ENABLING
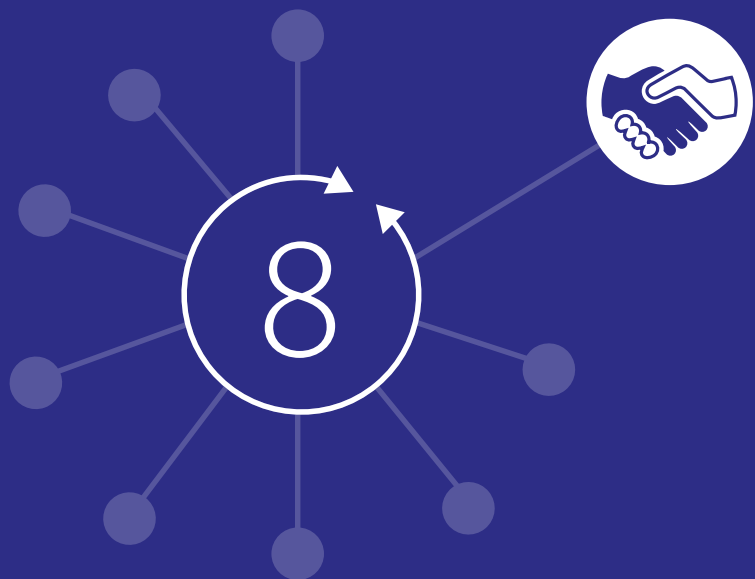# ENVIRONMENT

*Creating enabling environments
for successful city development*

Key Messages

1 A Call to Action: For development strategies to be effective, all actors (state, private sector, knowledge institutions and civil society) have to cooperate and align their actions.

2 Local government's role must be understood by all, and demonstrated through unequivocal performance, accountability and leadership.

3 Cities need to be empowered and enabled to drive inclusive growth and development through spatial transformation.

4 Deliberate interventions are needed not only in market-friendly locations but also in formerly marginalised locations (e.g. townships).

5 Significant innovation across the board is required – creativity, experimentation, agility, and a culture of learning.

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INTRODUCTION

The State of South African Cities 2016 report has viewed cities through different perspectives: first, introducing the urban reality through the built environment, followed by productivity, inclusiveness, sustainability, governance and finance. The chapters each provide an overview of the circumstances experienced by the cities and suggest various solutions. These solutions are not cure-alls and, in some instances, will make other interventions more expensive, longer to achieve or more complex to implement.

This chapter considers what needs to be done, and by whom, to create the enabling environments for realising the proposed solutions. It is an experiment in speculation and based on the realisation that all who are a part of South African cities need to improve the space in which they live. Current urban relationships need to change, so that conditions can be created for cities to build partnerships and to be dynamic urban systems of innovation. For far too long have the good intentions to make cities better for all been defined by non-implementation or limited project conceptualisation. Yet, an individual citizen cannot build a better city alone, and the impact of interventions cannot be limited to only certain parts of the city. Agglomeration must benefit the entire system – at national, regional and city level. To achieve this, all major actors in government, the private sector, knowledge institutions and civil society will need to act in concert.

This chapter does not provide definitive answers but attempts to stimulate debate about how to make cities the best possible places to live in, now and for future generations. After examining the main themes and solutions proposed in the report, the obstacles and enablers for developing transformed cities are explored through the perspectives of civil society, the private sector, knowledge institutions and government. The concepts of partnership and innovation are considered, as the basis for an urban innovation system framework. The chapter concludes with an urban innovation framework for South African cities and a set of overall recommendations for the achievement of transformation in South Africa's cities.

A RECAP: THE STATE OF CITIES REPORT 2016 IN BRIEF

With the exception of Nelson Mandela Bay and Buffalo City, SACN member cities have populations that are growing at a faster rate than in predominantly rural municipalities. This growth is a result of natural population increase as well as migrants seeking employment. Population growth has in part exacerbated socioeconomic inequalities, and contributed to high unemployment rates and the unsustainable use of resources, particularly water and energy. Paradoxically, at the same time, cities drive economic growth and job creation, offer a range of opportunities and activities, and have the highest living standards in the country. The State of South African Cities 2016 report communicates this reality through six themed chapters.

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1. The **Spatial Transformation** chapter highlights the racial and class inequality inherent in the spatial form of South African cities, despite the changes since 1994, and the need for radical interventions to address these inequalities in order to transform the cities.

2. The **Productive Cities** chapter reviews the economic performance of the cities over the past 20 years and finds that economic development is unevenly spread over the space economy, which contributes to the high levels of socioeconomic inequality.

3. The **Inclusive Cities** chapter also emphasises the socioeconomic inequality entrenched in South African cities, as revealed by urban education, public violence, migration, access to basic services, transport and integration.

4. The **Sustainable Cities** chapter recognises the need to appreciate "planetary boundaries (environmental thresholds)" when undertaking development in the context of severe resource constraints and high levels of pollution.

5. The **Well-Governed Cities** chapter considers stakeholder relations, operational capability and service delivery, underlining the apparent "removal of the governing from the governed", the ineffectiveness of ward committees and the need for improved public accountability by officials and politicians.

6. The **Finance and Innovation** chapter charts the evolution of financial policies, assesses the key trends in municipal finances and considers green economy-related innovations, the smart city concept, the use of municipal assets to increase income and ways of generating alternative income.

The recurring theme throughout the report is the negative impact of entrenched socioeconomic inequality within South Africa's cities. This inequality occurs within the context of a growing population making increasing demands on limited resources, low economic growth, and local government systems and structures that are not functioning optimally and do not successfully address the complex issues of inequality. Against this backdrop, the report therefore calls for action in three areas: realising a better built environment, growing and broadening access to the economy, and changing society and its institutions.

Realising a better built environment

South African cities need to be more compact and denser, with mixed-use spaces and quality public spaces, where most people prefer to use public and non-motorised transport than their private vehicles. The inefficient spatial configuration, where the poor are located on the periphery of cities, must be addressed through further developing low-carbon public transport networks and constructing new settlements that integrate the disparate parts of the existing city. The result will be cities that are liveable, attractive and provide a high quality of life for residents.

What is also important is that South African cities should not be seen in isolation but within their international, continental, regional and provincial contexts. Local policies need to be aligned with regional policies, paying specific attention to rural-urban connections in relation to migration patterns, agriculture and natural resources.

Broadening access to the economy

Economic development is critical for transforming South African cities. Strong productive city economies that are able to attract, retain and develop firms and entrepreneurs are needed. Economic development in the city must also grow economic participation, create employment and improve the quality of life of residents. Businesses invest and operate in areas with attributes and advantages that support competitiveness, i.e. with locational value. Therefore, to stimulate economic development, cities need to focus on building on existing locational and business advantages, as well as creating new opportunities for excellence in formerly marginalised locations. The formal and informal sectors are both important for creating thriving livelihoods and meaningful work opportunities, and skills must be developed and small businesses supported.

More broadly, cities need to invest in their long-term future in order to ensure their sustainability and resilience. This means generating more income, providing infrastructure to meet future demand and building the capacity of municipalities to undertake green economy projects.

Changing society and institutions

Realising positive change will require building or overhauling existing social relationships, through clear intent and interventions (Table 8.1). The intentions and proposed actions consider a wide range of responses to challenges facing the urban built environment, economy, society and underlying institutions.

Table 8.1: Statements of intent and proposed interventions in State of Cities Report (SoCR)

Statements of intent in the SOCR	Proposed interventions in the SOCR
Cities are flexible enough to meet different socioeconomic needs in an unequal society.	• Targeted interventions to improve people's well-being (e.g. Safer Cities programmes, urban renewal programmes, City Improvement Districts). • Learning by doing, i.e. fail fast and fail small, learn from mistakes and replicate successes. • City dwellers also need to be allowed and enabled to realise both their freedoms and responsibilities to lead the kinds of lives that they value and that are valued within society.
Cities are strong enough to resist being captured by destructive socio-political forces and focus on socioeconomic development.	• Zero tolerance of corruption by all role-players in the city. • Transparent urban governance systems and processes.
Cities enable poor people to develop pathways out of poverty.	• Adequate education that enables people to find pathways out of poverty. • Improved connectivity and accessibility (which can include physical access, as well as factors such as language, affordability and acceptance) that build human capability.
All interests in the city (public sector, knowledge institutions, private sector actors and communities) work together to realise transformation.	• State and civil society that cooperate and coordinate their actions. • Public-private partnerships that spread and share risks optimally.

