

# EMBEDDING POVERTY REDUCTION INTO LOCAL GOVERNMENT TRANSFORMATION: THE CASE OF JOHANNESBURG, SOUTH AFRICA

## I. Overview and profile of the city

The City of Johannesburg, with a population of just over 3 million people lies at the core of Southern Africa's largest metropolitan region (population approximately 8 million people). It is an unusually cosmopolitan city, with extensive demographic, political, and economic connections with Africa, Asia, Europe and North America that date back to colonial times. Johannesburg is the economic hub of both South Africa and of the southern African region. As an urban giant located in a middle income country amidst extremely poor nations like Mozambique, Lesotho, Zimbabwe, Botswana, Namibia and Swaziland, Johannesburg dominates the southern African region. Within South Africa, the dominance of the Johannesburg region is unquestioned. The coastal centres of Cape Town and Durban, although they are large and important cities, do not compete with the political and economic power of the Johannesburg region. Johannesburg is therefore set to remain the economic heart of both South and southern Africa.

Because of its regional and national significance, the City of Johannesburg, the most powerful and established of the Municipal Councils within the Province of Gauteng, has led the restructuring of local government since the ending of apartheid in 1994.

This paper sets out key events in the transformation of urban governance in South Africa's most important city and sketches lessons and future plans that might be of interest to cities in Asia which share some of Johannesburg's general characteristics as a powerful city in a middle income country (Table 1)<sup>1</sup>.

### Development Challenges in Johannesburg

#### *1. Meeting the developmental mandate of non-racial local government*

Johannesburg is now 10 years into the challenge of desegregating racially defined municipal structures and reversing the unequal urban development associated with apartheid. Democracy brought little expansion in the total municipal budget to meet extended local government obligations or the associated expectations of the urban population for a rapid improvement in their quality of life. Early redistribution and restructuring efforts were abandoned (see section 3) and it was not until 1997, following a fiscal crisis, that the 'iGoli'<sup>2</sup> initiatives discussed in this paper laid out a coherent programme of institutional transformation. In other words, the City continues to battle to overcome its apartheid institutional legacy.

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<sup>1</sup> Adapted from Gugler, J. 'Introduction', J. Gugler (ed.), *World Cities in Poor Countries* (Cambridge University Press, Cambridge, forthcoming 2004).

**Table 1: Indications of Johannesburg's city status relative to key Asian cities**

City Name	City Indicators						Country Indicators			
	Global Network Connectivity (score)	Headquarters and subsidiaries (number)	Stock exchange and capitalization (US\$ million)	Regional, Inter-regional, and Total International Destinations of Direct flights	Population (million)	Annual Population Growth rate (%)	Population (million)	Annual population growth rate (%)	GNI at PPP per capita (US\$)	Country Name
	2000	1996	2001	2001	2000	1995-2000	2001	1990-2001	2001	
Hong Kong	.71	40	623,398	12 + 63 = 75	6.9	1.99	7	1.7	26,050	Hong Kong SAR2
Singapore	.65	35	152,827	34 + 74 = 108	4.0	2.90	4	2.7	24,910	Singapore
Mumbai/Bombay	.48	8	110,396	3 + 47 = 50	16.1	2.626	1,033	1.8	2,450	India
Jakarta	.48	15	23,0063	4 + 25 = 29	11.0	3.69	214	1.6	2,940	Indonesia
Bangkok	.44	22	36,340	14 + 77 = 91	7.4	2.236	61	0.9	6,550	Thailand
Shanghai	.43	1 + 16	523,9523	16 + 24 = 40	12.9	-0.356	1,272	1.0	4,260	China
Seoul	.41	3 + 23	220,046	42 + 51 = 93	9.9	-0.73	48	1.0	18,110	South Korea
Johannesburg	.41	8	139,750	40 + 26 = 66	3.0	3.61	43	1.9	9,510	South Africa
Tokyo	.69	30 + 36	3,157,2223	10 + 71 = 81	26.4	0.51	127	0.3	27,430	Japan

<sup>1</sup> International flights within a city's region (East Asia, South East Asia, Eastern Europe and Central Asia, Western Europe, Middle East, Africa, the Americas) and between regions scheduled for September 2001.

<sup>2</sup> Special Administrative Region of China.

<sup>3</sup> The stock market capitalization includes other stock market(s) in the same country.

<sup>4</sup> International flights to destinations in South America, the Caribbean, Central America, and Mexico.

<sup>5</sup> Flights to destinations in the U.S. and Canada.

<sup>6</sup> The annual population growth rate is for a period extending before and/or after 1995-2000.

<sup>7</sup> International flights to destinations in South America, the Caribbean, and Central America.

<sup>8</sup> International flights to destinations in Africa.

<sup>9</sup> International flights to destinations in the Middle East.

<sup>10</sup> Flights to destinations in Canada.

Sources:

Global network connectivity from Taylor (2002); headquarters and subsidiaries from Godfrey and Zhou (1999, 2000); flight departures from OAG (2001); city population and annual growth from United Nations (2002); country data, including stock market capitalization, from World Bank (2002).

## ***2. Urban growth, urbanisation and decline in average household size***

The City has had to respond to a 4.1% per annum population growth rate, with significant immigration of poor unskilled people (1996 population 2,638,233; 2001 population 3,225,812). In 1998 only 63% of Johannesburg's household heads were born in the city.<sup>3</sup> Over the five-year period 1996-2001, the average household size in Johannesburg decreased from 3.7 people per household to 3.2 people. Urbanisation, urban growth and household decline have together created an extra 389,005 consumer units to service (In 1996 there were 717,926 households living in Johannesburg versus the 1,006,931 households in 2001).

