



IDP Conference

Convened by the Western Cape Department
of Local Government and Housing

Venue: International Convention Centre, Cape Town

Date: 7-8 May 2007

CONFERENCE REPORT

Prepared by Isandla Institute



Western Cape IDP Conference
7-8 May 2007, International Convention Centre, Cape Town

Conference Programme

Monday 7 May 2007

9:00-10:00	Regional Development, Integrated Human Settlements & Shared Growth Programme Manager: Dr Edgar Pieterse
	Keynote Address: Premier Ebrahim Rasool Respondent: MEC R Dyantyi Respondent: Councillor WS Mxolose, Provincial Chairperson, SALGA Western Cape Introduction to the Purpose and Rationale of the IDP Conference: Ms. S Majiet, HoD
10:00-10:10	Planning, Land-use and the Facilitation of Growth & Integration in Brazil Programme Manager: Dr Edgar Pieterse
	Speaker: Dr Edesio Fernandes Respondent: Dr Edgar Pieterse
11:10-11:30	Tea / Coffee
11:30-13:00	Housing and Urban Management Innovations in Brazil Programme Manager: Mr Faiez Jacobs
	Speaker: Dr Renato Cymbalista Respondent: Dr Sophie Oldfield
13:00-14:00	Lunch
14.00-15.30	Group Discussions
	Group-based discussion to reflect on IDPs and potential areas for refinement towards transformative outcomes based on the learning from the previous sessions
15:30-16:00	Tea / Coffee
16.00-17.00	Group discussion feedback
	Group discussion feedback Closing Remarks by Ms S Majiet, HOD
17:00-18.00	Cocktail

Tuesday 8 May 2007

9:00-11.00	Regional Development and Links to Shared Growth Programme Manager: Dr Edgar Pieterse
	<i>International Practices in Regional Development</i> , Mr Greg Clark, for Isandla Institute <i>Practical Implications of a Regional Development Approach in the Western Cape</i> , Prof Susan Parnell, for Isandla Institute
11.00-11.30	Tea / Coffee
11:30-13.00	Group Discussions
13.00-14.00	Lunch
14:00-16:30	Regional Development Policy Priorities for the Western Cape and Implications for IDPs, GDS & LEDs Programme Manager: Mr Faiez Jacobs
	Group feedback and plenary discussion Closing remarks, Dr Edgar Pieterse

SESSION 1: REGIONAL DEVELOPMENT, INTEGRATED HUMAN SETTLEMENTS & SHARED GROWTH

Welcome, Dr Edgar Pieterse, Special Advisor to the Premier of the Western Cape

I am greatly honoured to welcome you all to the Western Cape IDP Conference 2007. These conferences are meant to be learning events, not talk shops, to focus on things that matter and on what makes the IDP transformative or not. This year's IDP conference is somehow different from preceding events in that there is an explicit focus on learning from international experience. Learning often happens in the most accelerated way when we find ourselves in a foreign context. The first day of the conference is structured around a conversation comparing Brazil's experiences to South Africa. Such a conversation is made easier because of similarities between the two countries with respect to inequality, spatial development and political history. On the second day, the conference will take a broader perspective, facilitated by the presentation by Mr Greg Clark, an expert from the Organisation for economic Cooperation and Development (OECD). The conference organisers hope that broadening our geographical horizons will allow us to step outside our immediate environment.

In opening this conference, I would like to share with you some observations made by President Thabo Mbeki on 23 April 2007, at the recent SALGA Conference. At that occasion, the President said:

"Further, one of the challenges we identified in 2004 was the need to transform the apartheid settlement patterns. Except for few cases, our municipalities have not responded positively to this challenge. We still see settlements patterns where new houses for poor black people are still built at the outskirts of our towns, usually far from places of employment. It is unacceptable that municipalities continue allocating land that is closer to commercial centres solely to developers who build for the upper end of the housing market. We must stop this practice because by so doing, we are failing to use housing as a catalyst to integrate communities that have been divided for many years by apartheid. Again, we also see an unacceptable practice of municipalities allocating land for housing and commercial centres without ensuring that sports grounds and parks are also built. In this regard, many children grow-up with no place to play and no facilities for them to engage in sports activities."

I would like delegates to take some time to reflect on their work and practice and identify the top three obstacles that you would communicate to the President in response to explain the situation. Once you have written down those three obstacles, in order of priority, compare your list with your neighbour's list. At the end of the conference, we should consider whether the meeting has brought new perspectives or learning to help resolve those issues.

Keynote Address, Premier Ebrahim Rasool

This conference comes in the context of a decision that provincial government had made last year, to underpin the India, Brazil South Africa agreement with a Western Cape, state of Maharashtra of which the capital is Mumbai in India and the state of Sao Paulo the capital of Brazil. We wanted to move away from the usual line ups of international MOUs and particularly wanted to underpin IBSA with Maharashtra, Western Cape and Sao Paulo as a special arrangement at a provincial or sub-national level.

This conference, together with the above engagements, gives emphasis and takes cognisance of the 2003 BRIC report by Goldman Sachs, which has predicted that by 2050 the world would be a completely different place. The report states that over the next 50 years, Brazil, Russia, India and China will become much larger forces in the global economy. It also asserts that by then India could overtake Italy, France, Germany and Japan in terms of GDP, to be the third largest economy in the world.

What makes today special and why we should be listening to our guests from Brazil, is that that same report says that Brazil could overtake Italy, France and Germany in terms of GDP to become the world's fourth largest economy by 2040. That is where the world is going. That is why president Mbeki is at the forefront to be one of the architects of IBSA. That is why we are taking the Western Cape and tying it to Sao Paulo and Maharashtra. That is why our discussions around matters that may be routine to us such as IDPs must take on a special dimension this year to learn particularly from experiences in Brazil. If you are thinking that you are at an ordinary IDP conference, then think about what Goldman Sachs is predicting for the world and how things are beginning to change. It therefore means that our regional development trajectory must be placed within the context of emerging economic markets across the globe. That is why we must develop in you, an urgency and a restlessness around issues of accelerated growth and development and not allow any one of us, particularly those at local government level to be confined within the parameters of underdevelopment. What I mean is that it would be the easiest thing for us to go back to where we were and deal with the impact of underdevelopment, poverty in our areas and get a safety net out to our people in the same way we have done in the past. But the challenge is that unless we do something unique, we are going to be left behind within the national context, within the African context and certainly within the global context.

When we call for synergies between the NSDP, the PGDS and force IDPs to be in the image of the NSDP and the PGDS, we are not doing so out of an exercise of power. We are not simply trying to get to conformity. We are not trying to laud it over local government. We are not trying to distort IDPs. What we are saying is that unless we get an alignment between the three, we are going to be left out of the international trajectory that the world is on. We have to help each other to ensure that this province, each municipality in it and our country becomes globally competitive. We therefore have to ensure that IDPs become points of reflection and coherence.

We must also do this in light if the progress we are making as South Africa edges towards the 6% growth rate that the present has challenged us to achieve, as Brazil and India are getting there already. We must also be aware that these are the countries that we must learn from, because particularly Brazil and South Africa constitute some of the most unequal societies in terms of income inequality in the world. Brazil is projected to be doing as well as what it will be doing by 2040, but it shares with South Africa an inequality index, a Gini coefficient of 0.6, which means that we are of the more unequal societies in the world.

We do not only face the challenges of growth. We also face the challenges of how to share the benefits of growth. Brazil is therefore a country we must learn from. It is tempting to look to Europe and North America and others, but we will not be learning too much there. We will be learning how to grow, but we will also learn how to exacerbate inequalities. We are both newly democratised, we are upper middle-income countries and have significant challenges on various fronts. But surely addressing inequality is one of the significant challenges facing both South Africa and Brazil. We therefore have to collaborate on various fronts and we have to exchange knowledge and expertise as is made possible by this conference.

Having said the above, it means that this IDP conference is a conference with a difference. If previously Minister Dyantyi has convened us to discuss IDPs, it was to tell us what an IDP is, what is a good IDP and what is a credible IDP. We have had previous iterations of a conference such as this, where we tried to teach each other how to do IDPs and underpin it with Local Economic Development plans as well. So we have had to shift from its normal mandate driven base to include local economic development plans as well. I think what we have come to do at this year's review is something different. It is how to take practical lessons and turn them into meaningful guidance of municipal governance; how to ensure that our planning has a greater developmental impact and how to shift the development trajectory of our region. So our strategic objectives remain unchanged and still comprise of the following:

- *Sustainable livelihoods*: How to get robust economic growth that creates jobs, greater equity and decent livelihoods for all our citizens.
- *Affordable and reliable service provision*: shifting our economic trajectory does not mean that we must give up on the provision of water, electricity, roads and sewerage services to all. The provision of these services remains relevant.
- *Adequate care for those in need*: The creation of safety nets through provincial government and SASSA through the provision of social grants to all of those in need
- What has also increasingly come into our work is *sustainable living spaces through integrated human settlements*: We are only in the beginning of understanding what sustainable human settlements entails. It is not yet reflected in how we release land. It is not yet reflected in how we use that land, not only for up market land-use but for a range of other things that must create life-enhancing qualities. Issues such as how we deliver services to those areas, how we facilitate movement patterns, how we integrate with public transport still need to be strategically processed. How we create economic opportunities within these areas is also important, how we create dignity and safety also becomes critical for integrated human settlements. I think we are only at the beginning of this debate.
- Lastly, *accountable, effective and transparent government*: People need to know that their government is working for them whether it is national, provincial, local or district. They must know that government is honest, that there is integrity and that there is increasing capacity in government. These remain to be the main strategic objectives that we relentlessly pursue.

Those are not local, provincial or national government objectives. These are the objectives of a government collective and this becomes absolutely critical. Because it is not that national government does National Spatial Development Perspective, that provincial government does Provincial Development Strategy, leaving local government to do their Integrated Development Plans. Each one is in the image of the other. We have to create a cycle in which the experiences with IDPs have a sobering effect on the national spatial development perspective that the objectives of the NSDP must allow space for PGDSs to be come integrated and the IDP then becomes the collective expression of the developmental intentions and proposals of all three spheres of government. The IDP is therefore not the objectives of local government. IDPs are the objectives of all three spheres of government realized on the ground. It means that we have an important component of our national intentions, but it also means that it is not your own. You do not have a monopoly over them.

More than that, it is not only for implementation on the ground. It is to influence and to even change certain things that might only be theoretically understood at the top. Some times at the national level they have all these wonderful ideas, but untested on the ground. Therefore we have an active need to be able to get the lessons from the bottom up so that we do not make untested policies at the top that fall apart when they need to be implemented on the ground. We have to be able to anticipate the implications for resources, human capital and the skills required. Therefore the issue of alignment becomes absolutely critical.

I can tell you that just looking so far at what is coming out of trying to interpret the NSDP into a PGDS, getting into district growth and development summits and trying to think what must happen with IDPs as a result of the NSDP and the PGDS, and beginning to understand some of these things I can tell you that the debate on the future and the role of provinces is becoming a misplaced debate. On the one hand it cannot be a debate about the number 9 or 4 provinces. It will not allow us to learn the critical lessons that we need to learn. On the other hand the opposition will also misplace the debate if they think that it is political set up or a political trap that is being set up in order to nullify a possible victory in one province. Between these two issues, we may be losing out on the real debate about what happens at the sub-national or the provincial level. Because IDPs and PGDSs are teaching us important lessons about life at the sub-national level.

Sub-national is anything including provinces, districts, metros and functional regions. Because

that is where the real debate has to be located if we are to learn the valuable lessons we need to learn. The first issue we must deal with is whether we will give the sub-national all the iterations at that level and a full developmental role with the resources to go with it. For example is it possible for a sphere of government to say that it will only focus on its constitutional mandate, meaning that it will only do what the constitution requires which entails: providing water, remove waste and do sewage, while ignoring the economic growth elements which go hand in hand with job creation in a developmental state. If we do not engage in a healthy debate about the role of the sub-national level we will continue to make mistakes such as this. The second question is: Should the province be the post box for health services, education and others or does the province have a planning role over what happens in the totality of that jurisdictional boundary.

