained sluggish, suggesting that the fixed costs of providing services with existing assets may be reducing their ability to respond to emerging citizen needs, which may also limit incentives for future participation. Although there has been strong growth in capital budgets outside of the metropolitan areas, this has been largely grant funded, and it is not yet clear if this has been accompanied by a significant increase in the transparency of municipal financial management practices in a manner that would provide incentives for community engagement. The auditor-general's reports on the timely submission of municipal financial statements provide little room for comfort that municipal financial management practices are accessible to the communities that they serve.

The approach by policy makers to municipal financial accountability seems to have thus far been shaped by an instrumentalist view of local government, as an agency for the delivery of services rather than an independently accountable tier of government in its own right. This partly reflects a scepticism about the ability of municipalities to win over citizens to the regime of fiscal discipline that was imposed on municipalities from the mid-1990s, when levels of fiscal distress in municipalities were thought to be higher, and central government faced its own fiscal difficulties. However, the limited extent of community oversight of municipal financial management remains a systemic weakness, restricting the ability of residents to express their preferences for service delivery and reducing the ability of municipalities to become autonomous and accountable development actors, as envisaged in the White Paper. Strengthening forms of community oversight of financial management is clearly an important ongoing debate in municipal finance, holding the prospect for devolved oversight of municipal performance. Some scope does appear to exist, even in the face of poor municipal reporting, for the national government to assist this process. For example, more regularly and broadly publishing available information on municipal finance has the potential to connect top-down monitoring with citizens' efforts to hold their municipalities to account.

Recent Trends in Municipal Finance

Recent trends in municipal financial performance have both informed and reflected

these themes of redistribution, fiscal pressure and accountability. This section of the chapter will provide an overview of recent trends in relation to the debates discussed above, together with a brief introduction to the structure of municipal finance in South Africa.

There are four main instruments of financial management available to municipalities in South Africa, namely revenue, expenditure, borrowing and financial accountability procedures. These will be discussed in turn.

Municipal revenue

Municipalities have access to a range of revenue sources. Most notable among these are taxes, such as property rates (accounting for 18.2% of total budgeted revenues in 2005/06) for metropolitan and local municipalities, RSC levies (7%) for metropolitan and district municipalities, tariffs for trading services such as water and electricity (accounting for 44.4% of total revenues) and intergovernmental transfers (accounting for 14% of total revenues). Other revenue sources include licence fees, fines, housing rentals, donations and a host of other smaller charges, some of which can be lucrative for municipalities, and which collectively account for 16.5% of total revenues. These figures mask considerable variation among municipalities, particularly in the level of dependence on intergovernmental transfers. On average, transfers make up 53% of the revenues of district municipalities, 31% of the revenues of local municipalities, but only 12% for metropolitan municipalities, as the latter have the benefit of both property taxes and RSC levy revenues. Wide variations in grant dependence exist within categories of municipalities, although on average municipalities in both metropolitan and non-metropolitan areas receive about R589 annually per capita. The City of Johannesburg relies on transfers for less than 8% of its revenues, while the City of Cape Town receives over 18% of its revenue from transfers. Variations will also occur where municipalities do not deliver certain services, such as electricity, and in the case of district municipalities, which have a much higher degree of grant dependence and for whom RSC levies are the sole source of tax revenue.

Trends in municipal revenue

Trends in the structure and performance of municipal revenues are closely connected to underlying debates on redistribution, stabilisation and accountability. The inability of most municipalities to collect a significant proportion of the revenues that are due to them has been a perennial concern of policy makers seeking to stabilise municipal finances. This problem has been ascribed to many underlying issues, including the inability of poor consumers to pay for services; the rent and service boycotts of the 1980s, which destroyed the credibility of municipal enforcement capacity; poor financial management practices, including weak administration of billing and

collection systems and inappropriate accounting treatment of consumer debtors (such as accruing revenue before it has been received, failure to make adequate provision for bad debt, and levying of interest on long-overdue debt in the absence of debt write-off policies), which have dramatically magnified revenue problems; and poor customer relationships with large consumers (particularly national and provincial government departments) who have large, unresolved account balances with municipalities and low levels of trust in local government (see Fjeldstad 2004). The situation has begun to stabilise more recently, although at high levels. The auditor-general reports that the growth in total debt slowed from 12% to 11% between 2003/04 and 2004/05, with municipalities' provision for bad debt beginning to decline (Auditor-General 2004; 2005). The average debt collection period also fell from 322 days in 2003/04 to 136 days in 2004/05. Although this provides some (limited) hope, accumulated consumer debt remains large, at an estimated R28 billion (National Treasury 2005), and will place considerable pressure on municipal balance sheets for the foreseeable future.

The revenue crisis facing many municipalities has led to concerns that there is a structural imbalance between the revenues and expenditures of municipalities in South Africa. This concern reflects debates on redistribution in local government, specifically in relation to concerns over unfunded mandates and fiscal imbalance. The Financial and Fiscal Commission has expended considerable energy on these issues in its various annual recommendations to government on the division of revenue. Data constraints have made it difficult to pursue with much vigour, however, and the national government has argued that all spheres of government face unfunded spending pressures, while the division of revenue is an explicitly political matter reflecting government's policy priorities. Clearly, municipalities are always likely to feel that they are not receiving enough from national transfers or that they should be given additional revenue sources.

Notwithstanding these debates, there has been a *structural change in the composition of municipal revenues*. Firstly, municipal tax revenues have been remarkably buoyant, with property rates showing volatile, but dramatic real growth since 2000 (an average increase of over 30% in real terms). This may reflect both administrative improvements and growth in house prices (in cases where valuation rolls have been updated). RSC levy revenues have shown similar (though less volatile and dramatic) improvements, increasing by 28% in real terms since 1999/2000. As a result, municipalities have become comparatively less dependent on user charges as a source of own revenues, whose contribution has declined from around 42% in the late 1990s to 35% in 2005/06. The recent abolition of the RSC levy is thus likely to have a significant impact on metropolitan finances in particular, as its immediate replacement with a transfer from the national government does not guarantee long-term access to what has proved to be a very productive source of income.

Secondly, the national government has increased the share of national resources that are transferred to local government (the vertical division) from 3.2% in 1995/96 to 4.6% in 2005/06, and this is projected to rise to 7% by 2008/09. This represents an average real annual growth rate of 13% between 1995 and 2009, well above the real increases experienced by either the national (8%) or provincial (3%) spheres.
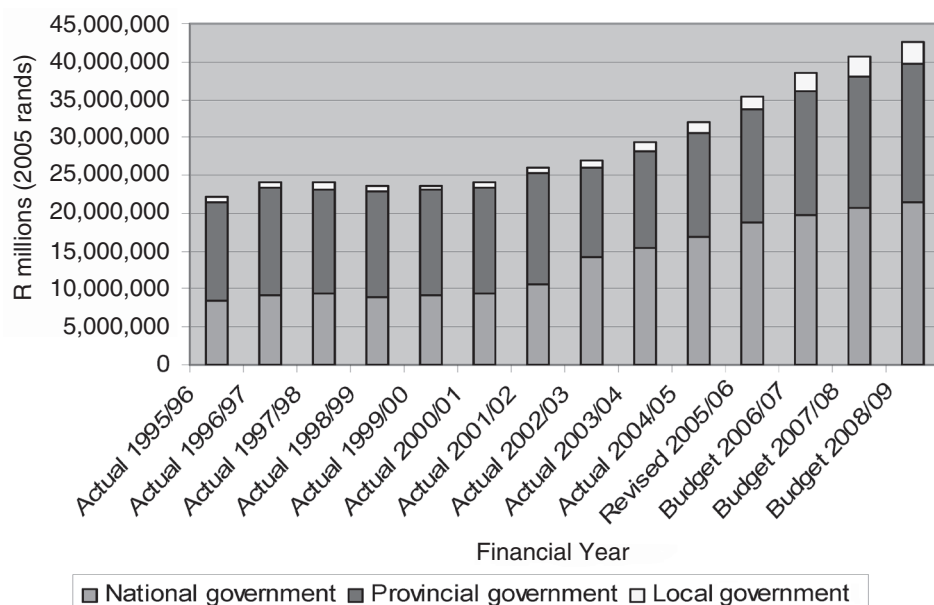
Figure 13.1: Real growth in shares of nationally raised revenue among spheres, 1995/96–2008/09

Thirdly, the substantial real increase in resources to local government has led to a rapid increase in the contribution of transfers to total municipal revenues ('grant dependence') among all categories of municipalities. This trend is particularly marked in metropolitan municipalities, although the variation in levels of grant dependence is highest in Category B municipalities.

Table 13.1: Average levels of grant dependence in South African municipalities by category, 2001/02 and 2005/06

	2001/02	2005/06
Metropolitan municipalities	3.3%	12.4%
Local municipalities	26.1%	30.9%
District municipalities	48.2%	52.7%

Source: National Treasury database; Division of Revenue Acts, 2001, 2005

Increasing grant dependence may have important implications for municipal autonomy and responsiveness to citizen preferences over the longer term (analysts most often

associate an increase in grant dependence with reduced autonomy, given the leverage this provides to other spheres of government over municipal priorities), but also reflects shifting government priorities on the redistributory objectives of fiscal transfers. In the late 1990s, government pursued a policy of making large urban municipalities' revenue self-sufficient, arguing that these municipalities were largely self-financing in the first place, and that whatever additional resources were available should be directed to poorer, more rural municipalities. In reality, from 2000 onwards metropolitan municipalities have benefitted in relative terms from the increased transfers to the local government sphere. In part, this has been due to recognition of the increasingly urban face of poverty in South Africa, but also reflects an emerging consensus that South Africa's cities are the centre of economic activity and thus require additional support to strengthen macroeconomic growth prospects. It is not clear to what extent this trend is related to the impact of redemarcating municipal boundaries, which remains an important area of future research.[8]

A second important, and somewhat contradictory, trend in the field of municipal revenues has been the reforms to the system of intergovernmental transfers.[9] In particular, the structure and management of the system of transfers has been redesigned, and, as noted above, the distribution of transfers among municipalities has altered. Under apartheid, transfers were provided in an ad hoc manner, mostly to the benefit of white municipalities or to rescue failing African municipalities (see Ahmad 2003). These reforms had the objectives of improving equity in the allocation of transfers among municipalities, as well as the simplicity of, predictability of and control over the transfer system. These initiatives were a small, but integral part of the overall public finance reform programme in South Africa that centred on the introduction of the medium-term expenditure framework, and, as with other aspects of the reform programme, began during a period of contraction in public spending.

The introduction of the Local Government Equitable Share in 1998 marked the beginning of the restructuring of the grant system, with a large number of small conditional grants being consolidated into a single, formula-based and unconditional transfer. The process of grant consolidation was pursued through the annual Division of Revenue Acts, leading to the phased consolidation of all project and sector-based infrastructure transfers into the formula-based, multisector MIG from 2003. A set of recurrent conditional grants have also been introduced to assist in the development of municipal financial management and planning capacity, and to support the restructuring of large cities. Considerable tightening of controls over grant programmes occurred as part of these consolidation efforts to improve the transparency of transfers (through multiyear publication of allocations to individual municipalities for each programme, requirements for cash transfers to pre-identified municipal bank accounts to facilitate auditing and expanded reporting requirements). This has considerably strengthened the design of grant programmes and their responsiveness to

government's policy priorities, as well as complementing the municipal budget reform programme through providing reliable and timely data on allocations. As noted earlier, this has had the effect of strengthening municipal accountability to central government, but has not yet been connected with efforts to strengthen citizen oversight of municipal financial performance.

These managerial reforms were also intended to have an impact on the distribution of transfers between municipalities. Analysis of grant allocations confirms that they have become substantially more equalising over time, with allocations being directed increasingly to municipalities with a large proportion of poor residents. This trend is most marked in equitable share allocations, although government has announced its intention to review the allocation formula (see Figure 13.2).
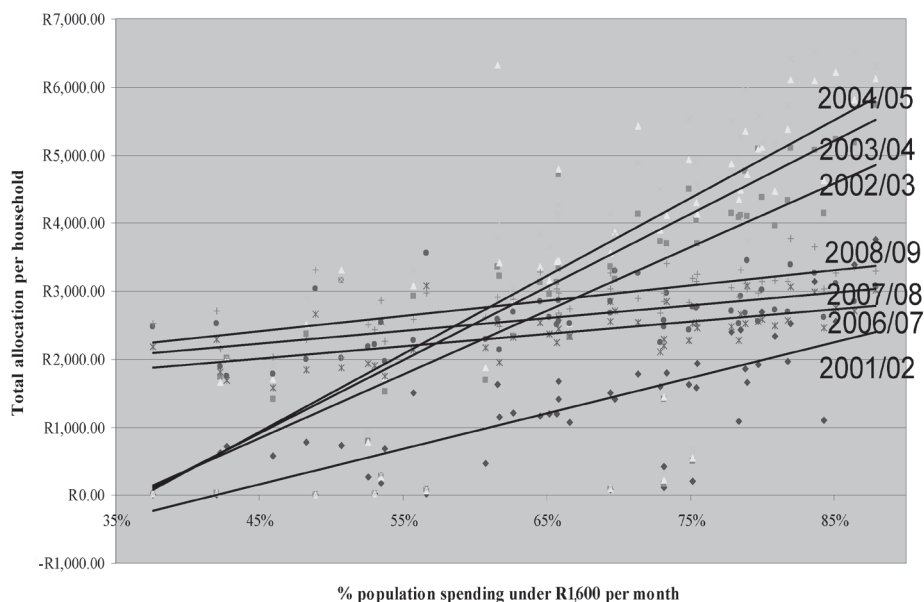
Figure 13.2: Total grant allocations per household as a % of the population in poverty, 2001/02–2008/09

Note: The small coloured marks indicate the data points, but it is the trend lines that are important.

Source: National Treasury database; Division of Revenue Acts, 2002–05

Municipal expenditure

Legislation restricts municipal expenditures to realistically available revenues, with municipalities not permitted to run operating deficits across financial years. In 2005/06 local government budgeted to spend almost R113 billion, over 20% of total budgeted public expenditure. On average, municipalities budgeted to spend R9,580

per household per year, or R210 per person per month. Of this, capital expenditures account for an average 23% of total municipal spending, though with marked differences among categories of municipality. The six metropolitan municipalities account for 50% of total capital spending by local governments, while district municipalities account for less than 12%. However, capital expenditures account for less than 20% of the total spending of metropolitan municipalities – the lowest ratio of capital spending to total spending among categories of municipalities, reflecting the considerable costs associated with the ongoing provision of services (a result of past capital investments). On average, 35% of total capital expenditure was budgeted for trading services (water, sanitation, electricity and refuse), with 18% allocated to transport and 21% to housing. The non-metropolitan municipalities fund a significant proportion of their capital expenditures through grant funding, with district municipalities in particular experiencing significant growth in allocations for water services that will have long-term expenditure implications. Metropolitan municipalities have a small, though growing reliance on debt financing for capital expenditures.

Table 13.2: % allocation of budgeted capital expenditure by type, 2005/06

	Land & buildings	Transport	Water, elec., refuse	Housing	Other
Metro	3.2%	17.3%	30.1%	25.9%	23.5%
Local	4.3%	18.2%	36.9%	18.0%	22.5%
District	4.6%	18.9%	47.9%	5.0%	23.5%
National avg.	**3.8%**	**17.8%**	**34.7%**	**20.5%**	**23.1%**

Source: National Treasury database, 2005/06

Metropolitan municipalities also account for 61% of the total operating expenditures of municipalities, while district municipalities account for only 7%. Personnel costs make up 32% of total operating expenditures, and although metropolitan municipalities account for 55.2% of all personnel expenditure by local governments, it is district municipalities that spend the largest proportion of their operating expenditure on personnel, at 42%. Purchases of bulk services, particularly for water and electricity that municipalities then sell to consumers, account for 23.5% of total operating expenditure.

Table 13.3: % allocation of budgeted operating expenditure by type, 2005/06

	Salaries	Bulk purchases	Repairs	Interest	Working capital	Other
Metro	28.5%	25.3%	7.9%	8.8%	3.9%	25.5%
Local	35.6%	23.0%	6.7%	5.8%	4.4%	24.4%
District	41.8%	4.8%	7.0%	3.0%	1.5%	41.9%
National avg.	**31.6%**	**23.5%**	**7.5%**	**7.5%**	**4.0%**	**25.9%**

Source: National Treasury database, 2005/06

Trends in municipal expenditure

The most significant trend in municipal expenditure has been the dramatic recovery in capital spending since 2002/03, particularly in non–metropolitan municipalities. Capital spending is significant as, if successfully undertaken, it reflects the expansion or replacement of assets necessary to deliver municipal services. It thus also implies a rise or restructuring of current operating costs necessary to provide associated services and maintain these assets over the medium term. While over the longer term, total municipal expenditures have increased in real terms by an annual average of 17.4% (between 1996/97 and 2004/05 in 2005 Rands), the early part of this growth was largely driven by rising personnel costs, with capital spending remaining stagnant. Since 2002/03, capital spending has shown real annual average growth of over 21% since 2002/03, compared to 22.4% for operating expenditures. As a result, the share of capital spending in total municipal spending has grown from 17.7% in 2001/02 to 21.2% in 2004/05. This must reflect in part some success in stabilising municipal finances, as well as the pursuit of redistribution objectives in the fiscal system.

Capital spending growth has been most robust in non–metropolitan municipalities, where it now accounts for 25% and 38% of spending in local and district municipalities, respectively. A significant proportion of this capital spending is financed by infrastructure grants (56% and 71% for local and district municipalities respectively, while only 28% for metropolitan municipalities), particularly the newly introduced MIG. Although no doubt helped by improved reporting and grant management systems, this trend represents a significant policy success for government in refocusing municipalities on their service delivery functions after a prolonged period of restructuring. The particularly rapid growth in budgeted capital spending by districts is due to the reassignment of some local municipal functions to them, along with associated grant funding, in certain provinces. It should not be confused with actual spending outcomes (see Figure 13.3).

An additional impact of the growth in non–metropolitan spending is the declining share of metropolitan municipalities in total budgeted expenditures for the local government sphere, down from 62% in 2001/02 to 59% in 2004/05. Expenditure per household in metropolitan municipalities has grown by only 3.9% in real terms since 2001/02, with capital expenditure per household actually declining by 10%. This reflects the changing demographics of urban areas, particularly the growth in the number of households ('household decompression'). By contrast, total spending per household grew by 22.2% and 19.4% in local and district municipalities, respectively, but this was generally off a much lower base than that of the metropolitan councils.
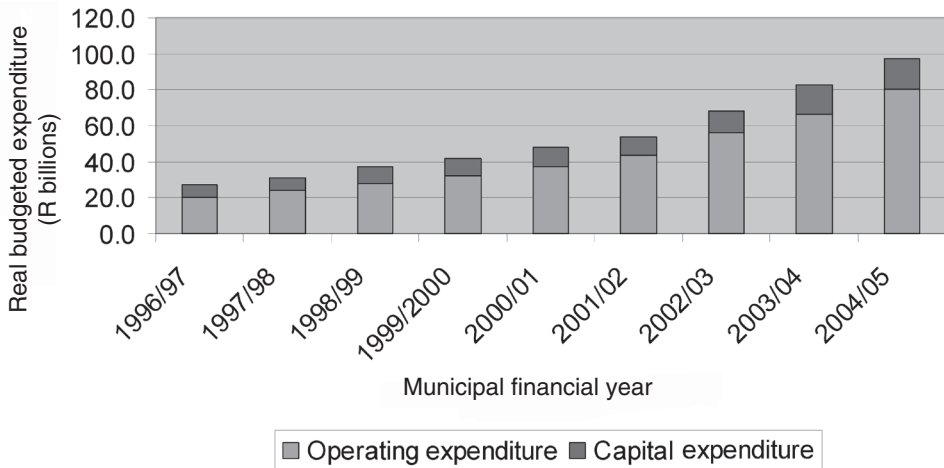
Figure 13.3: Real budgeted municipal spending, 1996/97–2004/05 (2005 Rands)

Table 13.4: Budgeted annual municipal expenditure per household, 2001/02 & 2004/05

	2001/02			2004/05		
	Capital	**Operating**	**Total**	**Capital**	**Operating**	**Total**
Metropolitan	R2,245	R10,658	R12,903	R2,020	R11,383	R13,403
Local	R668	R2,996	R3,678	R890	R3,605	R4,495
District	R134	R525	R658	R219	R568	R786
Total	**R1,316**	**R6,066**	**R7,391**	**R1,440**	**R6,799**	**R8,240**
% growth						
Metropolitan				*-10.0%*	*6.8%*	*3.9%*
Local				*33.2%*	*20.3%*	*22.2%*
District				*63.3%*	*8.2%*	*19.4%*
Total				*9.4%*	*12.1%*	*11.5%*

Sources: Stats SA census, 1996, 2001; National Treasury database

The comparatively sluggish performance of metropolitan municipalities has long been a concern for policy makers, given the centrality of these areas in national growth and development. Metropolitan municipalities have a large asset base arising from past investments, which commits operating expenditures fairly rigidly, making their budgets less easy to reform over the short term. However, they also have a large and growing number of badly serviced poor households, so must balance competing spending pressures for infrastructure investment, ongoing service delivery and asset maintenance. Recent increases in transfers to metropolitan municipalities appear to recognise this challenge. Importantly, these transfers have been geared towards supporting municipal restructuring efforts

that will improve their financial viability. Metropolitan restructuring, particularly Johannesburg's iGoli programme, exposed previously unknown fault lines in municipal finance, such previously unfunded tax and pension fund liabilities.

It is clear that the metropolitan municipalities and larger secondary cities have delayed or postponed asset maintenance for some time, as a result of the transition and associated financial pressure. The auditor-general reported a 13% annual increase in reticulation losses in the top 50 municipalities in 2003/04 (Auditor-General 2004). Operating expenditure on repairs and maintenance remains low, and has declined as a proportion on total operating expenditure since 2001/02. Most urban residents would attest to increasing unreliability of municipal electricity and water services (though no nationwide data is available on service disruptions). It is clear that considerable scope exists for improvements in the productive efficiency of large municipalities.

Despite the successes in capital spending, personnel costs (including councillor allowances) remain a considerable challenge for local governments. Since 2001/02 personnel costs have declined as a proportion of operating expenditure, from 34.2% to 31.8%, but actual costs have increased by R7.6 billion to R25.5 billion. Growth has been particularly marked in non-metropolitan municipalities, who have increased their total share of personnel spending from 39% to 44%. The ongoing increase in personnel costs can be partially attributed to the levelling up of salaries during the redemarcation process to the scales of the largest municipality in every jurisdiction. This occurred on top of already inflated salary structures, which are higher than counterpart salaries in national and provincial government (National Treasury 2003). However, this trend can be expected to continue as the operating cost impacts of recent capital investments are felt, particularly in non-metropolitan municipalities.

Data on spending outcomes – the services that are actually delivered to residents through municipal spending – is not readily available. This prevents any evaluation of the effectiveness of expenditures, though these issues and how they are publicly perceived are discussed in other chapters of this book (cf. Oldfield, Chapter 22, and Swilling, Chapter 23).

Municipal debt

A small, though important financial instrument available to municipalities is debt. The municipal debt market has undergone a profound transformation since the days of apartheid local government. Government ended a policy of providing guarantees for municipal debt, removed prescribed asset requirements that ensured a steady interest in municipal debt, and put an end to a range of tax structuring packages and speculative borrowing practices that had become popular among

lenders and municipalities, including foreign currency transactions. These steps forced lenders to evaluate municipalities on the strength of their own balance sheets, which effectively quashed investor appetite for any further lending until such time as balance sheets were both healthier and more transparent, and the rules of the game, particularly for debt defaults, more clearly articulated (see Van Ryneveld 2006). After considerable policy development, municipal borrowing is now regulated by the Municipal Finance Management Act, with the objective of re-establishing a vibrant market for municipal debt. Municipalities budgeted to fund over 17% of total capital spending, or R4.4 billion, from long-term external lending in 2005/06. Metropolitan municipalities account for 73% of this scheduled lending, with the total external debt of metropolitan municipalities reported at R19.6 billion in December 2005 (National Treasury 2005).

Most municipalities borrow from two specialist municipal lenders, the Infrastructure Finance Corporation (INCA) and the Development Bank of Southern Africa (DBSA). Together, they had an active municipal debt portfolio of R12.4 billion in December 2005 (or 63% of total outstanding municipal debt), of which metropolitan municipalities accounted for about 65% (National Treasury 2005). Project-based financing instruments are most commonly used by municipalities, although the recent bond issues by the City of Johannesburg have highlighted the potential for the re-emergence of a municipal bond market.

Trends in municipal debt

Municipal debt has increased from 1997. The role played by the public sector has risen in relative importance, largely because of the expansion in lending by DBSA, which has become the single most important provider of loan funds to municipalities. The relative importance of the private sector has consequently declined, but has undergone important changes in its composition. Insurers and pension funds have become relatively small providers of loan funds, whereas banks have generally retained their important role, particularly in project financing. INCA, which started operations in 1997, grew rapidly as a source of funding to municipalities, partly through the swapping of the municipal investment portfolios of insurers and pension funds for INCA bonds, indicating the important role that a well-managed intermediary of this kind can play in municipal finances.

The very important role that the issue of securities has played in the past as a means of attracting loan capital has diminished to a level commensurate with annuity and other long-term loans. Short-term loans have, however, remained fairly stable during the four years, and this seems to indicate a hard core of simply revolving overdrafts that may be employed to finance capital expenditure.
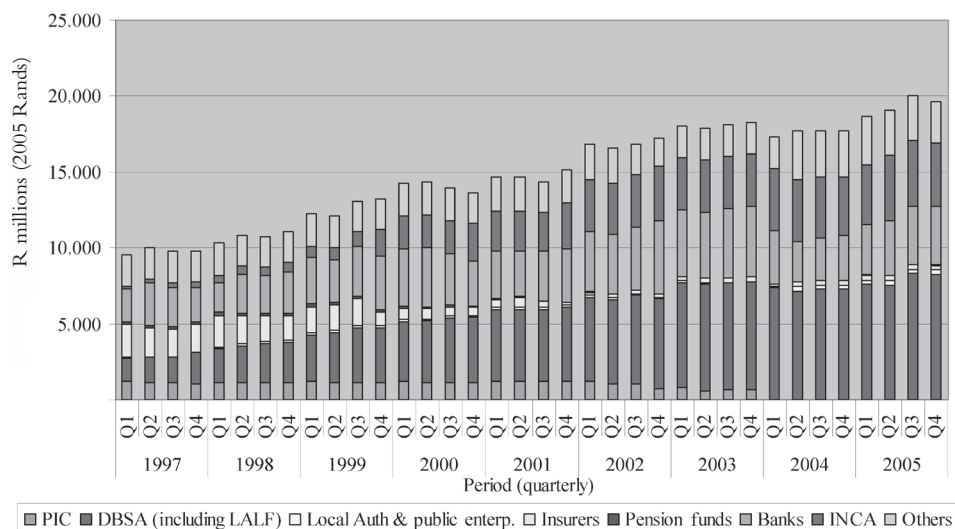
Figure 13.4: Main sources and real values of municipal loan funding, 1997–2005
PIC = Public Investment Commission; LALF = Local Authorities Loan Fund

Subsequent to this, it appears that municipal borrowing has begun to recover, without central guarantees, although slowly and from a low base, with the National Treasury (2005) reporting a 3.3% increase in municipal lending between March 2003 and 2004. It is not yet clear whether government will be able to declare a policy success in attracting lenders back into the municipal debt market, despite the considerable emphasis this has received in policy. This is partly due to limited effective demand from municipalities for debt finance.[10] Most municipalities have been otherwise occupied with managing a difficult, prolonged transition from the interim to the final form of local government. The presentation of consolidated financial statements (across formerly separate municipalities) and a strategic investment vision has taken time to emerge. The balance sheets of secondary cities, in particular, have been weakened by the large rural hinterlands they have absorbed that have changed their underlying creditworthiness, and in some cases have required them to take on large, poorly performing debt liabilities. While the redemarcation process may have been a necessary cost of local government transformation, it may be that the extent of municipal consolidation has fundamentally altered the prospects for the municipal debt market in non-metropolitan areas. However, at least part of the constraints to a policy success may lie with poor policy coordination by government itself, which is resulting in private players being crowded out of the municipal sector.

Firstly, the rapid growth in intergovernmental transfers has expanded the resources available to municipalities for capital spending, which might otherwise have had to

be borrowed. Many municipalities may have difficulty in expanding capital spending beyond the pace at which they are currently doing so, given their capacity constraints.

Secondly, DBSA has continued to lend actively to creditworthy metropolitan municipalities and other large cities – in some cases being reported to have outbid private sector lenders at the last moment with offers of cheaper finance. DBSA argues that it is able to do so due to its specialist focus, experience and creditworthiness, and must continue to do so to allow it to cross-subsidise lending to weaker municipalities. Private lenders have expressed dissatisfaction with what they regard as a subsidised public agency competing unfairly against them, and acting in a predatory fashion by undercutting at the last moment bids that had taken considerable resources to prepare and negotiate. The National Treasury (2003) reported that a higher proportion of DBSA lending was directed at metropolitan municipalities then was the case with INCA, a private sector operator. This reflects in part INCA's acquisition of the municipal portfolios of banks and insurance houses, and more recently that of the PIC. This has created a situation where the private sector is increasingly lending to less creditworthy municipalities than DBSA (regardless of whether it is originating or purchasing debt), which clearly cuts across government's policy objectives of broadening municipal access to lending and reinvigorating the debt market. DBSA officials reacted strongly to this implication, and subsequent to this, no further data on the matter have been made available. To this extent, therefore, the omission of a serious discussion of municipal finance in the White Paper on Local Government has resulted in problems in coordinating and sequencing financial management reforms with the broader local government reform agenda. More recently, this problem has been acknowledged by DBSA, which has shifted its strategy to supporting market development (DBSA 2005), focusing both on lending to smaller municipalities and on supporting the introduction of new lending instruments, such as through the provision of a partial credit guarantee for a municipal bond issued by the City of Johannesburg.

Municipal financial management

The management of municipal finance is regulated by four main pieces of legislation and a subsidiary set of regulations and associated accounting practices that collectively 'aims to make municipalities more accountable, financially sustainable and capable of delivering essential services to their community' (National Treasury 2005:21).

The Municipal Finance Management Act regulates the financial practices of municipalities nationwide, replacing a host of provincial and apartheid-era legislation. The Act, which also applies to municipal entities, has the ambitious objective of 'developing a comprehensive system that clarifies the responsibilities

of mayors, councillors and officials … built around accountability and oversight, which are possible only if there is a culture of transparency and regular reporting in each municipality' (National Treasury 2005:36). It is correspondingly wide-ranging in its application, covering multiyear municipal budgeting, fund management, borrowings, investments, procurement ('supply chain management'), municipal financial emergencies and the preparation of financial statements and their auditing. Municipal accounting practices have been simultaneously reformed by the introduction of new generally recognised accounting practices, or GRAP, for municipalities by the Accounting Standards Board.

The Municipal Systems Act aims to reform and regulate the entire process of municipal management, and so has important implications for financial management. In particular, the Act requires the development of municipal integrated development plans that are linked to municipal budgets, participatory and transparent budget practices by municipalities, participatory decision making in pursuing municipal services partnerships, and a public process of policy development in setting municipal tax rates and tariffs.

The Municipal Property Rates Act has introduced significant reforms to the administration of this tax source, which accounts for 18% of municipal revenues. The Act considerably broadens the property tax base through removing exemptions and broadening the application of the tax to previously untaxed areas. It also introduces a uniform property valuation method based on the market value of the land and improvements of a property, and provides a uniform set of procedures for policy setting, valuations, appeals and rate setting. Municipalities have retained the right to set their own tax rates. The Act does not, however, apply to the large proportion of property that is illegal or unregistered with municipalities, including traditional land.

The annual Division of Revenue Acts allocate funding to municipalities as part of the national budget process, and regulate the manner in which transfers are made and municipal reporting on transfers must occur. The Acts have been used at times as a mechanism to pursue important policy changes, particularly in strengthening the quality of grant management at national level, improving timely financial reporting on transfers and pursuing the consolidation of transfer programmes to local government.

This suite of legislation represents a fundamental reform to the financial governance environment of municipalities and is widely regarded as an international best practice in terms of its intent and coverage (see Van Ryneveld 2006). Government has quite correctly realised that the municipalities will require significant assistance to introduce these new systems effectively, and that compliance with all requirements is only likely to be achieved over the medium to long term. A programme of support to municipalities has thus been developed, funded through the Municipal Financial Management Grant, which has placed international advisors in

municipalities and part-funded the training and the acquisition of new financial management systems – conditional upon municipalities staying the course of reforms. This integration among regulatory reform, support activities and fiscal transfers has produced some early successes. However, progress is likely to become more difficult as weaker municipalities are engaged in the programme.

Trends in financial management and budgeting

The extent to which the new regulatory framework has improved the strength of municipal finances or the quality and coverage of municipal services is not yet clear. The reports of the auditor-general on local government provide some indication that financial management is improving in municipalities. In 2005, 40% of municipalities submitted financial statements on time, up from only 6% in 2004. However, 24% of municipalities had failed to submit any financial statements by the end of that calendar year, up from 14% in 2004 (although this is a remarkable improvement over the longer term – 78% of municipalities did not bother to submit financial statements in 2002). In 2003, the auditor-general found that municipalities that fail to submit financial statements on time are considerably less likely to be implementing sound financial management practices (Auditor-General 2003). This indicates that even compliance with basic requirements of financial management remains a daily challenge for some municipalities, regardless of the quality of the regulatory environment.

The quality of financial management also appears to have improved, with a significant decrease in the number of disclaimed or adverse audit opinions, despite a large increase in the number of audits being reported on by the auditor-general (from 45 municipalities in 2003 to 148 in 2005). Unsurprisingly, most audit opinions revolved around the issue of consumer debtors (Auditor-General 2003; 2004; 2005).

Figure 13.5: Comparison of audit findings by type of opinion, 2002/03–2003/04

Although compliance with audit procedures is an important part of accountability and transparency, it does not reflect the full picture. What is far less clear is the extent to which any of these reforms have actually expanded accountability in

financial management to citizens – the impacts of municipal budget and accounting reforms on expenditure reprioritisation at a local level are now far more difficult to evaluate at the sub-municipal level.

SOME EMERGING ISSUES IN LOCAL GOVERNMENT FINANCE

The debates on mechanisms of redistribution, financial stabilisation and citizen accountability remain evident in the trends in municipal financial management discussed above. In the future, they are likely to continue.

South African municipalities, famously the 'hands and feet' of reconstruction and development, face huge demands for access to basic services, which available resources will never be able to address in the short term. As poor households become connected to services, the costs of associated operating subsidies will also rise. Clearly, a major challenge for municipalities will be to effectively manage the financial costs of providing universal access to services. The challenge here is that the total cost implications of any service strategy will only become evident over the longer term, while the issue needs to be carefully addressed in the design of capital spending programmes, specifically related to norms and standards for service delivery. Delicate negotiation is required between community preferences and available resources to ensure the long-term viability of a municipality. It is perhaps here that the true benefits of integrated development planning need to be extracted.

This ongoing challenge guarantees the survival of the debate on the efficacy of the system of intergovernmental transfers, with government already undertaking a major review of the fiscal framework for local government. Government is likely to continue its efforts to improve the efficiency of the transfer programme as a whole. For instance, the shift in the emphasis of transfers towards metropolitan areas does not appear to have resolved the funding problems of non-metropolitan municipalities, as variations in the levels of grant dependence remain large. This reflects both the significant shifts in the powers and functions of local and district municipalities, and the residual problems in targeting of resources to municipalities, particularly data constraints that affect the design of transfer formulas and funding outcomes. Government is now looking to introduce more accurate measures of fiscal capacity to address these issues. However, it remains to be understood whether residual issues of fiscal imbalance are a function of structural problems in fiscal policy towards local government (which should affect whole categories of municipalities) or a function of inefficiencies in municipal expenditures (which should result in large variations in expenditure capacity among municipalities). And as noted earlier, it is not yet clear whether an overhaul of the funding formulas for local government will produce anything other than marginal shifts from current funding outcomes.

It is less certain whether government will take steps to begin to reward municipalities showing improved performance, something that is currently not a significant feature of the transfer system. Intergovernmental transfers do not just serve to equalise access to resources across municipalities, but also to pursue specific national priorities (see Whelan 2002), including the financial stabilisation of municipalities through enhancing their management capacity. Government has begun to strengthen its monitoring of municipal performance to improve the productive efficiency of expenditures, including transfers (De Groot et al. 2006). Alongside this, government has experimented with conditional, performance-based transfers – particularly through the Local Government Restructuring Grant for large cities and the Financial Management Grant. However, the experience here has been a mixed one. The considerable administrative effort required to manage performance-based programmes, while retaining fairness in the application of rules, appears to be overwhelming. However, providing funding solely to municipalities with weak capacity runs the risk of rewarding failure, an allegation that has been levelled against past municipal support initiatives, such as Project Viability. Strengthened monitoring capacity at the central government and provincial levels will provide a stronger basis for performance-based funding to municipalities, and thus also for improvements in the quality of spending. It remains to be seen whether pressures for 'equalisation' will prevent the emergence of a performance orientation in the grant system.

Investor appetite for municipal lending has begun to recover sharply, particularly as a result of the Financial Sector Charter, which encourages investment in municipal infrastructure. The banking sector is actively trying to re-enter the municipal market, which challenges the position of specialist intermediaries such as INCA (which has recently experienced a downgrade in its credit rating). However, it is the effective demand by municipalities for private sector borrowing that remains the biggest challenge. While the real growth in property rates income may improve municipal creditworthiness, this is counter-balanced in some areas by the withdrawal of RSC levies as a stable revenue source. The capacity of many municipalities to actively articulate their borrowing needs to lenders also appears to remain a binding constraint. Continued, and perhaps strengthened, support to the municipal financial management reform programme appears to be essential to overcome this remaining obstacle to the emergence of a vibrant market for municipal debt.

While the financial position of municipalities does appear to have stabilised more recently, considerable challenges in financial management remain if municipalities are to take up their developmental mandates effectively. Clearly, the implementation of the new policy framework for municipal financial management as outlined in the Municipal Finance Management Act is something that will take a number of years to achieve across all municipalities. The current focus of government on this

challenge is commendable, but the consolidation of these reforms will undoubt-edly require further policy refinements. In particular, the financial implications for municipalities of national policies require more careful assessment than is currently the case. For example, the debates on the redistribution of municipal capacity appear to have run their course, the policy focus now having shifted to the creation of a single public service. This is intended to allow greater regulation of the perform-ance and remuneration of municipal employees, as well as to permit government to reassign personnel from the national and provincial spheres to assist ailing munici-palities. It remains to be seen how these efforts will relate to shifting sector policies that favour functional devolution or restructuring in health, housing, education, transport, electricity, water and elsewhere. Seen together, these issues may have a profound impact on municipal balance sheets. Fiscal implications include the loss of revenue sources, the hiring of skilled personnel and, in some instances, a rise in personnel costs as the costs of unfunded pension liabilities become clearer.

Beyond these issues, perhaps the greatest challenge for policy makers will be to differentiate issues where policy refinement is likely to have a systemic posi-tive impact on the financial capacities of municipalities from those changes that are likely to impact only at the margin. Minor changes to the funding formulas for local government grants, for example, are likely to induce only marginal changes, while potentially undermining the gains made in making transfers a transparent, predictable and timelier source of revenue to municipalities. Here, policy directions on strengthening systems of citizen accountability for financial performance remain ambivalent. It is unlikely that even a heroic Treasury could ever exercise the detailed level of oversight and monitoring in every municipality that is needed to stimulate effective financial choices at the local government level. Strengthening the bonds of accountability, including the replacement of RSC levies with a local tax, remain an important direction for future policy in this respect. Other channels for public oversight of municipal financial activities need to be continuously strengthened. One such mechanism is to continue to refine and expand the scope of information disclosure to citizens, at both the local and national levels, particularly with regard to comparative information on outputs, outcomes and impacts of municipal decisions.

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ENDNOTES

[1] The author has worked extensively on intergovernmental fiscal relations and municipal finance in South Africa, and is a former employee of the National Treasury. He now works for the World Bank on issues of local governance and service delivery in South Asia. Thanks are due to Phillip van Ryneveld, Chris Heymans, Sue Parnell and Paul Whelan for their valuable insights, although the views expressed here are those of the author, and should not be attributed to any other individual or organisation.

[2] The National Treasury now regularly publishes information on municipal budgets and intergovernmental transfers in its Intergovernmental Fiscal Reviews and schedules to the annual Division of Revenue Act. Statistics South Africa has considerably enhanced its reporting on financial and non-financial aspects of municipal management. The auditor-general has also begun to improve its financial reporting on municipal audit outcomes, albeit from a very low base.

[3] Similar concerns exist with tariff-based cross-subsidisation of user charges. Rising block tariffs rely on the service provider to effect redistribution without monitoring its unit cost structure over time. This may result in the gradual reduction in the coverage of benefits or an increase in costs, or both.

[4] It should be noted that this author was a member of the National Treasury team that prepared the comments on the demarcation proposals.

[5] Fiscal distress in local governments is commonly defined as 'a failure to meet standards in the areas of operating position, debt, and community needs and resources over successive years' (Kloha et al. 2005:314). It is most often reflected in the short-term inability of a municipality to meet short-term obligations, such as salary payments or debt servicing. The underlying causes of fiscal distress are often found in longer-term demographic shifts, rapid expenditure growth, changing community needs for services and poor municipal management. However, fiscal distress should be distinguished from other problems that a municipality might face, such as political impasses that prevent its effective functioning. While this may eventually result in a failure to deliver services, this does not necessarily manifest itself as fiscal distress.

6   This may also reflect data constraints, as it is not possible to calculate all indicators with available data.
7   The costs to citizens of participating in local governance are not addressed here.
8   While it is clear that increasing grant dependence has been driven by large increases in central transfers to local government, it remains unclear whether this has occurred as a response to weakening municipal balance sheets or as a result of the growth in available national resources.
9   The municipal financial year starts on 1 July of each year, a date that determines the budget management calendar of every municipality and much else besides. This is one quarter after the start of the financial year of national and provincial government, on 1 March. This sequencing has come to play an important role in the intergovernmental system through providing time for national and provincial budget decisions to be transmitted to municipalities and reflected in their own budgets. There have been some misguided efforts to align financial years across government as part of a broader programme of improving cooperative governance, due to perceptions that this would simplify the flow of financial information. Fortunately, the likely costs of this transition have outweighed the perceived benefits to date.
10 Demand-side constraints to the municipal debt market include the complexities faced by municipalities in managing the local transition, capacity constraints, the impact of demarcation, and poor financial and budget management. Supply-side constraints refer to ineffective policy coordination by central government, lack of appetite for risk by lenders and market distortions caused by DBSA.

Section III

Tools and Regulatory Instruments of Developmental Local Government

Historically, tools and instruments have collectively been considered as something that is objective, neutral and apolitical – merely the most rational, logical, effective and/or efficient means to realise particular ends. Development thinking and practice from all over the world have demonstrated that this is a rather naive assumption. Chapters in this section further serve to illustrate that the selection and use of particular tools and instruments are firstly and foremostly political acts, albeit with technical dimensions, which have political, social, economic and environmental consequences. In instances where the object has been ill-defined or a mutually agreed understanding of the goal or purpose is lacking, it is not surprising that contestation extends to the institutional means and forms adopted to pursue a particular outcome or development trajectory.

It is also obvious that the object of developmental local government is not static: it is permanently refined, if not redefined, in relation to local realities and as a result of processes of engagement, interpretation and negotiation. Moreover, it is intrinsically bound up with inherent tensions for which no 'neat' and simple solution can be found. These tensions include issues such as 'bottom-up' versus 'top-down' development, local autonomy and empowerment versus bureaucratic efficiency and central coordination, and sustainable development versus economic development, among others. The chapters in this section engage with some of these tensions and perceived trade-offs, but steer away from pitching them as opposites that cannot be resolved or somehow brought together in a productive and dynamic arrangement.

In the first chapter in this section, Harrison reflects on the integrated development plan (IDP) as the leading instrument of local planning and, increasingly, a central component in the emerging system of intergovernmental planning and coordination (a theme further elaborated on by Patel and Powell). Asking whether IDPs have served their developmental potential, Harrison notes that the answer depends on the perspective of the observer. He summarises two main perspectives in this regard: the autonomy perspective, which emphasises local empowerment and mobilisation, and the integrational perspective, which is concerned with bureaucratic coherence

within and across spheres of government. In conclusion, Harrison asks whether it is possible to draw together the respective strengths of these two models in a productive synthesis. He implies that such a synthesis is clearly necessary, and refers to examples from elsewhere (especially Brazil) to show that it is indeed possible.

Patel and Powell locate the IDP within the broader context of intergovernmental relations (IGR) and planning. Their chapter, written from the perspective of local government practitioners, serves to remind us that the system of democratic local government and the intergovernmental system in South Africa are both fairly new and continue to evolve. They refer to an emergent body of knowledge and practice that guides current policy thinking on how the spheres of government should interact and act, both independently and collectively, in a shared space (i.e. a municipal area). The authors make specific reference to two sets of tensions that need to be brought together in an effective IGR system: the one relates to local empowerment imperatives and the need for prudent fiscal management, while the other relates to local development priorities and provincial/national strategic considerations. The 'IGR impact zones' (coinciding with district and metropolitan municipalities) have been identified as the ideal locus for achieving effective developmental outcomes through IGR. Within this context, Patel and Powell argue that the IDP is the main IGR instrument, which has to revolve around two strategic thrusts, namely sustainable human settlements and robust, inclusive local economies.

Patel's chapter serves as a compelling example of the possible disjuncture between a progressive normative policy agenda and the use of technical, if not technocratic, means and tools to achieve supposed developmental outcomes. She argues that while the concept of sustainable development is understood in normative and idealistic terms, the mechanisms and tools adopted by municipalities reflect a more technocratic approach to environmental management. While municipalities can draw on an array of environmental management tools, the environmental impact assessment (EIA) is currently the only tool that has been regulated. Patel argues that this tool is biased towards an expert-driven approach to environmental management. As a result, little attention is given to the involvement of local communities, particularly those who are poor and marginalised. An important observation by Patel is that concerns and challenges related to a particular tool (in this case, EIAs) may in actual fact be symptomatic of unresolved tensions in our understanding of the object (in this case, sustainable development). She refers to recent public statements by national politicians, which reveal that sustainable development is still regarded as a trade-off between environmental and economic development priorities.

The chapter by Berrisford and Kihato serves as a sober reminder that local developmental outcomes, more specifically reversing apartheid's spatial legacy and integrating previously divided communities, are unlikely to be realised unless the planning system is overhauled. Local planning and land use management is still

guided by legal planning frameworks that pre–date the democratic transition of 1994. As a result, a rather perverse situation exists whereby municipalities can only use laws designed to achieve what they are charged to undo. While Berrisford and Kihato motivate for comprehensive planning reform based on a mutually agreed understanding of what constitutes the object of planning law and which planning powers should be exercised by different spheres of government, they are not optimistic that this will indeed happen in the foreseeable future. They argue that existing land use management systems serve to protect property values, which is not only in the interest of private capital, but also provides a significant source of income for government. They also highlight the lack of skills and capacity at municipal level to initiate reform. Notwithstanding their scepticism about the likelihood of planning reform, they conclude with a set of recommendations in this regard.

Mammon's chapter further illustrates the urgent need for planning reform through the lens of two case studies of land use regulation in Cape Town, namely District Six and Farm Bardale. In line with Berrisford and Kihato's assessment, the case studies show that land use regulation serves to perpetuate the apartheid city. The case studies also reveal that the application of planning law is at times arbitrary, with different laws and regulations (each with differing standards and outcomes) being applied to the same area. Mammon puts forward two considerations for an appropriate land use regulation model to achieve social justice and integration, namely nationalising land law and, secondly, defining and protecting the public domain as opposed to protecting individual property rights.

National policy allows for, and at times encourages, partnerships and outsourcing as vehicles to deliver municipal services. The chapter by Smith and Morris provides an overview of the range of partnerships municipalities can engage in and illustrates these possibilities with reference to partnerships in the water sector. From there, the authors explore whether municipal entities, as the most commonly adopted form of partnership available to municipalities, are the solution to service delivery constraints. While Smith and Morris concur that in many instances municipal partnerships have helped to bring about greater efficiencies, they argue that results have been less positive with regard to improved and more equitable service provision. One of the main reasons, they suggest, is the regulatory weakness with regard to monitoring service delivery in accordance with developmental objectives. Effective regulation and oversight requires rather sophisticated capacity, which may not exist at municipal level. Of particular concern is that municipal entities tend to view their accountability upwards, towards shareholders, and in narrow terms, namely meeting technical requirements. Thus, Smith and Morris conclude, without a strong municipal regulator, the ambitions of developmental local government are unlikely to be realised and may even be thwarted.

The final chapter in this section by Pickering illustrates the challenges associated with institutional reform to achieve local developmental outcomes through the lens of a particular service or sector, namely electricity distribution. This example serves as a prime example of how politicised and contested decision making about institutional form, tools and regulatory instruments for developmental local government can be. Electricity distribution is considered an important municipal function, associated with significant revenue. Pickering argues that the extent of municipal involvement in this industry is probably unparalleled in the world. The electricity distribution industry is in urgent need of reform to ensure equitable and reliable electricity for all South Africans. But, as Pickering outlines, reform of the industry is highly contested and highly polarised between two main views, namely those embedded in what he calls a 'local democracy perspective' and those espousing a 'professionalisation perspective'. The most worrying issue for Pickering is that the debate has become so polarised that little scope exists for meaningful engagement and creative problem solving. Drawing these two perspectives into a productive synthesis, as mentioned earlier, is likely to be a particularly ambitious endeavour.

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The Origins and Outcomes of South Africa's Integrated Development Plans

Philip Harrison

INTRODUCTION

The integrated development plan (IDP) is the leading instrument of local planning in South Africa. It provides municipalities with a tool to align budgeting and project implementation with strategic priorities, and to link across and coordinate the growing number of sectoral plans, programmes and projects that impact on the activities of municipal government. Increasingly, also, the IDP is being cast as a major component of an emerging system of *intergovernmental* planning and coordination (see Patel and Powell, this volume, Chapter 15).

There is a growing academic literature on the IDP (and integrated planning more generally), with contributions by Pieterse (2004a; 2004b) on the discourse of integration; Harrison (2001; 2006) and Mabin (2002) on the origins and development of the IDP; Parnell and Pieterse (1998; 2002), Pycroft (1998), and Binns and Nel (2002) on IDPs and developmental local governance; Visser (2001) on social justice and the IDP; Todes (2004) on sustainability and the IDP, Robinson et al. (2003) on techniques for achieving integration; Wilkinson (2002) and Schoeman (2004) on integrating IDPs with transportation planning; Pycroft (2000) and Ntsebeza (2003) on integrated development planning in rural areas; and Atkinson (2003) on the IDP and small towns. Much of the available information on the IDP is, however, held in the reports, many unpublished, that have been produced for organisations such as the Department of Provincial and Local Government (DPLG), the Council for Scientific and Industrial Research (CSIR) and the German Technical Cooperation agency (GTZ) by individuals, including Parnell, Oranje, Meicklejohn, Coetzee and Van Huyssteen.

A full review of this literature is beyond the scope of this chapter, which will be limited mainly to an account of the origins of, and influences on, IDPs, and a critical assessment of their outcomes or consequences. The chapter will raise and debate the big question of whether IDPs have served their developmental intention: Have

they led to more strategic decision making by municipalities, deeper levels of local democracy, more goal-directed budgeting, more developmental and transformative outcomes, changes in spatial configurations, and better coordinated and prioritised on-the-ground delivery? Has the considerable energy expended on IDPs been worthwhile? The chapter will conclude with a discussion on the future direction of integrated development planning and will ask whether IDPs can really serve as an instrument of both local mobilisation and empowerment, and effective intersectoral and intergovernmental coordination.

The methodological challenge

Revealing the outcomes of IDPs is a considerable methodological challenge. How do we show the relationship between planning processes and outcomes? A simple analysis of pre-defined intentions against actual outcomes is not possible, as integrated development planning is a complex, ongoing, interactional process in which capacities for decision-making, joint action and coordinated implementation are built over time, and in which there are multiple intervening variables.

This problem was highlighted in a different context by Innes and Booher (2002), who show how enormously difficult it is to evaluate outcomes in collaborative, network-based modes of planning. Even in much simpler, linear planning processes, evaluation is tricky, as 'most planning issues involve wicked problems embedded in systems that are characterized by fragmentation, uncertainty and complexity' (Innes & Booher 2002:10).

Contemporary international literature on evaluation suggests that, in instances where systems are open and complex, there should be multiple methods of evaluation – i.e. a methodological pluralism – that would structure measures and perceptions of outcomes from varying perspectives (e.g. Kelly & Swindell 2002). This chapter identifies two different frames within which to locate an evaluation of IDPs, and shows how the use of the two frames leads to very different conclusions about the performance and value of the IDP.

Apart from these considerable methodological difficulties, we are also confronted with the question of data. Although there have been a few independent and ad hoc case studies, the more systematic evaluations of IDPs have been undertaken as part of official assessments sponsored by DPLG and GTZ. It is fortunate that we have this material, but the framing of the assessments and the nature of the material gathered have been strongly shaped by the particular concerns of government at different stages in the evolution of the planning system. None of the assessments has had significant input from civil society.

Unlike the earlier assessments, which were mainly undertaken by individual consultants for government, the most recent review process involved an

interactive engagement among government departments, a review panel (with some independent input) and representatives of all 53 district and metropolitan authorities. These were the IDP hearings conducted between April and June 2005. This chapter draws material from the reported outcomes of the IDP hearings, and is both enriched and limited by the nature of this material. At the time of writing, the data was still in draft form and contained mainly in a set of uncompleted reports for each of the provinces. The major weaknesses of the hearings were the lack of involvement from civil society and their partially closed nature, but they do, nevertheless, represent a significant shift towards a more collaborative and, it is to be hoped, more empowering evaluation process (as discussed, for example, by Jackson and Kassum 1998). Before engaging with this material in a discussion on the outcomes of IDPs, the chapter now turns to the origins of the IDP and the influences that informed its development.

ORIGINS AND INFLUENCES

The arrival of the IDP

The IDP was first introduced in 1996 in an amendment to the Local Government Transition Act 209 of 1993. The timing of the legislative requirement that all transitional local councils prepare an IDP is significant, as 1996 was the year when the attention of the still-new African National Congress (ANC)-led government shifted firmly from the reconstruction of national and provincial government to the creation of a new system of local government. The first local government elections of the new democracy were held in seven of the nine provinces in November 1995 and in the other two provinces (KwaZulu-Natal and the Western Cape) in early 2006. The Department of Constitutional Development – forerunner to the present-day DPLG – was responsible for managing the creation of interim local governments, and key officials within the department – some of whom had previously worked within the Reconstruction and Development Programme Office, where ideas of integrated development planning had crystallised during 1995 – recognised the need for an instrument that would assist newly constituted municipalities in performing their functions in a co-coordinated, strategic, developmental and fiscally responsible way, and constructed the idea of the IDP for this purpose.

When the IDP requirement was first introduced, however, there was considerable confusion, as the IDP competed with other instruments of planning, most notably with the land development objectives set up in terms of the Development Facilitation Act 67 of 1995, but also with provincial planning instruments that had been developed in provinces, including KwaZulu-Natal and the Western Cape. In 1998, however, the White Paper on Local Government clarified the role of the IDP

as the lead instrument of local planning, and provincial governments aligned their planning systems with the IDP, while the concept of land development objectives was eventually dropped from legislation.

A more serious problem was that planning capacity in many of the new local authorities was very weak, and so the first round of IDPs was prepared mainly by private consultants, many of whom failed to make the paradigm shift required by post-apartheid planning. From 1998, national government worked hard to put in place support structures for municipal planning, in collaboration with agencies such as Germany's GTZ and South Africa's CSIR. The support included a nation-wide training programme for officials and councillors, guide packs, and 31 Planning, Implementation, and Management Support System Centres resourced by national government, but located within district municipalities.