## ***3. Service backlogs***

There has been a concerted effort to improve and extend basic infrastructure and service delivery. However, initial efforts post-1994 to expand the capital budget resulted in a fiscal crisis and foreshadowed the emphasis on institutional reform as a precursor to infrastructure improvements. Only recently have the figures for infrastructure provision begun to improve unambiguously (see Section 4).<sup>4</sup>

There are general improvements in the infrastructure profile of Johannesburg (Figure 1), although the absolute expansion of the population and increase in the number of households has eroded the percentage gains (Figure 2). In the critical area of water supply, the rapid expansion of shack areas (7.2% per annum) versus the impressive but not sufficient increase of 6.9% per annum in formal housing (Table 2), helps explain the decline in coverage.

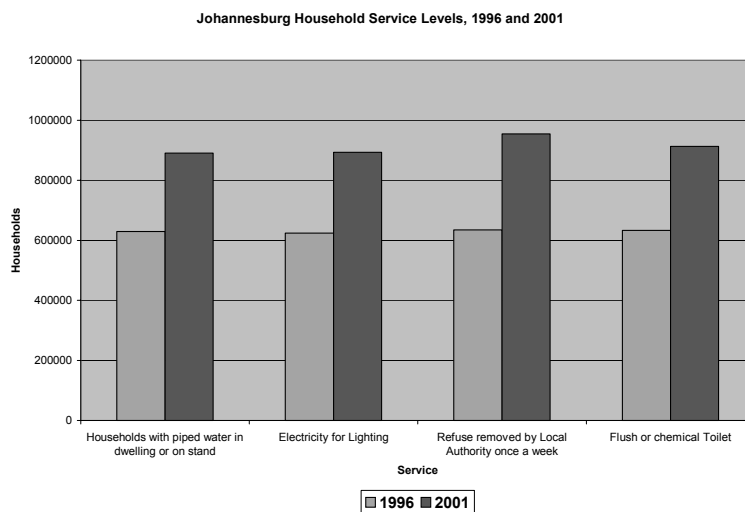
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<sup>2</sup> iGoli is the Tswana word for 'place of gold', the name used to refer to Johannesburg by African migrants. The word was adopted to describe the policy processes that arose out of the financial crisis of 1994.

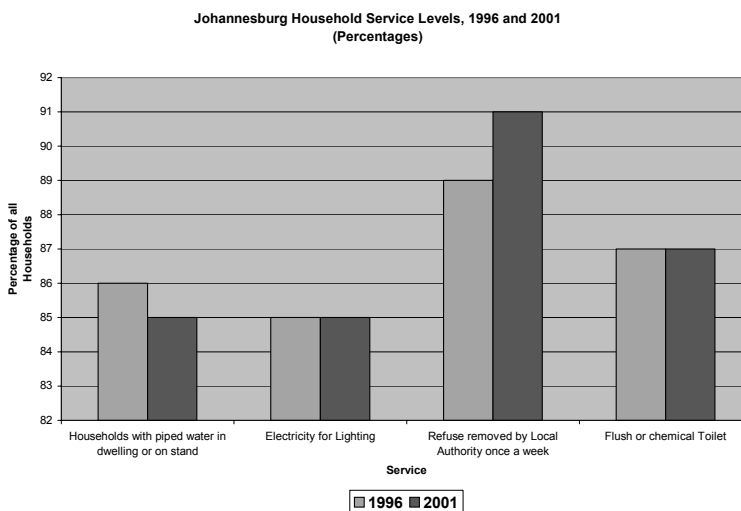
<sup>3</sup> Figures are drawn from Crankshaw, O. 2003: An Analysis of 1996 and 2003 Population Census Data, South African Cities Network. The growth rate here is higher than that cited in Table 1, which was calculated before the 2003 figures were available. Unless otherwise indicated all figures are taken from this source.

<sup>4</sup> See Savage, D., Gotz, G., Kihato, C. and Parnell, S., 'Strategic Review of iGoli 2002', Report prepared for the City Manager's Office, Joburg Metropolitan Council, 2003.

**Figure 1: Serviced units for water, lighting, refuse and sanitation in Joburg**



**Figure 2: Percentage water, lighting, refuse and sanitation in Joburg**



**Table 2: Comparative shelter in Joburg, 1996 and 2001**

	Number of Units	Percentage of all shelter
1996 Informal Dwellings	159,800	22
1996 Formal Dwellings	558,126	78
2001 Informal Dwellings	226,654	23
2001 Formal Dwellings	780,277	77

#### **4. Social inequality and poverty**

Levels of poverty in Johannesburg are high, with over 25% of the population earning inadequate income to readily afford even basic services. Unlike many other poorer cities in South Africa there is also a substantial wealthy population, leaving scope for redistribution and cross subsidisation of service costs (Table 3). There is, however, a worrying trend in rising unemployment with the census figure showing a figure of 29% in 1996 rising to 37% in 2001 (the Labour Force Survey gives the extended unemployment figure as 32% in 2002 and this is generally considered a more accurate figure). The City itself notes dramatic increases in the real and projected costs of service subsidies associated with the rising proportion of poor people in the city (see Section \*\*).

**Table 3: Income distribution of Johannesburg households**

<b>Household Income 2001</b>		
		<b>%</b>
No income	196,722	19
R1 - R4 800	43,640	4
R4 801 – R 9 600	114,658	11
R9 601 – R 19 200	185,294	18
R19 201 - R 38 400	167,629	16
R38 401 - R 76 800	120,659	11
R76 801 - R153 600	90,257	9
R153 601 - R307 200	70,779	7
R307 201 - R614 400	39,613	4
R614 401 - R1 228 800	12,203	1
R1 228 801 - R2 457 600	4,803	0
R2 457 601 and more	3,419	0
<b>Total</b>	<b>1,049,676</b>	<b>100</b>

#### **5. Regional instability**

The HIV/AIDS pandemic and an unstable political and economic context in the southern African region impact on Johannesburg, although, in the period under review, these factors have been largely unspecified and were poorly incorporated into the Johannesburg CDS vision.