How do we align planning and timeframes? We know that the NSDP thinks to 2014. We all tend to think to 2010 to 2014 and beyond. IDPs by their definition are year-long planning exercises. In that conspicuous difference of time frames, who has to begin to get IDPs projecting 5, 10, 15 years from now. We say that we are working towards the millennium development goals but we are doing another thing year by year, unless we synergise our planning for the developmental impact at sub-national level, we are going to have unintended consequences, to miss each other, and have debates that are either going to be numbers driven (9 or 4) or politically driven, where the power motive becomes the important one. We have to ask the question, how is it that it is particularly at the sub-national level that we are getting globally competitive entities. It is no longer simply the fact that countries compete against each other economically. I think that countries facilitate that economic growth but I think that it is sub-national entities whether it is large metropolises that begin to really compete for a share of the global economy, that really begin to want to get export markets or draw investments. Countries can put out the call, 'invest in South Africa', but it is the sub-national level that identifies the precise investment opportunities, the land that goes with it, the set of incentives that go with it and how investors will be assisted to maximize their investment opportunities. Unless we begin to rationalize this debate in this way, we will miss out on global opportunities.

We are beginning to find that the existing jurisdictional boundaries of local governments particularly at the municipal level or even at the metropolitan level may be far too small to appreciate the full impact of wanting to become globally competitive. The question we must ask is: can Cape Town plan without Saldanha Bay? What I mean is that the idea of releasing land in Atlantis for more housing may have a dormitory origin when it is planned in Cape Town. But plan together with Saldanha Bay, it could be the creation of social, spaces and economic hubs that could create the objectives of viable sustainable human settlements. So again the jurisdictional boundaries are one thing, where as life does not operate according to those neat jurisdictional boundaries. What stands above it to be able to introduce that kind of thinking into what is a simple housing set of planning by one municipality, when another municipality is thinking of the growth of an economic node around Saldanha Bay? Who has the overview that lifts people and municipalities outside of their constitutional mandate outside of their immediate needs and imperatives to solve an immediate problem? I think these are the key questions that must inform a re-jigging of a provincial, or the local government system or broadly called the sub-national system.

Can Cape Town, where the bulk of the population is, plan for climate change or global warming without planning with Overberg when most of our water catchment areas are in the Overberg? Can we stand on constitutional mandates? Can we stand on our jurisdictional boundaries when the life force of the majority of citizens depends on what happens with forests and other related issues in the Overberg particularly in Theewaterskloof? Who mediates this process and in whose interest are these things done? Can you plan public transport within jurisdictional boundaries when the trains have to run to Stellenbosch, Worcester and other surrounding areas because people are commuting between these areas and goods are flowing between these areas? Can you plan that according to jurisdictional boundaries this instance what happens at the sub-national level? How do IDPs begin to not only speak to each other but

interface with each other so that you do not have a housing imperative decision in one municipality whereas another municipality in that same broad area is trying to create economic growth? That you do not have a transport planning system in one municipality without taking into account what happens in the Boland. The same with electricity grids, the same with the biodiversity fields. Can each municipality just decide to intervene on the biodiversity levels and just decide to open up land for more housing, for elite activities without looking at the entire biodiversity belt that spreads from Cape Town through the Overberg, through to the South Cape? It has to be planned for as one single entity, against the idea of a more defined role at the sub-national level.

Indeed, it will take a lot of stress of us if we did have a rethink about a provincial boundaries. Because the fiscal anomalies are beginning to hit as has happened in the Western Cape for the last few years now. Because if you consider that a province such as the Eastern Cape on a poverty index which is the basis for the way in which provinces get funded, the Eastern Cape scores high on the poverty index and therefore is the net beneficiary of increased financial transfers from the centre to the provinces. So the Eastern Cape has an increase in the budget. The Western Cape is seen to be better off and is therefore the net loser on the budget because its poverty index is lower than the Eastern Cape's. However the infrastructure deficit and the human capital deficit in the Eastern Cape means that they have more money but they do not have a better institutional base to look after the poor and so the poor vote with their feet to where the institutional base is but the budget is declining.

So it may be that for as long as we divide the budget between the Eastern Cape and the Western Cape, it may be that the Eastern Cape within the jurisdictional boundaries of their fiscus, must use the money in their geographic area and we ourselves in the same way. We cannot go and raid the Eastern Cape coffers due to the fact that we have received a quarter million people from their province and force them to give us a portion of their budget. But one budget may allow us to spread it so that what you have is an increase in the institutional capacity of the Eastern Cape, but while you are doing that you have relief on the institutions of the Western Cape such as schools and hospitals to deal with the issues.

The point is not about saving provinces. It is about rationalizing the debate. It is not about numbers of political power. It has to be a lot more about what works and what will be in the interest of our people. But more importantly, economies, as Atlantis has shown, you can create the best green fields for economic development, but it does not mean that the factories will jump and that the investment community will fill the factories. There are also ways in which ordinary people when they migrate, show an intelligence about where the economy is growing. People do not necessarily move because they like the area or they for example want to be close to the mountain in that area. They move because there is intelligence right or wrong sometimes, that says that says that you have a better life chance if you move with various industries that will provide employment for entire families. So we must engage in this debate in that context as well.

I want to summaries in the term that we have begun to put into the national lexicon called 'functional regions'. It does not mean that you change the jurisdictional boundaries. Cape Town's boundaries will be Cape Town's boundaries. The Winelands boundaries will remain that, but the fact of the matter is that out of this IDP conference, someone has to create the conditions for the IDPs of the Winelands, the Overberg, West Coast to speak to each other in order to speak to the imperatives of what people have made effectively a functional region, what nature has made a functional region and what inherited infrastructure has made a functional region. That is the critical debate that must come out of it.

To end up it means that if the IDPs are going to be credible, I am now shifting the definition of credible from the old one where credible was mainly put against consultant driven templates. You would remember two, three years ago the debate was how do you all hire the same consultant, they pull out the same document and just attach your name and sometimes they make a mistake and leave someone else's name in a paragraph. That was an incredible IDP.

And we said that credible IDPs have to be something else where you do the original research and you respond to it. I want to expand the definition of credible IDP by saying that:

1. A credible IDP responds to the constitutional mandate of the local government. It is underpinned by a local economic plan and a growth and development strategy - the IDP must include the imperatives of facilitating job creation, economic growth and the sharing of the benefits.
2. It must have a spatial development framework. It is not just about shifting urban edges. It is about beginning to understand the principles of the NSDP and the PSDF so that we can begin to understand where we are the custodians of the natural environment, where we are the followers of peoples economic intelligence when they set up certain patterns, where we will mix housing with economic activities within sustainable human settlements.
3. It must have an infrastructure plan. You have to understand how your rail should run. You must understand how public transport must function. It is about its functionality within the Spatial Development Perspective, within an LED programme you have to understand what infrastructure is needed, including your constitutional mandate on the sub-structure. But more importantly the broader range of economic, transport, electronic for global connectivity through broadband. Your logistics, ports in your area, the airports and others.
4. A programme for people to access government to access opportunities. Ward communities fulfil the important function of keeping people in touch with government, helping people in the planning process of government and being the listing post for people.

We must use this conference to learn from Brazil particularly, begin to define the sub-national space because this is the debate that is happening in the country that is still an unformed debate, to be able to allow our IDPs to speak to each other and engage each other and to be able to intervene collectively as we go forward. This round of IDPs must begin to allow us to enable the sub-national space to become a global economically competitive space for every municipality and every area in the Western Cape.

Response by MEC Richard Dyantyi

In January 2005, when the Premier addressed the Growth and Development conference, he spoke about three basic models of growth. The first model is the neoliberal model, which is benefiting those who are already privileged. It reduces the role of the state in development and is preoccupied with exports and flexible labour markets. It assumes that the benefits of economic growth will trickle down. The second model is the populist model, which is likely to unravel over time. We can see evidence of this in the populist programmes in Zimbabwe. The third model the Premier identified is concerned with shared growth. It is characterised by an emphasis on macroeconomic stability, interventions of the state to bring benefits, the development of people and infrastructure, and the role of the state as one that facilitates and drives and provides authorised leadership.

I have been looking for a fourth model, one that I am comfortable with. This conference will hopefully allow us to explore this other model, by reflecting on the possibilities of pursuing a regional approach to development.

The reality is that people's movement is pointing to connected areas, which makes pointing to boundaries irrelevant. This raises a key challenge for department. What is it we are doing as a department not to have 'holding areas', where people remain for a short while until they get where they want to be?

It is important that we plan beyond our immediate surroundings. We have therefore initiated a conversation between the MEC's of the Western Cape, Northern Cape and Eastern Cape to

explore how we are interconnected, how we can do joint planning, how we can share capacities, what the mutual benefits are and what the various push and pull factors are. At this stage, this is a pure pioneering effort between the three provinces, which we hope to take to our colleagues in the other provinces at some stage.

Another important issue relates to the environment for resource mobilisation and how it can be enhanced. One of the challenges we are facing is the scarcity of land. While the population is growing, the amount of available land is not growing. The department is therefore trying to encourage municipalities to creatively use prime land for human settlements. This also requires municipalities to embark on popular education to engage with people's expectations about the type and size of houses they can occupy, such as high-density housing.

A key challenge relates to more effective space utilisation. We need to focus a larger percentage of our budget towards investment and prevention, instead of being reactionary and responding to unwelcome trends.

Regarding participation and mobilisation, there is not substitution for that with respect to credible IDPs. We need participatory and informed IDPs. The department is therefore engaging in an IDP awareness campaign to hear whether people have been involved and what has been done.

The credibility of IDPs relates to the relevance of ideas. Today we talk about doing away with slums by 2014, based on the Millennium Development Goal. But as far back as 1955 the people of South Africa spoke about this within the context of the Freedom Charter. It is not a new idea.

The issue of integrated human settlements undoubtedly poses a mighty challenge for us. It requires differentiated approaches and there is no magic bullet. Some notable provincial initiatives can be mentioned here, such as a focus on changing the face of a town and the creation of a friendly inner-city, inclusionary housing for poor communities or the ten Project Consolidate municipalities that have been trained in sustainable human settlements.

Finally, there are obvious challenges of alignment. If anything, we hope that this conference will serve to feature the gaps and what needs to be done to improve on these issues.

Response by Councillor WS Mxolose, Provincial Chairperson, SALGA Western Cape

Whilst there is consensus that Integrated development Planning is one of the key tools for local government to tackle its new developmental role, daunting challenges and opportunities have emerged as a result of this holistic approach to planning. The great challenge is for us as different role players to arrive at decisions on issues such as municipal budgets, land-use management, promotion of local economic development and establishment of relevant institutions to achieve this noble goal of implementing viable IDPs.

To be meaningful and really effective, IDPs should ideally respond and speak to local socio-economic growth and development challenges. Crucially, the growth promoted should be of the sustainable variety - shared and equitable.

This, in turn, poses several other important questions including (but not limited to) the following:

- Do we have appropriate institutional arrangements that will help us derive maximum benefits from our new approach to planning?
- Do we have sufficient buy-in and motivation from all spheres of government to pursue this new approach? In other words, is all of government supportive of an approach that sees the IDP as the new centre of gravity for planning and driving growth and development in the country?

- Do we all see need to urgently attend to the misalignment in our financial years, for this does seriously undermine our ability to effect intergovernmental planning?
- Has the IDP been sufficiently promoted or marketed to the key social actors in our communities (business, labour and communities), as the collective planning tool for all?

These are crucially important questions that we are going to have to confront squarely if we are to sophisticate and really improve the utility of the IDP.

Over and above this, however, there is a need to take better look at how we are evolving our Provincial Growth and Development Strategy (PGDS) processes and to what extent they are really informed by local realities and challenges. For, judging by the policy trends in our country, the District and Region is set to become a much more important basis for planning than the Province. And for this very reason, and in preparation for this inevitable expansion of the role of the region, districts and their municipalities need to be afforded the appropriate respect and significance. And this should be reflected in our working and operations.

Part of a discussion that must be had is that relating to the role and place of provinces in our state system at large, but specifically with respect to intergovernmental planning. In our recent national SALGA conference, we had occasion to interrogate this matter, and whilst it was not resolved there is an overwhelming feeling of disquiet with the current state of affairs. To be really candid, local government experience with the current arrangement is not a happy one. We are not happy with the amount and manner of support we receive from the other spheres of government and neither are we happy with the character of the intergovernmental relationship the current system has brought about. All of this begs the questions: do we need the current system and do we need it in the current form? The overwhelming feeling among Councillors is that a change is called for.

At the heart of these challenges is the need to pose the question in the following terms: from a developmental state point of view, what institutional arrangements really facilitate the sort of growth and development trajectory our country years for? Should not planning and policy capacity be located at the centre, while the task of implementing and driving of our developmental agenda should be located at district/regional level? Would this not facilitate better horizontal and vertical planning and coordination, across our state system? And, indeed, where does this leave our provinces? These are matters that any conference on planning and regional economies should carefully ponder.