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Statements of intent in the SOCR	Proposed interventions in the SOCR
Stakeholder engagement is characterised by maturity and trust among role-players.	• Local government that lobbies and collaborates with national and provincial government to catalyse transformation. • Information sharing between stakeholders.
Cities that have transformed how they function, i.e. their administrations and institutional arrangements.	• Coordinated, planned and implemented policies, linked to a well-established monitoring and evaluation mechanism. • Performance management systems with detailed incentives and sanctions for local government administrators. • A shift in the developmental outlook of municipal officials, from the rigid, procedural, rule-book approach to an innovative, adaptable, pragmatic approach. • A review of the role of ward committees.

Few of the proposed interventions are new to urban development conversations and have featured in previous State of the Cities reports. This suggests that these proposals are either not being implemented or not being implemented successfully and so not having the intended impact. In other words, obstacles are preventing implementation or, alternatively, enablers could support implementation.

OBSTACLES ("DISABLERS") TO DEVELOPMENT

The report offers a number of reasons why the proposed interventions and actions are not being implemented. A recurring reason is the extent and nature of both poverty (which is exacerbated by migration to cities) and inequality in our cities. The current spatial form of South African cities perpetuates poverty, and contains islands of extreme wealth and spatial isolation, which combine with ongoing discrimination based on race, nationality, religion, gender, sexual orientation and ethnicity. This gives rise to a populism that promotes reactive, short-term responses, which seek to "put the lid back on the pot" rather than provide long-term solutions. Another constraint to implementation is the low level of economic growth and subsequent limited employment opportunities. Furthemore, the economic growth experienced by South African cities has tended to benefit certain economic sectors and communities.

Perceived failure of government

Perhaps the most important obstacle to development is the lack of trust and poor relationships among city stakeholders that stem from the perceived failure of government. A common reason given for non-implementation is poor performance and coordination at all levels of government combined with the failure of state-owned entities (SOEs) to fulfil their mandate. The view of many city role-players is that government is becoming increasingly corrupt. Yet the long-held assumption (and expectation) is that government should provide services, which is reinforced by government's commitment to the

"developmental state" that addresses poverty and racial inequality, and to retaining strategic SOEs (e.g. Eskom, the Post Office and SAA). While this assumption in itself does not prevent implementation, it does define how role-players interact and relate with each other. It also places an unsustainable burden on government to meet the expectations of the other role-players (e.g. private sector and civil society).

The past 10 years have seen a growing sense among citizens and certain role-players (through the media) that government, and particularly local government, is failing to meet these expectations. As discussed in Chapter 6, this has manifested as anger and frustration directed at government officials responsible for administrative processes. This anger may be because government processes are not working or not working effectively enough, or have its roots in phenomena, such as the rise of populism in party politics, unemployment, increases in crime, violence and growing alienation of communities.

For communities in middle- and high-income areas of the city, anger and frustration with government comes to a head when proposed spatial development plans threaten the built environment status quo and come on top of increasing rates, tariffs and income taxes, which are in part due to cross-subsidisation of poor areas of the city. Communities respond through rates and tariff boycotts, the media, political intervention and litigation (or the threat of litigation). The impact of such "protest" actions can be severe, with projects delayed indefinitely, or groups of people excluded based on race, class, religion or types of land use. Yet these actions can also play a positive role, for example, in protecting heritage, parks, and other social facilities, and in raising awareness of conservation issues.

For communities in poorer areas, the lack of finances limits their response to poor service delivery to petitions, ward committee structures, the formation of local civic alliances and protest actions. Unfortunately, the flawed ward committee system can result in ward committees that support self-interest over the broader community needs and entrench paternalistic approaches to local matters. Protests are becoming more common and violent, and are often associated with a lack of or poor service delivery, and violence against targeted groups. Increasingly this violence ends in the destruction of government or private property. Combined with poor political leadership in these areas, the violent, destructive protests are driving a wedge between poor communities and government. And, as the expectations of poor communities and the ability of government to meet these expectations diverge, the need is growing for a compact between poor communities and government that covers development expectations and realistic service provision.

Lack of trust between government and informal sector

Decreasing levels of trust characterise the relationship between city administrations and the informal private sector, which is often survivalist in nature and has low to no profit margins, making the sector vulnerable to changes in government policy. As the informal sector is fluid, diverse and independent, it is difficult to define and build relations with interest groups and to define apolitical representatives. The Warwick Triangle case study illustrates the fragility of hard-earned partnerships between the state and private sector (both the informal and the formal), and how trust can be lost, unless long-lasting, flexible relationships are built that can survive crises and changes to political priorities.

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WARWICK TRIANGLE: A fragile public-private partnership

For several years, the Warwick Junction precinct, which is adjacent to Durban's central business district, has been lauded as a flagship initiative that has "effectively integrated policy that was sensitive to the needs of the urban poor (street traders) with substantial infrastructure reorientation to meet the daily needs for almost a million commuters and informal traders" (Skinner, 2009). Warwick Junction represented an innovative urban precinct made up of a traditional herb traders market, cardboard salvaging initiatives, improved facilities for sellers of cooked *mielie* and bovine heads, the establishment of a Project Centre, etc. Among the successes was the establishment of an innovative management and stakeholder structure to enable a partnership between the city and the informal traders (Kitchin and Ovens, 2008). The city contributed appropriate infrastructure, while the traders volunteered to address urban management problems, mainly in the areas of crime and cleaning. This was achieved through extensive consultation with stakeholders, comprising local government, the informal and formal sector participants and other stakeholders.

However, from around 2010, the strong collaboration of the different stakeholders in the Warwick Junction was compromised by the city's attempt to support a R400-million Warwick Mall development and to undertake public environment upgrades in the precinct. The proposed development included plans to move approximately 600 traders from the Early Morning Market, a move that was strongly resisted. Press reports suggested an increase in metro police activity, challenges with permits and a general frustration locally with the city's lack of delivery of basic services in the area.[1] The relationship between the city and the traders broke down and, within a very short timeframe, went from being collaborative to being adversarial.

It was four years before the Council pledged to work with all affected parties and to amend the proposals made in 2010.[2] The city refurbishments would go ahead, but the concerns of existing traders would be considered in the revised plans. For example, the plans would no longer include the removal of the Early Morning Market.

This case illustrates some of the difficulties that the broader private sector has in contributing towards city transformation and in building relationships with the local government, which has to balance various interests.

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1   *The Mercury.* 'The Warwick Avenue mistake'. 5 August 2014. http://www.iol.co.za/mercury/the-warwick-avenue-mistake-1.1730933#. VU3KI3CJhD8

2   'Warwick development plans. *Government Publications: Ezasegagasini Metro*, 21 Feb 2014.

Despondent government officials

For officials, this anger and frustration directed towards government leads to despondency, resulting in a more negative attitude to work, less commitment to the job at hand and, ultimately, poorer service. The focus becomes more about keeping heads down and waiting for retirement than about doing a good job. Thus, poor service delivery becomes a self-fulfilling prophecy. The cycle of administrative decline will persist unless managers are strong enough to deal with the processes and with citizens' problems, and systems are in place to reward officials for quality work under difficult circumstances. Managers and political leaders may be tempted to add to the workload of those departments and directorates that are performing and providing quality services, but the danger is that the existing capacity will become overloaded and erode, resulting in a high turnover of staff, lower quality of service and worsening shortages of relevant skills (PARI, 2012).

