# TABLE OF CONTENTS

ACKNOWLEDGMENTS .................................................................................................................. 2

FOREWORD .................................................................................................................................. 3

MESSAGE OF SUPPORT ............................................................................................................. 4

PREFACE ....................................................................................................................................... 5

SECTION 1: INTRODUCTION ...................................................................................................... 6
  1.1 Overview of key issues ........................................................................................................... 6
  1.2 About the discussion document .......................................................................................... 9

SECTION 2: THE URBAN CENTURY ....................................................................................... 10

SECTION 3: THE SOUTH AFRICAN REALITY .......................................................................... 14
  3.1 Population growth in our cities is in an upward cycle .................................................... 15
  3.2 Our urban areas remain largely segregated .................................................................... 16
  3.3 Existing property values (and land use) perpetuate urban segregation ......................... 18
  3.4 Rural and urban areas are interdependent and inter-linked ............................................ 19
  3.5 Our municipalities are facing enormous challenges ...................................................... 21

SECTION 4: A FRAMEWORK FOR INTEGRATED URBAN DEVELOPMENT ......................... 24
  4.1 The urban dividend will be reaped .................................................................................... 26
  4.2 Policies and resource allocation will be more effective .................................................. 27
  4.3 Civil society and the private sector will play their part .................................................... 28
  4.4 Rural development will benefit ....................................................................................... 29
  4.5 Municipalities will manage urbanisation better .............................................................. 30

SECTION 5: THE PROCESS ....................................................................................................... 32
  5.1 Aims of the framework for integrated urban development ............................................ 33
  5.2 Deliverables of the framework for integrated urban development ................................ 34
  5.3 Process overview ............................................................................................................ 35

SECTION 6: CONCLUSION ...................................................................................................... 36

ANNEXURE A .............................................................................................................................. 37

TABLE OF FIGURES

Figure 1: Global urbanisation trends ......................................................................................... 11
Figure 2: Urbanisation pathway and development groupings .................................................. 12
Figure 3: South African urbanisation trends in relation to Africa ............................................ 15
Figure 4: Population density and settlement types in South Africa ........................................ 19
Figure 5: Urban dividend ........................................................................................................... 26
Figure 6: Current institutional elements of urban management .............................................. 31
ACKNOWLEDGMENTS

The Ministry of Cooperative Governance and Traditional Affairs, as coordinating department, acknowledges the critical role-players that have contributed to the process to date. Special thanks are given to the partners who constituted the core Working Group, which has coordinated the content of the framework for integrated urban development programme of work: the Department of Human Settlements, National Treasury, the South African Local Government Association (SALGA), the South African Cities Network (SACN), and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ).

In addition to the work of the Working Group and the Panel of Experts, the process thus far has also depended on the guidance and contributions of a Technical Steering Committee, which includes The Presidency (National Planning Commission), Department of Rural Development and Land Reform, Department of Transport, Department of Environmental Affairs, Department of Water Affairs, and Department of Economic Development. Additional specialist advisors were also coopted as and when required.
Urban areas face huge development challenges alongside major opportunities. About 63% of South Africans now live in urban areas and 40% in metropolitan municipalities. Recognising these realities, the National Development Plan (NDP) has called on cities to be our economic growth drivers through improved spatial efficiency and social inclusion. It predicts that by 2030 another 7.8 million people will be living in South African cities and by 2050 a further 6 million, adding enormous pressures to housing, services and infrastructure. Furthermore, the NDP recognises that the crude binary rural–urban distinction needs to be replaced by the perspective of a rural–urban continuum. The rural–urban linkage is not about rural development versus urban development but rather about acknowledging that they are “two sides of the same coin”; with the coin being the development agenda. Therefore, a policy that promotes either rural or urban development must take into account the relationship and inter-linkages between rural and urban areas. The framework for integrated urban development will respond to South Africa’s unique rural–urban situation. To this effect, research papers have been commissioned to better understand the demographic and migration patterns, and the rural–urban linkages.

The reality is that cities play an increasingly important economic, socio-economic and political role, but this does not obscure the contribution of rural areas. We therefore seek developmental interventions that can respond to current regional disparities, which makes the intergovernmental dimension vital. Integrated development speaks to the need to create high-quality public spaces, promote infrastructure modernisation and provide integrated human settlements for South Africa’s diverse populations.

Since the advent of democracy, government has recognised the importance of planning for liveable, economically viable and sustainable towns, cities and rural areas. The 1998 White Paper on Local Government highlights the role of local government in restoring spatial justice, and social and economic development. Yet nearly 20 years later, we clearly need to focus anew on reversing the cumulative and spatial disadvantages.

In September 2012, the 6th World Urban Forum in Naples, Italy, urged all countries to develop national policies to manage high urbanisation and promote integrated urban development. In response to this call, the Department of Cooperative Governance and Traditional Affairs, in collaboration with the departments of human settlements, transport, environmental affairs, National Treasury, SALGA and the SACN immediately began the process of crafting a new urban policy response for South Africa through the development of a framework for integrated urban development. In his 2013 State of the Nation address, in support of this endeavour, President Zuma made it clear that managing urbanisation was a priority, and that an ‘all of government’ approach was needed to tackle the challenges of urbanisation.

This Discussion Document is the culmination of the first stage of the research into South Africa’s spatial, regional and urbanisation trends. It provides an overview of the realities that inform our development options, including our top priorities: spatial transformation for social integration and economic development. A national approach is urgently needed to generate the ideas, consensus and enthusiasm for this mandate. We hope that you, our partners in development, will join this journey to further build on South Africa’s priority to overcome unemployment, poverty and inequality. Together, we can commit our cities and regions to creating safe, connected and liveable public spaces, an inclusive and resilient growth path, and a green future for the generations to come.

LTSENSOLI
Minister for Cooperative Governance and Traditional Affairs
MESSAGE OF SUPPORT

Developed countries have reached high rates of urbanisation over the past two centuries, mostly linked to processes of industrialisation. Rapid urbanisation in the future is now largely expected in developing countries of Asia and Africa. Democratic South Africa is no different from the global community and is experiencing similar huge urbanisation rates, with residents seeking better socio-economic opportunities, which are often associated with towns and cities.

Since democracy in South Africa, government has recognised the importance of planning for liveable, economically viable and sustainable municipalities in both urban and rural areas. This determination found expression most vividly in the 1998 White Paper on Local Government, wherein the role of local government in restoring spatial justice, and social and economic development was highlighted. However, nearly twenty years into democracy, reversing the roots of spatial fragmentation and marginalisation remains a major challenge.

The ever-increasing urbanisation rate adds enormous pressure on municipalities to provide services to an ever-increasing and demanding population. These trends illustrate the important role of towns and cities in addressing socio-economic and cultural development needs. The role of rural areas is equally important, as towns and cities rely on these areas for food security, recreational, cultural and other needs. It is therefore essential to manage the interdependencies of urban and rural areas. These are just two sides of one continuum, with urban on the one end, rural on the other end and numerous activities in between connecting the two.

In this context, SALGA as the voice of local government supports the calls for a review of strategies to recognise and support towns and cities to play their role as key drivers of economic growth through improved spatial efficiency and social inclusion. SALGA will ensure that municipalities and their key stakeholders will continue to be an integral part of the dialogue that seeks to build consensus towards managing rapid urbanisation. This must translate into spatial, economic and social transformation processes that ensure efficient and effective governance and development systems. All must serve to provide a better life for all those who live, play and work in our municipalities.