## II. Service delivery context

With democratic elections in 1994, the key service challenge in Johannesburg was perceived as being the imperative of extending infrastructure to unserved sections of the city. It is now well documented that the rapid expansion of the capital budget post-1994, along with unstrategic investments, which were made without regard to the costs of sustainably maintaining and running service infrastructure, did not provide a viable model of development.<sup>1</sup> In 1997, a fiscal crisis prompted a radical rethink in the way that Johannesburg conducted itself institutionally. A far greater emphasis was placed on the macro or city scale management agenda that questioned the premise of how local government should be designed in post-apartheid South Africa. A programme known as 'iGoli 2002' and the associated reforms were critical to the transformation of local government not only in Johannesburg, but also across the country.

A philosophy of getting the technical and institutional basics right so that equitable and efficient service delivery programmes could be rolled out from a positively expanding budget was embraced through a series of city scale strategic planning processes. The rethinking of how to run Johannesburg began with iGoli 2002 and ended in the adoption of Joburg 2030 (Table 4).<sup>6</sup> Together these processes form the Johannesburg City Development Strategy (CDS). It should be noted that the overall political and ideological tone of the development direction changed through the three phases of the CDS, though there is a consistent emphasis on internal institutional coherence, improving technical capacity and maintaining public participation in city governance (Table 5).<sup>7</sup>

In this report I emphasise institutional transformations associated with the iGoli 2002 process and refer in less depth to the 2010 and 2030 processes for discussion of public participation.<sup>8</sup>

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<sup>5</sup> Just on Johannesburg see: Schmidt, D., 'Organisational Change in Greater Johannesburg Metropolitan Area', in Cranko, P. and Schmidt, D. (eds.), *Organisational Change Theme Team, Local Government Learning Network*, Cape Town, 1999; Bremner, L. 'Reinventing the Johannesburg Inner City', *Cities*, 17, 2000, 185-193; Mabin, A.: 'From hard top to soft serve: Demarcation of metropolitan government in Johannesburg', in Cameron, R. (ed.) *Democratisation of South African Local Government*, Van Schaik, Pretoria, 1999, 60-199; Tomlinson, R., 'Ten years in the making: a history of metropolitan government in Johannesburg', *Urban Forum*, 10, 2003, 1-40; Swilling, M. and Boya, L., 'Local government in transition', in P. Fitzgerald, B. Munslow and A. McLennan (eds) *Managing Sustainable Development*, Cape Town, Oxford University Press, 1997, 165-191.

<sup>6</sup> Parnell, S., 'Who runs Africa's 'global' city?: an exploration of the politics of urban transformation in Joburg's City Development Strategy', 2003.

<sup>7</sup> Ibid.

<sup>8</sup> Parnell, S., 'The pro-poor capacity of the Joburg CDS', Report prepared for GHK, London, 2002.

**Table 4: The Johannesburg City Development Strategy**

	Phase 1 of the CDS: iGoli 2002 (October 1997 -2000)	Phase 2 of the CDS: iGoli 2010 (Research and Forum process 2000)	Phase 3 of the CDS: 2030 Vision (Launched February 2002)
<b>Key Documents</b>	iGoli 2002 + Metropolitan Spatial Development Framework + the annual Integrated Development Plan (known in Johannesburg as 'The City Development Plan')	iGoli 2010 + 'The Monitor Reports' + World Bank SMME and firm surveys + Inner City Economic Development Strategy funded by the UMP <sup>9</sup>	Joburg 2030 - 'The City Development Strategy'
<b>Context</b>	Fiscal crisis and interim local government structure	Consolidation of metropolitan structure in final phase of interim local government	Post apartheid metropolitan government in place
<b>Objectives</b>	<ul style="list-style-type: none"> <li>• 3 year revenue-led budget, credit control</li> <li>• Institutional rationalisation - creation of metropolitan structure</li> <li>• 'Privatisation' and other restructuring</li> </ul>	<ul style="list-style-type: none"> <li>• Data gathering</li> <li>• Linked focus on economic growth, competitiveness and basic needs</li> </ul>	<ul style="list-style-type: none"> <li>• An African World class city</li> <li>• Economic growth - increased GGP through skills development and crime reduction</li> </ul>
<b>Institutional Strategy Drivers</b>	Provincial and national government, lenders who make up the iGoli 2002 Emergency Committee and the associated international technical advice team under guidance of the World Bank	Transitional Metropolitan Council, Stakeholders and external consultants	City Managers Office - endorsed by Mayoral Committee
<b>Participatory process</b>	<ul style="list-style-type: none"> <li>• Elected Councillors</li> <li>• Represented not elected appointments on Emergency Committee</li> <li>• Council negotiations with municipal unions</li> <li>• Appointment of 2010 Steering Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Elected Councillors</li> <li>• Extensive process of consultation through a stakeholders forum, focus groups and city summit</li> </ul>	<ul style="list-style-type: none"> <li>• Elected Councillors</li> <li>• To be announced - proposed to include forums of all stakeholders and a 'people's assembly'</li> </ul>

<sup>9</sup> Further surveys conducted by the World Bank on services and a study on social exclusion funded by DFID were done after the Monitor Reports were not been included in the CDS process.

**Table 5: Shifting emphasis in the phases of the Johannesburg CDS.**

	Pre CDS'	CITY DEVELOPMENT STRATEGY		
		iGoli 2002	iGoli 2010	2030
Key concerns	Community participation through Land Development consultations	Financial viability	Data collection for integrated planning beyond crisis management	Municipal strategy and economic development
Content drivers	New post-apartheid officials and politicians plus poor communities	Provincial and National government, especially the Department of Finance, with World Bank advisors	Monitor (consultants); Khetso Gordhan (CEO) and Rashid Seedat (CPU)	Council appointment - Sandy Lowitt and Economic Development Chair Kenny Fihla
Political patrons/ Supporters	Newly elected grass roots ANC councillors	National ANCBusiness	Local ANC Councillors	Re-elected local and national ANC plus business
Most obvious political opposition	Affluent Ratepayers	Unions, NGO leaders and academics	Alliance partners; SANCO	Left wing civil society
Areas of action	Extend infrastructure	Municipal restructuring Budget reform Privatisation	Data collection Establish civil society forums	Skills development and crime reduction
Ideological emphasis	Redistribution	Cost recovery	Growth, efficiency and poverty relief	Economic growth

### III. Description of specific transformation Initiatives

This section reviews the objectives of iGoli 2002 and its associated programme content and design. It also provides a brief overview of the participation process associated with iGoli 2010 and Joburg 2030 which, along with iGoli 2002, comprised the Johannesburg City Development Strategy process.