In preparation for the final phases of local government transformation, government put in place the Municipal Systems Act 32 of 2000, which provided a stronger legislative basis for IDPs. Gradually, the quality and focus of IDPs improved, although capacity limitations remain a serious problem – DPLG (2005) reports, for example, that only 37% of municipalities have the independent capacity to prepare effective IDPs, while 35% have a basic institutional capacity, but require continued support to deliver the plans, and 28% lack the most basic capacity and, even with support, will struggle to prepare an IDP. In the context of these capacity problems, it is necessary to ask whether IDPs have contributed to institutional overload, or whether they have helped local authorities better structure and process the many obligations they are confronted with (see Atkinson 2003).

While the quality of IDPs has (in some places, at least) improved, the nature and scope of IDPs have also shifted. The IDP has had to expand to incorporate dimensions such as spatial development frameworks, medium-term financial planning, disaster plans, integrated transport plans, water services plans and performance management systems. One of the legislated requirements of the IDP process is participation, but as municipal planning has increased in scale and complexity, so it has taken an increasingly technocratic direction, which has been reinforced by the emergence of a quite elaborate system of intergovernmental planning and coordination.

Influences

The IDP as we know it today is the product of a peculiarly South African story, but also of the diffusion of international discourses and practices. The local and international story is told by Harrison (2001; 2006) and Mabin (2002), and is not repeated here. What is, however, discussed below are the different influences that have shaped the emergence of integrated development planning.

As Harrison (2001) points out, integration has been a *leitmotif* in modern planning thought that has meandered from the early regionalism of Geddes and Mumford, through the procedural rationalism and systems theory of the post–World War II era, to the collaborative planning approaches of contemporary writers such as Patsy Healey and Judith Innes. It resurfaced in the 1990s in a particular form and historical context: in South Africa, integration had a special resonance because of the history of apartheid-induced fragmentation, even if it was also strongly linked to shifts in international thinking.

The one area where the idea of integration is strongly apparent is in the contemporary discourse on *sustainability*. For Pieterse (2004b:87), 'integrated approaches to urban development stem from the current hegemony of ideas about sustainable urban development', while Coetzee (2002:11) suggests that 'integrated development planning can be viewed as the South African planning and development response to Local Agenda 21 (LA21)' (the programme for implementing sustainable development at the local level that was introduced at the Earth Summit held in Rio de Janeiro in 1992). This may be overstating the significance of the sustainability influence, but there is an important coincidence in emphasis. For Todes, the idea of integrated development planning did not necessarily flow from ideas of sustainability, but 'the notion of integrated development planning, with its emphasis on understanding development issues in a complex, multi-dimensional way, and on formulating territorially appropriate integrated, multi-sectoral strategies, is consistent with sustainability thinking' (Todes 2004:858).

Mabin (2002) points to the influence of the idea of *urban management* on South Africa's integrated development planning. Urban management provides a far broader conception of intervention in the urban environment than traditional spatially focused concepts of town planning. It includes, for example, attention to governance, service delivery, local economies, urban poverty, land management, environmental management and information management. The discourse on urban management first cohered at the United Nation's UN-Habitat Conference in Vancouver 1976, and since then has been actively promoted by the UN and other international agencies, including through UN-Habitat's Urban Management Programme. In South Africa, ideas of urban planning and urban management found a productive synthesis in the IDP.

The *New Public Management (NPM)*, whose influence is very apparent in the early formulation of the IDP, had a narrower focus on the efficiency of local government – its concern was with introducing a corporate culture to public sector management. Key elements of the IDP, such as performance management and goal-directed budgeting, are instruments of the NPM. In South Africa, however, the NPM took a hybrid form, as its efficiency concerns were introduced together with developmental objectives such as black economic empowerment and poverty alleviation (Harrison 2001).

The impact of the NPM was also modified by the rise of the so-called *Third Way* approach to governance in the 1990s, pioneered internationally by US President Bill Clinton's New Democrats and UK Prime Minister Tony Blair's New Labour. The Third Way is also apparent in policy shifts within major multilateral development agencies, including the World Bank, a process that has been described as a move towards a more moderate or humane neo-liberalism (e.g. Jenson & SaintMartin 2003).

Third Way leaders accepted the fundamentals of 1980s neo-liberalism, but also gave renewed attention to ideals such as community building, social cohesion, social investment, participatory governance and also *integration,* with Blair speaking famously of the need for 'joined-up government' (Clarke 2002). This approach has been loudly echoed in President Thabo Mbeki's push for *integrated governance*, of which the IDP is an important element.

For planning, the Third Way has meant a return to longer-term strategic considerations after the radical neo-liberalism of the 1980s, with its short-term horizons and strong focus on the individual. It has also brought a new focus on matters such as community building, poverty alleviation and participatory process. However, the Third Way remains a complex, eclectic and uneasy mix (Bèland et al. 2002). The attention given to participation, for example, has been counter-balanced by stronger systems of performance management, while the decentralist tendency of the Third Way has been implemented together with greater centralisation of policymaking, financial control and monitoring (Lee & Woodward 2001). Also, despite its concern with community and participation, there is a strong technocratic streak to Third Way governance, driven by a pragmatic focus on 'getting things done'. All this is reflected in the IDP.

In the final event, South Africa's IDP is the outcome of a complex set of contextual and global influences, and represents one of the clearest examples of a new generation of planning tools that emerged during the 1990s. The meaning of integrated development planning is, however, not static, nor is it understood similarly by all: Pieterse (2004a:1) has, for example, written of the 'multiple and shifting meanings of integration in urban development policy thinking'.

TWO PERSPECTIVES ON OUTCOMES

An assessment of the outcomes and consequences of integrated development planning depends on the perspective of the observer. Cameron (2001) provides a helpful framework within which to place different perspectives. He differentiates between a view of local government that stresses the autonomy (and empowerment) of local actors, and an 'integrational view' that places the workings of local government

firmly within the context of the functional interdependence of the different spheres of government.

An autonomy model raises questions such as: Has there been an appropriate decentralisation of planning powers? Has integrated development planning strengthened the autonomy and effectiveness of the local sphere? Has local democracy been deepened through planning processes? Does integrated development planning provide the channel for local citizens to express their desires, and are these desires properly reflected within the plans? Have local planning processes mobilised or undermined the organisation of civil society?

For the integrationists, the key questions include: Has integrated development planning improved the effectiveness of delivery through better coordination among agents across the spheres of government? Has there been a stronger alignment among the policies and programmes of the three spheres? Have the planning capacities of all three spheres been strengthened, and do they relate effectively to one another?

The autonomy perspective: The IDP as an instrument of local empowerment?

From an autonomy perspective, there are strong critiques of the IDP. Heller (2001:147), for example, provides an angry account of the 'technocratic creep' of South Africa's integrated development planning and the extent to which it has been implicated in the demobilisation of South Africa's civil society. He compares the IDP with budgetary and planning processes in Porto Alegre, Brazil, and the State of Kerala in India,[1] and concludes that 'IDPs have been prescriptive and state-led, they have not allowed the kind of creative input, innovation, and learning that popular budgeting [in Porto Alegre] and the Campaign [in Kerala] have generated' (Heller 2001:147). For Heller, 'planning processes [in post-apartheid South Africa] have served largely as instruments for exerting bureaucratic and political control and as vehicles for marketization, rather than as institutional spaces for democratic mobilization' (Heller 2001:144) and he contends that 'the ANC's technocratic concern with getting the institutions right has all but obviated efforts to build local democracy and build local participation' (Heller 2001:146).

Friedman too is deeply critical of post-apartheid planning, and even of the processes of participation within planning, which he argues 'are favoured because they are more amenable to frictionless administration than the robust and messy world of real public mobilization' (Friedman 2001:58). The key to effective local government, he says, is not better technique and control, but rather 'a revived respect for democratic politics' (Friedman 2001:57).

Heller and Friedman provide a hard critique, but there are other writers more sympathetic to planning approaches such as the IDP who have also warned of the

dangers of a technocratic path to development. Pieterse (2004a:7), for example, reminds us of how easily planning systems can be 'emptied of transformative political content'.

Are these critiques an unreasonable and excessive ideological assault on a sincere attempt to provide the poor with a better life? The answer will depend on the relative importance given to participatory and representative democracy. It is arguable that the IDP is an important prop for representative democracy at the local level, by assisting democratically elected councils to work more effectively. At the same time, it is also true that the IDP is very limited as an instrument of participatory or popular democracy, and does not compare well with some of the more innovative practices in Brazil, for example.

However, does the fact that participatory processes have been shaped by municipal councils and channelled through officially constituted structures – such as ward committees and IDP forums – mean that democracy has been eroded and the interests of the poor have been undermined? Heller and Friedman answer in the affirmative. A perspective provided by Williams (2004) on work conducted in India suggests, however, that the answer may be somewhat more complex. He writes that 'while participation may indeed be a form of "subjection", its consequences are not predetermined and its subjects are never completely controlled' (Williams 2004:557). To take the debate further, however, it is necessary to move beyond general assertions to a more grounded empirical understanding of how participatory processes are actually working and what their impacts are on the lives of ordinary citizens. This, however, is a research agenda for the future, as very little empirical material on the scale and nature of participatory processes is currently available.

DPLG has responded to some degree, at least, to criticism around the deficiencies in participatory process. For example, it acknowledges that the participatory process has been 'uneven' and that a key objective should be 'to deepen and strengthen institutionalised participation, and to move beyond institutionalised participation' (DPLG 2006:2). The proposed mechanisms for participation remain, however, the IDP representative forums and ward committees, but have been extended to include IDP summits and *imbizos* (where senior politicians have direct contact with local citizens).

The material impact of the IDP on the lives of ordinary citizens, and especially on the poor, is the other critical area that requires careful investigation. Here again, there are methodological and data problems. The impression derived from the IDP hearings is that there has been an improvement in the level of service delivery country-wide, but that the rate of improvement is highly uneven and is, generally, disappointing. There is data available for particular municipalities – and even province-wide in the few cases where provincial governments are proactively gathering information – but there is no commonly agreed set of measures for

quantifying backlogs and progress, and so nation-wide comparison is extremely difficult. The IDP hearings revealed that, with the exception of the metropolitan areas, the most serious backlogs remain in the area of water provision, with the majority of districts still having a greater than 50% backlog, although there are also continuing concerns with sanitation, refuse removal and, to a lesser, electricity (DPLG 2005). It is difficult, however, to relate the information provided through the IDP hearings to the aggregate data provided by the government's ten-year review (RSA 2005) and in a recent report of the Policy Coordination and Advisory Services (PCAS) in the Presidency (PCAS 2005). The PCAS reported, for example, that the percentage of poor households with access to piped water had increased from 59.3% to 77.2% in the period 1995–2000 (with a higher rate for the population as a whole). But with existing backlogs of more than 50% in non-metropolitan areas, this improvement may have been very metropolitan focused.

In terms of poverty alleviation, the major intervention available to municipal government is the provision of free basic services to the indigent. In this area, progress is still very limited. Indigent registers are generally weak or non-existent. Again, there is a lack of comparable nation-wide data, and so we must rely on reports from individual municipalities. The situation in the Cacadu Municipality in the Eastern Cape, for example, where 70% of residents are indigent and qualify for free basic services, but where only 18% received this service in 2004 (DPLG 2005), cannot be considered as unusual. Again, however, there is considerable variation in performance: in KwaZulu-Natal, for example, the level of provision of free basic water ranges from 13% in three district municipalities to 70% in the case of the Umgungundlovu District Municipality (DPLG 2005).

The critical methodological challenge is to make the link between improvements in service delivery for the poor (to the extent that these have occurred) and the existence and quality of integrated development planning processes (including the participatory dimension). While there is no current data to show this, there are individual indications, at least, that the link between the IDP and budgeting processes has worked to redirect expenditure towards areas of need. This point was made by Visser (2001), who used the (first-generation) Tygerberg IDP to show how distributional concerns were given a higher priority because of the IDP process, and by Cashdan (2002:164) who observed that an IDP 'makes it harder to perpetuate old expenditure patterns'.

While IDPs are likely to have contributed to a greater focus on service provision in poor communities, their contribution to a fundamental transformation of the unequal sociospatial landscape is less certain. There is no indication, for example, that IDPs (and their spatial development frameworks) have made any impact on the spatial disjunctures created under apartheid, while the deep inequalities in land ownership and access seem as entrenched now as they were before. For Pieterse

(2004b), post–apartheid planning has been embedded in a consensual model of politics and thus has been unable to challenge the real inequalities in society and to bring to the surface the real divides.

The integrational perspective: The IDP within a system of intergovernmental relations?

The integrational perspective is concerned primarily with the ability of government to deliver effective and co-coordinated services to its citizens. With its emphasis on integrated or joined-up action across the spheres of government, it represents a significant shift from the decentralisation orthodoxy of the 1980s and early 1990s, where the focus was only on shifting responsibility to the local level. As indicated, this integrational perspective has been forcefully articulated by Blair and his New Labour government and in contexts such as the European Union, where there is a strong concern for policy coherence within a complex system of multilevel governance (Clarke 2002).

This perspective is now the dominant one within the key agencies of South Africa's government, including DPLG and the Presidency, and is legitimated by the discourse on the developmental state. This is clear in the summary report of the IDP hearings, for example, which is prefaced by sections entitled 'the need for a developmental state', 'mobilising the machinery for a developmental state' and 'the need for an intergovernmental dialogue on integrated development planning' (DPLG 2005:1).

The link between the IDP and intergovernmental integration goes back at least to December 2001, when the Presidential Coordinating Council called for the 'implementation of a state-wide planning system wherein Integrated Development Planning serves as the basis for aligning policy, planning and budgeting processes across all spheres' (CSIR 2003:1).

Key areas of concern for the IDP from an integrational perspective include the alignment between the IDP and the strategies and plans of national and provincial governments; the link between IDPs and intergovernmental fiscal transfers; the integration of sectoral planning; the role of spatial frameworks in coordinating development; information sharing across the spheres; the effectiveness of national and provincial support for local planning; the relationship between municipalities and sector departments; the relationship between district and local municipalities; and co-ordination between neighbouring municipalities. An evaluation of the IDP (and the broader system of integrated development planning in which it is located) in terms of the integrational perspective would involve an assessment of the extent to which the various forms of integration outlined above have been achieved.

In terms of alignment among intergovernmental policies, there is, at least, a growing match at the level of rhetoric, but real questions remain about how deep this really goes. In terms of intergovernmental fiscal transfers, further development is needed, as most municipalities are heavily dependent on intergovernmental transfers, and the ability of the IDP to influence these transfers is sharply constrained (Ambert & Feldman 2002). The alignment of the IDP with sectoral plans and programmes is improving, but there is still a long way to go. For example, most IDPs deal very poorly with environmental management, while the critical link with transportation planning – which is at least recognised in the literature (see Wilkinson 2002; Schoeman 2004) – is only at an embryonic stage. In the area of spatial planning, progress in developing new systems of land-use management has been extremely slow, with the possible exception of KwaZulu-Natal. The majority of municipalities have, however, produced a spatial development framework, but the effectiveness of many of these is an area of considerable doubt – many appear as a simple mapping exercise, rather than as providing analytical and strategic guidance on future spatial development.

Information sharing across spheres of government has improved with the use of shared electronic databases – most notably the IDP Nerve Centre, on which municipalities and sector departments place information – but the lack of comparable statistics and indicators nation-wide was identified at the hearings as a major obstacle to developing a shared understanding of challenges across government.

The much expanded support given by the DPLG has been recognised as an important contribution to the gradually improving quality of IDPs, but the weakness of most provincial governments in this area was noted as a point of considerable concern, as were the levels of commitment and engagement to IDP processes by sector-based departments and the big infrastructure-related parastatals.

The lack of coordination across the spheres was identified in the hearings as the critical element complicating local development processes. Almost across the country, for example, uncertainties over land claims and the slow pace of land reform were cited as key constraints on local development. Other problems of coordination raised in the hearings related to the release of land by parastatals; planning for electricity provision and distribution by Eskom and the new Regional Electricity Distributors; the local impact of mega mining and industrial projects, which involve agencies such as Iscor, the Industrial Development Corporation and the Department of Mineral and Energy Affairs in their planning, but generally exclude municipalities; the devolution of responsibility of water schemes from the Department of Water Affairs and Forestry to municipalities; and the fragmentation of responsibility for transportation, particularly within metropolitan regions (DPLG 2005).

The relationship between district and local municipalities and between

neighbouring municipalities was considered as less of a concern, but there are unresolved issues, including the relationship between the local municipalities governing South Africa's secondary cities and the district municipalities of which they are a part. These problems include, for example, the locally contested distribution of powers and functions, and highly variant capacity and resource distribution between district and local municipalities. Although district municipalities should, theoretically, be coordinating their activities across local boundaries and providing support to local municipalities, there are instances where local municipalities are far better capacitated than the district and, understandably, resent the oversight role of the districts – this is the case, for example, in respect to both Buffalo City (East London) and Manguang (Bloemfontein) local municipalities.

Overall, the IDP hearings have provided a fairly comprehensive understanding of the intergovernmental dimensions of planning, but they did not necessarily shed much light on how this improved coordination and integration has translated into better lives for citizens. It is an almost trite observation that co-coordinated action will be more effective, but coordination also imposes transaction costs and institutional burdens. Empirical work is required to verify the relationships between integrated planning and implementation, and the effectiveness of outcomes (Gulati & Singh 1998; Artz & Brush 2000).

DPLG, and other agents of national government, such as the PCAS in the Presidency, have taken on board the criticisms of the planning system from an integrational perspective (which is, in any event, the currently dominant perspective within government). In January 2006 the Cabinet discussed a proposal that the IDPs at district and metropolitan scale be used as the plans around which intergovernmental coordination could be negotiated (DPLG 2006), and a task team has been set up to investigate the legislative changes that would be needed to take this further. The DPLG Strategic Plan for 2005–10 also suggests a strong emphasis on strengthening coordination across the spheres of government and enhancing the support by national and provincial governments to municipalities. There is therefore reason to believe that intergovernmental collaboration around local development will improve with the next round of IDPs.

The most trenchant critique of the integrational model remains, however, that it is complex and technocratic, is overly focused on the role and workings of government, and downplays the potentially mobilising and empowering role of local planning processes. The key question is whether the drive towards greater integration and collaboration across government that is expected over the next few years will happen together with processes that support the deepening of local democracy and enhance mobilisation and empowerment.

Conclusion: The IDP as Mobilising and Integrating?

On the one hand, we have the integrational model, with its emphasis on the bureaucratic coherence of a complex, multiagency state and, on the other, we have the autonomy model, with its concern for local mobilisation and empowerment. Is it possible to draw together the strengths of these models in a productive synthesis?

Although Pieterse (2002) was highly critical of the managerialist and technocratic tendencies of integrated development planning, he accepted that the IDP has the potential, at least, to square different approaches:

> … the genius of the policy design [for IDPs] is that it reconciles the democratic aspirations of South Africans with the service-delivery imperative, which can only be addressed through systematic, incremental, collaborative effort over the long term. It nudges democratic aspirations in the direction of pragmatism and pulls institutional practice towards popular democratic control in a system with clear norms and rules and respect for financial durability (Pieterse 2002:5).

It is instructive that even the much lauded participatory budgeting processes in Porto Alegre, Brazil, which were praised by Heller, for example (see this volume, Chapter 7), are a carefully structured synthesis of mobilising and technocratic processes, and include aspects of both participatory and representative democracy (Abers 2000).

A broad framework for locating an attempt to bring the two models into some form of relationship may be found in the idea of the 'democratic developmental state', introduced by Robinson and White (1998), and taken up in the South African context by Edigheji (2005) and Fakir (2005). In the *democratic* developmental state, popular organisation would be accepted as a crucial element in sustaining the state's commitment to developmental goals, and the state would not only be guided by 'the goals of coherence and authoritative guidance', but also by 'accountability, inclusiveness, ability to generate consensus, and popular participation' (Edigheji 2005:18). Fakir (2005:2) writes that–

> the need for a developmental state that emphasizes performance, managerialism, technical and bureaucratic efficiency and effectiveness, and institutional rationalization and transformation must co-exist with the idea of a democratic state that creates a voice for the poor and marginalized, that promotes, enhances and protects the rights that accrue but pursues the obligations owed to it by citizens, and which inculcates diversity, responsiveness and representation and representativity, the institutional separation of powers and functions, transparent decision making, accountability and effective oversight.

For planning, this must mean a deliberate effort to sustain and deepen democratic involvement, even as we work to strengthen government's systems of planning and implementation. Fortunately, there are cases internationally where integrative planning practices do seem to have had mobilising and empowering outcomes. The Brazilian experience warrants careful attention. Abers (2000) has shown how technocratic interventions in Brazilian cities have supported citizen empowerment, but also how processes of citizen empowerment have assisted in the governability of cities. An example of the first was the computerised project management system in Porto Alegre, a technocratic intervention that allowed citizenry to gain access to information on municipal spending and strengthened their position within participatory budgeting processes. At the same time, the way in which the municipal government provided space for social mobilisation strengthened governability, as it provided the governing party with the widened support base that was necessary for it to pursue non-traditional policies and politics.

The Brazilian experience, as described by Abers (2000), suggests new ways of thinking about the state–civil society relationship that would overcome the dichotomies illustrated in this chapter:

> Whereas some authors have suggested that any kind of state intervention in the way civil society is organized can only be *dis*empowering, in fact, it is possible for state actors to help civic groups gain political capabilities. Furthermore, civic groups as they develop those capabilities, become increasingly able to pressure for change within the state itself. The result in Porto Alegre was not only the empowerment of civil society through the budget policy, but also the gradual process through which participants transformed that policy, exerting pressure for control over more and more government decision-making. This could be understood as a very positive process of state-society 'synergy' (Abers 2000:222).

It is clear that if planning is to challenge sociospatial inequality, then a far higher level of social mobilisation is required – government must be constantly called to account, and the voices of the socially marginalised must have weight. However, it is equally necessary for government to have effective systems that are able to deliver services to its citizens, and so a focus only on mobilisation without having given serious attention to the efficacy of government is, arguably, a limited perspective.

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ENDNOTES

1   For an explication of these two cases, see Chapter 7 in this volume.

fifteen

Intergovernmental Delivery in Municipal Areas: Reflections on Current Practice

Yusuf Patel and Derek Powell[1]

INTRODUCTION

Government in South Africa comprises three spheres: national, provincial and local government. The local sphere of government consists of 283 municipalities, each with its own municipal council, which is a democratically elected government for a particular municipal area with constitutionally enshrined powers and functions of its own. National government and provinces in turn regulate the exercise of municipal functions and deliver public goods and services under their charge to beneficiaries who are living, working or located in local areas. Public sector delivery and good governance in the municipal areas of South Africa are thus the product of local government acting in its own right and concurrently with other public sector institutions whose own regulatory responsibilities or expenditure programmes take effect within municipal areas. Government has the constitutional and political responsibility to promote economic growth and sustainable and equitable development for the country, and to provide for the basic needs of millions of people who live in poverty. Those goals are not attainable without an efficient, responsive, accessible and spatially referenced system of intergovernmental delivery.

This chapter examines some key lessons that have emerged in the past decade or so of practice. The first section briefly describes the South African system of government and examines several important lessons that have been learnt about it. Two areas of policy that are currently topical are examined in the second and third sections: respectively, the functional responsibilities assigned to municipalities and the coordination of intergovernmental delivery in municipal spaces. The final section draws some conclusions.

THE ESTABLISHMENT AND TRANSFORMATION OF LOCAL GOVERNMENT IN SOUTH AFRICA: THE MAIN LESSONS FROM PRACTICE

The cooperative government model

The form of state and government in South Africa today is a product of the political context that prevailed in the country in the 1990s, which saw the demise of apartheid and the first democratic elections held in South Africa. Multiparty negotiations in the Constitutional Assembly culminated in the Constitution (Act 108 of 1996), which established three spheres of government, in which most service functions are shared between one or more spheres, and the allocation of functional responsibilities is underpinned by a revenue-sharing model in which national government retains control over the main taxing powers and revenue collection. The model seeks to place a check on both the prospect that historical divisions in the country would be perpetuated and the potential that decentralisation could fragment the national effort to reconstruct and develop South Africa after centuries of colonialism and apartheid. Each sphere is distinctive, but all spheres are inter-related and interdependent, and bound to cooperate with one another on matters of common interest. What makes a sphere of government distinctive is that it is a democratically elected government in its own right, accountable to its electorate for its actions, with the power to determine a budget, and plan and decide the mix of services in response to local demand.

The practical business end of cooperative government is the assignment of revenue and expenditure accountabilities among the three spheres of government. National functions are primarily policy and regulatory in nature, whereas provinces and municipalities are primarily responsible for service provision.

Two key lessons from practice

The first term of democratic local government (2000–06) was a period of rapid learning for everyone concerned with establishing a new democratic system of local government in South Africa. Practitioners had to confront two formidable tasks at the same time. The first was to implement this new system of municipal government in its entirety, a task that involved the complete reorganisation of municipal structures and systems and the election of democratic municipal leadership.

The other task was to find the appropriate intergovernmental fit between the new local sphere, endowed with its own functional responsibilities, and the other two spheres, whose own regulatory and oversight responsibilities and spending programmes manifested in the area of municipalities. Both tasks generated

complex problems of intergovernmental coordination and policy sequencing. For one, municipalities had to respond immediately to the myriad of national and provincial policies seeking to provide state relief to those living in poverty, while at the same time promoting sustainable livelihoods and settlements. Progressively reconciling sector policies and expenditure programmes with statutory municipal integrated development plans and budgets is both essential if South Africa's cities, towns and rural villages are to break free of apartheid spatial forms to become integrated and sustainable settlements, and an ongoing challenge.

It was during this period too that the transformation of local government commenced in earnest, in accordance with pre-determined phases spanning many years that had been set out in the Local Government Transition Act 209 of 1993. The Act defined three main phases. In the pre-interim phase (1994–96), transitional local government structures were established and new local government office bearers elected in 1995. Writing a new policy of local government and developing the legislative framework were the main tasks of the interim period (1996–99). This gave rise to the White Paper, and a suite of Acts. The final phase (2000 onwards) saw the inauguration of the new system.

Perhaps two lessons from the South African experience stand out above all others, and may be of interest to other developing countries undertaking intergovernmental reform on a similar scale.

The first is that fundamental structural change takes time, and the way that policy reform processes are managed is as important as policy design itself. Beyond constitutional and policy design choices, the strategies, techniques and modalities of managing complex reform processes and the issues of timing and sequencing that inevitably arise quickly become both the main concern of practitioners and the defining feature of the change process. Policy reforms may stagnate, stall or transform into something less than was intended if implementation strategies do not sustain momentum, overcome resistance to change and information asymmetries, or communicate approaches and results to those affected. According to Momoniat (2001:1)–

> [g]overnments in developing countries are often forced to undertake critical political and economic reforms without sufficient capacity or information. Developing and implementing policy in this environment represents a major challenge made more difficult in the light of the ever-present pressure to deliver services to poor communities.

Maintaining a focus on getting the basics right is essential if the larger policy reforms at stake are not to be undermined 'by a lack of sufficient capacity and the absence of more modern budgeting and financial systems' (Momoniat 2001:1).

It soon became apparent that local government transformation was an ambitious project that required a long-term commitment. Municipalities had to cope with large-scale structural change while retaining the levels of service delivery efficiency that were required to meet national targets and to implement legislation. The administrative and fiscal capacity of municipalities became crucial variables in the reform equation.

The other lesson is that intergovernmental systems are continually evolving. Reform to one aspect of government frequently works an effect on other public institutions, which must now respond to the possibilities and risks that have emerged as a consequence of change. Local government's coming of age, for instance, has created pressure for national government and provinces to reorganise the way they regulate, support and intervene in municipalities. This has thrown the spotlight on these two spheres to account for their own capacity to fulfil their mandates to local government. As government's information base improves, uniform approaches to local government are also giving way to asymmetrical innovations that take into account local differences in geography, population dynamics, rural-to-urban migration, economic potential and capacity.

Successful policy reform processes assess results regularly. At least one analyst, Schick, has observed that—

> the failure to systematically evaluate what has been accomplished is one of the greatest threats to durable innovation in public management. Over the years, in many countries, management reforms have tended to live an unexamined life. They typically begin with much fanfare, but after a decent interval, most just fade away or are displaced by the next wave of reform. There are notable exceptions to this generalization, however. In countries that have advanced the farthest in rebuilding public management, the early innovations have been rigorously assessed and recalibrated (Schick 2000:3).

Although evaluating policy reform is a regular practice in the South African government, it is far too early in our experience to draw any firm conclusions about the overall effectiveness of cooperative government in the local context. All three spheres of government are only now coming to grips with the real impact that local government will have on the intergovernmental system. But important lessons have been learnt since the first local government elections in 2000.

MUNICIPAL POWERS AND FUNCTIONS

How functional responsibilities are being performed in their current location, whether they are properly located where they are and, if not, where they should

be located are fairly standard questions for policy practitioners in any decentralised system of government, and South Africa is no exception. Practice informs policy and policy informs institutional change dynamically, with the result that systems of government are continuously evolving. For much of the last 10 to 15 years, conventional wisdom held that greater responsiveness, efficiency and citizen participation could be achieved by decentralising more powers and functions to local government. This viewpoint, coupled with the historical significance of local forms of community and citizen organisation during the liberation struggle against apartheid, ultimately secured the place of local government in the constitutional order. The Constitution provides for exclusive municipal functions and requires functions that are better performed at municipal level to be reassigned to one or more municipalities. For all that, the Constitution contains a fairly conventional or standard menu of exclusive municipal functions, such as the provision of potable water, electricity reticulation, refuse removal, municipal health services and municipal transport services.

Local government is exclusively responsible for municipal functions, subject to the Constitution and the law, but only metropolitan councils are originally responsible for the entire menu of municipal functions. District and local councils must be authorised to perform select functions on a case-by-case basis in accordance with a complicated executive procedure set out in national legislation.

Funding for municipal services is derived from three main sources. Firstly, the Constitution assigns certain revenue powers to municipalities, in the form of property rates, user charges for cost-recoverable services, and levies. The revenue derived from these functions is used to fund capital and operating expenditure. Secondly, each municipality is entitled to an equitable share of national revenue to fund a basic level of service in accordance with a prescribed formula. Thirdly, a portion of national revenue is transferred to municipalities as a conditional grant to fund the infrastructure required to deliver a basic level of service.

Beyond the Constitutional framework, practice is not as neat and straightforward:

■ Municipal performance is highly uneven, and while recent studies show a gradual improvement in the number of municipalities providing a full range of services, some district and local municipalities are not performing all functions allotted to them, and may not have the capacity to do so (MDB 2006; DPLG 2005).

■ The other two spheres of government are often assigning additional functional responsibilities to municipalities without budgets and resources, resulting in unfunded mandates and a widening fiscal gap between municipal expenditure and revenue responsibilities (MDB 2006; DPLG 2005).

- ■ Municipalities are responsible for settlement planning, infrastructure, water, electricity reticulation and other built environment functions, yet public transport and housing, which are crucial functional areas for metropolitan government, are provincial responsibilities.
- ■ The fiscal framework for local government is far from stable. The Municipal Infrastructure Grant is still being phased in; the Regional Service Council levy has been abolished; and the budget, credit control, accounting and financial reforms in municipal finance legislation are still new.

COORDINATING PUBLIC DELIVERY IN MUNICIPAL AREAS

The concept of shared space

Evolving practice in South Africa is creating interesting debates and perhaps greater conceptual clarity about how the different spheres of government should interrelate and act both independently and jointly in a shared space impacting on the same communities that live in that space.

These shared spaces, or municipal areas, are where the sector-based responsibilities of national and provincial line departments, together with their agencies and state-owned enterprises, merge with the territorial development responsibilities of developmental local government and the needs and aspirations of communities.

The question of how development is shaped in these shared spaces both by government with its intricate intergovernmental relations and by social actors, residents and communities that live in these spaces is under greater scrutiny as the country accelerates the pace of service delivery and economic growth and development.

This part of the chapter teases out some of the challenges and developments in respect of improving the spatialisation and spatial impact of government's reconstruction and development agenda, and how the state, especially the local state, and the local private sector, organised labour, communities and citizens interact with one another to create the dynamism and innovation necessary to drive development.

In this sense, communities in a municipal space are the responsibility of all three spheres of government, while recognising that local government is the closest to communities and often best positioned to be responsive and sensitive to specific local issues. Nevertheless, in a context of building new institutions, totalising notions of decentralisation cited by many authors are perhaps aspirations that can be realised only in the long term in a developing-country context, and even then it is arguable whether 'full' decentralisation or even a 'disconnection' between local government and the rest of government is ever possible or desirable. Proponents of decentralisation often have this as an underlying unstated objective:

> Decentralisation has been favorably received globally because it implies, inter alia, the unblocking of an inert central bureaucracy, curing managerial constipation, facilitating accessiblity to government and vice-versa, and initiating development …. It is generally accepted that public services are provided most efficiently by the jurisdiction having control over the minimum geographic area that would internalize benefits and the costs of such provision …. In this context … local governments understand the concerns of the local citizenry, local decision-making is responsive to the people for whom the services are intended, encouraging fiscal responsibility and efficiency, more particularly if financing of services is decentralized; unnecessary layers of jurisdiction are eliminated and inter-jurisdictional innovation and competition is enhanced. Given Africa's deteriorating social and economic situation and severe resource constraints, it is generally accepted that there is a need for decentralisation (York & Reddy 2003:).

The concept of shared space dispels the notion that decentralisation by itself is necessarily an alternative to an overall weak state, as suggested by the above quote. Rather, we posit that decentralisation is only effective when it is part of building an overall strong developmental state and where the interactive capabilities among the levels of government, together with their civil society relations, are strong.

This is supported by authors such as Sabela (2003), who observe that even in developed countries, own-revenue generation by local government is never sufficient. It always has to be supplemented by other levels of government, such as in the United States, where the federal government, with its larger and more elastic tax base, is an increasingly important contributor to both state and local budgets. Equally, the management of the Hurricane Katrina disaster in the United States showed the need for much greater coordination among the three levels of government.

This implies that there has to be and probably will always be a special relation among the levels of government that may evolve during different periods or stages of development. The nature of the relations and requirements of resourcing and support may change, but essentially the overall development of a country is intricately determined by links among the constituent levels of government providing functions that are optimally located, depending on a range of different factors.

The Organisation for Economic Cooperation and Development, for example, suggests that the challenge of decentralisation and intergovernmental relations is a universal and ongoing one with common issues raised across both developed and developing country contexts, as well as contexts of different degrees of democracy. The September 2005 policy brief on China (OECD 2005) describes the following governance challenges:

- ■ Ensuring that local governments have the resources to meet their responsibilities and that they use these in accordance with national objectives;
- ■ Persistent enforcement problems at local level, despite fiscal control at national level;
- ■ Rising inequality among provinces and between rural and urban areas;
- ■ Divisions of responsibility and accountability that are often unclear;
- ■ Local governments taking on major new expenditure responsibilities in recent years without receiving the funding to meet them;
- ■ Shortage of revenue at the local level;
- ■ The capacity of sub-national (provincial) government to coordinate national policy and local level delivery;
- ■ Reforming incentive measures for local leaders; and
- ■ Increasing participation of local leaders in debates on national policies.

While the argument for decentralisation is often made for African countries, more often than not it is broader political and economic transformations at national government level and scale and intergovernmental linkages that are required to truly protect and build communities. This is captured in the quote below, where the author has studied the development of local government in African countries:

> Effectiveness of local government in African countries has been limited due to several factors. Some of these include: absence of an enabling political environment and economic environment; scarcity of qualified personnel; centralized mechanisms of decision-making in the central-local government relations; the nature of local level political leadership; weak vertical and horizontal linkages; and ineffective grassroots participation (Sharma 2003:).

Although countries such as Botswana and South Africa operate in a favourable political climate, they still suffer from some of the weaknesses listed above.

Modern state building and practice suggest a much more nuanced approach of continuously managing relations across the levels of government, brokering power relations and pragmatically addressing capacity building of institutions and their readiness to undertake their normal and developmental duties.

The new United Kingdom White Paper on Local Government of 2006 speaks of a rebalancing of the relation between central and local government, recognising that government has to support local government to build strong and prosperous communities. This rebalancing has to follow necessary national level interventions and investments in the transformation of delivery of public services.

Equally so, Grindle talks about the need for 'good enough governance' in her research on the long governance reform agenda placed on developing countries, where often multilateral institutions expect everything to be done at once.

Recognising capacity challenges and the realities of building and transforming institutions with their human factor complexities is necessary to position the state effectively:

> Working toward good enough governance means accepting a more nuanced understanding of the evolution of institutions and government capabilities; being explicit about trade-offs and priorities in a world in which all good things cannot be pursued at once; learning about what's working rather than focussing solely on governance gaps; taking the role of government in poverty alleviation seriously; and grounding action in the contextual realities of each country (Grindle 2004:).

It is in this context that the shared space concept is so relevant where ideological dispositions to either centralisation or decentralisation are replaced with a focus on how best to achieve critical national objectives such as inclusive growth and poverty eradication in the different municipal areas. The interventions are differentiated, context-specific and locally conditioned through multiple dialogues.

Outcomes-based intergovernmental relations

The challenges of development means that the simple boxing of revenue and assignment functions across the three spheres of government, while critical for accountability and predictability, cannot address the integrated and sustainable development outcomes necessary to change people's lives. Highly mature and in many cases sophisticated interactions among spheres of government and among government departments are required. At the same time, a more careful consideration of assignments can bring greater clarity and definition to the developmental functions that municipalities have to perform. These are functions such as economic development coordination that go beyond the traditionally defined service delivery ones.

Despite the enormous progress made over the past 12 years with growing the national economy in an inclusive way and extending access to housing and basic services, South Africa is still faced with massive unemployment, poverty and inequality. This is not surprising, taking into account the scale of transformation required in overcoming entrenched inequalities and spatial distortions.

The nature of the state, how government is organised and capacitated, and the extent to which this supports ordinary citizens engaged in reconstructing and developing their own lives is central to the vision of a 'better life for all'. Intergovernmental relations (IGR) as a crucial element of government organisation in the South African context is not an end in itself, but a means therefore to achieving effective outcomes in the different municipal spaces across the country. The process of achieving these outcomes is filled with contestation and tension, often meandering through different

and changing political priorities, but also involving different perspectives among national, provincial and local role-players.

Naturally, the distinctive nature of the three spheres of government is often emphasised by politicians and officials in order to exercise influence and power. The interrelatedness and interdependence of the three spheres of government, however, is a more difficult concept to achieve in practice, and the more necessary one to be emphasised in the context of a country going through massive change requiring coherence in purpose and action.

Sitting side by side with a constitutional three-sphere model of government, the realities of managing massive transformation confront practitioners with challenging choices and actions on a day-to-day basis. The eagerness with which developmental local government as a distinct sphere of government was entrenched, flowing from the strong anti-apartheid civic movement ethos and the need to counter federalist tendencies by opposition parties in the constitutional negotiations, in reality has to be conditioned with the practicalities of managing limited state resources in a prudent and effective way. This lies at the heart of IGR, wherein the optimum use of resources needs a collaborative effort that fosters an integrated, predictable and sustainable input for community development to evolve.

It is an extremely difficult process, as the wishes of individual communities and wards have to be balanced with municipal-wide development considerations, and the wishes of individual municipalities have to be balanced with province-wide and national strategic considerations, especially when it comes to government-supported economic development promotion measures. This tension has played itself out in the piloting processes on ward-based planning and integrated development plans (IDPs), as well as alignment among the National Spatial Development Perspective (NSDP), provincial growth and development strategies, and IDPs, and with the often ambitious, yet vague, local economic development strategies of many municipalities. In all these cases, the experience shows that alignment has been an illusion, because it is difficult if pursued outside a strategic national thrust and if it is based on mere paraphrasing of provincial and national priorities without a genuine contextualisation and localisation of national policies, objectives and targets in different municipal areas.

Deconcentration and fitting local government into an outcomes-based IGR approach

In reviewing the first term of democratic local government (2000–06), taking into account the lessons from the implementation of Project Consolidate, the presidential *imbizos* in municipalities and the IDP Hearings (2005 and 2006), the

main observation relates to the fragmented impact of government programmes on communities.

Achieving sustainable human settlements and robust local economies is highly dependent on provincial and national government inputs in municipal areas. The capability and organisation of national and provincial departments is not sufficiently geared towards spatially differentiated support, including planning and budgeting around the specific needs of different municipalities.

While the NSDP, first approved by Cabinet in 2003 and updated in 2006, provides a strategic basis for spatial organisation of government around the logic of the national space economy, there has been an extremely limited contextualisation of it by national and provincial departments. This is mainly due to a limited understanding of the principles among officials, sometimes prompted by artificial debates about the so-called urban bias of the NSDP. This is despite the Policy Unit in the Presidency, which is responsible for the application of the NSDP, emphasising that it is about concentrating major fixed capital investment in areas where there is a confluence of economic potential and need determined through dynamic engagement among national, provincial and local information, strategies and plans:

> To promote (a seamless system of government), we have developed the National Spatial Development Perspective (NSDP) and operate within the context of the Medium Term Strategic Framework (MTSF). … Simultaneously, national government, the provinces, the municipalities and the state-owned enterprises held *hearings around Integrated Development Plans (IDP)* to ensure alignment between local, provincial and national strategies (Mbeki 2006, emphasis added).

The result of insufficient internalisation of the NSDP application is that the investment and spending by national and provincial departments in many cases do not take into account migration patterns, economic potential and development trends, and the scale of challenges and opportunities facing different areas. Services are delivered and spatial patterns entrenched around current inefficient forms rather than in anticipation of a new collective vision of sustainable human settlements configured around housing, transportation and economic node integration and environmental principles.

The Breaking New Ground policy of the Department of Housing of 2004 recognises this challenge and attempts to make a practical leap away from current delivery processes. The role of IGR has been identified as one of the main levers for making this practical leap, both from an intersphere and interdepartmental point of view. Consolidation of the funding regime for the built environment would assist in creating the appropriate incentive for this or for breaking through the burden of

coordination. Currently, the housing subsidy and Municipal Infrastructure Grant, for example, are managed through two different processes.

All three spheres of government need to be deeply connected with communities through their distinctive roles and through their coordinated actions. This requires building a shared understanding of the challenges and opportunities facing the different municipal areas and their communities. It can be argued that taking current capacity challenges into account across the three spheres of government, coordination needs to be rationalised around developing a common understanding and vision for development in different municipal areas, and it needs to be organised at a focal point.

Increasingly, this focal point is being considered as the metropolitan and district municipalities. This does not necessarily imply that the function of coordination should rest solely with these institutions, but, more importantly, it is about how they become the arenas for intergovernmental coordination and the points at which all three spheres of government expend their energies. Taken to a logical conclusion, districts and metros can be the institutions within which deconcentration of national and provincial departments occurs in the form of budgets and personnel. These institutions then house the full range of functions of government necessary for coordinated sustainable development. At the same time, they maintain their dedicated focus on core municipal functions and accept accountability for them.

The original vision for districts in the White Paper on Local Government expressed this notion, but in practice the districts have not lived up to this role, for various reasons. It can be argued that the current capacities of districts should not detract from building and reinforcing their coordination and facilitation function in the long term.

Other measures under consideration, including structural changes, may make the role of districts clearer and address inefficiencies in the system. For instance, some of the stronger local municipalities could be elevated to a Category A status, thereby removing tension between these municipalities and the districts they fall under. Up to now it has been virtually impossible to overcome these tensions, and relations have by and large been negative for development (DPLG 2005).

The main reason for a two-tier system of local government was to ensure redistribution of income from areas of strong income base to weaker ones within the district. This may not be the most ideal way to address redistribution, as it places the revenue-generating areas, which in the national context may be quite small, under extreme pressure to maintain their competitiveness. The income generated by strong local municipalities from a limited economic base in many cases has to be redirected to surrounding areas, compromising infrastructure and economic development spending within the latter's own boundaries. A better approach may be to address this from a national level through the grant system, relieving pressure on the

strong local municipalities and funding districts to levels commensurate with their need and potential. At the same time, interdistrict and district–Category A IGR should be strengthened. This horizontal IGR is critical to maintaining a regional perspective on development and to ensuring that economic development at the regional scale is managed effectively.

Reorganising local government in a structural sense around the national space economy may have advantages in giving more responsibilities to strong municipalities and freeing national and provincial governments to focus their limited capacities on the weaker municipalities. It may ease the intensity of coordination by ensuring that especially the collection of built environment functions remains in the full control of strong municipalities in order to speed up integrated and sustainable infrastructure and service delivery.

The point to note, however, is that even though this reorganisation may assist tremendously in clarifying the role of local government, it will not detract from having a well-institutionalised and functioning IGR system. In the context of a developmental state approach, effective coordination and localisation of national priorities will remain critical, and IGR will increasingly have to become more forthright and strategic to deal with complex development challenges and growth opportunities, as preparations for the 2010 FIFA World Cup are showing.

The district and metropolitan scale, it can be argued, is ideal for deconcentration and intergovernmental coordination. It is large enough for national and provincial government to organise their capacity spatially, and small enough to respond to local/regional conditions and unique requirements.

Governments' efforts can be measured against the ability to develop a shared understanding of the needs and opportunities of these areas, and the realisation of sustainable human settlements and robust economies in these areas. Coordination is organised at district and metro scale, and it informs the implementation in local municipalities, wards and sub-metro administration areas. It does not mean that districts become the main implementers even of economic development initiatives. Depending on the actions, the best place for locating implementation functions should be determined on a case-by-case basis.

Organising government around these 52 areas referred to as IGR impact zones is a strategic way of addressing capacity challenges. It is about mainstreaming and institutionalising hands-on support rather than managing it in an ad hoc way through arbitrary support interventions. It is also about getting a better fit between policy and implementation through spatially focused needs assessment, and to build accountability among municipalities and line departments around responsiveness to these needs.

The Intergovernmental Relations Framework Act 13 of 2005 provides the architecture for outcomes-based IGR that is focused on local-level sustainable

development. The current fragmented nature of government efforts can be overcome if intergovernmental coordination is given a strategic footing. Such a strategic footing is provided by a shared vision and common implementation approach across government for each of the 52 district and metropolitan areas or IGR impact zones.

This shared vision and common implementation approach should be developed through rigorous analysis. Such analysis should contain both technical information and data, and a close understanding of the needs, aspirations and opportunities that rest within citizens and communities. An understanding of communities should be developed through a range of methods and should move beyond just large community meetings wherein needs are highlighted, but not engaged with effectively, and addressed through responsive and realistic development plans, programmes and regulatory frameworks.

Conceptualising districts and metros in this way means that government and the people come together and forge a dynamic relationship necessary to build a shared vision and common implementation approach. Community participation in districts occurs through local municipalities and directly with district-wide stakeholders.

IDPs as key instruments for outcomes-based IGR

IDPs at municipal level were conceived to transform state planning through targeting community and territorial development via a holistic and participatory approach, balancing social, economic, environmental and institutional/financial considerations. IDPs were also meant to be a part of an intergovernmental planning system to ensure that national objectives are realised in municipalities.

The experience over the past five years as outlined in assessments such as the 2005 IDP Hearings suggests that the tension between local/community needs and the strategic choices and resources of government are difficult to navigate. It is much easier to outline a string of ad hoc and small projects based on community demands than to enter hard bargaining with communities and to put in place long-term plans for growth and sustainable development. This is understandable in an environment where communities have faced years of neglect and where local politicians feel the heat of community frustrations in a direct way.

The real problem is that often local politicians or local government do not have the powers and functions over a range of services that communities expect. These sit with the other two spheres of government. While the planning for such services should be integrated into an IDP, it is highly dependent on the cooperation, commitment and involvement of provinces and national government in the IDP process.

This is the fundamental challenge – how to truly make the district and metro IDP a local expression of a government-wide plan with clearly defined accountabilities

and responsibilities. The minister for provincial and local government has already pronounced on this challenge, which is not a new one (the original legislative intent talks about the alignment of IDPs and the plans and programmes of the other two spheres of government), but one that needs to be sufficiently attended to and realised in practice:

> … whereas the Integrated Development Plans (IDPs) of municipalities were originally conceived of as strategic plans specific to the municipalities concerned, we have come to regard the *IDP as a potential fulcrum for raising issues to be attended to by all the three spheres of government.* Clearly therefore, all the 3 stages of the IDP process starting from conceptualization through to formulation and ultimately to execution, require joint and co-ordinated inputs (Mufamadi 2006, emphasis added).

Making integration and sustainable development work requires constituting a state capability that is outcomes-focused on the needs and potentials of the 52 district and metropolitan municipal regions. The IDPs of these 52 areas must be instruments of integration representing a government-wide response rather than only that of the individual municipality, tied together in some cases with piecemeal and uncommitted responses from other spheres of government. The IDP and its implementation become the key IGR instrument and the key focus of the work of IGR forums.

The IDP constituted in this way can become the basis of a government-wide monitoring system where all in government are accountable for development in local spaces. The IDP focuses on two organising concepts around which a common vision must revolve – sustainable human settlements, and robust and inclusive local economies.

The other main weakness with many IDP processes is the lack of strategic collaboration between government and non-government actors in shaping development. This is also recognised in the Accelerated and Shared Growth Initiative for South Africa, where the initiative is touted as a country issue rather than a government-only initiative.

It is in this light that the president in the 2006 'State of the Nation Address' called for social actor mobilisation towards realistic IDPs and credible local economic development programmes. This should be facilitated by building a broad-based partnership with social partners. Districts and metros are therefore expected to hold growth and development summits as critical inputs for IDPs and local economic development programmes. The African National Congress' local government election manifesto for the 1 March 2006 election states:

To ensure that everyone pulls in the same direction in building better communities, every district and metro will hold a Summit for Growth and Development within one year of the elections. These Summits will bring together social partners – government, business, labour and community organisations – to develop concrete steps towards higher rates of local economic growth and poverty-reduction. Each partner will be encouraged to identify the concrete things that they will do to make local economic development a reality.

This approach becomes a challenge for national-level social actors themselves to deconcentrate their efforts around a district and metro focus. Critical development efforts have often been frustrated through often-superficial debates at national level rather than the bedding down of active partnerships at the local level where the practicalities of development are shaped.

Conclusion

The challenge facing South Africa is to execute and make practical the well-grounded policy framework on developmental local government, and at the same time position it within and build up the developmental state – one that is deeply connected with and committed to the needs and aspirations of communities, acting not only for or on behalf of, but together with them.

South Africa's approach to a developmental state is perhaps congruent with what scholars such as Edigheji (2005) argue for, and is reflected in President Mbeki's presidency budget vote speech of 7 June 2006, in which it is stated that–

> in advancing the constitutional value of human dignity, equality and the advancement of human rights and freedoms, it goes without saying that our spheres of government and organs of state cannot secure *the well-being of the people of the Republic* outside the context of the all-round development of our country. Necessarily, therefore, our democratic state cannot walk away from its developmental responsibilities (Mbeki 2006).

The president continues by quoting Finance Minister Trevor Manuel, who draws on the work of Amartya Sen:

> In defining our concept of a developmental state, Sen's concept of removing poverty and tyranny is key, expanding economic opportunities and fighting social deprivation is critical, and providing public facilities and services to the poor is paramount …. In my 2004 Budget speech, I quoted Joseph Schumpeter, who said that the 'public finances are one of the best starting points for an investigation of society. The spirit of a people, its cultural level, its social

structure, the deeds its policy may prepare – all this and more, is written in its fiscal history …'.

The two main thrusts of the budget of a developmental state must be how much the state spends fighting poverty and deprivation, and how much of the country's resources go towards expanding the economic opportunities of all its citizens. The budget of a developmental state must balance these two main pillars. If one dominates, then the outcome is likely to be a reinforcement of poverty in the long term. The budget must be about balance (Mbeki 2006).

Constituting the necessary institutional capability to set, organise and spend budgets in a spatially targeted manner, responsive to community needs and aspirations, is key in making a developmental state a practical reality in South Africa. The individual capability of the three spheres of government in this regard is just as important as the interactive capability among these spheres in determining holistic and sustainable development outcomes.

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ENDNOTES

[1]   The authors are both deputy directors-general in government departments, but they write here in their personal capacities.

sixteen

Tools and Trade-offs in Environmental Decision making

Zarina Patel

President Thabo Mbeki attacked green laws recently, saying they were causing development delays that had contributed to 'a quite considerable slowing down of economic activity' (Cited in Macleod 2006a).

INTRODUCTION

'Act Locally, Think Globally' was the environmentalist's battle cry of the early 1990s.[1] Since then there have been significant international and national strides in the implementation of sustainable development and the recognition of the critical role played by local authorities in achieving such development at all levels. Unprecedented environmental law reform, together with South Africa's active participation in global environmental negotiations over the past decade, project an image of a country making significant advances in addressing sustainable development priorities. Despite this, the release of the new Environmental Impact Assessment (EIA) Regulations (RSA 2006) in July 2006 have prompted the re-emergence of unresolved debates in addressing questions of sustainable development and environmental justice in South Africa. The schisms have shown that sustainable development is still regarded as a trade-off between environment and economic development priorities in South Africa in some powerful quarters. What this demonstrates is that the environment is a political subject, and that the tools for environmental decision making (and implementing sustainable development) are not neutral. Their use, rather, has specific political, social, developmental and environmental consequences.

This chapter has as its central focus that of environmental decision-making tools, and the effects these have for environmental decision making at the level of local government. Given that tools for environmental decision making have been introduced through environmental policies and law reform, with the objective of achieving sustainable development, the contribution of this chapter has

implications for thinking about and achieving sustainable development. The intention is not to suggest that environmental issues and sustainable development are one and the same thing. While conscious of the contested and multiple discourses that abound, as well as the environmental roots of the sustainable development agenda, I use these two concepts, together with 'sustainability', loosely and in a holistic, non-sectoral sense. They are conflated out of concern for brevity and convenience, where the intention is not to exclude other traditionally 'non-environmental' factors that are essential for a sustainable policy outcome. Furthermore, despite the fact that the direct relevance of the enquiry here is linked to a key feature of Local Agenda 21 and sustainable development, i.e. local-level participation, I believe that there will be some strong resonances across the board for policy interventions requiring public input as a means of increasing democracy in decision making.

This chapter uses an institutional approach to understanding both the fault lines that are emerging within sustainable development rhetoric nationally and the implications this holds for implementation at the local level. Although there are a number of ways in which sustainability can be evaluated (including resource use and biocentric perspectives), this chapter takes as its point of departure the politics of environmental decision making and the implications this has for local authorities at the current political moment. The current debates around the new EIA Regulations being waged in the media among government ministries, planning and environmental practitioners, academics, non-governmental organisations (NGOs) and other stakeholders inform the questions that guide the evaluation of the adequacy of the processes and instruments being put in place to achieve sustainable development in South Africa: How are decisions made? Who makes the choices and why? What are the implications for governance?

Accepting the evidence that shows that the needs of the poor and the continued degradation of the natural environment are typically marginalised concerns in the decision-making systems (Patel 2006), the conceptual framework guiding the evaluation of the tools being used for environmental decision making is shaped by the relationship among power, knowledge and rationality, and the effects these have on the engagement of the public in interventions fostering sustainable development and environmental justice. An examination of the political role of formal institutions (including spheres of government and legal frameworks) and informal institutions (non-state actors and local policy frameworks) in mediating policy outcomes in turn provides insights into the nature of transformation of local-level institutions and processes of environmental governance in the current political moment.

The Assault on Green Laws[2]

The chapter begins by outlining the key debates that have emerged as a response to the new EIA Regulations, and from these distils a range of broader themes that these debates signify. The strands of the debate have been knitted together from newspaper articles; government speeches; various briefings on the 2006 regulations; radio debates; and interviews with practitioners, policy makers and government officials directly involved with environmental management.

In order to give effect to sustainable development, a range of tools have been adopted internationally, including environmental impact assessments (EIAs), social impact assessments, strategic environmental assessments (SEAs), Local Action 21,[3] environmental and social indicators, environmental audits, etc. Although all these tools have been used on a voluntary basis in South Africa prior to 1997, the first regulations guiding environmental assessment were promulgated in 1989 in terms of the Environment Conservation Act 73 of that year. It is important to note, however, that the regulations have focused particularly on EIAs, and the use of other tools for assessment remains voluntary. Nonetheless, the benefits of the old regulations were described as follows by the minister of environment affairs and tourism, Marthinus van Schalkwyk:

> EIA has helped authorities to make informed decisions about development activities; allowed developers to ask the right questions and often to save money; required that the voices of affected communities be heard; and, perhaps most crucially, ensured that negative impacts on our environment and on human health are proactively identified, prevented or managed (*Mail & Guardian* 2006).