At the same time, our country is crying out for a comprehensive national development plan or strategy that should serve as a reference point - a glue, almost, for the work of the government as a whole. To a large extent the economic success of the East Asian countries was, in part, attributable to the presence of such national development plans.

Neither the NSPD, which is essentially a land use and planning instrument, or ASGISA, an intervention to ensure that the benefits of growth are more equitably distributed, can replace a national development plan or strategy. Therefore, over and above ensuring harmonisation of the NSDP/PGDS/IDPs in the medium term, there needs to be recognition that our country desperately needs a national development plan/strategy, in order to guide growth and development in the long term. An industrial strategy would constitute a significant element of such a plan.

These are some of the key strategic challenges confronting our work in the area of planning, policy and institutional arrangements. In the meantime, SALGA continues to be seized with the challenges of the current framework. These include ensuring that municipalities are sufficiently capacitated to discharge their various responsibilities. These include ensuring the municipalities:

- Have reasonable financial resources to do their work and meet their obligations;
- Continuously upgrade their skills to meet human resource development challenges;

- Bring communities on board in decision making processes;
- Strengthen intergovernmental relations with other government departments whilst partnering with business and NGOs;
- Establish a holistic development approach which links IDPs and LED.

With reference to the second generation of IDPs, the current assessment which is spearheaded by the Provincial Treasury and Departments of Local Government and Housing is critical in linking budget spending to IDPs. This hands on support, which is offered by these two government departments to municipalities, is crucial in improving connectivity between priorities and the financial muscle that municipalities have to deliver. It is in line with our current efforts of improving service delivery whilst we spend our budgets efficiently at local government level.

Last but not least, in our attempts at identifying key strategic instruments for leveraging and driving growth and development, the local sphere of government needs to - and will - critically engage the provincial and national government on a continuous basis in order to reflect on strengths and challenges as we move forward. Key government initiatives such as ASGISA and the Expanded Public Works Programme are crucial in stimulating local economies. Therefore, viable IDPs should encapsulate these programmes. The newly defined role of District municipalities as anchors of development at local government level also presents an opportunity for these municipalities to lead from the front in levelling the playing field for the attainment of sustainable development.

We look forward to sharing experiences and exchanging notes with our colleagues from other parts of the world on these truly vexing matters.

Introduction to the Purpose and Rationale of the IDP Conference, by Ms. S. Majiet, HoD

The Department has been looking forward to the critical thinking space that this event will create. The purpose of my input is to share some of the thinking behind this event and what we want to achieve, the kind of outcomes we hope this dialogue will bring about. In hosting these events for the past five years, there has been a noticeable shift. Whilst initially we discussed issues related to the start of new municipalities and consultant-dominated IDPs, municipalities were increasingly taking greater control. Twenty-six months ago, we reach a milestone with the Hermanus Declaration (2005), when municipalities committed themselves to nine things:

- Use the integrated development planning process to create a home for all in our cities, towns, villages, and rural areas;
- Promote economic growth that is shared across and within communities;
- Provide political and administrative leadership in the IDP process;
- Ensure that we get the sustainable delivery of basic services right;
- Mainstream integrated planning in the operations of our municipalities
- Focus on IDP as a means of building stronger communities and building bridges between communities;
- Build the IDP on the meaningful participation and ownership of communities and on partnerships with business, labour, and community organizations;
- To Work towards the alignment of IDPs with the provincial spatial development framework, provincial growth and development strategy and the national spatial development perspective; and
- Promote the IDP as a performance plan for all municipalities.

Through this conference we want to introduce you to what regional development and planning is all about, to take out the myth, misunderstanding and fear. We believe that this is an essential point we are reaching in our development work. We want to strengthen current partnerships further based on a solid understanding of what regional development is.

The intended outcomes of the conference are two-fold. First, we want to promote regional development thinking. And secondly, we want to drive a compelling agenda for action. Work has already begun in the Cape Town Functional Region, but it still needs to begin in the other two regions in the province.

Ultimately, we want to remain interconnected and demonstrate better discipline in planning for integrated human settlements that will have long-term impact.

We trust you will actively participate in this conference.

SESSION 2: PLANNING, LAND USE AND HUMAN SETTLEMENTS IN BRAZIL

Planning, Land-use and the Facilitation of Growth and Integration in Brazil, Dr. Edésio Fernandes

Brazil has seen rapid urban growth over the past 40 years. In 1960, 45% of the population lived in urban areas, compared to 83% in 2007. This equates with an increase of 5.5 times. One in four urban residents live in the nine metropolitan areas. Clearly, there is a concentration of people and economic activities in a small part of the national territory.

The pattern of urban growth reflects spatial segregation and territorial fragmentation. This finds expression in *favelas*, peripheral land subdivisions and gated communities. Other characteristics of urban growth in Brazil include a concentration of services and equipment, the urbanisation of poverty, informality (i.e. informal access to land and housing), urban violence, social exclusion, negative environmental impact and what may be termed socio-spatial 'apartheid'. The overall result is expensive cities, which are difficult to manage.

To highlight the scale of the urban crisis:

- 26 million people in urban areas do not have water
- 14 million urban residents are not served by rubbish collection
- 83 million urban residents are not connected to sewerage system
- 70% of collected sewage is not treated
- 52 million urban residents walk to work
- The housing deficit stands at close to 8 million units
- Between one third and a quarter of urban land, both public and private, is vacant land
- 5.5 million units (public and private) are vacant or under-utilised properties
- Between 50% - 80% of urban residents live informally in Brazil's main cities

Informal urban development is also increasing in middle-sized and small cities. The rates of informal growth are higher than the rates of urban growth, and those of poverty growth, which suggests that informality cannot be neatly equated with poverty. Informal urban development means that public land as well as public and private environmentally sensitive areas have been progressively occupied.

The urban crisis has been made possible by a variety of factors, including: a failure to confront the concentrated land structure; lack of adequate land, urban and housing policies at all governmental levels, with existing policies favouring privileged groups; lack of formal market options of access to serviced land in central areas; territorial organisation is largely determined by speculative land markets, facilitated by civil and registration laws and by the nature of land use regulation and planning process; weakening of local government, attrition of local parliaments and political exclusion of society; and, a longstanding tradition of political clientelism and patronage.

With regard to the legal-urban order there is a dispute of paradigms. The one paradigm promotes unqualified individual property rights whilst another paradigm highlights the social

function of property. Prior to 2001, when the City Statute was adopted, the historical tradition of unqualified individual property rights was affirmed. As a result of *laissez faire* policies of urban land development, especially at municipal level, the quality of the representative democratic system at all government levels was undermined. Given the elitist and exclusionary nature of the incipient tradition of urban planning, zoning and regulation government intervention, urban law continued to contribute to exclusionary urban development. Elitist technical criteria failed to reflect socio-economic realities. Urban law also failed to reserve suitable and accessible areas for social housing, to anticipate the impact on land prices formation and to capture surplus value generated by public works and services, as well by changes in laws. The institutions were characterised by a lack of capacity for action, a failure to use land and property taxation, bureaucratic procedures, a lack of monitoring and repression, and corruption.

In looking at the role of law in the production of urban illegality, the question arises whether the problem lies in a lack of planning or perhaps in the nature of the planning process. It is important to interrogate who has benefited from the tradition of land and urban planning and regulation.

From the late 1970s important cracks appeared in the longstanding military regime, as a result of a powerful combination of factors: growing social mobilisation through trade unions, civic associations, groups linked to the progressive branch of the Catholic Church, NGOs, and the reorganisation of traditional political parties and creation of new ones. There were claims for political reform, particularly emphasising democratisation and decentralisation, and, to a lesser extent, claims for urban reform. The emphasis here was on legal change and institutional reform as *sine qua non* conditions for urban reform.

In the midst of these vital reforms, a national "Urban Reform Movement" emerged and started to gain momentum. Its main claims included:

- Democratisation of access to urban land and housing;
- Recognition of the social function of urban land and property;
- Housing right as a social right;
- The right to the regularisation of consolidated informal settlements;
- Need to confront land speculation and capture surplus values in urban areas;
- Decentralisation, recognising the central role of municipalities;
- Democratic management of cities, i.e. wide participation in Executive (Participatory Budgets), Legislative and Judicial powers; and,
- Institutional representation at federal level.

A new legal-urban order was inaugurated with the 1988 Constitution. Its possibilities began to be realised throughout the 1990s through a series of progressive local experiences. The new legal-urban order combined three interrelated processes, namely: extreme decentralisation; a progressive land governance framework, with emphasis on the importance of municipal master plans to define the nature of property rights; and, popular participation in land and urban management.

The groundbreaking 2001 City Statute regulated and expanded on these constitutional provisions and explicitly recognised 'the right to the city' in Brazil. The City Statute set the basis of a new legal-political paradigm for urban land use and development control, which in essence enabled land and urban planning to promote socio-spatial integration, environmental preservation and economic development. Its main provisions include the principle of the 'socio-environmental function of urban property and of the city' as well as collective rights to urban planning, social housing, environmental preservation, capture of surplus values and regularisation of informal settlements. It promotes the indivisibility of urban law and urban management. The 2001 City Statute further promotes new mechanisms and instruments for action (regulation and induction) by local government, including processes for democratic management of cities.

Following the election of President Lula in 2003, a Ministry of Cities was created. The Ministry consists of an Executive Secretariat presiding over four National Secretariats, namely Housing; Environmental Sanitation; Transport and Mobility; and, Land and Urban Programmes. Following President Lula's call for national mobilisation to discuss land, urban and housing policy goals through a series of municipal 'city conferences', two National Conferences of Cities have since taken place (in 2003 and 2005). At the first event, a National Council of Cities was created, consisting of representatives from a variety of sectors and stakeholder groups. Citizen participation in the Council's deliberations is widely ensured and the Ministry of Cities is legally required to follow and respect such deliberations.

Following the 2001 City Statute there has been further legal reform at local and federal level. A series of urban laws has been enacted and/or discussed by National Congress (Public-Private Partnerships, Civil Society Organisations of Public Interest, Popular Housing Fund, Public Consortia, etc). There has also been growing investment by the Ministry of Cities, including the Plan to Accelerate Growth and efforts to record investment. In addition, National Programmes have been put in place to support land regularisation and requalification of central areas. Currently, 1,600 Municipal Master Plans are in process. Whilst more progress has been made in participation, less results have been achieved in the nature of intervention in the urban land structure.

While the process of urban reform in Brazil has been given a major boost since 2001, many serious challenges have to be overcome. Urban reform is an ongoing process full of contradictions and challenges. A major challenge is to reconcile social, economic, and environmental needs, laws and policies. What is required is a definition of an articulated territorial organisation policy and systems of cities. The social function of public land needs urgent attention. Furthermore, there is a need to move beyond institutional fragmentation and to make more financial resources available - or at least put existing resources to better use - through property taxation and surplus values. There is also a need for clearer criteria for private sector involvement in PPPs and for more accountability. What is required is a rethink of municipalism that recognises that the local is metropolitan. This implies a more dynamic intergovernmental articulation in a new federal pact. Ultimately, urban law needs to be placed at the heart of the political process and the right to the city needs to be materialised through renewed social mobilisation.

The experiences with urban reform reveal some valuable lessons for South Africa. For one, it is important to refrain from repeating the mistakes made in Brazil. Secondly, the legal-institutional framework is important to express the true nature of socio-economic and political processes. Thirdly, to shift from exclusion to inclusion, the land governance framework itself needs to be inclusive. A fourth lesson relates to the need to confront informal development in the heart of land development planning and regulation. Fifthly, local government has emerged as an important institution within a broader context of intergovernmental relations. Furthermore, cities are at the heart of the economy; they do not merely provide social policy or infrastructure for economic development. Finally, social mobilisation is important in defining and realising urban reform.

Housing and Settlement Challenges in Brazil, Dr. Renato Cymbalista

Between 1950 and 2005, Brazil has experienced rapid urban growth, from 18 million (or 36% of the population) to 169 million (or around 80% of the population). A significant proportion lives in informal and/or insecure housing conditions.

Brazil is not only highly urbanised, it is also a very unevenly developed country, with wealth concentrated in a relatively small proportion of the population. While the 50% poorest people in the country collectively hold just below 15% of national income, the 10% richest people hold 45% and the wealthiest 1% of the population holds 13%.

