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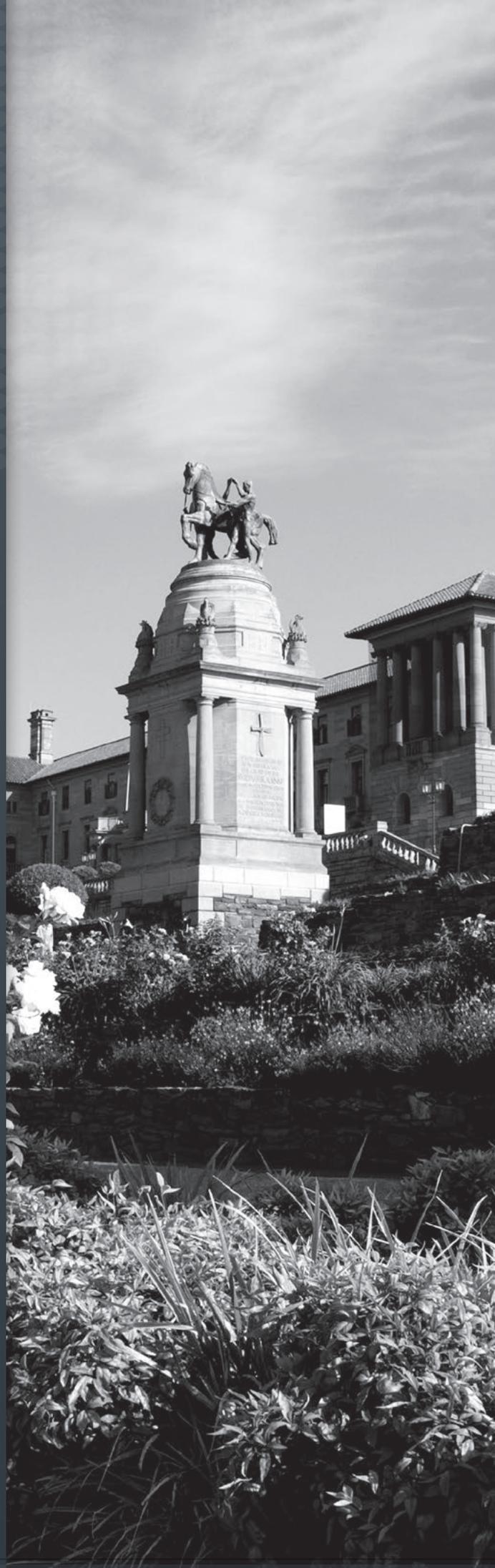
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## INTRODUCTION

Section 2 of the State of Cities Report (SoCR) 2021 provides perspectives on the journey of cities towards the objectives of becoming more economically and socially inclusive, sustainable and spatially transformed. It reflects briefly on progress made, but its main intention is to provide insights, lessons and recommendations regarding using whole-of-government and all-of-society approaches to achieve these objectives. Such approaches are connected to other governance concerns, including the capability of the state, the political-administrative interface, and values and principles.

The chapters in this section show collectively that South African cities have made limited progress in achieving key development outcomes and, to stand any chance of meeting their long-term goals, cities must adopt whole-of-government and all-of-society approaches. A useful starting point for addressing the interlinked and complex governance concerns is to focus on implementing and embedding these practices. The chapters illustrate that, despite examples of good practice, these practices can be improved and need to be broadened to uptake at both project and systemic levels – similar findings are contained in **SECTION 3**.

**This section consists of five chapters.**

This chapter provides the conceptual, historical, legislative and policy context for the SoCR. Its departure point is mission-orientated governance, which refers to governance for creating economically and socially inclusive, sustainable and spatially transformed cities. An explanation of the concepts of government and governance, within international and national contexts, is followed by an examination of the role of local government in South Africa's constitutional and legal framework, and the challenges and developments for metropolitan municipalities since 2000. After providing some reflections on a post-COVID-19 South Africa and recommendations for achieving effective urban governance, the chapter introduces the subsequent chapters.

The chapter charts a trajectory of city governance, highlighting the fact that key governance improvements are needed if South African cities are to meet their development objectives in the way envisaged. Notwithstanding its noble intent, the Constitution's apportioning of functional authority and responsibility for various features of urban governance (and how it has been reflected in legislation) has failed to produce the kind of developmental and rights-based urban

## CHAPTER

# 1

## GOVERNING SOUTH AFRICAN CITIES

autonomy that is required to achieve the ideals espoused by the Integrated Urban Development Framework (IUDF), Sustainable Development Goal 11 (SDG 11) and the New Urban Agenda (NUA). However, to assume that urban autonomy has failed in South Africa would be a mistake. On the contrary, the chapter shows that urban autonomy was never fully enabled in the first place.

