



For an Equitable Sharing
of National Revenue

POLICY BRIEF 2

**TOWARDS SUSTAINABLE URBAN DEVELOPMENT:
ASSESSING THE IUDF AND CSP**





EXECUTIVE SUMMARY

Since 1994, government has introduced numerous policies driven by the urgent need to address inequality and past injustices. In spite of the many years of resolute post-apartheid urban development, the imprint of apartheid spatial geography is still evident in cities, as they remain segregated, fragmented and unequal. The Financial and Fiscal Commission has examined whether urban policies, planning processes and practices represent a sound and adequate response to urbanisation challenges at the level of cities. Not with standing policies on urban development, cities are still confronted with rapid urbanisation, urban poverty and inequality.

It is clear that programme-based approaches benefit the targeted areas, but will not turn the tide to favour systematic spatial transformation. Therefore, government should embrace a systems-approach rather than a projects-approach. The Commission recommends that the Department of Cooperative Governance and Traditional Affairs (Cogta) and the Department of Planning, Monitoring and Evaluation (DPME) continue strengthening coordination and monitoring mechanisms (by ensuring that departmental sector plans and strategic investments are aligned to local spatial plans and priorities), coherent with national objectives espoused in the Integrated Urban Development Framework.



BACKGROUND

Since 1994, government has introduced numerous policies driven by the urgent need to address inequality and past injustices. In spite of the many years of resolute post-apartheid urban development, the imprint of apartheid spatial geography is still evident in cities. They remain segregated, fragmented and unequal. National government has responded to these challenges with a suite of policies and programmes.

The Urban Development Framework (UDF), published in 1997, noted that urban areas are key for social and economic development. In 2006, the Neighbourhood Development Programme was established to manage the Neighbourhood Development Partnership Grant. It provides a medium- to long-term funding commitment to municipalities for small town and township development. The Cities Support Programme (CSP) is an initiative of National Treasury, introduced in 2012 to enhance implementation support to cities and provide a coordinated platform for this. The Integrated Urban Development Framework (IUDF), approved by Cabinet in 2016, seeks to foster a shared understanding across government of managing urbanisation and the achievement of economic development, job creation and improved living conditions for the people.



RESEARCH FINDINGS

Figure 1 portrays the sequence of the four policies that are the key focus of this study.

Figure 1. Sequence of ex-post and ex-ante urban development policies



Source: Commission's compilation.

On paper, the UDF aimed to deal with rapid urbanisation, urban poverty and inequality. However, the UDF suffered from inconsistency in its championing and coordination, as its initiating body, the RDP office, closed in the 1990s creating a void. As a result achieving real coordination across sectors was a challenge, given the complex array of institutions involved. In addition, the UDF lacked a specific funding instrument and specific implementation plan.

The Neighbourhood Development Programme is intended to deal with rapid urbanisation, urban poverty and inequality through a programmatic approach that is spatially-focused on specific areas. Focusing on townships (under-developed residential areas) it aims to redress their historic neglect. The Neighbourhood Development Programme is clearly funded, properly coordinated, and focussed on integrated delivery achieved through and with partners.

The CSP has a strong coordination element, as the programme works with national government to shift policy to make it easier for cities to work efficiently, while at the same time working with cities to ensure economic growth and a reduction in poverty. There is funding for the CSP through the budget process.

Learning from the UDF experiences, the IUDF focuses on the core urban development issues emphasising (1) integrated urban planning that forms the basis for achieving integrated urban development which follows a specific sequence of urban policy actions: (2) integrated transport that informs (3) targeted investments into integrated human settlements, underpinned by (4) integrated infrastructure network systems and (5) efficient land governance and management, which all together can trigger (6) economic diversification and inclusion, and (7) empowered communities.

Taking lessons from the UDF, with its inconsistent coordination and implementation, the preparation process for the IUDF was more inclusive and consultative. The IUDF has clear coordination mechanisms, to ensure implementation, and identifies Cogta as the department responsible for integrated urban development and, thus, for collaborating with other stakeholders.

The IUDF is an over-arching and multi-sectoral framework. However, it does not have a specific funding instrument. Hence its successful implementation is dependent on various actors. As such, any lack of proper coordination poses risks to its implementation. Improving on UDF deficiencies, the IUDF recognises that intergovernmental relations need to be strengthened “to steer the established policy, fiscal and regulatory changes, and to drive the priorities of the urban agenda” (Cogta, 2016: 101). Furthermore, unlike the UDF, the IUDF has an implementation plan, improving its chances of being implemented. The IUDF, coming after the other programmes, clearly has a foundation to build from as several lessons have been learnt thus paving the way for more effective implementation.





CONCLUSION

Notwithstanding the policies on urban development, cities are still confronted with rapid urbanisation, urban poverty and inequality. It is clear that programme-based approaches benefit the targeted areas, but will not turn the tide in favour of systematic spatial transformation. Therefore, government should embrace a systems-approach rather than a projects-approach. Fiscal instruments need to be streamlined to respond to the integrated nature of development and spatial transformation. Lastly, there is a need to move away from the traditional 'silo approach' and intergovernmental relations must be strengthened to drive the spatial development agenda.

To strengthen the Integrated Urban Development Framework and the Cities Support Programme, for a positive impact on urban development, the Commission recommends that:

1. The Department of Cooperative Governance and Traditional Affairs and the Department of Planning, Monitoring and Evaluation continue strengthening coordination and monitoring mechanisms (by ensuring that departmental sector plans and strategic investments are aligned to local spatial plans and priorities), coherent with the national objectives contained in the Integrated Urban Development Framework.
2. The Department of Cooperative Governance and Traditional Affairs and National Treasury consolidate the urban development related grants (for example incorporate the Integrated City Development Grant into the Urban Settlement Development Grant) to achieve the Integrated Urban Development Framework objectives, and address urban development holistically.



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