T. MANYONI
Chairperson of the South African Local Government Association
This Discussion Document has been published as the first step of a consultative process with the people of South Africa, whether they are in government, the private sector, professional associations, civil society, or reside in a rural or urban municipality. The intention of the consultative process is to build a platform for dialogue about how to manage and meet the challenges of continuing urbanisation within our government system, and how to jointly leverage the social and economic opportunities that our cities and towns offer. We will engage with stakeholders from the multiple interest groups and sectors of society that would like to contribute their perspectives and energy towards reaching sustainable and integrated urban and rural development in our country.

To open the debate, a primary argument for proactively managing urbanisation in South Africa is the demonstrable correlation between rates of economic growth and urbanisation. The National Development Plan calls for constructive discussion about the country’s economic priorities in order to identify actions which the private sector, organised labour and government can undertake (jointly and in their respective areas), and to build support for strong partnerships to address employment and other economic challenges.

Our key objective, as a developmental state, is to facilitate economic growth, job creation and reduce poverty and income inequality. The framework for integrated urban development is a key governmental initiative to realise this objective because it leverages the potential of our cities and towns, which are South Africa’s engines of growth and job creation. Urban areas offer the advantages of economic concentration, connectivity to global markets, the availability of new technologies and the reality of knowledge economies. Given the challenges that we face, together we must forge a sustainable growth vision for our urban and rural spaces that will guide our development priorities and choices.

The process of developing a framework for integrated urban development will require a highly coordinated approach. This Discussion Document begins to identify key levers, such as the City Support Programme, which can provide lessons of shaping fiscal incentives and capacity-building for spatial integration in metropolitan municipalities. Another aspect is raising awareness of green city practices for protecting the environment and managing the impact of climate change.

The private sector and state-owned enterprises will also be important when identifying appropriate interventions for developing more inclusive, compact and resilient cities. Indeed, the policy, fiscal and institutional challenges may begin with issues such as access to well-located land and its use for infrastructure, human settlements and/or industrial and commercial purposes.

Overall, mobilisation and consultation are key for creating ownership of the framework for integrated urban development and its implementation choices and options. We will be creating a platform where the views of broader society may be heard because our towns and cities are shaped by all of us. Our role is to ensure that these challenges are articulated clearly, so that everyone understands government cannot solve them on its own and believes in the benefits of cooperation and co-production.

Our mission is therefore beginning. I hope you will pledge your support for the journey towards creating more dynamic and integrated urban areas that support our national objectives for poverty reduction, and inclusive socio-economic development.

A. NEL
Deputy Minister, Department of Cooperative Governance and Traditional Affairs
1.1 An overview of key issues

The 1998 White Paper on Local Government states that:¹

Apartheid has fundamentally damaged the spatial, social and economic environments in which people live, work, raise families, and seek to fulfil their aspirations. Local government has a critical role to play in rebuilding local communities and environments, as the basis for a democratic, integrated, prosperous and truly non-racial society.

Despite the clarity of this vision and the agenda for social and economic integration spelled out in the Reconstruction and Development Programme (in 1994), South African cities and towns continue to be marked by profound spatial, economic and social divides and inequalities. This legacy must be arrested and reversed, as the country unites behind the vision of the National Development Plan (NDP). President Jacob Zuma highlighted this in his State of the Nation Address in February 2013:²

We should also remain mindful of rapid urbanisation that is taking place. The Census Statistics reveal that 63% of the population are living in urban areas. This is likely to increase to over 70% by 2030. Apartheid spatial patterns still persist in our towns and cities. Municipalities alone cannot deal with the challenges. We need a national approach. While rural development remains a priority of government, it is crucial that we also develop a national integrated urban development framework to assist municipalities to effectively manage rapid urbanisation. As part of implementing the National Development Plan, all three spheres of government need to manage the new wave of urbanisation in ways that also contribute to rural development.

Since 1994, there have been significant service delivery and development gains, but apartheid spatial patterns have largely remained unchanged in most areas. For a variety of reasons, not least the pressure to provide housing and services on a large scale, most of the infrastructure investments since 1994 have, unintentionally, served to reinforce the spatial status quo, effectively making it harder in 2013 to reverse apartheid geographies. South African cities have some of the lowest urban densities in the world combined with a highly fragmented spatial form. Meanwhile, after being suppressed for many decades, the removal of oppressive influx controls and other urban restrictions has resulted in the rate of urbanisation rebounding, accompanied by a new wave of international in-migration to our major cities. Government recognised the nature of these spatial challenges when introducing the 21 nodes,³ which were selected because of the deep poverty in which many of their citizens live. Lessons learnt during the implementation of these and many other programmes, will assist us to tackle the triple challenges of unemployment, poverty and inequality.

³ Thirteen nodes under the Integrated Sustainable Rural Development Programme and eight nodes under the Urban Renewal Programme. These programmes aimed to transform their respective nodes into economically vibrant and socially cohesive areas. Much was achieved. A 2010 survey of the status quo in respect to poverty, development, social capital, health status and service delivery provides useful lessons for the current process to develop a framework for integrated urban development, especially for the type of interventions and changes that matter most to people in these selected rural and urban areas.
This Discussion Document sets out the need for a framework for integrated urban development within the context of realising the NDP’s objectives. In particular, it seeks to further interpret and give more practical meaning to the urban futures vision and the vision of integrated and inclusive economies contained within the NDP. The framework will help illustrate the options for more effective and efficient urban and rural development.

Rural development is also a key priority of government and a reason for successfully managing the urban areas. Urban development is often understood as an alternative to rural development but is not. In fact, as explained in greater detail in section 3.4, successful towns and cities are essential to rural transformation. Urban and rural areas are connected through complex patterns of social, economic, environmental and cultural interactions. In practical terms, urban areas depend on rural areas for food production, minerals, energy, water, recreational areas and eco-system services, while rural areas depend on urban areas for agricultural inputs such as machinery, equipment and fertilisers. But over and above such economic transactions, the developmental needs of rural areas, including traditional areas and their communities, must be understood in order to achieve a fully integrated developmental state.

Failure to facilitate equitable forms of urban growth can severely undermine the efficacy of rural development and vice versa. Global evidence suggests that a failure to manage urban growth adequately will not slow urbanisation over the long term but rather undermine both urban and rural development outcomes. Interestingly, the 2009 World Development Report notes: ‘urbanisation, done right, can help development more in Africa than elsewhere’.

Trends in most developing countries suggest that urbanisation generates significant opportunities for growth, poverty reduction and environmental sustainability. Cities have the potential to be economically dynamic through the spatial concentration of productive activity, entrepreneurs, workers, consumers and support institutions such as universities, and financial and business services. However, urban growth is also associated with growing levels of inequality and environmental damage. These trends are evident in our cities, where inequality is most obvious and large concentrations of poverty exist, with serious consequences for a wide range of social problems. South Africa is increasingly experiencing the ‘downside’ pressures of urbanisation and has not fully harnessed the substantial benefits that other countries have secured from their towns and cities.

The Discussion Document argues that there is a correlation between urbanisation and economic development. Higher levels of urbanisation are linked with rising productivity and higher average incomes because of the positive externalities of scale, density and diversity of population and economic activity (‘agglomeration economies’). If the rural–urban transition is managed carefully, through aligning economic investment, social development and spatial policies, a country can benefit enormously, especially with effective links between investments in:

- people, in order to enhance their skills and capabilities;
- places, in order to make them more liveable and encourage greater social integration and safety, and more access to opportunities, culture and recreation; and
- the economy, to make it more resilient, productive and job-creating.