Despite these advantages, EIAs have been dogged with controversy, which has primarily revolved around delays to development due to the cumbersome process of administration, as well as appeals against decisions that have not delivered sustainable outcomes and have undermined processes of governance. Minister van Schalkwyk's interpretation of the weaknesses of the 1997 regulations is as follows:

> … the lack of clarity in the old regulations often led to inconsistent application of the laws – especially in different provinces. The process itself was not as streamlined or flexible as it could be. The public participation processes lack proper guidance and have often been abused; there has been a growing need to align assessments with our much evolved environmental management law, [the National Environmental Management Act 107 of 1998]; and the content, quality and independence of EIA reports has sometimes been problematic (*Mail & Guardian* 2006).

In order to address these limitations, the regulations have been revamped, with the objective of making them 'quicker, simpler, and better' so as to ensure that the application and administration of the environmental laws are more efficient and effective. However, the launch of the new EIA Regulations in July 2006 has opened up a hornet's nest of debate and public comment. Issues emerging centre around capacity constraints within relevant government departments and inefficiencies in the process and processing of EIAs. Key ministers identify the environment as an impediment to development. In the months prior to the launching of the new regulations, Minister of Housing Lindiwe Sisulu gave the construction industry an undertaking that housing delivery would no longer be slowed down by EIAs when she said:

> We cannot forever be held hostage by butterfly eggs that have been laid, because environmentalists would care about those things that are important for the preservation of the environment, while we sit around and wait for them to conclude the environmental studies (Macleod 2006b).

Addressing the mid-year Cabinet *lekgotla*, President Thabo Mbeki (2006) highlighted the revamped environmental regulations. In essence, the president identified the importance of EIAs for taking account of impacts on the environment; however, his main concern was with the backlog in EIAs and appointing consultants to clear these backlogs 'so that people can do whatever investment programmes they have in mind'. Furthermore, one of the binding constraints identified in government's current infrastructure strategy as part of its Accelerated and Shared Growth Initiative for South Africa (ASGISA) was that the planning system (including EIAs) unnecessarily hampers the development of business.

These concerns being raised at the highest levels of government have reverberated throughout South African society, and have crystallised into two key tensions: firstly, the discussion has been presented as one of environment versus development; and, secondly, the constraints of EIAs are limited to questions of capacity and efficiency. It is argued in this chapter that these fault lines reflect unresolved tensions in our understanding of sustainable development as a principle guiding development during the current political moment. Resolving this schism, therefore, does not lie in 'quicker, simpler, and better' tools for decision making alone – a response that is aimed simply at achieving quicker decisions. What is required, rather, is much more thought, debate, analysis and education at all levels to arrive at better environmental decisions while interrogating the implications of pursuing a sustainable development pathway.

Beyond Rhetoric

For the first time in the country's history, the right to a clean and safe environment has been enshrined in the Constitution, indicating the need for a human rights approach to decision making and planning. However, despite this commitment, evidence exists that demonstrates that processes of marginalisation, poverty, environmental degradation and a lack of sustainable outcomes remain; and, what is more, are entrenched by the very processes aiming to address them.

These processes of marginalisation are not unique to South Africa. They have also been identified internationally, in both the developed and developing worlds. One explanation offered by Jacobs (1999) is that the conceptual frameworks within which environmental issues have been understood have not been adequate to the task. The paucity of the conceptual frameworks can be understood in three ways. Firstly, interpretations of sustainable development are so loose and inclusive that the concept invites very little political disagreement. Secondly, sustainable development remains a normative framework, somewhat divorced from the real shifts that are occurring in society. And thirdly, the tools used to implement sustainable development are dependent on the very systems of modernity that create environmental problems in the first place.

To elaborate: firstly, the sustainable development agenda the world over has succeeded in bringing previously opposing groups together within a single discourse coalition, and with all pledging commitment to sustainable development, albeit with different motivations and priorities. Rossouw and Wiseman (2004) have shown that while environmental policy and legislation in South Africa embody sound democratic principles, the point at which previously opposing groupings come unstuck is at the levels of implementation, compliance and enforcement. A result of this contestation is that varying interpretations of sustainable development are mobilised into decision making, providing a moving target with respect to outcomes. Muller (2006) and Connelly and Richardson (2005) draw attention to interpretations of sustainable development as a process or as an end goal. Furthermore, sustainable development – and, indeed, sustainability – have been shown to have different interpretations that can lead to either stronger or weaker outcomes with respect to sustainable development (Gibbs et al. 1998), depending on where the emphasis is placed (Muller 2006). In South Africa, a lack of public debate over what can be expected from a sustainable development agenda is reflected in the often contradictory approaches adopted in formal legislation that promotes sustainable development, with competing agendas being reflected in different departmental mandates, all in the name of sustainability. This is demonstrated by the fears expressed by the minister of housing of being 'held hostage by butterfly eggs' on the eve of the release of the new EIA Regulations. This is despite the fact that

the Department of Housing's main policy framework, Breaking New Ground, has as its key objective the building of sustainable communities – a key component of sustainable development.

Secondly, the discourse of sustainable development is deeply idealistic in tone (mirroring the approach of the utopian green movement), with a clear normative prerogative. It is based on value-laden statements about how the world should be organised; i.e. about how government, industry, consumers, citizens, etc. should behave to achieve a more sustainable society. From an African and South African perspective, approaches to sustainability cannot be homogenised and pre-determined: they need to be adapted for the specific context in which they are being applied. What is required is for the diverse priorities of South Africa to be debated in order to ensure that sustainable development policy goals are relevant, achievable and appropriate. Furthermore, this rethinking of sustainable development needs to be sensitive to the profound cultural and social changes that are currently occurring in a society in transition (Patel 2000). It is argued that this debate is not occurring at an adequate pace among either academics or policy makers. Globalised agendas are being adopted without critical understandings of what the capacity needs are for the processes required and with little understanding of the real needs of communities on the ground.

Thirdly, the mechanics of sustainable development reflect a more technocratic approach to environmental management. Sustainable development is seen as a programme for governments to implement. In doing so, governments, including the South African government, have institutionalised the use of policy instruments and tools that have become part of the lexicon of sustainable development. Grove-White (1997) argues that although sustainable development speaks of empowerment and democracy, too often it results in a business–as–usual approach, attached to a new goal. There is little awareness of the huge cultural changes that have been sweeping through society, or the new ways in which people view their own lives and their collective identities, or the profound alienation people feel from traditional politics and the institutions of government. On the contrary, the discourse of sustainable development seems mostly not to have noticed these changes, and in consequence is reliant on precisely those unreformed institutions and processes from which people feel most estranged. There is no need here to rehearse the history of antagonism that has existed between society and the state in South Africa that still acts as a barrier to cooperative relationships built on trust (Ballard et al. 2005).

In these circumstances, it is not surprising that unresolved issues around sustainable development have emerged in a period during which implementation and the real implications of following a sustainable development pathway are being experienced on the ground. Despite unresolved issues concerning the rhetoric of sustainable development, what is clear is that it is an interest–based concept (Jacobs

1999; Owens 1997; Patel 2000), placing human need in the foreground. There is an acceptance that development requires trade-offs and that not all interests can be secured at any point in time. Nonetheless, the underlying premise in the exercise of trade-offs should be to maximise good for the maximum number (Campbell 2002). Such an approach raises a number of tensions in South Africa, when considering the spectrum of priorities and needs created by the diversity of South African society. Furthermore, it would appear from statements being made by national politicians that trade-offs must be made in favour of development and investment, and not necessarily in favour of the poor. Given South Africa's commitment to environmental justice, we need therefore to be critical of whether or not the tools used to access the views of the public are in fact allowing for the voices of the marginalised to be heard.

TOOLS FOR ENVIRONMENTAL DECISION MAKING

Environmental decision making in South Africa is guided by the National Environmental Management Act 107 of 1998. This Act prescribes a complex set of decision-making and bureaucratic procedures that have a direct bearing on access to resources. Key to understanding how questions of justice are interpreted and implemented in South Africa is an evaluation of the implementation of the EIA Regulations in terms of section 24(5) of National Environmental Management Act. The new regulations focus specifically on EIAs to aid decision making for sustainable development. Problem definition in the mediation of policy outcomes and in determining who and what gets included and excluded in the process is shaped by the tool of the EIA. The assumption behind using this tool is that it will yield good consequences, in that it will serve the public interest and be correct in its assessment, due to the impartiality of the procedures followed. However, it is important to reiterate that 'EIAs are not a panacea, nor are they flawless' (Johnson 2006). They are only as good as the process, and certainly cannot be blamed for delays in development. Furthermore, Connelly and Richardson (2005) point out that environmental appraisal is more than good process: appraisals must also be able to take into account the distributional consequences of policies, plans or programmes. These tools therefore have a role to play in redressing the imbalances that arise when certain groups tend to systematically lose out in the distribution of environmental goods and bads. Bearing this in mind, we need to question the ways in which appraisal tools are being used in South Africa, and the effects these have on promoting environmental justice.

Furthermore, the tools used for achieving sustainable development also have a bearing on the kinds of sustainability that emerge as outcomes. Gibbs et al. (1998)

show that 'weak' versions of sustainability emerge when it is assumed that there is a high level of substitutability between human and natural capital. Despite the greater emphasis placed on environmental concerns in South African environmental law, continued reliance on the market and the status quo means that there is limited transformation of patterns of economic development, necessitating only 'weak' sustainable development outcomes. 'Strong' versions of sustainable development will only emerge with stronger intervention, and social and economic transformation (Gibbs et al. 1998).

South Africa's approach to environmental decision making, using primarily EIAs, combines an expert–driven with a deliberative or participative approach to decision making. It is argued that fundamental flaws in both approaches are hindering the system's ability to serve the public interest in a way that promotes social and environmental justice.

Expert-driven approaches

Environmental assessment tools are predicated on the assumption that the objectivity of the process will lead to appropriate outcomes. In this process, the scope of assessment is confined to scientific knowledge, collected and assessed by neutral experts (Connelly & Richardson 2005). Problem definition in South Africa is often determined by environmental practitioners with a bias towards biophysical issues. This dominant approach constrains solutions that are grounded in community needs and those that embrace subjective values.

The logic of the underlying instrumental rationality is that there is a single, objectively correct solution to be found, provided that the different factors to be taken into account can be assessed on comparable matrices (Connelly & Richardson 2005). However, reality is seldom as linear and straightforward as this. Connelly and Richardson (2005) put forward two critiques to this approach: firstly, the objectivity of the knowledge created in the assessment process is increasingly subject to challenge; and, secondly, scientific knowledge itself is limited, as defining scientific knowledge itself creates boundaries between what is included and what is not. Furthermore, Freund (2001) highlights two serious implications for achieving sustainability at the local level: firstly, 'environmentalism' still operates effectively as a conservation strategy that engages very little with the actual needs and possibilities of poor people. Development workers confront it, consequently, as an obstructionist force. Secondly, the divide between green and brown conceptually remains strong, and there is an absence of champions who understand the need to integrate the two and redefine environmentalism in new terms that bring together economic development, social needs, and the striving for a pleasant and healthy relation to natural forces. Consequently, environmental policy at the local level is far from

functioning in terms of the more holistic and integrated kind of development that represents the real environmental challenge.

Experience in South Africa has shown that a number of these tools for decision making have resulted in outcomes that have not been supported by community groups, e.g. the South Durban SEA (see Patel 2001; 2003a; 2003b for details) and the Gautrain EIA, among others. Furthermore, rational technicist approaches have been shown to have a number of unintended political consequences, despite the impeccable sustainability intentions of both national and local policy (Patel 2001; 2003a; 2003b). The reasons are manifold, including inadequately designed processes that show little regard for the local conditions, and political and cultural dynamics of localities. The exclusion of local knowledge and values can exclude useful contextual knowledge from the process (Jacobs 1996, cited in Connelly & Richardson 2005). Furthermore, the dominance of project-based tools has tended to focus decision making inward, involving only local stakeholders in participation processes. In reality, the real power influencing and shaping decisions in those areas has a much larger political footprint, often extending globally. Under these circumstances, polarisations among stakeholder groups have become entrenched, sometimes leading to a development stalemate.

What follows is the need for institutions to be reflexive, not just about the content of policies (as has been happening over the past decade), but also to debate the most appropriate mechanisms and approaches for achieving the newly defined goals. The environmental decision-making tools do not always provide the most sustainable and just outcomes, and in these instances, politics and judgement become critical. The values underlying the Constitution and the Bill of Rights need to shape and inform the outcomes of processes put in place to guide decision making. The tools for decision making should in turn give effect to these principles in the implementation arena. These principles are intended to ensure that a just rationality prevails in the final adjudication of outcomes to guide implementation and reshape cities and communities. As part of this debate on appropriate mechanisms, institutions of government should question the appropriateness of their role as the mediators of sustainable development, and hence acknowledge the changing relationship between society and the environment. It has been widely recognised that most people experience a profound alienation from traditional politics and structures of government (Jacobs 1997). This observation has significant resonance in South Africa, where a history of dysfunctional relationships between communities and all levels of government provides a key challenge for partnership building, trust, negotiation and participation – the key ingredients of sustainable development.

Deliberative approaches

In an earnest attempt to make sure that stakeholder views are reflected in policy outcomes, section 2 of the National Environmental Management Act makes provision for extensive public participation processes in environmental decision making. It is assumed that the weaknesses of the technocratic approach can be addressed through approaches grounded in participation, deliberation, and mediation or consensus seeking (Connelly & Richardson 2005). Experience with public participation has shown that processes are imperfect, and are often open to abuse. Despite evidence to show that open deliberation leads to a much wider range of possible judgements regarding desirable strategic options, participation has been blamed for slowing down decision making even further. Rather than reflecting on means to ensure that participation processes deal with different values and ways of valuing, as well as more effective means of bringing together a range of stakeholders in ways that are fair, transparent and consequently legitimate, opportunities for participation are being deprioritised in the new regulations.

Under the old EIA regulations, the environmental sector in South Africa was considered more advanced than other sectors with respect to the requirements and mechanisms for public input. As a consequence, stakeholders often came to environmental processes with issues that were peripheral to the environment, as other processes for engagement were weak. Given the broad interpretation of the environment in the legislation, opportunism has been rife and discussions have often lost focus, confusing the outcome. Despite the opportunities for transparency and democratic decision making, experience with the old EIA regulations has shown that it is primarily objectors who attend participation meetings, and the voices of those who approve are seldom heard (Patel 2006). The views of civil society that are recorded thus provided a skewed reflection of the needs of society. There have been numerous instances where the business and industry lobbies have exerted a disproportionate influence over shaping the outcome of decision-making processes, as they are better resourced than other stakeholder groups. More often, EIAs have been little more than a compliance exercise, demonstrating that projects will satisfy existing environmental regulations (Owens & Cowell 2002). Experience in South Africa under the old EIA regulations has shown that the presumption is that development, modified if necessary, should be able to proceed. EIAs have seldom led to the stopping of developments altogether. It is ironic, therefore, that EIAs are seen as a hindrance to development, when developers often have a disproportionate influence on the outcomes. Interesting too is the increasing number of instances where there is a polarisation between the rich and the poor (which still occurs strongly along lines of race). NIMBYism[4] is rife among the more articulate and procedurally empowered in society, resulting in the location of environmentally undesirable land

uses being sited adjacent to the areas occupied by the poor, perpetuating patterns of environmental injustice (Patel 2006).

Broad-based stakeholder input is constrained by the formalised requirement for written submissions and/or attendance at public meetings. Furthermore, while the old EIA regulations only require the use of EIAs in instances of greenfield developments or changes in land use, the list of scheduled activities requiring public input has been severely restricted in the new regulations, allowing a number of categories of development to submit EIAs without a public process. Opportunities for public input are now restricted to large-scale developments and provision of infrastructure. These prerequisites imply that vast areas of informal settlements and other informal activities are in effect 'falling through the net' (Oelofse & Patel 2000:35), as they are considered to be illegal, and therefore outside of the formal regulatory framework. Ironically, these informal settlements and other informal developments often have severe impacts on the quality of life of those concerned and the biophysical environment, as they are often located on unsafe land, with no services or infrastructure. The tools being used for environmental decision making therefore have a limited use with respect to prioritising the needs of the poor and marginalised. It could therefore be argued that these tools are unable to deliver on an environmental justice agenda.

In summary, current procedural approaches to environmental decision making, underpinned by expert and participative perspectives, are not likely to lead to outcomes that are just, because fundamental questions of value are not being explicitly addressed. Furthermore, environmental injustices are perpetuated where policy is designed with the assumption that communities are homogeneous, with equal needs and interests in development processes. The necessity for trade-offs holds potential for the further marginalisation of the poor and disenfranchised. As the trade-offs are based on value judgements, the values that are brought into the policy and planning system when making judgements need to be monitored. The appropriateness of structures of government to implement sustainable development needs to be questioned, as well as the tools that are used to aid decision making. As a result, certain practices may come to dominate implementation, without the environmental practitioner being able to consciously identify the values that he/she believes should drive assessment (Connelly & Richardson 2005).

However, despite the weaknesses of EIAs, they do encourage sustainable development in the 'weak' sense. More significantly, EIAs provide for the open scrutiny of proposals, and have the potential to stimulate learning within and among different groups, and to provoke deliberation about what sustainable development should mean in different contexts. In the final analysis, neither of the approaches (expert- or participation-driven) resolves conflicts in values, as both areas of decision making are shaped by issues of power, exclusion and coercion (Connelly &

Richardson 2005). As a consequence, successfully addressing concerns for the future depends on the commitment of political systems to address questions of inequality and justice beyond the level of policy rhetoric. Within a milieu of competing claims and values, external and independent criteria are required by which to make just decisions, foregrounding the role values shaping the decision-making process of the environmental practitioner.

THE ROLE OF THE PRACTITIONER AND THE INSTITUTIONAL STRUCTURE

The responsibility for conducting and assessing EIAs is primarily a provincial function. However, capacity for processing assessments is generally weak, and is certainly variable throughout the country. Despite the provincial functions around EIAs, the holistic and integrated imperatives of sustainable development necessitate that its implementation is the responsibility of all departments within local government, thus testing the constitutional commitment to cooperative governance to its maximum. However, mainstreaming of environmental values in South Africa is limited by the association of sustainable development with an environmental agenda (Patel 2006; Sowman 2002). This has meant that the responsibility for defining responsibilities and obligations of the implementing departments has been assigned to the environment departments of local and provincial government. Herein lies a huge weakness in approaches to sustainable development in South Africa, particularly at the level of local government. Firstly, only the major metropolitan areas of the country have environmental departments. Secondly, Patel (2001) and Sowman (2002) have shown that mainstreaming sustainable development throughout structures of governance is weakened by the fact that environment departments are typically the newest and weakest structures within local government – where they exist at all. Departments such as economic development or housing have clear targets, which are politically more imperative than the vague and undefined objectives of sustainable development. Furthermore, there is a tendency for debates about sustainable development to be confined within the environmental sector, with little infiltration into other departments, or even the public realm.[5]

As a result of this lack of capacity and mainstreaming, there is an over-dependence on a burgeoning community of environmental practitioners.[6] These practitioners conduct the processes to provide alternatives on which the state must finally adjudicate. All too often, practitioners employed by developers and different arms of local government play a very crucial role in shaping perceptions, if not guiding actual policy (Freund 2001). In the absence of a broader political movement stressing environmental issues, individuals make a substantial difference. The dependence on

practitioners means that problem definition and the construction of solutions are removed from the direct influence of the state, with no guarantee of a streamlining of values with policy objectives and community needs. Furthermore, when the state adjudicates development applications, in making judgements about what is important and sufficiently valuable to warrant further attention, officials are constantly under pressure to search not just for what is good in some abstract sense, but to find what is good in the political sense (Forester 1996). However, even in instances where the state has a more direct role to play in defining and constructing environmental problems, the state is often dislocated from the realities of community needs on the ground. Although there is agreement at the level of policy that community needs should be met through decision making, political agendas overshadow the real needs of communities. It is argued that it is the contestation between and blindness towards these discursive values that result in the lack of community support for implementation outcomes.

Given the shortcomings of democratic argumentation and participation, as well as the weaknesses of the tools available to assist practitioners in making just decisions, it is argued that practitioners must take on a more activist role.[7] Practitioners cannot simply accept that what emerges from participative processes is a reflection of the needs of society, or that the tools for decision making will result in just outcomes. Although planning for sustainable development is the responsibility of the state, administered at the local level and shaped by political priorities, the types of issues that practitioners deal with mean that the latter are not simply technocrats – they have an ethical responsibility for the advice they give to politicians.

The practitioner is expected to make choices about what is good and bad in relation to the public interest; he/she needs to be in a position to identify winners and losers, if just outcomes are to be realised. What is more, these distinctions need to be made using means over and above the tools and procedures at his/her disposal. The role of the practitioner is to play an active role in making moral choices in an unjust and unequal context to ensure that injustices are not perpetuated (Campbell & Marshall 2000). How 'in touch' the practitioner is with the needs of a diverse society and how flexible frameworks for development are to accommodate this diversity become important factors in the delivery of sustainable outcomes. In addition, in contexts where planning and sustainable development interventions occur outside of the formal structures of government, the role of the practitioner becomes an enduring issue.

When considering how localities are reshaped, environmental practitioners must be guided by a reflexive analysis of the goals, values and interests at work in the shaping of the city.[8] It must be acknowledged that maximising benefits for the maximum number is a difficult goal to achieve in South Africa in the short term. This is due to the fact that the maximum number were excluded from development

benefits and from decision making until 1994. As a consequence, decision makers are still in the process of understanding the complexity of just what constitutes the public interest. Notions of what is just and in the public's interest cannot be established through rational, objective means, using professional expertise. In situations of competing rationalities, critical questions about the universality of ethics and whose ethics should prevail inevitably arise (Watson 2003). Sandercock and Dovey (2002) argue that these are questions of value rationality that can only be resolved politically: 'The public interest can never be pre-established, but is constructed in and through democratic public debate' (Sandercock & Dovey 2002:152).

The need for practitioners to be guided by ethical judgements and values suggests the need for ensuring that all practitioners understand the justice and distributive implications of the values that they hold, and that in turn shape decision making in exercising judgements to ensure that outcomes are just. This is not to say that practitioners must share common understandings of justice, or even share values. Just as communities are not homogeneous, practitioners cannot be homogeneous either. Instead, practitioners must be in a position to reflect the diverse values and needs of the communities with whom they are working, and not be constrained by a narrow set of values embodied in the tools used for decision making. Furthermore, it is important to note that practitioners advise politicians, and final decision making is shaped not just by practitioners and political imperatives, but also by institutional structures.

As shapers of decisions, environmental practitioners need to be skilled not just in matters of technical rationality, but also in being able to deal with diversity, if progress is to be made in defining the public interest. Given that biophysical issues are prioritised on the whole among South African practitioners, the environmental assessment community must sort out how it deals with the presence of multiple and often conflicting values, and ways of valuing (Richardson 2005). In short, the practitioner community itself is in need of diversifying.

The new EIA Regulations have taken up the question of the complex role of the practitioner in relation to the quality of EIAs produced. This will be done by making provision for independent review of controversial EIAs. The aim is for independent review to occur during the process of the EIA, to reduce the number of appeals. However, once again, this intervention is aimed at streamlining the process and making a quicker decision so as not to slow down development, rather than making the right decision. The Department of Environment Affairs and Tourism is also looking into a body to regulate the environmental management industry through certification of practitioners. It is hoped that this will provide a step in the direction of addressing questions of value. In the interim, the absence of a clearly defined professional body of environmental practitioners, together with the vague objectives of EIAs, means that it is incredibly difficult to ensure that the values held

by communities are being reflected by a limited and narrowly defined group of environmental practitioners. This mismatch, in turn, poses a challenge for decision makers in serving the public interest.

ALTERNATIVE TOOLS

In response to the limitations of a project-based approach, a number of alternative environmental and planning tools have been put forward in the literature to address questions of a broader mainstreaming of sustainable development prerogatives in decision making. Practices such as SEAs (among others) have been promoted internationally, widening the focus from specific projects to the plans, programmes and policies from which they derive (Partidario & Clark 2000; Sadler 1999; Therivel et al. 1992). In South Africa, there is also currently an increasing engagement with the contribution of integrated development plans (IDPs) in achieving sustainable development.

Strategic environmental assessments

The inadequacies of project-based assessment have been shown to mobilise weaker versions of sustainable development, due to their failure to consider genuine alternatives and their inability to question the wider strategies of which individual projects are a part (Owens & Cowell 2002). The potential for stronger versions of sustainable development to emerge is an inherent feature of SEAs. This is due to the complexity of predicting and evaluating impacts at a higher level, and also the potential for challenging policies and development strategies. Connelly and Richardson (2005) argue that 'good' SEAs are more than good process, and must be able to take into account the distributional consequences of policies, plans or programmes, with decisions driven by the recognition that certain groups tend to systematically lose out in the distribution of environmental goods and bads. However, despite South Africa's commitment to environmental justice, SEAs have not been legislated. Internationally, concerns have been raised around the difficulty of controlling the process, which accounts for the slow progress in establishing the necessary legislation.

IDPs

A key area for intervention to ensure the mainstreaming of sustainable development into broader planning at the local level is through the integrated development planning process. Indeed, Coetzee (2002) goes as far as to argue that IDPs can be seen as South Africa's version of Local Agenda 21. However, despite this potential,

Sowman (2002) shows that sustainability principles are not widely reflected in IDPs, and environmental aspects are usually weakly developed. It is important to acknowledge that while IDPs might provide a broad framework in which sustainable development can be pursued (specifically, the focus on integration, cooperative governance and the need for a participative process), their primary focus is not on sustainability (Todes 2004). Despite an acknowledgement of the importance of sustainability and environmental concerns as cross-cutting issues, their treatment remains weak, and there is a lack of clarity on the types of environmental issues that the IDP process should address (Todes 2004). So despite many common principles contained in IDPs and sustainable development, more guidance is needed with regard to environmental issues. This brings us back to the role of the environmental practitioner and the planner, both of whom must have the capacity to draw together these various elements.

RETHINKING LOCAL-LEVEL SUSTAINABILITY

This chapter has identified the wide range of institutional interests, economic interests and social dynamics that have undermined the apparently rational and coherent planning framework. To this extent, this chapter has demonstrated that decision making for sustainable development – in particular, when it comes to planning decisions – is highly politicised. The discussion shows that the tools for decision making are simply the vehicles that reflect much broader debates about the direction of social and economic change in South Africa. The current debates around the efficiency and capacity for the administration of decision-making tools has been shown to be misguided, with the effect of entrenching the (mis)conception that assessment tools are objective and apolitical. Public statements from senior politicians in the wake of the release of the new EIA Regulations have served to pit the environment against development. This simplified divide is a signifier of a much more significant conceptual tension that is clearly unresolved, despite South Africa's advances nationally and internationally in environmental governance. The National Framework for Sustainable Development provides much promise for resolving some of the tensions that have arisen due to the lack of debate around the architecture and foundations of a sustainable future for South Africa. Furthermore, it is argued that the discourse of sustainable development and the environment, couched largely in negative terms (e.g. impact, risk, limits, capacity, harmfulness) is also responsible for entrenching these divides. Hence the discourse is in need of being transformed to one of hope and opportunity if there is to be a widespread integration of environment and development priorities.

These debates beg questions about the appropriate relationship between the state, society, the individual and the environment. It is clear that debates about the environment and sustainable development also need to be taken out of the 'green ghetto' of the strong environmental lobby in South Africa, and become part of the lexicon of the media, politicians, business and ordinary citizens. The need for cooperative governance in this regard is pivotal, as the environment cannot be dealt with by weak local government departments alone. The shift has to be at a strategic level. Furthermore, this chapter makes a case for the need to challenge the broader political context within which environmental assessments are conducted, as such assessments cannot replace broader strategic and policy debates. In the absence of this broader institutional challenge, political power will continue to work through decision-making tools to perpetuate and maintain systems of injustice. In the absence of this challenge, government policies, including ASGISA, with a primary focus on economic growth and large infrastructure development, will serve to maintain these schisms and dualisms between the environment and development, and highlight the need to address these tensions at a much deeper level of economic and institutional transformation. Business as usual under a different heading will not be permitted when environmental capacities are reached, and when environmental uncertainties (including the effects of long-term climate change) render today's investments useless tomorrow.

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ENDNOTES

[1]   Chapter 28 of Agenda 21, adopted at the Earth Summit held in Rio de Janeiro in 1992, states: 'Because so many of the problems and solutions being addressed by Agenda 21 have their roots in local activities, the participation of and cooperation of local authorities will be a determining factor in fulfilling its objectives. Local Authorities construct, operate and maintain economic, social and environmental infra-

structure, oversee planning processes, establish local environmental policies and regulations, and assist in implementing national and sub-national environmental policies. As the level of governance closest to the people, they play a vital role in educating, mobilising and responding to the public to promote sustainable development' (UN 1992).

[2] This phrase has been borrowed from Macleod (2006b).

[3] Previously called Local Agenda 21.

[4] NIMBY = not in my backyard.

[5] This observation was developed in an interview with a senior manager in a business school.

[6] Of the 611 environmental practitioners registered with the International Association of Impact Assessment in South Africa, 61% of membership is from the consulting sector, followed by 18% from government, 14% from industry, 8% from academia and 1% from the NGO sector.

[7] Harrison (2002) makes a similar argument when he calls for planners to take on an activist role in determining just urban outcomes.

[8] Sandercock and Dovey (2002) make this point in relation to the role of city planners.

seventeen

Local Government Planning Legal Frameworks and Regulatory Tools: Vital Signs?

Stephen Berrisford and Michael Kihato

Introduction

The legal and policy framework for planning in South Africa has been in a state of considerable flux for the better part of the last 15 years. Even before the political and constitutional transformation that took place in 1994, there were ambitious attempts in the late 1980s and early 1990s to reform the planning and land-related laws at both national and provincial levels. Since 1994 the planning system in South Africa has been plagued by ongoing uncertainty as to what the substantive scope of planning laws should be, and which planning powers should be exercised by each of the different spheres of government. The end result of this uncertainty is that the legal frameworks governing planning and land use management devised by the apartheid and colonial regimes prior to 1994 remain firmly in place. Local government, faced with the challenge of reversing apartheid's spatial legacy and integrating previously divided communities, is thus hamstrung in its efforts: the only laws available to them for this task are those designed specifically to achieve the very thing that they are charged to undo.

This chapter examines the circumstances behind this situation and offers some suggestions for ways in which a renewed impetus for comprehensive reform can be regained, as well as what the content of such reform should be. The first part of the chapter sketches the current legislative and regulatory frameworks. It focuses on what the legal mandates of the three spheres of government are with regard to planning. It also briefly traces the historical development of planning laws since 1994. The section concludes that an atmosphere of uncertainty pervades the realm of planning law. The second part of the chapter examines what the effects of this uncertainty are. It annotates a number of detrimental effects that have emerged because of this legal state of limbo over the past decade. The next part investigates what the root causes of the legislative inactivity are. It points out that certain

benefits accrue to a number of stakeholders – in both the public and private sectors – with the continuation of the current state of affairs, which in turn dampens the desire for change. This section also questions the capability of initiating and sustaining reform in the face of deficiencies such as insufficient skills. The fourth section charts a way forward for the long-overdue process of reforming the legal and policy environment in planning. Finally, the conclusion sums up the chapter's findings.

THE LEGISLATIVE FRAMEWORK FOR PLANNING

The legislative framework for planning presents a formidable regulatory maze. Numerous laws both from the old apartheid dispensation and the new democratic order intermingle. The following section is a brief attempt at unravelling this network of legislation, in the context of the legislative mandates of all three spheres of government.

A brief background

The new constitutional dispensation created three spheres of government – national, provincial and local – which have each been allocated legislative powers over a number of issues. These powers often have to be exercised concurrently by both national and provincial government. It was foreseen that this had the potential to create disputes among the different spheres of government. To deal with this, the different spheres are required, under chapter 3 of the Constitution Act 108 of 1996, to adhere to the principles of cooperative government, which, among other things, requires them to consult, exercise mutual respect, cooperate and assist one another, and, further, to refrain from encroaching on the functions of, and initiating legal proceedings against one another (see also Patel and Powell, this volume, Chapter 15). Additionally, the Constitution provides some rules to be applied when resolving disputes. For example, under section 44, in cases where there is concurrent jurisdiction between national and provincial government, national government has priority to legislate in as far as it is maintaining economic unity and establishing essential or minimum national standards.

Municipal government exercises its legislative competence subject to the powers of national and provincial government to provide monitoring and support, as well as to see to the effective performance of municipal government. Contained within such powers is the power of a province to intervene in the operation of a municipality under section 138 of the Constitution. However, provincial government can do so only if a municipality cannot or does not fulfil its legal obligations and is consequently in a state of crisis.

The roles of national and provincial government in planning

Before 1994 the power to make planning laws rested with the four provinces, the former TBVC 'independent' homelands and the 'self-governing territories'.[1] The new constitutional order, on the other hand, provides that 'regional planning and development', 'urban and rural development', and 'municipal planning' are areas in which both the national and provincial government have concurrent law-making authority.[2] This has created considerable uncertainty and affected legislative development since then, for two reasons: firstly, interpreting what legislative concurrence means in any context is difficult, and in a potentially contentious field like planning, all the more so; and, secondly, because of the difficulty in matching the new terminology with the typical object of regulation in planning, land development and land use rights. Until 1994 South African legislators had no difficulty in identifying what 'town planning' meant as an area of regulatory power.[3] After 1994 there has been great difficulty in similarly identifying what is meant by, for example 'urban and rural development' or 'municipal planning' as objects of regulatory power, and the courts have also struggled with this task.[4]

The Municipal Systems Act 32 of 2000 can be seen as an example of national government exercising its power to set norms and standards and see to the effective performance by municipalities of their duties in relation to, among other aspects of local governance, 'municipal planning' (see Box 17.1).

Box 17.1 *Municipal Systems Act (MSA)*

The National Department of Provincial and Local Government enacted the MSA. Its aim was to provide for the legislative framework through which the new developmental role for local government would be enabled and exercised. One of these roles of local government is strategic planning. The integrated development plan (IDP), according to section 25 of the Act, is meant to be an inclusive and strategic plan for the development of the municipality. The Municipal Planning and Performance Management Regulations were additionally promulgated under the MSA to provide for the detailed requirements for the spatial development frameworks (SDFs). SDFs are intended to serve as the indicative land use planning instruments that focus on the spatial aspects of development.

However, despite the MSA, provinces equally have a concurrent role of legislating. As certain provinces and the national Department of Provincial and Local Government tried to clarify what the content of this legislation would be, the national Department of Land Affairs threw the proverbial cat among the pigeons with its 2001 White Paper on Spatial Planning and Land Use Management, entitled Wise Land Use (DLA 2001a), and then closely followed this by enacting the Draft Land Use Management Bill (DLA 2001b) (see Box 17.2).

Box 17.2 *White Paper on Spatial Planning and Land Use Management and Draft Land Use Management Bill (LUMB)*

The White Paper is a comprehensive policy document that sets out what the essential elements of the proposed new system of land use management and development are. It led to the compilation of the draft LUMB, which is intended to 'regulate land use management uniformly in the Republic'.[5] Thus, instead of having up to nine different provincial sets of procedures for spatial planning and land use management, the draft LUMB proposes that there is simply one uniform set.

In this regard, it provides considerable detail on the mechanisms that need to be set up to guide planning at local government level. These include prescribing the structure and contents of SDFs for inclusion in the municipal IDPs. The draft LUMB additionally provides for land use schemes to supersede the existing town planning schemes.

This White Paper argued that land is an area of exclusive national competence,[6] and that national legislation should regulate all aspects of land use and land development. The White Paper contends that:

■ spatial planning and land use management are ultimately about the way in which land is used and developed;
■ land is an exclusive national legislative competence, like water; and therefore,
■ legislation dealing with spatial planning and land use management should be national, and not provincial (or local).

Over the past five years, provinces have pondered these developments as they have attempted to enact or re-enact their own provincial planning laws. KwaZulu-Natal, the Western Cape, Gauteng and the Northern Cape all took the initial first step of doing this. However, the draft LUMB purports to usurp some of this legislative space. While provincial governments contend that spatial planning and land use management are inherently core parts of their three legislative competences, the draft LUMB considers spatial planning and land use management to be firstly about land use and development, and only secondly about broader integrated planning and development processes.

The draft LUMB has been in bill form for the better part of five years, which has resulted in a legislative stalemate with regard to planning law. Provinces have either enacted but not operationalised provincial planning laws (e.g. KwaZulu-Natal, Gauteng and the Western Cape), or alternatively, have accepted the status quo with regard to the old legislative regime, making little effort at preparing new legislation (e.g. Mpumalanga, the Eastern Cape and Limpopo).[7] Unless the draft LUMB is finalised or judicial precedent introduces clarity on the question of legislative competence, it would seem that this scenario is set to continue. The

process of compiling the draft LUMB has been difficult to follow and has also faced opposition within national government, especially from the National Treasury and the Presidency. The uncertainty stands as one of the main causes of the legislative indecision in this field.

Municipal planning decisions and the role of provincial government

A lack of legislative clarity on the role of provincial government with regard to municipal planning also emerged with the enactment of the Development Facilitation Act 67 of 1995 (see Box 17.3).

Box 17.3 *Development Facilitation Act (DFA)*

The DFA is applicable across the country and administered by the national Department of Land Affairs. The DFA was intended as an interim law, and came into operation immediately after the introduction of democratic government in South Africa. However, like many temporary measures, the DFA has assumed a measure of permanency, having endured as the major instrument facilitating land use development since its enactment in 1995. It reflects the urgency of the times: confronted by spatially unjust and segregated spaces, and large housing backlogs, the government prioritised projects geared towards rapid delivery and integration, while it worked on more comprehensive policy and legislative transformation. The DFA also established the foundations upon which a number of fundamental changes to the way in which land development was conceived were built. It removed strict rules and regulations, and moved towards more flexible decision making determined by substantive principles and norms. This approach is the genesis of the recognition that, rather than the technocratic application of rules and regulations, a much more flexible and normatively based decision-making approach is required to drive land use development.

To facilitate the fast-tracked and flexible process of decision making with regard to land development, the DFA provides for the establishment of a tribunal in each province tasked with considering applications for land development. The Act similarly establishes a provincial development appeal tribunal in which appeals from the provincial tribunal are heard. These institutions fall under provinces: the provincial premier appoints members, and they receive administrative support from the provincial departments that deal with land development.

The use of the DFA has often rested uncomfortably with the views of local govern‐ ment, especially larger municipalities and metropolitan councils. Decision making with regard to development applications has partly been wrested away from local government by the Act, and given to provincial planning tribunals. This occurs where the applicant chooses to take the application to the tribunal in terms of the DFA rather than to the municipality in terms of another applicable town planning law. This interferes with local government's role of pursuing 'municipal planning'.

The enactment of the DFA in 1995 predated the approval of the final Constitution in 1996. Consequently, it did not anticipate – and, indeed, could not have anticipated – the principles upon which the new role of local government would be based. Nor was the DFA able to reflect the framework of cooperative governance established by the 1996 Constitution. While its unique approach to decision making appropriately set the scene for a change in the processes of land use management, it has stood in isolation since 1995, receiving limited follow-through in the form of additional and more comprehensive law reform. This is despite the DFA having expressly provided for the establishment of the Development and Planning Commission to advise government on the next steps for planning law reform. This commission operated between 1998 and 2000, and issued a substantial volume of material, including a draft Green Paper on Planning and Development, none of which has been taken very far by the responsible departments: primarily the Department of Land Affairs, but in conjunction with the Departments of Housing, and Provincial and Local Government.

THE EFFECTS OF THE LEGISLATIVE UNCERTAINTY

The lack of legislative clarity on the roles of the three spheres of government with regard to planning has created a murky reality on the ground. It has also had an impact on intergovernmental cooperation, leading to a number of open disputes, and has affected the day-to-day operations of local government in South Africa. The following section examines these effects.

The incomplete work of local government planning reform: The need for new laws on land use management

One consequence of the legislative impasse has been that the substantial efforts at reforming local government planning have remained incomplete. The absence of a broader planning framework, encompassing the IDP, has meant that municipalities are hobbled in their efforts to implement their new spatial visions and objectives. Consequently, the physical manifestations of the apartheid patterns of settlement have proved remarkably persistent. This is because implementing the indicative plans formulated by the IDP lacks a comprehensive legislative structure to provide the necessary 'bite' and ensure that the visions and aspirations are realised on the ground, through appropriate land use management systems (see Box 17.4). Instead, what are routinely used to make decisions with regard to land use management are old-order laws like the town planning ordinances, with their associated entrenched perceptions of the role of local government in performing traditional 'town planning' functions (see Box 17.5).

Box 17.4 *The core components of a planning system*

The broad concept of planning can be said to consist of two layers. Firstly, there are the long-range, strategic plans and frameworks, like the IDP. These are geared towards shaping development over a period of time. The second are the various legal and regulatory mechanisms in which zoning schemes fall, used to regulate land development and land uses. These instruments, also known as land use management systems, implement the strategic plans, alongside other measures.

Box 17.5 *The provincial planning ordinances*

The various provincial town planning and townships ordinances have their genesis in the old four provinces of South Africa in place between 1910 and 1994. They were later assigned to the current provinces to administer as if they were passed by their own legislatures. The ordinances are used to regulate township establishment and land use management (rezoning, land use change, etc.) in the formerly white, coloured and Indian/Asian areas of the provinces. They now have a province-wide application and are used to establish town planning or zoning schemes, which determine use and development rights. Remnants of the laws and regulations promulgated in relation to planning and development control in both homeland areas and urban African townships are also still applicable. These laws are represented mainly by the Black Administration Act 38 of 1927 and the Black Communities Development Act 4 of 1984. They are influential over key matters like land tenure and land administration arrangements, which makes them difficult to simply scrap.

The town planning ordinances and their underlying zoning schemes are complex pieces of legislation and require the municipal governments responsible for their administration to dedicate substantial financial and human resources to their implementation. These laws established and now preserve apartheid land-use rights patterns, which have often obstructed socially driven land development (see also Mammon, this volume, Chapter 18). They have yet to come in line with the overall strategic planning visions of developmental (local) government. This creates a disjuncture between strategic planning and land use management. The absence of this key link means that long-term visions and day-to-day management decisions fail to 'talk to each other'. One consequence of this is that the IDP has not emerged as the key strategic guiding instrument it was intended to be.

The challenge of planning with different land use management laws

Municipalities inherited areas that had historically been administered using different planning laws, with different legal frameworks having been used by the apartheid

government to regulate the various race zones. These laws established 'schemes' as the basic instrument for regulating the allocation of land development rights. These schemes varied from the elaborate and complex 'town planning schemes' devised under the provincial planning ordinances of the four original provinces to very rudimentary schemes applicable in township areas. The schemes are still in operation, and are used for purposes of land use management on a daily basis. Each scheme also provides the legal basis and definitions for the rights to develop and use any parcel of land in a municipality according to the specified zonings. These rights in turn establish the basis upon which property values are determined, and so are a crucial element in the municipal property rating system. Attempts by municipalities to rationalise or merge their applicable schemes have almost all failed, largely due to the multiple and technically confusing legal scenarios that have emerged from these processes. Box 17.6 gives an idea of the complexity facing one medium-sized municipality, Mbombela (which includes the towns of Nelspruit, Kanyamazane, Matsulu, White River and Hazyview). Overarching these difficulties of detail is the uncertainty as to which sphere of government actually has the legal power to undertake the merging of the laws at all. Municipalities have been forced into tackling this extremely complex task, without any legal or policy guidance from either national or provincial government as to how to go about it.

Box 17.6 *The case of Mbombela Municipality*

Mbombela Municipality falls under the larger Ehlanzeni District Municipality in Mpumalanga Province. The municipality incorporates much of the former Nelspruit Trans-Regional Council. The current legal framework for land development applications in Mbombela presents a bewildering variety of laws and regulations:

■ In the former white, coloured and Indian/Asian areas, the old Transvaal Town Planning and Townships Ordinance of 1985 is applicable.

■ In the former African township areas, regulations issued under the Black Communities Development Act 4 of 1984 (Proclamation R1897 of 1986 and related 'regulations relating to Township Establishment').

■ In the former South African Development Trust and 'self-governing territories', regulations issued under the Black Administration Act (Proclamation R293 of 1962 [Regulations for the Administration & Control of Townships in Black Areas]), GN R1886 of 1990 (Township Development Regulations for Towns) and GN R1888 (Land Use and Planning Regulations) apply.

Each of these laws applies to the areas to which they applied under apartheid, with the added layer of the DFA running in parallel to all of them.

The application of these numerous, and different, laws renders the creation of well-planned settlements difficult. It often matters little that the local government IDP has a well-laid-out vision and plan for the municipality; in the face of this daunting legal web, the challenge of linking such visions with actual land uses controlled by

these laws becomes impossible. The result of this has been the creation of settlements that have little regard for the objectives set out in the IDPs of municipalities. Sprawling low-density settlements typify the landscapes of this and many other municipalities across the country. The current high demand for residential land and the recent period of relatively low interest rates have created enormous pressures on some municipalities. In the face of these pressures, they have inevitably yielded to the exigencies of authorising rapid, poorly planned development that encroaches on agricultural and environmentally important areas and fails to address the municipalities' concerns around integration and sustainability. More importantly, many of these developments have perpetuated the segregated settlement patterns of old. Municipal IDPs have thus failed to exert the required influence upon this rapid development, not necessarily because of any inherent weakness with the idea of an IDP *per se*, but because the legal framework directly blocks efforts at translating planning visions into actual, changed patterns of land development.

Planning on the urban periphery

In many parts of South Africa, the question of how to treat the urban periphery is presenting a number of challenges. The peri-urban context provides a unique situation, because this is essentially urban-driven development occurring on agricultural land. It thus needs an appropriate regulatory environment that defines the uniquely different components of this environment, balances the need to consider the potential for agricultural land loss against the pressures for urban housing, and sees to the inherent environment of conflict that it presents in terms of the differing interests and needs of different stakeholders.

The current strategic planning and land use management linkages present a unique problem in terms of development on peri-urban areas. Many provinces and municipalities have adopted an 'urban edge' approach. This is an urban growth boundary beyond which the provision of infrastructure and, indeed, any form of 'urban' development is prohibited unless there are compelling exceptional circumstances.[8] Land use management decision-making bodies implement the urban edge. Typically, provincial and sometimes municipal decision-making bodies will determine where within the urban edge a development is before issuing authorisation (see Box 17.7).

Urban edges represent an instinctive response to the phenomenon of urban sprawl. However, in their current guise, they fail to appropriately negotiate the imperatives of the rural–urban interface. Often, they are quickly overtaken by events, and stand as unrealistic defining lines in the face of rapid *de facto* urban development around and beyond. Further, while numerous suggestions have been made on how to make land within the urban edge available for low-income development, the reality is

that the available land is, in most cases, insufficient to meet this need, especially as there is strong competition with other interests for that land, for commercial or industrial or high- and medium-income residential development.

Box 17.7 *The case of the Gauteng urban edge*

Gauteng developed its urban edge in 2002. This is a provincial policy approved by the full Executive Council of the province. The Gauteng Development Tribunal, as a provincial body, considers the urban edge boundary when approving projects, and will only allow a project falling beyond the boundary if the land uses are 'rural' in nature. Such uses include, among others, extensive agricultural activities, conservation activities/areas, tourism and related activities, recreational facilities, farm stalls and rural residential uses (Gauteng DDPLG 2002). Currently, Gauteng faces an acute shortage of suitable land for development. There are only 94,000 ha of available land for development within the urban edge, of which only approximately 50,000 ha are suitable for residential housing (Gauteng DoH 2005). If subsidised housing is to be provided at current 'RDP'[9] densities, then the requirement for low-income housing alone will be [number of hectares needed] ha over the next ten years.

There is a need to revisit the 'urban edge' policy. Rather than being a rigid line, it needs to incorporate greater sophistication and nuance in realising the broader intent of compaction and integration. Developments should be motivated, and assessed against issues that deal with the broader urban form such as nodal development, interconnectivity, densities, integration and mixed uses, neighbouring developments, and so on. In this way, even low-income housing development in a peri-urban area, rather than being peripheral, condemning its inhabitants to a remote location, can be motivated and designed to provide affordable, and increasingly valuable land that is properly integrated within the spatial fabric. Reform to land use management systems can provide an implementation framework for such a system of urban edges. However, as with so many cases involving land use management, simply reforming the regulatory framework will be insufficient. An integrated implementation framework, including both regulatory and fiscal tools, is necessary to achieve this objective.

Rural planning and indigenous knowledge

Most South African municipalities now cover vast rural areas, and the challenge of defining what type of planning systems to adopt for these areas is a recurring question (Mabin 2002). The incorporation of traditional authority areas in municipalities has presented the latter with the added challenge of tapping into the rich diversity of knowledge on land use management that many of these communities hold. Further, these areas are inevitably associated with traditional leadership structures with their own, informal processes for regulating the use and development of

land. Integrating these formal and informal processes into one system that is both efficient and fair is a complex task, and one that is severely aggravated by the legal uncertainty over which sphere of government ought to tackle it.

How will planning frameworks and their allied land use management systems adapt to these specific needs and developments? As it stands, the MSA requires that traditional authorities be recognised in the participatory process of planning. However, beyond strategic planning instruments, there is no influence of traditional knowledge on day-to-day decision making in municipalities.[10]

The incorporation of traditional authorities in land use management decision making is an important first step. This alone will not guarantee that planning outcomes are adequately influenced and therefore relevant to traditional rural communities (see, for instance, Oranje 2003), but it would go some way towards encouraging the infusion of elements of traditional and indigenous knowledge into participatory structures and the content of day-to-day decision making around land use and land development.

The relationship between planning and environmental laws

Defining the relationship between planning and environmental laws is a question that has persistently dogged planning and environmental practitioners in South Africa (see Sowman 2002; Todes 2004). However, there has been no comprehensive effort at government level to address the issue. Planning and environmental management interact at two levels: on the one hand, at a strategic planning level, where the relationship is between plans such as the statutory IDP and similar, non-statutory environmental plans; and secondly, at the level of land use management, where development applications are authorised. It is here that planning approvals intersect with environmental authorisations such as the environmental impact assessment (EIA).

How to integrate these two systems that are inexorably linked is a difficulty that is not uniquely South African. The broadening of either system to incorporate the notion of sustainable development as an underlying ideal has created an inevitable overlap as they tread on increasingly common ground. Planning has moved from its traditional focus on physical planning to become more holistic, recognising the importance of ecological or traditional 'green' issues: the DFA, with its references to environmental sustainability in its principles, began this new approach in South Africa. Environment management, on the other hand, has moved beyond its traditional focus on conservation, and embraced a more balanced view of environmental sustainability that considers social, economic and political concerns, as well as those of the natural environment. The relationship between these two regulatory frameworks is, however, inherently complex, and does not lend itself to a simple solution

for integration or alignment. While the substance of the two legal frameworks is increasingly integrated, the administrative structures and institutional arrangements associated with them are not, and are, indeed, often in direct conflict with each other. Legally speaking, it is comparatively easy to devise a legal framework that integrates, for example, environmental authorisations and planning approvals, but in institutional and political terms, this is almost inconceivable. The Western Cape has embarked on an 'integrated law reform' programme, aimed at integrating planning and environmental law, but it is too soon to tell whether or not this will succeed. It is, however, notable that this initiative has emerged from the only provincial administration in which the planning and environmental responsibilities have been brought under the supervision of one provincial minister.

The uncertainty as to which sphere of government is responsible for planning law has contributed to the current lack of appropriate systems and procedures for usefully linking the two processes. This, however, is not the sole reason for the lack of alignment; many other factors contribute to this state of affairs. For one, the relatively rapid development of environmental law over the past decade, with the enactment of the National Environmental Management Act 107 of 1998 (NEMA) and its related suite of laws on biodiversity, protected areas and air quality management, as well as the new EIA Regulations, stands in sharp contrast to the stagnant planning regulatory environment. There is no doubt, when comparing the relative zeal with which government has tackled these two areas of law, that enormous energy and political commitment have been directed towards the reform of environmental law, while planning law has been almost entirely ignored since the closure of the Development and Planning Commission in 2000. The only major steps taken to effect planning law reform have turned out to be damp squibs: the White Paper finalised in 2001 was never actually printed, was endorsed only by a deputy minister and has not appeared on the Department of Land Affairs' website, despite it apparently having been presented to and endorsed by the national Cabinet; and the draft LUMB has been drafted under a cloak of secrecy with very limited access granted to various drafts that have apparently been produced and even presented to the national Cabinet.

Aligning the environmental and planning regulatory mechanisms

There are dual systems for processing planning and environmental applications in South Africa. They are approvals for planning applications under the various town planning laws and environmental authorisations under the new NEMA EIA Regulations[11] (and before July 2006, under the 1989 Environment Conservation Act's EIA Regulations).

The two fairly onerous authorisation procedures run in parallel, often duplicating

the issues to be addressed, and always raising the spectre of contradictory decisions. Their dual processes, particularly those relating to public participation, often lead to substantial delays in decision making. They also greatly increase the cost of the development for the developer, as well as the costs, in time and money, of citizens who engage in the different processes.

Reform of planning regulatory mechanisms provides a good opportunity for alignment of the two systems of obtaining approvals. Currently, the older planning regulatory mechanisms, for instance, the ordinances, do not refer to environmental assessments, and are poorly designed for alignment with environmental issues. Decisions using the DFA are also poorly aligned, as, typically, the tribunals generally require that an EIA decision be made before they finalise their decision, while retaining their power in terms of the DFA to suspend the operation of any environmental law should the need arise. This serves to entrench the disjuncture between the two processes and to fuel the tensions between the planning and environmental sectors.

Merging strategic planning and the environment: Towards sustainable development

The underlying theme of developments in environmental law is sustainable development. Todes argues that planning tools such as IDPs tend to treat the theme of environmental sustainability inadequately. More importantly, however, although they may incorporate sustainability principles, they fail to influence the ongoing practices in municipalities at project level (Todes 2004). The inadequate legal framework for guiding land use management aggravates this problem, and thus a disjuncture, largely caused by the continuing existence of old-style town planning schemes, exists between sustainability programmes in plans such as IDPs and the actual implementation of these programmes (Todes et al. 2005).

REASONS FOR THE LEGISLATIVE IMPASSE

The slow progress with regard to reform of planning legislation is an enigma. This is especially so when the flurry of policy and legislative activity in various related sectors is considered. What makes the neglect of planning legal reform so unique? Law reform – of any sort – is by its very nature a complex and time-consuming process, especially if it is the kind of fundamental reform the post-1994 scenario demands. It is also always prone to some degree of resistance from vested interests. It is also arguable that the lack of leadership with regard to planning is because it falls within the national lands department, and consequently battles to obtain sufficient attention in a political atmosphere where land reform is obviously the priority. On the other hand, planning

may simply not be a priority at all, and will therefore always play second fiddle to other more 'critical' sectors such as local government and housing.

There is an element of truth in all the above responses, although they do not provide sufficient answers. Resistance can be overcome, and has been overcome. The national Department of Land Affairs has enacted many other laws, specifically regarding land reform, and so is especially skilled at dealing with resistance to law reform initiatives. Further, the speed with which the DFA was enacted in 1995 proves that planning reform at one time was a priority equal to or even more urgent than other sectors. Also, the unique role of planning in implementing the spatial plans of apartheid should surely make it a prime candidate for swift reform, especially in the light of the minister of housing's commitment to sustainable human settlements as the core theme of the national housing programme.

We contend that reform of planning law has lost its appeal because of a number of factors that, when considered together, make the status quo a more attractive proposition. This, together with other problems – such as the widespread lack of capacity in the planning field, both in and out of government, and the unclear legal mandates – have created an atmosphere where reform is difficult. The following sections detail this.

The inherent logic of the status quo

A persistent logic of built-in incentives to retain the status quo has emerged, and we set out the elements of this logic below.

Land use management systems as protectors of property values

Land use management systems have certain ideological underpinnings based on preconceived notions of ordered spaces. Acquiring land and property is deemed an investment in an asset, and often the only sizeable asset owned by many households. The role of regulatory systems in protecting and enhancing this investment has long been recognised. McAuslan (1980) notes that this is a powerful ideology underpinning planning laws. It often competes with the public interest ideology, and has often gained ascendancy in its conflicts with the latter.

