

# Constructing a developmental nation - the challenge of including the poor in the post apartheid city<sup>1</sup>

Overcoming Underdevelopment in South Africa's Second Economy  
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## Introduction

If only in income terms, South African cities are more unequal today than they were ten years ago. They also have, using a range of indicators, higher numbers of poor people.<sup>2</sup> This is despite steady economic expansion (characterised by growth in GDP, a declining budget deficit, falling public sector debt and increasing foreign reserves) and the extensive efforts of the post apartheid state to secure urban reconstruction and development. It is not that there have not been significant advances in constructing a more inclusive system of urban governance, there have been. Since 1994 urban poverty reduction has been a key national objective (Box 1), and city governance is slowly receiving greater national political profile, if only because of the overwhelming importance of urban economies in maintaining and growing the national economy.<sup>3</sup> But, the overtly developmental commitments of government have not yet had the desired impact in creating sustained growth or redistribution.

This paper breaks with much of the academic critique of the 10 years of transition,<sup>4</sup> and from the conventional view of international development theorists like Escobar and Ferguson,<sup>5</sup> by arguing for more not less government. In particular I suggest the need for a more careful assessment of the institutional imperatives necessary for rolling out

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<sup>1</sup> This paper reflects on urban policy work undertaken for various government departments, donors and NGOs over the last few years. In almost all instances team work was involved and I have gained much from the collaboration of many people. In particular I would like to thank Tim Mosdell and the Palmer Development Group; Edgar Pieterse, Jacqui Boule and the Isandla Institute; Jusdy Sibisi and SALGA; Andrew Borraine, Owen Crankshaw Graeme Gotz Sithole Mbanga and the South African Cities Network; Kirsten Harrison, Jan Erasmus and the Joburg City Council; Elroy Africa and the Department of Provincial and Local Government and finally Daryl Killian, Chris Albertyn and Daneda. Needless to say the interpretation (and the errors) are my mine.

<sup>2</sup> South African Cities Network, 2004: *State of the Cities Report, 2004*, SACN, Cape Town.

<sup>3</sup> South African Cities Network, 2004: *State of the Cities Report, 2004*, SACN, Cape Town.

<sup>4</sup> Bond, P. 2000: *Cities of Gold, Townships of Coal: Essays on South Africa's new urban crisis*. Africa World Press, Trenton; Desai, A. 2002: *We are the poor: Community movements in post-apartheid South Africa*. Monthly Review Press, New York; Marais, H. 1998: *South Africa Limits to Change: The Political Economy of Transformation*. Cape Town: University of Cape Town Press.

<sup>5</sup> Ferguson, J (1999) *Expectations of Modernity: Myths and meanings of urban life on the Zambian Copperbelt*, University of California Press, Berkeley.

development at the city scale. My argument is not that the state should be the sole driver of development, clearly this is neither viable nor desirable. Rather I suggest that inclusive city development without comprehensive and progressive state engagement is not sustainable and that in South Africa, as in many post colonial contexts, state apparatus especially at the sub national scale, is inadequately configured for implementing a developmental agenda. In this context the policy emphasis on special projects, like the urban renewal programmes, might be putting the cart before the horse. What is needed is putting in place the fundamentals of city management so that pro poor developmental initiatives can thrive.

Box 1: Key national and international urban poverty reduction policies and objectives

National policy imperatives and targets for reducing urban poverty	International policy imperatives and development targets on urban poverty
<ul style="list-style-type: none"> <li>• <i>Reconstruction and Development Programme</i><sup>6</sup></li> <li>• <i>The Urban Development Strategy</i><sup>7</sup></li> <li>• <i>The Urban Development Framework</i><sup>8</sup></li> <li>• <i>Developmental Local Government</i><sup>9</sup></li> <li>• <i>Urban Renewal Programme</i><sup>10</sup></li> </ul>	<ul style="list-style-type: none"> <li>• <i>Millennium targets for 2015</i><sup>11</sup></li> <li>• <i>Habitat Agenda</i><sup>12</sup></li> <li>• <i>New Partnership of Africa's Development (NEPAD)</i><sup>13</sup></li> <li>• <i>Cities Alliance without slums</i><sup>14</sup></li> <li>• <i>World Summit on Sustainable Development, Johannesburg Plan of Action</i><sup>15</sup></li> </ul>

Paradoxically, South Africa's cities are the center of the nation's wealth but also of its most abject poverty. Without access to land or shelter, work or education the urban underclass must find resources to pay for basic services and costly rentals while they fight to survive in hostile social and environmental conditions. In meeting the challenges of urban poverty the post 1994 democratically elected South African government introduced a system of developmental local government as the foundation for building more equal and just cities and towns.<sup>16</sup> Also important was the establishment of metropolitan government and district councils that not only secured non racial sub-national democracy and a single system of taxation, but also created a platform for intra-urban redistribution. Local government does not fund or drive all urban redevelopment and municipal investments provide only a partial perspective on city reconstruction.

<sup>6</sup> ANC, 1994: *The Reconstruction and Development Programme*, Praxis Press, Durban

<sup>7</sup> <http://www.polity.org.za/govdocs/rdp/urbanrdp.html#CONTENTS>

<sup>8</sup> SA Government, 1997: *National Urban Development Strategy*. Pretoria.

<sup>9</sup> South Africa, 1998: *Local Government White Paper*, Department of Constitutional Development, Pretoria

<sup>10</sup> Details available from Department of Housing and Department of Provincial and Local Government

<sup>11</sup> <http://www.developmentgoals.org/>

<sup>12</sup> <http://www.unchs.org/mdg/>

<sup>13</sup> <http://www.dfa.gov.za/events/nepad.htm>

<sup>14</sup> [http://www.citiesalliance.org/citiesalliancehomepage.nsf/Attachments/auualreport02/\\$File/2002\\_AR\\_FIN\\_AL.pdf](http://www.citiesalliance.org/citiesalliancehomepage.nsf/Attachments/auualreport02/$File/2002_AR_FIN_AL.pdf)

<sup>15</sup> <http://www.earthsummit2002.org/>

<sup>16</sup> South Africa, 1998: *Local Government White Paper*, Department of Constitutional Development, Pretoria

Despite the well documented concerns about problematic implementation,<sup>17</sup> it would be churlish to ignore the massive national and provincial government investment in housing and other urban infrastructure, or to ignore the positive impact of the deracialisation of the health, education and grant systems on the lives of the urban poor. Indeed there is a case to be made that the government has done exceptionally well just to keep pace with the growth in demand for urban services, and that once population growth slows the impact of the last 10 years of investment will become clearer (see Table 1). Further state efforts at urban reconstruction, including special area based interventions, are also being initiated and are beginning to take shape.<sup>18</sup> But, as I will demonstrate, despite democracy and the massive extensions of physical and social services, there are still unacceptable levels of urban poverty. In short, without a critical review of the problem of urban poverty and inequality there can be no solution to the post apartheid development dilemma. I argue in this paper that for a government seeking to unlock the developmental potential of its citizens, such a review must focus on the problem of institutional exclusion. The emphasis on the sub national scale and on urban poverty makes local government an obvious entry point of analysis and intervention.