---

4 Specific references here include Chapter 3 on Economy and Employment and Economic Infrastructure, Chapters 5 and 6 on Environmental Sustainability and Integrated and Inclusive Rural Economies, Chapter 8 on Transforming Human Settlements and the National Space Economy, Chapter 12 on Building Safer Communities and Chapter 13 on Building a Capable and Developmental State.
These three drivers of transformation can be institutionalised into the turnaround or development plans of all municipalities. Further research will help identify the levers needed to better manage the urban transition, including governance and the impact of new legislation, such as the Spatial Planning and Land Use Management Act. The Presidential Infrastructure Coordinating Commission’s Strategic Integrated Projects (SIPs) have also put the need for a framework for integrated urban development on the agenda, as several of the SIPs will not be implemented effectively without better management of urban areas.

The key aims of the framework for integrated urban development are covered in greater detail in section 5.1 and include fostering a shared understanding across government and society about how to implement the urban futures vision, proposing ways of overcoming entrenched apartheid spatial patterns, and unlocking citizens’ energies to contribute to developing their communities.

Of course, it is understood that municipalities have capacity challenges and will find implementing such a framework difficult, even if many of them already run programmes that are consistent with the concerns of the framework. However, urban municipalities and government have no choice but to commit to an integrated urban development approach in some form and measure – and the capacity to do this will have to be institutionalised over time.

This framework builds on and seeks to take forward the work of the National Planning Commission by developing a strategy to operationalise more integrative urban management. It also draws on international debates and data to clarify why an explicit urban development framework is essential in a highly competitive globalised economy, which is predominantly located in cities and towns.

Going forward, the framework will provide further substantive analysis of South Africa’s socio-economic conditions and raise key questions to inform change, including:

- What have been the triggers for our development choices and objectives?
- What elements of previous and existing government programmes and tools work satisfactorily?
- What lessons have we learned in the process?
- What potential new instruments can we introduce to achieve the vision of The White Paper on Local Government – rebuilding local communities and environments?

The government’s commitment to a more integrated cooperative governance approach is a key target in the endeavour to improve integrated development planning. National and provincial sector departments still need to find mechanisms to better integrate their services in municipal spaces and prevent incidents of ‘parallel planning’, which result in delays, duplication and wastage. The framework for integrated urban development prioritises the need for integrated planning for successful urban development.
1.2 About the discussion document

The scale and growth of South Africa’s cities and towns require a concerted and cooperative effort to manage urban development effectively. This Discussion Document presents the basis for developing a framework for integrated urban development. It may be seen as a response to Chapter 8 of the National Development Plan (NDP), ‘Transforming human settlements and the national space economy’, and a contribution to a deeper understanding of South Africa’s urban and spatial challenges.

The NDP vision for urban South Africa is that:5

By 2030 South Africa should observe meaningful and measurable progress in reviving rural areas and in creating more functionally integrated, balanced and vibrant urban settlements. For this to happen the country must: clarify and relentlessly pursue a national vision for spatial development; sharpen the instruments for achieving this vision; [and] build the required capabilities in the state and among citizens.

The NDP explores various elements that can bring this vision to fruition. These range from establishing new spatial norms (e.g. making land markets work for the poor) and a national spatial framework, revising the housing grants and subsidies regime, and developing neighbourhood spatial compacts to bring civil society, business and the State together to solve problems.

A framework for integrated urban development will give more practical meaning to the urban futures vision set out in the NDP. It will provide a framework for managing urban development more effectively and efficiently and, where necessary, offer policy and legislative proposals that support the implementation of the framework.

Purpose of the Discussion Document

The Discussion Document is NOT the framework for integrated urban development. It highlights some of the key issues that a framework for integrated urban development would address and provides the basis to support the development of such a framework. It also proposes how to approach the development of the framework and the process required towards its completion. The main aim is to build a broad consensus around the issues facing urban areas and the priorities for government policy and other role-players to address.

Most importantly, the Discussion Document is precisely that – a Discussion Document. All stakeholders and the public are urged to engage actively with the issues raised here as part of the overall developmental agenda of our country. Please play your part!

The Discussion Document contains the following sections:

● The Urban Century. This section discusses the phenomenon of urbanisation and what it means for development, in particular economic development.
● The South African Reality. This section provides the context for the development of a framework for integrated urban development, highlighting the major challenges facing South Africa.
● A Framework for Integrated Urban Development. This section presents the basis for the development of a framework. Each subsection contains questions to guide discussions.
● The Process. This section briefly sets out the steps that will be followed to research, debate, consult and develop the draft framework for integrated urban development between now and October 2013.
● Conclusion. This summarises the main points of the document and proposes the way forward.

---

Urbanisation is the increasing share of the national population living in urban areas. Urban population growth is also important but distinctive, reflecting natural growth (births minus deaths) as well as urbanisation. Urban areas include a wide spectrum of settlement types, from small towns with a population of 15,000 to large cities with populations of many millions.

By 2050 Africa and Asia will be predominantly urban, with 60% of their populations living in cities.

South Africa clearly reflects the economic structure of an upper-middle income country.

If properly managed, urbanisation generates significant opportunities for economic growth and poverty reduction.
The 21st century is the Urban Century, as for the first time in history more people will live in cities than in the countryside. The most rapid growth in urban population is in developing countries. By about 2030, Africa and Asia will become predominantly urban, and by 2050 over 60% of their populations will be living in cities. This growth in the urban population represents an additional 2.6 billion people, which is more than double the current population of Africa.

“No African government can afford to ignore the ongoing urban transition taking place across the continent. Cities must become priority areas for public policies, with increased investments to build governance capacities, services delivery, affordable housing provision and stronger economies.”


Cities are spaces where productive activity, entrepreneurs, workers and consumers congregate, sites for dynamic social, political and cultural interaction, and centres of creativity and innovation. Cities are generally sources of economic dynamism and entrepreneurial vitality. Indeed, there is a strong connection between urbanisation and economic development: higher levels of urbanisation are generally accompanied by greater prosperity. Figure 2 shows the urban population as a percentage of total population according to five categories of economic development: 1) least developed (LDC); 2) low income; 3) lower-middle income; 4) upper-middle income; and 5) upper income countries.  

**FIGURE 2  Urbanisation pathway and development groupings**

A country reaches the urban tipping point when 50% of its population live in urban areas. This transition is often associated with its progression from a low or lower-middle income to a upper-middle income country. The composition of its economy also shifts, from predominantly agriculture to a combination of resource production, manufacturing and services.

---

8 The Atlas classification method divides countries on the following levels of gross national income per person (in 2011 US$ values): low income, $1,025 or less; lower-middle income, $1,026 – $4,035; upper-middle income, $4,036–$12,475; and upper income, $12,476 or more. We differentiate least developed countries as a sub-set of low income to reinforce the correlation between level of urbanisation and economic wealth. Most sub-Saharan African countries are low income and three BRICS countries are upper-middle income like South Africa, except for India which is lower-middle income.

South Africa clearly reflects the economic structure of a middle-income country with a diversified and globally integrated economy. Trends in all the BRICS countries, as well as other developing countries, suggest that urbanisation generates significant opportunities for economic growth and, if properly managed, contributes to poverty reduction through creating jobs and enhancing livelihood strategies of the poor.

However, urban growth also brings rising levels of non-renewable resource consumption, inequality and environmental damage. These trends are evident in South African cities, where inequality is conspicuous, levels of social exclusion are high, and environmental sustainability of urban settlements is low.

South Africa is increasingly experiencing the ‘downside’ pressures of urbanisation and has yet to capture the substantial benefits that other countries have realised from their towns and cities, as Section 3 highlights.

“In South African cities ... inequality is conspicuous, levels of social exclusion are high, and environmental sustainability of urban settlements is low.”