Private sector constraints

For the private sector, a major constraint is the long and complicated official processes to register and start a business. Processes connected to establishing a business, such as town planning approval, can also take a long time. The inability to get the required approvals on time makes it difficult to capitalise on market potential.

Corruption is another constraint and involves both the private sector and government. The most serious concerns relate to supply chain management (SCM), where the centralised process has tended to entrench corruption across government and has a direct impact on the private sector (ibid). Corruption manifests in irregular, unauthorised, fruitless and wasteful expenditure, and irregular awarding of tenders (e.g. government business given to government employees and their families). Additional checks and balances have been put in place in order to address these irregularities. Ironically, the private sector's acceptance of, and, in some cases complicity in, corruption has exacerbated the difficulties of doing business in cities. Thus corruption, which prevents the success of the city as a whole, cannot be seen as just a government problem, but rather a problem for all major role-players.

Private sector investment can play an important part in spatially transforming South African cities. However, perceived risks and market demand influence where the private sector invests. Private sector investments are made in locations perceived as "safe", i.e. where assets are protected and profits for the company and shareholders are guaranteed. This means that investment is directed at locations where there is less crime, such as multi-nodal, mixed-use nodes. Investment is considered riskier in "less proven" (i.e. marginalised) areas and communities. The other aspect is market demand that influences spatial trends. This demand defines the nature of the product or service provided by the private sector. It physically manifests as a particular type of design or land use, such as a townhouse development, low-income housing or shopping centres set in a sea of parking. The difficulty with this approach is that the poor on the margins of the city are often excluded from influencing these broader, market-led spatial trends.

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Arguably, the primary constraint preventing spatial transformation is unemployment and the inability of the role-players to create sufficient job opportunities for urban dwellers. Given the current low-to-negative economic growth outlook, the future outlook for employment is grim. Therefore, government, the private sector, civil society and knowledge institutions must urgently work in unison to search for solutions to create jobs. In particular, they must undertake the following:

- Review the restrictive labour laws, to make it easier for the private sector to hire employees and create new jobs.
- Define an appropriate institutional mechanism to bridge the gap between the skills acquired by potential employees and the skills needed by government and the private sector. This mismatch of skills limits the opportunities available to first-time job-seekers and denies many access to work.
- Find a sustainable approach to promoting entrepreneurship, making it easier to start a company, to have access to knowledge needed to run a business and to negotiate government regulations.

For business, government and knowledge institutions to thrive requires quality service infrastructure that meets the needs of poverty alleviation, economic growth and environmental sustainability. At present, the poor quality of service infrastructure is a threat to spatial transformation of South African cities.

An issue related to infrastructure, which prevents city transformation, is access to land, especially well-located land belonging to state-owned entities (SOEs). One way to access such land is through public-public partnerships.

SOE-HELD LAND: Public-public partnerships

SOEs, such as Transnet, Eskom and Denel, hold significant tracts of well-located land in many, if not all, major cities in South Africa. Gaining access to non-core SOE land is critical for infrastructure development and the provision of low-income housing, as well as ensuring urban compaction and the more equitable development of cities.

Research undertaken for the Integrated Urban Development Framework (IUDF) highlights the difficulty in accessing state and SOE land (Ovens, 2013). The processes are arduous and rely in part on old-order legislation, and capacity is limited within national, provincial and local government to facilitate such transactions. The research has raised questions about the extent of disclosure made by SOEs of their non-core land holdings. The SOEs tend to release land (or make non-core land available) that is outside the main growth points or in areas of significant decline, rather than well-located land within major metropolitan areas. This implies speculative behaviour, as any land released is often the least desirable from a profitability perspective. The land price is also usually prohibitive for municipalities or provincial human settlement departments to purchase, as disposal usually occurs at market-related prices.

While collaboration is legislated for in relation to the acquisition of SOE land, the relationship between municipalities and other provincial and national departments and SOEs is often not cooperative and may in some instances be adversarial. Research suggests that the current approach and practices do not allow for innovation and leveraging of opportunities that support public interest in the transformation of our cities (ibid).

This section has highlighted some of the major factors that prevent spatial transformation. The following section consider the conditions that might support or enable implementation of the proposals made in the State of Cities Report (SoCR), focusing on the interventions of the key city role-players.

The obstacles to development and spatial transformation discussed above suggest a severe breakdown in the relationships and processes for running a successful city, as a result of different ideologies, life experiences and priorities, and (in certain instances) incompetence. To overcome these obstacles, an enabling environment needs to be created.

ENABLERS FOR DEVELOPMENT

In spite of the SoCR's optimism, the obstacles and constraints to achieving the transformations desired are formidable and cannot be addressed by any single actor. Even government, no matter how capable, cannot on its own address the constraints, transform the built environment and urban economy, and build associated institutions. To solve their problems, South Africans at grassroots level will have to work together and not in isolation (Williams, 2000).

An important first step is to create trust between role-players, bridge ideological and socioeconomic differences and build on existing initiatives. All parties need to reaffirm that transformation is a long-term commitment and can be achieved through small, short-term interventions. Consistent communication is needed among the role-players to address the legitimate concerns of the other parties in order to sustain changes to the status quo.

All hands on deck!

"[R]eaping the urban dividend will require, above all, a commitment from all role-players to collaborate, as well as strong intergovernmental coordination among the various role-players that influence city form and space" (COGTA 2016b: 33). As Figure 8.1 shows, innovation (which here is posited for urban transformation) occurs in that cooperative space where government, the private sector, knowledge institutions and civil society role-players meet – the "quadruple helix" (European Community, 2015) – enabling the necessary systemic change for improving the productivity, sustainability and inclusivity of cities.

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Figure 8.1: The quadruple helix – transforming cities together
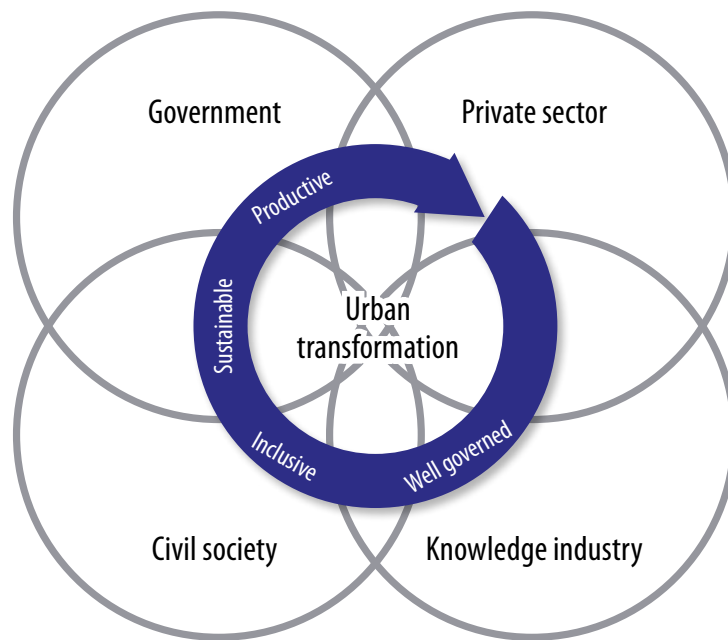
Role-player groups are neither homogeneous nor necessarily stand-alone entities. They have very different needs, levels of vulnerability, ability to engage and mobilise other actors, levels of dependency, resource availability and capacity to engage in innovation and collaboration. Moreover, relationships within a single group can contribute to positive development outcomes affecting other wider groups. Figure 8.2 demonstrates the relations between the role-players in city spaces with possible sub-groups.