Table 1: The increase in services relative to population and household expansion using Ekurhuleni as an example.

<b>Ekurhuleni</b>	<b>1996</b>	<b>2001</b>
<b>Demography:</b>		
Number of Households	543,122	776,929
Population	2,026,067	2,480,276
Annual average rate of population growth 1970-2001		3.1%
<b>Unemployment:</b>		
Unemployment rate	32%	40%
Number of unemployed	316,906	516,011
<b>Housing:</b>		
Percentage of households living in informal dwellings	30%	30%
Number of households living in informal dwellings	159,138	223,394
<b>Refuse Removal:</b>		
Percentage of households without weekly refuse removal	13%	12%
Number of households without weekly refuse removal	71,304	93,677
<b>Water Supply:</b>		
Percentage of households without piped water on site	16%	18%
Number of households without piped water on site	87,899	137,682
<b>Toilet Facilities:</b>		
Percentage of households without flush toilet	16%	17%
Number of households without flush toilet	86,227	128,632
<b>Electricity Supply:</b>		
Percentage of households without electricity supply	25%	25%
Number of households without electricity supply	137,585	192,450

<sup>17</sup> c.f. Kahn, K and Thring, P. 2004: Huchzemeymer

<sup>18</sup> Urban renewal

In this paper I argue that persistent poverty, inequality and underdevelopment in the post apartheid city is the outcome of misplaced understanding of the dynamics of human settlement within the overall developmental agenda of the post apartheid state, especially the local state. I am not suggesting that everything we have in place is wrong, far from it, or that the state should retreat in favour of civil society or community led initiatives. I nevertheless want to highlight three aspects of policy that merit much closer attention if government is to meaningfully facilitate the developmental vision of post apartheid democracy. First, the general reluctance of government and policy makers to acknowledge urban rather than rural poverty and thus face the realities of the urbanisation of poverty and the demands on urban local government. Second the oversimplified perception that racial inequality is the exclusive or even key driver of social polarization in cities has masked other critical lines of social and economic cleavage and will hinder implementation of any serious urban development programme. Third, the tardiness in building an appropriate institutional foundation from which to run a developmental local state that is capable of responding to current and future urban development imperatives means that a large section of the urban population experience institutional poverty. The institutional exclusion that reinforces the poverty of the unemployed, poorly serviced and badly educated population of cities is embedded in the social, environmental and economic functions of city government that flow from the mandate of developmental local government. It is these institutional barriers to development that fall squarely in the domain of government and could provide the levers for unlocking underdevelopment in the post apartheid city.

### **Why urban poverty is underestimated**

The basic reason why urban poverty is consistently underestimated in South Africa is that it is almost always contrasted with rural poverty. This misses the point. Fortunately, largely arising out of the work of the South African Cities Network, there is a growing recognition that meeting national and international targets for poverty reduction requires an urban as well as a rural focus. Because of the South African history of migrant labour poor peoples' lives often straddle rural and urban boundaries. It is thus a case of needing **both** an urban **and** a rural poverty reduction strategy, rather than seeing the problems of poverty in rural **versus** urban poverty terms, as is too often the case.

Adjudicating urban poverty profiles only in contrast with that of rural poverty has created particular policy distortions in South Africa. There are three major explanations for the faulty assessment of urban poverty in South Africa. The first lies in how we define what is 'urban'. Internationally there is a technical problem, that has no easy solution, for defining 'urban'. Typically countries use both a density and size criteria to indicate the proportion of the population deemed to be urban. Thus in land rich Canada or Australia the definition of urban is X people per Km while in land scarce countries like Britain and it is y. South Africa uses none of these definitions. Nor does it invoke the UN's size based definition of urban (settlements of over 2000 people are urban).<sup>19</sup> Instead both census 1996 and census 2000 use variations on the old apartheid definition of urban, which was premised on that area that fell under the political jurisdiction of a municipality

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<sup>19</sup> UNHabitat 2001: *State of the World's Cities*, Nairobi.

elected and run by white people.<sup>20</sup> The South African definition is not only clearly very ideologically problematic as it fails to revoke colonial notions that Africans were rural and ‘traditional’ and not urban and ‘civilized’, but it is also totally misleading. Huge non agricultural settlements, sometimes referred to as displaced urbanisation<sup>21</sup> that are characterized by extreme poverty, continue to be named as ‘rural’ simply because they fell under the old homeland administrations and not under a white local authority. Bushbuckridge, Botchebelo and Winterveld are obvious examples of this. Provinces like Limpopo are typically seen as rural and poor using the existing definition but would become urban and poor if an alternative more conventional urban definition were adopted.<sup>22</sup>

The problem is more than semantic – in policy terms it does not matter if an area is classified rural or urban, but rather that it is poor and in need of state assistance. But post apartheid South Africa the designation of rural has been used to target development resources (most notably through the equitable share). While I have traced the technical or definitional problem back to apartheid, contemporary political and even policy usage of the terms urban and rural reinforce the problematic application of the concepts in ways that have generally undermined efforts to put urban poverty at the core of the developmental agenda. In its most extreme form this position suggest that the negative impacts of apartheid were all borne by people in the old homelands that are now called rural areas.

The second problem lies in the statistics that are used to measure poverty and to contrast rural and urban poverty. As we have seen in South Africa the categories ‘African’ or ‘rural’ are often assumed to be a proxy indicators of poverty because these groups show higher average levels of poverty than the categories ‘white’ or ‘urban’. While these patterns are generally true (c.f. the distribution of unemployment in Table 2) and can be explained with reference to the apartheid legacy of excluding unemployed Africans from cities and repatriating them to homelands which became concentrations of poverty, they mask important variations within and between the categories. The net effect is to negate urban need and to make the urban poor slip out of the developmental sights of the state.

