

South African Local Governance: Ambitions, Experiences and Challenges

Trilateral Dialogue on the Role of Local Government within a Developmental State
Planning Workshop with experts from Brazil, India and South Africa

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Introduction

The purpose of this paper is to provide a contextual background to inform a trilateral dialogue about the role and dynamics of local governance systems and processes in addressing poverty eradication and inclusive economic development. The first section will summarise the South African government's current conceptualisation of what it means to be a developmental state focussed on the inter-related objectives of poverty eradication and economic development in relation to the role of local government. This will frame a more descriptive discussion in the second section on the nature of the local governance system in South Africa as it has evolved since political freedom in 1994. The third section will explore what we have learnt about the complexity and challenges associated with implementing the local governance system between 2000-2006 and how these lessons have given rise to a more fine-tuned policy agenda for local government for the period 2006-2011. The fourth section will then set out the implications of these experiences for critical policy questions at the heart of this trilateral dialogue—inter-governmental coordination, regionalism, development planning, civil society dynamics and participation, technocratic dangers and sustainability challenges. It is hoped that this synoptic overview of the emerging and highly dynamic South African local governance system will provide a platform for debate and dialogue as we construct a learning agenda together.

Context: South Africa's Development State, Economy & Society

Almost twelve years after political freedom, South Africa remains profoundly marked by very high levels of inequality, underpinned by stubbornly high levels of unemployment and pervasive poverty. These patterns continue to reflect the racial engineering of the apartheid system reflected in the fact that it is largely the black population that suffers from these trends and whites continue to dominate the economy and reflect very low levels of unemployment. Poverty in South Africa is largely driven by a lack of income because very few poor households can rely on subsistence farming (including urban agriculture) to survive. For this reason, it is important to appreciate the importance of the high unemployment rate, pegged at 26% (44% if discouraged work-seekers are included) or 4,275,000 of the labour force (16,726,000). South Africa's rapid integration into the global economy has made these structural processes even more acute. In order to achieve competitiveness by global standards many South African firms have opted for more capital intensive production processes

contributing to larger skills gaps in the labour force and processes of casualisation, which induce vulnerability. This has seen a situation where the economic growth rate has been moderately positive, yet across many economic sectors, jobs were lost. Growth was driven by greater productive efficiency and a consumer boom as a result of relative cheap credit.

Underpinning these worrying trends of increased inequality and a persistent unemployment crisis are a number of structural barriers that prevent, what is now termed, *shared growth*. These obstacles have been identified by the government as:

- the relative volatility of the currency;
- the cost, efficiency and capacity of the national logistics system;
- shortage of suitably skilled labour, and the spatial distortions of apartheid which pushed up the cost of low skilled labour;
- barrier of entry, limits to competition and limited new investment opportunities;
- the regulatory environment and the burden on small and medium businesses; and
- deficiencies in state organisation, capacity and leadership (The Presidency 2006).

A two-track programmatic intervention has been put in place by the national government to deal with these obstacles systematically. The first is called the Accelerated and Shared Growth Initiative of South Africa (AsgiSA) and the second track (also regarded as a sub-component of AsgiSA) is a programmatic intervention to address the skills shortages and mismatches in the labour market, titled, the Joint Initiative on Priority Skills Acquisition (Jipsa).

Furthermore, all spheres of government have been tasked with coming to terms with their economic roles, particularly District Councils and the six metropolitan authorities in the country. These authorities have all be tasked to convene Growth and Development Summits before the end of March 2007 where strategic economic development programmes would be negotiated and adopted by a so-called growth coalition comprised of local business, the government, trade unions and civil society organisations.

At a more strategic and programme level a number of macro strategies are also being finalised and pursued to improve the economic planning, coordination and implementation of the state. For example, a draft National Industrial Development Strategy has just been tabled at the last Cabinet meeting. This has been informed by the Draft Regional Industrial Development Programme (RIDP) produced by the Department of Trade and Industry (DTI) in 2006 and yet to be finalised. Parallel to the RIDP, the Department of Provincial and Local Government (DPLG) produced a national LED Framework, published in 2006 as well. These policies are all, with greater and lesser degrees of effectiveness, extensions of the strategic direction on space-economies mapped out in the National Spatial Development Perspective (NSDP) of 2004. Despite this proliferation of economic development thinking over the last few years, it remains unclear how much “up-take” there has been at municipal (and provincial) level, or whether the capacity exists to take these policy frameworks and

rework them into locally meaningful interventions as expressions of local economic development strategies.