Regarding housing policies in Brazil, housing provision by the state starts in the 1940s. The approach was based on home ownership in one-family housing units. In 1966, the National Bank for Housing (BNH) was set up. Funding of the housing policy came from a variety of sources, including retirement funds (IAP), the national Security Fund for Workers (FGTS) and the National Savings system (SBPE). Between 1966 and 1985, 4.4 million houses were funded by the BNH, of which 3.2 million units were middle class housing and 1,2 million were social housing. Housing finance for around 250.000 units was made available to people that earn between one and three minimum wages.

The 1980s saw a financial crisis in Brazil, with rising unemployment. As a result, the National Bank for Housing (BNH) collapsed. From 1986, housing financing was provided by the Federal Savings Bank (Caixa Econômica Federal), a public bank. Between 1986 and 1998, around 2 million houses were financed, less than 20% were low-income housing units.

The housing deficit in Brazil has grown from 7.2 million housing units in 2000 to 7.9 million units by 2005. This is equivalent to 16% of housing units in 2000 and 15% of housing units in 2005 respectively. Data from 2005 shows that the urban housing deficit is very high, namely 81% (or 6.4 million) compared to 19% (or 1.5 million) in rural areas. The deficit in metropolitan regions is 2,3 million, ranging from 738,000 in the metropolitan region of São Paulo to 442,000 in the metropolitan region of Rio. The housing deficit is particularly acute in the lower income categories: in 2000, 82% of the deficit affected those with an income of up to three minimum wages; by 2005, this deficit has risen to 90%.

Traditional urban planning policy in Brazil has been disconnected from housing policy. Land planning, regulation and control was only applied to the formal city. As a result, public investments in equipment and urban services are concentrated in high value areas of the middle and upper classes. Urban planning policy has not been able to break the logic of peripheral expansion and occupation of environmentally fragile areas.

Clearly, the process of urbanization is unsustainable. It results in the degradation of natural resources. Given the location of low income communities on the periphery, they face permanent risk e with low of floods, mudslides and erosions. Low income communities are also located far from the city, which means that they are forced to travel long distances to areas of economic and social opportunity. As a result, the cost of urban infrastructure and services is very high. Urban sprawl is also putting increased pressure on agricultural land, leading to the elimination of agricultural activities near the cities, and there is a scarcity of urban land for lower income housing.

During the 1980s, Brazil went through a process of re-democratisation. It was in this context that social mobilisation around issues related to housing and urban policy reform took place. Social actors involved in this process came together in a broad coalition called National Movement for Urban Reform. The inclusion of an Urban Policy as a chapter of the 1988 Constitution was a significant victory for grassroots mobilisation on urban and housing policy reform. The chapter specifically made mention of the right to the city and citizenship.

The 1988 Constitution imparted municipalities with greater responsibilities for promoting housing and urban policies. This enhanced experiences already underway, in an attempt to fill the void created by a lack of a national policy, and led to the emergence of new solutions at local level. In Recife, slums were designated at Zones of Special Social Interest (ZEIS). Each of these zones receives an urbanization plan and a local commission made up of community members constructs a policy for their respective area. In São Paulo a housing policy aimed at bulk housing provision in distant and segregated locations gave way to a more diversified policy, including slum upgrading, land tenure regularization and housing provision, with active community participation. In Diadema, the idea of Zones of Special Social Interest was further expanded, strongly emphasizing a redistributive dimension of land and housing. Significant parts of the city were designated for housing projects of social interest, thereby ensuring access to well located vacant land for the poor. Finally, in São Paulo, efforts were made to

provide housing of social interest in central regions of the municipality by combining a range of instruments, such as a social rent programme, real estate leasing with subsidies, and building of new units in the inner city.

Following the 1988 Constitution, more specific urban and housing policy began to be articulated and implemented. While the City Statute was drafted in 1990, it took until 2001 for it to be adopted. The City Statute allows for new instruments for urban land management. This was followed by the creation of the Ministry of Cities in 2003 and the establishment of a National Council of Cities in the same year.

Other initiatives related to housing include the National Housing Policy, formulated by the Federal Government, which provides for an enlargement of social housing funding with existing funds. Provision is also made for 'solidarity credit', which is low interest credit whereby local communities stand as guarantors. In 2005, the government approved legislation that allowed for the creation of the National System for Social Housing. Finally, a National Fund for Housing has been created.

Regarding urban policy, progress has been made in the field of urban land regularization and with respect to participatory master planning. Each municipality has to develop a Participatory Master Plan, which articulates the social roles of the city and of urban property for the next 10 years. As such, it consolidates a socio-territorial pact that should govern the city. In accordance with the 2001 City Statute and a resolution of the National Council of Cities, 1.684 municipalities had to elaborate or review their master plans by October 2006.

The right to housing and territorial inclusion is one of the key principles underpinning participatory master planning. This means that the Participatory Master Plan should overcome the duality between formal/informal and legal/illegal. The Participatory Master Plan also has a curative dimension, aimed at eliminating the legal, administrative and territorial barriers experienced by low income, informal settlements in land regularization and urbanization, and a preventive dimension, which means ensuring access to urban land for social housing or social interest zones in locations that do not face environmental risks, with urban and social infrastructure and near the workplaces.

Traditionally urban policies were the result of a dialogue with real estate developers, large property owners, professionals (architects, city planners, lawyers), public officers and city councillors. The Participatory Master Plan is based on consultation with the above-mentioned actors, and with representatives of communities and social movements for housing. A designated group consisting of representatives from civil society and the municipality coordinates the process. The whole process, from local analysis and needs assessment onwards, is based on participation. National coordination is provided through the National Council of Cities, to ensure that municipalities elaborate their master plans in accordance with the principles set out in the City Statute.

A number of challenges and debates continue to characterise housing and human settlements in Brazil. In 2007, the national fund for low income housing (2007) made US\$ 500 million available for subsidising social housing. To apply for this money, municipalities have to connect to the National System for Social Housing. To address the housing deficit in Brazil a master plan for housing is needed. Brazil's 2007-2010 'Program for Acceleration of growth' allocates US\$ 120 billion for investments in housing, infrastructure, facilities and other services. Clearly, Brazil will have the money, the institutional framework and the local regulation to improve the housing issue. The question is: in how many municipalities will the money be spent in ways that really address segregation and the low quality of housing? Mobilisation around well located land and good quality housing remains critical.

Response by Dr Edgar Pieterse, Office of the Premier

While there are undeniably significant differences in scale, what strikes me is that there are many similarities between Brazil and South Africa. There is much we can learn from the experiences in Brazil. For one, Brazil has gone a lot further in promoting the democratic experiment. The tools and instruments adopted are more advanced than we in South Africa are willing to go at this stage. The establishment of a Ministry of Cities, responsible for promoting and driving an integrated spatial development perspective, seems almost inconceivable in our discourse. This provides an important lesson in terms of what it will take to make a national spatial development initiative a reality.

Another example relates to the link between private property and social interest and how it is expressed in Brazil's legal framework. In Brazil, social interests trump private interests, which is very important in a context of inequality. Moreover, this is translated into regulatory tools and instruments. In South Africa, because new Urban Development Framework is stalled, municipalities have to rely on old apartheid zoning regulations, which is fundamental to continuation of apartheid settlements.

Significantly, Brazil seeks to intervene in settlement patterns. Master plans are set within an ambition to try and intervene in property values and land use. Compared to the IDP, where this possibility is not really entertained, this is very significant as it engages with structural drivers of inequality.

Despite having regulatory tools, there is still a strong emphasis on social mobilisation in Brazil. In South Africa, it seems we have gone stale on this. We have not really experimented with participatory instruments that facilitate substantive democratic processes.

Finally, a worthwhile reminder is that in most parts of Brazil having coalition-governments is a reality. In other words, local and regional politics are characterised by permanent debate, compromise, and so on. So there is nothing particular in Western Cape politics in that regard and coalition politics cannot be used as an excuse for not getting things done.

Response by Dr. Sophie Oldfield, UCT

I would like to make a number of observations based on the presentations by our Brazilian colleagues. For one, the scale and complexity of problems in Brazilian cities make South African cities and dynamics look manageable and finite.

Secondly, I think it is helpful to use the Brazilian experience to think about how to work with 'the informal'; their approach to 'the informal' is not about eradication or formalisation, but about complexifying it. In other words, Brazil has accepted informality and has adopted a variety of tools to engage with it.

Thirdly, as the presentation by Renato Cymbalista, and particularly his paper, shows, there are pluralist ways of thinking about housing policies. This challenges the 'one size, one fit' response to housing in South Africa. The basics for a more pluralist understanding are there in *Breaking New Ground*, but the challenge is to interpret and implement it on the ground, in and by municipalities.

Another valuable lesson from Brazil is that there is rigorous engagement with civil society at local and national level. Brazil provides a range of opportunities and policy instruments to facilitate such engagement. This is something that can invigorate South African debates and policy making.

Fifthly, and linked to the previous point, the examples from Brazil challenge us to take seriously the local logics of community groups in substandard housing and informal conditions. This will help us to create a better understanding of civil society-state and state-civil society processes.

Furthermore, we need to better understand and appreciate complexity and inequality in order to respond to it. This requires participation and engagement between the state and civil society. It challenges us to think about how we can use our policies and practices in flexible ways.

Lastly, as the Brazilian case shows, there is not one single answer to the housing and human settlement challenges. We have to recognise that processes are political, not just technical or social.

Questions and plenary discussion

The following issues were raised following the presentations:

- Curitiba was not mentioned in any of the presentations, yet Curitiba seems to provide useful lessons for South Africa. It went from being a very poor city to a metropolitan area of 4.5 million people with great success stories regarding city leadership response to housing and social development.

Response by Edésio Fernandes: There has been a very remarkable experience in urban management in Curitiba, before local government was recognised as an autonomous level of government in Brazil. Curitiba has hailed significant success in public transportation in particular, but it is not a good example for land use to promote social integration. In fact, the city has still one of the highest rates of segregation and informality and to this date Curitiba has no comprehensive programme to address this. Programme and planning was based on certain principles, very much targeted at middle class, with nothing on social housing.

- The South African Cities Network (SACN) was set up to address a host of urban issues. Would it not be the appropriate structure to fulfil the roles similar to the national Ministry of Cities in Brazil? If so, how can it extend its footprint to facilitate the necessary coordination between the various national departments?

Response by Edgar Pieterse: The SACN does not have sufficient clout to direct investment in cities or to raise the political support required to realise that cities and towns are the anchor point of socio-economic development. This will mean pushing for amendments to the current division of powers and functions in the Constitution. There is a need for some institution or structure that can drive the sub-national agenda; perhaps it would not be a Ministry of Cities, but it does need to have significant weight and authority.

- What is the definition of social housing in Brazil? In South Africa public rental housing is not considered.

Response by Edésio Fernandes: Social housing in Brazil denotes different programmes with different criteria. The reality is that in practice it is not able to reach the large part of the population that is living on minimal wages.

Response by Renato Cymbalista: The definition of social housing raises confusion in Brazil. One could say that this is on purpose, because there is so little public housing provision. It is difficult to separate low interest housing and subsidised housing in Brazil, which is a problem of existing housing policies.

- Is it worthwhile to revisit the private property clause in the South African Constitution?

Response by Edésio Fernandes: Brazil has a clearly defined legal framework on property rights. In South Africa there are elements to construct a discourse and what is needed are more daring proposals to accommodate property rights *and* social rights. My understanding is that at constitution drafting process, legal experts hijacked the definition of property rights and turned it into something more conservative than the negotiators had in mind. The reasons for this may have been political, related to a fear of capital flight, unrest, and so on, but that does not explain the legal argument that it would be unconstitutional not to recognise property rights. Now it is of course more difficult to reconcile both individual property rights and social rights and to support a more interventionist approach.

- How does popular housing funding function?

Response by Renato Cymbalista: These funds exist at national, provincial and municipal level, and are managed by a board, consisting of representatives from civil society and government. To qualify for these funds, municipalities have to have a master plan for housing, a fund for housing and something similar to a bank account, a local fund. The problem is that there is very little money in this fund that is democratically managed, compared to other sources of funding.

- What form does social mobilisation take in Brazil and what are the features that make it successful in influencing urban policy?

Response by Renato Cymbalista: Regarding social mobilisation, people participate, not because they like participation per se, but because they have concrete interests. Some requirements for effective participation and social mobilisation include an ability to participate in the relevant instruments (which change depending on phase of planning) and an interest to share power and information.

