



## **Policy Brief 8**

# **Local government structure: The city region and its potential to address South Africa's development challenges**

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### **Executive summary**

The Constitution of South Africa, 1996 (Act No. 108 of 1996) (Constitution) provides for a degree of both “autonomy” and “interdependence” in the three spheres of government (national, provincial, local). However, the preoccupation with political jurisdictions, particularly at the local level, often means that growth and development are locked into official jurisdictions. While there have been efforts to coordinate and enhance intersectoral and multi-sphere planning, resources continue to be allocated in a manner that confines them to sector line departments or to specific spheres of government. This results in inter-jurisdictional collaboration being almost totally neglected leading to destructive competitive behaviour. In such a system, the preoccupation with official jurisdictions impedes the growth and development of broader geographical areas, or city regions. The international case studies demonstrate that city regions are appropriate for the multi-level governance approach in South Africa. However, they also show that the purpose has not been, and should not be, to create a new level of government. Rather, the intention is to devise an innovative system and mechanism of cooperation and collaboration, as is demonstrated by the South African Gauteng City-Region case study. This case study demonstrates considerable potential for the development of city regions in South Africa. The Financial and Fiscal Commission (FFC) recommends that the Minister of Cooperative Governance and Traditional Affairs (COGTA) assesses the requirements in respect of key success factors for city regions to address:

- Inclusive development and local government (LG) service delivery failures;
- Legal provisions;
- Institutional setup scenarios, involving provincial government and/or metropolitan municipalities and/or district municipalities and/or local municipalities, depending on the context;
- Financial incentives; and
- Rural and peri-urban developmental impact scenarios.

## **Background**

Internationally, there is growing recognition of the need to plan and promote development across subnational and even national boundaries, to support the growth of city regions. Europe, for instance, has historically moved from sectoral policies to a territorial policy approach. The United Kingdom, in particular, has merged municipal cities into city regions and they are in a continual state of contestation with one other for private resources and public grants. City regions are particularly valuable in transforming marginal regions through the creation of economic opportunities, thereby balancing national development outcomes. They can be used to attain the best possible spatial pattern of development in the given context.

Despite city regions gaining attention internationally, the concept is yet to garner widespread interest in South Africa. National and provincial policies endorse city region coordination and institutionalisation. Two important documents, the National Development Plan (NDP) and the Integrated Urban Development Framework (IUDF), give effect to planning and coordination across regions. The NDP identifies city regions and the role that they can play as dominant urban agglomerates. It calls for institutional structures that ensure greater collaboration and harmonisation of development plans and a system of governance for city regions. The IUDF aims to reconfigure the South African urban system in response to urbanisation trends and citizens' needs. It also recognises that urban development transcends existing administrative boundaries.

South Africa has barely tested the feasibility of establishing city regions. The only real example is the Gauteng City-Region (GCR), and to a lesser extent the Cape Town Functional Region (CTFR). The GCR and CTFR developments, although limited, point to different models of urban governance and development planning at the subnational level in South Africa. They demonstrate an emergent awareness in South Africa of the importance of the economic and urbanisation forces that can shape the destiny of cities.

## **Research findings**

The findings emanating from the international case studies present a wide range of success factors that have the potential to make city regions more functional. However, there are also institutional architecture lessons to be considered for city region development in South Africa. The case studies include success factors that are worth noting in making city regions more functional, but also provide common critical challenges that must be adequately addressed in order to make city regions functional in South Africa.

In Thailand, the successes of horizontal collaboration efforts in the metropolitan region were evident in the successful conceptualisation and implementation of the mass transit system project in the Bangkok metropolitan region. The mass rapid transit system was planned jointly such that it formed a single mass transit network. The overall development of the mass transit network in the Bangkok metropolitan region is supported by a mass rapid transit master plan drafted by the Office of Transport and Traffic Policy and Planning in horizontal collaboration with nine departments: Central Administration Department; Land Traffic Management Department; Transport and Traffic System Development Department; Information Technology for Traffic and Transport Centre; Integrated Ticket Management Office; Rail System Development Office; Safety Planning Bureau; Planning Bureau, and Regional Transport and Traffic System Promotion Bureau. This project alleviated traffic congestion and air pollution in the city region.