Thus, in summary, where we are currently is that the national government is determined to address the persistence of economic exclusion and uneven development in a context of moderate to strong economic growth. The national government understands that this effort will take time and careful coordination of various interventions on both the poverty reduction and the economic growth sides of the development coin, with local government as the key driver in articulating these two dimensions of the development process.

On the poverty side, the government has defined a strong focus on meeting the basic service needs of all citizens on the basis of their right to development, shelter and a dignified life. The service delivery agenda is supported by an expansionary social welfare agenda that seeks to address the income poverty of the most vulnerable such as children, the aged, the disabled, people living with HIV/Aids, and in future, possibly the unemployed. On the economic side, the government has prioritised an infrastructure-led growth strategy (through AsgiSA) which tries to simultaneously address the efficiency of the economy by addressing strategic logistics infrastructures and highly inefficient and discriminatory spatial patterns. The government is also promoting key economic sectors with high growth potential and labour absorption capacity such as tourism, business-process outsourcing (BPOs), beneficiation in the minerals economy, oil and gas, etc. Again, the idea is that as these sectors grow alongside the skills interventions, so more people will come onto the labour market with employable skills, alleviating the unemployment crisis.

Policy debates about inter-governmental relations, regional development planning and civil society participation must be understood against this policy prioritisation of the South African government in pursuit of accelerated and shared growth.

The South African Local Governance System

The heart of the South African Local Government system is its developmental ambition captured as follows in the White Paper on Local Government (WPLG):

Developmental local government is local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic, and material needs and improve the quality of their lives.

This comprehensive understanding of the ambit of local government's role in the national development process stems from the Constitutional definition of the role of local government. However, before municipalities could be fashioned into the image of the Constitution and the WPLG, it was first necessary to effect the institutional transformation, particularly consolidation, of apartheid-based municipal government. This was a complex undertaking that could only be realised through a carefully

designed and managed process. Three phases were embarked upon to effect the “normalisation” of South Africa local government. It is essential to briefly rehearse this history because it adds context to the prospects of achieving policy success in the current era of local government reform.

The Phased Normalisation of South African Local Government

In 1993, the National Local Government Negotiating Forum (NLGNF) was set up, consisting of national government, organised associations of local governments, political parties, trade unions and the South African National Civic Organisation (SANCO).¹ Within a year, the NLGNF negotiated a national framework to guide the transition towards a new local government system, the Local Government Transition Act (LGTA) of 1993 (Act 209 of 1993). This framework and its implications became entrenched in the interim Constitution of 1993 as Chapter 10, denoting that local government became an *autonomous* sphere of authority. Due to the precarious political truce that existed at the time, against a backdrop of persistent civil violence, a number of significant compromises which bedevilled the local government transition, including the delimitation of wards in a manner that skewed representation in favour of entrenched interests and the requirement that municipal budgets had to be approved by a two-thirds majority, were made (RSA 1998).

The LGTA envisaged a three-phased transition period for local government: a pre-interim, interim and final phase. During the pre-interim phase, local negotiating forums became statutory structures and were tasked with the appointment of temporary councils which would govern until municipal elections. This involved defining municipal boundaries, appointing Councillors and establishing a financial system. Between 1993 and 1996, by the time municipal elections had been held across the country, 843 new local authorities were established in accordance with the LGTA. Because the LGTA endorsed locally-negotiated solutions, the result was a variety of forms of local government across the country.