10 Brazil, Russia, India, China and South Africa.

11 Livelihood strategies are activities that people carry out in order to make a living. In particular, they refer to the ways in which the poor adapt and manage to live in difficult and often hostile environments, such as deep rural areas or urban slums, or as migrants with little or no income. For example, home gardens, informal trading or begging.
Cities and large towns produce 80% of South Africa’s GVA, are home to 69% of the population and yet have some of the lowest densities in the world. In contrast, the country’s rural areas account for 13% of the national GVA and 22% of the population. South Africa is classified as an upper-middle income country but contains deep socio-economic inequalities.

Between April 1994 and March 2011, the State provided over three million subsidised houses compared to fewer than a million delivered by the private sector.

Within less than a generation, the percentage of the South African population living in urban areas will rise from 63% to 80%.

Most South African cities grow their built footprint by 3–5% per annum.
3.1 Population growth in our cities is in an upward cycle

South Africa's urbanisation is advancing at a slower rate in comparison with the African average. Urban areas are home to 69% of the population and produce 80% of the national GVA, compared to the rural areas that account for 13% of the national GVA and 22% of the population. Referring to the 2011 Census, the Statistician-General, Pali Lehohla noted that data is showing evidence of increasing migration to urban areas such as in Gauteng and the Western Cape. The United Nations estimates that 71.3% of the South African population will live in urban areas by 2030, reaching nearly 80% by 2050 (Figure 3).

FIGURE 3 South African urbanisation trends in relation to Africa


In South Africa, the urban population is increasingly young, often with low levels of education, and predominantly poor (half of the country’s poor live in urban areas).

3.2 Our urban areas remain largely segregated

Fifteen years after the White Paper on Local Government, which recognised the effect of the apartheid spatial form, South African cities and towns are still spatially, economically and socially profoundly divided and unequal. It is perhaps in part because public policy post-1994 has been marked by a profound ambiguity towards urbanisation and urban development.14

The post-1994 government has sought to treat cities, towns and rural areas even-handedly. There has been no explicit policy either to support or discourage migration, because of the sensitivity and perceived negative effects on both sending and receiving areas. This neutral stance has avoided addressing the serious social damage of the past, but relatively little has been done positively to overcome the legacy of urban segregation. Similarly, South Africa does not pursue economic investment in cities as vigorously as many other countries do.

The reality is that the apartheid spatial patterns have remained largely unchanged.

Since 1994 well-meaning redistribution policies have had unintended consequences on our cities. In the rush to address poverty through providing basic services and housing, most of the infrastructure investments over the last twenty years have, unintentionally, reinforced the spatial status quo. For example, between April 1994 and March 2011, the State provided over three million subsidised houses compared to fewer than a million delivered by the private sector.15 Almost all of this new-built stock reinforced the dominant urban patterns of sprawl and social segregation, and placed further strain on the existing public transport subsidy system.

In effect, it is harder in 2013 to reverse apartheid geographies than it was in 1994. Thus, in 2013 if you are born poor and black in a shack on the outskirts of a South African city, your life chances are dramatically lower than if you are born in a middle-class suburb of the same city.

---

Despite a massive redistributive fiscal thrust by government, deep class-based segregation still characterises South African cities and towns. Urban areas contain huge concentrations of poverty. Many urban residents struggle to make ends meet, are unemployed, have inadequate access to basic services and face logistical difficulties when looking for work. With in-migration to cities continuing apace, the proportion of urban poor appears to be increasing.

Many townships and informal settlements act as poverty traps. Deprived of private investment and often badly located, these areas are ideal breeding grounds for social problems (e.g. routine aggression and violence, substance abuse, broken family relations) and suffer high levels of violent crime (compared with commercial and middle-class areas). Residents endure long and expensive commuting times to work, and depend on poorly integrated and inaccessible public transport systems. The local educational institutions do not equip learners for higher education and the labour market, creating large pools of unemployable youth. Opportunities for positive expression and learning are few.

In many of the country’s cities and towns, the instances of social conflict are increasing against a background of slow economic growth, inadequate infrastructure, housing and transport networks, few employment opportunities (especially for the youth), and (in certain spaces) weak municipal governance or health and hygiene by-laws that are not enforced in informal settlements.

“Deep class-based segregation still characterises South African cities and towns. Urban areas contain huge concentrations of poverty.”

3.3 Existing property values (and land use) perpetuate urban segregation

Cities and towns grow in wealth and size through investments in land and property that make up the built environment. Property value is one of the drivers of income growth. Therefore, the over-riding imperative for urban governance is to retain and (ideally) grow as quickly as possible the value that has been invested.

Most South African cities and towns are well established and grow their built footprint by 3–5% per annum, and so the established value is what matters most. Both municipalities and private investors have a vested interest in this value remaining stable and on an upward curve.

- For municipalities, this value is the base of their primary source of tax income (property tax).
- For private investors, this value is the capital base for accessing further finance to invest in new property development initiatives, whether for private housing or commercial activity. Municipalities in turn are obliged to underpin such private investments with infrastructure investments (subterranean storm water systems, cabling, roads, schools, public spaces, public transport etc.) from the public purse.

Property values are founded upon stability and certainty, which is good for investments and capital growth. However, they also reinforce vested interests because they reflect the segregation according to race, class and usage that defines South Africa’s cities and towns.
3.4 Rural and urban areas are interdependent and inter-linked

Cities are vital to the overall economic development and growth of the country. As Figure 4 demonstrates, five city-regions dominate the economy, accounting for more than half of gross value added (GVA) generated. When other cities and large towns are added, these areas together account for 80% of GVA.17

Of concern are the rural areas, which are mostly former homelands. They are home to just under a quarter of the South African population but produce only 13% of GVA. This means that the economic activity in these areas alone cannot sustain the masses of people who reside there.

FIGURE 4 Population density and settlement types in South Africa18

The predominant economic activity in rural areas is agriculture, which accounts for only 3% of the national economy. If output doubled over the next 20 years, as the result of the various rural economic development reforms underway (e.g. agro-processing and smallholder farming), agriculture would still only contribute 6% to GDP – assuming climate change and high demand for water do not have negative effects on the agriculture value chain.19

---


19 Agricultural value chain refers to all the activities (and actors) involved in bringing an agricultural product from the field to final consumption, including processing, packaging, storage, transport and distribution. At each stage, value is added to the product.
While rural development through new agricultural practices and economic diversification is crucial, so too is getting our urban economics to perform better and to generate jobs.

It is important to understand that urban development is not an alternative to rural development. Urban and rural areas are dynamically interconnected. For example, various urban-based economic activities (e.g. retail in food, markets and so on) would come to a standstill without viable rural economic activities. Similarly, strong urban economic growth can generate public resources that fund rural development programmes. Urban and rural areas are connected through flows of people, and natural and economic resources.

**Urban areas depend on rural areas for:**
- food production, recreational activities and essential natural resources such as water and forests;
- places to deposit waste generated by the high concentration of people in urban areas;
- migrants to work in the mining, agricultural and business sectors based in cities.

**Rural areas depend on urban areas for**
- agricultural inputs, such as machinery, equipment, and fertilisers, and supplies from businesses that aggregate in urban areas and small towns;
- markets and consumers for agricultural produce;
- financial support through remittances or long-term investments from relatives and friends employed in urban centres;
- tourists visiting cultural and heritage sites.