#### **iGoli 2002<sup>10</sup>**

The overarching goal of iGoli 2002 was to put in place the institutional conditions necessary to provide for both *growth and sustainability*, i.e. accelerated economic and social development and effective service delivery, while ensuring financial stability and sustainability. To this end the problems that lay behind the financial crisis were defined, the principles of recovery were specified and technical solutions were proposed.

#### ***Design principles underpinning iGoli 2002***

1. The programme of action set in motion by the iGoli 2002 process highlighted the imperative of redressing the structural separation of the technical and financial functions within South African local government. They sought instead a model whereby financial planning and service design and management would be conducted as an integrated business practice. The aim was to give managers control over costs and revenue of a service.
2. This logic of economic decentralisation demanded that there be effective and substantive control over the administration of services provided by the Council (the important ones being water and sanitation, power and waste). Internally this devolution was understood to involve operational independence.
3. To ensure that service providers could operate autonomously from wider political and administrative influences, the iGoli architects highlighted the imperative of clarifying roles and responsibilities so that incentives for externalising costs and inefficiencies could be minimised and accountability maximised.

It was assumed that institutional restructuring in line with these principles would ensure financial stability and create the conditions for overcoming administrative weaknesses that had prevented effective service delivery. Implementing the principles involved designing a new structural framework for the City that included:

- A split between the client (the Council, the Executive Mayor and Mayoral Committee plus the core administration) and the contractor who would provide a particular service.
- Establishment of semi autonomous utilities and agencies for service delivery
- Devolution of social development to sub regions of the city to maximise local responsiveness (e.g. in emergency services)

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<sup>10</sup> This section draws heavily on Savage *et al*, *op cit*.

- Centralised functions for services where economies of scale demanded a city wide response
- The reduction of core administrative located in the City Manager's Office
- Establishment of a Centralised Contract Management Office with oversight on service delivery relationships

### ***Programme areas of iGoli 2002***

To restore Johannesburg to a point where it could provide growth with sustainability, iGoli's drivers identified five key problem areas which then framed the programme of institutional change unleashed by iGoli:

- Financial stability and sustainability;
- Service delivery;
- Frameworks of accountability;
- Administrative efficiency; and
- Political leadership.

#### **1. Financial stability and sustainability**

- a) **Poor capital budgeting and weak debt management.** A key factor contributing to the crisis was poorly thought through and inadequate capital expenditure.
- b) **Weak budget management.** Uncontrolled operating expenditure was a primary cause of the fiscal crisis.
- c) **Inefficient revenue collection and credit control.** Financial management problems were compounded by an inability to deal with slow- and non-payment of rates and service charges.

#### **2. Service delivery**

The Johannesburg service delivery challenge was about balancing the competing demands of extending service delivery to underserved areas, maintaining existing service infrastructure in affluent areas to ensure that capital investment is not eroded through poor maintenance, and ensuring that there was full revenue generation from existing investments. Finally, there is the imperative of getting a productive economic return on infrastructure investment to ensure overall economic growth. According to the iGoli Review panel, the capacity to meet these challenges was undermined by

- a) **Inadequate information** - better data and information management capacity had to be developed.
- b) **Strategic weaknesses**, in particular the inability to look beyond short-term crisis management to develop long term service strategies.
- c) **Inappropriate service delivery institutions** that left the Council poorly equipped to respond to sector opportunities for innovation, cost-reduction and efficiency gains, the specific needs of citizens or consumers, etc. iGoli recognised that more

flexible and specialised institutional forms had to be developed and supported if service delivery was to improve.

### **3. Frameworks of accountability**

One of the key problems identified by iGoli was the inability of the Johannesburg Metropolitan Council to adequately manage its finances and service delivery because of the way the organisation was structured. Major problem areas included the poor distribution of roles leading to overlapping mandates. This was in large part a result of the organisational design of the interim phase of local government where the effort to reduce the 13 racially segregated local authorities had created a complex situation of overlapping regional authorities with a poorly defined and toothless metropolitan council. One obvious consequence of the overlapping functions was the absence of an overarching strategic purpose or budgeting capacity.

### **4. Administrative efficiency**

Poorly capacitated, unmotivated and inefficient administration was both a cause and a consequence of the 1997 financial crisis. This was simultaneously a result of both excessive and insufficient management capacity in the same organisation resulting from the merger of the old administrations. Another factor was the disempowerment of middle management and professionals, in part because the demands of employment equity meant some junior officials were promoted beyond their capabilities, or new managers were employed from outside. There was also mistrust between the strata of new senior management and largely white middle managers and municipal professionals, quickly labelled as 'old-guard'. Organisational culture was uncondusive to productivity and innovation.

Administrative inefficiency was not just a product of transformation fatigue and wider political tensions it was also a product of historical weaknesses in Johannesburg's administrative systems, from information technology through to fleet management, procurement and payroll. iGoli set out to integrate and modernise the dysfunctional systems as well as to establish controls that would contain corruption and maladministration.

### **5. Political leadership**

It is hard not to overstate the extent to which the resolution of the 1997 fiscal crisis in Johannesburg was possible because councillors were willing to make hard decisions (such as cutting the capital budget) that were not politically rewarding in the short term. However, under iGoli 2002 it was recognised that there were problems in the roles that councillors had assumed in getting the City back on track. Key in this regard is that elected representatives had begun to assume **operational rather than political leadership**, thus undermining the strategic function of elected officials. Because the resolution of the fiscal crisis had involved a strong inward focus, the external relations with the electorate were allowed to slip. iGoli sought to reassert the primacy of the political role of councillors and to assert managerial incentives.