The pre-interim phase came to a close with the municipal elections of 1995/96, which allowed for transitional local government structures to be established. With the exception of metropolitan areas, single tier local government structures (Transitional Local Councils) were set up in larger cities and smaller towns. In six metropolitan areas, a two-tier system was set up, allowing for a Transitional Metropolitan Council and Metropolitan Sub-Structures. The fact that both tiers of local government in metropolitan areas were given original powers (meaning that each structure could authorise budgets and was an independent employer body) and had overlapping mandates severely complicated intra-municipal relations, financial management and human resource management.² One particularly problematic consequence of the two-tier system was poor financial control, with the substructures having little incentive to

¹ Parts of this section draw directly from: van Donk, M. and Pieterse, E. (2006). “In search of Urban Local Government”, in Pillay, U., Tomlinson, R. and du Toit, J. (eds.) *Democracy and Delivery: Urban Policy in South Africa*, Pretoria: HRSC Press.

² The LGTA did not decide on the allocation of powers and functions between the metropolitan council and metropolitan local councils, but allowed for local negotiations on this matter (RSA 1998; Wooldridge 2002).

control expenditure (SACN 2004), which in no small measure contributed to the financial crises in most metropolitan areas by the second half of the 1990s.

Box 1. Key legislation affecting local government in South Africa

Among the key acts that have been passed to give effect to the Constitutional directives on local government and the policy framework reflected in the White Paper on Local Government are:

- *Local Government: Municipal Demarcation Act, 1998* (Act 27 of 1998), which provided for the establishment of the Municipal Demarcation Board, tasked with the determination of municipal boundaries in a manner that would facilitate integrated development, effective service delivery and participatory local democracy.
- *Local Government: Municipal Structures Act, 1998* (Act 117 of 1998, with three subsequent amendments in 2000, 2002 and 2003), which allowed for the establishment of different types and categories of municipalities in different areas (i.e. single-tier municipalities for metropolitan areas and two-tier municipalities outside metropolitan areas), defined two options for executive systems in metropolitan areas (mayoral executive system or collective executive system) and allowed for the establishment of ward committees to facilitate community participation in council matters.
- *Municipal Electoral Act, 2000* (Act 27 of 2000), which regulated all aspects of the municipal elections, including the requirements on parties and ward candidates to contest the elections, voter education and election observers, voting and counting.
- *Local Government: Municipal Systems Act, 2000* (Act 32 of 2000, with an amendment in 2003), which established a framework for the operation of municipalities, with guidelines for development planning and service provision (including a partnership-based approach), staffing matters and performance management systems.
- *Local Government: Municipal Finance Management Act, 2003* (Act 56 of 2003), which created a framework for municipalities to borrow money and determined the conditions for short term and long term borrowing.
- *Local Government: Property Rates Act, 2004* (Act 6 of 2004), which established a uniform property rating system across South Africa.
- *Intergovernmental Relations Act, 2005*, which sets out the forums and scope of such forums for coordination between the three spheres of government.

During the interim phase (1996-2000), the LGTA envisaged that the new local government system would be finalised in legislation (see Box 1). During this period, local government operated on the basis of transitional arrangements derived from the LGTA and from local processes of negotiation. The municipal elections in December 2000 heralded in the final phase, when the new local government system would be fully operationalised. The final phase saw the further amalgamation and consolidation of local government from 843 to 273 (including six metropolitan authorities and 55 District Authorities). The final phase also saw the implementation of the suite of legislation affecting local government. In this sense, the South African local government reform experiment can only really be assessed against the past six years, which should moderate one's critique.

At the heart of the developmental approach to local government is the integrated development plan (IDP) enshrined in the Municipal Systems Act. The IDP provides the primary modality for community interface, a starting point for driving internal institutional reform and the key to inter-governmental coordination and alignment (Parnell and Pieterse 1999). In terms of the Municipal Systems Act, every municipal council must adopt a single, inclusive plan for the development of its municipal area. Such an IDP must reflect:

- a) the municipal council's *vision* for the long term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;
- b) an assessment of the existing level of development in the municipality, which must include identification of communities which do not have access to basic municipal services;
- c) the council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
- d) the council's development strategies which must be *aligned with* any national or provincial sectoral plans and planning requirements binding on the municipality in terms of legislation;
- e) a spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;
- f) the council's operational strategies;
- g) applicable disaster management plans;
- h) a financial plan, which must include a budget projection for at least the next three years; and
- i) the key performance indicators and performance targets (RSA 2000: Ch 5, Part 2: 26(a-i), emphasis added).