Moreover, devolving power, functions and responsibilities will fail to produce results if not mirrored by the devolution of resources. Local government's funding base needs to be broadened, and resources for strategic projects and community assistance must not be subsumed by operating costs. Cities should also be encouraged to make the most of the funding sources that they do have, and to acknowledge that a range of external resources can be leveraged through the more explicit pursuit of all-of-society partnerships. The chapter shows that dynamic urban autonomy is not achieved through delegation, funding and intergovernmental arrangements alone. Rather, achieving the IUDF's vision will require doing things differently and relooking at urban governance structures – a sense of urgency and considerable political will are needed for a new approach to urban governance.

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## CHAPTER

# 2

### PRODUCTIVE CITIES: Governance and Economic Inclusion

This chapter reflects on governance as a vehicle for inclusive economic growth in South African cities, and examines the interplay between governance, productivity and inclusion, emphasising the urgency of the latter. It has two main objectives: to highlight the importance of improving the collective understanding of city economies and to show that cities have levers available to address economic constraints. It profiles the structure and composition of the nine cities, as well as the different cooperative structures around levers that cities can use to achieve inclusive economic growth, providing practical examples of where and how these levers can be used. These examples also illustrate the challenges associated with an all-of-society approach and the inclusion of the economically vulnerable, which goes beyond providing services and low-level jobs to supporting business ownership and investment. The chapter concludes with lessons from the cities and recommendations for future efforts aimed at economic growth, redress and governance.

The chapter highlights the facts that cities are key drivers of productivity within the South African economy, but that economic gains are unevenly distributed and many people are precluded from participating and benefiting meaningfully. South African cities have historically experienced 'jobless growth', where economic growth (i.e., growth in production) has not always resulted in significant gains in permanent employment opportunities nor reduced inequality. Furthermore, limiting reporting on the economy to the gross domestic product (GDP) may be convenient but tells an incomplete story, especially when most citizens are poor, disadvantaged and excluded from benefiting in improved GDP. The most vulnerable remain susceptible to precarious income generation and skills development opportunities, which ultimately limit avenues for entry

into the formal economy and its benefits. This has led to increasing poverty, spatial and socioeconomic inequality, unemployment, overcrowding, pressure on infrastructure and municipal resources, and social tension.

South Africa's economy is characterised by increasing informality, barriers to entry, monocentric urban economies, constrained economic activity in previously disadvantaged areas, a spatial mismatch between areas of economic opportunity and households, as well as misalignment between the available labour force and industry demands. The shock of the COVID-19 pandemic exposed the economy's fragility. Better economic data and analytics capabilities would enable a more holistic story to be articulated, thereby enabling economic actors to work collaboratively towards positive interventions and providing all-of-society with the tools to hold cities to account. Economic actors need to come together to improve a city's economy and foster economic inclusion. This requires recognising the importance of an all-of-society approach to deepening governance through both enabling the participation of local elites and poor and marginalised residents and holding powerful actors to account.

This chapter explains why inclusivity and wellbeing are crucial for cities, and how greater inclusion leads to a better quality of life and wellbeing of city dwellers. South African cities have not made much progress towards creating inclusive places that all people (including the marginalised) can own and shape without fear of intimidation. However, pockets of excellence demonstrate that transversal cooperation among government spheres and all-of-society approaches contribute to making cities more inclusive. The chapter highlights the elements necessary to achieve real engagement for inclusion and wellbeing, and offers some recommendations for cities.

The chapter shows that, decades after the end of apartheid, most urban dwellers remain socially, spatially and economically excluded. The COVID-19 crisis has deepened inequality and disproportionately affected the marginalised and vulnerable. The lack of progress in making and managing more inclusive spaces and places can be attributed to local governance systems that are constrained in terms of devolution, transversal management and intergovernmental relations. In addition, inadequate participation processes result in conflict with communities and stakeholders. Given the multidimensional nature of inclusion and wellbeing, to change the status quo will require adopting a whole-of-government and all-of-society approach, and devolving mandates and funding for crucial inclusion functions to the local level.