What is important for South Africa is to recognise, acknowledge and understand more fully the intimate and multi-generational links that connect households across vast distances between urban and rural areas.
3.5 Our municipalities are facing enormous challenges

Post-apartheid South Africa has done reasonably well in maintaining an empowered local government system based on regular democratic elections and participatory planning systems. Civil and political rights are entrenched and socio-economic rights are advancing. Since 1994 remarkable progress has been made in the universal access to free and basic services. Moreover, within the framework of a cooperative governance system, huge investments have gone into public housing, transport subsidies and the underlying infrastructure networks to service residential and commercial areas.

However, although government has poured more and more resources into addressing basic needs, municipalities are struggling to keep pace with the increasing demand of their growing populations. In many areas, roads are in appalling condition, sanitation backlogs are still high and housing provision is far behind the need. This situation is exacerbated by household splitting and in-migration to areas where services are perceived to be more accessible and advanced. Part of the problem lies with the capacity, institutional and fiscal challenges facing municipalities (as detailed in the NDP).

Another pressure for municipalities is balancing growing value in their built environment (to enhance their local economies and tax revenues) and redistributing that value to the poor. The inability to manage this pressure manifests in the location of public housing – for example municipalities get better rates from middle-income housing than from subsidy housing. Compounding the situation are the limited private and public resources targeting centrally located rental, social and inner city housing. The result has been the growth of informal settlements and backyard informal dwellings within outlying township and informal areas, creating service delivery, fiscal, regulatory and integration challenges for municipalities and provincial governments. Furthermore, at the moment, most infrastructure investments are sector driven (e.g. housing or transport or water) with little regard for how these public goods contribute to the overall functionality and spatial and economic performance of a municipality. In other words, we are still struggling to find mechanisms for integrating investments with planning that will allow the creation of well-designed and more liveable cities.

“In many areas, roads are in appalling condition, sanitation backlogs are still high and housing provision is far behind the need.”
SOME OF SOUTH AFRICA’S URBANREALITIES

Challenges of providing housing and basic services and reactivating communities
Despite an impressive track record of delivering more than 3.4 million housing units since 1994, the current backlog remains at nearly 2.8 million. Apart from the negative spatial impacts of these units, the rate of supply is simply not sufficient to address the backlog in the medium term. A concerted effort is underway to upgrade 145 targeted informal settlements over the next decade. International migration has added to the pressures generated by domestic migration for absorption into selected urban areas.

Weak spatial development and planning capabilities
Spatial and development planning is spread across the three spheres of government and further divided between district and local municipalities. Spatial Development Frameworks (SDFs) proliferate but with inadequate regional coherence, and adjacent municipalities do not ensure that their respective SDFs are consistent or contribute to a regional development agenda. Going forward, the SDFs will also need to be consistent with the new National Spatial Development Framework, as recommended in the NDP.

Low densities
South African cities have some of the lowest urban densities in the world combined with a highly fragmented spatial form. However, given South Africa’s unique history, the focus should not be solely on increasing urban density (‘density advocacy’) but rather on how best to achieve urban access and overall economic efficiencies without necessarily expanding cities.

Shortage of well-located land for housing development
The challenge is to access well-located suitable land, upgrade more in-situ informal settlements, and connect and improve existing township areas simultaneously. Inner-city land is the most expensive to acquire and is scarce, while strategically located public land is in short supply or not always suitable for housing. For instance, the land is located on unsuitable topography (e.g. on very steep terrain), has been rendered unsuitable by former uses (e.g. military training grounds, former dump sites), is earmarked for other public uses (e.g. as schools, clinics, open space), or is located outside urban areas away from bulk infrastructure networks. Nevertheless, most cities have some strategic and under-used sites, for example owned by a number of state entities, that seem eminently suitable for housing development.

Dysfunctional residential property market

Almost two decades after the introduction of the Housing White Paper, the dual market is still alive and well in South Africa. In a dual market, one category of residential stock (in suburbs) trades in a formal property market, while another category (often in townships and informal settlements) trades informally and/or well below market rates. Houses built by government are largely not being absorbed into the formal residential market because of corruption, poor location, sub-letting and limited consumer knowledge about managing property as an asset. As a result, the poor are denied the levers to own and manage property as an asset for economic advancement.

Fiscal resources

For 30–40 years, South Africa has under-invested in repair and maintenance, which has eroded the lifespan and reliability of the nation’s infrastructure. New infrastructure needs to be built, while maintenance budgets need to increase dramatically, which is difficult given the limited financial resources available. At the same time, the fiscal gap – between income from rates and services and expenditure on municipal services – is growing, especially in larger municipalities. This is partly the result of the increase in poor urban households which require services but are unable to contribute to municipal coffers, and municipalities that are obliged to provide free basic services to indigent households. Meanwhile, the lack of spare capacity in water and electricity networks is holding back economic development in many cities.

Disaster risks and environmental challenges

In recent years, South Africa has reflected an increasingly diverse spectrum of urban risks, which include impacts partly attributable to growing urban populations, changing settlement patterns and climate variability. Municipalities need to focus on managing climate change risks and the consequences of changing weather patterns. Urbanisation and the growing informality of urban settlements are also putting increasing pressures on the natural environment. Issues include sufficient clean water supply, adequate and hygienic sanitation, organised urban waste management and recycling, and the impact of transport, air and water pollution. At risk are the environmental health of citizens and the degradation of vulnerable eco-systems. Major factors that result in urban risk accumulation include unsafe settlement and construction practices, policies and behaviours, as well as pressure on public services. Consolidated information on climatic conditions that intensify patterns of urban risk that result in adverse development outcomes, including service disruption and livelihood effects, is required.

A framework for integrated urban development provides a holistic agenda for the management of urban areas. It can be a significant driver to achieve the country’s over-arching developmental goals, as set out in the NDP and the New Growth Path. Such a framework will assist municipalities to manage continuing urbanisation effectively and will also contribute to rural development.
As the previous section illustrated, apartheid spatial patterns still persist in South African towns and cities. Many of the issues raised could be addressed through more efficient and effective management of the country's urban areas.

However, municipalities cannot deal with the challenges related to the growing urban, and often poor, population on their own. A national approach is needed.

The time for a framework for integrated urban development in South Africa is now.

Many of the policies and programmes of government can contribute to this framework:

- The NDP refers to spatial concerns (Chapter 8), the rural-urban interface (Chapter 6), and environmental sustainability and resilience (Chapter 5), as well as the need for a structured national conversation on the future of our towns and cities, a National Spatial Development Framework, a Spatial Fund and revised norms for spatial development.
- The draft Green Paper on Rural Development, which is in progress.
- The Presidential Infrastructure Commission’s Strategic Integrated Projects (SIPs).
- The launch of the Cities Support Programme spearheaded by National Treasury.
- The September 2012 World Urban Forum, which stressed the importance of developing integrated urban development policies for countries in Africa, not least to ensure more effective rural development.
- President Zuma’s State of the Nation Address in February 2013, ‘We should also remain mindful of rapid urbanisation that is taking place…. 63% of the population are living in urban areas. This is likely to increase to over 70% by 2030’.
4.1 The urban dividend will be reaped

Successful cities are key to the economic objectives of the developmental state because the bulk of the national economy is generated in areas where people, capital, institutions and markets are concentrated. This is particularly the case when services and manufacturing dominate the economy, as is the case in South Africa.

Furthermore, since the majority of South Africans now reside in urban areas (a trend that is likely to continue), urban development interventions will reach a large number of people, in particular the urban poor. For instance, the number of income-poor people living in Gauteng is greater than the entire population of some smaller provinces such as the Northern Cape, Free State or North West.21

**FIGURE 5  Urban dividend**

The primary drivers of urban development are: investments in human settlements, transportation (public modes and roads), infrastructure networks, public infrastructure and the various land-use regulations that underpin all of the above. The potential of urban areas is maximised when these different investments are aligned and integrated. As a result, the urban dividend will be reaped.