Clearly, this framework represents a potentially far-reaching transformation of the role of local government in South Africa. It embodies a highly sophisticated and nimble conception of the inter-relationships between developmental intentions, institutional design, inter-governmental (sectoral and financial) alignment and spatial underpinnings of development strategy, amongst other features. Furthermore, the redistributive concern with service backlogs and inequalities are catered for. There is a particularly strong institutional awareness in the framework as the reference to medium-term financial planning and performance-based management principles illustrates. These proclivities in the IDP framework reflect some of the lessons learnt about the difficulties of operationalising a developmental approach in the public sector. It also seals in the government's broader commitment to decentralised service delivery but inside a unitary and inter-dependent inter-governmental system. The Act makes it clear that the entire IDP process must rest on a meaningful and multi-level participation process to ensure that citizens have a direct say about its outcome. Moreover, it also becomes an important tool to enable citizens and interest groups to monitor and assess the performance of the municipality, based on specific targets for development, which are linked to budgets.

These far-reaching and arguably ambitious imperatives that inform the IDP system can overwhelm even the most capable and resourced of municipalities. It is therefore essential to think more concretely about how one can ensure that IDPs are indeed representative and appropriate development strategies that will lead to more integrated and equitable development outcomes. To aid such reflection, I propose disaggregating different parts of the local development challenge to expose how one moves from traditional functions of local government to a more dynamic understanding of the necessary inter-related actions and investments (i.e. transformation projects) in localities, which can lead to greater integration. This institutional shift from the 'traditional' (Weberian) to the 'dynamic' (network) is a prerequisite for achieving developmental outcomes (Friedmann 2002; Perri 6 *et al.* 2000; Schmidt, forthcoming).

The traditional functions of local government were normally exercised through hierarchical bureaucracies with departments acting in silos in order to deliver in terms of specific municipal functions (e.g. water, electricity, housing, etc.), which are categorised as sectoral in Table 1. The specialist disciplinary knowledges (and technologies) that underpin sectoral specialisation reproduce silos in public bureaucracies. Thus, the challenge of settlement integration involves, in part, moving from effective sectoral efforts to effective multi-sectoral actions on the basis of clearly defined spatial objectives. Such reforms imply political-institutional support systems to facilitate multi-sectoral (or ‘joined-up’) practice (further developed in Pieterse 2004). However, these fragmented approaches must be overcome if one wants to achieve holistic development outcomes. If IDPs are to be implemented effectively it must lead to the delivery of sectoral services through multi-sectoral programmes that are consistent with spatial development principles.

Table 1: Dimensions of Municipal Integration Policies

Sectoral	Multi-Sectoral	Spatial	Political-Institutional
<ul style="list-style-type: none"> • Housing & land • Infrastructure: water, sewerage & electricity • Health • Education • Transport • Community services: libraries, parks, open spaces, recreational & civic spaces • Economic development. 	<ul style="list-style-type: none"> • Local Agenda 21 (environmental) • Local economic development • Integrated human settlements • HIV/AIDS • Service delivery strategy • Spatial planning framework • Social development planning framework • Poverty reduction strategy • (Area-based plans). 	<ul style="list-style-type: none"> • Compact city model (sustainability focus) • Planning and spatial design models on: nodes, corridors, urban edges and open-space systems • Strategic planning: linking scales of land-use planning with sectoral planning and using dialogical processes. 	<ul style="list-style-type: none"> • Integrated development plan (IDP) • City Development strategy (CDS) • Medium-term income and expenditure frameworks • Municipal partnership framework • Human resource development strategy • Work process re-engineering (including IT).
‘Traditional’ ‘Simple’ Weberian			‘Dynamic’ ‘Complex’ Network & Matrix

(Note: These categories are not iron-clad. For instance, IDP, CDS and spatial plans could be regarded as multi-sectoral plans or frameworks.)