Response by Sophie Oldfield: For effective social mobilisation and engagement there is a need for political space. In Brazil, lots of spaces exist for a range of actors from a variety of perspectives and interests to engage in policy and planning. Such spaces have been created by the state. That wealth of participatory processes, spaces and instruments does not exist in South Africa.

A few other issues were raised, which were deferred to the group discussions:

- In South Africa, there is evidence that progressive legislation has perverse consequences for farm workers, leading to a loss of access to land. Are there similar examples in Brazil?
- What kinds of incentives would work well in South Africa that would help to reduce inequality?
- The South African experience shows that the notion of integrated development planning is difficult, as it requires integration of national incentives and policies with provincial and local policies, across the breadth of social, environmental and economic sectors. What are the experiences in Brazil that we can learn from?
- The National Spatial Development Perspective represents a migration of policy. How do we make it more effective, given gaps in land use management?

Feedback from group discussions to reflect on IDPs and potential areas for refinement towards transformative outcomes

1. *What was most relevant about the presentations, that enables you to think differently about spatial planning, development planning, land use and housing?*

Discussions in the commissions centred around the following issues and responses:

- The legal basis for the land governance framework in Brazil
- Introduction of local tools to transfer powers significantly

- Caution for more effective development and urbanisation
- Resources to respond to development challenges / similar challenges at district level
- The progression in the discussion: from the Premier's input at the Growth and Development summit in 2005 to this conference (focus on regional development trajectory). Where is the discussion currently regarding the local versus national interface?
- Regional and economic geography of the Western Cape
- IDP as a collective expression of government
- Alignment of planning tools and the balance between mandate and extended demands
- Integrated human settlements versus the legacy of apartheid: why such a slow response?
- Land price in ideal locations
- Urban property market is currently unregulated
- Which tool is best placed to govern the land market?
- Some form of control, e.g. rent control, regulation of property prices
- Practicality, urban markets do not respect boundaries, impacts of market dynamics and uneven regulation
- Main challenge in the legislative environment is that policy does not allow for social housing; there is conflict between procurement policy and land regulation
- Conflict between how to determine best value for land options
- Having to create joint ventures with property owners
- We are not alone!
- We do not need more planning - just different planning!
- The importance of mobilising funds, ideas and people
- Social and economic development should not be seen as separate

2. What can be done in the domains of planning, land use regulations, zoning, and development rights to counter segregation, sprawl and unsustainable land use?

Discussions in the commissions centred around the following issues and responses:

- Legislative and governing frameworks
- Limited controls of land use
- Combining carrot and stick approach to authorising land use in order to encourage
- Land plan for province based on government owned land regardless of department, local or provincial?
- How do we accelerate NSDP objectives, in the absence of legislative framework? How do we implement so that actual local practitioners are conscious and aware of the changes expected to bring about these objectives
- Is there enough interface between IDP, SDF, LED practitioners? How much collaboration is required, necessary?
- Processes are simultaneous and conflicting at times
- Standard and level of community participation and partnerships: do these sufficiently influence IDPs? The IDP is still a wish list, needs education
- Water is equally if not more important
- Restriction on growth as a result
- Consulting industry costs more than local authorities can afford
- Housing subsidy for municipalities from provincial/national government for maintenance of low income housing
- Need to deal with the land issue:
 - Land value tax for the Western Cape
 - By-laws for open land/buildings
 - Underused state land (especially land owned by provincial/national government) pool for settlement
 - Public rental stock to remain public in perpetuity
 - Create fund to buy land
- Well defined, credible spatial development frameworks:

- Practical, specific
 - Densify and fix urban edge
 - Teeth - no approval of housing plans if not aligned and integrated
 - Earmark land for social housing
 - More dynamic progressive use of land use management tools
 - Inter-govt approach - national and province role players must come to table (IDP)
 - Deal with process issues:
 - More inclusive participatory planning processes
 - Designed for desired outcomes we want
 - Allow for sharing of power with people
 - Build municipal and social capacity
 - Allow for cross boundary engagement
3. *What would you change in your draft IDP to advance ideas or solutions proposed in response to question 2? What can we draw from the Brazilian experience?*

Discussions in the commissions centred around the following issues and responses:

- How to incorporate social value of land in the IDP, particularly in relation to property prices?
- Inform the kinds of discussions, budgets, types of engagements
- Land governance framework - Integrated Law Reform
- Input into this IDP is dependent on having the land governance framework
- Alignment of functions and cohesion across functions - plan for participation with government and externally
- Conflicting/opposing view from various national and provincial departments - no understanding of the local implications, plays out locally
- Impact of legislation governing local government- review of legal framework
- Need to engage with/align to neighbouring IDPs

4. *Share local experiences (innovations/frustrations) in your municipality that advance the agenda of settlement integration and equity.*

Discussions in the commissions centred around the following issues and responses:

- Responsive Budgets to the challenges of development that is beyond the constitutional mandate- beyond basic services
- Conflicting policies for rural settlements, under the land reform process, established legal entities to facilitate solutions, now with the MFMA conflicts the growth and development role, funding spent on private land
- Tone of the IDP must speak to Growth and Development but the limited resource ability and the capacity to create aspirations that are unrealisable- long term growth
- Intergovernmental relations, especially role of Districts versus province, remains area of confusion/frustration
- Too much policy and planning? Too prescriptive?
- Examples of innovation
 - Bitou - Coming Together!
 - Overstrand - local contractors and local labour

SESSION 4. REGIONAL DEVELOPMENT

International Practices in Regional Development & Links to Shared Growth, Mr Greg Clark

The world is now changing fast, with metropolitan and city regions becoming more important than they ever were before. Globalisation and the knowledge economy have repositioned metropolitan regions as drivers of national economies. In 1925, a quarter of the world population lived in cities. It is estimated that by 2025, 75% of the world population will live in cities.

Six trends, or long term drivers, can be identified that foster a new age of urbanisation and metropolitanisation. These include: economic internationalisation; human mobility and demographic trends; environmental change and challenges; technology development; cultural endowment and creative fusion; and, continental governance.

How cities respond to these trends and opportunities matters. To succeed regions and cities must adjust, and need to be open, integrated, diverse, connected, skilful, innovative, investable, attractive, sustainable, stable and safe. This is not something that will happen by accident, but it needs to be guided and carefully managed, with leadership coming together and putting together a clear plan. It also requires a distinctive offer, sustained investment, strong co-ordination of policies and programmes and effective tools for intervention. Co-ordinated action focused on enhancing assets and tackling weaknesses is key. Vertical co-ordination and horizontal action are essential.

Regions and Cities need partnership with global corporations to achieve this; the process of change in regions and cities, and the growing markets it creates, is a major opportunity for business growth.

The Western Cape is a unique city-region with major advantages in locational, population and innovation terms. It currently functions as a diverse visitor, knowledge, production and services hub. The question is, can it be more? Can it become a new breed of globally connected South African Metropolitan city-region?

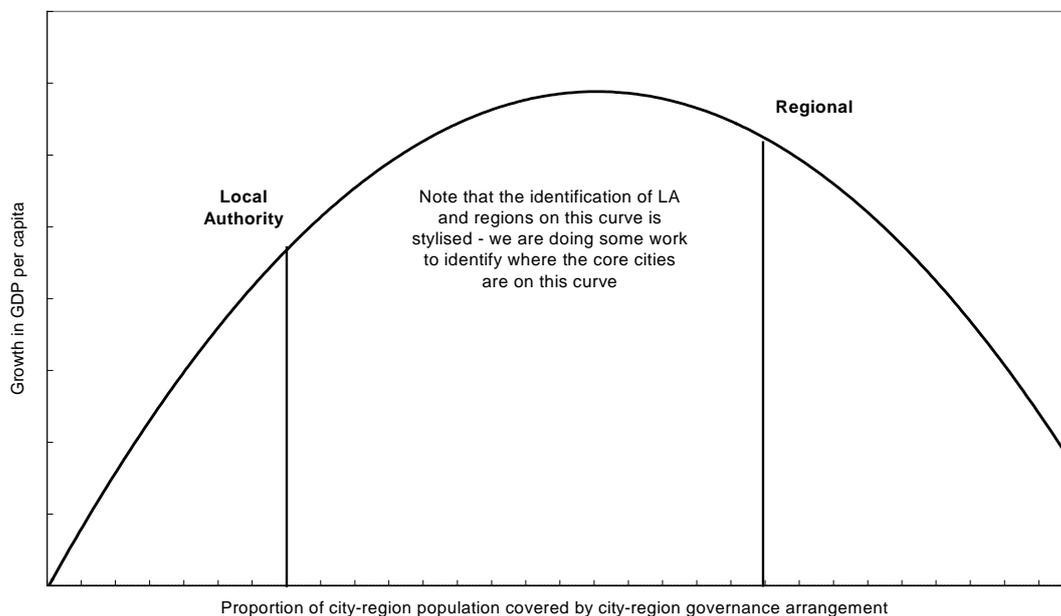
Bigger cities are now key to national economic success, yet bigger cities are not the focus of national economic policies. In fact, cities/regions/metropolises are not recognised well in higher order or sectoral policies. Yet, globalisation happens through institutions and firms based in bigger cities, using metropolitan logistics and infrastructure. Also, bigger cities provide a high return on public and private investment if they can solve problems effectively. Thus, organising the economic city and its story is the first key task. What is needed is to demonstrate the ability to make an economic difference. Global cities working with globally companies implies having a large firms agenda as well as a focus on small firms. As global cities like London, New York, Auckland and Madrid have successfully demonstrated, making the case for the city economically is crucial.

Cities and regions can provide competitive advantage of diversity through:

- Quality of life for knowledge economy;
- Richer visitor experience;
- Spur to creativity and innovation;
- Openness to wider markets, populations and customers;
- Trade and exchanges with international markets;
- Levels of entrepreneurship and aspiration;
- Better corporate relations;
- Attractiveness for international investments/events.

The main advantage is that cities/regions/metropolises can serve the global market from one location.

The framework for economic growth (see figure 4 in the Discussion Paper on 'Rethinking Regional Development in the Western Cape') reflects the priorities of accelerated, shared and integrated development whilst emphasising the feedback effects that occur between development outcomes and development inputs.



As the graph above shows, many cities are 'under-bounded' while many regions are 'over-bounded'. It is in the space in between where city-region governance may boost growth.

A number of factors serve to explain the rise of new regional policies. These include:

- Spatial disparities;
- Regional and City-Regional organising;
- Collaborative leadership;
- Long term and new geography;
- Public and private;
- Markets and public services;
- Many different approaches: formal and informal;
- Openness to external opportunities;
- Adjustment to change;
- Shared growth and territorial cohesion.

New regional policies differ fundamentally from 'old style' regional policies. New regional policies have tended to optimise local sources of growth, as a complement to external sources, and to focus attention on fundamental ingredients of productivity, and the tackling of market, coordination, leadership, and policy failures, including specific measures to address poverty at local levels. The contrast between traditional and new regional policies is reflected in Table 1.

In pursuing a regional development approach the leadership in cities and regions is faced with a number of challenges. One of these challenges relates to the rapid and dynamic growth of metropolitan regions. Another challenge relates to investment. By definition, financial resources are finite and national public finance is slow to follow growth. City and regional leadership are often faced with a lack of investment tools to increase investment. Thirdly, the formal power and competence ascribed to cities and regions is less than required. City and regional governments do not control everything and their power and authority is circumscribed by boundaries, competencies, a division of labour with higher/lower tiers, markets and regulation. Finally, national and sub-national governments tend to guard their own space,

Table 1. Regional development policies substantial evolution since first developed in the 1950s

	Traditional Regional Policies 'Regional Planning' 1950s to 1990s	New Regional Policies 'Territorial Development' 1980s to present
Objectives	Balance national economies by compensating for disparities	Increase regional development performance
Strategies	Sectoral approach	Integrated development programmes and projects
Geographic focus	Political regions	Economic and ecological regions
Target	Lagging regions	All regions
Context	National economy	International economy and local economies
Tools	Subsidies, incentives, state aids and regulations	Assets, drivers of growth, soft and hard infrastructures, collaboration incentives, development agencies, cooperative governance
Actors	National governments	Multiple levels of governments, private and civic actors. Implementation agencies

(Adapted from OECD 2006)

thereby constraining cities and regions from taking the lead. These challenges bring to the fore the need for agenda building and for influencing roles.