However, a less examined aspect is the same benefit that accrues to government authorities from these high property values. Firstly, property transactions are charged value-based transfer taxes, such as transfer duties. Further, capital gains taxes tap into the profits made in lively and appreciating land markets. All these taxes are collected by national governments. Secondly, by applying regulatory systems that emphasise the protection of private property, local government also stands to gain from this investment through levying property taxes, which are based on the

valuation of property. The argument becomes more persuasive when the level of reliance on rates by municipalities is factored in, as can be seen in Table 17.1.

Table 17.1: Municipal operating income, 2001–02 to 2003–04

	2001–02 R billions	2002–03 R billions	2003–04 R billions	Total R billions	% of total
User charges	25.0	28.0	31.0	84.0	44.49
Property rates	11.5	12.5	14.3	38.3	20.29
Regional Services Council (RSC) levies	3.9	4.4	5.2	13.5	7.15
Intergovernmental grants	3.6	6.7	8.1	18.4	9.75
Other	10.3	10.0	14.3	34.6	18.33
Total	54.3	61.6	72.9	188.8	100.00

Source: National Treasury (2004)

On average, just over 20% – or one-fifth – of municipal revenue is funded by property taxes. Moreover, all indicators suggest that property rates will play a bigger role in municipal budgets in the future. This is because, among other things, although user charges on utility fees such as electricity, water, sewage and refuse removal have historically been proportionally the largest source of municipal revenue, this is likely to change because of the restructuring of utility services. In areas such as electricity supply, for example, there are proposals to merge municipal service providers into regional bodies. This means they may lose the surpluses they generate in providing this service. Secondly, RSC levies have been abolished, as they are generally seen as inefficient, inequitable and a poorly administered tax (National Treasury 2004), and a substitute revenue stream for local government has not yet been identified. The method of implementation of these changes is not certain, but there is a real possibility that a scenario may develop where municipalities are tempted to compensate for loss of revenues through increased property rates. The impending creation of new valuation rolls under the Municipal Property Rates Act 6 of 2004 makes the temptation even more compelling.[12]

It is therefore unremarkable that the status quo in terms of land use management still remains, and finds support. Tampering with the current spatial form through regulatory reforms that may be perceived as negatively affecting property values, for instance, to provide for certain types of land uses in traditionally exclusive areas constitutes a substantial risk in this context.

Resistance to redistribution and the role of planning regulatory systems

Planning law reform provides a unique opportunity to initiate a redistributive approach to land development. The IDP has a role in reshaping the spatial fabric of municipalities, in order to reflect greater equity and enable the integration of previously exclusive spaces. Currently, this has not taken place; the ideal of redistribution of exclusive spaces has been hampered by, among other things, the absence of appropriate regulatory regimes that would not only provide express provision for spatial restructuring, but would also provide concrete mechanisms to deal with the resistance of vested interests in the property market.

NIMBYism[13] is certainly not a uniquely South African phenomenon. It is an inevitable reaction by property owners to the real or perceived loss in their properties' monetary value. However, in a regulatory context that emphasises control and regulation over principled decision making based on visions and objectives such as sustainable development and spatial integration, the potentially obstructive role of the NIMBY factor is even greater. Reform is therefore important, but invariably unpopular. Indeed, Fernandes (2003) states that attempts to reform urban planning and land use, and environmental control, will always be undermined by laws that reduce the scope for state intervention in individual property rights.

The lack of human capacity at local government level

Pronouncements by the government of South Africa have pointed to the lack of skills necessary to support its ambitious growth programmes that fall under the common banner of the Accelerated and Shared Growth Initiative for South Africa. The skills identified are in, among other areas, the fields of city urban and regional planning, as well as skills necessary for the local economic development needs of municipalities (Mlambo-Ngcuka 2006). The Joint Initiative on Priority Skills Acquisition has been the response to this state of affairs by the government.

Numerous surveys have been undertaken to gauge the levels of staffing and skills shortages in municipalities country-wide.

Table 17.2: Planning staffing levels at Mbombela Municipality

Assessment year	Staff number	Opex period	Opex (R millions)
2002	9	2002/03	3.5
2003	8	2003/04	5.3
2004	7	2004/05	8.4
2005	12	2005/06	Not provided

Opex = operating expenses
Source: MDB (2005)

The example of Mbombela Municipality (Table 17.2) amply illustrates that from 2002, despite increased funding, planning staff levels had fallen. Further, as from 2000, this municipality was amalgamated, creating 36 wards, making it the largest municipality in the Ehlanzeni District Municipality area. Thus, the population and area had increased without a matching increase in staffing levels. Mbombela is not an isolated case in this regard, and this pattern is doubtless repeated across the country. Nevertheless, rigorous research into the relationship between the requirements of planning laws and the capacity needed to implement them would be extremely helpful in guiding planning law reform processes.

The current lack of skills at local government level, particularly in the smaller municipalities, has had a bearing on the ability to initiate reform. Further, many of the skills available are held by older, mainly white, planning professionals whose professional training and experience is steeped in the old planning mindsets.

THE WAY FORWARD FOR PLANNING REGULATORY MECHANISMS

The planning regulatory environment is an untapped source of legitimacy and authority for the creation of appropriate and workable laws and policies for future implementation at all levels of government. While the inaction so far has been a cause for concern, the lessons learnt over more than a decade – in the absence of comprehensive new laws, coupled with the persistence of many of the planning challenges inherited from the old dispensation – provide invaluable insights into how to shape a new regulatory regime. Further, many closely related laws are in place: local government laws have progressed considerably over the years, covering demarcation, elections, finance management, property rates, and structures and systems more generally. Environmental law has equally developed, initially with the enactment of the NEMA, and subsequently with substantial regulatory follow-through. Practical lessons stemming from experiences have been gained regarding intergovernmental relations, which has culminated in legislation that sets up structures to deal specifically with this. The constitutional roles of different spheres of government have been the subject of considerable comment and court interpretation, which can provide useful guidelines for designing future laws and policies. With all these systems in place, it is much easier for planning regulatory reform not only to fit in within the overall regulatory picture, but also to maximise potential synergies and discover creative solutions.

The need to link strategic planning with day-to-day decision making

Strategic plans are only as effective as the land use management systems that ultimately implement their visions. There are a number of ways this can be ensured.

The need to resolve the constitutional question of national and provincial government planning competencies

At the heart of the current regulatory impasse is the fact that the specific roles and functions of both national and provincial government with regard to planning have not been resolved. This has created uncertainty among the different actors, each reluctant to proceed without a clear legal mandate. Further, the limited legislative efforts so far by national and provincial government have shown the real danger for future potential conflict (see Box 17.8).

Box 17.8 *Box 17.8: The case of the LUMB and the Gauteng Planning and Development Act*

The LUMB provides for land use schemes to replace the town planning schemes previously created and adopted by local government. A province may only determine the standards for the production of these schemes and publish them in the provincial gazette. The Gauteng Planning and Development Act 3 of 2003, on the other hand, creates the differently named, but similarly intended zoning schemes. In this case, however, the Act envisages a greater role for provincial authorities in the process of adopting the schemes. According to the Act, a copy of the draft zoning scheme must be submitted to the provincial member of the executive council who may either comment or require the municipality to revise the draft zoning scheme before it can be finalised.

The very nature of the South African constitutional framework will always potentially pit one sphere of government against another whenever concurrency is granted. Sectors such as education, health, local government, traditional leadership, gambling and liquor licensing have experienced similar disputes between national and provincial government.[14] The most useful method of resolving this issue is through intergovernmental cooperation. Forums that have been created for communication and cooperation among various state actors should be utilised to prevent disputes and chart a way forward. Through them, an understanding can be arrived at on the roles of each sphere of government in terms of legislating for planning.

The need to create legal mechanisms that establish strategic planning and land use links

As a consequence of the legal uncertainty, there is a legislative vacuum with regard to the mechanisms necessary to guide the way in which actual land use occurs. There is a poor fit of old and outdated land use management systems with the current principles of integrated, diverse, sustainable and participatory land development. Indeed, the use of these regulatory mechanisms can be said to amount to 'control without policy'. So far there has been little comprehensive and holistic action in conceptualising and creating appropriate mechanisms to match the

current planning environment. The DFA as an interim measure has not been used to inform further policy and legislative action.

The need to influence the land market using the land use regulation system

An important way forward should be to determine how land use management systems can promote socially beneficial land uses while also retaining the municipality's revenue base. With the IDP as a guide, interests can be weighed in order to provide generally acceptable outcomes for stakeholders, be they property owners, private developers, national and provincial government departments, municipalities or the poor and marginalised. This is a delicate balancing act that will not always be universally acceptable. However, this is the ideal way regulations should be implemented in the future, with a clear sense of what the broader benefits are. In order to support the argument on broader benefits, it will be essential to build this around financial objectives: it must be demonstrated that the individual losses suffered by certain property owners and developers are outweighed by the overall savings for the system as a whole. This in turn requires a much more sophisticated and nuanced understanding of the relationship between land use regulation and property-based taxation. From this, a cogent argument can be proposed around the various ways in which the state can and should influence the land market forces.

The need to get the IDP right

The corollary of the argument for the need to create legal tools and frameworks that regulate land use management is that the strategic planning instruments themselves have to be well designed. A critical aspect of this is developing coherent and implementable IDPs. IDPs have been extensively assessed, with a number of failings noted (see, for example, Adam & Oranje 2002; Harrison 2002; Meiklejohn & Coetzee 2003). More recently, the national IDP hearings point to a number of related as well as new challenges, for instance:

■ Limited understanding of commonly adopted concepts such as local economic development;
■ The need to enhance high-level intergovernmental relations for the purpose of aligning strategies such as the National Spatial Development Initiative, the provincial spatial development initiatives and IDPs;
■ The need for greater consideration of sustainability and environmental issues;
■ The failure of IDPs and SDFs to guide land management, facilitate rapid release of land for township establishment and expedite EIA authorisations;
■ The lack of skills to provide the necessary planning support; and

■ The lack of adequate funding in some municipalities to facilitate programme implementation (Western Cape DLGH 2005).

The need to change the practice of 'municipal planning'

Developmental local government and its new role in planning are relatively new phenomena in South Africa. Historically, the traditional 'town planning' mould dominated, where decision making was the technocratic implementation of rules and regulations, almost exclusively in urban areas (Mabin 2002; see Box 17.9). This mindset is still engrained in many planning practitioners.

Box 17.9 *Evolution of the meaning of 'town planning'*

Over time, the varied definitions of planning in South Africa have reflected the conceptualisation of the role of planners in local government. Excerpts from a definition from section 14 of schedule 2 of the repealed Financial Relations Act 65 of 1976 provide a useful insight on the previously restrictive view. According to it, town planning includes:

(a) the subdivision, lay-out or development of areas or groups of areas for building purposes or urban settlement …;
(b) the regulation and limitation of building upon sites;
(c) the variation, subject to compensation in cases of prejudice, of any existing sub-division or lay-out of land used for building purposes or urban settlement …;
(d) the reservation of land for local government or other public purposes in any approved or varied scheme of town planning;
(e) the prohibition of the transfer of land included in any approved or varied scheme of town planning where any lawful requirement has not been fulfilled;
(f) the planning or re-planning subject to the provisions of subparagraph (c) of any areas, whether developed as an urban area or not, including the prohibition of the use of any land within such area in conflict with the terms of any town-planning scheme …;
(g) the demolition of, or the imposition of a special charge in respect, buildings or other structures ….

The tenor of the definition, replete with words such as 'sub-division', 'regulation', 'reservation', 'prohibition' and 'demolition' points to the major perceived role for planning: a technical process mainly concerned with controlling land uses, especially in urban areas.

However, more recently, definitions have begun to reflect a change in attitude. Section 2(a) of the Planning Professions Act 36 of 2002 defines the planning and planning professions as:

areas of expertise which involve the initiation and management of change in the built and natural environment across a spectrum of areas, ranging from urban to rural and delineated at different geographic scales (region, subregion, city, town village, neighbourhood), in order to further human development and environmental sustainability ….

The old mindset is often expressed as emphasis on the functions of 'development control'. These functions have traditionally been exercised separately from forward planning, and often planning requirements were superimposed upon already existing legal frameworks for development control, with negligible effect on that body of rules and regulations. This meant that planning tended to have very limited impact on actual patterns of land development (Berrisford 2000).

The new emphasis on planning and planners as strategic thinkers for development is increasingly being recognised, for instance, as evidenced from the planning curriculum being developed and taught in planning schools in South Africa (Todes & Harrison 2004). Despite this, the IDP often stands in isolation and does not feed into the decision-making process. Its role has not been properly institutionalised in the procedures and processes of local government. In practice, therefore, many decisions are made that go contrary to the long-term spatial plans of municipalities.

Creating links between strategic plans and land use management systems is the subject of much comment and has generally presented a challenge to planning practitioners world-wide. Commenting on the historical evolution of American planning law, one writer notes that 'although the acts specified that zoning "regulations shall be made in accordance with a comprehensive plan", actual practice has fallen short of the professed intent' (Tseng Yu Lai 1988:118).

Nevertheless, the practice of planning needs to be better equipped to realise its renewed focus on strategic planning. This can be done through appropriate skills acquisition, as well as the establishment of new internal procedures and processes that ensure these linkages.

The need for principles and policies rather than rules and regulations

Land use management related decision making is emerging from its reliance on the rigid application of rules. Instead, the focus is on more flexible and adaptive systems where development is subject to negotiations between the developers and authorities. As long as the development meets certain overarching criteria, it is generally allowed, with the authorities possibly adding on a number of development conditions, which are often up for negotiation, with trade-offs being made on both sides. This system also allows the authorities to push for certain underlying imperatives for development that ordinarily would not be a priority for private sector development. Further, through this system, the municipality can better fine-tune the types of development to shape its own vision for the broader spatial form in urban and rural areas. It allows for real time adaptation to the ever-changing spatial pressures that continuously emerge. The DFA principles present a good

starting point for providing a framework for the implementation of such a system for land use management.

The need to build on skills and human resource capacity

It would be unrealistic to expect effective planning from municipalities if the personnel available to carry out the functions are not available. Sufficient numbers of skilled planners need to be deployed to municipalities, and municipalities better capacitated to attract and retain these skills.

The need to create effective intergovernmental communication

Structures of intergovernmental communication are increasingly emerging as indispensable to many of the seemingly intractable problems of integration and coordination of plans and policies across different spheres of government. Currently, there are a number of structures for intergovernmental coordination. Useful ones in this regard are the President's Coordinating Council and the National Intergovernmental Forum (formerly Intergovernmental Relations Committees of Ministers and Members of Provincial Councils or MinMECs). The passing of the Intergovernmental Relations Framework Act 13 of 2005 has entrenched these hitherto informal forums into statutory bodies, as well as introducing new structures such as the Premier's Intergovernmental Forum in individual provinces.

Table 17.3: Some structures of intergovernmental cooperation in South Africa

Structure	Composition	Role
President's Coordinating Council	■ President ■ Deputy president ■ Minister in the Presidency ■ Cabinet member responsible for finance ■ Cabinet member responsible for the public service ■ Premiers of the nine provinces ■ A municipal councillor designated by the national organisation representing organised local government	■ Raise matters of national interest with provincial governments ■ Consult provincial governments and organised local government on the implementation of national policy and legislation in provinces and municipalities ■ The coordination and alignment of priorities, objectives and strategies across national, provincial and local governments ■ Discuss performance in the provision of services and consider reports from other intergovernmental forums, as well as other reports dealing with the performance of provinces and municipalities

Structure	Composition	Role
National Intergovernmental Forum (formerly MinMEC)	■ Cabinet member responsible for the functional area for which the forum is established ■ Any deputy minister appointed for such a functional area ■ Members of the executive councils of provinces who are responsible for a similar functional area in their respective provinces ■ A municipal councillor designated by the national organisation representing organised local government, if local government has competence in that functional area	■ Promote and facilitate intergovernmental relations in the functional area for which the national Cabinet member who has founded it is responsible ■ Raise matters of national interest within that functional area with provincial governments and, if appropriate, organised local government ■ Consult provincial governments and, if appropriate, organised local government on the development and implementation of national policy and legislation relating to matters affecting that functional area ■ Coordination and alignment within that functional area's strategic and performance plans and priorities, objectives and strategies across national, provincial and local governments ■ Discuss performance in the provision of services
Premier's Intergovernmental Forum	■ Premier of the province ■ Member of the executive council of the province who is responsible for local government in the province ■ Other members of the executive council designated by the premier ■ Mayors of district and metropolitan municipalities in the province ■ A municipal councillor designated by organised local government in the province	■ Discuss and consult on matters including the implementation in the province of national policy and legislation affecting local government interests, and matters arising in the President's Coordinating Council and other national intergovernmental forums affecting local government interests in the province ■ Coordination of provincial and municipal development planning to facilitate coherent planning in the province as a whole ■ Coordination and alignment of the strategic and performance plans and priorities, objectives and strategies of the provincial government and local governments in the province ■ Consider reports from other provincial intergovernmental forums and district intergovernmental forums in the province

Source: Intergovernmental Relations Framework Act

The current lack of clarity on the legislative roles of various spheres of government needs a comprehensive solution, rather than ad hoc, piecemeal attempts at resolving

it. Its potential for creating intergovernmental disputes has already been manifested in recent court cases, which have, predictably, produced inconclusive results and left issues unresolved.[15] This emphasises the need for a high-level consultative process among the different spheres of government.

Intergovernmental cooperation can focus on a number of issues.

The need to agree on the roles of provincial and national government with regard to planning

National and provincial governments view their planning roles, as provided by the Constitution, quite differently. So far, they have legislated with little consultation, resulting in very different and often mutually incompatible interpretations of their respective roles. In the face of this, through the use of intergovernmental forums, the content of these laws may be shaped according to common principles to preclude such a scenario.

The need to align the roles of provincial government and municipal government

Tensions between provincial and municipal planning decision-making bodies can be resolved through mechanisms of intergovernmental governance. A useful forum is the Premier's Intergovernmental Forum, which is intended to promote and facilitate intergovernmental relations between the province and local governments.

The need to align environmental and planning instruments and consents

There is a need to deal with the problem of drawn-out, complex and often-duplicated procedures required from both planning and environmental regulatory mechanisms. Different bodies in various spheres of government will always make decisions that affect others. This is often a legal requirement, or may be practical under the circumstances. Ultimately, the solution to the problem therefore lies with simple, yet effective procedures for intergovernmental communication at various stages of the decision-making life cycles. There is a need to establish procedures for communication within the respective structures through which the applications can be channelled. Intergovernmental structures of communication can kick-start these channels of communication by entering into new protocols or memoranda of understanding. The practices that subsequently develop can then serve as inputs for future law and regulatory reform.

Conclusion

Since 1994 the need to overhaul South Africa's planning laws has been clearly understood. The DFA was one of the very first transformative laws passed by the democratic parliament in 1995. Grasping the nettle of planning law reform has proven to be a painful and expensive experience for the four provinces that have attempted to draft their own laws, as well as for the national Department of Land Affairs and its lifeless LUMB. In the meantime, the terrain has only become more complex, with the ascendancy of municipal planning laws such as the MSA and the development of new environmental laws under the NEMA. The need for effective planning laws that regulate and guide land markets has only become greater in the time that has elapsed since 1994. However, we are not optimistic that this need will be met, unless a fundamental shift is made from the approaches of national and provincial government. A mutually agreed understanding of what constitutes the regulatable object of planning law must be reached. This will allow each sphere of government to proceed with what it has to do to rebuild a new legal framework for regulating land development and land use that breaks from our past and lays the foundations for a more just and sustainable future.

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ENDNOTES

1   The former four provinces were the Transvaal, the Orange Free State, Natal and the Cape; the TBVC homelands were Transkei, Bophuthatswana, Venda and Ciskei; and the self-governing territories were KwaZulu, Qwa-Qwa, KaNgwane, KwaNdebele, Lebowa and Gazunkulu.

2   Schedule 4 of the 1996 Constitution.

3   See, for example, the definition of 'town planning' used before 1994, in Box 17.9.

4   For example, in the case of, *In the matter between Jan Hendrick Basson and others v The City of Johannesburg Metropolitan Municipality and others; Eskom Pension and Provident Fund v the City of Johannesburg Metropolitan Municipality and Others (unreported, case No. 3077/05 and 32744/05),* the court embarked on the unenviable and not very useful task of distinguishing among 'town planning', 'urban development' and 'municipal planning', with little success.

5   Long title of the LUMB.

6   Also known as residual legislative competence, because this is a functional area, like many others, not listed in the schedules of the Constitution, but belonging exclusively to national government.

7   The only province that has enacted a post-1994 Planning Act and had some limited success in implementing it is the Northern Cape.

8   The urban edge is often not a statutory instrument, but a policy, which is applied by the provincial and municipal government members responsible for land development decision making.

9   Reconstruction and Development Programme.

10   This shortcoming was recognised by the LUMB, which requires that traditional authorities participate in the drafting and adoption of a municipality's land use scheme to the extent that the scheme affects land under their jurisdiction. Additionally, where there are areas of a municipality where customary law is observed, traditional authorities may participate in the proceedings of the council of the municipality when the council considers any land use applications affecting that land.

11   Act 73 of 1989.

12   In this regard, the Treasury sounds a warning to municipalities to 'avoid exorbitant increases in rates' when implementing the Act (National Treasury 2004:27).

13   NIMBY = not in my backyard.

14   A few examples include challenges to national government's National Education Policy Bill of 1996, and Liquor Bill of 2000; challenges to the role of national government under the Municipal Structures Act; and challenges to the role of province under the KwaZulu-Natal Amakhosi and Iziphakanyiswa Amendment Bill of 1995.

15   For example, in the case referred to in note 4, above, private citizens brought a case against the Metropolitan Council of Johannesburg, which had challenged the legality of the Gauteng Provincial Development Tribunal and thus failed to recognise its decisions. At the time of writing, the municipality had indicated its intention to appeal the court's decision against it.

eighteen

Urban Land Use Regulation in the Context of Developmental Local Government

Nisa Mammon

INTRODUCTION

In considering the developmental local government agenda, the question of the redistribution of land is significant. Land consumption and distribution patterns need to reflect the demographic profile of the country. This chapter uncovers the impact of land use regulation on these patterns over time, particularly during the last decade in South Africa, relative to achieving an integrated city.

The chapter argues that land use regulation has a vast impact on land consumption and distribution patterns in South Africa. While it has far-reaching implications for the country as a whole in both rural and urban land contexts, the chapter has an urban bias, focusing specifically on current case studies in Cape Town to demonstrate that radical shifts need to take place to achieve the good, integrated, sustainable, socially just and equitable city.

In the preceding chapter of this volume, Berrisford and Kihato refer to the Land Use Management Bill, among other key legislation, which proposes a uniform set of spatial planning and land use management procedures driven at national government level. Although not actively pursued at this stage, this Bill, together with the legislation cited in Table 18.1, also highlights the role of different tiers of government in the administration, management, and control of land use regulation and planning practice.

While this chapter recognises the complexities associated with the intergovernmental dimensions that local, provincial and national government bring to bear on urban development, settlement making and spatial patterns, it is primarily concerned with the role of (developmental) local government in land use regulation and planning practice.

CONCEPTUAL BASIS OF THE GOOD CITY

The good city is based on a vision and ideas that consider the whole as the sum of its parts. This should translate into a positive context where people experience humanely performing environments that add value to society at all levels: the region, the city, the neighbourhood and the household. The good city is synonymous with the 'sustainable city', which can form the basis for a good society. The good or sustainable city is premised on the following fundamental characteristics (adapted from Rogers 1997:169; Friedmann 2000; Pieterse 2005):

- *A socially just city*, where justice, food, shelter, education, health and hope are distributed fairly and equally, and where people's most basic needs are heard, understood, articulated in government, responded to and met so as to raise the capabilities of society to maximum levels, focusing directly on the poorer sectors as a priority;
- *A creative city*, where open-mindedness is promoted and the potential of human resources is mobilised to its fullest to intervene in the landscape with respect, dignity and simplicity;
- *A city that uses a city-ecology approach to planning*, where ecological processes and systems are protected and conserved, and used as a means of ordering urban structure, form and function;
- *An integrated, compact city*, where access and proximity to essential goods and services, including emergency services, information and people, are gained with ease and safety, especially for those moving on foot;
- *A diverse, democratic city*, where a broad range of people with overlapping interests, cultures and activities come together and participate on a regular basis in the spaces and places that promote public interest, public debate and public life; and
- *The ultimate city*, where fear of crime, violence and turf protection is eliminated in the public realm, space is appropriated across public boundaries and society thrives as a totality of its parts. The ultimate city is timeless, robust and flexible; it cares for the future and for the needs of future generations.

To achieve the good city requires a set of normative values, rules and processes that do not dominate the environment or its people and allow professionals or people in power to be the masters of the city's destiny. Instead, it proposes a structural framework within which all citizens can live, work, build, create, recreate themselves and thrive. This framework must promote, among other things, the elements of city making and performance that enable and support the characteristics of the good city.

To achieve this, the good city needs to be underpinned by a positive land use regulatory framework where urban environments are transformed and supported as humanely performing environments that work for everyone, rich and poor, old and young, black and white, and so on. The primary concern of governmental decision making and investment should therefore be focused on the broader public aspects and public realm of the good city. This means that government must put in place the necessary institutional mechanisms that would facilitate the actualisation of this framework.

In a country where the majority have been deprived of access and rights to the land, the notion of social justice and the characteristics of the good city as a fundamental basis for supplying land for all are together posited as the starting point for land use regulation. Social justice, in particular, is 'concerned with how people should be treated in particular circumstances, by other people directly or within the human creation of institutions whereby behaviour is regulated' (Smith 1994:27). For the purposes of this chapter, the people to be 'treated in particular circumstances' are the citizens displaced from and deprived of access to land as a result of apartheid. 'Other people' or 'institutions' refer to developmental local government represented by politicians and planning or built-environment officials whose job it is to regulate land use in an environment where behaviour is largely fraught with, and focused on, power and control at the expense of enabling the public good.

THE URBAN LAND USE REGULATION CONTEXT

There have been limited changes in land consumption and distribution patterns in South Africa since 1994 as a result of numerous pieces of racist legislation implemented since 1913. The purpose of such legislation was either to control how the majority of South Africans accessed, appropriated, owned and used land or to blatantly ensure that they were kept out of the land equation in the country.[1] After assessing the impact of legislation and policy imperatives associated with forced removals in the country's urban areas, Welsh concludes 'that one of the major policy concerns of all governments since the early part of this century has been to ensure the preservation of the towns as places of undisputed white hegemony' (cited in Centre for Intergroup Studies 1983:19).

When transformation to a democracy was conceived in the early 1990s, (rural and urban) land was a particular point of discussion and negotiation between the National Party government of the time and the African National Congress. With respect to shifting land consumption and distribution patterns to better reflect the demographic profile of the country in the new democratic state, serious notions of redistribution, reform and restitution of land rights were put on the table in the

early to mid–1990s (Sachs 1990; Smith 1994). At the time, Sachs (1990:7) argued for nationalising land law to 'defend equally the rights of everybody'. By implication, land use regulation should have been the first to be repealed to ensure the envisaged transformation with respect to the redistribution of land. The Abolition of Racially Based Land Measures Act 108 of 1991 was passed to repeal the racially based land acts from the apartheid era, such as the Group Areas Act 41 of 1950 (followed by subsequent amendments) and the Land Acts of 1913 and 1936 (Department of Spatial Information Science & Engineering n.d.).

At the same time, the Constitution (Act 108 of 1996) made provision for the protection of property rights of all citizens. In addition, the Restitution of Land Rights Act 22 of 1994 provided for the restitution of land rights to those dispossessed of land in terms of racially based policies of the past (DLA 1997). Despite these attempts to begin to tackle the land question in South Africa, existing land use regulation, although discussed at length and earmarked for change through the introduction of the Development Facilitation Act 67 of 1995, remains intact as the governing legislation until the present day.

Land use regulation in the context of local government planning practice

> At different times, the contents and object of local government planning have tended to refer more particularly to planning in relation to land use; at other times to wider meanings. Legal frameworks have varied in relation to these contents and objects (Mabin 2002:40).

To provide background to land use regulation, it is pertinent to periodise broadly significant land use regulations and their intentions relative to town planning practice in South African local government since the 1980s (see Table 18.1) and still used today to regulate urban development and ownership/property rights.

Table 18.1: Significant South African land use/planning regulations since the 1980s

Period	Planning or land use regulations	Intention of the regulations
1984	Black Communities Development Act 4	Made provision for the establishment of 'black' (i.e. African) development areas where Africans were permitted to have access to land in urban areas through a leasehold form of tenure
1985	Land Use Planning Ordinance 15 (LUPO) and equivalent ordinances in other provinces	Protected the impact of development on property rights and allowed the demonstration of the desirability of land use in an area

| 1991 | Less Formal Township Establishment Act 113 | Provided for shortened procedures for the development of land for less formal forms of residential settlement |
| 1991 (first promulgated 1967) | Physical Planning Act 125, as amended | Permitted the formulation of structure plans to reinforce modernist/ comprehensive planning |

The Physical Planning Act and the LUPO provided for comprehensive or blueprint planning practice influenced by modernist planning and finding expression in British new towns (e.g. Milton Keynes) in the 1970s. The 'realisation of the "blueprint" was conceived as the technical manipulation of existing social, demographic and transport trends' (Chipkin 2002:63). In other words, planners were tasked to spatially fix the urban environment according to a set of ideal rules and standards.

The Less Formal Township Establishment Act, on the other hand, accepted a faster but *lesser* form of settlement for the majority of urban households. This sentiment was probably founded on the expectation that when transformation to democracy occurred, the need to cater reasonably quickly for those who would be flocking to the urban areas could be satisfied by *site* and *service.* Freedom of movement, by implication, meant freedom of access to urban land. However, there was no regard for the *form* of settlement being promoted through 'interim' measures such as this Act.

It is important to note that while the Black Communities Development Act was repealed in 1991 by section 72(1) of the Abolition of Racially Based Land Measures Act 108 of 1991, section 72(2) of this Act stipulated that chapters VI and VIA of the Black Communities Development Act, and any regulation made thereunder, would remain in full force until further repealed. These chapters and regulations made provision for the granting of leaseholds in Black Development Areas (DLA 1999). Such provisions had to be retained while township registers were being opened to phase out leaseholds in favour of full ownership that was denied Africans in urban areas prior to 1991.[2]

Between the 1960s and 1980s, 'the contents and object' of local government planning were focused on land use and development control measures that emphasised separation of land uses in support of modernist planning and at the same time reinforced the intent of the Group Areas Act to separate citizens into racially defined 'group areas'. In the early to mid-1990s there was an intention to shift local government planning to 'wider meanings' (Mabin 2002:40), i.e. city spatial development frameworks linked to integrated development plans and/or city development strategies resulting from the introduction of the Development Facilitation Act and other pieces of legislation and policies across various sectors that attempted to facilitate transformation in South African cities, and in city planning in particular (Mabin 2002; Chipkin 2002; Dewar & Todeschini 2004; Mammon 2005).

Mabin (2002:42–43) outlines the global shifts and local government roles between the 1970s and 1990s that begin to define how local government started shaping and shifting as South Africa tended towards democracy in 1994. He states that in–

> the period following the first Habitat conference in Vancouver in 1976, the joint attempt of the new United Nations Centre for Human Settlements (UNCHS), the UN Development Programme (UNDP) and the World Bank to improve the performance of local government, particularly in developing-world cities, provided fuel for a rapid change in thinking about planning (Mabin 2002:43).

The Urban Management Programme generated ideas on local management that steered away from the traditional role of local government in planning and managing land development to more burning strategic, budgetary and (infrastructure) management issues. 'The point of planning became its contribution to the effective functioning of local governments, in particular their financial performance and effective delivery of services to rapidly growing poorer populations' (Mabin 2002:43). By 1994 the Urban Management Programme idea started to take effect in local government, albeit very slowly and unevenly among different local governments across the country, with the result that however powerful a planning idea was, 'its adoption depended on legal, institutional, political and other developments' (Mabin 2002:43).

What emerged as far as local government planning was concerned was a 'fragmentary and contested nature of change in planning' (Mabin 2002:48), complicated further by the introductions of provincial level planning legislation. The Western Cape opted to introduce the Western Cape Planning and Development Act 7 of 1999 with the intention of replacing the LUPO. Regulations were not gazetted and this Act was never consummated. Today, local government planning practice lies somewhere between land use regulation and development control. There is still a heavy reliance on the old legislation, listed in Table 18.1, and 'transformational' city planning practices expressed by spatial frameworks based on ideas. Added to this, in the case of the Western Cape, is law reform as a means of integrating land use planning with environmental and heritage resources planning.

The impact of the 1980s legislation and the inability to fully embrace the transformational local government planning intent effectively resulted in a shift from a divide-and-rule scenario to a control-and-divide scenario. This was given effect through outdated land use legislation, on the one hand, and the entrenched psyche of separation on the part of the officials responsible for land use regulation and planning in local government, on the other hand, whether it be separation of geographical areas or of land use.

As a result, the urban land market or private sector is still largely the driver of urban land development processes and programmes that shape land use patterns in South African cities. Separate laws and standards that are administered by the public sector at local and provincial government level are applied to regulate the development of settlements for the poor and for the wealthy. It can therefore be argued that land use regulation plays a key role in retaining apartheid in economic and class terms. Although not directly addressing land use regulation *per se*, Wilkinson (2004) addresses regulatory frameworks in South African local government in the context of globalisation as being based on what Brenner (cited in Wilkinson 2004:214) refers to as 'glocal developmentalism',[3] which 'appears to be supplanting national-developmentalist regulatory models which emphasised the balanced redistribution of growth on a national scale'.

POST-1990S PROPOSALS FOR LAND USE REFORM

Spatial development frameworks have emerged as processes that can shape land use patterns towards achieving the good city alongside integrated development plans and, more recently, city development strategies. However, the legal and institutional impediments to achieving the principles of these frameworks on the ground need to be redressed and overcome. Some attempts that have been made by government to begin to shift land use patterns to achieve a more equitable and sustainable urban landscape are discussed below.

The Law Reform Project in the Western Cape

The Law Reform Project was set up in the Western Cape to begin to address some of the key developmental and integration issues in environmental management, heritage management and planning, and to promote sustainable development. It is 'concerned with the way land is used, and so must be framed within a sustainable development approach' (Western Cape DEADP 2005:2). The project emphasises the concept of 'wise use' of land in terms of a set of criteria that begins to address concerns relating to ecology and integration of communities and space.

Chapter 8 of the project specifically deals with land use regulation, and in a more positive manner than the comprehensive planning approach promoted by current land use regulations. The provincial-level spatial framework is the guideline for municipal-level spatial frameworks. At the same time, the roles and responsibilities pertinent to different levels of government and private sector role players are outlined. The roles and responsibilities allocated to municipalities are as follows:

■ Implement national, provincial and municipal legislation dealing with land;

- ◼ Maintain standards and requirements in relation to land;
- ◼ Perform functions assigned or delegated to it;
- ◼ Compile an inventory of the heritage resources that fall within its area of jurisdiction and submit the inventory to Heritage Western Cape when developing or revising a spatial development plan or a zoning scheme;
- ◼ Designate heritage areas in the SDFs [spatial development frameworks] (Western Cape DEADP 2005:13).

The Law Reform Project is largely trying to integrate and streamline processes and procedures in order to obtain an integrated approach to land use. At the same time, it is attempting to define – and in some instances limit – the role of certain competencies or role players, such as local authorities. In essence, the project is still focused on procedures to administer and control land use, and views development as an end state. This leaves limited scope for ordinary people to become space and city builders and for high-impact public elements (e.g. the promotion of public transport) to begin to reflect the good city. Furthermore, the project faces complex legal arrangements, as it relies on certain exemptions and amendments to national legislation that may take time to be established and could well be rejected.

Integrated zoning schemes (IZSs)

Towns and cities in South Africa have embarked on IZSs with a view to establishing 'zoning by-law[s] which form … part of a municipality's land use management system' (City of Cape Town 2004:6). A zoning scheme is a legal document that identifies development rights and obligations in respect of land or property. These rights and obligations are generally stated in the form of 'development rules'. In the case of Cape Town, some 27 different zoning schemes have to be integrated into a single IZS for the purpose of creating a unified scheme 'that does not reflect past discrimination and that responds to current realities' (City of Cape Town 2005:1).

There are distinct differences in the manner and form of the development rules in the draft IZS for Cape Town with respect to different categories of development and, by implication, people. Under the guise of job creation and other such opportunities, the draft IZS has different rules for conventional, affordable and incremental housing, defined respectively as conventional housing, single housing with economic challenges and informal housing that will one day be upgraded to formal housing. At the scale of the site, these rules essentially translate into apartheid in economic and class terms. Nowhere do they insist on restructuring and integrating the city on the basis of appropriate location, access, urban opportunity and so on that the good city should be promoting. And nowhere does the IZS stipulate that

the public realm has to perform in a manner that addresses the characteristics of making a good city for all.

It can be argued that it is not IZSs, but SDFs associated with forward planning that need to promote the public realm as the driver of integration and restructured environments. Based on the principles of the good city, it is the SDFs that can set the tone for the future of a place or city under the current dispensation. However, the power lies in land use regulation or development rules as they are presently known, not in spatial frameworks that are open to interpretation and that in essence do not represent property rights and obligations.

Standardisation of IZS rules cannot achieve qualities of the good city if the scheme does not represent spatial restructuring and promote a public realm that begins to deal with integration. These qualities can only be achieved through careful participatory planning and design within a legal framework employing rules that cater for the lowest common denominator.[4]

CASE STUDIES OF LOCAL AREA PLANNING IN CAPE TOWN

Two case studies of local areas in Cape Town are presented here to demonstrate the role of land use regulation in local government planning practice in, firstly, using different legislation to achieve different purposes in human settlement planning and, secondly, in retaining apartheid in economic and class terms.[5]

Case study 1: District Six

District Six is located in close proximity to the central historic city and business district of Cape Town. It is the subject of a restitution claim in terms of the Restitution of Land Rights Act 22 of 1994. It is common knowledge that this entire area, measuring between 114 ha and 150 ha at the time of displacement and located at the foot of Table Mountain, was proclaimed a white group area in terms of the Group Areas Act 77 of 1957, as amended, resulting in the removal of approximately 60,000 residents (Angelini 2003:2).

Since South Africa became a democracy, the issues of displacement and resettlement are being addressed in terms of the Restitution of Land Rights Act. A planning process is currently under way to plan and release approximately 40 ha of vacant land in District Six for the return of legitimate land claimants who registered claims in terms of this Act. It is proposed to accommodate a medium to high-density mix of land uses, including approximately 4,000 residential units, commercial development, public facilities and public spaces, industrial uses, utilities and so on in an integrated environment.

The current zoning of land in District Six is based on the 1979 'Zonnebloem' master plan prepared by the planners of the National Party government (Bezzoli et al. 1996; Lucien le Grange Architects & Urban Planners 2003). This plan assumed that District Six was to be cleared of all its historical fabric and road structure and replanned on the basis of town planning and land use approaches that embraced low-density suburban development as epitomised by British new towns of the time. There was no consideration for appropriate structure, form, function, land use and vibrancy associated with the densification necessary for well-located inner city areas.

Today, the planning process for this very significant resettlement programme has to be completed in terms of the parameters set by the current Zoning Scheme (ZS) of the City of Cape Town, enacted through the LUPO. 'In terms of these regulations, property rights are defined and types of development prescribed' (Lucien le Grange Architects & Urban Planners 2003:35). In other words, there is limited room for flexibility in creating and enacting the good city in sociospatial terms.

To address this situation, a package-of-plans approach was developed for District Six. This sets up an SDF that begins to define the spatial structure and guidelines for appropriate urban development and form, on the basis of which feedback from the claimant or returning community could be elicited. At the same time, two pilot projects were established to begin to test these guidelines on the ground. Some interesting points that emerged during this planning process are highlighted here.

Discussions were held with city officials with respect to the merits of the spatial framework versus the spatial implications of the ZS regulations. It was agreed that in compliance with LUPO, the framework could be permitted to become an overlay zone in the ZS with its own set of 'rules' (or guidelines written into land use controls), provided that it goes through the necessary procedural and rezoning application processes. In the same breath, however, in putting these 'background' rules on the table, it became apparent to the officials that they were setting up a process that begins to challenge comprehensive plan making. The primary object of the LUPO to demonstrate desirability in terms of location and land use, as well as consider seriously the impact of property rights on surrounding areas in the long term, was also under threat.

At this point, the discussion shifted to the creation of a spatial environment particular to the claimant community and inner city living that begins to resemble elements of the old District Six and, in fact, the characteristics of the good city. In essence, this goes against the grain of modernist planning practice and the insistence on separation, while at the same time challenging standardisation as the ultimate tool of planning.

The District Six planners, acting on behalf of the claimant community's representative trust, were advised to consider the future seriously, including the very likely scenario that planning must take account of the eventual sale of the dwelling

units to high–income yuppies whose lifestyles, preferences and demands are very different to those of previously displaced citizens. It was therefore necessary to plan for gentrification! Hence, among other things, streets needed to be wider for higher car usage, on-site parking needed to be provided and the quality of the public areas was to be enhanced in case of this eventuality.

This approach to planning in local government begins to question: (1) the relevance of the current (outdated) land use regulations; (2) the serious entrenchment of the *control-and-divide* principle in the minds of planners who administer land use and the implications of this for achieving an equitable city landscape; and (3) the ability of planners to drive the developmental agenda relative to urban land use and its impact on land redistribution. Clearly, in this case, the legislation permits very limited motivation to drive a developmental agenda based on social justice, equity and integration in the redevelopment of inner city areas.

Finally, at the implementation stage of two pilot projects, extensive delays relating to encumbrances created by the provisions of the City of Cape Town ZS and to ensure compliance with the Environment Conservation Act 73 of 1989 were encountered. This brings us to the last point that emerged: development in terms of restitution is not prioritised; it is treated in exactly the same manner as any other application in terms of procedure and time frames. The applications were submitted in October 2005, and approvals granted only in January 2007 for a mere 125 dwelling units to proceed on site, at the expense of higher building costs, claimants' frustrations, loss of faith in the process and many other complexities that can form the basis of further research in their own right.

This case study indicates that while urban land restitution obliges governments in terms of the Restitution of Land Rights Act to ensure integration by returning displaced communities to their previous abode typically located in former 'white' areas, this process has been tardy as a result of, among other things, inappropriate land use regulation.

Case study 2: Farm Bardale

Farm Bardale is located on the periphery of Cape Town, approximately 12 km south–east of the established central business district of Bellville. Phase 1 is the subject of an emergency settlement scheme. The site measures some 112 ha in extent and is earmarked to accommodate approximately 5,500 plots with associated public facilities, amenities, formal and informal business rights, and so on.

The beneficiaries of Phase 1 of the project include the South African National Roads Agency Ltd emergency housing project, where communities are currently occupying the Khayelitsha rail line reserve, owned by the South African Rail Commuter Corporation (SARCC), between Nolungile and Nonqubela railway

stations in Khayelitsha. The majority of households earn less than R1,000 a month. The location of the settlement poses a serious danger to the people living in the vicinity of the rail reserve, especially young children. The communities have no access to service provision, apart from sporadic refuse collection.

In 2003 SARCC made an application to the High Court for an eviction order against the informal dwellers living in the rail reserve. On behalf of the informal dwellers, the respondents invited the minister of housing of the Provincial Government of the Western Cape and the City of Cape Town as third parties to the case. In response to this, the Western Cape provincial minister of housing requested that an alternative solution be pursued, outside of the pending legal process. An 'in-principle' agreement was reached that SARCC would consider the withdrawal of the court application, pending investigations to resettle the informal dwellers on suitable alternative land, i.e. on Farm Bardale, as a matter of priority. The City of Cape Town was responsible for the preparation of the development framework and the procedural applications necessary in terms of applicable planning legislation.

The planning of this site demonstrates three concerns with respect to land use regulation:

■ The notion of emergency and what it means for the poor;
■ The use of different legislation to manage and control land use on the same property for two different categories of users: poor low-income and lower-middle-income users; and
■ The use of standards that present contradictions among planning ideas, appropriate planning responses and standardisation.

The agreement to relocate the rail reserve community on alternate land, away from danger, was made in 2003. Approvals for the application for township establishment in terms of the Less Formal Township Establishment Act were granted in May 2007. This renders the term 'emergency' meaningless, given that negotiations and approvals in terms of an Act established specifically to provide for shortened procedures for the development of land for less formal forms of residential settlement, particularly in emergency circumstances, are neither facilitated nor prioritised. The processing of these applications involves local and provincial levels of government, and needs to be unpacked in more detail to demonstrate the other two concerns.

The second concern in this case study is the use of two pieces of legislation when dealing with the same property. The first, the LUPO, had to be used to rezone and sub-divide the northern portion of the site, because it formed part of a previously approved structure plan that bestowed a sub-divisional area zoning on this portion of the property, but remained undeveloped. This meant that the undeveloped portion had to be planned in accordance with the area already established for lower-

middle-income people who would be offended by the establishment of a township in accordance with less formal development standards. Hence, the standards applied on this portion were different to those applied for the portion of the property established in terms of the Less Formal Township Establishment Act on the southern side of the property. Moreover, the northern portion has been granted approval at the time of writing and is ready for development, but cannot take on the role of the emergency scheme as it is *not* suitable or appropriate for less formal 'emergency' settlement.

The third concern has to do with the role of standards in land use regulation and plan making. Chipkin (2002:62) points out that it was common practice for town planning to be appended to the town/city engineer's department: 'This meant that spatial design was usually subordinate to the perceived technical requirements of the urban infrastructure'. In the case of Farm Bardale, there were serious contradictions in appropriate planning ideas and standardised engineering approaches.

Among others, it is significant that civil and transport engineering standards that are more appropriate in formal urban environments were in part the drivers of the spatial structuring of the site. Examples include the need for roads and frontages of plots to be wide enough to accommodate vehicles, including large refuse trucks, rather than: (1) using the opportunity to promote non-motorised and public transport as a fundamental layer of urban ordering; and (2) creating refuse removal linked to recycling opportunities on a small scale that can begin to create employment and engender a more appropriate attitude to solid waste removal and treatment at a local level. At the same time, given the nature and scale of the proposed development, there was talk around temporary top structures with partial servicing and shared ablution facilities based on a standard of 1:5 households, translating into approximately 20 persons per facility, until such time that full services are possible – yet, another interim measure!

Opportunities for and Barriers to Land Use Planning Reform

This section will return to the key question of this chapter, namely, what land use regulation has done to achieve the good city.

The present life and time of the democratic (post-modern) South African city is an excellent opportunity to begin to restructure and shift to an integrated city structure and appropriate urban structure and form. The initiatives attempted by the legal frameworks such as the Restitution of Land Rights Act, law reform project and IZSs can effectively be used as significant instruments to change land

consumption and distribution patterns to better reflect the demographic make-up of our country, as well as the principles of the good city.

The fundamental mistake, however, within the context of developmental local governments as agents of change, is that land use regulation is still about development rules, property rights and obligations, and procedures. It has very little room for fundamental changes in urban structure and form brought about through creative legal frameworks that set up principles and inclusive processes that begin to make fundamental shifts towards integration and positive restructuring in the urban landscape. The authors of the preceding chapter in this volume, Berrisford and Kihato, argue that flexible land use management has the advantage of presenting authorities with the ability to implement desired spatial patterns as the urban landscape changes with time. This can not only guide the unfolding of the sustainable city, but also directly influence transformation in land consumption and distribution patterns.

The biggest challenge to realising this must be addressed at the level of the psyche of local government political principals, officials and consultants wielding power and control in different forms. How one does this is a fundamental question in its own right. Perhaps it starts with the education of planners-to-be and other built-environment professionals. At the same time, perhaps some of the answers lie in returning to a public ethic and code of discipline that begin to shift the way we think about the role of developmental local government in making the public domain work for everyone. This raises more questions than answers, including how one enforces this ethic and code of discipline and who controls the making of the public domain.

Directions for Land Use Regulation

Against the background described above, what are the components of the appropriate land use regulation model to achieve social justice and the good city? Two considerations are put forward here.

Nationalising land law

The first big step to address the question of land in terms of equitable access and distribution relative to all the people of our country is to nationalise land law. This will ensure that–

> South Africa has a single, or national, law governing the question of land rights, so that issues are looked at not in terms of race, as at present, but in terms of interests and values of importance to the country as a whole (Sachs 1990:5).

This requires two important actions, according to Sachs: firstly, establishing a nation-wide legal framework in respect of interests in land that must reflect the values

held in relation to property rights by all South Africans; and, secondly, making this framework take account of the varied situations and needs relating to land, for example, different forms of tenure, different claims that displaced people have to the land; different workers' and property rights; and, in the case of the public domain, establishing patterns that begin to reflect the principles of the good city.

Defining and protecting the public domain

This chapter does not deny the positive role and place of the Western Cape's Law Reform Project and IZSs to effect change and to restructure the urban landscape to make it a more positive domain for the broader city publics. To be more effective in doing this, however, a shift away from development rules and procedures to principles of setting up the public spatial domain in a positive urban structure and inclusive public processes must be pursued. Instead of dealing with rights, obligations and privileges of property owners, these tools should be promoting two important aspects. The first is to promote the public elements and projects that will redefine the city and its people in terms of a set of values that legitimises access to land as a basic right and necessity. According to Sachs (1990:15), this approach would avoid 'conceiving of redistribution simply as a racially quantitative procedure'.[6] Secondly, the values-based perspective could 'provide the scope for shared legally protected interests' (Sachs 1990:15), whether these be public or private.

CONCLUSION

This chapter argues that urban land use regulation has had very limited positive impact on land consumption and distribution patterns, and on achieving social justice and the good city. Very few changes have occurred in land use regulation in the last decade that have put a positive spin on the role of developmental local government in administering planning. The two case studies give testimony to the fact that local government is still largely trapped in the past, given the inappropriate manner in which land use regulation is applied in current planning practice. While there are attempts to drive a planning law reform agenda, one questions whether the depth and timing of such reform, if implemented, can indeed achieve the fundamental characteristics of the good city.

In terms of moving forward in the next decade, for the majority of our country, particularly the youth, one of the fundamental issues that requires close attention is nationalising land law against the persistent call for land to be made an explicit right in our Constitution. The place of land use regulation in this instance is to direct the law towards defining and protecting the public domain through a values-based and shared land interests approach.

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ENDNOTES

1. The following pieces of legislation, among others, promulgated between 1910 and 1991 controlled access to land by black citizens: Natives Land Act 27 of 1913, Natives (Urban Areas) of 1923, Slums Act of 1933, Native Trust and Land Act of 1933, Group Areas Act 41 of 1950, Prevention of Illegal Squatting Act of 1951, Community Development Act 3 of 1966 and Group Areas Act 77 of 1957, as amended.

2. Chapters VI and VIA of the Black Communities Development Act remain in force as an interim measure to enable the holder of an existing leasehold right to perform certain dealings until upgraded to ownership, i.e. until a township register is opened in the Deeds Office to demonstrate legal title to a cadastrally defined property.

3. 'Glocal' is a new term combining the words 'global' with 'local' in the context of 'think globally; act locally'.

4. The lowest common denominator refers to a citizen whose very basic needs are met within a city, to be able and capable to and capable of leading a reasonably acceptable standard of living, measured against the society that constitutes the make-up of the city.

5. The author formed part of the team of professional service providers commissioned to fulfil the urban planning and design brief of the two local area case studies.

6. Given that Sachs wrote in 1990, he refers to a values-based approach that would avoid 'conceiving of redistribution simply as a racially quantitative procedure'. In current terms, one could replace the term 'racially quantitative procedure' with 'quantitative procedure in class and economic terms'.

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Municipal Entities: A Panacea for Service Delivery Constraints?

Laïla Smith and Nolene Morris

INTRODUCTION

Over the course of the 1990s, there has been a rapid increase in partnership initiatives in municipalities across the developing world. This growth in municipal partnerships has occurred for a variety of reasons. There has been widespread devolution of responsibility from national government to local government. This process has often been unaccompanied by the requisite fiscal transfers, leaving the local sphere hard pressed to find the resources to deliver services according to the norms and standards set by national government. Municipalities have turned to private sector partners, and increasingly to public sector partners as well, in the hope of drawing on skills and financial resources that can bring innovative approaches to service delivery constraints (Plummer 2003).

In South Africa, the increasing trend of municipalities choosing to outsource essential services has been driven by national government. According to Johnson (2004:1), 'this drive has come from a need to develop alternative service delivery strategies to meet the significant infrastructure and service backlogs and lack of capacity at the municipal level'. While there has been encouragement from national government to develop partnerships, municipalities have also been lured into believing the general myth that outsourcing services is somehow easier and less complex than delivering it themselves. Partnerships do indeed provide the opportunity to redefine and formalise the compact between policy maker and service provider, a means through which to strengthen accountability mechanisms. This separation of functions, however, does not necessarily translate into a developmental service delivery agenda.

The current South African policy and legislative regime, be it through the Constitution (Act 108 of 1996), the Municipal Systems Act 32 of 2000 (MSA) or the Municipal Finance Management Act 53 of 2003 (MFMA), not only sets out the socioeconomic rights of the public, but defines a very complex monitoring role that

municipalities must play regarding how they deliver services. This is in recognition of the fact that local government service delivery has a profound impact on the lives of residents, in the words of the White Paper on Local Government (DPLG 1998, para. 2, cited in Johnson 2004:1): 'basic services enhance the quality of life of citizens, and increase their social and economic opportunities by promoting health and safety, facilitating access [to work, to education, to recreation] and stimulating new productive activities'. If a municipality plans to outsource an essential service, then it must take the necessary steps to ensure that the municipality is still fulfilling its constitutional duties throughout the outsourcing process (Johnson 2004:6). In light of the public not necessarily recognising outsourced services as separate from the municipality, the latter still bears the reputational risks of poor delivery.

Given this context, we focus this chapter on the municipal regulatory experience of the City of Johannesburg in monitoring services that have been outsourced, and identify what some of the key challenges have been to date. In order to do this, we focus on the regulatory experience of municipal entities, because this has been the most common institutional form that partnerships in service delivery have taken in this city. It is important to note that with the introduction of the MSA, which super-seded the establishment of Johannesburg's municipal entities, it appears that munici-palities have not been able to introduce this form of institutional reform as swiftly as the City of Johannesburg was able to do. The MSA mandates municipalities to pursue a section 78 process that requires public consultation in examining the most appro-priate institutional model for service delivery – be it internal or external to council. Since this legislation was promulgated, it appears that there has been a significant decrease in the establishment of municipal entities across the country. Municipalities have complained that this 'public consultation' procedure is too lengthy and adminis-tratively onerous, and, as such, acts as a disincentive for the implementation of munici-pal entities. It is the belief of the authors that this municipal perception is reflective of municipalities' unwillingness to seriously engage with and empower the 'public' with regard to the most appropriate institutional model for service delivery.

The chapter provides an overview of partnerships in the water sector, followed by an overview of municipal entities in Johannesburg, and lastly, reviews the trends and challenges facing the regulation of the city's municipal entities.

If one looks at the broad spectrum of partnerships[1] within the privatisation arena, the water sector is an interesting case in point, as it has experimented with quite a variety of partnerships. Table 19.1 outlines the range of these partnerships. On the most extreme side of the spectrum of public–private partnerships, in the late 1990s, two municipalities entered into long-term contracts with multinational water pro-viders. In 1999 the Nelspruit Municipality (now called Mbombela) entered into a 30-year concession with BiWater (Smith et al. 2005). In 1995 the Dolphin Coast Municipality entered into a 25-year concession with Saur (Hemson & Bakker 2000).

Further down the spectrum of privatisation, three Eastern Cape towns entered into *affermage* (delegated management) contracts with Suez Lyonnais in the early 1990s. In 1988 the Queenstown council signed a 25-year delegated management contract with Aqua-Gold (now Suez). Stutterheim followed suit in 1994 and Fort Beaufort in 1995 (Booysen 2004; Ruiters 2005). Further down the privatisation scale, Saur initiated several build, operate and transfer (BOT) schemes in rural areas throughout KwaZulu-Natal and the Eastern Cape (Hemson & Bakker 2000).