Figure 8.2: City spaces
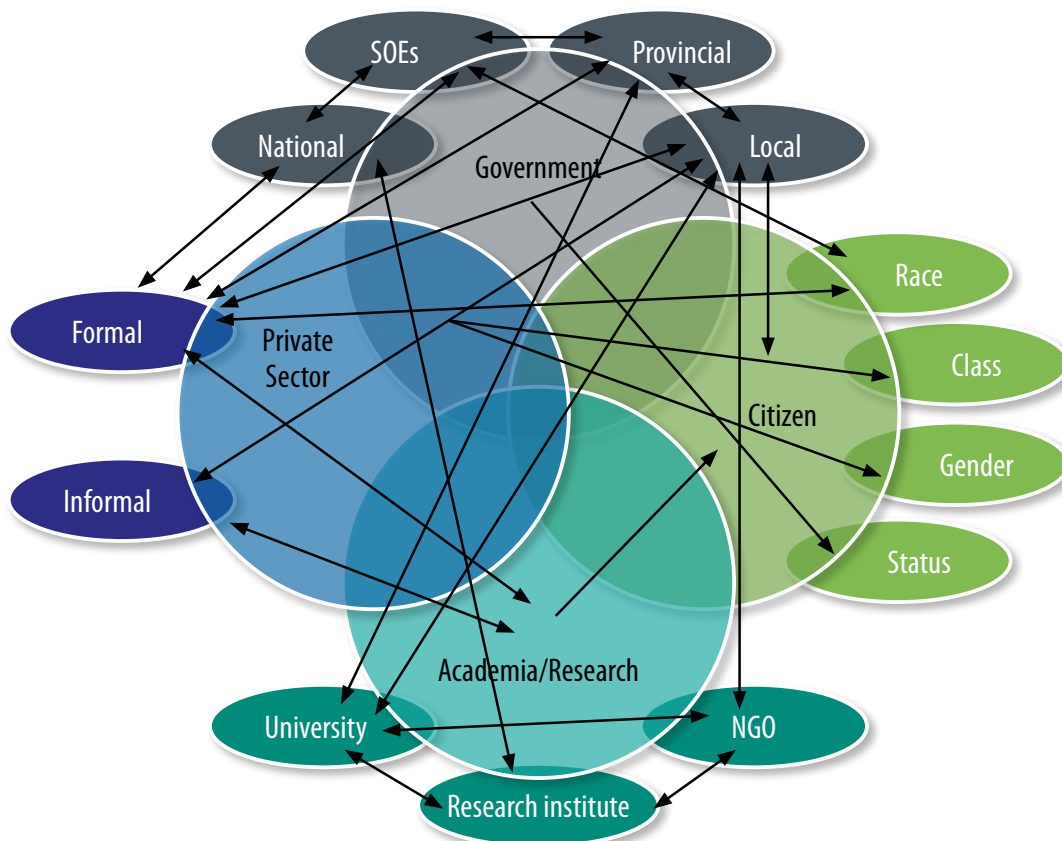
Given the complexity of role-player relations, an urban system of innovation cannot focus solely on economic growth and technical advances. It needs also to focus on defining new and better ways of alleviating poverty, addressing inequality, creating jobs and realising a quality built environment for all citizens. This can only be done by understanding the nature of power (political, economic, labour, and familial), institutions (functions, role-players, structures) and capabilities of citizens and other role-players. Through this understanding, a system that is more dynamic and speaks to the reality of South African cities can be developed. To achieve this will require building trust among parties, defining goals and outcomes, and being willing to compromise and see the problem from different perspectives. Most importantly, a wide range of role-players will need to get involved in addressing particular urban challenges and resolve to deal with the conflict and frustration that will likely arise during the course of realising a transformed city.

Central to creating such a cooperative space is building partnerships between role-players, identifying common values and attempting interventions that deviate from the norm. Creating this cooperative space requires the following (CIVICUS, 2015):

- A focus on the underlying conditions that enable citizens to fulfil their own goals, given the prevailing governance, policy, socioeconomic and socio-cultural factors.
- The freedom to associate.
- Access to information.
- The ability of all role-players to formulate, articulate and convey their opinions.
- The existence of spaces and rules of engagement for negotiation and public debate.
- The ability of the poor and marginalised to mobilise and realise their own needs.
- A broader role for civic organisations, so that they are more than simply advocates for a particular community or interest group, but become owners and providers of public services, and natural-resource and environmental management.

In other words, what cities need is democracy. However, the reality is that competition, anger and frustration dominate relations among role-players.

As the role-players (i.e. civil society, the private sector, knowledge institutions and government) operate in their specific contexts, the concept of "enabling" has different meanings.

Civil society

"Cities" are not their city governments; cities are their people. Communities and the range of non-state actors and organisations that constitute "civil society" are the central players in realising a democratic solution to the challenges holding back city transformation.

The Integrated Urban Development Framework (IUDF) proposes a number of local-level initiatives that are intended to create a space where government and civil society can engage (COGTA, 2016a). They include the following:

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- Completing the National Framework on Participatory Governance, which encourages properly funded, citizen-led, neighbourhood planning processes.
- Developing models for civic education, exploring training options and equipping community members with the necessary skills.
- Establishing and maintaining public participation forums at various levels.
- Building institutional capacity within municipalities (and government in general) to engage with civil society.
- Exploring co-production mechanisms for finding solutions to better deliver local government services.
- Developing a social media strategy for broad-based information and engagement by leveraging new and accessible technologies.
- Exploring mechanisms that allow civil society to play a bigger role in social services delivery.

These generic proposals do not necessarily speak to the practicalities and complexities that local and provincial government have to manage in everyday interactions with civil society organisations and citizens (especially the poor and marginalised). One example of these complexities is the process of in-situ upgrading of informal settlements, which requires constant hands-on participation by government, civil society groups and individuals. Despite 10 years of experience, this process often remains a purely technical exercise of providing infrastructure, and does not include assisting communities out of poverty.

A number of lessons can be learned from the in-situ upgrading process (Pieterse and van Donk, 2014):
1. Government needs to provide the best possible quality public infrastructure and social facilities for the most neglected residents, so as to acknowledge their status as citizens of the city.
2. Infrastructure investment needs to consider the landscape, cultural requirements and community practices.
3. People need to be involved from the beginning to keep citizens engaged, so that the project can have significance at the individual level.
4. Mechanisms need to be put in place to ensure that the community assists government in the maintenance and upkeep of network infrastructure and social facilities, especially in very dense informal settlements, so that the investment can continue to be of value to citizens.
5. Platforms for public deliberation, disagreement and contestation within the community need to be set up and maintained. These platforms also need to act as a means of accessing government and other opportunities that may exist.

Government cannot afford to treat all citizens and their representatives in the same way because communities have different needs and different expectations. Similarly, communities and their representatives cannot treat all government officials and associated political representatives in the same way: the strategy will be different for a representative of an electricity or water utility than for a planning official or a ward councillor. Communities need to know how best to "exploit" the strengths of the different representatives in order to obtain the maximum from the interaction.

The ability of poor and vulnerable groups to initiate and promote innovative collaboration may be limited. These groups are easily negatively affected by over-regulation, changes in municipal policy, lack of consultation and, in some instances, victimisation. They are stigmatised, and so any relationships forged between them and other role-players are, at best, fragile. Once trust is broken, re-establishing relationships and partnerships takes significant effort and commitment by all parties. In working with vulnerable groups, multiple actor partnerships may be useful in mediating the interests of the different stakeholders. However, because the majority of the urban population is poor, city governments need to make increased efforts to develop sustainable and pro-poor approaches to development in order to create cities that are more inclusive and resilient.

Private sector

The National Development Plan (NDP) highlights the need for South Africa to raise employment levels through productive growth that is faster and more inclusive. This can be achieved by (NPC, 2012: 109):

> raising exports, improving skills development, lowering the cost of living for the poor, investing in competitive infrastructure, reducing the regulatory burden on small businesses, facilitating private investment and improving the performance of the labour market to reduce tension and ease access for young unskilled work seekers.

As the NDP emphasises, these outcomes will only be achieved through building partnerships among the different role-players. These partnerships will take different forms, depending on the context and required outcomes. Three examples of partnerships involving the private sector are highlighted below.