## CHAPTER

# 3

### **INCLUSIVE CITIES: Transversal Cooperation for Inclusion and Wellbeing**

The multi-stakeholder urban environment in South Africa is challenging. This means that attaining social inclusion (in particular equal rights and the participation of all) requires meaningful cooperation among government spheres, public agencies and other sectors of society. Cities have pockets of excellence that demonstrate how city officials are shifting their practice towards partnership and co-development in order to make cities safer, involve the youth in urban processes, improve living conditions in informal settlements, and create better public places. However, these practices tend to be at the level of loosely formed coalitions of the willing. The challenge is to upscale and institutionalise these practices, by making systems, processes and practices of public institutions more people-centred and inclusive, and upskilling city practitioners to be able to work with complexity, both within their own institutions, across spheres of government and with communities.

## CHAPTER

# 4

### SUSTAINABLE CITIES: Cooperative Governance of the Just Urban Transition

This chapter examines how South African cities have addressed sustainability challenges and harnessed opportunities to further the just urban transition through cooperative governance and an all-of-society approach. It looks at knowledge-sharing networks (for energy, water and waste); intermediaries in Cape Town, Gauteng and the Eastern Cape; and multi-stakeholder partnerships that illustrate partnering strategies implemented in Ekurhuleni, eThekweni and Cape Town. The chapter shares lessons from the practical experience of cities, touching on the power and political dynamics of different urban institutions, systems and processes, and stakeholders involved in just urban transition initiatives. This then feeds into specific recommendations.

The chapter describes the national policy frameworks and city-level strategies, which show a growing commitment to achieving a just urban transition. However, the practical challenges of shifting the institutional and cooperative governance arrangements that constrain sustainability transitions in cities have not been fully grasped. The chapter uses practical examples of how to formulate a shared value proposition across sectors of society when the focus of government is regulation, the aim of business is profit and civil society demands change. Achieving a shared value proposition requires specific interventions to harness partnerships that are best facilitated by networks, intermediaries and knowledge brokers, have high degrees of autonomy and can establish the ground rules for partnering in practice.

South African cities face a triple challenge: they have to respond to profound environmental challenges (specifically climate change, resource depletion and ecosystem vulnerability); address deepening socioeconomic inequalities exacerbated by the COVID-19 pandemic; and establish new modes of cooperative governance able to navigate effectively the complexities of urban development in the information age. For cities to drive just transitions will depend on partnerships and learning from experimentation, and require cooperative governance, which comes alive when a balance is achieved between the top-down authorising environment and the bottom-up mobilising environment. Such a balance creates conditions for innovation and resource mobilisation across both state and non-state actors.

## CHAPTER

## 5

**SPATIALLY TRAPPED:  
Transforming the  
Rules of the Game**

This chapter's departure point is that spatial transformation depends on the governance capacity of the municipal institution. It interrogates the link between slow spatial transformation in cities and institutional governance capabilities, and analyses how internal municipal environments enable or hinder the attainment of equitable spatial outcomes. The chapter argues that structural forces (the 'rules of the game') in municipalities shape the behaviours of practitioners, which in turn hinder practices that support the attainment of spatial transformation goals. Through the lens of cooperative governance and an all-of-society approach, the chapter explores the complexities of devolution, transversal management, the political-administrative interface, and participation by and conflict between communities and stakeholders. It provides 'rays of hope' and offers some insights into the areas where new 'rules' are required.

The chapter is primarily based on the research and reflections of municipal practitioners through the work done by SACN's Built Environment Integration Task Team (BEITT), which involved extensive qualitative interviews and the inclusion of several case studies that demonstrate the complexities and challenges of spatial transformation work. The rules of the game are both formal (legislation) and informal (institutional norms and power dynamics), and have contributed to the current state of play, in particular with regard to challenges in intergovernmental cooperation, partnering with communities and long-term, meaningful community engagement.

Despite these challenges, cities have good practices that showcase transversal management and intergovernmental collaboration; human-centred practice; and long-term, meaningful, targeted community involvement. The journey of the BEITT highlights the passion and human capability that exist within the system, and has provided a space for reflection and learning, reminding practitioners of the wide gap between city intentions and actual practices. To attain greater spatial inclusion/transformation in South African cities will require shifting and transforming the rules of the game. They include the municipal performance management system, which does not encourage cooperative governance, and the existing interpretation of the Municipal Finance Management Act (MFMA), which currently disincentivises creative solutions. Based on municipal practitioner experience, this chapter offers some leading perspectives of what matters most for South Africa in the efforts to exit the capability trap and make progress in driving spatial transformation.