Table 6 summarises the problems that iGoli 2002 sought to address and the type of intervention proposed.

**Table 6: the problems identified by iGoli 2002 and its programme objectives.**

IDENTIFIED PROBLEM	OBJECTIVES FOR RESOLUTION
<p><b>Problem area 1: Financial instability</b> because of poor capital budgeting and weak debt management; weak budget management; inefficient revenue collection and credit control</p>	<p><b>Objective 1 Financial stability and sustainability:</b> Restore the City to financial stability and sustainability by improving financial planning, management and control</p>
<p><b>Problem area 2: Poor service delivery</b> because of: inadequate information; strategy weaknesses; inappropriate service delivery institutions</p>	<p><b>Objective 2 Service delivery:</b> Ensure effective spending on service delivery and development</p>
<p><b>Problem area 3: Weak framework of accountability</b> because of: poor distribution of roles leading to overlapping mandates; lack of overarching strategic purpose; poor definitions of unit and individual responsibilities</p>	<p><b>Objective 3 Frameworks of accountability:</b> Structure roles and responsibilities and mechanisms of accountability to make clear who is accountable to whom and for what, within an integrated planning framework that ensures all parts of the City are driven by a unified strategic purpose</p>
<p><b>Problem area 4: Administrative inefficiency</b> because of: excess and insufficient management capacity in the same organisation; disempowered middle management and professionals; organisational cultures not conducive to productivity and innovation; inefficient administrative systems; corruption and maladministration</p>	<p><b>Objective 4 Administrative efficiency:</b> Create the basis for an efficient administration by incentivizing good management, attracting highly-skilled and motivated professional staff; and upgrading administrative systems</p>
<p><b>Problem area 5: Weak political systems</b> because of: operational rather than strategic focus of political leadership; poor political/administrative interfaces; and general focus on internal accountability, rather than responsiveness to citizens</p>	<p><b>Objective 5 Political systems:</b> Give back to councillors their proper representative and strategic leadership role, improve the decision-making system, and clarify the political-administrative interface</p>

### Post iGoli 2002 initiatives

Through iGoli 2002 and iGoli 2010 (the strategy and participatory process to which it gave birth) plus Joburg 2030 (iGoli 2010's replacement strategic policy framework), technical and political processes were brought together.

iGoli 2002 had set out a strong programme of technical reform that highlighted financial and service delivery issues as well as institutional reforms to the administrative and political systems. But there was also an acknowledgement that achieving the objectives of iGoli 2002 would need public legitimacy and a much more sophisticated information base about the urban system. To this end, there were three additional programmes initiated in the wake of iGoli 2002:

- Negotiating a settlements with organised unions
- Research and strategy development
- Fostering stakeholder participation

Extensive human and financial resources were dedicated to the issue of union negotiation, public participation and research and strategy development, with mixed results that, especially in the case of the 2010 initiative (Tables 4 and 5), failed to live up to the scale of investments made in the processes. For sake of brevity these events are not discussed here.<sup>11</sup> Rather it is worth briefly highlighting the emphasis within the Joburg CDS on public participation that occurred alongside the technical reforms of iGoli 2002.

### **Public participation**

In addition to the launch of a ward-based system of consultation, for which Johannesburg has been much praised,<sup>12</sup> the City has led an extensive participatory process. Public participation is a legal obligation of local government in South Africa, but in Johannesburg the politicians and officials embraced the spirit as well as the letter of the law that called for extensive public engagement.

In addition to regular elections and consultations in sector specific forums with representative groups, the City has held a series of external stakeholder forums, focus groups, social surveys and large scale public meetings to solicit the views of citizens on the city scale strategic planning associated with the CDS. A full account of these participatory processes is outlined in a review conducted for the Cities Alliance. Lessons from the Johannesburg participatory process are detailed in Annex 1.<sup>13</sup> What is significant to note is that the transformation of Johannesburg was not addressed solely from a technical perspective. However, the link between the public participation process and the financial and administrative reforms was not always as clear as it could have been. Most obviously, debates about 'privatisation' overshadowed all other reforms.

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<sup>11</sup> Details of the negotiations with the Unions and the 2010 process can be found in: among other places Beall, J., Crankshaw, O. and Parnell, S., *Uniting a Divided City. Governance and Social Exclusion in Johannesburg* Earthscan; London, 2002; and The City of Johannesburg, *Johannesburg: An African City in Change*, City of Johannesburg, 2001.

<sup>12</sup> South African Cities Network, Pilot Peer Review Visit to , City of Johannesburg, 27–31 May, 2002

<sup>13</sup> Parnell, 'The pro-poor capacity of the Joburg CDS', Report prepared for GHK, London, 2002.

## V. Successes achieved under iGoli

*Joburg is widely recognised as a leading edge municipality. Its impressive achievements and progress on complex challenges show lots of bold innovation and good practice. There is very capable political and managerial leadership with an in depth understanding of the future change agenda<sup>14</sup>*

Given its social and economic challenges and the legacies of bad management Johannesburg is in a better place today than it was a decade ago, but it is by no means out of trouble yet.

### 1. Financial stability and sustainability

The financial status of the city is stable, and the overall cash flow position of the city is significantly improved though budget slashing. Capital spending has resumed and market confidence is being restored. There is better financial management in place and further improvements are in hand.

### 2. Service delivery

Institutional reforms have created a platform for the improvement of service roll out and extension. Although the baseline information is weak, it appears (see Figures 1 and 2) that there is evidence of improvement, though backlogs have not been significantly eroded. Given the expansion in population and increasing number of households to service, performance may be better than is acknowledged by unserved area figures.