The National Business Initiative

The National Business Initiative (NBI) is a well-established forum that provides a platform for the private sector to engage with other urban role-players. It is a voluntary coalition of South African and multinational companies that are committed to working towards sustainable growth and development in South Africa. In 2016, the NBI launched it NDP Voluntary Action Plan which aims to support the NDP's implementation through a call for business action. Currently, the NBI focuses on the themes of energy efficiency; climate change, water and the green economy; skills development; and networking with non-business entities on human rights, labour, environment, anti-corruption and inclusive growth.[3] The NBI refers to "shaping of a sustainable future through responsible business leadership and action", which reflects the well-entrenched notion of corporate social responsibility (CSR) within South Africa. Many large private sector firms have CSR projects that seek to have a broader social or environmental impact beyond their core business. This concept could be further broadened to include other role-players (e.g. civil society), so that initiatives "link together" and have a greater impact.

e-Waste Initiative

An example of a civil society/private partnership is the e-waste initiative between MTN (the telecommunications firm) and the GIZ (*Gesellschaft für Internationale Zusammenarbeit*, the German
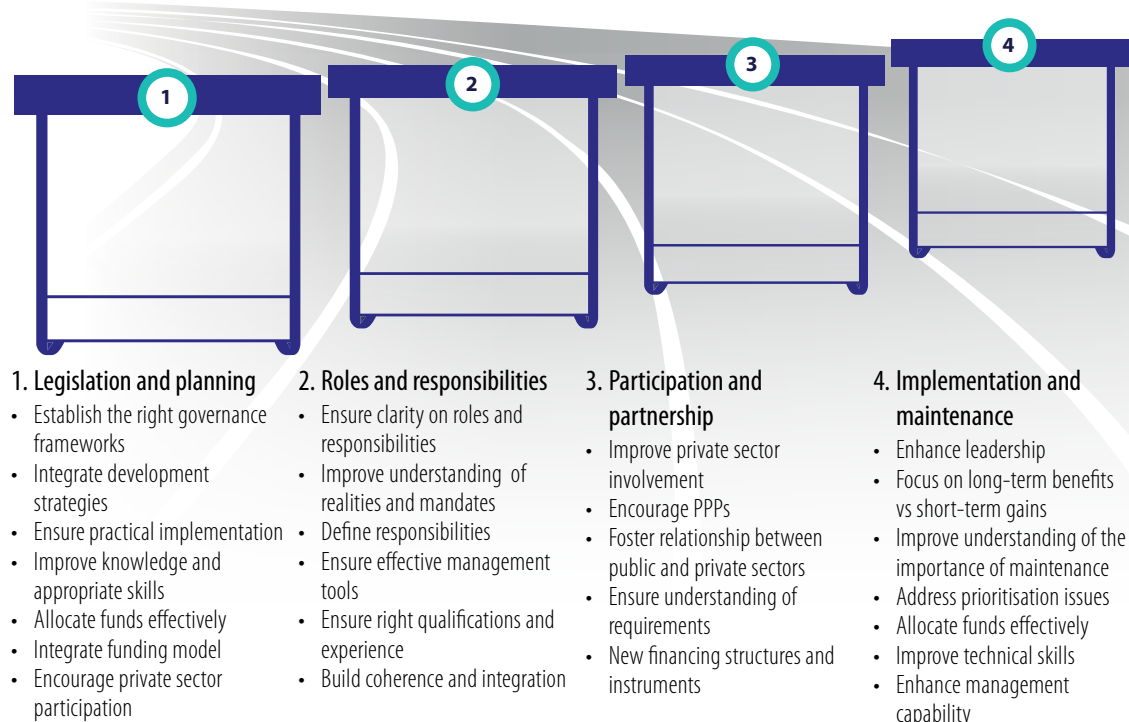
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development agency) that took place between 2011 and 2014. The aim was to recycle electronic waste by setting up collection points where citizens could drop off their old air-conditioning units, batteries, IT equipment, etc. that had reached their end, thereby providing a source of raw materials for small- and medium-sized recycling enterprises (GIZ, 2015). Eight e-waste collection points were established at MTN's high-volume repair centres countrywide.[4] In 2013, 469 tonnes of e-waste was dropped off for processing and recycling, but this dropped to 326 tonnes in 2014 because of shifts in citizens' habits following the economic downturn (e.g. instead of purchasing new handsets, citizens took existing handsets to be repaired). Other challenges included the capacity of the recycling enterprises and a lack of clarity in relation to e-waste legislation.

Infrastructure Dialogues

The Infrastructure Dialogues bring the private sector into a conversation with government and civil society regarding the provision of infrastructure. Initiated in 2009, the Dialogues are run by the NBI, the Development Bank of South Africa, the SACN, the Department of Planning Monitoring and Evaluation in the Presidency, the Economic Development Department and Cremer Media's *Engineering News*. The purpose of the Dialogues is "building awareness of the problems and opportunities presented by widening access to public infrastructure" (Infrastructure Dialogues, 2015: 2). The Dialogues provide a platform for building trust and a common understanding among stakeholders through discussions that cover a range of focus areas (Figure 8.3).

Figure 8.3: Summary of key Infrastructure Dialogues themes discussed 2012–2015

1. Legislation and planning
- Establish the right governance frameworks
- Integrate development strategies
- Ensure practical implementation
- Improve knowledge and appropriate skills
- Allocate funds effectively
- Integrate funding model
- Encourage private sector participation

2. Roles and responsibilities
- Ensure clarity on roles and responsibilities
- Improve understanding of realities and mandates
- Define responsibilities
- Ensure effective management tools
- Ensure right qualifications and experience
- Build coherence and integration

3. Participation and partnership
- Improve private sector involvement
- Encourage PPPs
- Foster relationship between public and private sectors
- Ensure understanding of requirements
- New financing structures and instruments

4. Implementation and maintenance
- Enhance leadership
- Focus on long-term benefits vs short-term gains
- Improve understanding of the importance of maintenance
- Address prioritisation issues
- Allocate funds effectively
- Improve technical skills
- Enhance management capability

Source: Infrastructure Dialogues (2015: 3)

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4   *https://www.mtn.com/sustainability/ecoresponsibility/pages/ewaste.aspx*

The Infrastructure Dialogues attempt to create an enabling framework for cooperation and understanding among the critical role-players in relation to infrastructure provision. While the Dialogues have succeeded in creating a space for discussion, its impact is limited to a relatively narrow set of institutions. It is also a voluntary initiative and does not actively structure (or intervene in) the partnerships among stakeholders.

For private sector, government, knowledge institution and civil society partnerships to be successful, the various role-players each need to take cognisance of one another's respective goals, capabilities and interests. There needs to be a solid rationale (e.g. business case) and clear benefit for the parties involved. For example, when promoting a vision for the city or the redevelopment of given precincts – be it improving public open spaces, promoting public transport or capturing land value projects – the outcomes must also speak to the concerns and needs of business. One of the reasons for the success of the city improvement districts (CIDs) in cities such as Cape Town and Johannesburg is the emphasis placed on building robust partnerships between the various stakeholders, and incorporating the concerns of the private sector.

Knowledge institutions

In its preamble, the Higher Education Act (No. 101 of 1997) states that higher education institutions must "[r]espond to the needs of the Republic and the communities served by the institutions". Therefore, universities have developed community outreach initiatives that engage with civil society, the private sector, government and citizen in diverse ways. At the University of Cape Town, for example, the UCT Knowledge Cooperative[5] provides a way for communities and civic organisations to access knowledge, skills and resources within the university. The university, in turn, finds the best staff and students to assist with community projects. Initiatives include setting up websites and blogs, screening and training foster mothers (as part of cluster foster care initiatives) and assessing programmes (e.g. alien vegetation removal and juvenile prisoner reintegration programmes). This approach benefits both parties: the communities and civic organisations get expertise and enthusiastic students that make small (yet sometimes significant) contributions to meaningful initiatives, while universities gain practical experience and can test their theories. Nevertheless, many university interventions tend to be isolated and have limited impact. There may be space for a more coordinated relationship with civic organisations, the private sector or government that assists in solving structural gaps experienced by civic organisations in serving their communities.