Within city regions, the role of economic action needs to be properly understood. Economic strategies are not like public services. Rather, it implies engaging in markets, which are increasingly global. Economic action is also not an expenditure that cities or regions make. Rather, if done well, it is an investment that yields returns. Thus, local economic development is not just a department within a city or region, but is in essence a rationale for what the city or region does, as it seeks to promote prosperity and well being for all its citizens. It should not be seen as a choice amongst competing priorities, but a means to achieve wider goals in social, environmental and cultural realms. In other words, economic development is the business of everyone. Finally, economic development has broad outcomes related to issues such as taxes/resources, land values and assets, jobs and choices for citizens, investment, visitors, prestige, dynamism and buzz, partnership with business on city goals, a clear future for the city and its people.

Successful regional development initiatives are characterised by the following:

- One Plan, with a strong story line.
- An investment prospectus that defines key shared investment priorities.
- An economic agenda that is located across the whole Regional and City Government, not within one department.
- Organised business leadership that is demanding and consistent and speaks to all orders of Government.
- Customer orientation within government, addressing employers, investors, visitors, entrepreneurs, traders, innovators, developers, infrastructure providers.
- Focused number of top priorities, sectors and spaces.
- Expanding capacity to implement, which includes a range of financing tools.
- Range of delivery vehicles that can attract external investment.
- Problem solving and project management orientation.
- Strong economic agenda and partnerships with the local, provincial and national public sector, local and regional private sector and global partners.
- A collaborative leadership group that leads, empowers, focuses on big picture and leverages resources to deliver.

Table 2 summarises the key elements of success and failure in regional economic development.

Table 2. Successes and failures in regional economic development

Success	Failure
Rising tax base with lower taxes	Dwindling tax base with high taxes
Employment and incomes for citizens and choice of jobs	High unemployment and high emigration
Resources for social and environmental programmes	Reduced resources for other programmes; environmental degradation
Multiple distinctive and attractive locations	Failed projects and initiatives
Managed growth and investment	Disinvestment; unmanaged decline
Increased global connectivity	Reduced global connectivity
Strong collaborations	Bickering

Initiatives for economic inclusion are a central part of a regional development approach. Some examples include:

- Labour market transition.
- Informal economy strategy.
- Investment instruments with local reach.
- Settlement and conversion programmes.
- New forms of entrepreneurship.
- Procurement and supply chain value.
- People, places, and markets progressing together - i.e. 'place equity'.
- Corporate responsibility and tackling discrimination.

There are a number of reasons why regional strategies fail:

- Strategy done for wrong reason /strategy has no focus or specificity.
- Lack of leadership and cross-city working.
- No communication, compacting and conviction.
- No assessment of local assets and distinctiveness.
- No assessment of demand side opportunities.
- No responsibility amongst competent bodies.
- Lack of tools to implement at scale.
- Lack of investment, capacity/resources.
- Failure to solve problems as they arise.
- No intention to implement.
- No support from higher tier governments or neighbouring municipalities.

Globally, there is growing interest in using development agencies/corporations as the vehicles to promote regional development. Regions and Cities are revitalising their development corporations and giving them new tasks. Often, they are assigned delivery capability for complex projects that require a commercial interface.

Development tools and agencies bring competitive advantage to cities and regions, related to factors such as:

- Pace of response to investors/developers.
- Scale of intervention possible. Multiple and simultaneous.
- Reputation and credibility of city 'negotiators'.
- Costs and risk sharing opportunities.
- Value and benefit capture opportunities.
- Unlock under-used assets.
- Devise new sources of investment.
- Improve investment-readiness: develop propositions.
- Increase efficiency in land, property, and local investment markets.
- Overcome 'co-ordination failures' arising from fragmented jurisdiction.

It is worth noting that these advantages do not exist in isolation from the wider context; rather, they are part of it.

Development agencies/corporations can have a number of distinctive features. For one, they may be assigned *economic roles*, such as building markets by acting within them; being entrepreneurial, focusing on risk and cost sharing; promoting assets, investment, marketing, infrastructure and planning. These roles tend to fall outside the normal ambit of government. They may also have *implementation roles*, in which case they consist of dedicated professional teams, which are focused on a particular mandate. The core skills required are project management skills, financial skills and the ability to monitor progress and impacts. Strong emphasis will be placed on innovation, by adopting new tools, new approaches and new partners. Development agencies corporations may be given *leadership roles*, with responsibility for setting out a strategy towards a new future, galvanising the instincts of leaders and translate multiple visions into coherent programme. Finally, development agencies may take on *coordination roles*, to help a fragmented territory achieve coordination, to facilitate cross border, cross tiers and/or cross sector organising, or to promote shared ownership. As such, they play the role of independent broker.

The table below shows examples of the division of labour between economic development corporations and other entities in London, New York, Chicago, Boston and Baltimore.

	Development corporation	Government departments	Private sector	Higher tier governments
<i>London</i>	Wide powers	Oversight and key functions	Wide roles	Invest in development corporation
<i>New York</i>	Wide powers	Wide powers	Advocacy; limited delivery	Engaged; funds; programmes
<i>Chicago</i>	None	Wide powers	Well organised; engaged	Enabling roles and finance
<i>Boston</i>	Very wide powers	Many powers delegated	Well organised; engaged	Enabling roles and finance
<i>Baltimore</i>	Wide powers	Wide powers and delegate	Active and organised	Engaged and finance

With respect to the Cape Region, there are a number of factors and attributes that provide a strong basis for an effective regional development approach. These include:

- Quality of life and place.
- Geo-political location.
- Human history and diversity.
- Infrastructure endowment and investment.
- Development context.
- Institutional presence.
- Innovative and tenacious people.
- Fertility and food.
- Democratic vitality/Capital city/Diplomatic functions.
- Stage, showcase, auditorium.
- Seat of learning and innovation.
- Cultural and creative content.

Thus, the Cape Region offers a number of advantages and opportunities to become a strong region within the national and global context. It can serve a global market from the Cape location.

Questions and plenary discussion

The following issues were raised following the Greg Clark's presentation:

- What role can smaller towns in the region play?
- How can communities, not just markets, begin to participate as champions of regional development?
- The global economy is changing much faster than our ability and governance mechanisms to respond to these changes. We are constrained by the governance patterns we have. The one concern is that the bigger you get, the more difficult it is to govern and to manage that entity.
- The arguments presented suggest that we become more market friendly rather than service friendly and that we look at new public-private institutions to facilitate regional cooperation. Yet, in our context, there is a certain level of suspicion regarding such institutions. What are some of the arguments that can address this suspicion?
- Regarding development tools and agencies, we only heard about the benefits they can bring, but what alternatives are there to development agencies?
- Regional development in the international sphere takes place in a competitive environment. In South Africa, Gauteng is also talking about positioning itself as a global city region. As a result, we see the relocation of national finance offices from Cape Town to Gauteng. How do we in the Cape avoid competition with Gauteng and allow enough space for both regions to grow?
- The issue of climate change warrants proper attention, especially for us in the Western Cape where we are going to be the most vulnerable. What would make us unique is being one of the few regions that have developed a response to climate change. One of the challenges that relates to this is that international institutions, such as UN agencies, do not recognise the sub-national level of government. Cities are recognised as stakeholders, but not as a political institution. There is a need to look at this as part of the reform of the international/multinational system.
- The problem for South Africa does not seem to be a lack of investment, because the economy has been growing. But South Africa has not been very successful in distributing the wealth created. City regions, even those that have been successful in terms of economic growth, seem concerned about rising inequality. As the case of Brazil demonstrates, if you do not face the structural problems that reproduce inequalities, more growth will mean more inequalities.
- Little evidence is forwarded about trends in respect to economic and civic justice or about the challenges facing cities and regions that may reduce the scale and speed of development.
- The regional development approach requires a different set of skills, attributes and attitudes among those involved. How do you incentivise a change of behaviour between the different spheres of government, especially among officials? And what are the tools and mechanisms to enable civil society mobilisation?

Responses by Greg Clark:

Indeed, climate change has become a much more important feature of regional development in the last 10 years. We now know that unless we tackle environmental challenges head on, advances made will not sustain. Equally, economic inclusion and the focus on social dimensions of economic development (rather than economic growth) have also become a lot more important.

Also, international recognition of the sub-national state is an issue. The European Union has adopted a strong regional development perspective, while the World Bank and United Nations seem to have moved into this direction and back again. These institutions do not seem to have a clear proposition to work with, which is what needs to be promoted through existing forums and structures.

Much of what I said may sound like a mandate for competitiveness, but it is actually about a mandate for complementarity. Gauteng's strategy to promote a global city region is not a competitive strategy with other city regions, but a strategy for linking South Africa and Africa into the global economy through a global node and have some of the key institutions for such a

node located in the region. While some businesses may decide to relocate to Gauteng, this is not necessarily a competitive strategy to the Cape. What the Cape needs to do is define a complementary strategy to Gauteng, based on its unique features. Some places need to become a world city of finance, while other cities need to become innovative and creative regions. This is where the Cape could be adding.

Regarding the issue of the role of small cities and towns, in global terms a region may well mean one big city sitting in the middle, but increasingly connecting with smaller cities and towns that surround it. In the second phase, these towns move from being a satellite of the big city to becoming an economic centre in their own right. The result is 'polycentric regions'. What is important is for the plan for the Cape region to recognise this and to give all of them space in the longer term to engage in a programme for development. But the most important thing is to understand the drivers of change for the region as a whole, without assuming that a polycentric region is sustainable.

Finally, I do not believe in trickle down of economic growth, but I believe that regional development is the field in which social cohesion, labour participation, economic distribution and so on can take place. It provides the vehicle for this to happen. On the other hand, more growth does not necessarily lead to greater polarisation and inequality, especially when one takes a long term perspective. Clearly, effective policies, programmes and governance are essential.

Rethinking Regional Development in the Western Cape, Prof Susan Parnell

According to the National Strategic Development Perspective (NSDP), space matters. Where space is developed and where activities take place is about maximising benefits and minimising detriments. The NSDP also talks about the importance of improving economic performance in the fast growing regions in the country, like Gauteng and the greater Durban and Cape Town areas.

The concept of a region does not equate to districts or metros, and thus requires further elaboration. Generally, it is held that regions are not mere spatial entities but are seen as part of a wider set of economic connections and institutions. There are two policy implications flowing from this conception. First, local effort has to work through these broader economic connections and institutional obligations. Secondly, there can be no simple division of responsibilities between national, provincial and local institutions.

While the Gauteng city region provides 40% of total GVA, the Cape Town region (spanning beyond Worcester and possibly up to Saldanha) comes second with 13%, followed by the Durban/Pietermaritzburg region with 12%. Clearly, the Cape Town region matters from an economic development perspective.

Recognising that the provincial growth strategy should be spatially informed to deliver on the shared growth and integrated development agenda, the Western Cape Provincial Growth and Development Strategy has identified three functional regions of the Western Cape: the Cape Town Functional Region, the Southern Cape Coast and the rural hinterland.

It is important to recognise how the Cape region is evolving in a global context. That is not to say that everything that happens here is global, because there are also particular local trends and pressures that influence the Cape. Some of the issues we need to come to grips with include:

- Global demographics, human mobility, and immigration;
- Globalisation of the economy, industrialisation, knowledge, science and trade;
- Environmental imperatives and climate change/volatility;
- Technology developments (ICT, nanotechnology and bioscience);

- Continental and supranational integration (e.g. NEPAD, NAFTA, EU Integration and Enlargement);
- The urbanization of poverty and inequality

In the past, especially in relation to apartheid-style regional planning, regional development in the South African context had a very different meaning compared to the current understanding. There are differences in objectives, strategies, tools and actors, as Table 1 above shows.

What is crucial is to understand the new regional dynamics locally. This means that we need to understand what the local preconditions and drivers for regional development are and how these interact with one another; what the results are in terms of productivity, use of resources, population and economic growth performance; and what the feedback results are for the preconditions and drivers of economic development. All of these have to be understood and located within the global economy and the macroeconomic framework.

There are a number of instances where a regional development approach could make a positive difference in the Cape, such as:

- Regional identity and branding
- Motivate for and coordinate public investment
- Securing benefits from 2010 and other major events
- Regional planning of social investment
- Regional asset management and investment plans
- Economic sector support
- Disaster risk planning, ecological service integrity and biodiversity management

In South Africa, there is evidence of policy and planning overload. It is therefore important to see how a regional approach helps in our overburdened policy environment. For one, having a long-term perspective allows for overcoming political volatility and tying short-term development into political constituencies. Secondly, the dynamics of investment, the labour market, property markets, retail and local service/distribution markets and most ecological services are regional in character and require regional planning and coordination. Thirdly, it also avoids waste of competing administrations and fosters collaboration for the regional good within and beyond government. It makes space for new players, especially business and the media.