Rather than privatisation, corporatisation[2] seems to have gained greater prominence in the twenty-first century in the South African municipal sector, as it has been perceived as less risky and therefore has been more palatable an option to the public. The country's first formal public–public partnership was entered into through a five-year management contract between Rand Water and the Harrismith Municipality (Smith & Fakir 2003). On the private side of this type of contractual arrangement, the Johannesburg Water utility signed a five-year management contract with Suez Lyonnais (Harvey 2004). A local interpretation of the corporatisation model is the setting up of a municipal entity as a form of partnership. In the water sector, the City of Johannesburg set up Johannesburg Water as a public utility, where the city remains the sole shareholder (Smith 2006). Given the number of municipal entities that mushroomed in South Africa during the early part of the twenty-first century, we will explore this option in greater detail below.

Table 19.1 provides a brief overview of the institutional models mentioned above, as well as other types of municipal partnerships that are common at the municipal level across South Africa.

Table 19.1: Overview of the range of municipal partnerships at the municipal level

Concession:	
The contractor undertakes the management, operation, repair, maintenance, replacement, construction and financing of a municipal facility. The contractor collects and retains all consumer tariffs, assumes the collection risk and pays the council a concession fee.	■ Mbombela (Nelspruit) 30-year water concession with BiWater ■ Dolphin Coast 25-year concession with Saur
Delegated management (*affermage*):	
This concept is also known as a lease agreement, where the contractor is responsible for the overall management of a municipal service, and the assets are leased to the contractor. The contractor is then responsible for operating, repairing and maintaining those assets. The contractor pays the council rent for the leased facilities.	■ Lukhanji (Queenstown) 25-year contract with Suez ■ Amahlathi (Stutterheim) ten year contract with Suez Lyonnais ■ Nkomkobe (Fort Beaufort) ten year contract with Suez Lyonnais

Build, operate and transfer (BOT): The contractor undertakes to design, build, manage, operate and maintain, at its own expense, a facility to be used for the delivery of a municipal service.	■ KwaZulu-Natal
Management contract: The contractor is responsible for the overall management of all aspects of a service, but without the responsibility of financing the operating, maintenance, repair or capital costs.	■ Private: five-year contract between Suez Lyonnais and Johannesburg Water ■ Public: five-year contract between Harrismith and Rand Water (water board)
Municipal entity:[3] A municipal entity is a private company operating as a service utility in terms of the Companies Act 61 of 1973,[4] but where the municipality retains effective control or full ownership.	■ Pikitup was formed under the Companies Act in 2001 as a municipal entity to provide refuse collection services for the City of Johannesburg.
Service contract: The service provider receives a fee from the municipality to manage a particular aspect of a municipal service. This could range from maintenance to billing and collection functions.	■ Thaba Nchu in the Manguang Municipality is serviced by Bloem Water in terms of an operation and maintenance agreement.
Licensing: The licensing of companies arises in cases where the municipality does not provide the service, but is required to regulate it. This type of municipal service partnership (MSP) occurs in areas where there is a high level of private sector penetration into an area such as gas reticulation and the collection of certain waste streams.	■ The City of Johannesburg has developed a licensing agreement with Pikitup for small-scale collection of waste. ■ The City of Johannesburg did a divestiture with Egoli but retains the responsibility to regulate it.

Source: The definitions of this range of MSPs are in part sourced from DPLG (2000:5, 6).

The water sector has had an uneven experience with partnerships. Firstly, the move to the more extreme forms of privatisation in the 1990s occurred at a time when the local sphere of government was still undergoing enormous territorial and administrative transformation. Long–term contracts signed during this period assumed a static environment and did not cater for the flexibility required to deal with such momentous changes, for example, amalgamating massive townships within a municipal boundary and therefore significantly increasing the population to be served under a previously signed contract. Secondly, these public–private partnership contracts were developed on little or very weak municipal information, therefore making it impossible to adequately project service delivery targets 25 years into the future. Thirdly, partnerships in the water sector in the 1990s

preceded the legislation requiring municipalities to play a greater oversight role in the monitoring of these contracts. Without sufficient regulatory capacity in place, several municipalities that entered into these partnerships found themselves burdened with the private sector risk of massive loans required to invest in infrastructure in order to increase the coverage of service delivery.

In the twenty-first century, South Africa has promulgated significant legislative and policy instruments to heighten accountability mechanisms by demanding that municipalities play an increased role in monitoring and reporting on service delivery outcomes, be they run internally (through a department) or externally (through a municipal entity or other form of partnership). We use the lens of the municipal regulator to assess whether the proliferation of partnerships is in fact advancing the pro-poor objectives of developmental local government.

While the experiences with municipal entities across the country are diverse, this chapter will focus on the regulatory experience of Johannesburg in managing municipal entities. We focus on this case study because it has been the most creative in moving from the imaginary of what good institutional governance might entail, to practice. The City of Johannesburg was the only municipality in the country that set up a multisectoral regulatory unit to monitor municipal entities. As such, this experience warrants drawing out the lessons learnt from challenges the city experienced. Much of the analysis and commentary is premised on the day-to-day experience of the authors as local government practitioners in municipal regulation in the City of Johannesburg.

There is widespread belief across many municipalities in South Africa that decentralising service delivery is somehow easier than having to manage it internally. We think this is a good opportunity to crack open the naiveté that many municipalities have displayed regarding service partnerships, and to highlight the complexities and challenges that one of the most well-resourced metropolitan areas has faced in the regulation of municipal entities.

The lessons learnt from monitoring external service providers apply equally in monitoring internal service providers, given that the same type of service delivery problems can and will be encountered. Monitoring internal provision is less complex, but equally important and valid.

Overview of the Municipal Entities Established in Johannesburg and the Regulatory Environment within which they were Managed

This section will not attempt to provide the detailed rationale for the establishment of municipal entities in Johannesburg, as the political and financial contexts within

which the entities were formed are particular to time and place. In the late 1990s, the City of Johannesburg was in financial crisis and embarked on significant institutional transformation with the view to bringing about greater efficiencies in service delivery. The iGoli 2002 model was developed as the vision and plan for the city's institutional reform (Savage et al. 2003). With regard to place, Johannesburg is the financial epicentre of South Africa, and as such had, despite this period of financial difficulty, the luxury of being bold and creative in how it sought to bring about institutional reform and the requisite governance structures it established to effect the reform.

The municipal entities set out below were established ostensibly to assist the municipalities with the more efficient and effective delivery of both basic,[5] and core and non-core municipal services. Municipal entities were established with the City of Johannesburg being sole shareholder. Given that the restrictions on the formation of and interests held in private companies were legislatively imposed after the establishment of the City of Johannesburg municipal entities, it is reasonable to assume that the retention of sole 100% shareholding interests emanated from the struggle waged by the South African Municipal Workers Union against the corporatisation process, which it viewed as the definitive first step to outright privatisation.

The City of Johannesburg in the period 1999–2001 established what it termed utilities, agencies and corporatised entities (UACs). The three utilities were City Power (Pty) Ltd, Pikitup (Pty) Ltd and Johannesburg Water (Pty) Ltd. The two agencies were Johannesburg Roads Agency (Pty) Ltd and the Johannesburg Development Agency (Pty) Ltd.[6] The seven corporitised entities were Johannesburg Fresh Produce Market (Pty) Ltd, Johannesburg Metropolitan Bus Services (Metrobus) Pty (Ltd), Johannesburg Property Company (Pty) Ltd, Metropolitan Trading Company, Johannesburg Civic Theatre (Pty) Ltd, City Parks and Johannesburg Zoo (with the latter two both section 21 companies). In 2003 the Johannesburg Tourism Company was established as a section 21 company, as well as the Johannesburg Social Housing Company (Pty) Ltd. These companies, as their respective names suggest, provide services ranging from water and electricity distribution, and waste management to council property management and development.

The aforementioned companies were established as autonomous companies in terms of the Companies Act, with boards of directors appointed to exercise strategic oversight and a chief executive officer or managing director responsible for the day-to-day management of the operations of each company. The MSA and the MFMA have, subsequent to the establishment of the City of Johannesburg's UACs, imposed on municipalities generally a plethora of obligations in respect of performance management and contract monitoring, the former being the focus of the MSA and the latter the focus of the MFMA.

As previously mentioned, at the time the initial set of municipal entities were established, the MFMA and the MSA were not yet promulgated, leaving a vacuum

in the regulation of the establishment, disposal and monitoring of municipal assets. To address this gap and to ensure the exercise of political oversight over the newly established companies, the City of Johannesburg set up municipal regulatory bodies in the form of the Contract Management Unit (CMU) in 2001 and, later, the Shareholder Unit (SHU) in 2003.

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                        │      City Manager       │
                        └─────────────────────────┘
                                    ▲
              ┌─────────────────────┴──────────────────────┐
    ┌──────────────────────────┐          ┌──────────────────────────┐
    │ Contract Management Unit  │          │     Shareholder Unit      │
    └──────────────────────────┘          └──────────────────────────┘
                       ▲                        ▲
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Utilities	Agencies	Companies
Water – Johannesburg Water	Parks – City Parks	Theatre
Electricity – City Power	Roads – Johannesburg Roads Agency	Zoo
Refuse collection – Pikitup	Johannesburg Development Agency	Bus Services
		Property Company
		Fresh Produce Market
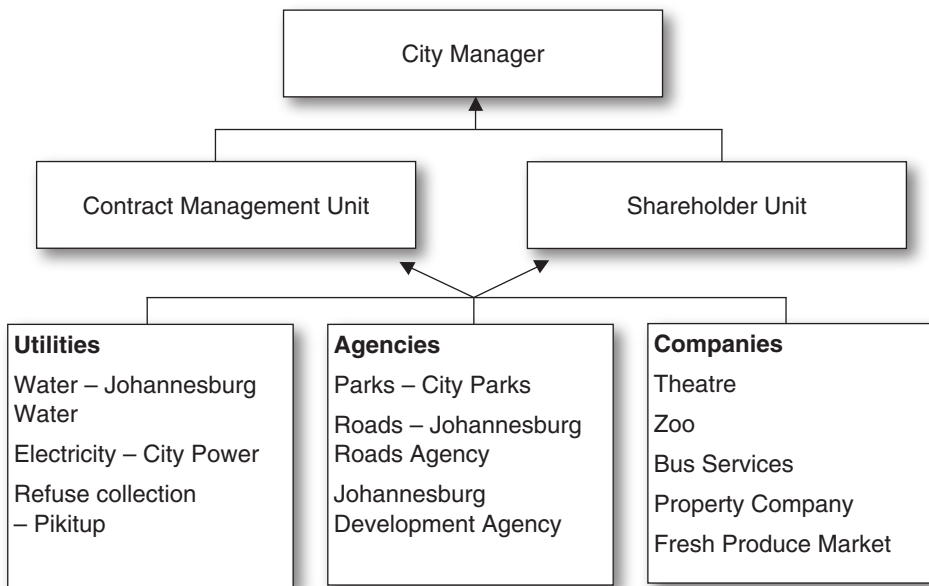
Figure 19.1: Governance framework for the iGoli 2002 model

The CMU and SHU were effectively established to facilitate the exercise of the City of Johannesburg's shareholding and client rights, interests and obligations. The CMU was charged with monitoring, evaluating and reporting on the service delivery performance (including levels of service) of the municipal entities (City of Johannesburg n.d.).[7] The SHU was responsible for the performance monitoring of the municipal entities in respect of corporate governance and financial performance. The separation of functions between the SHU and the CMU was motivated by the need to minimise the conflicts of interests that the city anticipated as both the shareholder of the company (seeking to maximise profit and thus the dividends payable to it) and the client of the services (seeking increased levels and quality of services at a reasonable cost) provided by these companies.

The experiences of municipal regulation through these two units have influenced subsequent revisions of the MSA, one of the defining legislative instruments governing the contractual relations between a municipality and a municipal entity. Section 93A of the MSA, for example, sets outs the duties of municipalities and provides expressly that the parent municipality of a municipal entity must exercise

any shareholder, statutory, contractual or other rights and powers it may have in respect of that entity to ensure that both the municipality and the municipal entity comply with the MSA, MFMA and any other applicable legislation.

PROBLEM STATEMENT

When the White Paper on Local Government was drafted, part of the imaginary in terms of what local government could achieve was a developmental approach to service delivery, with a particular emphasis on targeting the poor. The last ten years has seen enormous strides in reducing backlogs in essential services, particularly with regard to basic delivery of water. Over ten million people received new connections in the first ten years of democracy (McDonald & Pape 2002). The experience to date regarding municipal partnerships in service delivery has in many instances helped to bring about greater efficiencies in how local delivery mechanisms are operated. The experience, however, has not been particularly promising with regard to poverty reduction through improved levels and quality of services. We believe that one contributing factor to this, among many, is the regulatory weakness that exists with regard to monitoring the performance of municipal service delivery (whether the actual service is delivered by an internal department of the municipality or an external service provider, such as a municipal entity) in meeting the objectives of developmental local government, particularly in terms of what the impacts are for service delivery to the poor.

The next section will outline three trends in municipal regulation that may help to explain where some challenges lie in trying to achieve a pro-poor service delivery objective.

TRENDS

Trend 1: Regulatory environment at the municipal and national level

Our first question in reviewing this trend is: What is the national–local government interface in terms of supporting developmental local government? The division of powers and functions between national and local government is simple. National government holds the responsibility for setting national norms and standards, and local government has the responsibility for implementing these norms and standards. In an effort to encourage developmental local government, various national departments established policy guidelines to encourage municipalities to provide universal access to lifeline services. In 2001, in the water sector, the Department of Water Affairs and Forestry (DWAF) prescribed that all municipalities

provide at least 6 kℓ free water per household (DWAF 2001). In the electricity sector in 2003, the Department of Minerals and Energy (DME) mandated that all municipalities provide 50 kWh free to all households who were deemed eligible by the municipality (DME 2003). Municipalities across the country were given timelines within which to integrate these free lifelines into their existing tariff structures, with a portion of the funds being allocated through national–local-level fiscal transfers, such as the Equitable Share.

Municipalities have had agency in how to define this lifeline. Approximately 17% of poorly resourced municipalities remain non-compliant in putting these policies into place (DPLG 2006:7). In many instances, however, municipalities have either influenced how national norms and standards are set through best practice, or have gone beyond the call of duty and increased their allocation beyond the minimum amounts prescribed by national government. For instance, Durban was the fist municipality to allocate a lifeline of 6 kℓ free water, because it felt that it was too administratively cumbersome to bill for anything under this amount (Mosdell 2006:287). DWAF then took this example, and set 6 kℓ as the prescribed minimal amount for the free allocation of water, using a formula that it would ensure 25 ℓ per person per day for a household of eight.

Civil society organisations have been in a vociferous debate with the state regarding the quantity of free allocation being insufficient to cater for household needs (PDG 2003; Peters & Oldfield 2005), particularly with regard to household sanitation needs. Some municipalities have responded by increasing the free allocation. For instance, the Amahlathi District Municipality and Tshwane Municipality provide 12 kℓ free water to households that are on the indigent register. The City of Cape Town provides 4.2 kℓ free for sanitation purposes to all households that have a metered waterborne sanitation system. The municipal entity, Johannesburg Water, was the first municipality to provide 6 kℓ free for sanitation, as well as a debt write-off to residents of Soweto. The only caveat was that the household had to agree to sign up to a pre-paid meter in order to receive these benefits.[8]

With regard to electricity, the free allocation prescribed by the DME was largely criticised by civil society (Nefale 2004) as being far too low for households to be eligible to receive it, as it only pertained to households that consumed under 150 kWh per month (DME 2003). In this instance, City Power, another municipal entity in Johannesburg, set the highest standards in the country for this free allocation by granting it to all households that consumed under 1,020 kWh.[9] The City of Johannesburg, as sole shareholder, agreed to have City Power subsidise households to allow a larger allocation towards free basic electricity. Similarly, the City of Cape Town is subsidising the free basic allocation of electricity, above and beyond the basic subsidy provided by the DME to the amount of 400 kWh per

month. In these instances, municipalities increased the free allocation beyond the policy requirements of national government.

Given the examples above, the City of Johannesburg and, in this instance, its municipal entities – under the guidance of municipal regulators – have demonstrated some notable commitment to deepening access to free basic services by exceeding national policy with regard to the quantities allocated for water and electricity. When it comes to *how* services are delivered, however, national policies and practice have been more inclusive of public input than have the local sphere of the state. This sets a worrying signal for the democracy variable that is an essential part of developmental local government.

Moving from the 'what' is delivered in the national–local government interface to the 'how' services are delivered shows a reverse trend to the one explored above. Using the same two national departments as examples, DWAF has affirmed the centrality of the consumer in regulating water services. Its Strategic Framework for Water Services (DWAF 2003) states that water services providers must facilitate consumer suggestions for improvements. The National Water Services Regulation Strategy (DWAF 2007) goes even further by stating that consumers are the eyes and ears of the regulator, and that a strong consumer voice can encourage better service provision. This approach has been put into practice in a number of ways. For instance, the minister has established a National Water Advisory Committee made up of civil society representatives. The department hosts ad hoc meetings with civil society organisations throughout the year to receive feedback on the difficulties being experienced with the municipal implementation of national policies with regard to water and sanitation. The department has set up a hotline to encourage residents, if they are unable to get a response from the local level, to call in to raise their concerns regarding water services. These calls range from technical to corruption issues. The Water Services Regulation Unit has driven a programme in raising citizens' voice in the regulation of water services. Finally, the department invites civil society to attend the presentation of its annual report to parliament.

On a similar note, the National Electricity Regulator (NER) has a well-developed Consumer Interface Unit where residents can, again, trump the local level provider if they do not get any response, and raise their concerns directly with the NER. For instance, the Soweto Electricity Crisis Committee has a productive and regular interface with the NER, in part because it has had such limited access to decision makers within the City of Johannesburg and City Power.[10]

The consultative approaches to service delivery discussed above are not, unfortunately, reflected at the local level. Municipal entities have made great strides in transforming archaic bureaucracies towards becoming more customer-friendly. Where municipal entities are being monitored, strict standards are set for responding speedily to customer complaints and queries. This move toward becoming more

customer-focused is in fact one of the defining rationales in creating municipal entities. But the notion of being customer-friendly must not be conflated with development. Firstly, the 'customer' approach focuses on paying, registered customers and ignores the unserved. Secondly, it focuses on the individual and does not make space for engaging with the collective through organised civil society mechanisms. Organised civil society – be it at the community-based or non-governmental level – happens to be a common vehicle through which the unserved express themselves. There is, however, no option for engagement between this collective form and the municipal entity, despite the legislation mandating this. It is therefore disconcerting to note that there seems to be a greater reception to genuine engagement with the public with regard to service delivery issues at the national level of government than there is at the local level. This trend is also the conclusion drawn by a recent ten-year review on public participation in South Africa (Everett & Gwa Gwa 2006).

It has been necessary to explore the dynamics between the national and local level to answer the question: Do municipal partnerships constrain or enable the implementation of national policy when it comes to the delivery of free basic services?

As expressed above, on the distributive side, Johannesburg has gone beyond the minimum requirements mandated by the national sphere of government. On the procedural side, national departments have created institutional mechanisms that are more inclusive of public input than has been seen at the local levels via Johannesburg's municipal entities.

While the MSA makes provision for community consultation on the content of service delivery agreements, the authors have experienced no such consultations being undertaken by municipal entities in the City of Johannesburg. Unfortunately, the interpretation of this provision in the City of Johannesburg understands service delivery agreements as static, as opposed to evolving with changed delivery priorities. For instance, core services such as water, electricity and waste all had service delivery agreements that required them to set up user forums, but the implementation of these forums to facilitate active engagement with the public did not occur.

When looking at the performance of municipal service delivery through the lens of public participation, the neglect of *how* services are delivered by municipal entities, rather than just *what* services they are delivering, reflects poorly on the municipality itself. Unfortunately, decision makers within the municipality do not take cognisance of this reality, because it is overshadowed by an overly prescribed effort within the same municipality to consult through one large integrated development plan (IDP) tour of the city. While the IDP effort is important, it is not comparable in substance to each municipal entity developing public engagement forums to help improve the overall quality of services provided via public monitoring.

This positive aspect of municipalities striving to deliver a level of service beyond the standard set by national government is very much within the spirit of the White Paper on Local Government, and municipal regulators should encourage their providers to be innovative in seeking out ways to achieve this. The point made above, however, is that 'what is delivered' and 'how it is delivered' are equally important if a municipal entity wants to be truly developmental in its delivery of services. Greater interaction between the municipal entity and/or regulator and the public is an important starting point in moving in this direction.

To a certain degree, municipal partnerships do facilitate the implementation of national policy when it comes to the delivery of free basic services, because the municipality plays a monitoring role in ensuring that these targets are met. The national and municipal policy objectives can be written into the company scorecard on an annual basis and be monitored robustly. This is more than can be said for municipal departments delivering services where the authority functions, if they exist, do not play an oversight role and therefore levels of non-compliance are not monitored or reckoned with by council. If a municipality is actually desirous of ensuring compliance, it is important to move beyond the political will and the desire to achieve greater efficiencies to developing the architecture for regulatory oversight.

Trend 2: Decentralising beyond the partnership

The general trend towards decentralisation of service delivery is very common at the local government level, particularly through the practice of outsourcing. The problem with this trend is that outsourcing often occurs in the absence of efficient and effective monitoring of contracts. In the context of Johannesburg, Pikitup was established as a municipal entity in 2001 to perform the function of waste collection for the city. Since its creation, it has been unable to deliver services itself in certain areas and has therefore engaged third-party contractors. For instance, a number of smaller contractors were hired to collect and dispose of refuse from townships such as Alexandra and Soweto and a number of informal settlements. One of the reasons given for such sub-contracting related to the apparent inability of the Pikitup vehicles to enter certain areas, given the narrowness of certain township and informal settlement streets. Given that refuse services to township dwellings is a core service of the city, why was Pikitup contracted as a service provider if it was unable to adequately service this key constituency? Does this practice itself not put into question why the initial service was decentralised to begin with? Whether Pikitup was unwilling or unable to provide these services, it resulted in township dwellers getting a lower quality of service than the northern suburbs of Johannesburg, which are built to accommodate the mobility of large trucks. While the intention of

council and the municipal entity to support and develop black economic empower-ment providers is a noble one, residents from township areas were subject to being the guinea pigs of newly formed companies that did not have the requisite experience, and who were not closely monitored for performance and held to account (possibly incurring financial penalties) for poor standards of delivery. The photometric exer-cise that was done on various occasions as part of the CMU's/SHU's monitoring of Pickitup's performance, consistent complaints from councillors and residents in Afri-can townships, and the consistent clean-up campaigns in townships suggest that the standards of service were not equitable between what Pickitup was providing to the northern suburbs and what its sub-contractors were providing to townships.

These third-party contractors are not held to account sufficiently by the munici-pal entity, both in terms of what they bill for, and the quality of their services. Dur-ing a due diligence investigation into the financial problems experienced by Pikitup in 2004/05, it was established that the legal relationship between itself and some of the third-party contractors was unsound insofar as basic contractual arrange-ments were neither holistic nor complete. For example, in some of the contracts, the costs of third-party contractors were not stipulated. Looking back to the section 78 requirements in terms of showing value for money, this rigorous process is not fulfilled when it comes to contracting third-party providers. In addition, consistent performance monitoring by Pikitup of these third-party providers was lacking.

In such instances of sub-contracting, as the situation stands, it is currently the responsibility of the municipal entity to regulate sub-contractors, not the regula-tor, particularly when it comes to safety and security standards. The liability to the municipality in not addressing the need for greater attention to monitoring the performance of sub-contractors cannot be overestimated. There are a number of examples in Johannesburg in recent years where it appears sub-contractors may have been responsible for child fatalities by failing to secure areas where they were working. For example, where maintenance work was done in Dube Village, Soweto on a sewage pipe, a manhole cover was left open. A three-year-old toddler, Karabo Gwala, fell into the open manhole and down the sewage pipe, losing his life (*The Star* 2004). If the sub-contractor had been more rigorously monitored by the sub-contracting municipal entities, this tragedy could have been avoided.

Where municipal entities sub-contract, the municipal regulator will not be regulating the contract, but must be satisfied that the municipal entity itself is regulating the sub-contract adequately. To do otherwise would involve the regulator getting involved in the day-to-day operations of the company, which defeats the purpose of setting up a municipal entity. One mechanism for stemming the trend of decentralising, without the municipal entity holding the third-party contractor to account, is for the regulator to define with certainty the circumstances under which third-party contracting, which relates to the core responsibilities of the municipal

entity, may occur. Furthermore, the regulator must set minimum standards, and terms and conditions under which sub-contracting must occur, and monitor whether these are met by the municipal entity.

Trend 3: Governance

The question in reviewing this trend is: Do the oversight practices by the regulatory bodies and council reporting structures obstruct or promote the performance management of the municipal entities? Among other legislative obligations, the MSA and MFMA provide for the following:

- Key performance indicators (KPIs) and measurable performance targets must be set.[11]
- Performance must be monitored, measured and reviewed.
- Steps to improve performance where targets are not met must be taken.
- A process of regular reporting to political structures and other stakeholders must take place.
- Contracts must be properly enforced.
- Contract performance must be monitored on a monthly basis.
- The management of contracts entered into must be reported to council regularly.

The experience of the authors of this chapter is that giving effect to these legislative prescriptions was severely hampered by the information asymmetry that exists between the provider as shareholder and the municipality as client. As a result, the oversight role by the representative political structures was ineffectual. It should also be said that the frequency of contractual reporting required by the MFMA does not assist quantitatively in performance management, and ought to be reviewed. We set out to illustrate this by three examples of sub-trends.

Information asymmetry between the provider and authority

There is pressure to report compliance from national and local levels, which has resulted in format superseding content, to the detriment of those holding the partnerships to account. The format requirements are conducive to ensuring that the paperwork provides compliance, but this does not necessarily provide the information to the regulator as to where the red flags are.

A key constraint regarding the information that the municipal regulator uses to monitor a municipal entity begins with the absence of baseline data. This makes it exceptionally difficult to establish KPIs and targets, thereby making the measurement of performance an exercise in mere form rather than substance. For instance, one of

the development priorities of the City of Johannesburg was to reduce the incidence of HIV/AIDS. When monitoring the utilities regarding their performance in meeting this objective, the municipal regulator did not have any information against which to begin assessing this. There was no sense of what the real numbers were of HIV/AIDS-affected households, and therefore no way to use these numbers to begin to address the pandemic. The entities began addressing this issue by developing corporate policies on how they would handle HIV/AIDS in the workplace, but there was no inclination to extend this policy to the general public at large through the nature and quality of the services they provided (Johannesburg Water 2004:20). Without the municipal entities making the effort to get the baseline data in place, the municipal regulator was powerless in applying pressure on them to demonstrate that their performance against this KPI actually contributed to the fight against HIV/AIDS.

Do reporting requirements elicit meaningful information that empowers the regulator to identify where the gaps are? Most reports do not provide meaningful information, because they feed into performance management systems that provide bonuses to managers and are structured to highlight where compliance occurs, rather than identifying where the weaknesses in the company are and what the implications are for service delivery to the poor. For instance, in the course of monitoring Pikitup, there was insufficient independent verification of information provided by the company to the regulator, to the point where the regulator only became aware of the financial difficulties of the company when it became technically insolvent (SHU 2005). Clearly, there is a problem with the nature of the monitoring that is being done if the reporting systems are unable to highlight such severe weaknesses. The monitoring units themselves have to develop reporting requirements and verify information reported on, so as to allow for the identification of problem areas prior to the emergence of a crisis.

In circumstances where the regulator sought to ask the critical questions and engage in independent verification of information, this was met with the challenge of skills capacity limitations and an over-reliance on consultants who did not necessarily understand or have the skills required to engage in such critical analysis and verification of information.

Part of the constraint municipalities face in general, and municipal regulators in particular, in being able to accurately assess the reliability of the reports provided by municipal entities is the dearth of verification tools. In terms of ensuring compliance, a regulator must already be conversant with the relevant legislation to ensure that norms and standards are being upheld. Determining whether the information being provided is true or not cannot be accomplished by way of a desktop study, but, rather, requires access to what is actually being experienced on the ground.

Pikitup, the municipal entity in Johannesburg handling refuse collection, was able to begin addressing this verification through spot checks in informal

settlements, townships and suburbs through a telemetry system. These photos, taken on an ad hoc basis, provided immediate evidence of whether the standards set for the entity were being upheld or not. This helped the company determine whether its outsourced garbage collectors were performing and also helped the municipal regulator in assessing whether the company was complying. These photographs were brought to the attention of the service provider, and were then passed on to the board of directors, regulators and the portfolio committee. This type of information was valuable in that it allowed for discussion at the political level, which made the politicians feel that they were doing their job in holding the utility to account. Other methods have been used, such as an official conducting a walking tour through informal settlements with a camera to document the state of sanitation infrastructure. Pictures of children playing in stagnant pools of raw sewage are certainly proof that the relevant municipal entity is not meeting its performance targets.

While these verification initiatives are important strides forward in trying to get a more objective sense of the performance of the municipal entity above and beyond what they report on, this practice was an exception to the rule, as it was exceptionally difficult to sustain on an ongoing basis, given how short-staffed municipal regulatory agencies are, in the few instances where they actually exist. All too often, the staff that are assigned to these functions spend most of their time handling administrative issues in terms of the submission of reports to council, rather than spending more time verifying the quality of the information being provided. Yet the latter is the essence of what monitoring is about.

To conclude this section, the current practice of reporting relies on too much poor-quality information with which to assess the performance of municipalities. This is perhaps the outcome of the municipal regulation sector in South Africa being in its infancy. The result is that many practitioners in this sector have not yet worked out that less data, guided by the right questions, can yield much higher-quality information.

Generally, a much deeper sense of analysis is required to monitor service delivery from a pro-poor perspective than currently exists. For instance, a municipal regulator should not simply applaud all that has been accomplished within a year in terms of quantities delivered. The performance results of a municipal entity at the end of the year must also take into consideration what the outstanding service delivery issues are, as opposed to focusing on what targets (usually ill-defined) have been met.

Political oversight structures

The CMU and SHU in the context of the City of Johannesburg reported to the portfolio committees charged with exercising oversight over the various companies.

These committees were chaired by members of the Mayoral Committee. The SHU also reported to a sub-committee (the Shareholder Sub-committee chaired by the executive mayor) that was attended by all Mayoral Committee members of portfolio committees that were responsible in one way or another for exercising oversight in respect of the companies. In addition, the chairpersons of the portfolio committees held quarterly meetings with the chairpersons of the boards of directors of the companies and their respective chief executive officers and the directors of the CMU and SHU on issues ranging from financial performance to labour-related matters. These chairpersons' meetings represented the most important process of accountability in the relationship between the city and its municipal entities.

The further challenge was that the regulatory bodies in effect reported to the portfolio committee chairpersons who were not in the authors' view sufficiently mature in the exercise of their oversight responsibilities. Chairpersons of the portfolio committees (with some exceptions) saw themselves as responsible for the performance of the municipal entities, as opposed to being responsible for exercising oversight of the performance of the municipal entities and directing that poor or no performance be addressed. The assumption was that a poorly performing municipal entity was a reflection of their own performance and thus, wittingly or unwittingly, directly or indirectly suppressed critical performance reports from being released by the regulatory units. When councillors see poor performance of municipal entities as a poor reflection of their own personal performance, than the municipal entities are not being used for the purpose for which they were constituted, and neither are they being driven to improve their performance.

While reporting processes to political structures have been put in place in line with the MSA and MFMA, one needs to question whether such reporting has sufficient substance and is sufficiently critical of performance to allow for the early detection of problems and the issuing of the concomitant directives to address the problems identified. The experience of the authors is that this is not the case. The critical questioning capacity of the political structures charged with oversight requires further development if this role is to be adequately carried out. Until this capacity has been strengthened, the chairpersons of the relevant portfolio committees should be required to separate their oversight role from the municipal entities' performance profile. This is necessary to prevent councillors from seeing their performance as being inseparably tied to that of the municipal entities' performance.

Lack of civil society engagement[12]

Part of the difficulties municipal regulators face in trying to verify information is the disconnect between the municipal entity and/or council and the public. Without some form of sustained engagement with civil society regarding how service

delivery is being experienced, it is very difficult for a municipal regulator to assess the quality of service delivery that is being extended by a municipal entity, and, thus, to give effect to the imagination of developmental local government.

In the water sector, for instance, the Strategic Framework for Water Services (DWAF 2003) indicates that there are two types of regulation. Direct regulation exists in the context of a service delivery contract between an authority and provider. For instance, the function of the CMU and SHU was to regulate the relationship between Johannesburg Water and the City of Johannesburg. Indirect regulation occurs in the instance of a council providing both the authority and provider function. In this instance, the public plays the role of the indirect regulator. Yet nowhere in the country does the public play an institutionalised role in monitoring the provision of services. In the case of Johannesburg, where there is direct regulation of municipal partnerships, the municipal regulator has no enshrined mandate to interact with the public in order to verify the reports provided by the city's municipal entities. The utilities' engagement with the public is prescribed around 'customer relations' predominantly focused on resolving customer complaints. While these are important areas of activity, they stop short of the public playing a watchdog role and helping the authority in providing a better quality of service.[13]

Two of the four characteristics of the White Paper on Local Government that captured the imaginary of what would enable the local level to be 'developmental' were (1) democratising development by empowering communities to participate meaningfully in development; and (2) providing leadership and promoting the building of social capital and creating opportunities for learning and information sharing. The absence of consistent civil society engagement with municipal entities, on the one hand, and regulators, on the other, is indicative of the absence of a developmental local government agenda with regard to the process of how services have been delivered and monitored in the City of Johannesburg.

Conclusion

Without effective regulation and the means to independently identify information, municipal regulation is not assisting in advancing a pro-poor service delivery framework.

As we have seen above, when the state decides to decentralise service delivery by outsourcing, there are many complex layers of legal requirements regarding the oversight and reporting role that municipalities must play. The challenge is that pursuing this institutional option for service delivery within the current South African legislative environment requires levels of state involvement that are perhaps more sophisticated than the current capacity that exists at the municipal level.

This chapter has tried to demonstrate that the setting up of municipal entities is neither a panacea for meeting service delivery constraints nor does it bring us any closer to engaging in a developmental local government agenda. In fact, without a strong municipal regulator, our experience has been that it impacts negatively on the attainment of this ideal. The attitude of some utilities (management, executive management and the boards of directors) is that they are accountable to the shareholder, with this accountability being narrowly defined in terms of meeting the technical requirements of existing legislation. Utilities and their management do not see themselves as accountable to the public, and therefore do not see their role as being the protagonists in the realisation of developmental local government. This is precisely why effective municipal regulators are so critical to the governance of municipal entities, because they are the mediators that are responsible for ensuring that the management of utilities correctly understands and is bound to deliver on the political agenda of municipalities. The very progressive objectives established by the political leadership of some municipalities, and in this instance, by the City of Johannesburg, were translated into mandates to be operationalised by all municipal entities. These objectives were either not understood or narrowly interpreted by boards of directors. The consequence was that the pro-poor potential of the city's political objectives were not translated into the city's municipal entity service delivery objectives.

The principle of having an effective regulator applies equally to services that remain internal to council. Effective regulation results in municipalities being able to identify what the backlogs are, where they exist, and how to set KPIs in a manner that is developmental, i.e. pro-poor, in its approach. If municipalities are serious about addressing backlogs and the needs of the poor, they will need to self-monitor, whether they have established entities or not.

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Endnotes

[1]   The term 'partnership' has various meanings ascribed to it, and it is 'as diverse as economic activity and human creativity allows'. The reference to partnership in this context refers to the diverse legal relationships, arising from agreements, written and verbal, that are created between municipalities and third parties, and does not necessarily refer to the ordinary trading partnerships known to South African common law.

[2]   A concept used to refer to the ringfencing and commercialisation of government business units through the establishment of companies in terms of the Companies Act and with government retaining either sole shareholding or majority shareholding. Corporatisation is not a neutral legal term which is easily definable, in a political opposition context it is often perceived to be the precursor to privatisation.

[3]

[4]   The MSA restricts municipalities to holding either full ownership of companies or, where less than full ownership is held, the other interests must be held by an organ of state, or where the municipality has effective control (e.g. has the power to appoint and remove the board of directors) in circumstances where the other shareholder is not an organ of state.

[5]   The concept of basic services or municipal services has been subject to so much legal debate and litigation, the MSA definition does not provide for much clarity. It is possibly best to understand municipal services by way of example. For example, basic services such as water, electricity, waste management services whereas social housing provision or the provision of a zoo which residents may visit could be said not to be key to the functions and mandate of local government.

[6]   The Johannesburg Development Agency was initially jointly owned by the City Council and the Johannesburg Inner City Business Coalition, which had class B, non-dividend-yielding shares until 2005, when the city became sole shareholder.

[7]   The city's structure has changed dramatically since this chapter was written. The CMU, which had its own website linked through that of that of the city of Johannesburg, has since been disbanded. The text here was paraphrased from the CMU website, which no longer exists. The City of Johannesburg (n.d.) website gives the same description in terms of the breakdown of the agencies, utilities and companies, although the wording is a little different.

[8]   In the instance of Johannesburg Water and the free allocation of lifeline sanitation services, the council was very concerned about the financial costs associated with high levels of unaccounted-for water. As such, it agreed to allow the municipality to install pre-paid meters in a predominantly low-income area, but with the understanding that the free allocation as well as free sanitation and debt write-off, would be

integrated as part of the programme. These benefits were offered to get people to take responsibility for managing water wisely and taking care of leaks on their properties when these occurred.

[9] This free allocation has since been reduced to households that consume under 800 hours of electricity per month.

[10] Personal communication with the NER.

[11] KPIs would generally be contained in the contract between the entity and the municipality, and may measure performance in relation to the municipality's development priorities and objectives set out in its IDP.

[12] While the MSA makes provision for community consultation on the content of service delivery agreements, the authors have experienced no such consultations taking place. The MSA provision also appears to understand service delivery agreements as static, as opposed to evolving, with changing delivery priorities.

[13] This is so despite the formal provision in the service delivery agreement for the establishment of user forums.

twenty

The Distribution of Power: Local Government and Electricity Distribution Industry Reforms

Mark Pickering

Introduction

In the public mind, the concepts of *development*, *electrification* and *local government* tend to go hand in hand. No self-respecting local politician would dare fight an election without referring to the central role of local government in delivering basic services such as electricity.

Yet there are serious reasons to doubt local government's ability to run and regulate the country's electricity distribution industry (EDI). National government has spent over ten years considering the best way in which to restructure the industry and reform the latter's governance system, during which time literally hundreds of millions of Rands have been spent on consultations, consultants, road maps, road shows and implementation planning. Yet at the time of writing (late 2006), more than a decade after the debate began, not a single EDI asset has changed hands.

This chapter asks what all the fuss is about. Why should the EDI be reformed? Why has the issued generated so much conflict? Who are the actors? What are the critical policy issues? How might these be resolved, and what are some of the broader ramifications for developmental local government?

The Case for EDI Reform

Numerous studies and inquiries have concluded that, in its current state, the South African EDI is not providing electricity reliably and equitably for all South Africans and could potentially threaten government's social and economic development objectives.[1] The following problems have been identified:

- *Fragmentation and inefficiencies*: The EDI is highly fragmented, with approximately 187 of 283 local authorities holding licences to distribute electricity, together

with Eskom's national distribution business. Administrative and technical functions are duplicated across adjacent distributors and costs are unnecessarily high in some distributors.

■ *Inadequate investment in network maintenance and extension*: Investment in distribution networks is falling well short of the levels required to maintain assets and extend the network to meet growing demand. A 2006 survey by EDI Holdings found that municipal provisions for maintenance ranged from 1.5% to 4% of municipal electricity budgets, with an average of 2.7%. International benchmarks for pro-active maintenance range from 10% to 15% of utility revenues.[2] Under-investment in maintenance will inevitably lead to asset degradation and increasingly frequent power outages. These, in turn, lead to revenue losses for distributors, inconvenience for households, productivity losses for businesses and damage to investor confidence. Ongoing delays with the restructuring programme have undoubtedly contributed to this problem. It is difficult to estimate the scale of the maintenance backlog, due to poor record keeping and reporting, but it definitely requires many billions of Rands to fix.

■ *Ineffective electrification*: Electrification backlogs are not evenly distributed across the country, with some of the poorer regions having the greatest need. Many municipal distributors do not have the management and financial resources to undertake adequate electrification programmes within their areas.

■ *Inequitable tariffs and service levels*: Customers face significant variations in tariffs, service standards and quality of supply. Statistics from the National Energy Regulator of South Africa (NERSA) show that Eskom Distribution purchases electrical energy from Eskom Generation at an average cost of 10.74 c/kWh, whereas the average cost for municipal distributors in the same year was 15.63 c/kWh. This is just one factor that underlies wide variations in final consumer tariffs. Municipal tariffs are further manipulated to achieve cross-subsidies and to generate financial surpluses from this hidden tax. By comparison, Eskom applies consistent nation-wide tariffs that in themselves also achieve major cross-subsidies. It is not possible for NERSA to regulate the industry to achieve harmonised tariff levels, given the underlying variations in bulk tariffs and the structure of the EDI. The level of inequity in electricity tariffs is inconsistent with government's responsibility to promote economic and social development throughout the country.

■ *Loss of skills*: Ongoing uncertainty as to the future industry structure, coupled with the upheavals of local government restructuring, have caused an ongoing drain of human resources from municipal distributors. For example, at the time of writing, 53% of the electricity-related posts in the City of Cape Town are

unfilled.[3] Given the competition for scarce technical skills from other sectors of a growing economy, municipal distributors will struggle to attract these skills.

Although it is difficult to prove this assertion with reliable data, it appears that the overall health of the industry is deteriorating, and government's restructuring initiative has failed to arrest or reverse this trend.

INDUSTRY RESTRUCTURING OBJECTIVES

National government's EDI restructuring objectives were originally defined in the Energy White Paper (DME 1998) and were further defined in the Blueprint of the EDI Restructuring Committee (EDIRC) for the reform of the EDI, approved by Cabinet on 17 April 2001. The objectives stated in the Blueprint echo the White Paper objectives.

Table 20.1: Comparison of Energy White Paper and Blueprint objectives

Energy White Paper objectives	EDIRC Blueprint objectives
■ Ensure electrification targets are met ■ Provide low-cost electricity ■ Facilitate better price equality ■ Improve the financial health of the industry ■ Foster proper coordination of operations and investment capital ■ Improve quality of service and supply ■ Attract and retain competent employees	■ Achievement of government's electrification programme ■ Universal access to electricity for all South Africans ■ Sustainable electricity supply to low-income consumers, regardless of location, at affordable prices ■ Future regional electricity distributors (REDs) to operate on a sustained, financially viable basis as independent businesses ■ Acceptable and sustainable levels of supply security and quality ■ Future REDs to provide secure employment to their employees and provide skills development and training consistent with a high-technology, modern distribution business ■ Transition to be carried out within the context of a comprehensive human resources strategy and an agreed social plan ■ Planned and managed transition

It is evident from Table 20.1 that these objectives are largely focused on electricity matters and do not make explicit mention of other national goals. For instance, EDI reforms could support or hinder the restructuring and consolidation of local government.

Industry structure

A central feature of the Blueprint was a decision to restructure the entire EDI into six wall-to-wall REDs, incorporating all municipal and Eskom distribution assets and businesses.

In a September 2005 review of the EDI reform process, Cabinet considered various alternative industry structure models – particularly a structure consisting of six metro distributors and one national distributor to absorb all non-metro municipal distribution assets. At the time of this review, the financial viability of the alternative models had still to be determined. Key governance issues such as the ownership and legal status of the national RED were also still to be clarified. Nonetheless, Cabinet decided to change its position on the final industry structure and adopted the so-called 6+1 model, on condition that its financial viability could be proven and the outstanding governance issues resolved. At the time of writing of this chapter, a further report on the matter has yet to be tabled at Cabinet and appears to be mired in stakeholder infighting.

EDI restructuring to date

To date, some progress has been made towards the envisaged restructuring:

- Eskom has reorganised its distribution business operations from seven to six operating regions, including an organisational review and alignment, network reconfiguration, data and customer transfers, and a decentralisation of various head office activities to the operating regions.
- Metropolitan municipalities have begun to ringfence their financial, operational and human resources associated with electricity distribution activities. Some 13 other local municipalities have also commenced ringfencing (meaning that at least 170 municipalities have still to commence the process).
- In July 2005 a legal entity known as RED ONE was created by the City of Cape Town to service its entire municipal area. However, by the time of writing, neither the city nor Eskom had transferred its distribution assets into RED ONE, and many onerous conditions still have to be met before the sale of business contracts is finalised. In effect, RED ONE has yet to operate, is dangerously close to losing its distribution licence, and does not appear to be receiving the necessary support from the city, Eskom or National Treasury.[4]

In summary, EDI restructuring has been limited to internal reorganisation of industry players and no real consolidation of assets or operations has been achieved in the five years since Cabinet adopted the Blueprint.

The Contested Nature of EDI Reform

EDI reform has remained a hugely contested matter, with various national departments, local government players and individual commentators all expressing strong and conflicting views as to how reforms should take place – but, interestingly, not whether reforms are necessary. These views may be considered to fall within two main camps.

The local democracy camp

This camp draws its strength from the constitutional provision that 'electricity reticulation' is a local government matter, plus the reality that municipalities presently own and operate around half of the EDI's assets. The local democracy camp views electricity as an essential input to economic and social development and therefore feels that local government should own, control and regulate all distribution activities.

Eskom's reluctance to submit to local government's regulatory oversight is a source of great frustration to the local democracy camp. Government's inability to clarify the financial impacts of the proposed EDI restructuring on individual municipalities is a further source of frustration, fuelling the camp's resistance to change. Primary actors within this camp include National Treasury, the Department of Provincial and Local Government, the South African Local Government Association (SALGA) and the metros.

The professionalisation camp

This camp is motivated by international examples of EDI reforms and similar modernisation projects. Although the camp is nominally led by the Department of Minerals and Energy (DME), its policy views are mainly sourced from consultants. The camp's other main players are NERSA and EDI Holdings – the company set up by DME to project manage EDI restructuring.

The professionalisation camp differs from the local democracy camp in several important respects. For a start, it tends to define local government administrative and governance failings as 'the problem'. While both camps agree that electricity is an essential service for social and economic development, the professionalisation camp sees the only solution as being professionally run REDs, regulated by NERSA, which move towards competition once the REDs have stabilised and power markets can be developed.

Nonetheless, this camp recognises the need for an accommodation with local government, which could include minority ownership of REDs. Although the camp is strongly opposed to local government regulating RED tariffs, it would

agree to municipal input on the electrification programme and the implementation of pro-poor tariffs. As such, the camp believes that the Constitution (Act 108 of 1996) should to be amended to clarify and limit the powers of local government.

In common with the local democracy camp, this camp is deeply distrustful of Eskom's motives, but nonetheless acknowledges that Eskom is the only institution in the country with the capacity to manage change on such a massive scale.

The limited space for consensus

Following a decade of skirmishes, the two camps' views have fossilised, leaving little space for engagement, creative thinking and problem solving. This is regrettable, since the fundamental problems, which no one disputes, have only worsened over time.

POLICY DEADLOCKS

Having worked within both of these camps over the past decade, the author believes that reforms are unlikely to take place until several key policies have been resolved. These include:

■ the mode of reform (whether reforms will be voluntary or mandatory);
■ the final industry structure (six REDs or otherwise; who has the right to supply large customers?);
■ the ownership of the future distributors (local government, Eskom, national government or a combination?);
■ the relative roles of national and local government in governing the EDI;
■ the manner in which tariff harmonisation will take place (including cross-subsidies among customer classes and geographic areas); and
■ the impact of reform on municipal finances (including parameters for a municipal electricity surcharge).

All of these policy issues are interrelated, although, in a financial sense, it is a zero-sum game in that the scale of the industry and its annual surplus will not change when it is restructured. Different policy options can, however, have a major influence on the allocation of costs, benefits, control and other social outcomes. Stakeholders are understandably reluctant to commit to policy choices until they have fully understood the consequences of these choices.

The following sections briefly explore the dynamics surrounding each of these policy issues.

Mode of Reform

South Africa is by no means the first country to have attempted EDI restructuring in response to similar problems. For instance, the United Kingdom, the state of Victoria (Australia), Singapore, New Zealand, Malaysia, the Philippines and Ireland have all completed EDI restructuring programmes.[5] All of these processes have had one feature in common, namely a central legislative or executive *mandate* that empowered programme managers to compel industry incumbents to restructure into the selected end state.

Box 20.1 *World Bank study of the EDI reform process*

A World Bank study provides a useful framework for understanding various modes of reform, based on 21 country case studies of initiatives to aggregate municipal water and sanitation services into larger-scale service providers (World Bank 2004). The findings of the study are relevant to any government intervention to promote aggregation of local service providers.

In essence, the World Bank concludes that such reforms may be divided into three distinct modes:

- ■ *Voluntary reforms*, whereby local government takes the initiative to aggregate service provision, based on a local analysis of the advantages and disadvantages of aggregation (e.g. France and the Philippines);
- ■ *Incentivised voluntary reforms*, whereby a higher level of government provides incentives to stimulate local voluntary reforms (e.g. Hungary and, to a lesser extent, Brazil); or
- ■ *Mandatory reforms*, whereby a higher level of government mandates aggregation – despite local resistance (as in Italy). Implementation may be performed by sub-national government (proceeding slowly in The Netherlands) or national government (e.g. England and Wales, which implemented the strongest mandated aggregation in the study).

A reading of the EDIRC Blueprint clearly indicates that it was premised on a mandatory approach. Yet no legal mechanism was selected to establish a mandatory legal framework. In the author's view, this peculiar outcome occurred because the local democracy camp was unwilling to concede a constitutional amendment until resolution was reached on the key policy issues described above – particularly the impact on municipal finances.

Local democracy perspective

From the local democracy perspective, the mode of reform is crucial. A voluntary legal framework grants each individual municipality a veto as to whether or not it will participate in EDI restructuring. Under such a regime, municipalities can ask a high price for their distribution assets and business – knowing that the burden of

this price will probably fall on consumers in other parts of the country, in that the new owner will have to pay again for assets that consumers had already paid for.

Professionalisation perspective

To the professionalisation camp, mandatory reform is non-negotiable, since by definition local government cannot be trusted to make sound decisions for the industry and its consumers. This camp points to the following problems with the voluntary mode:

- ◼ *Slow pace of voluntary reforms*: Despite major attempts to implement EDI restructuring on a voluntary basis over the last five years, very little progress has been achieved, with no aggregation accomplished at all.
- ◼ *Inherent tensions between national and local interests*: Since the Constitution defines electricity reticulation to be a local matter, individual municipalities are legally obliged to make electricity-related decisions in the interest of their local communities. In some cases, this parochial interest will inevitably, and correctly, oppose redistributive programmes such as EDI restructuring.
- ◼ *Unpredictable industry structure*: Because municipal decisions on EDI restructuring are not under national government's control, the timing and nature of restructuring is unpredictable. At worst, no restructuring may take place at all.
- ◼ *Inherent instabilities*: The voluntary mode necessarily allows municipalities to reverse their decisions at any stage and to pull out of REDs. Without a commitment to a permanent merger, it will be very difficult for managers to achieve the benefits of economies of scale.
- ◼ *Access to capital*: Inherent uncertainties over municipal participation will be of great concern to lenders. Uncertainty over the status of assets, customers and revenue streams will hobble RED credit ratings and increase the cost of borrowing.
- ◼ *High transaction costs*: The voluntary approach requires some 180 municipalities to conclude negotiated agreements with the REDs and with one another. The experience of establishing Cape Town's RED ONE has demonstrated that these negotiations can be protracted, costly and difficult to bring to a close. The finalisation of the transaction price is a particular challenge, because the value of an electricity distribution business is closely related to its asset base. These assets are dispersed, buried (e.g. underground cables) and generally not well recorded, hence there is considerable scope for disagreement and gaming around asset values. By contrast, a mandatory approach could use legislated transfer schemes to consolidate distribution businesses and, if necessary, defer the valuation of assets to a later stage.

■ *Unproven governance model:* A key lesson learnt from the attempt to establish Cape Town's RED ONE is that municipalities will only contemplate EDI restructuring if REDs are to be municipal entities. While this may be a workable solution for metro-scale service providers, the country has virtually no experience of multiparent municipal entities and there are sound grounds for concern as to the governability of such entities.

■ *Challenge to tariff harmonisation*: Because local governments hold executive and legislative authority over electricity reticulation, there may be constitutional constraints on national government's ability to determine electricity tariffs. Strong legal opinion exists to the effect that the provisions of the Electricity Act 41 of 1987 (which confers the power to regulate tariffs on NERSA) are inconsistent with the Constitution and therefore invalid. Although municipalities currently comply with the provisions of the Electricity Act, in that they submit their tariffs to NERSA for approval, it is possible that some municipalities may challenge this process once REDs begin to harmonise tariffs to the disadvantage of their local communities.

■ *Unclear regulatory authority*: Potential conflicts over the authority to set tariffs are just one example of the risks arising from dual national/local regulation of the EDI. For instance, many municipalities have adopted by-laws to regulate electricity distribution within their municipal areas. In a voluntary world, they could continue to set by-laws, and REDs would be obliged to comply. Given that each of the six envisaged REDs would service up to 50 municipalities, it is not practical for municipalities to have unfettered power to regulate the industry.

■ *Legislative obstacles*: Current municipal legislation presents a range of obstacles to EDI restructuring – including a prohibition against the permanent sale of municipal electricity assets. The adjustment of this legal framework will take years and could well lead to unintended consequences for other services.

The professionalisation camp therefore demands a mandatory restructuring model to empower national government to compel municipalities to participate in EDI restructuring, prescribe transfer schemes for municipal and Eskom distribution assets, establish appropriate RED governance systems, eliminate the problems of dual regulation and protect the interests of all stakeholders.

International perspective

International practice is certainly on the side of the professionalisation camp, in that legislative, executive and regulatory powers over the electricity industry are invariably in the hands of national or state (provincial) government. Although many

municipalities own generation and distribution utilities in other countries, the author is not aware of any other country whose constitution awards legislative and executive power over the EDI to the local level.

INDUSTRY STRUCTURE

Boundaries are a compelling symbol of power, and the RED boundary debate has probably attracted more attention than any other policy matter. Indeed, the main question posed to the 2001 Blueprint team was to define the *optimal number and boundaries* for the REDs.

Not surprisingly, Eskom immediately challenged the Blueprint recommendations and built a massive financial model to prove that their preferred boundaries were better. Although the EDIRC finally adopted Eskom's proposed boundaries, the utility was recently instrumental in formulating a further set of RED boundaries (the so-called 6+1 model put to Cabinet in September 2005). Subsequent, modelling of the 6+1 model by a government task team led by EDI Holdings has cast serious doubt as to the financial viability of the 6+1 model, and the various camps continue to squabble over the boundary issue.

Local democracy perspective

The public position of the local democracy camp has shifted over time. Although SALGA participated in the EDIRC and endorsed the six REDs model, the metros have never moved beyond lip service, and have recently lent considerable support to the 6+1 model.

In fact the concept – a nationally determined, binding industry structure – is an antithesis to the basic tenets of the local democracy camp, in that local choice and voluntary restructuring should determine the structure over time.

Professionalisation perspective

As the parents of the six RED model, the professionalisation camp are naturally protective of their baby and were horrified by the proposal to change the boundaries and number of REDs. Despite having spent over R30 million on the original Blueprint, DME has, however, seen no contradiction in motivating the 6+1 model without first clarifying the latter's financial and legal viability.

International perspective

There is no universal 'norm' for an EDI structure, but countries with multiple fragmented service providers frequently tend to facilitate or compel aggregation

to achieve economies of scale, while, on the other hand, countries with large or national distributors have frequently tried to break them up in an effort to reduce market power and foster competition. Industry structures are generally dynamic and privately owned utilities are increasingly common. The structural rigidity of South Africa's EDI is unusual.

RED Ownership, Governance and Legal Form

Given the uncertainty over the legal framework for EDI restructuring, the Blueprint authors failed to provide a comprehensive plan for RED ownership, governance and legal form – a policy vacuum that remains to this day. Uncertainty over these issues has inhibited restructuring, since stakeholders have been unclear as to who would own and control the new entities, and have therefore been reluctant to make irrevocable commitments.

Local democracy perspective

The local democracy camp has, not surprisingly, maintained a consistent position that if REDs are created, they should take the form of *municipal entities*, under the ownership control of local government. In effect, this would transfer ownership of Eskom's distribution assets into the hands of local government.