In 2009, eThekwini set up the Municipal Institute of Learning (MILE) in collaboration with the Durban University of Technology, the Mangosuthu University of Technology, the University of KwaZulu-Natal and a range of other government and civic organisations.[6]

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5   http://www.knowledgeco-op.uct.ac.za/kco/about
6   *http://www.mile.org.za/Pages/default.aspx*

MILE's strategic objectives are:

- To facilitate the enhancement of professional and technical capacity of local government professionals on the African continent.
- To position the eThekwini Municipality as a platform for innovating, learning and sharing with other municipalities, associations and networks, both locally and internationally.
- To leverage partnerships with tertiary institutions in order to promote collaborative research programmes that will ultimately improve the effectiveness of local government.
- To provide a municipal technical support service to other municipalities in an empowering and innovative manner.
- To coordinate the internal knowledge management agenda within the eThekwini Municipality.

The strength of this partnership is that it creates a forum where knowledge about good local governance can be shared through seminars, classes and on-line databases. This initiative could also be expanded to include the private sector and individual citizens in discussions around good city governance, while the outcomes of MILE could be incorporated into the planning process of eThekwini and other municipalities.

MILE is not the only research-driven initiative with a focus on cities. Another example is Urban LandMark, which was set up in 2009 with funding from the UK's Department for International Development (DIFD) in order to perform a "short term catalytic role" over seven years. The purpose was to understand urban land markets in South Africa with the intention of "making markets work better for the poor". Urban LandMark was organised around five broad activities: research, the dissemination of research findings, providing support, professional development, networking and advocacy.[7]

Early research exposed dynamic informal markets for the trading of land, shacks and houses that relied on social networks. Over time, Urban Landmark developed an incremental tenure model, whereby developmental interventions were linked to forms of tenure security that were appropriate for conditions in each settlement along a continuum to the full upgrading and freehold title. The approach focused on changing policies and procedures, not legislation. During the seven-year period, Urban LandMark produced many critical research and/or support documents, including:

- Understanding Township Economies and Commercial Property Markets
- Improving Access to the City through Value Capture
- A Guide for Municipal Practitioners on Managing Urban Land.

Despite being a small organisation with a limited budget, Urban LandMark fundamentally changed the discourse on tenure upgrade in South Africa, influencing policy and legislation. For example, the Spatial Planning Land Use Management Act (SPLUMA) (No. 16 of 2013) refers to the incremental upgrading of informal areas, or "the progressive introduction of administration, management,

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7   *http://www.urbanlandmark.org.za/aboutus/index.php*

emergency services, and land tenure rights to an area that is established outside existing planning legislation and may include any settlement or area under traditional tenure". Moreover, the development principles outlined in Section 7 of SPLUMA require that "land development procedure must include provisions that accommodate access to secure tenure and the incremental upgrading of informal areas". These additions to the Act would in all likelihood not have been possible without Urban LandMark's advocacy.

Government

In addition to calling for a coordinated multi-level, society-wide approach to urban development and governance, the IUDF (2016) identifies specific interventions that will enable city governments to implement their development mandate more effectively:

- Increase the **devolution of powers and resources to metro government**. The focus needs to shift from policy development and procedural (compliance-driven) initiatives to improving implementation of the current mandates and taking on new functions.
- Strengthen **intergovernmental relations** between the three spheres of government.
- Undertake "**big data analytics**" when planning and budgeting long term, so as to incorporate future growth and development trends in the city.
- Improve **fiscal management** in order to facilitate urban growth, and, at the same time, address **sustainable financing of metros** through increased own revenue, loans, grant and equitable share funding received from National Treasury (SACN 2015; 2016).
- **Rationalise the regulation and reporting requirements** placed on metro municipalities by provincial and national government, to prevent inefficiency and duplication of datasets and processes.

Corruption has also been identified as an obstacle to development in cities and can be addressed through the following proposed interventions (PARI, 2012):

- Enforce municipal compliance with regulations, laws and standard operating procedures (National Treasury's role).
- Pay close attention to the design and implementation of municipal administrative systems and work processes (anti-corruption efforts work better when focused on organisational development and institution building).
- Stabilise senior management in local government, ensuring that critical posts are filled and minimising the appointment of acting managers. In addition, clear guidelines are needed that define the relationship between managers and political office bearers.
- Reform SCM within municipalities.
- Enforce consequences for transgressions by municipal staff.
- Strengthen investigation processes into allegations of corruption.
- Provide support mechanisms for municipal accounting officers.

8

Public participation should be the foundation of government's interactions with other role-players and is primarily the responsibility of local government. According to Section 16(1) of the Municipal Systems Act (No. 32 of 2000):

> 16. (1) A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must for this purpose –
>
> a. encourage, and create conditions for, the local community to participate in the affairs of the municipality, including in –
>
>   i. the preparation, implementation and review of its integrated development plan in terms of Chapter 5;
>
>   ii. the establishment, implementation and review of its performance management system in terms of Chapter 6;
>
>   iii. the monitoring and review of its performance, including the outcomes and impact of such performance;
>
>   iv. the preparation of its budget; and
>
>   v. Strategic decision relating to the provision of municipal service in terms of Chapter 8;

Yet, despite this legislation and other policy guidelines, "meaningful and effective citizen participation is the exception. In reality participation is limited to symbolic and tokenistic attempts using consultative methods, reinforcing social exclusion and power disparities. Municipalities fail to create conditions, which enhance local abilities to effectively engage in development processes" (Khanya-aicdd, 2015).

Some of the reasons for the sorry state of public participation include the following (ibid):

- Role-players are not organised or in a position to participate meaningfully with local government.
- Local government does not have a clear vision of what effective public participation looks like or should be.
- Institutional support within municipalities is ineffective because of the lack of vision about which roles each department or staff member should play in supporting local government public participation processes.

COGTA is promoting a community-based planning (CBP) approach to address current shortcomings in public participation. CBP initiatives focus on (ibid):

- Improving the quality of integrated development plans (and associated local strategies) by incorporating information and perspectives from local citizens and role-players.
- Realising sustainable livelihoods within communities.
- Improving service delivery by updating sector plans with input from local citizens and role-players.
- Promoting community action around specific interventions, with the support of the local government.
- Promoting community control over development within a given jurisdiction.

From available information (ibid) the CBP approach has experienced certain challenges, notably:

• The process does not empower communities.
• The approach does not adequately address the provision of sustainable livelihoods for the poor in a given community.
• The process does not include all community stakeholders, which dilutes the impact of projects and initiatives agreed to during the community-based planning process.

CBP centres on the premise that public participation occurs when the community involved takes control of the development process, as shown in Arnstein's Ladder of participation (Figure 8.4).