The introduction of multiyear budgeting is facilitating longer term planning and service roll out and improved municipal capacity means that there are no longer as many blockages to absorbing resources from outside of local government.

A clearly defined package of free services has been established including 6Kl of water, 50 khws of power per household and a rates rebate for properties under a specified limit. The cost of this subsidy has been incorporated into budgeting.

### 3. Frameworks of accountability:

Institutional arrangements, generally in the form of wholly owned public utilities, were established for defining clear roles and responsibilities for the major services of water, power and waste as well as for some of the small services. Regional structures have been created as a vehicle for social development, and the Johannesburg Development agency has had notable success in inner city regeneration.

In the political rather than administrative realm the definition of wards has greatly enhanced and rationalised citizen liaison and may offer a more productive approach to the participatory obligations of local government.

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<sup>14</sup> South African Cities Network, 2002: Peer Review of Joburg, City of Joburg, p.1

#### **4. Administrative efficiency**

The turbulence of the transition years has begun to abate. There have been some efficiency gains through incentivising management, but this success is uneven and difficult to assess because of lack of verifiable data.

#### **5. Political systems**

The creation of metropolitan government is complete and allows for city scale planning and redistribution.

The cabinet style political system under the Mayoral Committee seems to be working under quality political leadership.

#### **6. Negotiation with labour**

Short-term (3-year) agreements with labour were secured following a hotly contested debate about privatisation, allowing iGoli 2002 to be implemented.

#### **7. Research and Strategy**

iGoli 2010 and Joburg 2030 set in motion a City Development Strategy process that has become the basis for ongoing research and data driven decision-making led by the Corporate Planning Unit in the City Manager's Office.

#### **8. Public participation**

Over the period under review the principle of democracy and universal suffrage at the city scale was entrenched.

A multi pronged strategy of consultation over medium term priorities was driven by the City through the CDS process. Varied methods and techniques (focus groups, mass meetings, facilitated engagements etc.) were used to maximise the input of poor and traditionally disadvantaged communities.

The views of specific important stakeholders who had disengaged from city politics were actively solicited.

## **VI. Lessons learned**

There are problems in identifying lessons from Johannesburg:

- Few cities have the political opportunities or have faced the scale of challenges that confronted Johannesburg at the end of apartheid.
- The devil has proved to be in the detail of the design and execution of iGoli 2002 reforms. The most important lessons are thus detailed and issue specific and not general.
- The scale of transformation undertaken in Johannesburg is vast, and the impacts are only slowly emerging. Long-term success and failure may be more important than the short-term gains that have attracted popular attention.

Against these cautionary remarks some general comments follow. A more detailed set of lessons drawn from a the review of the Johannesburg CDS participatory process undertaken by GHK International for the Cities Alliance on how to make a CDS process more pro-poor is provided in Appendix 1.

### **1. Challenges, constraints, and risks faced by local governments**

- Without expansion in the budget it is impossible to keep up with a growing population or address service backlogs.
- The performance of local government cannot be evaluated (or changed) without detailed information about the demographic, financial and institutional environment within which it operates.

### **2. Methods and techniques to prevent or manage problems**

- Political intervention to solve particular crises may provide crucial short-term relief, but is not a long-term solution to problematic city management.
- At critical moments of decision the political and administrative staff met for consolidated consultation (Legotlas) to resolve tensions and address strategic issues. The collaborative action of political and administrative staff has been key to initiating major changes in local government practice.

### **3. Policies, institutional arrangements and practices that are likely to bring about the desired results and outcomes**

- Sound information management is a necessary precondition to effective problem diagnosis as well as to measuring impacts of interventions.
- Effectively funded mandates for local government are imperative to maintain legitimacy of city government.
- Capacity to process, prioritise and report on participatory demands requires that civil society be organised at the city scale and that NGOs are able to engage beyond locally particular or sectarian interests.

**4. Resources need to be better mobilised and organised**

- Enhance financial and institutional efficiency to maximise long term service delivery.

## **VI. Future directions**

### **1. Institutional strengthening;**

Plans and programmes of the city to further improve services include reforms to revenue collection and expenditure control. Financial decentralisation to service providers will follow. In general there is a commitment to ensuring that services are able to expand within the financial revenue system, but this cannot occur until unfunded mandates are reduced, maintenance obligations are met and revenue increases.

In the service sector there is a commitment to increasing overall per capita spending and reducing operating costs from their currently high levels that are attributed to poor maintenance and bad planning. There is increasing emphasis on ensuring that the costs of indigent support are affordable and that infrastructure investment has economic multipliers.

### **2. Policy reforms**

No new policy perspectives are anticipated for Johannesburg in the short to medium term. Rather the City is entering a phase of consolidation. The various phases of the Johannesburg CDS (Tables 4 and 5) represent an evolving policy agenda. Joburg 2030 now stands as the policy platform of the City. However, the financial targets laid out in iGoli 2002 are still used by National Treasury as the benchmarks of Johannesburg's performance. Specific sector programmes, including the development of a human or social development programme for the city, are being defined to give substance to the CDS.

### **3. Capacity building**

Strengthening the function and capacity of the Corporate Management Unit is a priority while ongoing financial reform remains at the forefront of improving efficiency and enhancing service delivery. There is also an awareness that the improvements in the performance of the City hinge on strong well-capacitated political leadership and that this must be maintained.

## **VII. Replicability**

### **1. Foundations for a pro-poor focus**

The fundamentals of pro-poor city management in Johannesburg derive from national legal obligations to uphold the rights of all citizens. Not all cities will be tied to a national system that creates such imperatives, and this may make the ongoing concern with poverty reduction at the level seen in Johannesburg difficult to replicate.

- Pushing a pro-poor emphasis in Johannesburg is made easier by the formal requirements of the South African Constitution, and a developmental agenda is a legal requirement not a choice.
- Establishing free basic services is a matter of compliance and participatory processes are obligatory.