Going forward, a number of practical steps are suggested:

- Support the OECD Review, which is meant to commence later this year;
- Deepen the regional development perspective in the revision and finalisation of the PGDS, which is due in June 2007;
- Review and revise the outcomes of the recent Growth and Development Summits/Compacts in the province to reflect a stronger regional perspective;
- Review and revise the IDPs and LED strategies of municipalities in the province to incorporate the implications of a regional development perspective and impact on the 2008/9 budgets;
- Create dedicated intergovernmental forums for the three functional regions to ensure optimal economic development and infrastructure planning and coordination alongside the environmental management imperatives;
- Make sure that the Economic Agency Review process of the Province is informed by a regional development perspective and seeks to advance it;
- Engage with the national policies that impact on economic development and infrastructure investment to advance regional development imperatives of the Western Cape (eg the NSDP, the Regional Economic Development Strategy and the draft Industrial Policy Framework of DTI, the Sustainable Local Economic Development Strategy of DPLG, and the future evolution of Growth and Development Compacts.);
- Identify what the research and development and knowledge management requirements are of a regional development approach for the Western Cape;

- Engage the media to build a broad-based understanding and debate about the imperatives of regional development in the province.

Questions and plenary discussion

The following issues were raised following the presentation:

- Is it not misleading to compare the Cape Town region with Gauteng, where there are a few metropolitan areas?
- In the Western Cape, are we talking about three separate regions, or perhaps one region, in which case the collective contribution of the Cape Town Functional Region becomes even bigger?
- What could be some of the key arguments to put forward to those who are sceptical of a regional approach? And what are the alternatives, if we do not go the regional development route?
- Through the notion of developmental local government, there is an expectation from government to be more involved, particularly for the poor. But it sounds like what is promoted is a move to deregulation, less government involvement and setting up development agencies, which could be euphemism for privatisation. Should we not see more, rather than less, government involvement?
- Do we have a regional plan that should be reflected in IDPs? And if we do not have such a plan, what is the role of the Provincial Development Council and WESGRO to drive regional programmes and develop such a plan? This would allow District Councils to align their IDPs to this plan.
- What would be the institutional arrangements for the three regions and the coordinating and integrating mechanism between these regions?
- What were the criteria that led to the identification of the three regions in the Western Cape?

Responses by Susan Parnell:

All three regions identified in the PDGS should have some relationship with the Cape Town Functional Region. According to the PGDS, we should distribute evenly across the province. We should recognise major shifts to coastal regions - not just of wealth, but also of poverty - and think strategically and spatially where we locate investment and development. The reality is that municipal boundaries constrain. The Knysna/Plettenberg area has quite different dynamics compared to other regions in the Western Cape in terms of zoning, land use, poverty reduction, and so on. It is important to bear in mind that a regional perspective is not just about economic preconditions and drivers. But at this stage the PGDS is available for comment and one can engage it on the proposed three regions.

The reason for addressing the regional question is two-fold. For one, it allows us to make rational decisions about extraordinary investments and maintenance of infrastructure. The other reason is that it can foster civic engagement and broader stakeholder engagement to collectively address issues that are regional in nature. Thus, there is a governance rationale and a fiscal rationale.

Regarding the anxiety that regional development may not result in shared growth, it is important to remember that regional development does not separate out the economic from the environmental and the social. They form a single strategic perspective. It contributes, rather than detracts from, the notion of shared growth.

On the issue of the regional plan and the IDP, while IDPs do not talk about regional development per se, almost every IDP talks about some social strategy and about environmental changes and how to respond, even though this may not be in relation to incentives and investment.

Responses by Greg Clark:

What we have here is the beginning of an argument, focusing on the costs you cannot afford. We need to recognise that current development involves costs related to lack of coordination between development plans, between environmental and physical policies, between housing, transport and labour market policies, and so on. Thus, we need to understand the costs of not doing things in a more coordinated way. Regional development is a way of overcoming coordination failures. It begins by recognising there are unrecognised costs and impacts of the current approach that you cannot afford. Secondly, it is important to recognise that the international environment (media, markets, agencies) requires a 'story' about your place: what the Cape is for, why others should be here or be interested over the long term.

There is unnecessary and unhelpful competition between neighbouring local authorities for resources, investment, market opportunities and so on. This is usually a race for the bottom, which results in a negative development trajectory overall. These are the costs the Western Cape cannot afford and that a regional development approach helps to minimise. There are many choices about the kind of regional development approach one may want to adopt. It could be as simple as a guiding document that gets reviewed every year, or it could be more elaborate resulting in new partnerships, mechanisms for coordination and alliances between municipalities. These are some of the choices to be made.

Regarding development agencies, they are not one thing. If it sounds like privatisation, deregulation, something undemocratic, development agencies do not have to be any of those things. Basically, you design them to work for you. There are few city regions that have not created entities that take on particular parts of the task, for example, to deliver certain pieces of development or focus on the economic dimension (tourism, marketing, attracting investment), or a combination of these things. These are local choices. They will have to be 'fit-for-purpose vehicles' that do things otherwise not done, such as providing coordination or developing tools for intervention that are not easily available within a governmental framework. Generally, development agencies bring efficiencies to these things. But for development agencies to do these things well, there has to be scrutiny, supervision and accountability. They are not a form of deregulation or privatisation, but a tool for delivering public policy that is subject to scrutiny and accountability in appropriate ways.

Feedback from group discussions on Regional Development Policy Priorities for the Western Cape & Implications for IDPs, GDS & LEDs

1. Do you think a regional development approach is relevant and appropriate in the Western Cape context?

Discussions in the commissions centred around the following issues and responses:

- While regional development is clearly an important issue and should be engaged with as a key process or focus in the province, it needs to be approached in a careful or sensitive manner. Key concerns: the potential impact on smaller communities and municipalities; the policy overload and possible duplication in relation to GDS, IDPs, LEDs, etc.; and, the potential to cause a loss of focus in smaller municipalities (i.e. 'cautious optimism' to the notion of regional development.)
- A regional approach can be very important for the following reasons:
 - Addressing common strategic challenges (e.g. coordinated approach to big infrastructure; enhancement of unique assets, such as biosphere, beneficiation etc; and, building competitive advantage at right scale)
 - Sharing resources, information and learning - redistribution
 - Means of increased support for rural areas - "rural metro" to support gateway
 - Basis for range of partnerships (public-public, public-private, public-community etc)

- Opportunity for better process, i.e. more innovation and inclusion possible
- Longer term perspective (medium to long term)
- Some issues remain unclear:
 - Is regional development a consequence of local government's constitutional mandate or is it a naturally functioning space?
 - How did the concept of regional development evolve? What is the basis for the development of the regions and who are the stakeholders involved? As an economic tool it is acceptable, but unclear about actors and stakeholders.
 - How does the current concept of provinces differ from the regional approach? Is it different from how we operate currently?
- Regional development approach allows to overcome distance between nodes and points - for example, Beaufort West: infrastructure runs through town, with spin offs from Cape Town. In the IDP priority 1 is to promote wind farming, which will have spin offs and benefit for all towns in district; it can also serve to generate income by selling energy to Eskom
- Will adopting this approach add to the financial burdens of local government? Whatever the approach adopted, it should strengthen and not weaken local government.
- Will adopting a regional focus cause a drain of skills from local government?
- A comparative approach should be taken to ensure the experiences of other regions are taken into account, both globally and locally.
- The issue of branding is important as it would be a key factor in the success of such an approach. Care would need to be taken to ensure that the diversity, philosophical and other differences that some perceived to exist or attach importance to were not ignored in such an approach.
- Does this not place a larger burden on local municipalities?

2. *Are the current policy frameworks of LED and Growth and Development Compacts (arising from the GDS Summits) compatible with a regional development approach?*

Discussions in the commissions centred around the following issues and responses:

- There is a gap in the spaces between provincial, districts and locals; regional development seeks to address the space that is not occupied
- Some areas have a more natural alignment with functional regional challenges
- How do we proceed - through consensus? Areas of cooperation need to be extended
- Problems with provincial capacity and ability - unevenness of performance of PGWC in areas of agreement
- It will be necessary to hold regional seminars/consultations on the 3 functional regions
- It is important not to reinvent the wheel, but to use existing mechanisms (GDS summits, Red Doors, etc) where possible
- The alignment of national, provincial and local frameworks and planning processes to a regional approach raises challenges, if not the issue of incompatibilities. SDFs are important in this regard, but not every municipality has them yet.
- Moving beyond jurisdictional approaches to development, because there is too much silo planning and very limited synergy; often, compliance rules
- The triple bottom line approach adds value and social and human capital formation is crucial
- Local municipalities must still fulfil their constitutional responsibilities

3. *What institutional mechanisms will be required to facilitate regional coordination in the Western Cape?*

Discussions in the commissions centred around the following issues and responses:

- Institutional mechanisms for supporting on-going regional development co-ordination can only be finalised once regional strategies in place. In this process:
 - Role of districts in managing development needs to be looked at?

- Critical importance of involving SOEs
- Need to revisit existing development agencies and their mandates
- Need for focused office (in Premier's Office?) to support the process across the province
- Need to establish a regular forum of major development bodies on provincial or regional basis to interact, monitor and support emerging regional plans (role of IGR forums) How do we cooperate and on what basis? Is it about maximising the impact of the region? How do we determine the locus or basis for assessment independently of organisations?

4. *How can a regional development approach be reflected more strongly in your IDPs?*

Discussions in the commissions centred around the following issues and responses:

- Need to reach consensus in the district (see Cape Winelands, R62 example) and create synergy between local and district IDP, focus on attempts to harmonise actions
- Find areas of agreement between surrounding districts, identify areas of common understanding and support for joint initiatives, political hegemony and alignment
- Disaster risk management - challenges of global warming, drought, storms, etc - must include risks and vulnerable communities. Disaster Management plans form part of the IDPs - Section 83 (3)
- It requires that IDPs become forward planning tools, rather than being a reflection of the status quo and projects; at present the IDP is not forward thinking and may need to be more long term orientated?
- We need new skills and mindsets!
- Research, information and communication is crucial
- Issues of sensitivity and power need to be taken into consideration
- "We need to extend our hands to our neighbours"

PANEL - CASE STUDIES AND LOCAL INITIATIVES ON REGIONAL DEVELOPMENT

Great Wine Capitals Global Network, by Mr Kam Chetty, Winelands District

The wine sector is very important to the district economy of the Winelands Districts and is therefore important for its IDP. The wine industry contributes 14,5% of the district economy, with 68% of South African wine production taking place in the Winelands District. Over the last five years, the industry has seen 12% growth and it is poised to grow at 8%. The industry employs 38% of the labour force and holds 13,4% of world market share.

The key strategic objectives in the IDP, therefore, are:

- Continue robust growth of the wine sector;
- Broadening the ownership of the wine sector;
- Increasing the regional competitiveness of the South African wine region;
- Increasing the export value added of the wine industry; and,
- reducing the negative externalities.

The main implications for the IDP are threefold: to recognise that the wine industry is regional in character and growing in its footprint; public-private cooperation is crucial for effective global positioning; and, international cooperation is essential to grow the sector as whole globally.

Three strategic levels of engagement can therefore be identified:

- **Regional Governments**, covering the footprint of the industry-wide activities. A formal agreement exists between the City of Cape Town and the Winelands District to cooperate for an enabling and efficient industry environment. Other districts need to be included in this initiative.

- **Public - Private Interaction**, aimed at maximising the social and economic benefits the industry yields. Here, the role of the Wine Trust and Council is important to support the industry, address the diseconomies and facilitate industry restructuring.
- **Global Cooperation**, to address challenges affecting the industry globally. Thus, the Great Wine Capitals Global Network has been established, which facilitates cooperation to grow the industry, research and development, global positioning, human capital development, derivatives, and so on. Members of the Network include Melbourne, Bordeaux, San Francisco - Napa Valley, Porto, Cape Town - Cape Winelands, Bilbao-Rioja, Florence and Mendoza.

The table below summarises the key activities and interventions when relating each strategic objective in the IDP to these strategic levels of engagement.