Figure 8.4: Arnstein's ladder of participation
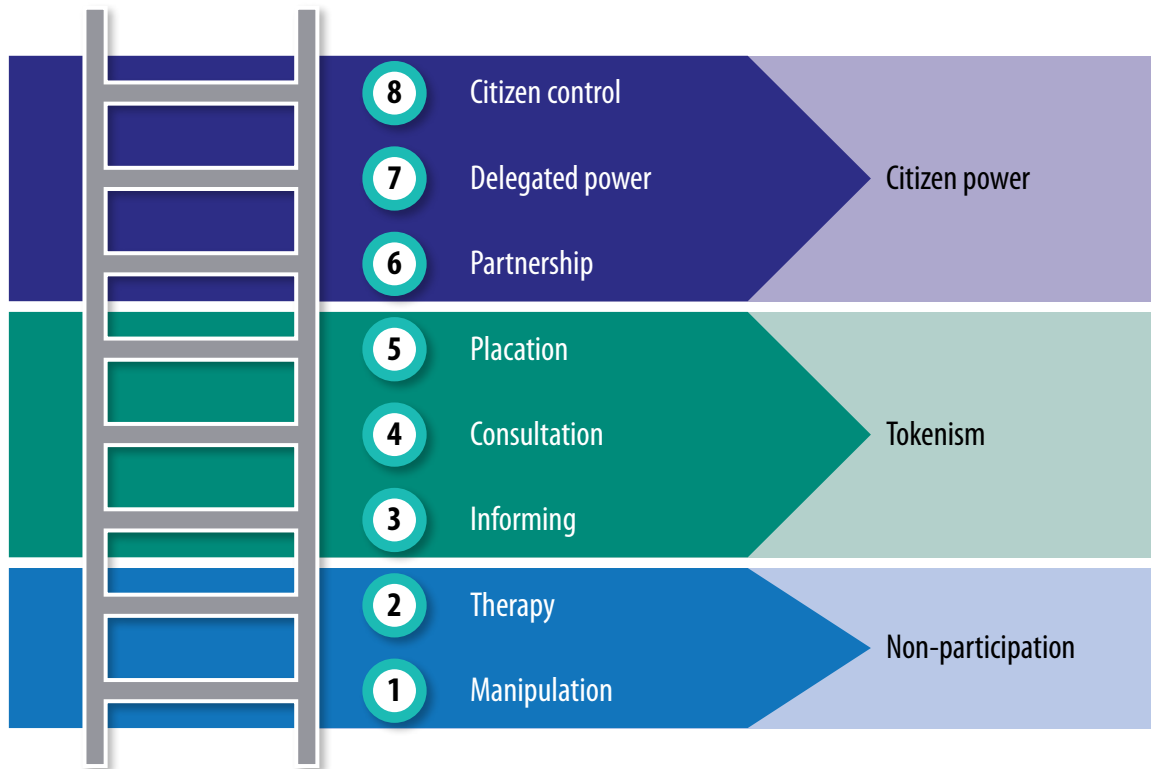
Source: Arnstein (1969)

Effective local government-led public participation is time-intensive, confrontational, and requires advanced skills in mediation and the capacity to compromise. The expectations placed on officials are onerous, while public participation processes tend either to include all relevant municipal staff (which is a waste of resources) or to use only specialist public participation officials and associated consultants (which runs the risk of excluding critical officials). Good internal communication is needed in order to get the balance right for a given public participation initiative. CBP must allow for a differentiated approach to public participation, which recognises that different communities and different role-players require different interactions and outcomes from local government.

The implementation of CBP through the ward committees increases the risk of political interference in projects and related funding, and so clear guidelines need to be given to local government politicians about their mandate.

A PARTNERSHIP-DRIVEN APPROACH

In a partnership, the parties have a level of independence but also the expectations that they will perform their assigned roles. From a government perspective, a partnership approach dilutes the expectation that government is the driver of development; instead, government becomes one of role-players who, together with other role-players, will realise a development.

The Organisation for Economic Cooperation and Development (OECD) describes partnerships as (Cloete, 2015: 4):

> Systems of formalised co-operation, grounded in legally binding arrangements or informal understandings, co-operative working relationships, and mutually adopted plans among a number of institutions. They involve agreements on policy and programme objectives and the sharing of responsibility, resources, risks and benefits over a specified period of time.

This broad definition includes most of the examples cited in this chapter. In the South African context, the different types of partnerships include (Cloete, 2015):
• Transversal partnerships, across silos, disciplines, departments, industries and value chains.
• Intergovernmental partnerships, which relate to partnerships between different spheres of government.
• Cross-boundary partnerships, which concern facilitating spatial change.
• Cross-sector partnerships or chains that relate to partnerships created among different role-players (civil society, private sector, knowledge institutions and government).

Partnerships are commonly used in economic development and can take different forms, including public-private partnerships (PPPs) and multi-stakeholder partnership (MSPs). PPPs are most often used in the construction of large infrastructure projects, and are defined by strict technical parameters and contractual arrangements. In contrast, MSPs are more informal agreements between different parties and can facilitate outcomes beyond economic development, e.g. those relevant to particular communities or that define the procedures and intent of a particular relationship (ibid).

Table 8.2 provides an assessment of the different partnership, as described above.

Table 8.2: The different types of partnerships used in South Africa

Interface	Synergies /shared interest	Contestations / tensions	Examples
Transversal partnerships			
	Bring together a range of disparate activities within or between institutions	Complexity Objectivity = paramount Multiple possibilities for complex problem-solving Fear of compromise	
Intergovernmental partnerships			
	Build a more efficient, knowledgeable and effective public service	Trust Defence of mandates Duplication of mandates Partnership management	
Cross-boundary partnerships			
	Develop marginalised areas and communities Bring together different government, private sector and civil society role-players Provide integrated sector approach to development Promote economic and social development	Trust Differing priorities Scale Project management Programme monitoring, management and coordination	Southern Cape Partnership
Cross-sector partnerships			
Public-private	Economic growth and development / large-scale infrastructure provision	Private interest (profit) versus public good Trust	Area-based: CIDs Sector-based: Infrastructure Dialogues; Dube Trade Port
MSP: Civil society–public	Poverty alleviation Local economic development Provision of social goods Improving the quality of environment Job creation	Maintaining accountability Allocation of limited resources Maintaining trust Managing expectations	Warwick Triangle
MSP: Knowledge Institutions–public / civil society	Knowledge sharing Problem solving Innovation Defining alternative development interventions to growth paradigm	Keeping partnerships relevant and productive Keeping focuses Access to Information Defining and maintaining roles between stakeholders Trust	MILE UCT Knowledge Cooperative
MSP: Knowledge institutions–private sector	Economic growth Revenue generation Innovation New patents Education	Differing priorities Differing institutional structures Interactions insulated from other role-players Trust	
Private sector–civil society	Job creation Accessing new markets Social responsibility Access to financial resources	Trust Capacity of civil society organisations Differing business capabilities Managing expectations	MTN/GTZ – E-waste Project

Source: Based on Cloete (2015)

8

According to Cloete (2015) a partnership approach is useful when the following occurs:

- The development challenges are beyond the abilities of a single role-player.
- Different, possibly conflicting, skillsets and ways of working need to function in concert.
- Structured relationships are needed in order to build trust among role-players and ensure that actions are executed.
- Solutions need to be designed and owned by all role-players within a partnership.

Based on these definitions, partnerships are useful tools for directing the transformation of South African cities. However, a possible challenge with a partnership approach is dealing with a number of different partnerships which may have different outcomes, and may be in conflict with one another (e.g. the impact of a large-scale infrastructure project, such as a highway, on a cooperative small-scale farm operating on reclaimed industrial land).

The breadth and nature of potential partnerships means that expertise is needed to guide role-players in establishing, managing and monitoring partnership processes. As the idea of a partnership approach becomes progressively more popular, having a neutral party to coordinate partners that might otherwise be in conflict is becoming increasingly important. One such initiative is the Western Cape Economic Development Partnership (EDP), which is a "non-profit independent company funded by national, provincial and local government". Its purpose is to "build, monitor, teach and support partnerships in order to improve the performance of the Western Cape's economic development system and to foster a more competitive, inclusive and resilient regional economy".[8] The EDP's four focus areas are: building partnerships, monitoring and evaluating partnerships, teaching partnerships techniques and practices, and supporting partnerships. Strategies used to build partnerships are transversal, intergovernmental, cross-boundary and cross-sectoral. Projects include agriculture and rural development, Regional Communicators' Forum, South Cape Business Partnership, Regional Economic Performance (OneCapeData & Economic Intelligence Consortium), Coordination of Local Economic Development, Partnerships for Economic Opportunity (research), Economic of Regions Learning Network (ERLN), Paarl CBD Partnership and Open Streets.

Partnerships provide an opportunity for institutions to innovate and do things differently in order to realise better outcomes (Cloete, 2015). Partnerships can lead to innovation that transforms cities in a positive manner but are only one component, as cities are dynamic systems of innovation.