### **2. Political and technical reform**

It may be that Johannesburg was able to grasp a unique opportunity to undertake political as well as technical restructuring with iGoli 2002. In particular opportunities for fundamental reconfiguration of the type that saw the establishment of a metropolitan system may not be easily achieved in other places. Nevertheless, the Johannesburg case suggests that the simultaneous attention to systemic technical and institutional barriers and structural political barriers may be important in un-blocking municipal failure.

### **3. Substantive issues**

There is no reason to suggest that the reforms introduced in Johannesburg, such as multi-year budgeting, the removal of competing roles and responsibilities and improved revenue collection are not universally applicable. It should be noted though that the form that these reforms take must account for the demographic and social profile of residents. In the same way that the proportion of poor people in Johannesburg far exceeds that in Birmingham, the proportion of affluent households in Johannesburg may be much higher than in some similar sized Asian cities. The implications of the social profile lie at the heart of costing of services and overall municipal viability.

### **4. National support for city management reform**

Replicating the whole-scale nature of local government reform undertaken in Johannesburg cannot happen without national support for the city. It is reasonable to expect that large cities, which are economically dominant in the nation or region, will receive special support to ensure their productivity. This is only marginally the case for Johannesburg. Although there was an acknowledgement of the imperative of reconstituting apartheid local government structures, national government in South Africa has only recently questioned the wisdom of its anti-urban bias. In this regard the formation of the South African Cities Network, a joint initiative of the nine largest cities, has helped in putting the needs of urban municipalities back into national policy debates.

## **5. Managing the poverty/growth tension**

Johannesburg is an economically powerful city in a middle-income country. As such, a large proportion of the population is living in poverty and the demands for restitution and redistribution have to be juggled with the imperative of creating the conditions for economic growth.

- In Johannesburg the tension between poverty reduction and growth is acknowledged in the policy process, thus although there tends to be a pendulum in terms of emphasis on one or the other, the Council has managed to maintain general legitimacy with a broad, largely poor, political base and with investors.
- Recently the City appears to have made some progress in incorporating a poverty reduction agenda into the mainstream of its operational programme, for example costing the subsidy to poor households for universal access to basic services and identifying a human development strategy to be implemented alongside all major programmes.

## **Appendix I: Pro-poor Lessons from the Johannesburg CDS process<sup>15</sup>**

### **Preparation**

- Define the relationship between the CDS and other strategic planning exercises (e.g. IDPs, the business planning process) as well as the budget.
- Establish and maintain a list of all stakeholders in the city.
- Publicise contact details of key CDS liaison individuals in the city.
- Advertise (in appropriate media for the poor not just the elite press) that a CDS will occur.
- Educate the public on what a CDS hopes to achieve, indicating how when and when citizens might be involved.
- Define a stakeholder process that allows sufficient time for stakeholder feedback to their constituencies where appropriate.
- Design, fund raise and implement any training required to allow poor stakeholders to participate fully in the CDS process (e.g. in learning to read a budget).
- Commission any background research needed on poverty for the CDS (e.g. health and environment data, levels of services, affordability levels, sector analysis of employment etc.).
- Ensure that the poverty dynamics in each sector of city activity are well understood (e.g. subsidies, usage etc.)
- Make available information on pro-poor CDS processes in other cities to stakeholders, including political parties, business and civil society.
- Ensure that there is both political and official sponsorship of the CDS process in advance.
- Make demands of line functions for information in good time.
- Budget for the involvement of poor stakeholders in the CDS process and its implementation.

### **Participation and consultation**

- Achieving pro-poor action in the CDS has to include the participation of implementing officials who accept the direction and implications of the strategic priority, as they will be responsible for translating the pro-poor nature of the CDS into action.
- The City needs to be able to identify and contact all stakeholders, especially those who are poor or who speak on behalf of the poor. A comprehensive and up-to-date list of stakeholders must be kept – for business (formal and informal), for community groups (CBOs, NGOs, and Ratepayers) and for important spokespeople (e.g. church leaders, technical specialists on issues that impact on the poor – e.g. housing).

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<sup>15</sup> Parnell, S., Poverty reduction in City Development Strategies: The case of Johannesburg, 1999-2001', Report prepared for GHK, London, 2002.

- Including the views of the poor can occur through various forms of participation – including surveys, panels, single purpose steering committees, summits. The Johannesburg experience suggests that the voices of the poor are lost when they are included with other stakeholders and no separate opportunities are created for gathering their views and priorities. Creating specialist technical support can overcome some of the problems of the poor.
- People participate most effectively in a process they know a lot about and that they perceive to be of public interest. A general public awareness campaign will enhance the commitment to the participatory process.
- Specialist facilitation techniques for including the poor and disadvantaged in large groups forums will increase representivity.
- Special facilitation may be needed to encourage the participation of women.
- Design a stakeholder process that maximises engagement of the poor while minimising the time and other demands that are made on poor resident's groups.
- Ensure that the involvement of poor stakeholders allows them to influence the process design and outcome rather than using the involvement of stakeholders to ratify decisions taken elsewhere.
- Recognise that political parties may be the primary representative organisations that are able to express the views of the poor at the city scale.
- Ensure that the consultation meetings are conducted in a language and format that is accessible to the poor.
- Ensure there are specified objectives for each participatory session.
- Ensures that all stakeholders have the information needed to voice an opinion, and that information is available prior to consultations.
- Report back to stakeholders on decisions reached and implementation strategies approved.
- Agree to the monitoring and evaluation criteria of the CDS's success.

### **Democracy**

- Without democracy at the local level a CDS cannot deliver to the poor. Under apartheid the poor had no vote and no role in shaping city strategy or spending. A legitimate CDS process was only possible once democracy was in place,
- Ensuring ongoing party political accountability to poor constituencies is crucial. The Johannesburg case suggests that covert party pressure on City leaders can interfere with transparent participatory processes. The relationship between political parties and their constituencies is crucial in dictating the outcome of the CDS.
- Internal party political processes are crucial in determining the outcome of a CDS. This suggests that it is important to have a pro-poor lobby who understand city development within the ruling party.
- The Johannesburg case suggests that when formal participatory structures break down, the internal structures of political parties (opposition and ruling parties) will be used by local government leaders to liaise with constituencies.