(Source: Pieterse 2004)

Implementation Lessons of the Local Government System since 2000

It is clear that no one fully anticipated the institutional complexity associated with a long-term process of institutional unbundling and amalgamation. In the early years of the permanent phase, most municipal leaders (political and administrative) were completely swamped with the technical dimensions of trying to make numerous contradictory and often inequitable institutional systems—such as payrolls, conditions of service, asset registers, etc.—work properly. This left very little time or energy to attend to higher order objectives such as poverty eradication, spatial integration, etc. Against this background, by the time of the second fully democratic elections for local government took place in March 2006, a number of core lessons crystallised.

Firstly, most municipalities failed to produce IDPs that were truly strategic and genuinely premised on meaningful community participation processes. IDPs tended to be extended wish-lists of what politicians desired to do, as opposed to a reflection of a strategic direction (vision) and a clear set of goals and programmes to get there; arguably the core intention of IDPs as a form of strategic planning (see Borja and Castells 1997 for an elaboration). Most municipalities lacked the data, analytical and planning skills, and leadership to develop and drive IDPs rooted in the making of hard choices once suitable options have been weighed up with the benefit of evidence and against particular development principles. Due to the failure of producing meaningful IDPs, the result was that municipal budgets and service delivery programmes remained more or less consistent with old practices and habits resulting in very little transformation of space economies, livelihood prospects and social inclusion of the poor in most municipal territories across the county.

Secondly, and closely related to the reasons underpinning IDP underperformance, was the reality that even fewer municipalities knew how to produce “credible LEDs”. Even though developmental local government is explicitly about economic development, very few municipalities knew how to pursue, in a municipal context, this policy imperative (Nel and Johns 2006). A pervasive tendency was for municipalities to fund a few pet economic projects without any broader understanding of the nature and dynamics of local economies embedded in larger regional economic systems and circuits. As a consequence, most municipalities remained ineffectual in shifting the economic dynamics and performance of their territories.

Thirdly, municipal planning and service delivery manifested inadequate inter-government coordination and alignment. Since South Africa is a unitary state, there is a strong push to drive policy priorities and approaches from the centre, with an expectation that municipal plans must reflect and respond to national policy priorities and directions. However, it is apparent that there are coordination, information and alignment failures across governmental systems. The reasons for this are varied and complex. One important dimension of this institutional problem is the manner in which powers and functions are distributed across the three spheres of government and how this creates uncertainty about who sets policy and who merely implements and what the implications of such questions may be for funding responsibilities (Savage, forthcoming; van Donk and Pieterse 2006). Furthermore, because the local government legislative framework was only concluded between 1998-2001 many of the sector departments such as transport, water, health, etc. concluded their policy frameworks before the local government system was fully designed and defined. Consequently, these sectoral policy frameworks defined particular roles for municipalities which may not be the most rational or practical for newly established municipalities, or the most appropriate from an integrated development perspective. Thus, there was at the end of 2005 a clear need to refine and improve the regulatory framework for inter-governmental relations. Through the IGR Act a platform has been established but it is too soon to assess whether it is sufficient to address the coordination failures.

Fourthly, it is arguable that citizen participation was unsatisfactory and often weak during the first electoral cycle of the final phase of local government. Because many municipalities did not know how to drive IDPs and LEDs, they were also at a loss as to how to meaningfully draw diverse interest groups, and especially organisations representing the poor, into formal local government processes. There was no shortage of processes or forums to engage citizens but these processes were not necessarily facilitated properly and were not linked to specific decisions or resource allocations. Unsurprisingly, since 2003 a number of direct action protests against municipalities started to ignite and became an frequent occurrence in the run-up to the municipal elections in 2006 (Habib et al. 2006).

These four lessons are underpinned by the fifth and final lesson: the capacity constraints of municipal government. It has become clear that most municipalities, save for the metropolitan authorities, had the requisite skill profiles at all levels of these organisations to engage with the imperatives of developmental local government; relate such an understanding to the specific local needs and priorities; and package appropriate responses through focussed delivery programmes that were holistic. Even in the metropolitan authorities there were often a lack of strategic managers that knew enough about the technical dimensions of municipal services, were sound managers in a context of institutional change, and could manage complex political-administrative interfaces. In light of this, many commentators argued that the transformative potential of the South African local government system was being under-realised as we extend a new cycle of the South African local government system.