Table 2: Urban/non urban unemployment by race<sup>23</sup>

	African	Coloured	Indian	White	Total
<i>Strict definition</i>					
Urban rate	28.9%	17.3%	15.3%	4.8%	21.7%
Non-urban rate	29.6%	7.3%	22.7%	3.7%	27.0%
<i>Expanded definition</i>					
Urban rate	40.9%	26%	19.9%	6.9%	31.7%
Non-urban	48.1%	13.7%	29.6%	5.8%	44.8%

<sup>20</sup> Get tech note from Owen

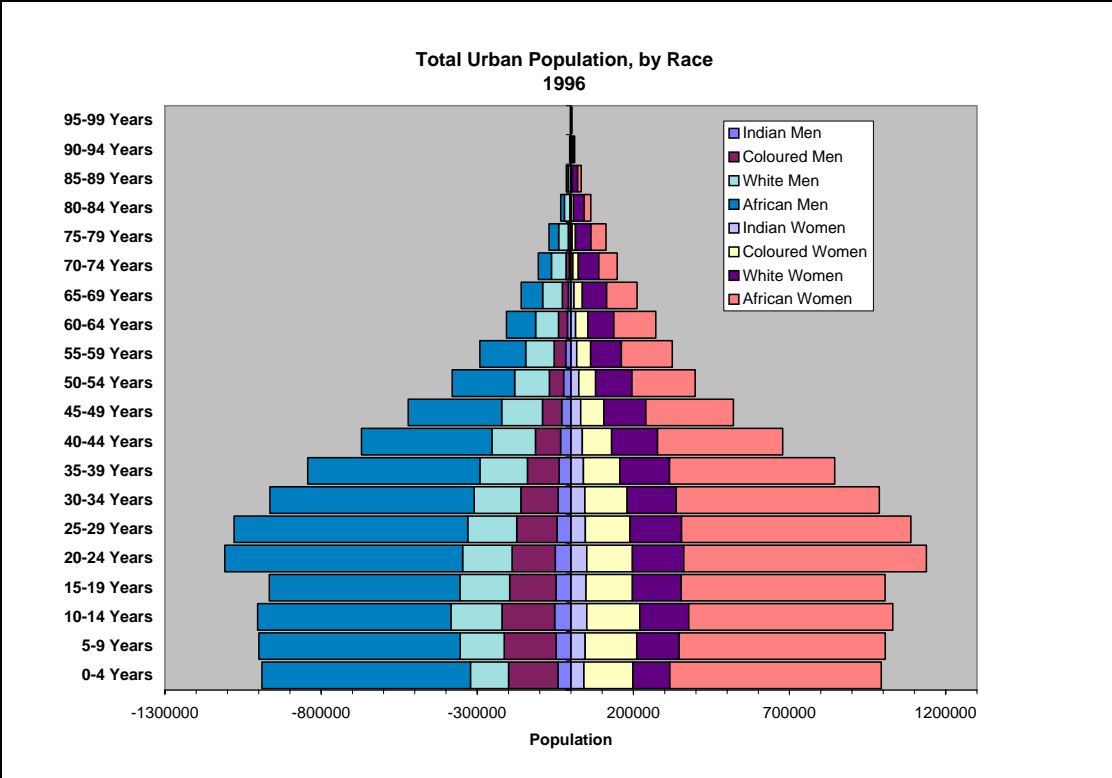
<sup>21</sup> Mabin and Murray

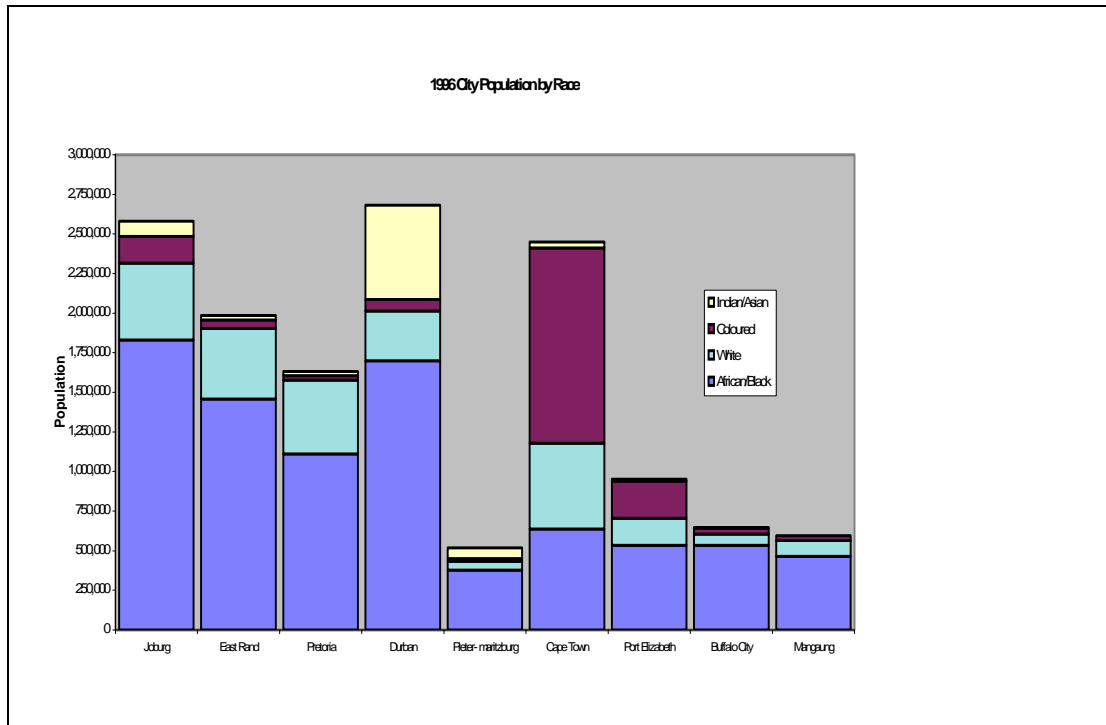
<sup>22</sup> The matter was extensively debated by Stats SA when Census 2000 was released and is yet to be resolved.

<sup>23</sup> South African Institute of Race Relations 2001: *South African Survey 2000/2001*, Johannesburg, p.380.

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While cities are centres of wealth, they are also the focus of intense poverty. Experientially, we know that there are high concentrations of poverty within particular cities, making poor urban areas (normally ex townships or informal areas) the highest concentrations of poverty in the country. Moreover, the generally accepted notion that women and children are more vulnerable to poverty holds equally well for urban areas. The post apartheid demographic reality counters stereotypes that have depicted South African cities as predominantly white, adult and male places: in fact African women and children make up the bulk of the total urban population (Figures 1 and 2)





One reason why the position of the urban poor in South Africa has been ignored is because of the way that the figures on the distribution of poverty are presented. There are different ways of measuring poverty and not all reveal the same patterns. Some of the most standard measures include income poverty in the form of poverty gaps<sup>24</sup> or infrastructure poverty, for example using informal housing as an indicator of poverty and need.<sup>25</sup> Using informal housing as an indicator of poverty accentuates the urban problem while the use of a single income poverty line tends to underestimate the extent of urban poverty, because of the higher cash demands of living in town (compare Figures 3 and 4).