IDP theme	Global Cooperation	Public Private Cooperation	Regional Governments
Growth	Addressing challenges with regard to stability and growth of industry, includes: regulations; market development; technology exchange on terroir, cultivar development and diseases; bottling; materials; insight into trends/opportunities, etc.	Regulatory constraints, demand trend analysis, CEO/CFO dialogue, WOSA	Generic marketing, regulatory constraints, links to South Africa's ecological diversity, new markets that we can facilitate utilising government links
Broadening ownership	Industry form, e.g. Project Australia model of cooperation among small and large entrepreneurs across value chain, financial support mechanisms, etc. Skills exchange and development programmes with Bordeaux	Facilitated the charter development, listing on fair trade markets, supporting incubators, DEVCO and Wine Council Development Chamber	Seed finance, technical assistance, incubators
Regional competitiveness	Understand global trends, locate models of excellence, mobilise specific resources, flexible interaction	Regulatory barriers (lobby), industry restructuring, improving logistics, facilitate economies of scale, skills development, WINETEC	Research & Development in strategic areas, seeding infrastructure & technology development, port efficiency, sector integration, support R&D on supply side restructuring including more ecologically sound production methods
Increasing export value	Accessing opportunities from global governance links, wine tourism ('best of wine tourism'), wine related conferences	Facilitating new enterprise development, wine tourism council, addressing regulatory barriers, developing new cultivars + related products (olives, cheese, table grapes, etc)	Technology export to emerging regions, support of SMME and BEE enterprises, Research & Development
Reducing externalities	Sharing innovative ways to address environmental degradation, models for improving farm-dweller conditions, addressing alcohol abuse	Supporting farm-worker organisations to address the social problems, investing in environmentally sustainable production techniques, developing charter of good practices	Assisting with farmworker housing and access to services, 400 farm development workers, supporting civil society organisations of farm and rural dwellers, challenging the industry on good practices

Thus far, a significant number of benefits have been recorded:

1. The wine industry has successfully been differentiated from agriculture as a whole.
2. The restructuring of the wine industry has assisted in positioning South African wine globally by developing a unique South African brand linked to the ecological diversity of this region.
3. Linkages have been established between the District and the City of Cape Town, as well as with Cape Town Roots Unlimited and Wesgro.
4. Through the initiative 'Best of Wine Tourism', we have been highly successful in drawing in private sector participation and positioning South African wine tourism.
5. Joint initiatives to address the problems facing farm-dwellers (Lanquedoc) and other social issues have been pursued.
6. The international wine business club, a formal network of international wine entrepreneurs, has been established.
7. Regarding skills development, a doctoral programme in wine research has been initiated, there is a 'Batho Pele' wine service training programme, and technical exchange programmes are in place with Bordeaux, San Francisco-Napa Valley, Melbourne, etc.
8. Entry into new markets has been facilitated.
9. Local entrepreneurs, technical institutions and new entrants have increased their capacity.

Challenges still exist, not least of which is the fact that industry participation remains uneven. Until recently, the larger companies had developed networks of their own and acted independently. Also, the participation of state-owned enterprises is weak, yet their involvement is essential to address the efficiency issues of ports and infrastructure. Furthermore, social issues are still a major concern and there is a need to position the industry to address the challenges associated with climate change and other environmental trends and concerns. Finally, balancing the tension between enhancing the economic land value and environmental/agricultural concerns remains a challenge.

Investments by State Owned Enterprises in the Western Cape, by Phillip Dexter

Over 30 public entities are active in the Western Cape province in terms of investments, procurement, products and services. Their focus ranges from transport and logistics, to property, ITC, including financing, tourism, and many other sectors. Given the scale of investment of these entities and their impact on the regional economy, it is important to get an accurate picture of current and planned investments by state owned enterprises (SOEs). An effort was therefore made to construct such a picture. The assessment excludes government departments and local government.

The assessment was faced with a number of constraints. For one, the time and resources to complete this work has been severely limited. Secondly, at this stage, many of the SOEs have not responded and are still being followed up. Finally, much of the information gathered is of a general nature.

With these disclaimers in mind, some of the findings to date include the following:

- Petrosa is investigating the possibility of investing in a number of initiatives, including a multi-product pipeline on the West Coast, a gas pipeline on the West Coast, gas distribution and a petro-chemical plant at Mossel Bay. The value would be well over R5bn.
- Eskom intends investing in two new gas turbines, one in Atlantis and the other in Mossel Bay. There is also a proposal for diesel generators in the short-term to overcome the current crisis in capability. Plans for a further nuclear generator are also in the pipeline, in addition to the planned Pebble Bed Modular Reactor and a demonstration plant that will be built at Koeberg.
- ACSA is currently in the process of upgrade the airport at an estimated value of R900m.
- The National Ports Authority is busy with an upgrade of the Cape Town port at R18bn and of Saldanha at R31,5bn. Plans are underway for Mossel Bay to be upgraded as well.

- Transnet: A portion of R31bn is set aside for the expansion of the Saldanha line. It is also investing in the Culembourg-Black River re-development.
- South African Rail Commuter Corporation is currently investing in the Cape Town station revitalization.
- The Department for Water Affairs and Forestry (DWAF) is in the process of completing the Berg River Dam (R300m) and revisiting its proposed exit from forestry in the province.
- The Department for Public Enterprises has a unit coordinating the use and disposal of state owned land, outside of land owned by the Department for Public Works, South African National Defence Force and the Department for Environmental Affairs and Tourism. In Cape Town this would mean the port, Culembourg and Black River.
- The Department for Environmental Affairs and Tourism has a process underway of looking at how to maximize the potential of secondary harbours. Many of these are located in the Western Cape, including Hout Bay.

Based on the findings, the following recommendations are suggested:

- Invest the necessary resources to identify all proposed investments and development projects in the city-region and those beyond it in the province that will impact on the city-region and other regions;
- Calculate the value of these investments and estimate their impact;
- Establish a process to engage the key management in these public entities and the relevant people in the provincial and local government regarding these investments and development projects;
- Ensure coordination of these investments and local GDS, IDP and SPV processes and plans;
- Ensure that business, labour and broader civil society are aware of these initiatives and support them;
- Consider what other investment plans could be proposed that have not been considered yet, particularly in relation to property development and wireless broadband access;
- Consider the institutional capacity needed to ensure that provincial and local government can intelligently and strategically engage with these initiatives to maximise the benefit for the province, its cities and its towns.

Case Study of the Response to Flooding in the Eden District, by Anton Groenewald, Department of the Premier

I am presenting a rather simplistic review of the flooding of parts of the Southern Cape and the response. In my discussion I will focus on the role and functions of the different levels of government. More specifically, I will try to cover issues related to disaster management, finance, climate change, and planning/accessibility/mobility

In August 2006, the Eden District experienced very heavy rain followed by heavy flooding. The result was significant residential and infrastructure damage.

Regarding the damage to bulk infrastructure, some municipalities argue that the maintenance in the bulk infrastructure was not adequately maintained and that the flooding highlighted the need (inability?) of local authorities to carry out these functions. Others argue that the age and capacity of the infrastructure was not able to cope; in other words, it was too old and inadequate. Others again argue that this was beyond the 1 in 50 year flood capacity and that it was simply unavoidable. As a counter argument, one could say that this last happened in 1983, which is less than 25 years ago.

So the key question is, how do we cope with this and whose responsibility is it? More particularly, given the possibly implications of climate change, what does the flood bode for the current design of '1 in 50 year capacity'? The flooding clearly demonstrated that water does not respect jurisdictional boundaries. As a result, the disaster management response had to take place beyond municipal boundaries, which was something that happened

spontaneously. So our responses were seemingly coordinated to the flooding implications, however since then that momentum has been lost and there is still no cohesive response. The financial implications of the flood were significant. After the costs of the loss of infrastructure were calculated the battle for the largest piece of the pie started. In short, R 602 million was up for grabs. This raises two issues. First, the insurance value of the infrastructure is seemingly significantly undervalued as it only values the replacement value of the infrastructure and not its implication. In other words, the downstream impact of no water for businesses means lost income. The question is, how do we incorporate this into the future? The second issue was how to calculate who gets what. Some municipalities argued that local authorities which did not have adequate maintenance programmes were rewarded by getting larger parts of the disaster funds.

Other issues can be raised regarding planning and design. To what extent have SANRAL (road authority), provincial and local governments combined efforts and energy to put in place a collective solution? To what extent do we interrogate the design principles in a climate change context? Is the standard '1 in 50 years' or '1 in 25 years' still relevant in this context? How do we design and maintain for a new paradigm?

The disaster in Eden further highlighted challenges for accessibility and mobility. For one, road and access management leads to greater risk and the introduction of a series of operational challenges. Thus, the development of alternate access routes becomes critical from a risk and disaster management perspective, but this seems to be constrained by finance and environmental considerations. In the Eden District, waste Management went from being a challenge to posing a significant health risk within a short space of time. So how do we seek a collective solution based on a negotiated understanding?

For the future, at this stage the urgency to resolve these issues and challenges is gone. As normality returns, the pressure to address challenges regarding planning and the regional impact on economy, employment, housing, mobility and so on is lost. The question is, will it take another storm to underline the lack of movement and understanding that the South Cape as a region is at risk?

Questions and plenary discussion

The following issues were addressed to Kam Chetty:

- What value capture mechanisms have been put in place in the Winelands District to plough back into social development issues?
- Has a cost benefit analysis been done and what is the net municipal benefit in rates and other sources of income?

Responses by Kam Chetty

- In restructuring the wine industry, the most important issue relates to what the social development benefits to farm dwellers are. We therefore added a part called 'developmental chamber' to the value chain of the industry. This gets producers to voluntarily put in funds towards development, such as access to health, housing and education for the children of farm workers. Another important question is how farm dwellers can become entrepreneurs, which will bring tangible benefits that allow them to participate in the land reform project. This issue is still relatively new, with only small successes to date, and is still open for improvement.
- Regarding costs and benefits, we need to secure and protect the amount of jobs we currently have. A detailed study around costs and benefits has been conducted for Mayor Zille. We have been able to grow the wine industry significantly (7-8%) whilst at the same time increasing labour force contributions. We were also able to point to some specific programmes, for example, Sweden holds a monopoly on importing alcohol, but there is one loophole that we could use, namely local inns that can import directly.

- The net benefits to municipalities have not been measured, but we have seen greater investment, especially in the property sector, and improvement in rates as well as tourism expansion. This is at an indicative level and over time we will do a more detailed analysis.

The following issues were addressed to Anton Groenewald:

- Has any thought been given to profiling the risk of poor communities to disaster occurrences and changes in climate?
- It is impossible to design for every eventuality, which would mean pumping money down the drain. Climate change relates to pollution and environmental degradation that requires behaviour change, rather than infrastructure development or investment.

Responses by Anton Groenewald:

- Following the floods in the Eden District, the Western Cape provincial government has instituted a forum that engages municipalities and reviews Western Cape raining patterns and the implications for infrastructure. However, new research is needed to indicate what the new flood lines are.
- It remains critical to look at mitigation and infrastructure investments; otherwise we will be repairing bridges every second year.

Closing comments by Dr Edgar Pieterse

Two fundamental objectives need to be resolved in IDPs: spatial integration - which, as the opening quote by President Mbeki showed, has not been addressed to any level of satisfaction - and social integration. These two objectives sit in the notion of sustainable human settlements and accelerated shared growth. A key question facing us is whether we need regional plans to help resolve these issues and if so, what would the status of these regional plans be?

Municipalities also need to review land-use standards and land-use regulatory instruments, such as zoning and land development rights. This is necessary to make a material impact in settlements. How do we agree what the standards are - or should be - and what are the intermediate steps to get there? Can we all agree what the required instruments are and what the kind of approval decisions should be? We should set up a learning laboratory on these issues, which will feed into the next IDP conference.

If we do not achieve greater levels of growth, whilst ensure that the distribution effects are more inclusive, sustainable human settlements. If we look at the global trends that are driving thinking and practice in this area, we find that it relates to better coordination at the regional scale. Irrespective of what are defined as regional areas, we need an institutional response, which is articulated into an institutional form that helps us to have institutional conversations that will inform institutional expressions.

Furthermore, we need better enablement. We will get better results on investments if we are able to recognise global trends and feed into the global economy. We also need to see and seize some of the opportunities where we can innovate.

Without the right calibre of leadership at political, administrative and delivery levels, to locate their service in a broader framework, the regional approach will not go anywhere. We need to define in practical terms what it means to allow for that calibre of leadership to emerge.

We hope you found this new approach stimulating and invigorating. As a learning event, we hope you have been able to take something away that will feed into your draft IDP. In turn, you have a responsibility to take the issues and ideas we have discussed at this conference back into your municipalities, councils and strategic teams. This conversation needs to become a multi-stakeholder dialogue, otherwise the ideas will not go anywhere.