There are obviously many other issues that have arisen from the practice of implementing the final phase of the local government transformation process but I decided to prioritise these because the policy agenda for local government for the second term of the process (2006-2011) can be read as a direct response to these challenges. In the next section the key features of the current local government reform agenda will be explored.

Policy Priorities for 2006-2011

DPLG has summarised the challenges and priorities for the consolidation of local government in terms of five areas of focus (and performance). Table 2 below captures the five areas the main challenges that DPLG seeks to address through an extensive policy refinement and hands-on support programme.

Table 2: Local Government Strategic Agenda for 2006-2011

Key Performance Area	Main Challenges
I. Institutional Capacity and Municipal Transformation	<ul style="list-style-type: none"> • Core municipal systems not established or implemented, e.g. Performance Management Systems; • Municipal management capacity and capability & high vacancy levels; • Poor accountability mechanisms; • Serious challenges in the areas of financial management, programme management, engineering and organisational

	development.
2. Basic Service Delivery and Infrastructure	<ul style="list-style-type: none"> • Slow pace and poor quality of services delivered; • Water and sanitation backlogs emerge as one of the critical challenges; • Housing backlog sighted as a critical issue.
3. Local Economic Development	<ul style="list-style-type: none"> • High levels of poverty due to unemployment; • Poor quality LED strategies and scarcity of municipal LED specialists.
4. Financial Viability and Management	<ul style="list-style-type: none"> • Inadequate billing, debt management and credit control systems; • Poor municipal financial management capacity and systems; • Low revenue base due to high levels of indigents.
5. Good Governance	<ul style="list-style-type: none"> • Instability within and between political and administrative domains; • Poor communication between council and communities; • Non functioning of ward committees.

(DPLG 2006)

It is clear from this categorisation of the problem what the national support programme for municipalities focus on. Indeed, a suite of support measures have been developed to assist municipalities in each of these areas. Furthermore, at least 134 municipalities have been included in a special support programme called Project Consolidate. This initiative prioritises the municipalities with the most serious capacity and financial management constraints, particularly in areas with very high rates of poverty and unemployment. However, it is important to keep in mind that even though the support agenda is focussed on these concrete areas of municipal functioning, it is in service of a larger development agenda, which places local government at the centre of the national effort to address the challenges of poverty, unemployment and underdevelopment across the country. It is therefore appropriate to briefly capture this larger development project to show the links between the policy priorities articulated above and the broader shared growth agenda sketched in broad strokes earlier on.

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

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

Another crucial policy document, the NSDP (The Presidency 2004), shaped this report's conclusion as will become clear in a moment. Essentially this quote suggests that the predominant focus on extending basic services and opportunities to those excluded by the apartheid regime was a necessary and legitimate preoccupation in the first decade of democracy. However, simply improving coverage of basic services without much higher rates of growth and, crucially, labour absorption, will translate into overall failure in the future.

It is recognised that government investment in basic services and the welfare safety net has to deliver much better returns in terms of enhancing the stocks of assets of poor people. This can only occur if the state becomes more conscious of *how* (fragmented or synergistically), *for whom* (the poor, ultra-poor or working poor) and *where* (in growing or declining areas) it expends its resources. Through the lens of such an approach it becomes apparent that the basket of services that particularly the poor relies on to survive, is spread across all spheres of government and between numerous departments that do not coordinate their plans or delivery programmes. Furthermore, unless the growing number of poor and unemployed people get access to productive employment, the scale and cost of the service delivery agenda is not financially viable into the future. Poor South Africans have to be empowered economically to fend for themselves and reinvest in the state's capability through service payments and income tax.