The local democracy camp has, however, avoided tabling any specific details as to how REDs should be constituted, since there are inherent conflicts of interest between members of this camp:

- Local municipalities are afraid that metros would dominate the REDs.
- Municipalities that do not currently distribute electricity, and therefore have no assets to contribute, are concerned that they may be excluded from ownership.
- District municipalities claim that the Municipal Structures Act 117 of 1998 awards electricity functions to them rather than to local municipalities.

Professionalisation perspective

Given the professionalisation camp's distrust of municipal governance systems, it naturally prefers the tried and tested form of *public entities*, which by definition must fall under the ownership control of national government or provincial government or another public entity such as Eskom – or some combination of these parties.

NATIONAL AND LOCAL GOVERNANCE OF THE EDI

The current regulatory framework for the EDI is unworkable, with both NERSA (via the Electricity Act and the forthcoming Electricity Regulation Act) and municipalities (via the Constitution, the Municipal Structures Act and the Municipal Systems Act 32 of 2000) having the power to regulate electricity distribution tariffs.

Ideally, all distributors should operate within a coherent regulatory framework that:

- allows the distributor to earn an appropriate rate of return;
- creates incentives to reduce costs;
- facilitates a move to cost-reflective tariffs;
- ensures the harmonisation of quality of supply and service standards across the country;
- supports the establishment of a robust and sustainable EDI, capable of responding to general electricity sector reforms as these evolve; and
- provides mechanisms for municipalities to exercise their developmental responsibilities.

Local democracy perspective

The local democracy camp points to the suite of local government legislation, including the Municipal Systems Act and the Municipal Finance Management Act 56 of 2003, which provides a comprehensive framework for the governance and regulation of all municipal services, including electricity distribution. While there are sure to be governance failures from time to time, the Constitution does allow for regulation by other spheres and even temporary interventions in failing municipalities.

Professionalisation perspective

The professionalisation camp is deeply distrustful of local government's ability to regulate the EDI, pointing to an inherent conflict of interest between local government's roles as operator and regulator of the service. Furthermore, they argue that it is not appropriate or practical for municipalities to regulate utilities that extend beyond their borders – as Eskom and the proposed REDs would do.

Nonetheless, the professionals would concede that local government is better placed than national government to govern certain aspects of EDI performance. These include the following:

- *Electrification*: National legislation must clarify the relative functions of REDs and

municipalities in relation to electrification. For instance, legislation could require REDs to electrify in accordance with municipal integrated development plans (IDPs). In return, municipalities would be obliged to provide capital subsidies for those uneconomic social electrification projects contemplated within their IDPs. The scale of these subsidies could be influenced by national guidelines and could be provided through the usual intergovernmental grant system in accordance with the equitable share for local government. This approach would enable municipalities to compare electrification programmes offered by REDs and by solar home system suppliers. As the electrification programme penetrates increasingly sparsely settled rural areas, the cost per grid connection rises rapidly, whereas the cost per solar system is relatively static. It is therefore appropriate to separate the electrification authority from the service provider. It is also appropriate that local government be the authority rather than national government, since municipalities are in the best position to distinguish among local needs for different forms of infrastructure (e.g. electricity versus roads or water).

■ *Free basic electricity supplies*: National legislation should clarify the relative functions of REDs and municipalities for the provision of free basic electricity to ensure that national policy objectives are achieved. This legislation must compel REDs to provide free basic electricity supplies to households in accordance with the instructions of the relevant municipality. In return, the municipality should provide the necessary operating subsidies. The scale of these subsidies could be influenced by national guidelines and could be provided through the usual intergovernmental grant system.

■ *Collection of municipal surcharges*: Municipalities already have the legal right to apply surcharges to electricity sales within their areas of jurisdiction in terms of section 229 of the Constitution. National Treasury has indicated that it intends to regulate this power and will presumably put the necessary legislation into place.

■ *Credit control*: Many municipalities currently rely on electricity cut-offs to effect credit control for other municipal services. Loss of this facility therefore represents a financial risk to these municipalities. Since it is difficult to quantify or ameliorate this risk, it would be appropriate for EDI restructuring legislation to compel REDs to undertake electricity cut-offs on the basis of municipal requests, within appropriate limitations – for instance, reasonable notification periods.

The professionalisation camp argues that these regulatory functions, taken together with a shareholder stake in their local RED, should provide local governments with an appropriate level of control over the EDI.

They also point out that municipalities who do not operate distribution business currently enjoy none of these benefits (some 70 municipalities are involved here). The entrenchment of these rights would therefore be a major step forward for those municipalities.

Tariff Harmonisation

Inequitable tariffs are a key part of national government's problem statement and rationale for EDI reform. South African electricity consumers face significant variations in tariffs, service standards and quality of supply. Some municipal electricity tariffs are as much as three times more expensive than the Eskom equivalent. Since most municipal areas are served by a combination of municipal and Eskom distributors, these inequities can arise between neighbours.

Local democracy perspective

The local democracy camp is not particularly concerned with varying tariff levels, since electricity tariffs are seen as a key tool to raise revenue and cross-subsidise among consumer classes. Electricity tariffs are just one element of a basket of municipal revenue instruments, and lowering tariffs will simply lead to rising property rates. Such trade-offs are a central function of local democracy, although in practice the biggest burden tends to fall on the non-voting commercial customers.

Professionalisation perspective

The professionalisation camp is deeply disturbed by these pricing inconsistencies, and sees REDs as the ideal mechanism to promote tariff rationalisation in order to achieve an equitable and cost-reflective pricing system.

Impact of Reform on Municipal Finances

For those municipalities with distribution businesses, electricity can be a very important source of revenue. National government has repeatedly assured local government that EDI restructuring would be financially neutral, in that an electricity surcharge plus dividends from REDs would provide a similar level of income to existing trading surpluses.

In fact, it is extremely difficult to calculate the impact of EDI reform on an individual municipality's finances, since this will depend on many factors, such as:

- whether the municipality presently distributes, because non–distributing municipalities would suddenly benefit from a surcharge that they presently cannot access;
- whether the municipality would earn more or less from an electricity surcharge than its present trading surplus, bearing in mind that, under REDs, a surcharge would apply to previously Eskom customers as well as previously municipal customers. Uncertainty about National Treasury's position on capping surcharges does not help;
- whether the municipality has made adequate provision for the maintenance and extension of the distribution network in the past. Since many municipalities have not in fact provided adequate funds for maintenance, they are actually carrying massive maintenance liabilities that are not reflected on their balance sheets; and
- the extent to which municipal funding obligations for electrification and free basic electricity subsidies are met by intergovernmental grants.

All of these factors are unknown quantities or not easily measured. It is therefore extremely difficult to provide any certainty to local government as to the net financial effect of EDI restructuring.

Local democracy perspective

The local democracy camp is understandably worried about the potential impact of EDI reforms on municipal finances – from both a quantitative and a qualitative perspective. A surcharge may well generate more income than historic trading surpluses, but surcharges are regulated by national government and tend to be squeezed over time.

Professionalisation perspective

While the professionalisation camp agrees that EDI reform should not jeopardise the financial stability of local government, it contends that the problems within the municipal fiscal system extend well beyond the realm of the electricity industry. Holding EDI reform hostage to these broader problems will only lead to further under–investment in the maintenance of infrastructure assets, which can only lead to one outcome. Black–outs have already become a common feature of our cities, and are likely to become increasingly frequent as economic growth accelerates and system capacity limits are exceeded. In the long run, the cost of unreliable electricity supplies will have a far greater impact on municipal finances and economic development than a well–managed industry restructuring programme.

CONCLUSION

To the adherents of the local democracy perspective, the proposal to shift authority for electricity distribution from the local to the national sphere is anathema. Loss of such an important municipal function is perceived as the thin edge of the wedge, with a succession of constitutional amendments to follow depriving municipalities of other important powers, functions and sources of revenue. Indeed, there are similar debates raging over municipal health and transport functions – sectors that also face inherent overlaps among local, provincial and national service providers.

To the proponents of EDI professionalisation, the essential logic of the Blueprint remains valid. An integrated post-apartheid economy needs a modern, well-managed electricity distribution industry. The extent of municipal involvement in this industry is probably unparalleled in the world. Most developed and developing countries rationalised their EDI decades ago, and the decentralisation of regulatory functions to the local level is regarded as a complete anachronism.

And so the debate over EDI reform rages on, showing no sign of coming to an end. Yet, ironically, all stakeholders agree that the EDI faces serious problems and that some reform is necessary. So why has it not been possible to close the policy gaps between the competing factions and achieve some workable compromise in South Africa, the land of the compromise?

One constraint may be the difficulty of engaging with the unresolved policy issues. The municipal half of the EDI is deeply entangled with municipal finances and systems, making it very hard to measure, let alone project, the impact of policy options. Municipal distributors do not publish annual reports. Also, Eskom does not organise its data on the basis of municipal boundaries. To make matters worse, all modelling initiatives to date have been driven by one camp or the other, inevitably leading to accusations of bias in the way that data is manipulated. The opportunity for policy entrepreneurs to build consensus is therefore limited, in that:

- facts are hard to establish;
- the camps are polarised and distrustful;
- the camps move from completely different starting points and philosophies – each defining the other as part of the problem;
- no national politician appears willing to champion EDI reform (DME is on to its fifth minister);
- there is no clear process in place to resolve the outstanding policy issues; and
- there is no legislation compelling the parties to reach an outcome.

One thing is certain, though: the municipal EDI infrastructure cannot sustain such low levels of investment. As black-outs occur with increasing frequency, the pressure

will grow on the parties to meet and make a deal. Better that this is done with calm heads than in the heat of a crisis.

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ENDNOTES

[1] Including the activities of the pre-democracy National Electrification Forum and various post-democracy government task teams such as the Electricity Working Group, the Electricity Restructuring Interdepartmental Committee, the EDI Restructuring Committee (EDIRC) and, most recently, the Multi Stakeholder Forum. Government also established EDI Holdings as an independent company in 2003 to project manage EDI restructuring. Although most of these task teams appointed consultants and generated reports, these are not generally in the public realm, with the exception of the Blueprint document produced by the EDIRC (DME 2001).

[2] This norm was determined by PA Consulting, a multinational consulting group that specialises in utility restructuring, based on a representative sample of international compatible electricity businesses.

[3] Personal communication with Prof. Anton Eberhard, former board member of RED ONE.

[4] Personal communication with Prof. Anton Eberhard, plus personal communication with officials at EDI Holdings.

[5] Personal communication with PA Consulting.

Section IV

Institutional Models for Developmental Local Government

One of the most remarkable features about the local governance scene since 1994 is the vast range of institutional innovations and transformations that have taken place across the entire spectrum of activities – municipal finance, boundaries, political structures, planning systems, participatory structures, partnerships, service delivery, levels and standards of service, human resource management, and organisational cultures. Given that we are talking about changes that have taken place in little over ten years, this says something about the speed of institutional change. No-one doubts that radical changes were needed to eliminate apartheid local governance. However, most local government officials (from all backgrounds) will cite repeated processes of institutional change as a cause for both loss of institutional memory (as experienced people leave) and for institutional capacity weaknesses due to limited opportunities to evolve established routines and internal disciplines. However, in the process, we may also have developed the capacity to appreciate both the potentials and limits of institutional change. If there is one lesson we can learn from these repeated cycles of change, then it would be that change is not synonymous with improvement. The chapters in this section tell some of the stories of change. In all cases, institutional change was driven by the desire to eliminate apartheid legal forms and organisational practices, but the outcomes are far from what is required to consolidate democratic and developmental forms of local governance.

Oldfield suggests that we need to rethink our assumptions about the nature of state institutions, and in particular the relationship between participatory structures like ward committees and the complexities of the policy-making process. She suggests that participatory processes have been structured via stringent legalised formalities focused on the technocratic dimensions of physical delivery at the expense of the more subtle social processes of building a democratic culture of negotiation, expression and social cohesion. In a rejoinder to Oldfield's chapter, Swilling contributes to this development of a complexity perspective on state systems by discussing the significance of the Federation of the Urban Poor, an urban social movement that has avoided both participation in the formalities of local governance (like ward committees) and external oppositional mobilisation.

Wooldridge traces the dynamics of the formal political systems in local government, and Ramutsindela discusses the impact of spatial reference points on political representation. Both chapters reveal the rich denseness of institutional innovation at the sub-national level of governance and the sophistication of the discussion that has taken place about these issues since 1994. No-one doubts that we need democratic institutions and processes, and that these need to be inscribed within coherent spatial coordinates. However, as Wooldridge shows, there are enormously complex and highly contested ways of achieving this in practice when it comes to structuring the way in which councils, committees, mayoral systems and executive decision-making systems work in practice. Similarly, Ramutsindela reveals that spatial references – ostensibly reflective of coherent socioeconomic patterns of social interaction and development – have continued to shape the design of systems of political representation at the local and regional levels. The result in certain instances has been a profound mismatch between political identities and the formal structures. What is significant about these chapters is that both provide significant case studies of the capacity of newly created political structures to fundamentally change the dynamics of political engagement and political expression within a democratic political system.

Finally, there are two chapters that return to the participatory theme discussed by Oldfield. Buccus and Hicks provide a normative discussion of the structures and systems that have been set up to marry the formal political structures with citizen participation from outside these structures. They discuss ward committees, and participatory planning and budgeting in order to demonstrate that although many formal opportunities have been created to substantially improve the levels of citizen participation in governance, not enough is being done to make sure officials and councillors take advantage of these opportunities. This is echoed by the empirical research findings discussed by Netswera that suggest that although there is considerable interest among the residents of Soweto in participating in local governance, many feel alienated from the policy-making process. Nevertheless, it is clear from both chapters that participation is an ongoing project of experimentation, failure, education and cultural evolution. It might be too early to judge whether what we have started will eventually result in the participatory culture we all desire.

Political Systems and Capacity Issues

Dominique Wooldridge

INTRODUCTION

This chapter reflects on emerging political systems in South African local government and related capacity issues. The first part provides a brief history of the transition process, pointing to ways in which the particular processes and mechanisms adopted in this process have shaped the terrain of local politics.

The second part reviews the municipal political systems that have been established since democratisation. It begins with a discussion of the interface between municipal politicians and officials, which includes short case studies on the introduction of fixed-term employment contracts, and the political appointment of senior managers. The chapter then reviews the South African committee system and the new executive models available to municipalities.

A SHORT HISTORY OF TRENDS SHAPING MUNICIPAL POLITICAL SYSTEMS[1]

South Africa's local government system is relatively new. The 2000 local government elections marked the end of the 'interim' phase of the transition and the beginning of the 'final' phase. Yet the current municipal institutions are far from final, and five to ten years from now, municipalities will probably look very different from the way they do at present. They certainly look very different from five to ten years ago. Given this institutional fluidity, and its impact on local politics, it is useful to locate our discussion of municipal political systems in their historical context.

Phase one

Drawing on Van Donk and Pieterse (2006), we can define three phases of transition. The first phase covers the period from the late 1980s to the 1995–96 local elections. It begins when the mass mobilisation of township residents and the impetus of the national transition process forced the National Party government into negotiations

about the system of local government. The agreement reached by the National Local Government Forum, legislated as the Local Government Transition Act 208 of 1993 (LGTA), provided the framework for the transition process.

This Act outlined a staggered approach to change, and required that local negotiating forums be established across the country to negotiate the design of new municipal structures in each local area. In particular, local forums had to reach an agreement on the jurisdiction and type of local government to be established, and, where a two-tier model of local government was chosen, on the allocation of powers and functions, and finances between tiers. Once an agreement was reached, local forums were required to appoint an interim council, which would govern until the next local government elections.

The LGTA had a radical impact on the dynamics of local politics. Prior to this Act, civic leaders were mobilising against apartheid local government, subjecting it to ongoing pressure from boycotts and protests.[2] The Act forced a shift from mass mobilisation to the negotiating table.

The LGTA defined local negotiating forums as two sided: 'statutory' (i.e. representatives from existing local government structures and political parties that participated in the previous local elections) and 'non-statutory' (i.e. community representatives and political parties that had not participated in previous local government elections). Allocating seats on the non-statutory side[3] led to tensions over who legitimately represented township communities, often resulting in competition among newly unbanned political parties – such as the Pan-Africanist Congress (PAC) and the African National Congress ANC – and civic associations. With this, accountability shifted from civic structures (such as street and block committees, and mass meetings) to party political caucuses. The narrow and technical agenda imposed by the LGTA led to new styles of leadership and negotiation, and new systems of mandating and accountabilty.

The shift from mass mobilisation towards formal party mechanisms of accountability was strengthened by the appointment of interim municipal councils. Significantly, in terms of its legacy for local political culture, there was a large degree of fluidity, even ambiguity, in the roles occupied by many local government players. It was not unusual for people to state 'which hat they were wearing' at the beginning of a municipal meeting. This was not an irrelevant disclosure when, for example, at a meeting convened by the council to consult community stakeholders on housing matters, the councillor convening the meeting may also have run a non-governmental organisation (NGO) dealing with housing, and been a member of a civic association representing a community living on invaded land.

Phase two

There were two important strands in the second phase of the transition. The first began with the 1995–96 local government elections. These elections were structured so that former white areas were allocated disproportionate representation, effectively giving the old 'statutory' camp an advantage. However, the major parties in the 'statutory' camp (the Conservative Party, National Party and Democratic Party) were restructuring at a national level, and, in most cases, were unable to use this space to their advantage at the local level.

The 1995–96 elections were based on interim structures, with the result that there was considerable uncertainty about the future. Role-players second-guessed the outcomes of debates about boundaries, powers and functions, and the number of departments or regional administrations, and positioned themselves accordingly. The ambiguity among party, government and civic roles continued, and was exacerbated as former union and civic leaders, and technical advisers drawn from NGOs, community-based organisations and academia, began to apply for, then occupy, senior positions in the new municipal administrations.

Interim municipalities were characterised by a range of tensions. Enforced power sharing in municipal councils often resulted in tensions among political parties, and the history of councillors from 'statutory' and 'non-statutory' sides having negotiated against one another made it difficult to switch to a more cooperative mode. In addition to differences among parties, most major parties had internal divisions to contend with. The ANC, recently unbanned, was busy establishing party structures, which inevitably led to jockeying for power among different interests within the Alliance.[4] Notably, as the nuts and bolts of the municipal restructuring process were tackled, differences between the South African Municipal Workers Union and the ANC surfaced over issues such as the standardisation of conditions of service for municipal workers and public–private partnerships.

Senior officials found it difficult not to be associated with one political camp or another. There were tensions between 'old' and 'new' officials. 'Old' officials were often seen as loyal to the 'statutory' camp simply by virtue of having worked for previous municipal administrations. Because officials from previous white local authorities and African local authorities had different conditions of service, there was inevitable resentment among officials doing the same job in the new administrations, but for different remuneration.

At this stage of the transition, municipal councils were governed by a mix of apartheid-era legislation (which often applied only within one province or former homeland area), and new legislation (which tended to favour process over content so as not to pre-empt the policy process). As a result, few generalisations can be made about the focus of local politics, which varied dramatically from traditional

authority areas to metropolitan areas, and from former homelands to former self-declared *volkstaate.*[5]

The second important strand in phase two begins with the Constitution (Act 108 of 1996), which established local government as an independent sphere of government. This was followed by a policy process to design the new local government system, centred on the Local Government White Paper (DPLG 1998) and, flowing from it, the legislation that established the current system of local government (the Municipal Demarcation Act 27 of 1998, the Municipal Structures Act 117 of 1998 and the Municipal Systems Act 32 of 2000).

At this stage, urban issues dominated the policy agenda, and political attention focused on the 'mega city' debate. Interestingly, around this time, urban white ratepayers began to use old civic association tactics to protest against new municipal policies, for example, the Sandton rates boycott, and street and block mobilisation against low-cost housing. The mobilisation of suburban ratepayers has become a continuing feature of urban municipal politics: once widely seen as an apathetic constituency, they have become a highly organised and active lobby group in many urban areas.

Phase two ended with the 2000 local government elections, which marked the end of the interim phase and the beginning of the new local government system.

Phase three

The 2000 elections took place on the basis of the structures defined in the Municipal Structures Act. In metropolitan areas, a unicity model was implemented, with a single, metro-wide council. The legislation allows for the establishment of metropolitan sub-councils, but these are not municipalities in their own right. All municipal powers and functions are vested in the metropolitan council, and sub-councils have only those powers delegated to them by the metropolitan council. The impact of the new political systems in metropolitan areas, particularly the introduction of (a form of) executive mayors and political appointees, will be discussed later in this chapter.

In non-metropolitan areas, a two-tier system comprising district and local councils was implemented; or, more accurately, was partly implemented. The establishment of non-metropolitan municipalities was complicated by a number of factors. One was the lack of a clear policy framework. At the time when the policy was drafted, several thorny policy issues were still being negotiated, such as the role of traditional leaders in the new local government system (particularly with respect to customary law and land), the extension of municipal property tax to farming areas and the provision of services to communities living on (privately owned) farms.

A range of organisational and capacity factors also hindered the establishment of district and local councils. The system needed to accommodate very different

administrative scenarios, as the establishment of local government across the former TBVC[6] states and homelands was far from uniform. The district–local system tried to accommodate this diversity through a process whereby powers and functions could be allocated between the district and local levels unevenly, depending on the capacity available in each municipality. The idea was that, as local municipalities were capacitated, they would pull down powers from the district level. The envisaged process has not been realised: many local municipalities lack the human and financial capacity to assume additional functions. (In early 2004, Project Consolidate identified 136 municipalities, of a total of 283, that had insufficient capacity to fulfil their functions.)

Many of the policy issues that vexed the design of a viable non-metropolitan system of local government have since been addressed. This has enabled a new look at the district–local system. However, the process through which this system is being designed is very different from the White Paper process.

Firstly, it has not announced itself as a policy process aimed at designing a system of local government. Rather, it has grown out of technical assistance and capacity-building programmes run by national government, put in place to deal with the institutional crises affecting many municipalities. These national initiatives have tended to focus on district municipalities. The Planning, Implementation and Management Support Programme is an early initiative by national government to bolster local government capacity by deploying technical expertise to the district level, while Project Consolidate provides a current, large-scale example of this approach.

The redesign of the district system is technically driven, and seems to be conceived more as a 'rescue mission' than a policy process. The form of local government in non-metropolitan areas may emerge as a cumulative result of nationally driven capacitation and support programmes, rather than from an open and consultative policy process.

The design of the non-metropolitan municipal system is linked to another, large-scale national initiative, namely the creation of a single public service. Currently, municipal personnel are concentrated in urban areas, and rural municipalities struggle to attract and remunerate skilled staff. Metropolitan municipalities budgeted for 103,714 employees in the 2005/06 financial year, while local and district municipalities budgeted for 74,740 and 2,758 employees, respectively. The six metropolitan municipalities account for 63.3% of total personnel expenditure (RSA 2006b:53). While the 'single public service' initiative may enable the deployment of staff to less-capacitated areas, the process to date, like the redesign of the district system, has been technically driven and weak on consultation.

The government's intention to form a single public service was approved by the Cabinet *lekgotla* in July 2003. The strategy document, *A Single Public Service for the Republic of South Africa: A Strategy toward the Development of Overarching Legislation for*

the Single Public Service, released in May 2006 (RSA 2006a), states that technical work to implement the strategy, including the development of an Assignment Framework, a Transfers Framework, the rationalisation of local government conditions of service and the development of framework legislation, has been under way since 2003.

The programme of action for the Governance and Administration Cluster, under the minister of public service and administration, notes that–

> [t]he review of the two-tier system of Local Government is complete. Work on the definitions of schedules 4 and 5 of the Constitution is continuing. Work on the division of functional responsibilities between B and C municipalities is underway, led by DPLG and National Treasury. Background work and consultation processes are being undertaken to concretize options for District Shared Services (Fraser-Moleketi 2006).

Reference is also made to legislation to enable the transfer of municipal staff, which has been drafted, but not yet made public. Even unions representing staff directly affected by the proposed single civil service have not yet had access to the government's plans. In December 2006, the minister for public administration apologised to the National Economic Development and Labour Council (better known as NEDLAC) for failing to consult it. However, she said existing documents would be made available after they have been presented to Cabinet (Musgrave 2006), which seems rather late in the day to begin a consultation process.

Clearly, there is a need for much more open discussion and debate. District and local municipalities are *political* institutions that cannot be 'fixed' through technical assistance and new organisational systems alone. Their future should be determined through an open policy process, incorporating inputs from local stakeholders. At present, there is a danger that the momentum of national initiatives will pre-empt this possibility.[7]

The Political – Administrative Interface

This section of the chapter looks at the interface between politicians and officials. It begins by outlining some theoretical issues drawn from international literature, and then moves to a discussion of the South African system, with an emphasis on the way in which this interface is framed by the new legislation.

The 'political–administrative dichotomy'

The political–administrative dichotomy is an attempt to draw a dividing line between politics and administration. It arises from two concerns:

- The relationship between *politics and administration* – in particular, the desire to ensure that partisan political concerns do not compromise the management of the administration (i.e. to ensure that councilors do not exert pressure on officials to act in the interests of particular constituencies); and
- The relationship between *policy and administration* – in particular, the desire to ensure that policy formulation is controlled by elected councilors (who are mandated by local constituencies to represent their interests) (Wooldridge et al. 2003:1).

The political–administrative dichotomy is underpinned by the idea that political parties articulate the wishes of their constituencies as policy, which is implemented by a technically skilled, neutral and professional administration. The process of making policy is seen as political and value-laden (requiring politicians to make choices among competing interests), while the administration is seen as a value-free implementer of politically determined policies.

This dichotomy is an idea that haunts public administration. It continues to be the topic of numerous journal articles and scholarly writings, although almost all of the recent literature on the topic seems to be focused on dispelling the idea that such a dichotomy exists (e.g. see Graham 2006; Stone 2003).

The dichotomy has been challenged on both a theoretical and empirical level. Theoretically, it is well established that managers influence policy in various ways, from directly giving policy advice to councillors, to prioritising reports and preparing agendas. Further, there is inevitably a level of administrative discretion with respect to how policy is interpreted and turned into programmes. This implies that senior administrators operate in a value-laden discretionary space, as opposed to one that is purely technical and value-free.

The empirical evidence confirms that the distinction between political and administrative roles is blurred. For example:

- In 1996 the International City/County Management Association conducted a survey of city managers in jurisdictions with council–manager government, in which over 1,100 individuals responded. The survey found that a large majority of managers (over 85%) played an active role in the policy process. This included–

   playing a significant role in policy initiation through the provision of advice and recommendations; presenting elected officials with feasible options for policy implementation; supporting the governing body by identifying community needs and initiating policy proposals; and meeting with individual elected officials to clarify their perspectives and policy preferences (Graham 2006:15).

■ A study on local government involving 14[8] countries concluded as follows:

> This study of the role of administration in the political process establishes more clearly than do previous studies that top administrators are partners in leadership with the mayor and other leading politicians. Leadership in government arises from and is conditioned by a relationship that is generally characterized by interaction, interdependency, reciprocal influence and mutual respect between politicians and administrators (Mouritzen & Svara 2002, cited in Graham 2006:ii).

The notion of the political–administrative dichotomy has been widely debunked. However, the notion continues to be of interest to public administration scholars and practitioners. Although it may be impossible (and undesirable) to posit a dichotomy or draw a 'hard' line between politics and administration, the fact remains that the roles played by politicians and administrators in an ideal democracy are not the same. In other words, there is a line, however 'soft' and shifting it may be, between politics and administration. And the question of where and how this line is drawn has substantial implications for the way in which policy is made; for the orientation of the administration; and for the stability, competence and efficacy of the state.

Regulating the political-administrative interface: South African legislation

A discussion of the legislative framework for regulating the political–administrative interface must be prefaced by a caution that there are limits to what can be effected through legislative instruments.

This is evident from experiences in Central and Eastern Europe, where many countries have recently developed legal frameworks for the civil service. In their cross-national study of civil service legislation,[9] Verheijen and Rabrenovic (1999:14) note the following:

> It appears that civil service laws seldom have had the impact they were expected to have (to be a catalyst for the stabilisation, de-politicisation and professionalisation of the central administration). They have in many cases been re-considered even before the implementation process was completed or have not been fully implemented at all.

They also suggest that legislative frameworks are more likely to be effective where the legislation has some resonance with dominant political practices. This seems to hold true in the case of South African local government, where, for example, legislation dealing with performance management and reporting has been unevenly

implemented, to the point where the majority of municipalities in some provinces do not submit the reports required of them.

The political–administrative interface in South African municipalities is regulated primarily by the Municipal Systems Act. One of the innovations introduced by the Act is the use of contract appointments for senior municipal managers. Every municipal council in South Africa is an employer body in its own right, and must negotiate the conditions of service of the municipality's administrative staff. While most municipal staff are employed on conditions of service negotiated in the South African Local Government Bargaining Council, the appointment of senior managers is regulated by the Municipal Systems Act. Section 57 of the Act stipulates that municipal managers, and managers directly accountable to municipal managers (hereafter S57 managers), must be appointed on fixed-term employment contracts.

Although the Municipal Systems Act was promulgated in 2000, national government only provided regulations for S57 employment contracts in late 2006.[10] Many of the employment contracts established prior to this (between 2000 and 2006) are legally dubious, and some include unsustainable remuneration packages.[11] However, with the exception of legally invalid (and therefore void) contracts, existing employment contracts remain legally binding. In effect, this will mean that the regulation of S57 managers' employment conditions will be phased in over the next five years, with existing contracts remaining in effect until the termination date specified in each contract.[12]

Remuneration of municipal managers

Prior to the publication of the S57 regulations, the salary scales for S57 managers were left to the discretion of municipal councils. In many instances, the negotiated packages were inflated.

For example:

At least four municipal managers received remuneration packages exceeding R1 million last year – closely matching or exceeding that of President Thabo Mbeki, according to treasury statistics released on Friday …. The municipal manager of Ethekwini in KwaZulu-Natal received a package of R1.091 million in the 2004/05 financial year, while elsewhere in the province his counterpart in Msunduzi (Pietermaritzburg) earned R1.031 million. The municipal manager of the Ehlanzeni district municipality in Mpumalanga received a package of R1.203 million, and that of the Kaapse Wynland district municipality in the Western Cape R1.018 million. Mbeki earned a total of R1,056,453 in the last financial year (Rooney 2005).

In response to the article cited above,[13] the minister for provincial and local government defended the high salaries earned by some municipal managers, noting that the responsibilities of urban municipal managers are comparable to senior national officials and private sector CEOs (Benjamin 2006). He argued that 'market-related' salaries were required to attract skilled people to local government – a dilemma for many small and rural municipalities unable to offer packages comparable to those earned in urban areas.

The Portfolio Committee for Provincial and Local Government (2006) captured the issue as follows:

> To attract highly skilled, efficient managers, municipalities often have to compete with high private sector salaries. Often, the municipalities most in need of highly skilled municipal managers are the smaller and rural municipalities who can least afford them. Yet to draw the requisite skills, these municipalities have to offer high salary packages in competition with the financially better-off municipalities.

The Single Public Service strategy appears to be government's response to this problem. Its impact on the independence and integrity of local government can only be assessed when the details of the plan are tabled for discussion.

Political appointments

The current system allows for political appointments to the post of municipal manager (in terms of section 82 of the Municipal Structures Act), and to the posts of managers reporting directly to the municipal manager (in terms of section 56 of the Municipal Systems Act).

Although apartheid-era municipal administrations were highly politicised, the practice of formal political involvement in the recruitment and appointment of senior staff was new to most municipalities. Prior to the late 1990s, few municipalities had routinised processes to manage this type of recruitment and appointment process. The absence of appropriate regulations (addressing skills requirements, remuneration and bonuses, the process of appointment, and the legal drafting of employment contracts) created a space where, in the words of the minister for provincial and local government, municipalities were given a 'blank cheque' (Benjamin 2006) with respect to S57 appointments. As a result, many municipalities have employed unskilled or inappropriate management cadres, whose contracts can only be dissolved by paying out the remaining period for which the contract is valid.

Cape Town provides us with a good example.[14] The city has employed and dismissed five city managers in the past ten years. When the ANC first won the city of Cape Town in 1996, it dismissed the incumbent city manager (Keith Nicol) and

recruited Andrew Boraine. This was not unusual: all over the country, municipal managers who had worked for the old local government structures were being dismissed, and replaced by officials whom the ruling party in that council felt they could trust and rely upon during the upcoming transformation process. In Cape Town, Nicol continued to draw a salary for almost two years after his dismissal, while negotiating a severance package through the courts.

Following the 2000 local elections, the City of Cape Town fell under the leadership of the Democratic Alliance (DA), which took control of the newly established metropolitan council. The DA immediately dismissed Boraine, paying out the remaining 11 months of his contract. Boraine recalls that '[t]here were no negotiations about whether you wanted to stay on. It was simply: you are out of here, and in fact, your whole team is out of here. It wasn't just me' (Edmunds 2006). The DA replaced Boraine with Robert Maydon, whose tenancy as city manager was destined to be short. In October 2002 several councillors from the New National Party crossed the floor to join the ANC, swinging the balance of power in the metropolitan council. The ANC dismissed Maydon, and appointed Wallace Mgoqi as city manager.

After a DA-led coalition took back control of the city in the 2006 local elections, it attempted to dismiss Mgoqi, who actively resisted his dismissal, finally leaving when the Cape High Court found that his appointment had never been legally valid.

The Cape Metro example, cited above, is by no means unique.[15] All municipalities in South Africa have been through an extended transition process, and operate in a context of considerable uncertainty.[16] In this context, a poorly managed system of political appointments has significant potential to destabilise local government. As Verheijen and Rabrenovic (1999:4) note, 'the presence of a stable and professional administration is a key requirement to keep state affairs moving' in situations characterised by high levels of political discontinuity, such as state transitions, unstable coalition governments or frequent executive reshuffles.

There is an urgent need to increase national government's capacity to regulate and monitor the system of political appointments, and local government's capacity to implement it.

Many interfaces, many roles

One final point must be made before closing this section of the chapter, that is that the political–administrative interface is not just an interaction that takes place between politicians and senior managers. This has long been recognised by municipal politicians, who operate in an intergovernmental system and deliver through a variety of coalitions, partnerships and agencies. As Dahl notes in his famous study of New Haven under Mayor Richard Lee:

> The mayor was not at the peak of a pyramid but rather at the center of intersecting circles. He rarely commanded. He negotiated, cajoled, exhorted, beguiled, charmed, pressed, appealed, reasoned, promised, insisted, demanded, even threatened, but he most needed support and acquiescence from other leaders who simply could not be commanded (Dahl 1961:204).

South African municipal councils interact with a range of political and administrative players outside the municipal administration. Policy formulation involves interactions with national and provincial government departments and other state agencies. Administrators may report to more than one political head, at different levels of government, which may be controlled by different political parties. The interface is influenced by the design of party structures and mandating and accountability mechanisms, institutional and financial relationships with other levels of government and external agencies, and local political cultures and practices. Further, the same players, whether councillors or officials, may occupy different roles in different processes.

The design and regulation of the political–administrative interface must balance the need for a level of certainty and continuity required for institutional stability, and the flexibility required by both politicians and officials to operate effectively in complex and fluid contexts.

COMMITTEE SYSTEMS

This section of the chapter discusses the structure and operations of municipal committee systems. It assumes that the design of the structures through which policy is made have an impact on the kind of discussions that take place and on the decisions that are made.

As Egeberg (1995:565) points out, 'policy makers are embedded in institutional frameworks that furnish them with action capacity for certain purposes, but not for others. Institutions cannot work "neutrally"; they have to influence the choices that are made via the structures'.

While asserting that structures *do* matter, it is important to also note that structures exert an influence on, and do not solely or fully determine, which type of processes and outcomes are possible.

The British committee system

The South African council system has its roots in the British committee system, and a brief discussion of British policy will provide us with a useful introduction to many of the issues councils are grappling with in contemporary South Africa.

The traditional British local government system has often been described as 'government by committee'. Executive power is vested in the council, and decisions are made through council committees. The system was criticised for making the daily business of government 'a time consuming process, that generated great volumes of paper' (Rao 2003:2).

In 1965 the Maud Committee reviewed the committee system and concluded that it 'impeded unity in the work of the authority, encouraged misuse of officers by restricting delegation to them, was costly, and imposed undue burdens on both officers and councillors' (Rao 2003:3). The committee proposed that executive powers should be allocated to a small management board responsible for policy formulation and overseeing the administration. The council and its committees would act as deliberative and representative bodies.

The Maud Committee's proposals met with significant opposition. In particular, it was argued that high-calibre individuals would not stand for election when the majority of politicians were not given a 'worthwhile part to play' in local governance, including a role in policy formulation (Rao 2003:3). The committee's proposals were never implemented.

The issue was revisited by a working group established after the introduction of the 1972 Local Government Act. Concerned that skilled individuals did not stand for local government elections, this group argued that professionals and high-calibre leaders were more likely to enter local councils if less time was demanded of them. The working group recommended 'streamlining' the committee system by establishing a powerful policy and resources committee to provide overall coordination of council's business (Rao 2003:3).

The Widdicombe Committee tackled the question of committee systems again in 1985. It rejected the model of a directly elected executive, separate from the council, on the grounds of potential rivalry between the council and executive. It also rejected the 'management board' model, in which executive responsibility is exercised by a 'cabinet' of majority party councillors. It argued that this model would create dual loyalties for officials who reported to both the council and the cabinet, and that minority party councillors would be disadvantaged in that their access to the administration (for information and policy advice) would be limited.

The Widdicombe Committee recommended the continuation of a decision-making system in the council that exercised both legislative and executive powers, with no separate executive structure.

In 1998 New Labour issued a White Paper on local government entitled *Modern Local Government: In Touch with the People*. The White Paper argued that low turnouts at local elections[17] were a sign that local councils were out of touch with local communities. One of the 1998 White Paper's proposals to revive interest and participation in local government was to increase the visibility of political leaders.

Subsequent legislation (the Local Government Act of 2000) required councils to move to an executive-based system, and provided for various forms of executive[18] (Howard & Sweeting 2004:6).

The majority of British councils adopted a model where the executive is indirectly elected, consisting of a council leader and cabinet drawn from the council. A survey of council executive models, conducted by the Office of the Deputy Prime Minister, found that–

> the claimed advantages of the new arrangements to have been largely realised, with chief executives reporting more efficient, faster, clearer and more accountable decision making under stronger and more focused political leadership. Equally, the drawbacks anticipated by councillors responding to the earlier studies seem also to have materialized, with the disengagement of backbench councillors the most widely cited disadvantage (Rao 2003:10).

The 2006 White Paper on Local Government, entitled *Strong and Prosperous Communities*, cites a 2005 survey that found that the vast majority of local government respondents (79% in municipalities with an elected mayor, and 69% in other cases) felt that the role of the council leader is stronger since the introduction of an executive system. More than half of the councillors surveyed, and nearly three-quarters of officials surveyed, felt that municipality had become more effective in articulating a vision for the area since the introduction of an executive system (UK DCLG 2006:54).

Taking a generally positive view on municipal experiences with executive systems, the 2006 White Paper advocates the continuation of executive models in local government, and provides for three models: a directly elected mayor, a directly elected executive of councillors, or an indirectly elected executive (a leader and cabinet elected from within the council) (UK DCLG 2006:3). It also envisages a strong 'scrutiny function' for non-executive councillors, whereby the council calls on the executive to account for and justify its decisions and plans.

Most criticisms of the current British system focus on the details of the available models, in particular the extent to which the scrutiny role for non-executive councilors will prove to be substantive. Other critics are sceptical as to whether the introduction of executive models of any type addresses the core issues. For these critics, the central problem facing local government is a crisis of legitimacy. The move towards stronger leadership models is seen as predominantly a response to low voter turnouts and lack of public interest in local government. Critics question whether measures to increase the visibility of the powers of the executive will result in a more legitimate local government system (Howard & Sweeting 2004:2).

The South African committee system

In the period prior to 1988, there were two models of council structures available to South African municipalities. The first was a plenary model, where executive authority was vested in the council. The second was a collective executive model, where executive authority was exercised by an executive committee elected by and from the council. As a generalisation, smaller municipalities adopted the plenary model, while larger municipalities favoured the collective executive model.

In 1998 committee systems were redefined by the Municipal Structures Act. The Act allowed for the continuation of the plenary and collective executive models, and introduced a new model, known as the mayoral executive system. In the mayoral executive system, the council elects one of its members as executive mayor. The executive mayor then appoints a mayoral committee.[19] Members of the mayoral committee serve at the discretion of the executive mayor, who has the power to appoint and dismiss members.

There is no requirement for representivity in the mayoral committee. In contrast, under the collective executive system, the executive committee must be composed 'in such a way that parties and interests represented in the municipal council are represented in the executive committee in substantially the same proportion they are represented in the council' (Municipal Structures Act, sec. 43).

Mayoral committees and the question of representivity

The introduction of the mayoral executive system was not welcomed by all parties, and became the focus of political wrangles and legal contestation in several cases. In late 2002 the DA took the executive mayor of the City of Johannesburg and the minister of provincial and local government to court, arguing that it was unconstitutional to appoint a mayoral committee that does not include minority parties (Constitutional Court 2002).

The DA argued that the appointment of an executive mayor's committee that excluded minority parties was in conflict with the Constitution, particularly section 160(8), which provides as follows:

> Members of a Municipal Council are entitled to participate in its proceedings and those of its committees in a manner that (a) allows parties and interests reflected within the Council to be fairly represented; (b) is consistent with democracy; and (c) may be regulated by national legislation.

The case hinged on the question of whether mayoral committees are committees of council as envisaged in section 160 of the Constitution (and therefore obliged to be fairly representative), or not. The Constitutional Court found that mayoral

committees are not committees as envisaged by section 160, and that they do not hinder minority parties from participating meaningfully in the deliberative processes of council. The case was therefore dismissed.[20]

How executive are executive mayors?

Both executive and non-executive mayors are elected by, and can be dismissed by, the municipal council. Both operate within a constitutional framework that vests executive and legislative authority for all municipal functions in the municipal council. The Constitution also prohibits the council from delegating key powers, including the passing of by-laws; the approval of budgets; the imposition of rates and other taxes, levies and duties; and the raising of loans (Constitution, sec. 160(2)).

Despite these limits to mayoral power, the newly introduced post of executive mayor has attracted significant media attention and become a sought-after political appointment. This is particularly true in metropolitan councils, which have large budgets relative to provincial governments, as well as more freedom than provincial executives to decide how they allocate their budgets.

Several politicians have abandoned positions in national or provincial government to take on the role of executive mayor role in metropolitan areas. Examples include the current executive mayor of Johannesburg, Amos Masondo, who was previously a member of the Gauteng provincial legislature; Duma Nkosi, Ekurhuleni's executive mayor since 2000 and previously a member of parliament; and Gwen Ramokgopa, current executive mayor of Tshwane and previously the member of the executive committee (MEC) for health in Gauteng. In Cape Town, two executive mayors were previously MECs in the Western Cape provincial government (Helen Zille and Peter Marais), while another was the former premier (Gerald Morkel) (see De Visser 2006).

Local government in South Africa is traditionally seen as a bit of a political backwater, so the fact that metropolitan areas are attracting more senior politicians is not insignificant. The introduction of executive mayors has also increased the visibility of local politics in the public sphere. It has boosted the media profile of local government, and, in some cases, has resulted in a broad public interest in city government, or aspects thereof.

Coalition politics

In a mayoral executive system, the possibility of political parties needing to form a coalition to control the executive comes into play. This is a new dynamic for South African local politics, and has resulted in some heated contestations and strange alliances. Recent events in the Cape Metro, a metropolitan council with a mayoral executive system, illustrate the dynamic.

There are 210 seats on the council.[21] To control the executive, a party must either win a majority (in this case at least 106 seats) or form a coalition. The last local elections (2006) resulted in the 210 council seats being split as follows: the DA has 90 seats, the ANC has 81, the Independent Democrats (ID) has 23, the African Christian Democratic Party has 7, and the remaining 9 seats are shared among 6 other small parties.

Control of the executive can go different ways. If any combination of parties forms a coalition with at least 106 seats, the coalition controls the executive. If no combination of parties manages to gain a majority, the party with the most seats, the DA, forms the executive.

If the biggest players collaborate, they form a strong coalition – the DA and ANC have 171 seats between them. But if the two biggest parties do not form a coalition, parties with relatively little representation in council can become central players in determining who controls the executive. In this case, the ID becomes a key player: the DA could achieve a majority through a coalition with the ID (90+23=113 seats), while an ANC–ID coalition (81+23=104 seats) would require only an additional 2 seats to reach a majority.

The other small parties could, hypothetically, also swing the balance: if the DA formed an alliance with all the smaller parties, it would just reach a majority (90+7+9=106 seats). Potentially, these smaller parties could be represented on the executive, while parties that won a significant amount of votes (the ANC and ID) would be excluded.

As a journalist commented shortly after Cape Metro elections results were released, nobody had 'won' the election, but the question of who 'lost' the election was still to be decided (Faull 2006).

As events turned out, the DA gained control of the executive in this case. However, the DA-led coalition soon broke up when the ID, a minority party that had initially supported the DA, switched allegiances. This threw the council into a crisis, as no party had sufficient support to lead with a clear majority. The ANC, the largest opposition bloc, was reluctant to let the DA control the executive with a minority of seats.

Additional pressure was applied when the ID then tabled a motion to change the council from the mayoral executive system to the collective executive system – which would mean a move from an executive compromising only DA councillors to one representing the parties in proportion to the allocation of seats on council.

This brings another dynamic into play: in terms of section 11 of the Municipal Structures Act, the choice of executive system rests with the provincial government, which, in the Western Cape, is controlled by the ANC. The provincial MEC notified the executive mayor of his intention to change the municipal type, his stated rationale being the stabilisation of city governance. The DA saw this as a

bullying tactic in what had, by then, become a rather nasty spat. The national minister for provincial and local government then intervened, and brokered an agreement among parties whereby the executive mayoral system was retained.[22]

Political expedience

What is striking about the Cape Metro case is the degree of political expediency shown by all the major parties.

Before the election, the DA strongly supported the move back to an executive committee system; the party's election manifesto clearly supports this option: 'The DA will use the executive committee system, not executive mayors, to govern cities. This will ensure that power is not centralised in one person and that all residents are represented in the key decision-making bodies.'

The ANC election manifesto, on the other hand, favours the mayoral executive system. Yet, the ANC Western Cape chairperson was quoted as saying that, although the ANC remains 'steadfast' in its preference for the mayoral executive system, in the case of the Cape Metro they would support the ID motion for a collective executive. His reasons were that the DA was being 'dishonourable' and reneging on its election promise to institute an executive committee system. He said he would support the ID proposal because the ID was correct in sticking to its own manifesto, which favours a collective executive (*Independent Online* 2006).

In these circumstances, it is easy to see why the press, which has given prominent coverage to the struggle in the Cape Metro, and the public who followed the story may have become somewhat disenchanted with their city government. The public fracas drove home the point that the management and control of the city may not reflect the proportion of votes cast for each party. Further, none of the major parties were bound by their own election manifestos.

The following quote, taken from a regional newspaper, captures some of this disenchantment:

> The poor don't need an 'amendment to a section 12 notice', an 'executive mayor' or a 'collective executive committee'. The poor of this city need urgent, sustainable, effective and efficient service delivery and it doesn't matter specifically who delivers it to them, so long as they are accountable. It's time that the leadership of this city and province bowed to the imperatives of democracy and fulfil their constitutional mandate for the betterment of our collective living conditions, and purge the continuous cycle of petty politics that threatens to mortgage the development of our city (*Cape Times* 2006).

In other parts of the country, where opposition parties are weaker than in the Cape Metro, political wrangles of a similar kind (i.e. not about substantive policy issues,

and deteriorating into personal or petty public spats) have occurred within, rather than between, political parties.

This has been acknowledged by the Portfolio Committee for Provincial and Local Government (2003), which noted that, '[u]nderstandably, perhaps, the new local government system has become a major site of waging intra-party struggles, apart from the obvious inter-party struggles. These party struggles should not serve to deter the implementation of the new local government system'.

While increased visibility and interest in local politics and governance are desirable outcomes, which may contribute towards a revitalised urban politics, the kind of coalition politics that has been most visible to date suggest that (contrary to the popular truism) not all publicity is good publicity.

CONCLUSION

Reflecting on the dynamics of local politics in recent years, what is most striking is that municipal councils have tended to address substantive issues (e.g. inequality and access to community services) in an apolitical technical discourse, while local politics has been dominated by trivial issues and petty party conflicts (Pieterse 2003).

As discussed above, this apolitical approach is mirrored in national government's approach to local government policy, to the extent that technical capacity-building programmes are driving the re-envisioning of local government. There has been surprisingly little objection to this from organised local government, municipal unions and other institutional stakeholders; and surprisingly little opportunity for other stakeholders to become part of the discussion.

The expedience shown by major political parties in the Cape Metro case study suggests that major political parties do not have a strong commitment to a particular form of municipal political system. In itself, this flexibility about which structures will best serve is not necessarily a problem. However, what it suggests is that political parties have not invested much intellectual capital in considering how municipal structures can impact on local politics through structuring dialogues, creating spaces to address the real conflicts and inequities facing local areas, and promoting democratic practices.

Democratic local governance requires that political leaders actively raise, and create forums to address, the substantive political and policy issues facing local communities. If they do not claim this space, it is likely that social mobilisation against the local state (currently taking the form of service protests and the anti-privatisation campaign) will increase. The opportunity for a legitimate, democratic local state to mobilise around a shared agenda and build a sense of local citizenship may well be lost if political players do not find ways to claim this space back from the technocrats.

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ENDNOTES

1 Phase one and two of this section draw on previously published work; see Storey and Wooldridge (2001).

2 Some local forums were established before the LGTA. The Act imposed a two-sided structure and a

nationally determined agenda on these forums. In some cases, notably the Central Witwatersrand Metropolitan Chamber in Johannesburg, this disrupted a well-established process with a far broader agenda than that given by the LGTA, and nullified agreements negotiated over several years. In other cases, particularly in rural areas, the LGTA provided much-needed protection for negotiating teams with poor technical capacity by stipulating that local agreements had to be nationally vetted.

3   On the statutory side, seats were allocated roughly in proportion to the number of seats political parties had won in previous local government elections.

4   Comprising the ANC, the Congress of South African Trade Unions and the South African Communist Party.

5   'Independent states' declared by Afrikaner nationalists.

6   Transkei, Bophuthatswana, Venda and Ciskei.

7   In July 2007, a few months after this chapter was completed, the Department for Provincial and Local Government launched a formal policy process on the system of provincial and local government. The process allows for consultation and public participation.

8   The 14 countries were the United States, Australia, and 12 European countries, including four in Scandinavia, England, Ireland, Belgium, France, Italy, Spain and The Netherlands.

9   The Verheijen and Rabrenovic (1999) study includes Bulgaria, Romania, Slovenia, the Czech Republic, Slovakia, Yugoslavia, Albania, Estonia, Latvia, Lithuania and the Republic of Macedonia.

10   The Municipal Performance Regulations for Municipal Managers and Mangers Directly Accountable to Municipal Managers took effect on 1 August 2006.

11   The problem of legally dubious employment contracts is not limited to small, low-capacity municipalities. Because fixed-term contracts are new, related administrative procedures are still somewhat shaky, even in well-capacitated municipalities. For example, after the 2006 elections, the Democratic Alliance-led coalition in Cape Town dismissed the incumbent municipal manager, who had been appointed by the previous ANC-led council. The municipal manger refused to vacate his post (literally and somewhat bizarrely continuing to arrive at his office every working day for weeks after his dismissal). During the ensuing court case, it emerged that the employment contracts of the municipal manager and the city's top ten officials were legally invalid, due to a procedural technicality. (The contracts had been signed by the former mayor, in contradiction to section 60 of the Municipal Systems Act, which prohibits a council from delegating the power to appoint or renew the contracts of S57 managers.)

12   The Single Public Service project legislation may also impact on existing contracts. However, attempts to void existing employment contracts are likely to conflict with labour legislation.

13   The article records the minister's initial response as follows: 'To say some managers are being paid more than President Mbeki, so what? Who is to say the president should be the highest-paid person in the country?'

14   The Cape Town example draws on Edmunds (2006).

15   For other recent examples, see *Cape Argus* (2006) and *Pretoria News* (2006).

16   Issues that engender a climate of uncertainty include, for example, the allocation of powers and functions, the future of the district–local government, and the implementation of regional electricity distributors.

17   In the 1998 local elections, the year after New Labour came to power, voter turnout averaged 28%.

18   The Act provided for several executive models, including a directly elected mayor with an executive cabinet, a directly elected mayor with a council manager, and an indirectly elected executive (a council leader and cabinet drawn from the council). It also made allowance for a version of the committee system to continue in areas with populations of less than 85,000.

19   If a municipal council has more than nine members, the executive mayor must appoint a mayoral committee.

20   The judgement notes that the section of the Constitution that requires committees of a municipal council to fairly represent the parties and interests reflected within the council (section 160(8)) is worded similarly to provisions concerning the national legislature (section 57(2)(b)) and the provincial legislatures (section 116(2)(b)). These provisions aim to ensure that minority parties can participate meaningfully in the deliberative processes of parliament and provincial legislatures. However, sections 91 and 132 of the Constitution, which deal with the executive in the national and provincial governments, respectively, do not require minority party representation. Further, the local government system is a hybrid one in that both executive and legislative authority are vested in the municipal council. If the municipal council exercises its powers to delegate executive authority and has delegated executive power to an executive mayor, the intention of the mayor's committee is to assist the mayor in the execution of his/her delegation powers. This committee reports to the executive mayor, and is appointed or dismissed by the executive mayor. As such, the committee is not a council committee as envisaged in section 160 of the Constitution.

21   Half elected through the ward ballot and the remainder equalised through a proportional representation vote.

22   The stability of the DA-led coalition has recently been threatened again, by the withdrawal of a small party critical to the coalition's majority (the Africa Muslim Party). In response to this threat, the DA has renewed its alliance with the ID, restoring the stability of the ruling coalition.

Participatory Mechanisms and Community Politics: Building Consensus and Conflict

Sophie Oldfield

INTRODUCTION

> We can speak. There are more channels than ever to do so. But the language of technocratic liberal constitutionalism both enables and disables us. It enables us by making talking, listening and being heard a right in a democracy. But it disables us by telling us how, where and when we should speak and in what conceptual language we can speak if we want our sounds to be heard and comprehended and not reduced to noise lost in the south-easter and swept out to sea (Pillay 2005:7).

In the post-apartheid period, participatory mechanisms have been designed and legislated to enable citizens and communities in the collective to engage with the state in order to substantiate democracy. At a national scale, these mechanisms range from rights to protest and freedom of expression, to rights to vote to elect political representation. Legislated in the Municipal Structures Act 117 of 1998, most channels for participation provide opportunities for citizens and communities to engage with local government through structures and processes such as ward committees, integrated development planning and consultation in service delivery processes. Many citizens and community-based groups use these participatory mechanisms. But, they are also highly contested: in form, content, limit, extent, politics, and ideology, and unequivocally in practice in their implementation in the context of the everyday ways in which communities organise themselves and in which local government operates at the neighbourhood and city scales.

There are many reasons in a South African context to want to place some faith in the role of participatory mechanisms, but there is one main one: to build citizenship by making a once-exclusive state inclusive, open, and responsive to the needs of the majority previously excluded and discriminated against. Yet, in the rush to address political imperatives for the delivery of services, the building of infrastructure and the consolidation of the post-apartheid state, energy and resources have focused on the physical elements of delivery of development. In this all-consuming attention to 'deliverable' physical development, less tangible and measurable democratic processes to build inclusion have become side elements, narrow channels through which society is directed to participate with government. The focus on development as a delivery process has framed the substantiation of democracy as a procedural policy rather than a political challenge (Stokke & Oldfield 2004). In consequence, a softer, subtler reworking of power relations has been assumed problematically as a technical outcome, or by-product, of the idealised goal of non-racial and equitably administered development processes. Participatory mechanisms therefore exist and are statutorily required; in large part in practice, however, they are peripheral to the central state project. Community participation, for example, has been devolved and farmed out in packaged processes to local-level politicians and officials. In practice, then, although participation is conceived as a normative good – an instrumental element of post-apartheid reconstruction – in practice such processes are limited. Perhaps not surprisingly, they are also entangled in conflict.