<sup>24</sup> Presidents Office – National Spatial Development Plan

<sup>25</sup> South Africa 2002: *Housing Atlas*, Department of Housing

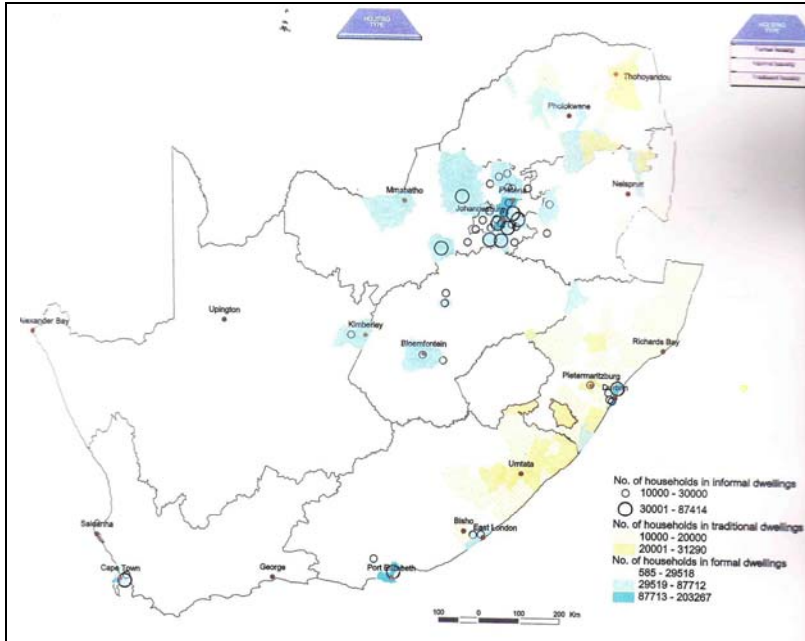
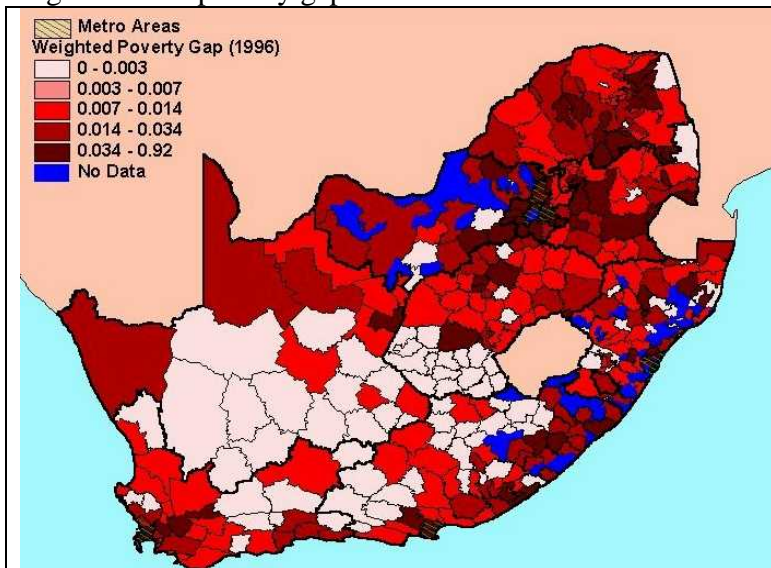


Figure 3: Poverty measured by the shortage of adequate housing

Figure 4: The poverty gap

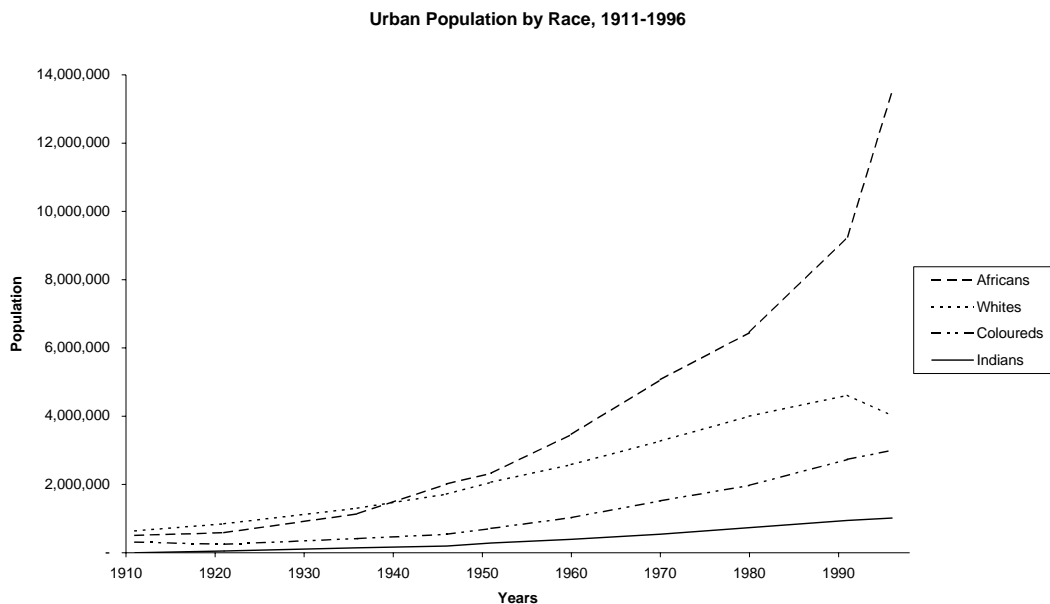


The third reason for underestimating urban poverty is that the steady urbanisation of poor people in South Africa has not been recognized. This is not simply a product of the migration of poor people to town, though there is no doubt that the mechanisation of farm labour, ineffective land reform, incentives of better run urban welfare systems and the abolition of influx control restrictions have all contributed to urban-ward migration. But in addition, the internal growth of the largely African population who are disproportionately poor must also be cited as a major contributing dynamic of rising urban poverty (Figure 5). The 2004 State of the Cities Report indicates that “between 1996 and 2001, the population of the largest 21 urban centres in South Africa rose from 18,4 million to 21,1



million – 14, 23% over the period.”<sup>26</sup> This means that the population of cities is growing faster than the national population growth, although the rate varies across the urban centres (Table 3).