The São Paulo metropolitan region in Brazil is backed by the country's constitution which makes provision for the creation of metropolitan regions and structures of cooperation between municipalities. The incentives for regional coordination and collaboration in the city region have been achieved through enabling constitutional and legal frameworks. In Brazil, with the legislation and supporting institutions in place to support the Sao Paulo metropolitan region, successes in the integrated transport projects were realised. Until the 1988 federal constitution, the institutionalisation of the metropolitan area was an exclusive responsibility of the federal government. As a result of the constitutional dispensation, some state municipalities can now come together and integrate the organisation, planning and execution of public functions of common interest. Moreover, there is also a regional development agency (RDA), a legal branch of the intermunicipal consortium. It has the authority to sign agreements with external agencies and receive financial resources. Since its inception, various agreements on economic, social, and territorial development have been signed.

In Spain, regional and municipal structures are institutionally sound and the later reforms in metropolitan legislation have transformed Barcelona into a highly dynamic metropolitan region. The municipalities have sufficient legislative and executive powers in urban and regional planning. At the city region level, there is a composite set of institutional metropolitan institutions: the metropolitan transport authority, the metropolitan environment entity, the *mancomunitat* of municipalities, and the consortium of municipalities. In addition to these public institutions, there are also public and public private agencies that operate in the city region for the management of specific metropolitan services. There are also several informal networks between municipalities, such as strategic plans, mobility plans and pacts to promote city region economic development. Municipal cooperation in Barcelona has translated into the successful conceptualisation and implementation of the Barcelona Tram Service. This project consisted of designing, building, financing, operating and transferring two tram networks in the metropolitan area of Barcelona. The aim was to satisfy the need for medium distance travel, using an environmentally friendly mode of transport. In present-day Spain a *mancomunidad* is a free association or commonwealth of municipalities.

The case studies also highlighted institutional challenges undermining the functionality of city regions. In Thailand, the case study on Bangkok metropolitan region demonstrated that the differences between its functionally integrated economic area and administrative boundaries are undermining horizontal cooperation between local jurisdictions in the region. Moreover, in spite of the success of horizontal collaboration efforts within the transport sector, Bangkok continues to face the challenging task of coordinating municipal activities as the city is growing beyond its administrative limits without adequate and sector wide support from horizontal institutions and legislation for intraregional cooperation.

In Brazil, the case study on São Paulo metropolitan region showed that the functionality of the region is challenged by the lack of effective mechanisms for implementation coordination across the region. There is also no prioritisation and sequencing of developmental plans or certainty of funding availability. Most importantly, the structures aimed at improving coordination and development across the region are severely constrained by limited funding and rigid decision making authority entrenched in the constitution.

In Spain, the metropolitan region of Barcelona case study reveals that the highly institutionalised model of metropolitan governance is not supportive of a unified actor for the region. It also highlights the ongoing struggle to find the best ways to improve the functioning of the region, both by enhancing the functional strengths of the present metropolitan governance structure and eventually by expanding the territory of metropolitan collaboration.

In Mexico, the case study on the Mexico City metropolitan area brought to bear the unsuitability of legal planning, coordination, and political structures for an organisation on the scale of a metropolitan. This is because metropolitan areas in Mexico do not have legal status as official jurisdictions, but the constitution allows intermunicipal cooperation on a voluntary basis. The administrative powers of municipalities overlap with the government of Mexico City, which in turn interacts with the powers of two different states, Mexico and Hidalgo, as well as with the power of the central government. The research highlighted the intricacies of provincial rural development mandates, which straddle many concurrent functions and lead to duplication.