This chapter examines local-level participatory mechanisms, the vision that underlies them and what we know about how they work in practice. In the context of research on ward committees in particular, the chapter describes how participatory mechanisms build slithers of consensus, but fail broadly to engage with the wide array of everyday organising in communities. This trend has resulted in a concurrent formalisation and regularisation of state-driven participation and, at the same time, a politicisation of these processes, which is examined in the next section. Divergent interpretations of these parallel processes read the situation as a fault of a state autocratically driving the project or the failure of civil society 'to get its act together' to engage with policy and the state. To unpack this polemic, I turn to a conceptual literature on state–society relations to argue for a less dichotomous analysis that highlights the strategic and always selective ways in which state and civil society engage, oppose, fight and, at times, ignore each other. The chapter therefore concludes with a call for a more nuanced assessment of state–civil society relations, and a disaggregation of the politics in-built in their engagement to trace multiple pathways through our transition. Lastly, however, I argue, the state in particular should acknowledge the limits and narrowness of

participatory systems in order to listen more carefully to the challenging array of politics generated in communities across South Africa (Ngiam 2006).

PARTICIPATION IN LOCAL GOVERNANCE

The Municipal Structures Act clarifies how the broad objectives in the Constitution should be implemented by specifying the different sizes and organisation of local government and its core functions, specifying generically a requirement for 'community participation.' These are:

> (2) A municipal council must annually review – (a) the needs of the community; (b) its priorities to meet those needs; (c) its processes for involving the community; (d) its organisational and delivery mechanisms for meeting the needs of the community; and, (e) its overall performance in achieving these objectives; (3) A municipal council must develop mechanisms to consult the community and community organisations in performing its functions and exercising its powers (Municipal Structures Act, sec. 19.1).

These requirements are made operational in ward committees and participation in service delivery choices and standards.

In parallel, community participation is a fundamental feature of the integrated development planning process. In theory, this process provides space for such participation through forums held with community representatives and municipal officials. In general, while case study research acknowledges that the level of participation has never been higher in South Africa, given the history of exclusion during apartheid, it suggests that participation through integrated planning processes has been superficial (Davids 2005; Houston 2001; Kehler 2000; Mathye 2002), highlighting the limited nature of participation through such processes in practice. In particular, Davids identifies the ambiguity of integrated development plans as strategic tools for efficient integration of municipal activities and as participatory mechanisms, asking critically: 'Is participation a means to achieve greater administrative efficiency … or is it a means to empower people by giving them control over development and government processes and outcome? Or both?' (Davids 2005:19).

In the context of debates about participation in service delivery, Smith and Vawda (2003) also examine the limited conception and scope for community participation, another statutory site for participation outlined in the Municipal Systems Act 32 of 2000. They suggest that frequently in practice a shift is made that translates citizenship participation into 'customer' consultation:

> If we look at service delivery as a microcosm of this changing relationship, the outcomes of this shift threaten to undermine meaningful forms of public

participation. In the realm of service delivery, consumers are invited to take part in the process through the freedom to exercise their choice and preferences. However, the nature of this interaction is predetermined to set parameters. It is ritualistic through rote filling out of customer surveys and remains shallow in the degree to which customer complaints or suggestions actually transform the thinking behind the delivery process …. Most importantly, the customer may have a say in how to reshape the tail end of the delivery process, but is usually excluded from the decision-making process in how services are produced and where they are delivered. In this sense, the replacement of citizens' involvement with customer engagement in service delivery processes connotes a move away from an active form of public participation to a passive one (Smith & Vawda 2003:35–36).

A liberal and passive conception of citizenship does not, they argue, provide avenues for participation to address the serious challenges that face many poor residents of our cities. Research on ward committees demonstrates a parallel shortcoming and thus why state attempts to engage with communities to create and institutionalise development are at best partial and often contested.

WARD COMMITTEES: SLITHERS OF CONSENSUS IN A SEA OF DISCONTENT?

Ward committees are legislated in the Municipal Structures Act to ensure and improve community input and participation in governance processes, to build partnerships for service delivery, to disseminate information to communities from municipalities and to identify problems in the ward, and through this structure to bring these problems to the attention of the municipality (Putu 2006:14). Committees are chaired by the ward councillor and include ten community representative members. This membership statutorily must be representative, incorporating women and youth, as well as a broad cross-sector set of participants. Municipal councils make the rules that regulate ward committees, including the process for election of members and the specific powers and functions delegated to them by council, particularly the pathways for issues generated from wards to reach council and executive committee agendas (see eThekwini Municipality n.d.). Although there are exceptions in design, in many instances decisions taken or issues addressed in ward committees are brought to the attention of council through the ward councillor (Hicks 2006). Ward committees have no formal powers to force council to do anything, although they have discretion over the annual ward budget allocation (Nyalunga 2006).

At this stage in their development, ward committee structures exist and operate in roughly 80% of most provinces (Hicks 2006). Research on ward committees indicates three critical limitations, however, evident in: the politics of representation at ward committee level, the structural limits to ward committee powers, and the ways in which ward committees become enmeshed in the vagaries of councillor and party politics.

The politics of representation and structural limits to power

Although ward committees in some instances have structural mechanisms for democratically shaping representation – see Overstrand Municipality (2006) in the Western Cape, for instance – more often than not, ward councillors select ward committee members. In the month-to-month functioning of committees, the setting of agendas and addressing issues raised in council thereafter is the statutory responsibility of the ward councillor (Chanza & Piper 2006). Structural linkages to decision making and the shaping of policy are therefore constrained. Although, in some instances, municipalities have designed processes of accountability, they are not statutorily required. Thus, if a community member or another organ of civil society in a community disagrees with ward committee decisions or contests the nature of representation on the committee, there is no clear institutional path through which to do so. Thus, Hicks's (2006:3) critical assessment that only a privileged few access the participatory spaces that ward committees provide rings true in the majority of cases. The facilitation of community input often therefore appears partial and sometimes superficial, with many ward committee processes presenting pre-determined positions and programmes for limited feedback or information sharing only.

In more positive assessments of the democratic or participative possibilities, researchers still stress the limits within which ward committee structures operate. A wide variety of researchers highlight, for instance, the need for capacity building among ward committee members and councillors (Davids 2005; Putu 2006). Where innovative practices that produce a deeper type of participation have occurred, they have required political will, commitment and interest from municipalities (see Putu 2006 in the case of Rustenburg, and Davids 2005 for a Stellenbosch municipal case study). Even in these cases, however, ward committee structures, processes and decision making revolve around ward councillors, who themselves face a number of challenges. In poorer areas of cities especially, ward councillors must negotiate an intense set of demands from neighbourhoods within their areas with multiple, parallel sets of housing, water, sanitation and service needs. Councillors' structural abilities to address material needs in wards are, by definition, limited and largely outside of their control, bound up in municipal, provincial and national priorities for service delivery. In many instances, ward committees' mandates overlap and at

times compete with existing community structures such as development committees and sector-specific committees. Because ward committees are usually controlled by councillors, there is no institutionally designed and regulated way to manage what are often contested sets of politics that arise in the overlaps among organisations at the community scale.

At the same time, ward councillors are functionally challenged if there is no explicit way in which ward committee concerns structurally become part of council agendas. Bound by the political party caucus processes and party structures, ward councillors often sit lower in political party hierarchies, with proportional representation councillors shaping party policy decisions. It takes a savvy and politically well-located councillor to negotiate ward interests through this web of processes and interests. Committee structures and processes are thus highly susceptible to a local politics of patronage that could be material (the control of service and infrastructure delivery within wards), but is also about control and voice, the shaping and directing of who can and cannot participate, and what is and is not allowed to be said or raised – another layer to Pillay's (2005) assessment of the limitations of technical constitutional liberalism.

Perhaps most importantly, Nyalunga (2006) stresses that ward committees cannot be understood as the only avenue for participation at neighbourhood level. They build on existing participatory practices inside and outside of state-driven processes, and thus 'cannot despise' or sit in opposition to 'other alternative forms of participation' (Nyalunga 2006:1). Ward committees can only be effective when they are complemented by pragmatic and more inclusive mechanisms for participation. As a central way for communities to engage with municipal governance, ward committees and councillors thus generate slithers of consensus. For those community representatives who access committees and in cases where energy and funding has been focused on capacity building, there is evidence for the benefit of relatively frequent and continuous engagement (Putu 2006). But, they do not solve or lessen conflicts underlying local governance. While research on ward committees thus far has been largely micro scale and case-based, this tendency resonates with the more general experience that in the formalisation and normalisation of participatory processes since their inception post-1994, there has been a parallel politicisation of governance in cities across South Africa (Pithouse 2006; Ballard et al. 2006; Desai 2003).

THE PARALLEL NORMALISATION AND POLITICISATION OF PARTICIPATORY MECHANISMS

In the past ten years, there has been a formalisation of processes and spaces for participation. As a result, the nature of engagement between communities and local

government has become increasingly procedural and technical. This trend is not normatively bad – it is the goal of policy to normalise democratic processes – but it does hold consequences, and generates particular and perhaps more durable patterns of inclusion and exclusion. In some instances, this might manifest as a reduction of space and process through which communities engage, so that less effort and initiative is taken by the state to 'go out and get' communities to participate. Instead, the imperative is on communities to 'come to the state' space and process. On both sides, expectations of the state and communities are more specific, raising questions about the 'patience' of the local state to engage with communities outside of formally required processes. At the same time, the 'patience' of some community organisations and movements to work within state-driven and controlled participatory processes has withered, and oppositional protest tactics have become routine.

On the one hand, the formalisation of participatory mechanisms is essential: in order to make processes accessible and to function within a wider sphere and practice of governance, processes need to be regularised and predictable. As Heller (2001:136) comments:

> … democracy requires bureaucracy. Because participation can never be com-prehensive or continuous (capacities for participation are uneven and cannot be sustained throughout the planning the implementation process), there is a need to routinize and formalize the process through which participatory inputs are translated into outputs; hence, the technical requirement for rules of transparency, accountability, representation, and decisional authority.

But, at the local, ward and neighbourhood level, formalisation of processes carries significant consequences. The more formalised avenues of participation in ward committees and sub-council structures reduce the avenues through which communities engage with the state, and, at the same time, such participation is contained within the various and often personalised ways in which these processes are run by councillors.[1]

While conflicts underpin the distribution of resources within and among wards, and the local politics among councillors, community organisations and civil society, as well as many other forms of unorganised everyday experiences of governance, ward committee structures marginally manage or address these real material and political cleavages across and within neighbourhoods. Although such structures create opportunities to participate in an ostensibly equal process, allocating much weight to them as mechanisms for democratisation ignores the grossly unequal possibilities for participating, the formal modes of participation, and the often personalised or at least party-political agendas that drive these processes in practice. These problems do not only reflect the complexities of difference within wards and

local areas, but also unequal access; different abilities to participate; and the state's uneven and partial ability to hear, recognise and respect different types of civil society organising.

At the same time as channels for participation have been formalised and ways to participate in them normalised, there is increasing evidence of the politicisation of participatory spaces and processes. This politicisation is physically and symbolically evident in over 600 service delivery protests in the latter half of 2005 in large and small cities across the country (Pithouse 2006). It also is expressed in a state-led critique. African National Congress (ANC) rhetoric, for instance, frequently distinguishes between constructive and disruptive forces in social movements in particular, and those organised elements of civil society with whom government can form partnerships (Mthembi-Mahanyele 2003). Reaching a climax in 2005, such analysis interpreted service delivery protests around the country as disruptive and anti-democratic rather than as legitimate protest, i.e. a form of public participation on the streets.

Alternative interpretations of protests suggest a different motivation. Pithouse compellingly argues, for instance, that community politics build from the concrete experience of material deprivation:

> … most often the fight begins with these toilets, this land, this eviction, this fire, these taps, this slumlord, this politician, this broken promise, this developer, this school, this creche, these police officers, this murder. Because the fight begins with a militant engagement with the local its thinking immediately pits material force – bodies and songs and stones against bullets. It is real from the beginning. It is not about abstract rights (Pithouse 2006:29).

In the process of formalising already limited and often-peripheral forms of participation in local government, channels for community-state engagement are in many ways narrowed further. They are bound to the local scale, contained within a council-led and state-driven discourse and process. Thus, we have a debate on their functionality and politics. On one end of the spectrum, local participation is seen as a process of patronising consultation on service delivery rather than on issues that structurally shape our society, such as the contentious politics of macroeconomic policies (Pithouse 2006). Participation in large part at the local scale reflects, therefore, an instrumental process defined to legitimate policy decisions pre-determined by the state (Hicks 2006).

More sympathetic to the 'genuine intentions to positively affect democracy and bring about social and economic delivery at local government level', Mathekga and Buccus (2006:11) suggest that 'the method of implementing new institutions [and processes] has not effectively catered for the dormant participatory culture held by citizens'. Participatory mechanisms in this interpretation sit on top of existing community systems, missing out on existing systems and ways in

which communities work. And, at the other end of this interpretative spectrum, participatory mechanisms are there, but are not taken advantage of, perhaps because of a lack of 'capacity' (Davids 2005), or because civil society has ideologically chosen not to 'come to the party' (Haffajee 2005). A conceptual discussion is useful to interpret these divergent responses to the question: are we democratising local governance through participatory mechanisms and processes?

BEYOND THE POLEMIC ON STATE-SOCIETY ENGAGEMENT[2]

How do we make meaning of our post-apartheid transition and of the polemic that encases this debate? On the one hand, a radical critique tells us that the South African state and its developmental agenda is a cause lost to neo-liberalism. The problem thus is the state. On the other, we hear calls for civil society 'to come to the party' – an analysis that highlights the shortcomings of civil society. Both ends of this debate call for some nuance.

Let's start with conceptualising the state and its statecraft as a multiscaled, complex set of processes. Clearly the state is not a monolith or a unitary actor. Nor is the post-apartheid state neutral, as liberal readings of the state might argue; or, functional only to capital or to class interests, as a radical critique proposes. Rather, the set of institutions that make up the national, provincial and local state are sites and objects of processes, as well as agents in directing change and products of the particular conflicts and compromises that structured the transition from an apartheid to post-apartheid order, reflective of the formal and informal, personal and impersonal processes that muddy the myriad activities that 'the state' encompasses. The state straddles these contradictory and demanding roles, and the tensions that emanate from the relationships among national, provincial and local tiers. This type of theoretical perspective or story of the state tries to highlight the nuances and complexities that reflect the state as a site of conflicts over resources, as a generator of resources, and as a product of particular conflicts and processes, located in actual places, played out in policy and in the ways in which the local, informal, the personal and the generic interact in everyday state practices and engagements with citizens (Corbridge et al. 2005).

The multiple and fluid ways in which the state relates to society, as a site, an agent in, and a product itself of social, economic and political struggle, form an institutional and social infrastructure that enhances its relationships with some sections of society, and in some places, through particular projects and processes – such as ward committees, or presidential lead projects, for instance. Simultaneously, however, this institutional and social infrastructure, increasingly more formal and technical, makes the state more permeable to some and more impenetrable to others.

Mangcu (2003:8) describes this problem of permeability as a shift 'from the lifeworld of social movements to the systems world of bureaucrats and technical experts, all in the name of empowerment and reconstruction'; and Scott (1998) as the state simplifying to make legible to its goals what are complex processes in practice.

Jessop's (1990) strategic–relational analysis of the state and its politics proves interesting. He argues that the state is constructed relationally. Its complex mix of roles, functions and the processes that it drives but does not control does not roll out evenly. Rather, this mix coalesces in contingent and strategic moments and places, through particular relationships and in specific projects. It is the selectivity of these processes that I find useful.

While the state is selective in its engagement, so are citizens and, at a collective level, civil society, in our local context in the form of social movements and community organisations. Everyday civil society is complex and differentiated, and at times confrontational and 'uncivil'; at others, cooperative and collaborative. Local contexts direct activism, the spaces and sites for a wide range of activities that span a continuum between engagement and opposition. These choices reflect local context and they shape the autonomy of community-based organisations and other local social formations to act, and to engage with other organisations, and with the state and its processes. Local context also directs community-based civil society to different parts of the state, to particular institutions and policies, and to particular officials and politicians. This differentiation is not uniform, nor completely disparate. Instead, it coalesces around particular issues such as water and housing policies, or particular actions by the state and community workers and activists: the realities Pithouse (2006) grounds his theorising of community politics upon. Moreover, the consequences of local mobilising and organising cannot be assumed as bounded to the local. Local actions have ramifications at multiple scales, and their origins and inspirations also derive from the many scales of activist and community-based networks within and outside of South Africa. This complexity and plurality informs civil society organising, as well as the range of relationships that are generated between communities and the state.

Although urban political practices at the community scale highlight the presence of a diversity of political issues, strategies and arenas, rooted in historical and geographical differentiation within and across cities, at a discursive level, much resistance becomes packaged as anti-state, anti–neo-liberal positioning. Political action and community organising are grounded in local everyday life and local political spaces, yet they are also framed by and partake in the contestation of political decision making and discourses operating at city and national scales. The multiple positions and strategic engagements adopted by urban community-based movements, combined with the complex character of neo-liberal policies, produce often contradictory and always uneven politics that at times resonate with critiques of neo-liberalism, but also articulate as locally specific issues. These politics and their complex articulations,

although frequent under-theorised in academic and policy debates on local civil society in the context of neo-liberalism (Oldfield and Stokke, 2007), also contribute to the politicisation of participation and engagement in state-driven processes.

This complexity is important because it shapes participatory practice and community engagement with these processes, democratic or otherwise. Importantly, complexity also means that contestation of participatory mechanisms – the ways in which communities do and do not engage with local government – needs to be read and analysed carefully to provide a more nuanced language for thinking through the question of where community systems and participatory mechanisms meet and miss one another. Contestation of state process, for instance, does not necessarily reduce to opposition to the state, nor can it be read as necessarily anti-hegemonic or anti-state. Ballard reflects on the consequences that follow when we do not make these distinctions:

> The responsibility for a utopian future is thrust upon local level struggles by the poor. In the process, effects are confused and conflated with intentions ….To fire up the troops it is necessary to know who the bad guys are, and to clearly draw the battle lines. They provide a black and white, good and bad reading which attempts to squeeze out ambiguity and exert an order on the world (Ballard 2005:91–92).

Situating the ways in which participatory mechanisms overlap and reduce the ambiguities through which community systems operate and the parallel ways in which such processes are contested in civil society is part of this chapter's project. Although operating at a smaller scale and in a language of democratisation, participatory mechanisms legislated by the state interlink and play with community structures and processes in ways that sometimes speak to one another, but at other times miss or even clash. The complexities of the state and of communities generate this discordance and situate the normalisation of participation and its inclusion of citizens and communities in policy processes and local governance, and their counterpart, exclusion and contestation.

Conclusion

> If we are to understand the condition under which democratic government can challenge both the structural and discursive hegemony of neoliberalism, and reinvent social–collective projects of transformation, we need to part company with deterministic models of both Left and Right that leave little room for agency, and romanticist views that pin all their hopes on resurgent civil societies. Instead we need to develop models of analysis that explicitly unpack the configurations and conditions under which social forces and political actors become agents of transformation (Heller 2001:159).

In relying on participatory mechanisms as the interface between communities and local-level organisations and municipal government, we face challenges and risks of substantiating democracy at a local scale (Harriss et al. 2004). Participatory processes get wrapped up in city-level and intraurban politics. Although such mechanisms are nationally designed and prescribed via legislation or policy practices, they are implemented at the local urban scale. They are thus readily subsumed in the complexities of South African cities, bound up in racial, class and place-based politics. Tensions embedded in the local provide one set of explanations for the contestation of participatory mechanisms in practice. Mohan and Stokke (2000), for instance, argue at a conceptual level that the 'new right' and the 'new left' are obsessed with an essentialist understanding of the local, thus discounting the practical realities that local inequalities and power relations produce and the ways in which national and transnational economic and political processes unevenly shape local contexts. In the South African context, this trend helps explain the uneven and irregular ways in which democracy is substantiated through local-government-driven participatory engagement in highly unequal and fragmented urban and rural contexts.

Although transformation of the state and society from the inequalities embedded in the apartheid system is a project initiated by the post-apartheid state and one in which state institutions play a central role, any process builds on the uneven and unequal links that tie together different parts of the state with communities and recognised and informal organs of civil society. Local government itself embodies a set of contradictions as an independent state sphere, yet one that is dependent on provincial and national funding and legislation that determine statutorily many of the participatory mechanisms it uses to operate in its jurisdiction. At the same time, it is representative of competing and often conflicting racial and class-based interests that reflect differentiation across cities, interests of variously aligned political parties, and powerful business and market forces. It is in this context that the local state negotiates its relationships in race-, class- and place-specific ways that structure a selective engagement between state and society. The state is not immune from politics, neither is it a neutral player, but rather a site of, an agent in, and a product itself of economic, political and social struggle.

This institutional and social infrastructure enhances in selective ways relationships with some sectors of society in some places and through particular state projects, as well as the processes, technical requirements, conceptual languages and politics that make some citizens and groups better able to be heard and seen by officials, politicians and state institutions, regardless of blanket statutory requirements for participatory local governance (Pillay 2005). It is difficult for participatory mechanisms to overcome the power inequalities that structure and sustain governance processes. Policy makers who design them and officials and politicians who run participatory processes can be more open and respectful to their limits, however.

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Endnotes

1   Personal communication from F. de Vries, July 2006.
2   The argument in this section has been developed in Oldfield (2005).

Beyond Cooption and Protest: Reflections on the FEDUP alternative

Mark Swilling

Sophie Oldfield's chapter (Chapter 22) is a valuable contribution to the long and well-established South African discussion about state–civil society relations. Using contemporary trends in state theory, Oldfield criticises conceptual frameworks that counter-pose the state and civil society. Appropriately, she suggests that the alternative to this kind of dualism is a perspective that appreciates the fact that the state is a vast and complex conglomeration of institutions constituted at different levels and spaces. These institutions, in turn, are not neutral, nor can they be depicted as representing *a priori* particular capital logics or class interests. They are embedded within wider contestations and are, therefore, constantly shaping and being reshaped by these processes. It is on this basis that Oldfield again appropriately criticises another dualism that afflicts the way both protest and participatory processes are depicted. She discusses a long tradition of extrastate resistance and protest that has persisted into the present era, and the relatively new traditions of state-managed participation via ward committees, integrated development planning processes, and so on. There is, however, another tradition that she does not discuss, namely a tradition associated with the South African Homeless People's Federation, which was renamed the Federation of the Urban Poor (FEDUP) in December 2005. The significance of this tradition is that it is quite explicitly predicated on a critique of the two traditions that Oldfield suggests lack an appreciation of complex relational state processes and institutions. The FEDUP tradition – and the global social movements represented by Shackdwellers International (SDI) that FEDUP is affiliated to – explicitly acknowledges the complex and relational nature of the state and the need, therefore, to both engage it and contest the focus of its interventions, as well as the need to preserve and protect an autonomous base within the poorest homeless communities. The purpose of this rejoinder to Oldfield is to articulate the significance of the 'empowerment through engagement' tradition, including a discussion of the comparative merits of this approach compared to the protest and institutionalised participation approaches.

Although I have used FEDUP as the focus for this discussion, FEDUP is in reality a contemporary manifestation of a tradition that has a long history in both the trade union movement and community politics. Although trade unionism in South Africa has always been torn between cooptive 'sweetheart' unionism and radical anti-capitalist unionism, there are examples of union movements that straddled, incorporated and synthesised these traditions. The Federation of South African Trade Unions – the predecessor to the Congress of South Africa Trade Unions (COSATU) – managed to achieve this balance by the early 1980s, and, as it morphed into COSATU in 1985, this balanced mix of strident opposition and workplace bargaining became the strongest pillar of the mass democratic movement. The shop steward councils that were set up by militant shop stewards to take up community grievances spawned the nation-wide civic movement, and, not surprisingly, this movement was not at all averse to negotiating deals with local authorities while simultaneously organising consumer and rent boycotts. Names like Mhuseli Jack in Port Elizabeth and Gugile Nkwinti in Port Alfred became associated with a new style of mass-based mobilisation coupled to sophisticated negotiations and engagement with establishment structures. It was this dynamic that created the conditions for the emergence of the urban sector service organisations – PLANACT, CORPLAN, the Development Action Group, the Foundation for Contemporary Research and the Built Environment Support Group. Once social movements engaged, they needed access to knowledge so that they were not dependent on knowledge generated by the dominant state or capitalist interests of the time. The service organisations filled this gap. FEDUP has reinterpreted this 'empowerment through engagement' tradition within the contemporary South African context. However, there are others that have done the same, including COSATU, the HIV/AIDS movements, anti-crime movements and, more recently, interesting networks of community-based waste recycling movements.

The relational perspective that I share with Oldfield will accept as a point of departure that the power of those who control the world's resources depends on the systematic disempowerment of the global poor. It normally follows from this that once the poor get organised and build capacity to capture and control resources, the power relations start to shift. But this implies a cause-effect relation that does not always apply (especially in this globalised world, where the centres of power are geographically separated in global space): just because the poor get organised does not reduce the power of the rich, especially if this new-found power is used to simply challenge the rich to change. South African social movements have learnt the bitter lesson that if the rich are left to determine the terms of change, the poor rapidly lose control of the final solutions. The alternative is, therefore, to build self-organised systems within poor communities that, over time, retain an autonomy that remains unaffected by whether there is conflict, negotiated engagement,

cooperative partnering or simply a void in places where 'non-states' exist. What changes when this happens is not the power relations *per se*, but rather the way solutions are defined, contested, negotiated and implemented. Over time, the substance of these power relationships starts to change.

This is why this alternative approach is not simply a rights-based mobilisation *against* the status quo. Instead, it seeks to institutionalise alternative forms of social self-organisation within communities that simultaneously express the possibility of alternatives in order to build hope, and create new power bases for sustaining the struggle over time for greater equity and justice. It is, therefore, unsurprising that the way to do this is to organise around the most critical key to daily survival, namely cash. If what is needed is a model of self-organisation within communities that is easy to replicate, appropriate to a reality that affects everyone no matter the context, flexible enough to adapt to specific circumstances, and is not dependent on external leadership or professionally managed systems, then organising around the control of cash (savings and loans) makes enormous sense. It is an approach that touches the deepest nerve centres of every community and penetrates the flows of the energy that connects these communities to the outside world (for better or for worse). It is also an approach that is in some way remarkably appropriate to the specific realities of developing-country cities, where daily contact is possible in highly congested communities where living, working and recreational spaces get merged together into a seamless web of complex, adaptable dynamics.

The significance of the approach that is now associated with FEDUP (and with SDI internationally, which is active in 28 countries in Asia, Africa and Latin America) is that it has plaited together strands of developmental knowledge that are normally compartmentalised into separate types of developmental practice: the key role of micro finance in development; grassroots community-organising to build collective solidarities; technical innovations aimed at doing more with less; challenging existing inequalities at the political level; pragmatic autonomism within civil society; the specificity of the city, and in particular the sociocultural context of the urban poor as a field of organisational practice; and subordinating professional knowledge and roles to the organised chaos of community leadership. Unsurprisingly, as with any kind of synthesis, it makes everyone who has not seen the synthesis unhappy. The pragmatic autonomism will be criticised for being reformist, because it 'lets the state off the hook'; the emphasis on continuous challenge and engagement will be criticised from the institutionalised participation perspective for being too political and confrontational, thus putting potential concessions at risk; micro finance combined with community organising will be criticised by the micro-finance purists for being financially irresponsible; and traditional rights-based community organisers will see micro finance as a waste of energy when the real task should be to put pressure on states to inject more development finance,

and they will dismiss the significance of negotiation to win concessions for being reformist. Above all else, synthesis often makes the story too complex to tell in short and simple enough ways for academics, government officials, the media, development specialists and most social activists to understand. It can, however, work in communities because these complexities are an everyday reality. Unsurprisingly, FEDUP and SDI build capacity not via the usual non-governmental organisation (NGO) 'capacity building workshop', but via 'exchanges' where activists from poor communities visit and learn from activists in other poor communities.

As far as the FEDUP methods are concerned, these are briefly described below. In combination, they all aim to build community power, but in ways that are markedly different from traditional rights-based social movements that call for state-led social transformation or the managers of institutionalised participation who favour social amelioration within the existing institutional framework. The FEDUP/SDI approach consists of methods aimed explicitly at transcending this traditional dualism in developmental thinking. Like all dualisms, this dualism is deeply rooted in a Western scientific paradigm that can only establish the identity of 'A' by distinguishing it from 'not-A', i.e. transformation *or* amelioration (revolution *or* reform for an older paradigm). Eastern and African knowledge systems have no difficulty in thinking about 'A' and 'not-A' as embodied in the same identity.[1] The so-called 'methods' below should be seen in this light, i.e. crafting a developmental practice that makes it possible for poor communities to build via self-organising systems the governance capabilities, knowledge base and skills for ameliorative transformation or transformative amelioration (or any other expression that captures the synthesis). In practice, this means poor communities empowering themselves to define their own solutions *and in so doing* (i.e. not cause-effect, but simultaneously) dissolving the assumptions underlying solutions imposed by others. In other words, another dualism crumbles – the subject-object dualism as the 'object' refuses to be the 'object' by doing what 'objects' should not be able to do, i.e. to think and act like 'subjects'. The result is the 'subject/object' of transformative amelioration. Because English is so rooted in the Western scientific paradigm, this *koan* can only be expressed in an incomprehensible way.

The FEDUP/SDI methodology can be described as follows:

■ *Savings and loans:* As already described, the FEDUP/SDI approach adopts micro finance as its 'operating system', but eschews the high-cost, top-down control model inspired by Grameen and the exploitative coercive model practised by many micro-credit organisations. Instead, self-managed savings and loans systems are seen as a way of redirecting financial flows within communities; using the social relations created by savings and loans incentives to build social

solidarities and trust; and as a vehicle for channelling development funds into communities. This is, however, much easier than it sounds.

■ *Enumeration:* As any community organiser knows, when a community controls the knowledge about itself, it is able to engage with outsiders far more effectively. The enumeration process effectively turns the planning process on its head – instead of planners gathering knowledge and presenting proposals to communities who are then asked to simply shake or nod their heads, the emphasis is on active engagement in knowledge preparation and solution generation. Virtually every enumeration process is contested in some way by interests who are threatened by the prospect of communities gaining control of knowledge. The result is the entire process of planning and executing an enumeration is a highly political affair rooted in intense grassroots organising.

■ *Exchange programmes:* Instead of transmitting knowledge via formal expert-centred learning, funds are raised to cover travel costs for local leaders of savings and loans groups to visit one another across cities, regions and countries. Not only does this enable people to learn new things from other places; it also deepens self-understanding via the process of telling one's own story to others. A key by-product, of course, is network building across localities – what some have described as 'grassroots globalisation from below' – and the construction of imagined communities represented, most graphically, in the spread of common cultural practices (songs, dance, slogans).

■ *House modelling:* House modelling is a simple technique for building mock houses out of wood and cloth in order for people to physically see what they will get for their money, and it also rallies popular community attention to a process that promises tangible proof of change. It cuts, of course, both ways – beneficiaries realise the expectations raised, while the disappointments of non-beneficiaries are enhanced.

■ *Negotiating and deal making:* The most controversial and counter-intuitive of all the methods is the emphasis on direct engagement with, in particular, state agencies to make demands, reach agreements and co-create implementation mechanisms. In situations where states have low levels of legitimacy (which is most places), this approach fuels the most heated accusations of 'reformism', 'cooption' and 'doing the state's work'. What the critics of radical pragmatism do not realise is that engagement achieves three things: it forces communities to clarify exactly what they want; it hones the skills of leaders, who soon realise that what they get at the negotiating table depends on the strength of their organisational formations on the ground; and concessions help sustain long-term commitments of large membership-based groups that must witness rewards for staying organised (this being a pressure that small lobby groups with no membership never experience). South Africa's leading trade unionists also understand these three features of effective worker organisation. It

is, however, a tiger that's being ridden: leaders who become more dependent on their relationship with those making concessions than on those they should be representing soon end up inside rather than on top of the tiger. It is, however, a tiger worth riding, because the alternative is a confrontational non-engagement model that is easily thwarted: all that a political elite needs to do is agree to the demands being made, and then determine unilaterally the terms and conditions of meeting the demands. Whereas the opposition wanted to de-legitimise the state via non-engagement, the end result is heightened legitimation as the state captures the language of the opposition and uses it against the opposition. To survive, the opposition then has to run around explaining that what the state has conceded is not the 'real thing'. By then they are on the defensive and invariably the end result is the demobilisation of their constituencies, who are often happy to pragmatically accept something less than the 'real thing' – at least it is 'something', they will say. After that, the movement fragments into splinters, each more ideologically pure than the other. South Africans know this story only too well.

The origins of the South African Homeless People's Federation lie in the formation of People's Dialogue, an NGO formed in the early 1990s to facilitate exchanges and networks of local groups. It had strong links with SPARK in India, which worked closely with the National Slumdwellers Association. It was the Indian counterparts of People's Dialogue that pioneered the development of the methodology described above. Formed shortly before the founding democratic elections in 1994 by 200 local groups, the Federation rapidly grew into a national network of some 1,500 autonomous savings and credit groups whose size ranged from a minimum of 15 to a maximum of more than 500 members. By 2002 it had an active membership of more than 100,000 in some 700 informal settlements, 100 backyard shack areas, 3 hostels and 150 rural settlements. It was active in all nine of South Africa's provinces. The work of the Federation included the 'delivery' of 12,000 housing units, incremental loans for a further 2,000 houses, infrastructure for 2,500 families, land tenure for 12,000 families, hundreds of small business loans, three parcels of commercial land, ten community centres and several crèches. It set up its own housing fund, the uTshani Fund, in 1994 in which savings were deposited and from which loans were made, including bridging finance for housing and infrastructure loans, access to grants through the government's housing subsidy scheme and access to credit for small business loans. The Federation has also set many precedents for what the urban poor can do, helped to change national housing policy and developed a partnership with the city government in Durban for an ambitious city-wide programme, including an upgrading programme involving over 15,000 households.[2]

By 2002 the South African Homeless People's Federation was in crisis as a result of a tight complex set of convoluted contradictions and tensions that are difficult to grasp.[3] Although in theory the rapidly expanding savings and loans groups were the organisational foundation of the Federation, by the mid–1990s this began to change as access to housing and housing delivery became the focus within a national context dominated by pressures to demonstrate the benefits of democracy. The Indian model had replicated in South Africa, but without a history of many years of bottom–up community organising around self-managed savings and loans routines as the sub-structure of social solidarity. The deal with the Department of Housing to transfer R10 million into the uTshani Fund and for the Fund to act as a conduit for subsidies demonstrated the benefits of engagement, but also brought about profound dangers that were not apparent to all at the time. The benefits were clear: access to funds to take the People's Housing Process to scale. Across the country, Federation leaders announced the good news. Support NGOs and state structures were geared up to spend and deliver, and international donors joined the party. Mobilisation levels were intense, high energy and large-scale. People expected to get something for their efforts.

But on the ground, a subtle, but vital shift took place: savings became a means for accessing the subsidy, i.e. the simple message was 'save R500 and you can get a R15,000 subsidy via the Fund'. Getting houses became an end in itself – amelioration became the priority; transformation fell away. As thousands of houses began to get built, energy was directed into the complex processes of land acquisition, house design and construction. Like trade unions that give up a class focus in favour of members, the focus became the 'beneficiaries', not the urban poor as a whole. However, the subsidies were delayed by cumbersome and resistant bureaucracies, which meant that the housing delivery process was funded by bridging loans to members from the Fund. By 2003 the state owed the Fund R54 million and the Fund was forced to turn off the tap. On the other hand, Federation leaders were under enormous pressure to make promises to non-beneficiaries who wanted the same deal as beneficiaries, despite the fact that building costs were rocketing while the subsidy remained static. Fund managers got squeezed between a state that broke its promises (while restating its positive policy commitments to the contrary) and Federation leaders who were reluctant to push back member's expectations. Unsurprisingly, once houses were built, 'beneficiary' members were not locked into sufficiently strong daily savings and repayment routines, resulting in declining loan repayment levels. This was exacerbated by the fact that 'non-beneficiary' members had no incentive to pressurise 'beneficiary' members to repay, because there was no direct relation between loan repayment to some distant 'national Fund' and accessing new loans at the local level. Vertical financial flows had broken the horizontal flows of social capital. Add to this the constitutionally loose (almost populist)

framework of accountability of national and regional leaders who were starting to be blamed for delays and contestable allocative decisions, and you end up with a contorted matrix of institutional and personal tensions that became increasingly redundant for the tens of thousands of non-beneficiary members on the ground. By 2004 there were signs that the movement at grassroots level might survive the baffling and unsalvageable institutional meltdown going on above it. Decoupling from the Federation *per se* and its NGO partners (People's Dialogue and uTshani Fund), new networks began to coalesce under a new identity that eventually called itself the Federation of the Urban Poor, supported by a newly formed NGO called the Community Resource Centre (CORC) working in partnership with a network of individuals and NGOs that share a progressive pro-poor agenda for a sustainable city. Eventually, People's Dialogue closed down, and the movement split – a small Cape Town faction retained the old name, while the rump of the movement (with Durban as its strongest base) joined FEDUP in 2005. The uTshani Fund, however, was salvaged via the intervention of the new FEDUP and CORC leadership, who managed to get control of the board. By 2006 a new 'alliance' was fully operational (FEDUP–CORC–uTshani), and this was the grouping that did the deal with the minister of housing to take delivery of 6,000 housing subsidies to kickstart the revitalisation of the People's Housing Process, which is the government's official approach to community-driven housing delivery.

In conclusion, like the rights-based protest movements or the institutionalised participation approach, the FEDUP/SDI approach described above is riddled with its own contradictions and difficulties. Nevertheless, it is a distinct approach with a well-developed conceptual and strategic framework that differs substantively from mainstream thinking in South Africa about participatory development or protest action. In particular, and like the trade union movement, it is rooted in an appreciation of exactly the kinds of relational institutional complexities that Oldfield urges us to consider. To this extent, it is a movement that deserves to be better understood. Even though it makes little effort to communicate with the broader public, it should attract far more media attention, as well as the attention of researchers and large-scale development funders like the Development Bank of Southern Africa, National Development Agency, Independent Development Trust, and others across the public, private and non-profit sectors. With all its complexities and challenges, FEDUP and its partners are trying to institutionalise participatory development on a massive scale via engagement with some state officials and politicians that are still willing to talk to – and work with – organised poor communities. This friendly face of the state might in time turn away, but for now it creates a unique window of opportunity that cannot be ignored by those with an authentic interest in challenging the power relations that keep millions in poverty.

References

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Endnotes

[1] For those who may be interested, the excluded 'middle T' is deeply rooted in the Western enlightenment scientific paradigm, which was premised on three simple axioms, namely the identity of 'A' is 'A', therefore the identity of 'A' cannot be 'not-A' at the same time, and therefore it follows that there cannot be 'T', which is A and not-A at the same time. 'T' is therefore by definition excluded. Any form of knowledge that includes 'T' is ruled 'unscientific' and therefore illegitimate. Eastern and African knowledge systems have always made a place for 'T'. For further elaboration see, among others, Nicolescu (2002).

[2] This useful summary description comes from Satterthwaite and D'Cruz (2005:13).

[3] This analysis draws heavily on research conducted by two colleagues of the author. For some of the results, see Pieterse and Khan (2004).

twenty four

A Case Study of Community Participation in Governance and Service Delivery in the City of Johannesburg

Fulufhelo G. Netswera

INTRODUCTION

The principle of community participation and accountability was for the first time placed at the very heart of the South African system of local government after 1994. Central to the participation by communities in local governance are provisions set out in chapter 4 of the Municipal Structures Act 117 of 1998 for the establishment of ward committees through which organised communities can participate in local government activities, while the Municipal Systems Act 32 of 2000 further requires municipalities to develop a culture of municipal governance that complements formal representative government by developing mechanisms, processes and procedures for community participation. The cited legislation offers new opportunities for communities to constructively engage by giving input to the decisions that are made on their behalf in local councils. However, it is recognised that the participative capacity of communities needs to be developed (DPLG & GTZ 2005).

The proper implementation of the legislation enables municipalities to engage local constituencies as 'customers'. This enforces a new perspective on (and treatment of) communities as subjects of the state, which differs from the historic notion wherein communities were objects of the state. As subjects, from a rights-based perspective, citizens are consulted and enabled to participate, while at the same time having sets of obligations such as paying rates and services. It also implies that the municipality has obligations in making sure that human rights are attained through the implementation of relevant legislation and proactive accountability through, for example, establishing community satisfaction.

Whereas ward structures present opportunities for participation, which are closer to the customer orientation and consultative forums, there are other forms of consultation, such as the voting system by which communities elect their political representation on municipal councils, and the actual payment of services itself.

Despite the implementation of the legislation, non-payment of the basic municipal services, such as water and electricity, and poor participation in ward committees continue to characterise the historically African townships (Hoosen 1999; Sindane 2005). Non-payment of services alone in the city of Johannesburg resulted in a cumulative services debt of R2.6 billion in 1997/98, R2.9 billion in 1998/99, R2.8 billion in 1999/2000 and R2.8 billion in 2000/01. In acknowledgment of the inability to pay by many due to high levels of poverty and unemployment, the Johannesburg executive mayor, Amos Masondo, announced the scrapping of R1.5 billion services debt owed by indigent households on 4 May 2005 (Dlamini 2005). Indigent households are defined differently in each municipality through the municipal indigent policies; however, the basic principle is that these are poor households who cannot afford payments for consumption of basic services and are therefore subsidised by the municipal council (Van Ryneveld et al. 2003). Subsequent to the mayor's indemnity, on 6 July 2005, 37,000 indigent households applied for municipal subsidies (Sindane 2005).

This chapter discusses the findings of a community survey on community participation carried out in the City of Johannesburg regions 6 and 10 (Soweto) between 2002 and 2005. The presented survey data is extracted from a doctoral thesis by the author as part of which 200 households participated in a questionnaire study, i.e. 100 households from each region and 25 households in each of the eight townships (see Table 24.1).

Table 24.1: Survey participants

Townships	Interviews per township	Average respondent age		Respondent gender	
	N (%)	Mean age	Max. & min. ages	Male N (%)	Female N (%)
Region 6	100 (50)				
Chiawelo	25 (12.5)	52.4	46–53	14 (7.04)	11 (5.53)
Naledi	25 (12.5)	57.56	52–66	8 (4.02)	17 (8.54)
Jabulani	25 (12.5)	56.4	48–65	10 (5.03)	15 (7.54)
Dobsonville	25 (12.5)	58.68	51–69	10 (5.03)	15 (7.54)
Region 10	100 (50)				
Dube	25 (12.5)	63.64	49–75	8 (4.02)	17 (8.54)
Diepkloof	25 (12.5)	60.24	53–73	10 (5.03)	15 (7.54)
Meadowlands	25 (12.5)	57.84	50–67	7 (3.52)	17 (8.54)
Orlando West	25 (12.5)	61.56	53–70	15 (7.54)	10 (5.03)
Total	200 (100)	58.54		82 (41.21)	117 (58.79)

The survey was followed by four focus group meetings in the townships of Chiawelo, Dobsonville, Dube and Meadowlands that were aimed at clarifying questionnaire findings and exploring further the four key factors that emerged in

the survey analysis as determinants of participation. These factors are income and living standards, accessibility of the municipality, trust in municipal institutions, and satisfaction with municipal service delivery.

In presenting the analysis, Chi-squared tests are used to measure the degree of influence that certain variables have on participation, i.e. either direct or indirect participation in the form of payment for services or attendance of ward committees, among others. Where the Chi-squared value equals or is below 0.05, a significant degree of relationship exists between a variable and participation.

INCOME AND LIVING STANDARDS

For purposes of delivering municipal services to poor households, the municipality has introduced what is known as an indigent policy, which classifies or defines households that qualify for free basic services. This legislative requirement stated in chapter 8 of the Municipal Systems Act has huge implications for sustainability of provision, service charges and payment enforcement. According to the Act, service charges should treat all users equitably through a proportional tariff based on individual service use. Poor households, however, are expected to pay tariffs that at least cover operating and maintenance costs, and indigents can apply for tariff exemptions. The big question for all municipalities is the categorisation of indigent households, and most municipalities are reliant on the potential honesty of their citizenry in this regard.

Literature findings reveal the use of different measures in determining affordability world-wide, and that defining a community's affordability to pay for municipal services continues to elude everybody. The measures used include the living standard measurement (LSM), which is an income-based measure and regards US$2 a day as constituting a poverty line, according to the United Nations Development Programme (UNDP). LSM ranks households in terms of incomes and possessions from LSM1 (the poorest) to LSM8 (the wealthiest). Since 1994 the LSM1 class in South Africa has dropped significantly from 20% in 1994 to 5% in 2001. In 1994, 74% of all households had monthly incomes of less than R2,499, compared with 62% in 2001; higher-income monthly earnings of between R2,500 and R5,999 were up from 16% to 20%, and monthly incomes of over R6,000 had increased from 10% to 18% (AMPS 2002). According to this measure as reflected in the figures for South Africa in UNDP's Human Development Report of 2003, close to one in seven (14.5%) South Africans live under the poverty line and therefore qualify for municipal indigent services (UNDP 2003).

To determine ability to pay for services in this survey, employment and income levels were measured (see Figure 24.1 and Table 24.2). Over and above this, the possession of living standard items, which include stoves, fridges, TVs and radios, among others, was measured. Seventy-nine per cent of all respondents indicated that they were unemployed, presenting unemployment levels much higher than the 28.2% national official estimates (Stats SA 2001). More than half of the households (54.5%) earned between R500 and R5,000, and, in accordance with the UNDP poverty line definition of US$2 a day, about one in three households from this survey lived below the poverty line (UNDP 2003).
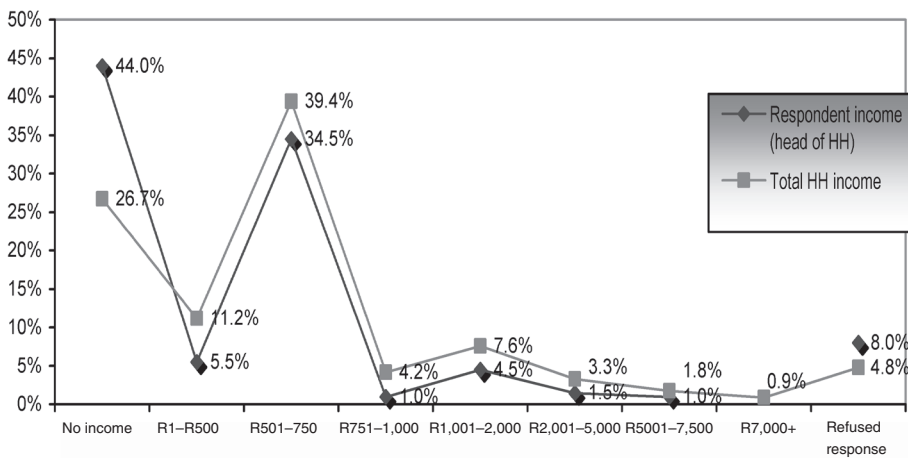
Figure 24.1: Respondent and household monthly incomes (N=200)

HH = household

When household possession of LSM utilities is measured against reported income, huge contrasts are revealed, suggesting better living standards than was reported through income levels. For this reason, self-reported income and employment information, which municipalities hugely rely on, is suspect and if the municipality were using LSM utilities for indigence classification, many households would not qualify (Meyer & Sullivan 2003).

The analysis of the survey findings suggests that the LSM measures do not yield any significant differences in terms of participation in municipalities among households or townships. The income levels, however, are a better determinant of household participation in the municipality. This is better revealed in the discussion of the other three factors by grouping similar income households or townships together. In this case, low-income townships like Jabulani, Dobsonville, Orlando West and Meadowlands are clustered together into the grouping 'worse-off' and the rest into 'well-off'.

Table 24.2: Average household income per township

Townships	N obs.	N	Mean (R)	Std. dev.	Minimum (R)	Maximum (R)
Chiawelo	25	16	2,167.50	2493.74	625.0	8,750.0
Naledi	25	15	1,641.67	2307.73	250.0	8,750.0
Jabulani	25	17	794.117	915.3008988	250.0	400.0
Dobsonville	25	20	593.75	397.1009251	0.0	1,750.0
Dube	25	16	1,851.56	2233.37	625.0	6,250.0
Diepkloof	25	15	2,658.33	7572.49	250.0	30,000.0
Meadowlands	25	14	696.428	349.1551813	250.0	1,250.0
Orlando West	25	17	823.5298	870.5902536	250.0	4,000.0

ACCESSIBILITY OF THE MUNICIPALITY

When a democratic sphere of local government was created after 1994, the argument was that it would be the most accessible sphere of government to local communities through the ward committee system, through which non-political associations that represent community interests engage government. The ward would then facilitate community interests through ward councillors to the municipal council. The situation of local government being the sphere closest to the people does not necessarily guarantee sufficient participation, nor the efficiency of the system (Rautenbach & Malherbe 1998). Other important aspects of accessibility include the modes of communication and interaction between officials and communities, and the location of municipal offices, among others.

There is also an expectation that even outside the ward committees, community members will continuously engage the municipality formally or informally through visiting the municipal offices, communicating with ward councillors and paying for municipal services.

The findings of the survey on accessibility of the municipalities as a determinant of participation reveal significant differences in consultations between the well-off and worse-off townships. As Table 24.3 shows, frequent visits to municipalities, represented by the Chi-squared value of 0.03, are evident in the well-off townships. There is also more communication with ward councillors (probability value 0.02) by those who are well-off. Interestingly, the payment of municipal services seems higher in the worse-off townships (probability value 0.01), although the attendance at ward committee meetings (probability value 0.01) is more common among the well-off.

Table 24.3: Accessibility of the municipality

When last did you …	Town-ships	In the last 3 weeks N (%)	In the last 3 months N (%)	In the last 5 months N (%)	In 6 months + N (%)	Never N (%)	Prob-ability
… visit municipal offices?	Well-off	55.10	41.67	50.0	75.86	45.0	0.0395
	Worse-off	44.90	58.33	50.0	24.14	55.0	
… commu-nicate with ward council-lor/s?	Well-off	68.75	40.0	90.0	58.14	41.56	0.0233
	Worse-off	31.25	60.0	10.0	41.86	58.44	
… pay your municipal levy?	Well-off	50.0	49.25	41.18	66.67	80.95	0.0184
	Worse-off	50.0	50.75	58.82	33.33	19.05	
… attend a ward commit-tee meeting?	Well-off	41.18	61.11	66.67	65.63	46.03	0.0102
	Worse-off	58.82	38.89	33.33	34.38	55.32	

None of the interviewed households indicated that they were part of organised civil society. In fact, 55% of respondents attended ward committee meetings in their individual capacities. There are significant differences in ward committee meeting attendance among townships, with more attendance in region 6 and lower attend-ance in region 10 at a Chi-squared value of 0.049. Although comparisons of attend-ance between the well-off and worse-off townships yield no significant differences, trends suggest that the worse-off townships (54.6%) are more likely to participate in ward committees than the well-off townships (45.4%).
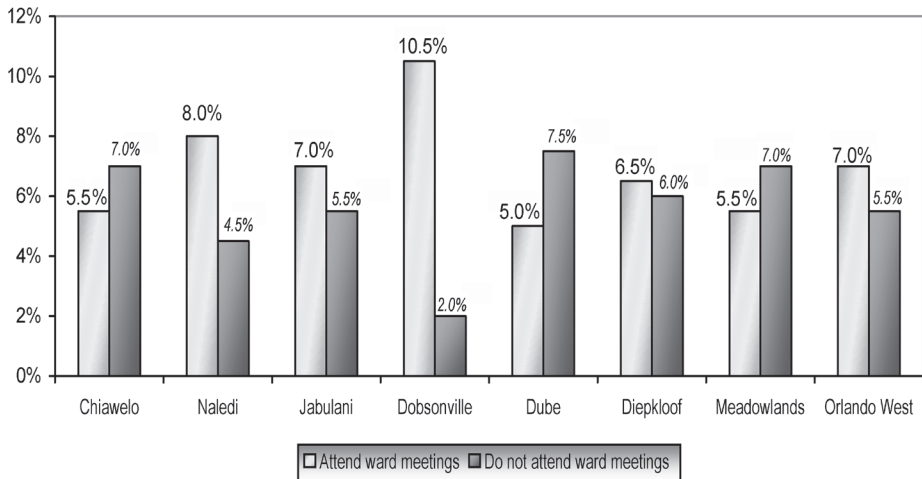
Figure 24.2: Attendance at ward committee meetings (N=200)

Given the argument that participation in and attendance at ward committee meetings is directly related to the influence exerted on the given structural decisions, survey respondents were asked if they thought it was easy or difficult to influence municipal decisions. More than half of the respondents (55.3%) indicated that it was difficult.

The survey data does not provide conclusive evidence that participation in a municipality is determined by the level of accessibility. To some extent, the data suggests, however, that there is relationship between the living standards of a household and the accessibility of the municipality, be it by visiting municipal offices, communicating with councillors or even paying municipal services.

TRUST IN MUNICIPAL INSTITUTIONS

People's participation in structural arrangements is often influenced by perceived trust in such institutions. This argument has often been used when communities have resorted to street justice due to the lack of trust in, for example, the police or criminal justice system (Sekhonyane & Louw 2002). Variance in trust in institutions has also been measured by a Human Sciences Research Council (HSRC) survey that compared trust in numerous public and civil society institutions. The survey found that, on average, one in two South Africans (51.5%) had strong trust in national government compared to just over one in three (37.5%) in local government (Daniel & De Vos 2002:21). The level of trust in institutions by Soweto residents, which also may imply the communities' level of involvement in and support for such institutions, is measured in this survey.

In the survey, households were asked to indicate the level of trust that they place in different institutions, which indirectly could measure or give reasons for their level of involvement in such institutions.

Table 24.4: Community trust in various institutions (N=200)

Institution	Strong trust N (%)	Trust N (%)	Neither trust nor distrust N (%)	Distrust N (%)	Strong distrust N (%)	Don't know N (%)
The police	39 (19.5)	86 (43.0)	11 (5.5)	45 (22.5)	16 (8.0)	3 (1.5)
Municipal councillors	9 (4.5)	77 (38.5)	17 (8.5)	57 (28.5)	31 (15.5)	9 (4.5)
The media (newspapers, radio & TV)	56 (28.0)	102 (51.0)	13 (6.5)	20 (10.0)	4 (2.0)	5 (2.5)
Businesses	10 (7.1)	104 (52.8)	19 (9.6)	13 (6.6)	8 (4.1)	39 (19.8)

Institution	Strong trust N (%)	Trust N (%)	Neither trust nor distrust N (%)	Distrust N (%)	Strong distrust N (%)	Don't know N (%)
Municipality/local government	15 (7.5)	102 (51.0)	22 (11.0)	29 (14.5)	27 (13.5)	5 (2.5)
Political parties	15 (7.5)	76 (38.0)	14 (7.0)	51 (25.5)	38 (19.0)	6 (3.0)
The church	91 (45.5)	82 (41.0)	12 (6.0)	12 (6.0)	3 (1.5)	-
Other community members	41 (20.5)	88 (44.0)	25 (12.5)	38 (19.0)	7 (3.5)	1 (0.5)

As Table 24.4 reveals, the highest level of trust (i.e. figures for 'strong trust' and 'trust' combined) is found in the church (86.5%), followed by the media (79%), fellow community members (64.5%), the police (62.5%) and local government (58.5%). Of all the institutions, significant differences among the areas surveyed are found regarding trust in political parties, which are more trusted by the worse-off townships, at a Chi-squared value of 0.03. Adding up the level of trust in all the listed institutions in Table 24.4 shows significant differences between Dobsonville and Dube at the Chi-squared value of 0.01.[1]

It is not conclusive from this analysis to what extent trust in municipalities, municipal councillors or political parties determines participation. The data does suggest, however, that there is more trust in local government *per se* than in both political parties and municipal councillors.

SATISFACTION WITH MUNICIPAL SERVICES DELIVERY

Municipalities nowadays have to be proactively engaged in the initial groundwork of establishing performance indicators and monitoring systems for efficient service delivery. When one starts asking questions such as: 'How am I doing?' which was the trademark question of Ed Koch, mayor of New York City from 1978 to 1989, one clearly understands Koch's purpose (Ammons 1996:1). This is not only a reassurance-seeking statement regarding the depth of one's political base, but one that gathers much-needed feedback regarding one's stewardship and one's obligation to one's constituencies.