The “urban dividend” describes an optimal situation where cities realise their full potential because investments in the economy complement investments in people to enhance their skills and capabilities – and these investments find fertile ground in particular places that are liveable and dynamic. In other words, the neighbourhoods and nodes, where businesses aggregate and educational facilities equip people, are made more dynamic by improving the quality of the public environment and thereby attracting more people and businesses, setting off a virtuous cycle.

---

21 See Census 2011 data on individual income per month per province.
4.2 Policies and resource allocation will be more effective

Despite having progressive development principles and objectives since 1994, the actual outcomes have mainly served – unintentionally – to reinforce urban segregation and fragmentation.22

The urban framework will aim to identify:
- The institutional reforms that will ensure routine investments in the built environment and regulation do in fact reverse the spatial legacies and put urban South Africa on an urban futures trajectory.
- The most effective instruments or levers for redirecting the flow of state resources to ensure more integrated urban outcomes.
- The best ways of leveraging additional resources from the private sector and international sources (such as various new climate funds) for essential urban investment, developing resilient cities.

An overarching framework for integrated urban development would respond to the broader urban issues and provide the basis of a country-wide urban agenda to address some of the challenges already identified, such as spatial fragmentation, bringing people closer to jobs and making our cities more productive. The framework will also provide guidance on how various government programmes and resources can be better used to break the negative spiral of impoverishment that characterises townships and informal settlements. For example, the framework will draw on the work of the government programme ‘Violence and Crime Prevention for Safer Public Spaces’, which takes a holistic approach to urban safety, drawing communities into shaping solutions to reduce the negative impacts of severe social deprivation.

The framework for integrated urban development will examine how to re-invent South Africa’s inner cities as more inclusive settlement areas, looking at:

| Elements of existing government programmes and tools that work. Currently, the main institutional tools available to municipalities are the Integrated Development Plans (IDPs) that set a five-year agenda, underpinned by a Spatial Development Framework and a Medium Term Income and Expenditure Financial Framework that is driven by the various sectoral departmental plans and budgets. |
| Potential new instruments that could achieve the vision of the White Paper on Local Government: rebuilding local communities and environments. Such instruments must complement planning for service delivery and equip municipalities with the right intelligence on private and public investment priorities and decisions, as well as the appropriateness of these for liveable and productive cities. Pro-poor, as well as investment-focused, land-use decisions regarding residential, commercial and property-related planning modalities are central to effective spatial reforms. |

Key Question: What are the most effective levers for redirecting state resources to ensure more integrated urban development? How can policy help to re-invent the inner city as a more inclusive settlement area?

4.3 Civil society and the private sector will play their part

Government effectiveness is closely linked to civil society needs and engagement. Sufficient and effectual civil society inclusion, oversight and pressure are vital elements of any government-led reforms. Civil society organisations can help sustain reform and, more importantly, be vital partners with the private sector to consolidate and execute transformative policies, such as mixed-income and mixed-use inner city development areas, and facilitate economic opportunities along new public transport routes.

Public engagement processes are needed to promote a genuine public dialogue on the challenges and potential for new approaches to urban development. These are not simplistic public engagement exercises to solicit needs for the IDP or ward-level plan. While many citizens are locally centred with pressing own concerns, very few civil society organisations or citizens to date have articulated claims around urban integration with a city-wide approach.

The framework for integrated urban development will examine how to bring civil society and the private sector into the process, to build consensus around necessary trade-offs and reprioritisation, looking at:

- Comparative experience on how best to facilitate reforms through dialogue and consensus-building.
- Partnership-based models of programme design and delivery that can be used to achieve greater integration and resource efficiency within urban areas.

**Key Question:** What would a multi-dimensional and serious public participation approach by municipalities look like?
4.4 Rural development will benefit

In urbanised countries, such as South Africa, the bulk of the national economy is generated in areas where people, capital, institutions and markets are concentrated. Thus successful cities are key to the economic objectives of the developmental state.

However, given the interdependencies between urban and rural areas, a lack of policy attention to promote sustainable rural development will inevitably put pressure on urban systems, as more people flock to cities seeking a better future. Global evidence suggests that a failure to adequately manage urban growth will not slow urbanisation in the long run, but will undermine both urban and rural development outcomes. What is needed is a good balance between urban and rural development, as Richardson explains:23

An exclusive focus on rural areas would result in an under-investment in urban areas and this would limit the growth of the urban sector and its ability to absorb the rural labour surplus. An exclusive focus on urban development would produce similar results, because it would accelerate rural-urban migration and reduce food production per capita.

Urban development and rural development are two sides of the same development coin. Urban areas are not more important than rural areas, but well-managed and supported cities and towns offer enormous opportunities and potential. A framework for integrated urban development will enable the country to address the challenges of poverty, unemployment and inequality in both urban and rural areas. Increased economic growth in urban areas will enable the country to generate more public resources, which can be directed to fight poverty and support development in the rural areas.

In light of these interdependencies and the prevalence of poverty in both urban and rural areas, better research is needed into the survival strategies of the poor. As part of the process of developing this framework, the research will look at:

- Urban households that are intimately connected to rural areas, remitting financial support and making long-term investments in rural areas.
- Multiple households, either because of the migrant labour system, or permanent/professional workforce in urban areas intending to return one day to their rural ‘home’ areas for cultural or identity reasons.
- Strengthening linkages and interdependencies for the mutual benefit of rural and urban areas.

**Key Question:** What are the crucial levers necessary for strengthening linkages between urban and rural areas?

---

Urbanisation will be better managed

Within government, skilled managers will need to manage, coordinate and integrate activity across sectors. South African public servants must gain the skills and education to become ‘system integrators’ (term coined by Aromar Revi, leading Indian specialist on sustainable urban development) that are able to implement multi-faceted projects and coordinate grant support. For example, the Integrated City Development Support Grant, the Rural Development Grant, the Urban Settlements Development Grant and the Neighbourhood Development Partnership Grant all have enormous potential but may not be effectively used by municipalities. Urban municipalities will require serious support to access technical information and expertise related to resilient infrastructures and more integrated land-use approaches.

As noted earlier, municipalities cannot deal with the challenges described in Section 3 on their own. As part of implementing the NDP, all three spheres of government need to manage the new wave of urbanisation in ways that also contribute to rural development. A national framework for integrated urban development will assist municipalities to manage continuing urbanisation effectively.

Most municipalities struggle to address economic development across their diverse responsibilities, while the current institutional arrangements tend to reinforce silo-based service delivery rather than advance urban integration (Figure 6). Part of the problem is that municipalities do not yet have control over a number of key built-environment functions, such as housing and transport (although this is progressing through current legislative and policy interventions), and support liveable and safer city functions such as social development, arts and culture and safety and security. More emphasis is needed on coordinating planning across sectors and spheres. In addition, new assignments for powers and functions can take years to implement (e.g. the policy intent to devolve the housing function to metros dates back to 1997).

Another more fundamental problem is that this institutional system does not allow municipalities to think beyond five-year horizons, which makes it difficult to address the long-term imperatives of the NDP. Every sphere of government must reinvent its planning, management and delivery systems to align with the 20-year vision of the NDP. Although some metropolitan governments have city development strategies in place with 20 and 30-year futures, in general municipalities have not yet been able to frame longer-term strategic objectives to inform city planning and management. The framework for integrated urban development will explore the potential role of a growth management strategy (GMS) that every municipality should have in place.

