

City Development Strategy in Johannesburg, South Africa

Johannesburg, South Africa		
Background to CDS	Process of CDS	Outcome
<ul style="list-style-type: none"> Population 3.5 million, 12% of nation GDP in the city, 30% below poverty line, stagnant economy, unemployment rising to almost 30% Transformation of civic structure, from a single municipality, now the greater Johannesburg municipality with executive powers for the Mayor CDS process begun as a part of strategic planning process of iGoli 2010. World Bank and other donor agencies agree to use the iGoli process as a strategic framework 	<ul style="list-style-type: none"> iGoli 2010 based on integration of service delivery, human development, and economic growth iGoli 2002 a short term framework for laying the foundation – financial restructuring and reorganization of service delivery Process largely driven by donor agencies and city manager, consultations with community groups and others minimal UN-HABITAT involvement was to support studies of housing sector and water sector Ownership of the CDS process was largely with the civic bureaucracy 	<ul style="list-style-type: none"> Successful implementation of the iGoli 2002, especially on municipal finances and reorganization of service delivery enterprises Change in municipal leadership has affected the implementation New council, elected in 2001, has not endorsed all the proposals, especially the ones involving privatization,/corporatization of utilities The process seen by council employees and the poor as donor driven and not in the interest of the poor The entire iGoli 2010 goals and outcomes are being revisited

South Africa is in the upper middle-income bracket for development countries and has an economy that includes a modern financial and industrial sector and a well-developed infrastructure operating alongside a subsistence informal sector. 1994 saw the first democratic elections in the country, effectively putting an end to 46 years of apartheid, a system that enforced segregation and led to parallel realities between black and white citizens. In 1994, the new ANC-led government made efforts to promote the reconstruction and development of the country and its institutions. Changes in national and provincial policy and the legislative environment affecting local government has seen a shift towards a more enabling and supportive democracy. Regardless, this transition from a segregated and authoritarian approach to governance to a wider democracy has been challenging. Unemployment and poverty persist as major problems for the country, the informal sector continues to grow, and the HIV/AIDS epidemic continues to take a heavy toll on the population.

The Greater Johannesburg Metropolitan Council (GJMC) is the most important urban and economic area in the country, contributing 30% to provincial GDP and 11% to national GDP. However, there has been a decline in manufacturing in Johannesburg and the city remains deeply divided, with less than 20% of the population (mainly affluent white citizens) living in the suburbs of the north and enjoying a high standard of infrastructure and services, and the remainder of the population (mainly poor Africans) living in large urban townships with very limited access to basic services. Crime and violence in the city are serious problems.

New legislation means that local government in South Africa has assumed additional powers and functions. The Municipal Structures Act has led to the establishment of a single unicity council headed by one executive mayor. This increase in responsibilities has not been matched by an increase in resources. Decreasing budget allocations to the GJMC in the face of increasing urban development challenges have resulted in financial crises.

In an attempt to address this and to tackle the problems the city was facing, the GJMC devised two major strategic plans to drive the transformation of the city. These were called iGoli 2002 and iGoli 2010. iGoli 2002 is a medium-term strategy focused on the city's financial, institutional and service delivery challenges and attempting to restore the city to financial health. It creates ten independent service provider companies, a core administration and eleven regional administrations. iGoli 2010 will address the need for a long-term vision for the city and transform Greater Johannesburg into a globally competitive city. Both processes were

carefully designed to complement each other and have, despite controversy, achieved success. Business Day credits Johannesburg's operating surplus of R153 million in 2001, up from a deficit of R259 million in 1999, to its iGoli restructuring plan, which sold non-core assets and created utilities to be run by the private sector.¹

Thus, Johannesburg was already in the process of its own city development strategy – radical reform of its fiscal, financial and institutional structures – when the Cities Alliance became involved. At this early stage (1999), what was then called a City Assistance Strategy Programme – CASP – and is now called a City Development Strategy – was matched with the ongoing work of the GJMC. A strategic fit existed between the objectives and outputs envisaged for the city strategy of iGoli 2002 and the CASP, both with the overall objective the promotion of local economic development, employment generation and poverty reduction. Therefore, CASP was included into the GJMC at a time when the strategic planning and implementation of iGoli 2002 and 2010 were already underway. Additional funding and support through the CASP was earmarked to support two initiatives: the Water and Sanitation Utility Programme and the Metropolitan Housing Delivery Strategy and Programme.

The Water and Sanitation Utility Programme planned to address the 25% of city residents who do not have access to on-site water or water-borne sanitation. This was to be done through the establishment of a utility to make it easier for the council to access markets, introduce business management practices and encourage cost savings. The majority of the work on this was concentrated on detailed technical and financial modeling, using specialist consultants who worked with the GJMC. The group most involved in this activity, together with GJMC, was the private sector.

While critical for determining feasibility, this method did not allow for wider stakeholder inputs (and, in fact, wider participation was determined to be unnecessary by GJMC due to the technical nature of the task). The result, however, was a lack of broad ownership in the process and, even more problematic, very vocal labour protests, particularly by the major Trade Unions, low-income residents and human rights advocates. The establishment of a water utility as a means of making water and sanitation more affordable to the poor was contested by both an opposition to a utility itself and in protest of the selected international company, one that had been previously shown cutting water services to residents who could not afford to pay the bills in other countries. Public service strike action by municipal workers took place, along with political and community group rallies and protests. There was also a high level of print media devoted to the plight of those negatively affected by the iGoli proposals.

The Housing Strategy, on the other hand, was a more inclusive process with higher stakeholder involvement. A consultant team worked with the GJMC through a four-phase process, which included briefing stakeholders on the process and securing their participation, research and analysis of relevant initiatives and legislation and existing housing circumstances, formulating a Housing Strategy based on this analysis and development of the strategy with a wider range of stakeholders. Five strategic programmes resulted from this in the areas of settlement development, integrated housing development, upgraded rental stock, transfer of housing assets and leadership.

Evaluation and Lessons:

GJMC feels the funds allocated to the CASP/CDS process in the city promoted the objectives, and that the projects were undertaken successfully, and with adequate monitoring and accountability mechanisms. They stress that the technical nature of the projects necessarily limited participation. And, that the council is no longer bankrupt is an excellent indicator of success. The iGoli 2010 model has been widely shared and is considered an excellent initiative. Nevertheless, iGoli 2002 and the longer-term vision of iGoli 2010 have been cited for a lack of adequate consultation, participation, sensitivity to workers and consumers and accountability and transparency. It is important to remember that Cities Alliance and the CASP joined the

¹ Business Day, 21 June 2001; Cities Alliance 2001 Annual Report, page 30

iGoli process while it was already underway, and as such, was not in a position to make radical changes to the methodology.

The transformation process in Johannesburg continues. The challenge of combining the development needs of the city with that of integrating financially viable mechanisms that benefit all citizens remains. These challenges are focused around increased stakeholder participation, council flexibility in working with trade unions and increased and higher quality services for the poor. Therefore, despite the measurable successes of the iGoli processes, and the CDS/CASP contribution to achieving them, some stakeholders maintain that more efforts should have been made regarding increased participation in a city development strategy. And while the GJMC has assured municipal staff and community groups that under the new structure of political governance and administrative decentralization, community participation will be enhanced, the ultimate success of iGoli 2002 and 2010 may finally depend on this very participation, and that remains to be seen. Planning is now underway to establish a Southern Africa Cities Alliance, at the request of other major South African cities, to help promote the CDS experience more widely. The lessons learned in the Johannesburg experience will be very valuable in implementing any new CDS activities in the country.