Consequently a two-pronged approach emerged to deal, on the one hand, with the rate and quality of economic growth and the efficacy of service delivery for the enhancement of poor people's livelihoods, on the other. As elaborated before, on the economic front AsgiSA and Jipsa constitute the spear point in the effort to raise the rates of growth and increase the levels of formal participation in the economy. The central role of local government in realising the goals of AsgiSA was highlighted in the 2006 State of the Nation Address by the President:

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

The new "National Framework for Local Economic Development in South Africa" unveiled by DPLG in August 2006 at a national LED Summit is clearly modelled in the image of AsgiSA and the broader raft of economic policies that sit in the Economic Cluster of the government.³ At the heart of this new approach is a profound appreciation of space. The NSDP highlights the profoundly concentrated nature of economic activity, people and poverty as captured in the recent *State of South African Cities Report*:

³ Further information on the various economic policies and programmes government can be found on the websites of DTI, DPW, Department of Labour, DME, DEAT, accessible via the portal: <http://www.gov.za>

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

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

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

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

It is therefore understandable that the substantive focus of developmental local government from the perspective of DPLG involves the promotion of integrated sustainable human settlements and realistic and inclusive local economic development strategies; both with a view to reduce poverty and unemployment by half in line with

the Millennium Development Goals (MDGs) for 2014. Lastly, DPLG see these twin policy thrusts implemented in a manner that deepens local participatory governance systems, also seen as central to the developmental character of municipalities (DPLG 2006).⁴ Keeping these policy developments in mind, I now want to turn to a few themes that could inform our dialogue about how best to structure a learning agenda.

Policy Challenges and a Learning Agenda

The brief synopsis up to this point makes it clear that South Africa has travelled an impressive road of policy reform since 1994. Along the way the core constitutional commitment that local government must play a pivotal role in realising socio-economic rights have been maintained. In fact, an impressive battery of policy reforms and agendas has been constructed on the back of the WPLG to establish a robust and comprehensive policy agenda for democratic decentralisation and participation towards developmental outcomes. However, in a context of persistent and very high levels of poverty and economic exclusion, the challenges confronting local government continues to grow and threaten to overwhelm even the most capable of municipalities. This is particularly worrying in a context where the majority of municipalities suffer from acute capacity constraints apart from pressing financial (management) pressures. The specific challenges can be clustered around five themes for the purpose of this paper.

Integrated Development Planning: The transposing of strategic planning into the public sector environment was driven by the need for the state to be more focussed and selective about what it does, where it intervenes and how it acts. It is premised on the assumption that the complex, multi-dimensional nature of most development problems requires carefully designed and targeted responses to achieve very specific goals over particular time frames. In an attempt to address the analytical and programmatic weaknesses of many IDPs, the national government has come to the view that IDPs should not be seen as solely municipal plans. Instead, IDPs must be regarded as an expression of the sum-total of all governmental activities and plans for a particular locality with specific reference to how these discrete interventions of various departments and agencies will be 'joined-up' to achieve specific impacts and outcomes. However, this approach may run the risk of IDPs yet again becoming catalogues of government programmes instead of strategic arguments about that the critical development obstacles and priorities and how best to address those in a manner that ensures constant improvement in the basic quality of life of all residents, whilst also addressing structural factors that reproduce poverty, economic exclusion and environmental damage. Where does one strike the balance between comprehensiveness and making strategic choices?

Inter-governmental Coordination: The tendency just discussed to have IDPs reflect the entirety of government's efforts in a particular municipal territory is in part driven by the policy imperative to see a tight alignment between the NSDP, Provincial Growth

⁴ The implications of this integrated and multi-dimensional agenda for local government in the current period is more fully explored elsewhere (Pieterse and van Donk, forthcoming).

and Development Strategies (PGDS) and IDPs. However, this alignment is more difficult to realise in practice than commonly suggested in formal policy prescripts. The reality is that these three categories of policy are actually very different to one another. The NSDP is essentially a perspective on the national space economy and how best to address the growth potential and obstacles of this arguably distorted space-economy that has a profound logic of its own, usually reproducing patterns of inequality established during the apartheid past. PGDSs are often responses to long-term trends as they impact on provincial territories as a guide for how and where public and private resources should be spent to achieve provincial level developmental outcomes. IDPs are now meant to reflect the sum-total of government programmes and resources in municipal territories. Given the different characters of these three policy instruments it is clear that by simply asserting the need for alignment between them, inter-sphere coordination and mutual benefit will not necessarily occur. The reality is that the country is comprised of multiple geographies that are sometimes driven by sectoral logics, or functional economic dynamics, or environmental catchment imperatives, and so forth. A more finely calibrated IGR system will have to appreciate the plurality of geographies that municipalities have to contend with and enable a system that is more light-footed and allows for local differentiation. How exactly one would do this remains unclear.