A GMS draws together infrastructure investment plans over a 30-year horizon (as opposed to a short-term or 10-year horizon). In essence, the GMS builds on the logic of the IDP process but creates the evidence base to embed the IDP in a long-term growth management strategy, aligned to the NDP and other long-term strategic frameworks.
The framework for integrated urban development will provide guidance on developing a GMS, which connects municipal strategic, spatial and infrastructure plans to the goals of the urban futures vision of the NDP, and is grounded in local realities and opportunities. The research will involve:

1. Refining the already existing methodology, which will be the basis for this type of planning and management system, in order to address longer time frames and address environmental and resource-efficiency imperatives. The existing methodology underpins the Municipal Infrastructure Grant allocations, projects infrastructure demand, cost, risk and maintenance imperatives over a 10-year period, and is sensitive to economic growth projections.

2. Developing a rigorous infrastructure framework that explains investment priorities territorially, technologically and fiscally, i.e. how it translates into capital investment (capex) and operational expenditure (opex) over the long-term, and is broken down into five-year increments. This level of planning is vital to ensure that the right kind of infrastructures is put in place, at the right levels of affordability, and with the necessary levels of environmental efficiency.

3. Demonstrating how various sectors integrate their efforts to achieve greater resource efficiencies. One critical example of this would be to capitalise on densities and optimise interconnected public transport options. This approach would bring South African urban governance in line with global trends towards integrated and resource-efficient infrastructure investment practices.24

4. Clarifying the strategy’s economic implications within an evolving medium-term income and investment framework.

**Key Question:** How can the current intergovernmental system be re-engineered to enable and support the mainstreaming of GMS?

**FIGURE 6** Current institutional elements of urban management

The process of developing a framework for integrated urban development will facilitate a national dialogue about the opportunities and challenges facing South Africa as a predominantly urban nation, while advancing a perspective that recognises the interdependent relationship between urban and rural areas.

Once the research and consultation for the framework is complete, it will be important to have a clear view about how a different institutional regime can be put in place and phased in.

The framework will seek to provide a basis for concrete policy proposals to take shape informed through (a) the research agenda and (b) the stakeholder engagement.

**November 2012**
Framework for integrated urban development mandate.

**February 2013**
The President’s State of the Nation Address includes the need for a national integrated urban development framework.

**May–July 2013**

**June–September 2012**
Stakeholder engagement

**May–August 2013**
Research and compile framework for integrated urban development (11 expert-written research reports: see Annexure A)

**August–September 2013**
Propose levers of change & develop policy recommendations

**September–October 2013**
Intra-governmental review of draft framework

**October 2013**
Submit draft framework to Cabinet
5.1 Aims of the framework for integrated urban development

The framework aims to foster a shared understanding across government and society about how the urban futures agenda spelled out in the NDP can be systematically implemented and thus to:

- Identify policy priorities and interventions to ensure that all levels of government and all components of the state contribute to the progressive integration of urban development investments in order to realise the urban dividend.

- Propose interventions to overcome entrenched apartheid spatial patterns and more efficient and integrated use of urban areas.

- Provide a national framework for municipalities to manage continuing urbanisation more efficiently and equitably. This will include spatial targeting and proposals for differentiated assignment arrangements between provincial and local government for key functional areas.

- Propose methods to strengthen urban and rural planning, and more targeted infrastructure provision to improve spatial integration in line with the national spatial development framework envisioned in the NDP.

- Identify sector-specific policies and possible revised regulatory arrangements to facilitate more resilient and inclusive patterns of urban development.

- Propose methods to improve the performance of existing financial instruments for accelerating infrastructure and more integrated service delivery.

- Mobilise new sources of private sector investment and international funds for urban development.

- Contribute to simplifying and harmonising existing legal and institutional frameworks to achieve more integrated urban development.

- Contribute to public dialogue and the unlocking of citizen energies for developing their communities and local environments.
5.2 Deliverables of the framework for integrated urban development

It is envisaged that the framework will propose forms and methods to strengthen the system of developmental local government. In summary, it will seek to:

- Define the core challenges for urban areas in South Africa.
- Give an overview of the journey travelled so far (where we come from), the current (ongoing) initiatives (national/provincial/local) and thus allow to build on and learn from past efforts.
- Give a definition of urban areas which is sufficient for the scope of the framework (building on the work of the NPC and other initiatives such as the Statistics South Africa project).
- Provide an outcomes-based vision for more functional, productive, resilient and inclusive urban areas.
- Define short-, medium- and long-term interventions for improved developmental outcomes for urban areas.
- Reflect on the institutional arrangements required and intergovernmental fiscal relations support needed to implement interventions.
- Propose strategic levers and tools for implementation, including ways of catalysing civil society and business involvement.
- Clarify functional and institutional roles and responsibilities across each sphere of government.
- Provide an implementation and financing framework.
- Strengthen the research and evidence base on the conditions and performance of urban governance.
- Build a knowledge base of good international and domestic policy and practices in urban development.

A clear urban policy agenda can greatly improve the effectiveness of state policies (and programmes) in dealing with the challenges, including previous policy processes on urban issues within the overall developmental thrust for local government.25

---

25 In 1995 an Urban Development Strategy was drafted and in 1997 the Urban Development Framework was adopted. In 2003 the government developed a National Spatial Development Perspective (NSDP), which was updated in 2006/7. This work will be taken further in the Spatial Development Framework proposed by the NDP. In 2009, the Department of Cooperative Governance, in cooperation with the Presidency and South African Cities Network (SACN) developed the Draft National Urban Development Framework (NUDF). It was submitted to Cabinet but was referred back to the Department of Cooperative Governance to feed into the process of finalising the NDP.
Once the research and consultation for the framework is complete, it will be important to have a clear view about how a different institutional regime can be put in place and phased in. The whole policy could fail if new policies are introduced without understanding the nature and dynamics of current systems, especially newer programmes that seek to innovate. This is particularly important given the great diversity of settlement types and local government capability, which points to the value of differentiation as an operating principle. A roadmap will need to be built and continuously updated to clarify exactly the design and institutionalisation of the framework’s various elements. The governance of this process will also require explicit attention.
As in most of Africa and other developing countries, South Africa is experiencing continuing urbanisation. If managed effectively and efficiently, urbanisation can generate significant opportunities for economic growth and contribute to rural development. However, urban growth can also bring negative impacts, such as environmental damage and growing levels of inequality. This Discussion Document presents the basis for developing a framework for integrated urban development, which can give more practical meaning to the urban futures vision set out in the NDP.

Although classified as an upper-middle income country, South Africa contains deep socio-economic inequalities. The reality is that:

- Population growth in our cities is continuing.
- Our urban areas are under-performing economically and remain largely segregated.
- Existing property values (and land ownership patterns) perpetuate urban segregation.
- The economic divide is deepening between our rural and urban areas.
- Many municipalities are facing enormous fiscal, capacity and performance challenges.
- A concerted effort by all three spheres is required.

A national approach is needed to address the challenges relating to the persistent apartheid spatial patterns and the urban (often poor) population. With the adoption of the NDP, the time for a framework for integrated urban development is now. Such a framework will be practical and take into account existing urban development programmes and projects. The framework will benefit the country by:

- Aligning and integrating economic, social and spatial investments, so that the urban dividend will be reaped.
- Re-inventing cities as inclusive settlement areas, by ensuring policies and resource allocation will be more effective.
- Promoting a genuine public dialogue on urban development, thereby enabling civil society and the private sector to play their part.
- Increasing economic growth through cities, resulting in increased public resources that will mean rural development will benefit.
- Providing guidance on developing growth management strategies so that municipalities will manage urbanisation better.