Figure 5: Racial patterns of urbanization



There are a number of reasons why it is likely that the abolition of apartheid has accentuated the urbanisation of poverty in South Africa. First, under apartheid influx controls all urban dwellers were (theoretically) employed and the unemployed were repatriated to the bantustans. Thus urban Africans, although paid very low wages, were generally employed. Today the urban unemployment level among urban Africans is 28.9 percent (only marginally lower than that of rural areas (Table 2)).<sup>27</sup> Second, the introduction of cost recovery for services (such as water and electricity) in rural areas is undermining the differentials in the cost of living between urban and rural areas, thereby reducing the imperative of the poor to live in low cost rural locations, and spawning urban migration. Third, the extension of urban housing provision to women makes it possible for women headed households (who are often among the poorest of the population) to choose to remain in, or move to, an urban location. Fourth, the removal of apartheid decentralisation incentives to homeland towns has seen the relocation of some people to larger towns. Finally, the 2000 metropolitan municipal boundaries were extended to include informal areas, such as Orange Farm in Joburg or the greater Durban informal settlements, areas that have never before been enumerated as urban. This is

<sup>26</sup> SACN 2004, p. 37

<sup>27</sup> Census 1996

likely to not only increase the proportion of the population recorded as urban, but to increase the proportion of the recorded urban population who are poor.<sup>28</sup>

What these patterns imply is that cities are already primary nodes of poverty in the country. Moreover, ongoing urbanisation means that cities have to become a much more central part of the development focus of government. It is not enough simply to focus on urban areas without a nuanced understanding of urban poverty profiles. Evidence to date suggests that urban policy perspectives are crude and undifferentiated, conflating notions of race and class, ignoring age and gender and other well established patterns of vulnerability and exclusion. A systematic understanding of the political economy of inequality in South African cities provides an essential entry point for transformative policy interventions.

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<sup>28</sup> Demarcation board 2000

**Table 3 Annual Population Growth Rate, 1890-1996 (Percentage)**

**Metropolitan Areas and Larger Cities<sup>1</sup>**

	Greater Joburg	Greater Cape Town	Greater Durban	Port Elizabeth	East London & Mdantsane	Bloemfontein, Botshabelo & Thaba Nchu	Total Metro Areas & Cities
1891-1911	17.6	3.4	8.7	2.5	5.2	3.0	8.0
1911-1921	1.3	2.2	0.1	2.2	1.7	1.6	1.4
1921-1936	4.7	3.1	7.1	5.6	2.5	3.2	4.5
1936-1946	3.8	3.3	3.7	3.5	2.5	1.3	3.6
1946-1951	4.0	4.2	5.6	5.3	3.1	10.1	4.4
1951-1960	3.1	3.4	3.8	4.1	2.8	3.4	3.3
1960-1970	3.0	3.2	4.3	3.1	5.8	2.3	3.3
1970-1980	2.7	2.9	2.6	3.0	3.0	1.6	2.7
1980-1991	2.3	2.8	2.4	2.4	-3.3	6.9	2.4
1991-1996	2.8	3.6	3.2	2.7	19.0	3.8	3.5

Source: Calculated from Population Censuses

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<sup>1</sup> Table compiled before the 2000 Demarcation Board boundaries were defined see Crankshaw, O. and Parnell, S. 2002: Urban Change in South Africa, Report for IIED, London for a full list of magisterial districts included in calculations. Note a number of the fluctuations relate to the inclusion/exclusion of homeland settlements in the census.

**The nature of poverty and inequality in South African cities**

There is no doubt that apartheid created a particular racially-distorted profile of poverty and that this racialised legacy is still indelibly etched on the South African cityscape. In 2004, especially in large cities where the black middle class are concentrated, not all black people are poor and not all poor people are black. This does not mean that the racial legacy of apartheid no longer applies. On the contrary it is now more than ever important to understand how apartheid worked so that the discriminatory institutions can be

changed and transformed. But overcoming urban apartheid requires a much more than the repeal of the overtly racial legislation such as the Population Registration Act or Group Areas Act. We need to understand the institutional architecture of apartheid urban management and to ensure that the new system of city government does not unintentionally carry over structural inequities or exclusions.

The enduring legacy of urban apartheid lies in the way that the National Party inscribed its racist agenda into the mechanisms and institutions of urban government and regulation. Central to the success of apartheid was that not all black people were treated in the same way, this means that the impacts of the racially discriminatory system are not felt uniformly by all black people.<sup>29</sup> In general, apartheid policy caused material poverty for black people living in 'white' urban areas (Box 2). Among the city scale strategies adopted were racist forced removals, inferior housing and jobs for black people, the differential costing and provision of urban services according to race classification, the application of influx controls and the repression of urban social movements. The apartheid state pursued other policies that undermined black people's well being, including providing very poor education and inadequate access to health care, restricting access to democracy and enforcing political and cultural repression.

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<sup>29</sup> See Hindson, D., 1987: *Pass Controls and the Urban Proletariat*, Ravan, Johannesburg;; Crankshaw, O (1997) *Race, class and the changing division of labour under apartheid*, Routledge, London; Lemon, A., 1991: "The Apartheid City", in A. Lemon (ed.) *Homes Apart*, Paul Chapman.

## Box 2: The racialised legacy of apartheid urban poverty<sup>30</sup>

### Racist clearances and the impoverishment of black urbanites

What the forced removals of the 1920s, the 1930s, the 1940s, the 1950s, the 1960s and 1970s have in common is the erosion of hard-earned urban economic niches, the increase in costs brought on by settling into new housing far from town, and the disruption of established community structures. Crime, high urban costs associated with locational peripheralisation and poor quality living environments of urban South Africa have their roots in the nearly century long trajectory of removing and relocating blacks from prime land to less and less desirable locations within the city. Recognising that the cost of urban racial residential segregation were borne by blacks robbed of their property or tenancies provides the starting point of acknowledging the apartheid legacy of inequality and poverty.

### Poverty and urban housing supply

Segregationist and apartheid housing provision created poverty in three distinct ways. First, the poor quality of the stock available to black, men women and children negatively affected their urban productivity and performance; second, the value of houses transferred from rental to ownership was less for blacks than for whites; third, there were missed opportunities for black investment in urban property.

### Poverty, inequality and urban jobs

Urban poverty in black South Africa is directly related to restrictions on free trading rights for all, and racist employment codes. Black urban residents earned very low wages in unskilled jobs and therefore did not have enough money to meet basic needs. Even once job reservation was lifted, Africans struggled to compete because of poor educational levels associated with inferior segregated education. Black people struggled to create independent economic opportunities for themselves under apartheid because of restrictions on trading and retail activity in the townships.

### Quality and cost of urban services and municipal finances

Poverty in South Africa is more than usually associated with the high cost of household expenditure. The irrationality of the segregation driven location of the residential areas of the poor has increased costs such as transportation. Moreover, because of the system of financing townships, there is a legacy of the unfair cross subsidisation of rates to rich white neighbourhoods instead of poor African residential areas. In common with other third world cities, residents of informal settlements pay the highest per item costs on basic commodities such as water and fuel.

### Poverty through the manipulation of urbanisation

Apartheid not only created inequality within urban spaces but also created major discrepancies between urban places. Opportunities for wealth creation depended very largely on what kind of urban centre individuals found themselves in. Addressing the urban poverty legacy of apartheid necessitates an examination of the entire system of urban settlement and a holistic assessment of migrancy, urbanisation and the long term viability of dormitory towns.