In the GCR, a major challenge and recurring theme in the practice of intergovernmental relations impacting on its functionality is that the Constitution tacitly introduces a natural tension between the relative autonomy of a particular sphere of government on the one hand, and the pursuit of a coherent government for South Africa through inter-governmental relations and collaboration on the other. This tension becomes more apparent when considering that the management of service delivery programmes is based on questions of jurisdiction between departments, organs of state or spheres of government on the one hand, but policy priorities cut across ministerial mandates and traditional policy fields on the other hand. This makes mechanisms for managing service delivery through intergovernmental relations incoherent. The result is poor integration of activities, duplication, and a general inability to forge collaborative partnerships or to find common ground for joint action.

In terms of successes, provincial and local municipalities in the GCR have a good track record in intergovernmental collaboration in respect of a number of key infrastructure projects in the province. This was accomplished through intergovernmental co-operation, and its reinforcement and solidification are ongoing. For example, provincial and local government have collaborated in targeting government efforts to rehabilitate social and economic infrastructure across the GCR, with a view to stimulating local economies such as upgrading inner-city areas, building large new housing developments, completing large infrastructure developments such as new regional wastewater facilities, and the development of the Gautrain rapid rail link project.

The Gauteng provincial government established the GCR on the premise that the metropolitan municipalities of Johannesburg, Tshwane, and Ekurhuleni and their neighbouring urban municipalities form what could be defined as a functional city-region that should be governed in a cooperative manner. The intention was not to create an additional sphere of government. The establishment of the GCR therefore relies heavily on existing policies and institutions of intergovernmental collaboration and coordination. The city region has also been the catalyst for the creation of innovative supporting institutions. These policies and institutions have played a major role in ensuring that, notwithstanding the challenges, the functionality of the GCR was established and is being enhanced.

### **Conclusion**

The city region agenda is an important step towards the development of urban areas internationally, both from an efficiency (albeit driven by competitiveness) and a sustainability point of view. However, the establishment of city region collaboration and cooperation takes time and must be done cautiously with a longer-term view of coexistence with or within the existing national and subnational institutional arrangements. City-regions minimises continuous contestations among municipalities for private resources and public grants. However, caution must also be exercised in ensuring that the implementation of city regions does not perpetuate the city rural divide by over resourcing urban areas and neglecting rural areas. The true success of city regions should not be measured solely against economic growth but also on social justice issues. Rectifying social and economic divides and just and fair deployment of resources between rural and urban areas is thus vital. There is a need also to demonstrate clearly that city regions are best able to address a country's development challenges. In South Africa, the impact on the peri-urban rural areas is important. Also, it must be measurably demonstrated that city regions will yield better outcomes than, for example, provinces or district and local municipalities delivering against their function mandates.

The literature and international case studies have stressed that city region collaboration should be premised on cooperation between municipalities in the urban area. Could this be extended to rural areas? Internationally, there is an important role for the higher levels of government to initiate and support such types of municipal cooperation, with policy and economic incentives. It is seen as critical that higher level government supports city region level cooperation rather than envisioning it as competition. The cooperative approach and organisational efforts of the

core city towards the smaller municipalities in the city region are also viewed as absolutely vital, as is the establishment of deliberating platforms to bring together key government and private sector entities. The development of city regions should begin with the key sectors, such as transport and water, where the potential for positive outcomes is vast. If the relative success of the GCR can be replicated on a greater scale nationally (mindful, however, of the developmental context of the specific region), there may be a strong case to assess the continued relevance of provinces and district municipalities in the future.

### **Recommendations**

With respect to city region development, the Commission recommends that:

- a) The Minister of COGTA assesses the requirements in respect of key success factors for city regions to address inclusive development and local government service delivery failures, including:
  - i) Legal provisions;
  - ii) Institutional setup scenarios - involving provincial government and/or metropolitan municipalities and/or district municipalities and/or local municipalities, depending on the context;
  - iii) Financial incentives; and
  - iv) Rural and peri-urban developmental impact scenarios.

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