The framework for integrated urban development will provide the basis for concrete policy proposals, which will be informed through research and engagement with stakeholders. It gives practical meaning to the NDP’s vision that:

By 2030, most South Africans will have affordable access to services and quality environments. New developments will break away from old patterns and significant progress will be made in retrofitting existing settlements. In rural areas, targeted investment and institutional reform will drive a revival of rural South Africa towards 2050.
Eleven thematic research areas will inform the drafting of the framework for integrated urban development. The research will consider all existing public initiatives that pertain to each of these topics.

In December 2012, a Panel of Experts (PoE) was established under the supervision of the Technical Steering Committee and the framework Political Forum. Its purpose is to provide technical inputs and to advise on the process and content issues relating to the framework for integrated urban development. This PoE includes three National Planning Commissioners and consists of 12 development experts in the fields of spatial planning, land-use management, development planning and economics, urban design, housing, transport/mobility, sustainability, climate change, urban management and administration, participatory governance, municipal finance and intergovernmental fiscal relations, functional assignments and intergovernmental relations.

- Mr Graeme Gotz (Demographics)
- Prof Ivan Turok (Territorial dynamics of the economy)
- Dr Lindile Ndbeni (Rural-urban symbiosis)
- Prof Mark Swilling (Infrastructure)
- Prof Philip Harrison (Spatial resilience)
- Ms Wendy Ovens (State-owned enterprises and other public entities)
- Dr Ailsa Holloway (Urban risk)
- Mr David Savage (Intergovernmental and fiscal relations)
- Prof Edgar Pieterse (Social empowerment and inclusion, and Chair of PoE)
- Mr Pascal Moloi (Existing policies in relation to the framework)
- Dr Vuyo Mahlati (Deputy-chair of PoE)
- Mr Rashid Seedat (PoE member)
- Prof Peter Gotsch\(^{26}\) (Urban safety)

---

\(^{26}\) Prof. Gotsch is providing supporting research input courtesy of the GIZ and is not part of the appointed Panel.
1 **Demographics**

Drawing on Census 2011 and the NDP, this module looks at population trends: rates of growth, movement dynamics, relative share of people (race, age, gender) per settlement category (e.g. deep rural, homeland rural, small towns, small cities, secondary cities and metropolitan regions). Some of the areas covered include:

- Disparities between urban and rural areas in terms of income disparity (do people spend their money in urban areas or send it to rural areas?) and access to services.
- Relationship between economic growth and demographics (do people go back to rural areas when there is a decline in economic activities?).
- Desegregation and density (where does density take place in a city?)
- Impact of migration.

2 **Territorial dynamics of the economy**

This module demonstrates the nature of the South African economy in relation to the territorial and settlement typologies in Module 1.

- Based on particular themes (e.g. mining towns, service towns), looking at performance, and economic vision, potential and activities for each city or town.
- Inclusive growth and integrating the informal and formal economies.
- South African cities in relationship to other cities in the world.

3 **Rural-urban symbiosis**

Taking into account the process of the Green Paper on Rural Development, the focus of this module is to demonstrate the precise nature of rural-urban interdependencies.

- Linkages in terms of migrants, resources, multiple homes and multiple identities, from human and administrative perspectives.
- The rural economy’s nature, addressing myths, disparities within rural setups and human capital base (managing rural densities).
- The contribution of rural areas to urban areas, and the dependency of urban areas on rural areas. Relative costs of addressing basic needs and economic requirements in various categories of rural, peri-urban and urban areas.
- Traditional leadership and relationship with municipal councils, especially in relation to land use and land allocation and implications for service delivery.

4 **Infrastructure**

The most important impact of a national urban policy framework is to achieve better returns on investment in infrastructure. This module explores how and why infrastructure investment and economic development intersect in space and looks at:

- How infrastructure supports resilient and inclusive growth, and which types of infrastructure should be prioritised.
- Status quo and current strategy and settlement vision driving infrastructure investment, as well as possible policy shifts and choices.
- Instruments and funding streams available for infrastructure investment and how they can be improved.
- Implications of climate change on infrastructure planning and investment.
Spatial resilience
Spatial integration has long been seen as the holy grail of urban development. This module starts from the understanding that inter-racial and inter-class integration must be addressed in relation to the primary goal of dramatically improving daily liveability and security in the poorest settlements of our cities and towns. Therefore, this module looks at:
- The fundamentals of urban space management that need to be in place.
- Planning frameworks, including unpacking the implication of the Spatial Planning and Land Management Act.

State-owned enterprises (SOEs) and other public entities
This module uses case studies to capture and analyse the governance, management and planning practice of different public bodies, in order to understand the institutional and fiscal implementations of business as usual. It explores:
- Who needs to be doing what to promote and support economic development in urban areas.
- The relationships between SOEs and towns and the impact on urban densification and growth.
- The powers, functions and accountability of SOEs, as well as the State’s capacity to manage them.

Urban Risk
The primary intent of this module is to collect and synthesise prevailing information on the changing character of urban risk in South Africa in order to identify strategic priorities for intervention. The underlying assumption is that constrained management of urban risks results in risk accumulation processes that subsequently translate into development and investment losses at all scales. The module has four complementary elements:
- The configuration of urban risk in South Africa.
- Current urban risk determinants.
- Strategies and interventions that have proven effective at reducing urban risks.
- Forecasting possible future urban risks.

Recommendations will include possible policy and practice options for strengthened capacity in sustainable urban risk management.

Intergovernmental and fiscal relations
To keep the research and policy recommendations grounded, it is important to identify the institutional and fiscal constraints. Essential to this is understanding the cooperative governance system and the relationship of the powers and functions of each sphere to the framework for integrated urban development. Development planning and the exercise of powers and functions are closely related, so this module analyses:
- How to use urban management to increase growth and to create an environment for the urban poor to live in the city.
- Institutional challenges and current assignment of functions.
- Public sector capacity for policy setting, financing, implementation, monitoring, etc. and accountability.
- The appropriate role of government in a developmental state and the political economy of change/resistance to change.
- Fiscal pressures on cities, and how the framework can assist in decentralisation and devolution.
Social empowerment and inclusion

The most important resource for urban development is people, yet most public investments are obsessed with physical – not human – capital. This module examines how urban human capital can be nurtured and developed best through:

- Active citizenry and social empowerment through more innovative forms of community development, such as rethinking the current ward committee system.
- Strengthening engagement between citizens and government, taking cognisance of community/political party power relations.
- Changing human behaviour and attitude (safety and security, sport, health and environment), and creating platforms for communities to learn.
- Facilitating cross-class interaction at city level, creating national cohesion and non-racialism to the benefit of cities.

Existing policies in relation to the framework

This module will identify and map the current policy initiatives and their relationships, as well as:

- Identify gaps/contradictions with a view to recommending actions by various role-players.
- Indicate the interface of policies and programmes with the framework for integrated urban development.

Urban safety

Safety from crime and violence is acknowledged internationally as a basic human right. Crime and violence is also one of the significant social challenges facing South Africa’s cities. The framework provides an opportunity to institutionalise strategic approaches for enhancing safety in urban areas. This module will look at:

- International frameworks, to understand the dimensions and drivers of violence and crime in cities, and international good practice for integrating safety into national urban policies.
- Local good practices, lessons and implications from existing urban safety/violence prevention programmes/projects/strategies in cities.
- Existing instruments for promoting public participation in community safety and violence/crime prevention measures.
- Entry points to include urban safety in the framework, with a focus on the functions of local government, and existing levers and instruments.