### Poverty, the struggle and politics

The victory over apartheid came at a price. Struggle politics was indirectly funded by students who stayed away from school and who after 1994 had no formal education; workers who participated in strikes and boycotts and had their wages cut; residents who, if only because of fear, flooded off the violence torn trains and on to the more expensive taxis; and the families who paid their fees or dues to the shacklords, warlords, civics, and other political structures which effectively governed the townships in the 1980s.

Apartheid as a strategy depended on the fact that not all black people were treated in the same way or treated equally badly. There were huge differences in the urban experiences of semi skilled workers with Section 10 (a) rights, that gave them virtual permanence in urban areas, and those of unskilled migrant workers living away from their families in

<sup>30</sup> SANGOCO, 1998: Background Paper on Urban Development, SANGOCO, Johannesburg.

hostels or domestic quarters. These divisions play out in today's patterns of intra urban inequality in ways that leave the urban youth and recent migrants in especially vulnerable positions.<sup>31</sup> It is these groups, who lack jobs, formal housing or services who are most in need of state assistance. It is also amongst these groups that HIV/AIDS is most prevalent.<sup>32</sup> And it is also these groups, who without regular or well paying jobs, find themselves living in unregulated and informal accommodation in backyard shacks and informal settlements where they have the weakest claim on the resources of the local state for subsidised service support. So, the poorest of the poor miss out on benefits designed to protect them, while the relatively better off residents of the old townships have been effectively incorporated into municipal systems and the occupants are thus able to appropriate the subsidies. In practice all this does is reinforce the old apartheid division between those with Section 10 1A rights and other Africans.

### **Institutional poverty in South Africa**

The failure of the economy to provide jobs for all leaves the poor dependant on state assistance for securing the essential requirements of life, including food, water, shelter and environmental protection from hazards. South Africa, while not a rich country, is fortunately to be able to offer a modicum of support to the poorest sections of the population. This is done through the public health and education systems and through the various social grants.<sup>33</sup> It is well established that the pension and child grant systems provide an essential element of the livelihoods of poor households, ensuring that basic needs are met, though there is lively debate on how best to target grants to the poor.<sup>34</sup> What the grant and public service roll out means in practice, is that the poorest in the nation are those who are unable to access state assistance designed to provide a social safety net because of institutional failure.

Alongside the persistence of a second economy, the marginalisation of the poor from the core administrative or institutional systems and resources of government is one of the key dimensions of persistent and chronic poverty. While coverage for the pension and child grant system is patchy, much has been done to ensure better take up of the grants and wider distribution of the resources to all South Africans. A key step in this process was deracialisation, but this has had to be followed up with programmes to facilitate uptake for eligible recipients. The local government contribution to the social package of grants and public services has lagged behind dramatically. No municipality in the country has an

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<sup>31</sup> Crankshaw, O and Parnell, S (1999) 'Interpreting the 1994 African township landscape', in Juden, H and Vladislavic, I (eds) *Architecture After Apartheid*, David Philip, Cape Town, pp439–443

Crankshaw, O and Parnell, S (2004) 'Race, inequality and urbanisation in the Johannesburg region, 1946–1996', in Gugler, J (ed) *World Cities in Poor Countries*, Cambridge University Press, Cambridge.

<sup>32</sup> Tomlinson, R. HIV in Joburg, background Paper for the Human Development agenda, City of Johannesburg.

<sup>33</sup> Seekings, Jeremy. (2002) "*The Broader Importance of Welfare Reform in South Africa.*" In *Social Dynamics* 28:2 (2002): 1-38; Streak, J. (2004). Child poverty in South Africa, and implications for policy: Using indicators and children's views to gain perspective. *Monitoring Child Socio-Economic Rights in South Africa: Achievements and Challenges*. E. Coetzee and J. Streak. Cape Town, IDASA: 9-49.

<sup>34</sup> Meintjes, H., D. Budlender, et al. (2003). Children 'in need of care' or in need of cash? Questioning social security provisions for orphans in the context of the South African AIDS pandemic. *Joint working paper of the Children's Institute and the Centre for Actuarial Research, University of Cape Town*. Cape Town: 68

effective indigent programme in place and even the powerful metros of Joburg, Tshwane, Ethikweni and Cape Town are only now designing and implementing indigent polices. Thus, even in the most affluent metros in the country the poor, most of whom were classified black under apartheid, are still excluded from the redistributive mechanisms of the local state. This is especially true for those classified African and even more particularly for those Africans who never secured even temporary rights to settle in cities under the segregationist dispensations. It also holds for the youth who have yet to establish a formal residential niche that is recognized by the urban municipal systems. This institutional exclusion of the majority of the population from the systems of municipal government suggests that the core *modus operandi* of colonial and apartheid bureaucracy has not yet been overturned.<sup>35</sup> In other words a dual system of city administration still prevails and the poor are relegated to a second tier, analogous to the second economy, where formal state benefits are not applied and poverty flourishes.

Against this backdrop we have to ask how institutional urban poverty can be overcome. Because much of what the state can do in cities is co-ordinated by local government if not delivered directly by local government this sphere provides the focus of the remainder of this paper. It is now widely accepted that the experience of poverty is multi dimensional. While inability to access income remains one of the most obvious expressions of need, definitions of poverty typically refer to the absence of capital such as land or access to natural resources, as well as to the importance of social and intellectual capital and even the climate of democracy and security necessary to enhance the capabilities of the poor and excluded. From the perspective of the developmental state the way the poor overcome social, environmental or economic poverty is through their inclusion in state driven or state facilitated developmental efforts, though clearly the state is not going to be the only, nor necessarily even the major stakeholder, in the development process. But without an inclusive approach any government action to reduce poverty will fail.

In South Africa the institutional dimension of poverty has rarely been addressed, although the deracialising logic of the Lund commission was premised on broadening the net of eligibility for social grants and transfers.<sup>36</sup> Similarly, the demand for the introduction of a basic income grant (BIG) following the Taylor Commission also hinges on the logic of universalism or inclusivity.<sup>37</sup> Curiously, local government's involvement in providing a universal social safety net to the poor by ensuring access to affordable basic needs has not entered into the welfare debates around sequencing or selection. Yet, in urban and rural areas the redistributive capacity of the municipal indigent package is potentially more significant in both monetary terms and as a lever for protecting the basic social and environmental rights of the poorest than the BIG would be.<sup>38</sup> Other advantages of giving priority to the municipal indigent grant programme are that the services

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<sup>35</sup> Mamdani M (1996) *Citizen and Subject: Contemporary Africa and the legacy of late colonialism*, Princeton University Press, Princeton.

<sup>36</sup> Lund Commission (1998)

<sup>37</sup> Taylor Committee (2002). *Transforming the Present: Protecting the Future*. Report of the Committee of Inquiry into a Comprehensive System of Social Security for South Africa. V. Taylor. Pretoria, Government Printer. RP/53/2002.