Measures of efficiency, effectiveness and productivity have been developed for municipal governance that reveal much more about municipal operations than simple workload. Efficiency measures are often expressed as unit costs or units of production per employee hour, which depict the relationship between services or products and the resources required in production. The relationship between these concepts is discussed by Cockayen et al. (1999). Thus, the municipal perception and

treatment of its communities as either non–responsive objects or customers has a definite effect on its determination to satisfy community needs, consult and follow up on any default through its services delivery mechanisms.

In contemporary South Africa, we realise that government's measure of performance is largely based on counting the number of households with access to services and not what households necessarily think about service delivery. In order to ascertain satisfaction with the provision of the basic services, municipal performance was thus probed in the author's survey (Netswera 2005). Quite interestingly, for all basic services there are significant differences in perceptions about municipal performance. The well-off townships regard municipal performance to be poor, while the worse-off townships regard performance to be good, as represented by the Chi–squared value below 0.05 for all services concerned (see Table 24.5).

Table 24.5: How well the municipality handles basic service matters

	Townships	Good performance (%)	Neither good nor poor (%)	Poor performance (%)	Total N (%)	Probability
Water supply	Well-off	48.1	100.0	45.4	100 (50)	0.008
	Worse-off	51.9	0.0	54.5	100 (50)	
Electricity	Well-off	46.6	100.0	50.0	100 (50)	0.001
	Worse-off	53.4	0.0	50.0	100 (50)	
Refuse removal	Well-off	48.9	25.0	100.0	100 (50)	0.040
	Worse-off	51.1	75.0	0.0	100 (50)	
Sewage system	Well-off	46.7	0.0	73.0	100 (50)	0.026
	Worse-off	53.3	100.0	27.0	100 (50)	

Surprisingly, through focus group discussions with communities, the poor performance in service delivery by the municipality is blamed on inexperienced councillors. In reality, however, municipal services managers and not municipal councillors are directly responsible for services delivery. One focus group member stated:

> Those councillors, most of them were previously without jobs. And most of them said they will stand and talk for the people but when they get there, and they get these big salaries, they forget their people. People are run by lying councillors, they can lie to their own people. They know the problems that their mothers have got and they still do not do anything.

Interestingly, this focus group finding correlates with the findings in Table 24.4, which show low levels of trust in municipal councillors. However, significant differences are revealed among townships in relation to satisfaction with municipal

performance in service delivery, with specific reference to community needs, enquiries, consultations and responding to community feedback. These highly significant differences are found among the townships of Naledi, Dobsonville, Meadowland and Orlando West, as reflected in Table 24.6.

Table 24.6: Responsiveness of municipality to community needs

	Town-ships	Good response	Neither	Poor response	Total N (%)	Probability
Respond to needs	Well-off	47.83	61.11	49.30	90 (49.72)	0.5853
	Worse-off	52.17	38.89	50.70	91 (50.28)	
Respond to enquiries	Well-off	53.57	50.0	45.57	88 (49.72)	0.5936
	Worse-off	46.43	50.0	54.43	89 (50.28)	
Consult on matters affecting communities	Well-off	51.04	75.0	41.54	85 (49.13)	0.0884
	Worse-off	48.96	25.0	58.46	88 (50.87)	
Respond to community feedback	Well-off	51.04	85.71	42.25	85 (48.85)	0.0732
	Worse-off	48.96	14.29	57.75	89 (51.15)	

The focus group discussions suggest that non-responsiveness to matters that affect communities is due to councillors' and senior officials' lack of concern for the needs of the historically African townships, as most officials are now residing in the historically white suburbs. At the same time, the municipality is perceived to be paying more attention to affluent suburbs than former African townships and therefore is not responsive to the pressing needs of the poorer communities:

> Ja, what happens is that they have less concern with where they come from. They are very happy now that they live next to Helen Suzman, etc. Let me tell you, I have friends who tell me that Soweto is very dangerous but it is where they grew up. They say no … Sam, you will never see me there anymore. They say there is very high crime.
>
> If we compare townships and suburbs, there is a big difference. In the suburbs, if a drain blocks today, by the evening it will be fixed. But here in the townships, it will take three to four weeks.

Focus group participants also talked about their confusion regarding a change in the payment systems that was not communicated. Huge and unjustifiable variations in the service charges among residents are of serious concern. These are identified when neighbours compare monthly services charges. A simple example is when the service charges of a single person are higher than those of an extended family. At

the same time, however, section 74(b) of the Municipal Systems Act calls for service charges that are proportional to the individual use of that service.

> We don't pay the same now irrespective of our consumption. Others pay R100 and some R1,000 even if we use the same services. How can a businessperson pay R65 using all the services, water and electricity and an ordinary household pay R500? A flat rate is better. A flat rate still may have to be set at different levels for pensioners at lower rate compared with those who work.

Community satisfaction with municipal service provision is an important factor that should be measured from time to time using surveys and other related indices. Internationally, business and government already use this measure to gauge the approval of their stakeholders. It is, however, not conclusive here whether community satisfaction or dissatisfaction would affect participation in any direction. There is also no evidence that municipalities currently engage communities in order to inquire about their satisfaction.

CONCLUSION

The four factors identified here are useful in determining community participation in local government affairs. The only shortcoming, however, is that these factors were identified after the survey and, as such, not much attention was directed at testing these factors in the survey questionnaire. It is therefore recommended that a further study be dedicated specifically to testing if participation is determined by these or any other factors.

One of the findings of the survey is that the use of income as a determinant of participation in the ward committee system and more generally in local government poses some limitations, especially since income differentials in this study are marginal. A comparison of low-income townships and former white suburbs could provide more distinct differentials in income and therefore concrete perceptual and behavioural differences regarding community participation. It has also been suggested that the living standards of communities play a significant role in their participative decisions.

To a large extent, the lack of a thorough assessment of households' ability to pay, which results in random provision of indigent services even to households who can afford to pay for them, has led to dissatisfaction with service charges and charge variations between households. While households expressed general willingness to pay for municipal services, many see themselves as poor and, as such, prefer not to pay for their service consumption.

An interesting finding from the survey is that, although the poverty gap is not

huge, well-off households or townships are concerned with municipal services pricing, while the worse-off households are particularly concerned with the quality and efficiency in delivery. Positive household perceptions about municipal delivery of basic household services after the 2000 local government elections are revealed. Lack of responsiveness of the municipalities to community needs is cited by the well-off townships as a concern. At the same time, the inhabitants of worse-off areas are reported not to attend ward committee meetings in comparison with the well-off.

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ENDNOTE

[1] This was computed separately, and is therefore not directly reflected in the table.

twenty five

Democratisation with Inclusion: Revisiting the role of Ward Committees

Imraan Buccus and Janine Hicks

INTRODUCTION

Many authors have written about the notion of a 'democracy deficit' – the failure of established, liberal notions of representative or participatory democracy to link citizens with the institutions and processes of the state, impacting on the quality and vibrancy of democracy and resulting in reduced accountability by government (Gaventa 2004; Luckham et al. 2000). Many democracies are consequently characterised by a sense of disappointment as to how little elections have improved government accountability and performance (Carothers 2005).

Carothers (2005) notes that typically, with growth in poverty and inequality, and as citizens become increasingly sceptical and distrustful of political parties and institutions and of corruption, there is declining political participation. This widening gap between citizens and state institutions results in a 'diminished democracy' (Skocpol 2003:11). With parties' focus characteristically being on electoral processes, to the detriment of effective representation, links between citizens and the state are not being developed. What results is poor representation and therefore a weak democracy (Carothers 2005).

Around the world, governance actors, analysts and activists are grappling with this issue, and exploring how best to engage citizens in government decision-making processes. However, citizen participation is often reduced to participation by elite, organised civil society, in the form of predominantly non-governmental organisations (NGOs), business and other interest groups with access to resources. Crenson and Ginsberg (2002) refer to this monopoly of participatory processes by elite forces as 'downsized' democracy.

Participation mechanisms that are established to channel citizen input are not accessible to the majority population in societies characterised by inequality, particularly marginalised communities and sectors, and typically do not 'automatically benefit poor people and groups that have long faced social exclusion' (Manor 2004:5).

The question emerges: How can we develop mechanisms that enable the poor and unorganised to influence policy making, thus building 'democratisation with inclusion' (Manor 2004:6)? At municipality level particularly, what is the role of ward committees in bridging the gap between local government and communities?

Ward committees are a key component of community-based involvement – presenting both a solution and challenge. When there is reference to community participation in local government, we are directed to ward committees as the vehicle for engaging communities in municipality decision making. Yet we know that many municipalities still do not have formal or functional ward committees in place. Likewise, in municipalities where ward committees are operational, these are marked by uncertainty and, in some instances, chaos.

This largely stems from the fact that there appears to be no clear understanding of the role that ward committees are supposed to perform. Community members have certain expectations of what they expect of their ward committee representatives, yet councillors have different expectations. There is no clarity on the roles of ward councillors as opposed to proportional representation councillors, there are tensions between ward committee members and ward councillors, and limited resources are available to enable ward committees to function.

There are clearly legislated provisions for community participation in municipality decision making, and several mechanisms in place to facilitate these. But how effective are these? What are community members' experiences of participating in policy making at this level? What role can ward committees play in strengthening this process, and what transformation and support would be required to enable this? This chapter seeks to address these questions, and draws on research conducted by the Centre for Public Participation (CPP) into deliberative policy making in KwaZulu-Natal.

The research involved a visioning conference[1] of policy stakeholders in KwaZulu-Natal on deliberative policy making and opportunities for public participation, and a series of discussion forums with civil society sectoral groups on their experiences of engaging with policy processes, in order to take into account their recommendations on the design of more participatory processes.[2]

COMMUNITY-BASED INVOLVEMENT AND PARTICIPATION: WHAT DOES THIS REALLY MEAN?

Participation or cooption?

If we are to explore the strengthening of participatory mechanisms to deepen community-based involvement, then the notion of participation must itself be examined, as this has various interpretations and applications. Sisk et al. (2001:147) state that participation is 'intrinsic to the core meaning of democracy', yet it seems

sometimes governments view it as important only where it 'reduces government costs and responsibilities … when governments can offload service delivery to … NGOs and community groups or convince local residents to donate volunteer labor or materials' (Ackerman 2004:447). This approach fails to take cognisance of the fact that 'the opening up of the core activities of the state to societal participation is one of the most effective ways to improve accountability and governance' (Ackerman 2004:448).

Yet citizen participation in governance is regarded by many others as having the potential to 'reduce poverty and social injustice by strengthening citizen rights and voice, influencing policy-making, enhancing local governance, and improving the accountability and responsiveness of institutions' (Taylor & Fransman 2004:1). Over time, development trends reveal a gradual evolution in the approach to citizen participation.

At one end of the spectrum, citizens are viewed as beneficiaries of development processes, and are involved to a limited degree in planning and assessing pre-determined development projects, in order to increase the effectiveness of projects. Here, a government agency might open up a process for citizen input with the sole purpose of seeking support for its pre-planned initiatives, which some might call 'co-option'. Similarly, it might seek legitimacy through such a process, increasing citizen ownership of, or support for, a pre-determined agenda.

In the middle ground, citizens are invited on board as stakeholders to share control of development initiatives and participate in implementation, in order to broaden ownership. Here, the government agency might engage its citizens in planning and implementing programmes to increase their efficiency, making programmes more cost-effective and sustainable. The progressive end of this spectrum reflects a rights-based approach, which recognises participation as a right in itself, and as an entry point to realising all other rights (Eyben 2003). Here, the participatory process might seek to transform underlying social and power relations (Gaventa 2003b).

Revealing the consequences of superficial or cosmetic processes, Manor notes (2004:9):

> If ordinary people find that what at first appears to be an opportunity for greater influence turns out, in practice, to be a cosmetic exercise – if they gain little or no new leverage – then they will feel conned and betrayed.

Sisk et al. (2001:163) pick up on this notion and note critically that–

> [p]articipatory approaches will founder if people believe that they are being used to legitimize decisions that have already been taken or that the results of their efforts will not matter in the long run. Citizens and civic groups

will quickly recognize when a process is a mask for a top-down decision-implementation and when the views of participants are genuinely sought.

PROVISIONS AND MECHANISMS FOR PUBLIC PARTICIPATION

In the literature review comprising the basis for the CPP research, the authors note that public participation is a constitutional matter, going beyond granting the right to vote. Section 152(1) of the Constitution (Act 108 of 1996) provides for public involvement in the sphere of local government, by compelling it to 'provide democratic and accountable government for local communities; and encourage the involvement of communities and community organisations in the matters of local government'.

The review points to specific local government legislation, the Municipal Systems Act 32 of 2000, providing for community involvement in local development planning and budget processes, monitoring and performance review initiatives (sections 2 and 5). This legislation also imposes a duty on municipalities to create a conducive and accessible environment for implementing a continuous systematic process of involving citizens in taking decisions relating to their affairs. Section 4 in particular imposes a duty on municipalities to contribute towards building the capacity of local communities in order to enable them to participate in the affairs in the municipality. According to this section, councillors and staff have the active duty to foster community participation through developing a culture of municipal governance that complements formal representative government with a system of participatory governance. Such constitutional and legislative provisions leave no doubt as to the existence of extraordinary political commitment to notions of participatory governance.

Interviews and a policy discussion session with local government policy makers reveals that several mechanisms have been put in place to facilitate community-based involvement in municipality decision making. As a starting point, these stakeholders were unanimous in their views that engaging citizens in joint decision making brings benefit to all. For many, the starting point is that public participation in processes is required by law, although this is not the sole reason why they pursue this.

Interviewees felt that joint decision making ensures community buy-in in policy making, creates a sense of ownership of the finished product, and builds accountability and relationships of trust. Further than this, the quality of public engagement influences the quality of the product itself, with public participation resulting in more effective policy making, which is directly linked to addressing people's needs. This creates opportunities for more creative problem solving, which then leads to

better, more sustainable implementation. As a positive spin-off, engaging citizens in policy making contributes towards the empowerment of communities, with people learning more about governance and policy processes by getting involved in these. It was noted that public participation is expensive and time-consuming, but that so are the consequences of failing to engage communities.

Integrated development planning processes are regarded as central to engaging community groups in decision-making. These include integrated development planning forums, ward committee meetings, road shows and budget processes. In addition to integrated development planning activities, councillors engage with community members through stakeholder meetings, forums and individual consultations.

Municipalities themselves undertake numerous initiatives to engage with members of the public. These take the form of media work, through local newspapers and slots on local radio stations, and making use of newsletters, charters and flyers. Municipalities also make use of traditional leadership structures and community liaison officers to disseminate information on processes among communities.

Municipality mechanisms in the main, however, appear to comprise attempts to seek communities' input into *already formulated policy responses*, or to disseminate information on municipality processes. When asked whether it would be possible to engage communities at the early stages of problem identification and policy drafting, the initial response from interviewees was that communities lack sufficient understanding of these processes to allow their involvement, and that such consultation is new and would require innovative approaches. There was even the sense that this was not appropriate at this juncture of our development, and that our focus should be on service delivery and poverty alleviation, in line with existing policy.

COMMUNITY EXPERIENCES OF PARTICIPATORY PROCESSES

Some critics might argue that there are existing spaces for engaging with policy processes, as highlighted above, and that civil society needs to be better informed, positioned and active to engage with these. Our counter to this is that only a privileged few have access to these spaces, which are not sufficiently advertised or accessible, particularly to marginalised groups. Attempts to facilitate community input are largely superficial, and do not tap into the *real* power base where decisions are made. Most processes present pre-determined positions and programmes for limited feedback or information sharing only, or create opportunities for communities to raise concerns, and therefore make very little substantive difference to policy decisions.

This thinking appears to be supported by civil society experiences of the policy process, shared in policy discussion forums conducted by the CPP. Representatives

from sectoral civil society groups were invited to share their experiences of participating in government decision-making processes, and recommendations for making these more accessible and empowering. Groups shared mixed experiences, with feelings of being sidelined and marginalised, excluded and disempowered overwhelmingly dominating.

These feelings were occasioned by not receiving feedback on inputs made to processes, not seeing any recommendations being taken up or any impact from having participated and provided input, being coopted into participating in a process with a pre-determined outcome, being excluded from an 'inner circle' enjoying privileged access to decision makers and information, and not being recognised as 'worthy' of participating.

Groups reflected on power relationships at play in participatory processes and how this impacts on the process, resulting in the kinds of experiences they shared. These were typified by unequal power relationships among politicians and bureaucrats, government and civil society representatives, those with access to information and resources and those without, those belonging to organised structures and those not, those who are viewed as educated and those not, urban and rural residents, men and women, and people with different abilities.

Participants reflected that these unequal power relationships play themselves out in the policy arena, resulting in some issues not making it onto the agenda, the exclusion of some stakeholders, the rendering invisible of others, and the exclusion of many from that critical juncture where decisions are made. Participants noted that unless these power issues are allowed to surface and addressed through careful planning, collaboration and facilitation, they will continue to undermine participatory initiatives seeking to gain civil society input and buy-in.

These experiences and reflections from civil society stakeholders have told us that although we have legislative provision for participatory mechanisms and have many such provisions in place, this is not enabling civil society to participate meaningfully. Policy makers acknowledge the limitations of these mechanisms, and civil society experience leaves us in no doubt that these are inadequate, inaccessible and disempowering, and that new approaches to community participation in planning and policy making are required.

WARD COMMITTEES AND COMMUNITY-BASED PLANNING

Accountability and representation

Local government stakeholders have raised concerns about issues of accountability and representation in relation to the role of ward committees in drawing communities into municipality planning processes. In the main, ward committee

members are individuals elected to represent their ward's interests, and not members of local structures such as church structures, NGOs or community-based organisations (CBOs). This impacts on their ability to disseminate information widely among relevant sectoral groups and to provide feedback to community members on municipality developments.

One interviewee felt strongly that many ward committee members harbour personal political aspirations, seeking ultimately to become councillors themselves. As a result, they compete with councillors, politicise development and sometimes wilfully mislead community members, making allegations about corruption and fuelling service delivery riots. In many instances, the interviewee stated, ward committee members see themselves as the equals of ward councillors, having been elected by communities and given their mandate to represent them. Yet there are no accountability measures in place to call to order ward committee members who are out of line, and councillors do not have this power either.

Strengthening the role of ward committees

Functional ward committees are ideally placed to facilitate community-based planning. In many instances, committee members are committed to community development, but lack capacity and real empowerment to fulfil this role. In municipality planning processes, ward committees could facilitate dialogue between community members and their municipalities. For integrated development plan (IDP) and budget processes, for instance, committee members could facilitate community deliberation within their wards on community needs and priorities, and then feed this information through to municipality planning and budgeting processes. The same process could be undertaken for IDP reviews, with community reflection and feedback on municipality implementation and performance being gathered at ward level and fed into municipality review processes. Ward committees could provide feedback to communities on the outcome of their recommendations, and on final planning decisions.

In order to facilitate such processes, ward committee members would need training on municipality processes and clarity on their role within these, and would need to have access to information on planning and budget options. This information would need to be available in plain and locally spoken languages, and resources made available to enable committee members to disseminate this and facilitate local deliberative processes. Municipality planning would need to provide for sufficient time, at early planning stages, for meaningful consultation. Consultative and deliberative processes would need to be carefully planned and facilitated to ensure that they are meaningful, and participants sufficiently empowered to ensure that outcomes and recommendations are taken up by municipalities.

Budgetary issues are key, with the lack of resources for ward committees a significant hindrance to community participation. In many instances, municipalities' participation budgets are consumed by expensive slots on local radio stations informing communities of their programmes and services, or on large-scale road shows, the format of which provides limited opportunities for meaningful deliberation on planning implications and alternatives.

Strengthening public participation mechanisms

Local government policy makers recommended numerous initiatives that could be undertaken to strengthen community-based involvement in municipality decision making. As a starting point, interviewees and participants felt that municipalities should build on existing civil society sectoral groupings and district forums, as this is where there is already energy and interest. These forums could then be used for municipality and civil society stakeholders to come together to deliberate on policies and programmes. These could be limited to sectoral stakeholder discussions, but should include opportunities for multisectoral groups to come together to provide input on broader policy.

The format and facilitation of these processes was considered key, so that sufficient opportunities are created to enable people to participate meaningfully. More attention should be paid to the quality of the debate rather than the numbers participating. These processes need to be attended by senior officials with decision-making powers, so that decisions can be made on the spot and recommendations carried forward. If possible, it would be encouraging for communities if there could be some short-term gain, or a sense of immediate relief or substance resulting from the process.

Municipalities should draw on civil society networks to assist in convening and facilitating these forums. There is a need for capacity-building interventions for civil society stakeholders to enable them to engage meaningfully in these processes. This could be facilitated by NGOs, and should include information on structures and processes of municipalities, and opportunities to engage with decision making and share a sense of some of the challenges faced by municipalities. Municipalities should ensure that information on the policy or programme to be discussed is disseminated widely beforehand, as well as information on the planning or decision-making process itself.

Civil society stakeholders also put forward a series of recommendations on how participatory processes can be better planned and facilitated, developing practical design elements to draw on in crafting new spaces. The notion of a joint planning committee, comprising municipality and local civil society stakeholders, was central to recommendations. This committee would be tasked with jointly planning for a participatory process, identifying an appropriate venue and local stakeholders to

invite, disseminating information and documents on the process, and facilitating the process.

Recommendations were put forward on choice of community spaces to use in convening participatory processes, a central one being that they should be politically neutral spaces in both urban and rural areas. Participants spoke of the need to create a greater sense of equity among government and civil society representatives by seating them alongside one another at round tables, or making use of horseshoe seating arrangements and removing tables.

Careful consideration was paid to facilitation of processes, and to preparatory work that should be undertaken in the form of disseminating information on the process and policy options under consideration, in plain language and locally spoken languages. Participants also called for consultative sessions to enable community members to get to grips with policy options and develop their positions and inputs. They stressed the need for opportunities to be created for stakeholders to come on board at an early, formative stage – not once decisions have already been taken.

Processes should be jointly facilitated by municipality and civil society representatives, as developed by the joint planning team, to create a greater sense of ownership of the process. The team should jointly identify and invite appropriate participants and municipality stakeholders. Participatory facilitation methods should be used, such as a workshop format, drawing on small group discussions, working groups and round-table discussions. Discussions must take place in locally spoken languages, with translation services on hand if needed. There should be a designated timekeeper to ensure equal speaking time and prevent any individuals from dominating discussions. Decision making should be by consensus, guided and not determined by the facilitator. At the end of the process, agreement should be reached on the take-up of recommendations and how feedback will be made to participants. A local monitoring team should be selected to monitor this implementation.

BUILDING COMMUNITY CAPACITY TO ENGAGE WITH MUNICIPALITIES

The issue of the agency of poor people in particular, what contributes towards their attitude and opinion formation, and whether they can be motivated to engage with policy debates came up resoundingly in discussion forums with civil society stakeholders. Participants felt strongly that the satisfaction of basic needs has an impact on people's ability to engage with policy processes, and that those lacking basic services experience a sense of alienation from government.

In addition, several authors refer to basic resources and capacity required by participants to make full use of government participatory processes. Cornwall (2004)

speaks of the need to assess what work is required with groups prior to their participation in a process, to ensure that they participate with greater equity. This includes as a starting point capacity building to develop an understanding of the policy framework and process, and enhance technical and planning capacities (Logolink 2002).

It also extends to include improved advocacy skills to mobilise and organise outside of the policy arena in order to challenge any barriers to participation, as well as essential awareness raising and conscientisation (Gaventa 2003a; Kabeer 2005). The important role played by NGOs in providing support to participatory initiatives is acknowledged, including providing marginalised groups with access to information and material support, as well as establishing 'vertical lines' of communication, linking grassroots issues and structures with national processes (Stiefel & Wolfe 1994:207).

Issues raised by civil society groups in their discussion forums support this thinking. The CBO group noted particularly that CBOs tend to lack information on how to work with government and how to get involved in planning and policy making, stating that they often just do not know whom they are supposed to speak to. For this group to engage, they felt that there is a need to identify the problems they face, and it was noted that people tend to be intimidated by those who are educated, and therefore the former need to be encouraged to participate.

INSTITUTIONALISING MECHANISMS: SUPPORT AND TRANSFORMATION REQUIRED

The issue of the equation between citizen action and state capacity, and the notion of the state's agency must also be explored. It has been noted that citizens' ability to mobilise and influence depends on the state's structure and capacity to act (Houtzager 2005). This has been referred to as 'working both sides of the equation' – strengthening the processes of citizen participation, while at the same time strengthening the accountability and responsiveness of state institutions and policies (Gaventa 2003a:3–4).

For municipalities to effectively facilitate deliberative policy processes requires significant institutional transformation and capacity. It is critical to build the skills needed by bureaucrats and councillors to reach out effectively to civil society, and create appropriate mechanisms to ensure that information is disseminated adequately. Brohman (1996:348–49) states boldly that the state needs to proactively remove barriers to popular participation in policy making and provide the appropriate resources and environment to facilitate this. The costs involved in facilitating participatory mechanisms are significant, and include the allocation of resources to

establish and maintain 'functional interface' with citizens (McGee et al. 2003:53–54). These notions appear to be endorsed by the following extract from an interview with a district municipal manager:

> From the side of government, there is a missing link – there is no budget for communicating with communities. There is a need for mechanisms to be built in on how communities can engage with their municipalities, and this needs to be legislated. We do have guidelines from existing legislation – but this is on *what* is required, rather than *how* this can be best achieved. This largely depends on the financial muscle of the municipality – innovation of individuals, capacity internally and adequate financial resources. Local government stakeholders need to see the benefit of engaging communities for there to be an appropriate shift in mindset.

It seems that a more fundamental issue is the notion of 'receptivity' of government institutions to the voice of civil society, which goes to the heart of the organisational culture and value system of bureaucracies (Gaventa 2004). Goetz and Gaventa (2001:12) refer to the need for 'greater transparency, changed staff attitudes, and the introduction or reinforcement of a service culture within the administration'. They recommend a series of interventions, such as developing objective mechanisms for measuring performance and linking 'incentives and sanctions to desired performance goals' (Goetz & Gaventa 2001:34).

Manor (2004:16) presents further interventions, in the form of initiatives to change the ethos and behaviour of government employees, in order to 'persuade low-level employees to behave more accountably and responsively towards local residents'. These include training in participatory methods for appraisal and monitoring, publicity campaigns to generate high morale among employees, and performance-related pay in relation to clearly defined performance targets (Manor 2004). This thinking reveals the need for preparatory, transformative work with both community and municipality stakeholders to enable them to jointly deliberate policy and planning options.

These notions appear to be supported by local government policy makers interviewed, with interviewees raising the need for transformation within bureaucracies, and identifying support required. There was a sense that public participation needs to be built into the system of policy planning and evaluation, and that we need to move from purely engaging citizens in identifying needs or commenting on a finished product.

Interviewees felt, firstly, that adequate resources were needed to undertake initiatives to this end, including a dedicated budget and staffing component in order to provide the administrative support that would be needed. Municipalities would

need to provide for effective communication channels and ensure that information is readily accessible and widely distributed.

Secondly, interviewees identified the need for policy directives and guidelines, on the 'how' aspect of public participation. This would entail mechanisms, procedures to follow and minimum requirements. Officials and councillors would need capacity-building interventions to enable them to undertake this work, and there would be a need for a change in mind-set on how to engage with communities. This could be supported by a strong sense of political will from political leaders, and administrative support from senior officials.

Finally, input received indicated the need for monitoring and evaluation mechanisms for the implementation of policy and programmes, with scope for community assistance and comment in this regard. This assessment should assess performance against municipalities' stated priorities and budgets, and could be driven by performance audit committees.

CONCLUSION

It is clear that ward committees have great potential to bridge the growing divide between communities and municipalities, and facilitate greater community involvement in municipality planning. For these entities to fulfil this role will require a multifaceted response, addressing the shortcomings and recommendations outlined above. This will require more than the allocation of significant resources to fund interventions such as training, consultative processes and information dissemination, but also the development of appropriate internal systems and guidelines, and appropriate attitudes and responses from municipality councillors and officials.

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Endnotes

1   The visioning conference was held at the Riverside Hotel in Durban and brought together policy stake-holders (government officials, civil society and academics) to look at deliberative policy making and opportunities for public participation.

2   These discussion forums were convened at the offices of the CPP in Durban.

Rolling Back the Spatial Barriers to Socio-Economic Development: Experiences from the Demarcation of District and Local Municipalities

Maano Ramutsindela

INTRODUCTION

Despite the open-ended debate on the nature and desirability of the transformation of the state, it is commonly believed that the state should undergo transformation of some sort so as to promote development. While the Fabian tradition viewed government organisation as a principal instrument for development, neo-liberalism considers limiting the size of the state as a necessary condition for development, as evidenced by the structural adjustment programmes of the 1980s (Chambers 1993). Central to the debate on transforming the state for development purposes is the issue of which sphere of government is more appropriate for carrying out the development task. In developed countries, the region is increasingly viewed as a catalyst for service provision and redistribution, a process that has been termed progressive regionalism, which is attainable under a democratic regime (Sites 2004). This type of regionalism is often associated with the roles that urban regions play in the global economy (Wheeler 2002; Young 2000). In support of metropolitan regionalism, Purcell (2004:760–61) has argued that 'regional governance could more effectively redistribute and equalize resources; improve policy coordination and reduce the inefficiencies of political fragmentation; and induce economies of scale that could reduce the overall cost of government'. Nonetheless, the proposal for progressive regionalism has to confront the vexed question of the conditions under which regions could be effective in the provision and distribution of services. The question is particularly relevant to countries such as South Africa, where a regional development paradigm was adopted to serve the political goal of separate development and ethnolinguistic consolidation (Christopher 1994).

It follows that the necessity for institutional transformation for purposes of development is urgent in those countries that have undergone dramatic political

changes, not least because of the need to realign the new political goals and development imperatives. Unsurprisingly, the need for the transformation of the state was central to the political negotiation for a democratic South Africa in 1992–93, and that process was sealed by the adoption of the final Constitution (Act 108) in 1996. It was anticipated that the democratisation of the state in South Africa would pave the way for changing the inherited geographical asymmetries of service provision and resource allocation. For this to happen, the process of regional and municipal demarcation was instituted so as to deliberately promote the compatibility between territorial units and the desired new social relations. Whereas regional demarcation sought to significantly change power relations and to determine the form of the state, municipalities were created to translate the outcome of political transformation into tangible indicators of the quality of life of the ordinary citizens under the political slogan of 'a better life for all'.

Despite the constitutional recognition of a three-tier government structure, the question of the appropriateness of provinces and local government to the development task has not been fully resolved. This chapter refers to the debate on, and the outcomes of, the reconfiguration of provinces and municipalities between 1994 and 2006. It focuses on local and district municipalities in order to account for the emergence and demise of cross-boundary local government arrangements and the consequences that those arrangements have had on certain localities. Any discussion on cross-boundary municipalities would be incomplete without a careful consideration of the process that led to the creation of provinces. This observation is important, because the process by which provinces were created and the results of this process provided the conditions under which cross-boundary municipalities emerged. This chapter seeks to account for the divergent and contested views on forms of regionalism and their relevance or otherwise to the challenges of development during a period of political transition.

REGION FORMATION FOR A DEMOCRATIC DISPENSATION

Paasi (2004) notes that regions are increasingly being understood as historically contingent social processes that are linked to the complex web of institutionalised practices, power relations and discourse. The discourse of region formation in South Africa in the early 1990s was shaped by political imperatives and perspectives, which were later to have a bearing on the nature, type and functions of regions and municipalities. The political goals of region formation were highly contested, as the size and number of regions were seen to be, as they indeed became, instrumental in defining the form of the democratic state and the electoral fortunes of political parties. Unsurprisingly, proposals for regions variously expressed the intention to use regions as mainly the springboard for either a federal or a unitary state, and as

a basis for political power. These intentions were clear from the proposals made by the two main political parties at the negotiating table, namely, the African National Congress (ANC) and the National Party (NP) (Muthien & Khosa 1995).

The ANC's (1992) initial position was that the shape and nature of regions should be determined by the Constituent Assembly after the national elections. It argued that, apart from devolution of power from the centre, the shape and nature of the regions would affect the overall functioning of the state. For these reasons, the ANC proposed that the four provinces existing at the time (Cape, Orange Free State, Natal and Transvaal) should be used as a transitional arrangement, a view that was strongly supported by the Pan-Africanist Congress. The ANC's position on the timing of region formation was seen by other political parties as providing the party with the opportunity to determine the form of the state, since it was correctly anticipated that it would win the first national elections. The NP successfully promoted the view that the powers, functions and boundaries of regions should be settled before the elections, and argued that 'regional and local authorities should not be mere administrative extensions of central government with decentralised functions, but they should be accorded autonomous and constitutionally defined and entrenched authority' (CODESA 1992:7).

The NP's view was interpreted by the ANC-led liberation movement as an attempt to entrench federalism before the elections and to build a state structure that would be difficult to change by the post-election ANC-led government. Therefore the ANC dismissed the proposal for a federal state by the then NP-led government as creating disguised NP-dominated regions. But the ANC made an unexpected turn when it abandoned its position on the timing of regions and finally proposed the demarcation of nine regions that were to compete with the NP's proposal for seven regions.

The result of the different proposals was a compromise that saw the creation of a unitary state with a strong federal character. Unlike Namibia, which delimited its regions after independence (see Simon 1996), South Africa's regions were established before the first democratic national elections. This meant that the regions embodied political compromises ranging from the nature and functions of regions through to their names and the unresolved disputes over regional boundaries. These compromises were pushed through the Interim Constitution of 1993. For example, while the Interim Constitution provided for the establishment of nine provinces, it made provision for the finalisation of provincial boundaries after the first national elections. It also provided for the holding of referendums as the necessary procedure for resolving disputes over regional boundaries. However, political manoeuvring in the run-up to the first national elections played down the necessity of such referendums. The implication of this was that, though the final Constitution of 1996 recognised the new names of nine provinces, it also legalised some of the provincial boundaries that were under dispute.

Apart from their emergence as political spaces, South Africa's new regions were ambiguous with regard to their developmental role in the new polity. This

ambiguity is clear from the lack of a precise developmental function for provinces. For example, chapter 9 of the 1993 Interim Constitution provided that a province shall be entitled to an equitable share of revenue collected nationally to enable it to provide services and to exercise and perform its powers and functions. The list of functional areas of concurrent national and provincial legislative competence, as laid down in schedule 4 of the Constitution of 1996, suggests blurred boundaries between the functions of national and provincial governments. Against this back-drop, it could be argued that, although the current provinces were founded on development regions, their developmental role was undermined by the process of regionalism that accentuated political goals and compromises over developmental imperatives. Unsurprisingly, the drawing of regional boundaries to ensure the economic strength of regions was seen mainly by the ANC-led liberation movement as unimportant (ANC 1992), since the programme and strategy for development would be directed from the centre.

It should be noted that the Commission on the Delimitation/Demarcation of Regions made minor modifications to the nine development regions that were established in 1982 as part of the tricameral political dispensation. These regions were renamed provinces at the end of 1993. The logical outcome of the adoption of the apartheid-era development regions as a geographic basis for new provinces is that there is a spatial resemblance between the economic development regions that emerged during the apartheid era and post-apartheid provinces (Ramutsin-dela 1998). For example, the present province of Gauteng was conceived as the Pretoria–Witwatersrand–Vereeniging area, which existed in the apartheid-era as the 'PWV development region'. It should be emphasised that the adoption of development regions as a foundation for the new provinces did not mean that the new provinces were primarily aimed at achieving developmental goals. Stated differently, the developmental agenda did not necessarily inform the conceptualisation of provinces, despite the transformation of existing development regions into provinces. This is not to suggest that provinces do not play any developmental role at all: over the years, provinces have developed their own growth and development strategies in support of the national developmental goals. Rather, it is to argue that, although the criteria that were used to demarcate regions included the need to recognise the developmental potential and economic viability of regions, these developmental criteria competed with other equally important political and social goals, which included the need to rationalise structures existing at the time; the recognition of historical boundaries (such as provincial, magisterial and district boundaries), and cultural and language realities; and demographic considerations.

On these grounds, the responses to the demarcation of provinces reveal that residents, particularly those living in the areas bordering regional boundaries, interpreted the new provinces in terms of their own local development potentials. For example,

residents were reluctant to live in provinces that they considered to be economically poor, and even resisted doing so. Unsurprisingly, the most disputed boundaries affected provinces such as Eastern Cape, KwaZulu-Natal, Limpopo, Mpumalanga and North-West, which incorporated large areas of the former Bantustans. It would be unrealistic to ascribe disputes over provincial boundaries as simply a reflection of the residents' perceptions of the developmental potential of provinces. The disputes were also over other concerns, ranging from historical claims to land, chiefdoms and gerrymandering (Muthien & Khosa 1995; Ramutsindela & Simon 1999). Nevertheless, residents' views of regionalism in developmental terms suggest that there were, and still are, expectations that provinces should facilitate the development agenda of the democratic state. The disputes over provincial boundaries did not only highlight the contested nature of boundaries, but also pointed to the different meanings that were attached to the provinces and to the interpretations of the process of region formation at the dawn of South Africa's democracy. The views on provinces have been eloquently expressed through the reassessment of provincial–local relations, i.e. the developmental roles that municipalities are expected to play have reopened the debate on the viability, desirability and form of provinces.

Heese and Allan (2006:9) are of the opinion that 'the current debate is whether provinces should remain autonomous spheres of government, or become regionalised administrative arms of central government'. A number of reasons have been advanced to rethink the future of provinces. Firstly, there is a view that the nature and functions of provinces are a result of a political compromise that is no longer necessary in the face of a consolidated democratic state. A confidential government discussion document, *Towards a Discussion on the Division of Powers and Functions between the Three Spheres of Government*, has been quoted as saying that, 'none of the former liberation movements envisaged that a system of provinces would form part of the new democratic South Africa' (Xundu 2006:4). In theory, the federal character of the state that has been pushed by political parties opposed to the liberation movement is being questioned, in part because political parties such as the NP and Inkatha Freedom Party that supported federalism have lost political power since 1994 and the NP has dissolved. In other words, the political compromise is being considered irrelevant, because its foundation has been weakened by political developments.

Secondly, it has been suggested that provinces waste resources that could be channelled to municipalities for purposes of development. It is also argued that the provinces' expenditure record shows that most provinces are unable to spend funds allocated to them, to the detriment of development goals and objectives. This occurs despite provinces being the recipient of an estimated 42% of government revenue. The point here is that provinces are seen as an ineffective sphere of government in the process of meeting the developmental needs of the country. Thirdly, a three-tier

structure of government is seen as cumbersome, particularly because it requires the management of three sets of relationships, namely, national–provincial, provincial–local and national–local. Fourthly, the number of provinces has also come under the spotlight, and the rationale for provinces such as the Northern Cape, which has few people compared to the vast size of the province, has been questioned (Seepe 2006). Conceptually, a regional discourse that led to political compromises is being rephrased in the language of development. The establishment of municipalities of different kinds contributed to shaping the debate on the structural design of a developmental state.

THE EMERGENCE OF LOCAL AND DISTRICT MUNICIPALITIES

The final phase in the transformation of local government began in 1999 with the declaration of the single-tier metropolitan areas (unicities) of Cape Town, Durban, East Rand, Johannesburg and Pretoria in terms of the Municipal Structures Act 117 of 1998. The metropolitan unicity model not only paved the way for integrating service delivery in metropolitan areas, but also set the scene for the demarcation of municipalities outside the metropolitan areas. Section 155(1) of the Constitution provides for the establishment of local and district municipalities with separate powers and functions. A local municipality, designated as Category B, shares municipal executive and legislative authority in its area with a Category C municipality. A Category C municipality, also known as a district municipality, has municipal executive and legislative authority in an area that includes more than one municipality. The criteria and procedures for determining these types of municipalities were provided for by the Municipal Structures Act, and were implemented by the Municipal Demarcation Board (MDB), which came into being on 1 February 1999. The main criteria for determining local and district municipalities, according to the Constitution, were to ensure that municipalities should be able to deliver services, to promote the social and economic development of the communities they serve, and to participate in national and provincial development programmes. In its attempt to determine and demarcate municipality boundaries for the provision of equitable and sustainable services, the MDB created six metropolitan municipalities, 47 district municipalities and 231 local municipalities. The demarcation of 284 municipalities in 2000 'resulted in new boundaries, which necessitate[d] reorganising service networks, integrating administrations and human resources, and different planning, financial and development systems' (RSA 2001). The demarcation process also introduced amalgamated and cross-border municipalities, and district management areas as two new features to the system of local government. These new features will be discussed later in this chapter. For now we concentrate on the blurred and

controversial boundaries between local and district municipalities as Categories B and C, respectively.

The Municipal Structures Act envisaged that the district municipality should achieve integrated, sustainable and equitable social and economic development for its area. More specifically, a district municipality should ensure integrated development planning for the district, promote bulk infrastructural development, build the capacity of local municipalities and promote the equitable distribution of resources among municipalities. The Act was more explicit about the functions of district municipalities than those of local municipalities. For example, district municipalities were not only to be responsible for integrated development planning, but were also considered responsible for the bulk supply of water and electricity, the promotion of local tourism, the provision of municipal health services and so forth. Unsurprisingly, the MDB used the following data to generate district council maps: population density, income by sector, water catchment area, transitional local councils (TLCs) and magisterial districts, school districts, health districts, land cover, nodal points, tribal areas and internal roads (MDB 1999).

The overlap between the functions of district and local municipalities raised the question of whether it was necessary to establish district and local municipalities as separate categories, and whether the procedures for demarcating the boundaries of these municipalities were appropriate. The question became more pertinent when section 84(1) of the Municipal Structures Act was amended in October 2000 to transfer the most significant powers and functions of local municipalities to district municipalities. As the transfer included services such as water, electricity, waste and municipal health, local municipalities were left with fewer and less significant powers and functions. While it was necessary to restructure municipalities so as to abolish service delivery boundaries of the previously disestablished municipal boundaries, the functional division of local and district municipalities was debatable. The Ministerial Advisory Committee on Local Government Transformation (MAC) was not only critical of the transfer of powers to district municipalities, but also questioned the district sphere as the appropriate level at which to provide direct service delivery, and cast doubt on the appropriateness of the district in promoting democracy, accountability and fiscal management. It argued that 'the empowerment of district municipalities at the expense of local municipalities effectively creates four levels of government, of which two are located locally' (MAC 2001:10).

The MAC was also critical of the demarcation process, arguing that the MDB should have created metropolitan and local municipalities first in order to identify the need for and number of district municipalities. In the view of the MAC, the creation of district municipalities resulted in more local authority institutions sharing the small financial pool than before the demarcation of new municipality boundaries. In an attempt to reassert the powers of local municipalities over service

delivery, the Minister of Provincial and Local Government invoked section 84(3)(a) of the Municipal Structures Act to issue a blanket authorisation to local municipalities to perform the water supply, electricity supply, waste disposal and health functions on 28 November 2000 (MAC 2001). Despite these developments, district municipalities continued to play the roles of the development nodes, particularly in rural areas. For example, the Integrated Sustainable Rural Development Strategy (ISRDS) that was launched in October 2001 targeted 13 district municipalities as development nodes in rural areas, the aim being to spread development projects to all municipalities in a district. These were Bohlabela and Sekhukhune District Municipalities in Limpopo; Umkhanyakude, Umziyanyathi, Ugu and Zululand in KwaZulu-Natal; Alfred Nzo, O. R. Tambo, Chris Hani and Umkhahlamba in the Eastern Cape; Maluti-a-Phofung in the Free State; Kgalagadi in the Northern Cape and Central Karoo in the Western Cape. The ISRDS defined the rural node as an entire district municipality, which consists of a number of local municipalities.

In 2003 the MDB took the idea of districts further by establishing district management areas. This refers to a part of the district municipality that has no local municipality and that is governed by the district municipality in which it is located. The first district management areas to be established included ten areas of low population spread over the three provinces of the Eastern, Northern and Western Cape, two world heritage sites, nine provincial parks and four national parks (MDB 2004). District management areas are therefore demarcated on the basis of low population numbers and the need to conserve natural resources. For example, the district management area in the Frances Baard District Municipality covers 46.3% of the geographical area of that municipality, while accommodating 1.4% of its population (Frances Baard District Municipality 2005). At the national scale, it is estimated that the district management areas affected approximately 84,000 people. It should be emphasised that the governance of natural resources has been given priority in the demarcation of management areas. In fact, the MDB has recommended that, with a few exceptions, district management areas should be restricted to formally proclaimed national and trans-frontier parks and other conservation areas, including world heritage sites (MDB 2004). Effectively, the overlaps in the powers and functions of district and local municipalities were also complicated by the creation of cross-boundary district and local municipalities.

CROSS-BOUNDARY MUNICIPALITIES: LOOKING FORWARD BUT GOING BACKWARD

The concept of a cross-boundary municipality is built into the Constitution. Section 155(6) stipulates that each provincial government must establish

municipalities in its province, provide for the monitoring and support of local government in the province, and promote the development of local government capacity to enable municipalities to perform their functions and manage their own affairs. In the event that the criteria for establishing a municipality cannot be fulfilled without a municipality boundary extending across a provincial boundary, the boundary of that municipality may be determined across the provincial boundary. In this way, the Constitution provided for the establishment of cross-boundary municipalities as a way of developing or increasing the capacity of municipalities to deliver services to residents of those municipal areas. The fact that the process of demarcating cross-boundary municipalities took place at the same time as that of all other municipalities in 1999 (MDB 1999) suggests that there was more than one reason for establishing cross-boundary municipalities. According to the MDB (2004:23), cross-boundary municipalities 'emerged because during the constitution-making process, prior to the 1994 elections, a set of compromises were reached between many parties which created provincial boundaries which often split communities'. In other words, cross-boundary municipalities were created to address problems that could not be resolved during the demarcation of provincial boundaries and the launching of the initial phase of local government transformation in 1993. Indeed, most of the cross-boundary municipalities were established in areas that had been affected by disputes over provincial boundaries.

It follows that cross-boundary municipalities were more the outcome of the demarcation of provincial boundaries than the need to meet the constitutional requirements for effective municipalities. By way of examples, Groblersdal in Mpumalanga remained the only surviving apartheid-era town council, because during the demarcation of provincial boundaries, the town of Groblersdal was placed in Mpumalanga, while the surrounding areas of the African communities were placed in the present-day province of Limpopo. As this and other similar mistakes could not be resolved through legislation existing at the time, it was determined that a new law was needed to take the transformation of local government forward. The promulgation of the Cross-Boundary Municipalities Act 29 of 2000 opened the way for the creation of cross-boundary municipalities. The MDB invoked the new legislation to create eight cross-boundary local municipalities, six cross-boundary district municipalities and two cross-boundary metropolitan areas. The official reason for establishing these municipalities was to promote the functional linkages of areas across provincial boundaries. It was hoped that those linkages would promote the efficient management of local government affairs, transfer skills and resource sharing, influence the potential investors' perception of the areas involved, consolidate the tax base, and integrate rural and urban areas into one functional unit. In September 1999, the MDB proposed the establishment of cross-boundary municipalities as shown in Table 26.1.

Table 26.1: Proposed cross-boundary municipalities

Province – Place	Province – Place	Category of munici-pality
Northern Cape – Kathi TLC, Olifantshoek TLC, Kuruman TLC	North-West – Mothibistadt	District
Eastern Cape – Um-zimkulu, parts of Mount Fletcher, Mount Ayliff	KwaZulu-Natal – Mount Currie District, Underberg, Creighton, Ixopo	District
Gauteng – East Rand Metropolitan Area	Mpumalanga – Etwatwa	Metropolitan area
Gauteng – Bronkhorst-spruit TLC, Cullinan/Ray-ton TLC	Mpumalanga – Mathanjana TLC, Mbibane, KwaMahlanga TLC, Ekangala TLC	District
Gauteng – Carletonville	North-West – Fochville/Wedela	Local
Gauteng – Greater Pre-toria	North-West – Garankuwa/Mabo-pane/Winterveld/Temba	Metropolitan area
Mpumalanga – Groblers-dal, Moutse, Marble Hall, Motetema, Steelpoort, Burgersfort	Limpopo Province – Zaaiplaats, Leeufontein, Middle Lepele-Elandskraal	District
Northern Cape – Harts-water	North-West – Pampierstad	Local
Northern Cape – Jan Kempdorp		Local
Limpopo – Bushbuck-ridge	Mpumalanga – Greater Kruger National Park	District
North-West – Hartebees-poort	Gauteng – Crocodile River	Local

TLC = Transitional Local Council
Source: MDB (1999)

It could be strongly argued that the political reasons for creating cross–boundary municipalities were to resolve boundary disputes that erupted during the demarcation of provincial boundaries. However, those political reasons were underplayed as one of the rationales for cross–boundary municipalities, mainly because those reasons would have had a weak constitutional basis. To be sure, cross–boundary municipalities could only be created within the parameters of the law, and that law did not provide for the use of cross–boundary municipalities as a mechanism for resolving disputed provincial boundaries. That mechanism was provided for in the form of referendums by the Interim Constitution, but this expired before the adoption of the Constitution in 1996.

The De-Establishment of Cross-Boundary Municipalities

The experiment with cross-boundary municipalities was short-lived. Between 2002 and 2003, the MDB began to work on proposals for the abolition of these municipalities on the grounds that they were difficult to manage. Whereas all municipalities were defined in terms of the three separate and vertical spheres of government, 'cross-boundary municipalities brought together all spheres at a horizontal level' (MDB 2004:58). The MAC also found that only one of the four cross-boundary district municipalities it assessed had a sufficient economic base, potential levy income and manageable levels of backlogs. It also reaffirmed the MDB's view that the administration of municipalities by more than one province is an unworkable structure of governance and service delivery. Under such a multiadministrative structure, it was difficult to come up with an integrated development plan that met the planning requirements of each of the provinces involved in the administration of a cross-boundary municipality. Against this backdrop, the MDB recommended that cross-boundary municipalities should be abolished and that the affected municipalities should be incorporated into their respective provinces. For this to happen, the Constitution was amended to allow for changes in provincial boundaries. Accordingly, the Provincial and Local Government Minister, Sydney Mufamadi, presented the Cross-Boundary Municipalities Laws and Related Matters Repeal Bill to the National Assembly on 13 December 2005. He urged Parliament to approve the legislation abolishing cross-boundary municipalities on the grounds that they were inappropriate to the provision of basic services and that they were unable to carry out their developmental tasks. He supported the view of the MDB and the MAC on the undesirability of cross-boundary municipalities by arguing that–

> the cross-boundary municipalities (CBMs), with their less-than-optimal effects on the quality of life of our people, have indeed proved to be an embodiment and source of underdevelopment rather than its solution. We see the electoral cycle as presenting us with the opportunity periodically to probe and roll back such barriers to sound governance and sustainable development. It is for that reason that this House must be commended for the important step it took earlier this morning. The decision of the National Council of Provinces (NCOP) paves the way for introducing a local government architecture which promises to help extricate some of our people out of their collective condition of indigence (Mufamadi 2005).

Subsequently, Parliament approved the Re-determination of the Boundaries of Cross-Boundary Municipalities Act 6 of 2005, the Cross-Boundary Municipalities Laws Repeal and Related Matters Act 23 of 2005 and the Constitution Twelfth

Amendment Act of 2005. President Mbeki signed the Constitution Twelfth Amendment Act on 23 December 2005, to the chagrin of residents who were opposed to their relocation to certain provinces. Table 26.2 shows the provinces and number of areas and households that were affected by cross–boundary municipalities.

Table 26.2: The number of provinces, municipalities, areas and households affected by cross-boundary municipalities

Provinces affected	Municipal code	Number of areas involved	Number of households
Northern Cape & North-West	CBCL1	33	13,185
Gauteng & Mpumalanga	CBCL2	26	18,433
Mpumalanga & Limpopo	CBLC3	67	19,410
Mpumalanga & Limpopo	CBLC4	96	42,345
Mpumalanga & Limpopo	CBLC5	128	42,535
Mpumalanga & Limpopo	CBLC6	97	112,125
Northern Cape & North-West	CBCL7	19	13,322
Gauteng & North-West	CBCL8	26	39,786
Total		492	301,141

Source: Adapted from MDB (n.d.)

In practice, the reordering of provinces meant that an area administered through a cross–boundary arrangement between provinces should be assigned to one particular province, a process that required consultations with affected provinces, municipalities and residents. As in 1993, residents in areas affected by cross–boundary municipalities were concerned about the lack of consultation and the prospects for development in provinces to which they had been assigned. These concerns were voiced through protests in areas such as Khutsong, Matatiele and Moutse. The protests were not necessarily meant to defend cross–boundary municipalities, but were staged to oppose incorporation of areas from one province into another. The protest that enjoyed the most media attention was that of Khutsong, which is located in the municipality of Merafong, which straddled the boundary between the provinces of Gauteng and North–West. Gauteng initially opposed the decision to relocate Khutsong from Gauteng to North–West, and its decision was, according to Malefane (2005), informed by the outcome of the public hearings, where Merafong residents unanimously rejected the transfer to North–West. It is estimated that 90% of the residents of Khutsong voted for Gauteng (Ndaba 2005). The chairperson of the National Council of Provinces in Gauteng, Sicelo Shiceka, is reported to have said that 'Gauteng changed its position about Merafong after it received assurances from the North–West provincial government that service delivery would not be affected to residents of Khutsong … and was persuaded by other provinces in the national interest' (Quintal 2005). It has been suggested that the Gauteng provincial

government changed its position, because it was pressured by the top echelons of the ANC to toe the party line (Benjamin & Maphuthing 2005; Malefane 2005). There were also speculations that disagreement over cross-boundary issues among the provinces could lead to a constitutional crisis and a delay in the 2006 local government elections.

Media reports highlighted the view that the residents of Khutsong did not want to belong to North-West, mainly because they feared that North-West was not able to assist their area to develop, because that province is impoverished and less developed compared to Gauteng (Ndaba 2005). The same sentiments were expressed by residents of Matatiele, who were being relocated from Kwa-Zulu-Natal to the Eastern Cape. A common theme among residents protesting incorporation into other provinces is the lack of consultation or the dismissal of the outcome of consultative meetings. As intimated above, consultation is a constitutional requirement for any change of boundaries. The violation of this requirement has implications for the validity of boundary change. Residents in Matatiele used this requirement to challenge their incorporation into the Eastern Cape. A diverse group of businesses, educators, associations, non-governmental organisations and the local municipality of Matatiele convened under the Matatiele/Maluti Mass Organisation Committee to challenge the constitutional validity of their relocation from KwaZulu-Natal to Eastern Cape. The committee won the case in the Constitutional Court on 18 August 2006. The court found that the provincial government of KwaZulu-Natal failed to facilitate public participation in the redetermination of the provincial boundary (Constitutional Court of South Africa 2006). However, the court also suspended the order of invalidity for 18 months in order to allow Parliament to meet the requirement of the Constitution, namely, to conduct public hearings. Although the people of Matatiele welcomed the judgement, they were concerned that the court did not explicitly support their wish to hold a referendum on the matter (Dibetle 2006). Instead, it ruled in favour of holding the public hearings that Parliament would have to conduct. Given that the outcome of public hearings could be ignored, as has been the case in Khutsong, the directive given by the Constitutional Court is most likely to legalise the relocation of Matatiele to Eastern Cape. Nevertheless, the court ruling has encouraged communities such as Moutse and Khutsong to consider challenging their relocation through the Constitutional Court.

CONCLUSION

The Department of Provincial and Local Government's view that 'tackling the challenges posed by the geographical asymmetries of wealth and poverty makes

the abolition of cross-boundary municipalities and the consequential reordering of provincial boundaries, a compelling necessity' (cited in *City Press* 2006) implies that functional regionalism has replaced the initial political motives for region formation in South Africa. This regionalism does not only seek to redefine regional spaces, but also aims to shape the localities operating within that space through a developmental agenda. In this way, regionalism embodies the process of simultaneously reconfiguring space at the sub-national and local scales, more so because processes and practices operating at these two scales are interconnected. The emergence and demise of cross-boundary municipalities demonstrate those connections. As has been shown in this chapter, cross-boundary municipalities were created as a response to the unfinished business of the demarcation of provinces, and also encapsulated the division of new local authorities into district and local municipalities, leading to cross-boundary district and local municipalities.

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