A good example of the particularity of multiple and disjunctive geographies is the question of *regionalism*. In the recent while a debate has emerged about the Gauteng City Region which denotes an attempt by the Provincial Government (in concert with the municipalities in the region) to create a framework to plan and drive large-scale development initiatives at the scale of the so-called Johannesburg mega-city inclusive of the three metropolitan authorities. Similarly, in Cape Town it is becoming increasingly obvious that it is impossible to restrict regional planning to the territorial boundary of the City of Cape Town metro. The economically functional region takes in the metropolitan area, as well as Saldanha port to the north-east of Cape Town; Worcester along the North West axis following the trajectory of the N1 motorway; and as far as Hermanus on the South Coast axis from Cape Town. In fact this geographic area accounts for 93.4% of the GDP and almost 90% of the Western Cape Population and almost 90% of the poor population in the province. The same region, with its hinterland is also massively at risk due to climate change pressures. International literature suggests that both of these issues—economic development and environmental management—is best done at a regional scale (Scott *et al.* 2002) However, in the absence of explicit policy guidelines on these issues, the regional development agenda seems destined to remain off the radar screen for now.

Civil society participation: The South African local government dispensation has always been explicitly in favour of extensive public participation in various aspects of municipal planning and service delivery. However, the current model runs the risk of cooption by civil society, tends to promote consensus-seeking forms of participation and can be described as overly formalised through the Ward Committee system, which some suggest reinforce patronage politics. Participation in Ward Committees seems very limited because it reaches a few representatives of interest-based membership

organisations. The work of Ward Committees also seem very far removed from decision-making processes related to prioritisation and resource allocation, especially with regard to big budget items. Ward committees also run the risk of fostering gate keepers that make it difficult for dissenting and contrary voices to emerge. It seems clear that much more innovative approaches to participation can be conceptualised and supported but it is unclear where such an agenda may spring from and who will champion it.

Sustainability challenges: There remains little evidence that the formal policy commitment to sustainable development is borne out by anything municipalities do on a daily basis in terms of the provision of services that is their mainstay. Most of the technologies used in the provision of water, electricity, waste management, roads, and forth are not particularly environmentally aware or sustainable (Swilling, forthcoming). Globally major breakthroughs have been made with regard to alternative, more environmentally benign technologies for managing both inputs and outputs from settlement systems. Apart from the choice of technology, it is also clear that very few municipalities have applied their minds to the effective use regulatory instruments to also promote adaptation and mitigation actions by private actors such as firms and households served by municipalities.

These issues and many of the other challenges raised above turn on effective and strategic management of land markets through the proficient wielding of land-use regulatory tools. However, in a context of stalled policy reform on the land-use and planning front, it is difficult to move on these issues that sit outside the purview of DPLG and local municipalities. It would be useful to understand what can learnt from other experiences in getting a handle on this issue so that land-use processes can advance the transformation potential of developmental local government.

In Conclusion

The purpose of this overview paper is to provide a synoptic account of the emerging local governance system in South Africa to inform the a policy dialogue about how the system can be enriched through a comparative dialogue on the local government systems of India and Brazil. The paper started off by locating the South African debate against the backdrop of a larger policy discussion on the centrality of an interventionist developmental state determined to establish a more inclusive and sustainable growth path in order to address the intractable problems of poverty and economic marginalisation that seem to be inherent to the global economic system that frame political and policy choices. Apart from providing baseline information on the evolution and dynamics of the emergent South Africa system, the paper also points to critical policy debates and questions as we continue to search, through practical implementation, for concepts and tools that work; that allows one to square the circle between policy intent and outcome.

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