<sup>38</sup> What is needed is a costing to municipalities of what the comprehensive roll out of the social package would involve.

provided by a local authority, especially water and sanitation but also waste and disaster mitigation, are critical for basic needs and poverty reduction – especially in urban areas. The link between the municipal social package and progress on the MDGs or Presidential targets is at least as direct as those of the BIG. Ensuring inclusive systems of municipal service delivery that uphold the individual rights of the poor while offering some public advantage (everybody gains by a working sanitation or storm water system even if some people don't pay for the service), has the added benefit of fostering local democracy and building inclusive non racial social structures.

The notion of citizenship implied in such an inclusive system of governance should not be left as an abstract principle embodied in the Constitution, it has to be translated into the daily realities of urban management. The notion of developmental local government sets out the broad parameters or vision of what inclusive citizenship will entail. We are now at the point of translating these aspirations into workable programmes. What is becoming clear is that addressing institutional exclusion is imperative to achieving developmental local government. A first step is to identify the institutional barriers that prevent the poor from accessing the (albeit limited) resources of the state. While there are clear differences in sectors and in specific cities there are some general pointers relating to the social, environmental and economic mandates of local government that help identify the problem.

#### Institutional poverty and the social mandate of local government

What poor people have in common with other South Africans is the right to basic socio-economic and environmental rights set out in the Constitution.<sup>39</sup> This means that both the private rights of individuals to basic services and the public right to a healthy and sustainable environment must be secured. The municipal social package, known in South Africa as an “indigent” policy, provides one of the key platforms for upholding notions of public good inherent in the Constitution. The objective of the municipal indigent policy is to lay out a plan for how these universal rights, might be achieved through the activities of local government. Central to the task is working out how the needs of poor people, who cannot afford to pay for basic services, can be addressed in a manner that does not challenge the overall integrity or sustainability of the financial or natural resource base.

The Constitution is clear that there should be an inclusive and unitary approach to the roll out of government services and benefits. It specifically excludes discrimination on grounds of race, gender, disability or sexual orientation. This non-discriminatory principle has significant implications for the design of municipal indigent programs. It must be accessible for all residents, implying that currently unregulated settlements (and those living in back yards) must be brought into the municipal system so that residents are not excluded from indigent support. Moreover, local government indigent support must not entrench discriminatory land and housing allocations, for example in areas of traditional tenure where gender discrimination has been an issue. Currently land tenure

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<sup>39</sup> Liebenberg, S. and K. Pillay (2000). Socio-economic Rights in South Africa: A Resource Book. Cape Town, Community Law Centre.



plays an important part in excluding the poor from municipal benefits such as the free water or electricity allocations.

Because of the allocation of powers and functions across the spheres of government, some of the most important services for the poor fall in the jurisdiction of local government, in particular water and sanitation, electricity, waste, environmental health and planning. The fact that water, waste and electricity are not only the financial lifeblood of municipalities, but that that are traditionally provided only to those who can pay for them, underscores the imperatives of fully understanding the inter-relationship between poverty and the institutional mechanisms designed to ensure that local government reaches those in need through its social package. This presupposes that we know who is poor in the towns and cities of the country.

The form and location of poverty will vary as will the severity or duration of poverty, making it difficult to say exactly who is poor at anyone time. The analysis of urban poverty in South Africa is still at a very general stage. It is clear that there are particularly vulnerable groups, among them women, children, people living with HIV/AIDS and other diseases, the disabled and the elderly. Poverty is clearly concentrated among people classified African under apartheid. National and provincial welfare programmes target some of these vulnerable groups, either with particular grants (like a pension or a disability grant) or through geographical targeting of resources (like the rural development and urban renewal nodes). But the social responsibilities of the local state center on households not individuals and will therefore demand a different approach to targeting.

Municipalities will select some form of targeting to reach the groups that are most in need, but the support will, of necessity, be restricted as local government's resources are severely constrained. Because a very large percentage of South Africa's population is poor, by at least some measures of poverty, it is important to point out that the severity of the experience of poverty varies. Some may be chronically poor, some may poor only because they have experienced a temporary shock. Also, because South Africa is a wealthy country many people will experience relative poverty rather than absolute poverty.

All the evidence suggests that there will be a disproportionate percentage of vulnerable individuals (especially women, children, and the disabled) within households that seek support for basic service provision. We also know that these households in absolute poverty are geographically concentrated in townships, informal settlements and marginalised displaced urban settlements, though there may cases anywhere in the city.

#### Institutional poverty and the environmental mandate of local government

The relationship between poverty and environment is clear and sectoral reforms driven by national and provincial government in water and sanitation, air pollution, sustainable energy, waste management and land-use planning have given prominence to issues of

poverty.<sup>40</sup> With notable exceptions, these have not yet been taken up systematically at a city scale. The consequences of failing to systematically implement the developmental mandate of environmental management in South African cities is that the poor are subjected to environmental hazard, are exposed to environmental risk and fail to benefit from environmental regulation or protection.<sup>41</sup> Unlike the economic functions of local government that relate primarily to private goods or the social functions that mix public and private benefits, environmental functions generally fall squarely in the domain of public benefits. What this means is that it is much clearer that government should take a lead role in delivery, but that it is much harder to monitor how government does so or that it does so in an inclusive fashion.

Within the context of rolling out developmental local government and meeting international and national commitments on sustainable development<sup>42</sup> it is imperative that urban environmental issues are contextualised for their impact on the lives of the poor. In the largest cities there are broad sectoral policies on most of the key dimensions of urban environmental management in place, though in general detailed institutional arrangements for implementation, enforcement, monitoring and funding have yet to be finalised. There are also the shared problems seen with the social and economic functions of local government that arise from South Africa's apartheid history, that black people and black sections of the city were never incorporated into the municipal systems and so they are often still effectively excluded from the domain of urban environmental management.

Under apartheid local government's mandate was limited to a small proportion of the population in the area, most of these residents being relatively affluent. The establishment and maintenance of the institutional framework of democratic local government has involved fundamental reconfiguration of the institutional set-up, legislative and regulatory frameworks. While in general minimum standards have been set, the institutional arrangements that are necessary to give effect to environmental policies like integrated waste, air quality control or basic water and sanitation have yet to be defined or enforced across the city. In other words we are a long way off implementing an inclusive environmental management plan for cities.

Translating the principles and policies of environmental sectors into appropriate regulations at the local level involves systematic alignment of local government institutional procedures and systems such as procurement and planning systems. Most officials and politicians agree that establishing the institutional framework of urban environmental management and its component parts (especially around delivering sustainable and affordable water, waste and energy) are the key challenges for bedding down the inclusive vision of developmental local government.<sup>43</sup>

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<sup>40</sup> See in particular the Indigent policy of the City of Cape Town.

<sup>41</sup> Patel, Z. Sowman, M. Kahn, F.