- In ensuring pro-poor practice, the overall structure and effective working of representative democracy is more important than the short-term participatory processes that are set up specifically around a CDS.
- Wider political imperatives, for example maintaining overall political alliances, might be considered more strategically important (especially for the poor) than allowing open debate on the CDS, particularly when issues on the CDS agenda threaten political stability.
- The CDS has to be ratified by elected representatives – ensuring voter participation of the poor is essential in shaping the outcome of a CDS.

### **Intergovernmental context**

- Local government autonomy within the political system will mean that elected municipal officials have to account directly to their electorate and are less likely to be influenced by external forces that may detract from the demands of the poor.
- Especially in contexts where pro-poor action is dependent on more than one tier of government having structures for effective inter-governmental co-operation is essential.
- National Government will structure the macro environment and dictate the importance ascribed to a CDS - e.g. the importance ascribed to the Johannesburg CDS is enhanced by two things – one the power of the National Treasury and their endorsement of the CDS. Two the acceptance by Provincial and Local Government that metropolitan planning is a crucial area with demands that differ from the otherwise explicit focus of government on rural poverty.

### **Poverty definitions**

- If the CDS is going to reduce poverty then there has to be a useful and reliable definition of poverty – and the tendency in city governments to use only income or at best income and infrastructure levels is not really adequate.
- The distinction between poverty relief and poverty reduction is useful. Ideally the CDS addresses both issues. In the case of Johannesburg provision is made for poverty relief in the form of basic services, while poverty reduction is targeted through job creation and spatial reorganisation as well as the expansion of the pool of municipal resources through increased GGP.
- Accept the definition of poverty used by the poor and their assessment of the most important areas of intervention for the CDS. In the case of Johannesburg unemployment and crime were seen as the biggest problems, although the means of identifying these priorities through a very small survey is open to question.
- A CDS that has a separate poverty study should not be confused with a CDS that defines how it will tackle poverty.

### **Financial context of the CDS**

- Financial crisis is not always a bad platform from which to launch a CDS because it creates the will to examine the fundamental practices and priorities of the City. However, as the experiences of iGoli 2002 demonstrate, financial restructuring and the associated institutional reconfiguration are not enough and do not define the strategic vision of a city. Also, in the context of fiscal crisis, the longer-term interests of the poor may be sublimated to the short-term financial viability of the municipality, for example through cuts in capital expenditure or privatisation.
- Where a city has existing loan agreements these will circumscribe what is possible in a CDS. Information on the loan and any associated constraints on municipal action and direction (e.g. in meeting minimum payment levels) should be in the public domain.
- Understanding of affordability levels among the poor can be used to mobilise for rebates and subsidies in cities seeking cost recovery and financial stability through the CDS.

### **Data content and analysis**

- If the causes and dimensions of poverty in a city are not fully understood the strategies for poverty alleviation will be ineffective.
- Collect information on how poverty impacts on general city well-being and productivity.
- In the CDS process the data collection on poverty should be separated from the analysis of how poverty should be tackled.
- Collect information on poverty through profiling of poverty in the city.
- Analyse the impact of Council functions on the poor.
- Good data can be used to guide the participation process e.g. by asking for priorities or preferences from known options
- Collect information on the city not just the Council – e.g. labour markets, financial markets, housing markets etc.
- Ensure maximum impact of data through integration of information systems (e.g. billing, water consumption and disease). Where possible link data to a GIS system.

### **Donors and consultants**

- The timing of the commissioning or reporting on a CDS process should not coincide with an election or with the key performance criteria of senior management.
- The terms of reference for consultants and CDS working groups need to be explicit about the imperatives of addressing poverty.
- Donors should promote government liaison with poor recognising that government may be willing to promote a pro-poor solution.
- It is essential that donors support the scaling up of civil society to empower organisations to engage at the city scale.
- Technical support may be more valuable than financial assistance to large complex metropolitan structures.

- Technical support may include the management of consultants as much as the appointment of specialists.
- Donors may not get maximum pro-poor impact through assistance on poverty specific projects.
- Donor support on the CDS should enhance not erode internal official and political capacity.
- The timing and structure of donor assistance will need to be honed to accommodate the pace of the CDS.

### **Institutional integration of the CDS**

- The CDS must demonstrate links to the budget that are in the interests of the poor
- The CDS must articulate with the shorter term priorities of the Integrated Development Plans – especially when these frameworks have also had participatory processes attached to their formulation
- Line Department action required to ensure the pro-poor outcomes of the CDS must be defined.
- Where cities have a legacy of spatial inequality and segregation the spatial plan remains a key element of the CDS.

### **Powers and functions of local government**

- The recommended actions of the CDS should focus on powers and functions that are ascribed to the municipal scale of government. However, a full understanding of the demands of the city and the needs of the poor may mean that the City has to develop lobbying capacity in areas that lie beyond municipal powers and functions – e.g. in Johannesburg 2030 prioritises crime prevention and skills formation – both areas of provincial competence.
- Define municipal powers and functions that can offer poverty relief and those that can reduce poverty

### **Civil society organisation**

- Civil society groups that are organised (or are able to engage) at the metropolitan scale are most able to engage in a CDS process.
- Representatives of the poor who participate in high-level CDS negotiations need technical training and support.
- There can be competition between sections of the urban poor within the CDS – e.g. between labour and consumers over privatisation.
- Donors cannot support devolution of government without a concomitant support for the scaling up of civil society to the metropolitan scale.
- If cities dominate the production of GDP and the CDS defines the overall approach to growth then civil society has to engage at the metropolitan scale if it is to impact on the overall power relationships within a society.