<sup>42</sup> South Africa is a signatory to a number of international protocols including the Biodiversity Convention, the Millenium Development Goals and the Johannesburg Plan of Action. Typically reporting on these agreements is undertaken at the national scale, and performance is not disaggregated for urban areas.

<sup>43</sup> See Energy conference and SACN chapter on sustainability

There is growing acceptance of the sustainability agenda at the level of rhetoric, but this has not yet been translated into organisational systems and practices. For example there is virtually no practice of environmental auditing, norms and standards have not been made 'green'. While the national prosecution authority has recently set up a 'green corruption and policing unit' no similar capacity exists for environmental infringements at the local level. Similarly, environmental taxation or incentives are not part of the standard municipal practice. The limited capacity that has been developed within municipalities for implementation and enforcement is focused on the environmental impact assessment requirements, and these are typically driven by private developers and in affluent not poor neighbourhoods.

### Institutional poverty and the economic mandate of local government

The idea that the sub-national state should be involved in economic development was introduced along with the notion of the developmental local government in the 1990s and is still relatively new in South Africa. The White Paper defines the objectives of local government as follows: "Local government can play an important role in promoting job creation and boosting the local economy. Investing in the basics – by providing good quality cost-effective services and by making the local area a pleasant place to live and work – is the key starting point. The White Paper also indicates that local government should review existing policies and procedures to promote local economic development (LED) and provide special economic services."<sup>44</sup> Examples of these special economic services detailed in the White Paper include marketing and investment support, small business support services, research and technology, and training and placement services. There are elements of the economic development platform that a municipality provides, most notably reliable services, planning and regulation. Dating from apartheid times services planning and regulation are not uniform in coverage, standard or costs across South Africa's cities. In other words there is already a structural impediment for productive activity in some urban areas.

For local government to achieve its developmental vision requires political commitment to poverty reduction and the transformation of the dysfunctional institutional arrangements inherited from the previous regime. Put bluntly, municipalities not only need to want to address the economic needs of the poor but they also have to have the appropriate tools and instruments at their disposal. Off the shelf neo-liberal solutions for municipal reform, especially in the economic domain, are not designed to meet the interests or needs of the poor and this means that the institutional instruments for delivery from a more developmental state have to be built.

Building equitable growth is a complex process that involves a broad definition of local economic development to ensure that all citizens become beneficiaries. Creating a developmental strategy is not simply a political commitment but will rest on the careful attention to the fine details of municipal financial and administrative systems that will enable and facilitate economic growth for all residents. In addition, for local government

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<sup>44</sup> DLG White Paper, 1998, Section 2.3

to facilitate economic growth it will have to engage other spheres of government and incorporate all stakeholders in a developmental approach to governance.

There is no fixed blueprint for securing economic development. Unlike the areas of service provision where clear targets have been set and there are established mechanisms and practices for measuring local government performance, the economic development field is more fluid, difficult to measure and involves many different players. The scale of unemployment and poverty in South Africa demands that nobody is complacent and that municipalities are proactive about opportunities and programmes that are locally specific, locally owned and locally rewarding. While reliable and cost effective service provision and a healthy and sustainable environment are foundational elements of establishing a context for economic development, it is not enough. Municipalities can do more. Obviously it is a requirement that municipalities get the basics of service delivery right, including such technical issues as a single financial system and an effective and comprehensive indigent grant that would secure the reproductive if not productive capacity of residents. But without addressing the fundamental issues of unemployment and low wages, even the best designed service-based social safety nets are not going to be effective or sustainable. Poverty will continue if there is no economic growth. Poverty will also continue without equitable distribution of the fruits of growth.

The mandate of the White Paper can also be interpreted to require a review of the internal administrative and financial systems of government necessary to facilitate the delivery of the LED plan. National government has legislated specific requirements for financial operatives. The property rates bill implies that the entire municipal regulatory regime will need to be revisited. The more general demands of good governance at the local scale will have to address billing, service cost recovery and the distribution of locally generated revenue. These institutional reforms are not separate from the LED programme as a culture of good governance is a pre-requisite for sustainable growth and poverty reduction. But an inclusive economic development agenda is not just about good municipal housekeeping, it should entail an aggressive developmental agenda that seeks to expand economic opportunities to the poor. There are specific instruments of levers that local authorities use to either drive or facilitate economic development. There may be specific economic reforms such as licensing procedures, procurement policies, debt management, incentive regimes as well as marketing that will need specialist economic input.<sup>45</sup> An honest appraisal of the economic regulatory and incentive scheme in cities across South Africa quickly reveals that the informal or second economy is tangential to the design, operation and finding of economic management.<sup>46</sup> A simple rule of thumb provides the indicator of inclusion – if any resident regardless of the nature of the business premise or location, the business size or sector and the language of the entrepreneur or any other personal attribute excludes him or her from accessing state resources then exclusion occurs.

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<sup>45</sup> These and other instruments for inclusive LED are discussed in SALGA, 2004: Local Economic Development, Background Paper for the SALGA National Conference, October 2004, Cape Town.

<sup>46</sup> Nel E. and Rogerson C. 2004: *Local Economic Development in the Changing World*, Transaction, New Jersey.

## **Conclusion**

The political transition in 1994 ushered in not only an era of non racial democracy, but a commitment to a developmental state that would reduce inequality and poverty. In this paper I have argued that defining the developmental agenda of the state requires careful attention to where development takes place, who is identified as poor and, finally, to how the state acts to ensure that its developmental programme is inclusive. Implicitly this means addressing both national and sub national structures and activities of government. Crucially in South Africa embracing the notion of a developmental state demands that we focus first and foremost on the incomplete transformation of local government to ensure that municipalities are able to reach their social, environmental and economic obligations in a manner that builds citizenship and fosters the sustainable and equitable growth.

In summary I have argued that while some advances have been made in moving up a developmental path there are real obstacles that will undermine the overall objectives and aspirations of the post apartheid project. In particular I have shown that it is imperative that we move away from the contrasting of urban and rural poverty, acknowledging that urban poverty is already a critical issue and one that is likely to increase in importance over the next decades. I have also shown that identifying who is poor within cities, while bound up in the apartheid legacy of race discrimination cannot be crudely conflated with the old race classifications. Because race and poverty can not longer be as clearly correlated a much closer analysis of urban dynamics is required. The design of state anti-poverty programmes, including the targeting of state resources and initiatives like the social packages implied in the grants systems, needs to take account of sub national realities, especially those in urban realities.

Acknowledging urban poverty and the structural and institutional capacity of the state to act developmentally in cities reveals is that we have yet to overcome the apartheid legacies. To date, whether in the social, environmental or economic realms, it is clear that we fall short of inclusive systems of urban administration. The net effect is that the urban, like many of the rural poor, remain excluded from the developmental capacity of government. Addressing this problem has to be a political priority for the next decade of democracy.