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8   http://www.wcedp.co.za/introduction-to-the-edp

OUR CITIES AS DYNAMIC LOCAL SYSTEMS OF INNOVATION

The drive for innovation is much more than just the current "hype". In 1996, South Africa's White Paper on Science and Technology introduced the national system of innovation (NSI), as the enabling framework for South Africa's successful growth and development (DACST, 1996). Since then, the NSI has been a feature of South Africa's policy discourse, although mainly for those in the education, science and technology domains. The country has increasingly embraced a broader conceptualisation for the NSI, as shown in the Department of Science and Technology's 10-Year Innovation Plan 2008–2018 which refers to the "knowledge economy" and innovation-driven economic growth, and has an explicit focus area on human and social dynamics (DST, 2008). At the same time, innovation as the basis for socioeconomic advancement has been embraced globally. Cities that are driving growth and development need to be understood and positioned as strong local systems of innovation within this broader NSI.

"Cities are good at generating problems and the city fabric is problem rich. [...] But cities are also good at solving this multitude of difficulties" (Johnson, 2008: 149, 153). The agglomeration of large numbers of diverse people brings together different ideas, cultures and classes, and therefore different ways of doing things. The creativity of these citizens can solve the problems facing cities and nations, build new dynamic enterprises, and thus drive growth and well-being. A local system that enables such innovation would seek to identify interventions, processes and mechanisms that nurture the joint creativity of *all* role-players to maximise a city's problem-solving and entrepreneurial capabilities.

The "system of innovation" approach as applied to urban systems requires muddling through the mess of city relationships, as well as planning carefully and understanding the city's socioeconomic realities and processes. It is not about achieving a single outcome, but about creating an environment that enables a diverse range of outcomes to be achieved in context-relevant ways. To use a soccer analogy, the tactics and training are sorted out in advance but then have to be effectively applied, adapted and coordinated by the various team players in real game situations, so that the team can score its goals. In the case of a city, the "goals" are achieving a city that is productive, inclusive, sustainable, and well-governed, with citizens who are proud of their city.

Certain common characteristics of an "innovative city" have been identified (Johnson, 2008):
• A **creative class** that drives innovation (i.e. the human capital).
• The **lifestyle features** to attract and keep the creative class in the city, e.g. access to quality public services, opportunities for recreation, diversity and potential for higher incomes.
• An understanding of the **processes of innovation** in a city.
• **Political will and policies** that support innovation.
• Appropriate **institutional capacity**.
• Developed **knowledge infrastructure** – knowledge institutions, and information technology hardware and software.

8

The chapters in this State of Cities Report have identified all of these characteristics as necessary for South Africa's cities to be effective drivers of growth and development. However, it is also important to recognise the reality of regional and global competition. Essentially, cities that are most effective at harnessing their innovation potential will be more successful and attractive for knowledge workers and certain types of investment than other cities within the same country or abroad. Therefore, each city needs to understand itself, its location and differentiation within the larger system of cities. In this regard, the literature offers some guidance, proposing two definitions for the "innovation system":

- A narrow (and more popular) definition, where the focus is on enhancing research and development (R&D) activity, and promoting industries that use cutting-edge technologies to boost economic growth (Edquist, 2010).
- A broader definition, which focuses on innovation as anchored in the everyday routines and processes of firms or organisations, including procurement, production, human relations and marketing (Johnson and Lundvall, 2000).

While the narrow definition is important, the broader one expands the potential of the city as a local system of innovation. It allows the inclusion of a wide range of opportunities for finding new and improved ways of doing things that could ultimately lead to urban transformation. It also goes beyond only economic productivity, permitting innovative practices to address other critical outcomes, such as resource sustainability, poverty alleviation, the provision of quality public goods and services, good governance and built environment transformation. This may be more complex than the more simplistic, narrow, technological definition (e.g. requiring multi-level, multi-actor, multi-interest interactions) but is far more relevant to our cities and their already-complex realities.

As South Africa's local systems of innovation, cities should include all major role-players and ensure that the broader sub-national (provincial and rural) and national systems benefit from the agglomeration of potential in cities, thereby providing the foundation for country-wide development.

AN URBAN INNOVATION FRAMEWORK: for South African cities

The conditions of the narrow definition (Edquist, 2010) were used to develop a proposed urban innovation framework for South Africa, showing the key role-players and their areas of responsibilities (Figure 8.5). The allocation of responsibilities was guided by the assessment of what is either preventing or enabling implementation. This allocation was nevertheless subjective and is open for debate.

As local government is the focus, national and provincial government functions are excluded. The private sector includes both the informal and formal sector, while the knowledge institutions include both national and city institutions, and civic organisations include all such bodies.

Figure 8.5: An urban innovation framework for South African cities

Legend:
- ★ Primary actor
- ● Secondary actor
- ▮ (teal) Plays no role
- ▮ (blue) Key relationships

Conditions required within the city to foster innovation	Role-players				
	Local government	Private sector	Knowledge institutions	Civic organisations	Citizens
A creative class that drives innovation	●	●	★	●	★
Access to quality public services	★	★	●	●	●
Quality public spaces and opportunities for recreation	★	●	●	★	★
Diversity	★	●	●	●	★
Potential for higher incomes	●	★	●	●	●
Political will	★	●	●	★	●
Appropriate institutional capacity	★	★	★	★	
An understanding of the process of innovation in a city	★	★	★	●	●
Policy that supports innovation	★	★	★	●	
Develop knowledge infrastructure	●	★	★	★	★
Provision of funding and support to critical high value economic sectors	●	★	●	●	●
Competence building	★	★	★	★	
Formation of new products		★	★		
Articulation of quality requirements for products		●	★	●	
Networking through markets and other mechanisms	★	★	★	★	★
Incubating (nursing) innovative activities	★	★	★	●	

Achieving most of the conditions requires the coordination of role-players with significant responsibilities. For instance, "an understanding of the process of innovation in the city" will require the primary role-players, i.e., local government, the private sector and the knowledge institutions, to share knowledge and understanding, and cooperate and coordinate their actions. Figure 8.5 suggests that these three role-players can drive innovation and, by extension, city transformation.

8

OVERALL RECOMMENDATIONS

Urban spaces need to be productive, sustainable, well-governed and inclusive in order to spatially transform South Africa's cities. Such spaces have to be more compact and denser, with mixed-use and multi-nodal spaces, where most people prefer to use public and non-motorised transport than to use their private vehicles. The built environments must be equitable spaces of high quality, especially with regard to the public environments and streetscapes.

The built environment will require a strong productive city economy able to attract, retain and develop firms and entrepreneurs with a stable or rising market share. In addition to economic development, the city must grow economic participation, create employment and improve the quality of life of residents. Interventions need to focus on building on existing locational and business advantages, and creating new opportunities for excellence in formerly marginalised locations.

Existing socioeconomic relationships must be overhauled, and certain principles entrenched within the city in order to realise change in the built environment, the economy and in society. These include flexibility to: meet different socioeconomic needs, resist populism, enable the poor to develop pathways out of poverty, conserve natural resources (especially water and minerals), protect biodiversity, promote environmentally sensitive forms of development and view stakeholder engagement as a process. In addition, local government administrative processes need to be reformed.

The legacy of non-implementation of development strategies needs to be addressed. The causes of non-implementation are many and include: entrenched nature of poverty and inequality, high unemployment, low economic growth, the ideology that government will provide, and the perception that government, particularly local government, is failing to provide, which, in turn, has manifest in frustration and anger. As a result of these conditions, there has been a failure in public participation with city role-players that has either become too routine or is not taking place at all, or is the consequence of a breakdown in trust on ideological and/or practical grounds. In relation to constraints to economic growth, these include: restrictive labour laws, low levels of skills, length of time to register a business and undertake associated government processes such as planning, and increased levels of corruption. Two other major constraints are failures related to the provision of public services, particularly in relation to water and power, and the complexity inherent in the built environment.

The activation of all role-players will be necessary to address these constraints. Government cannot address the extent and nature of the urban challenge by itself. Increased responsibility needs to be given to other role-players, since spatial transformation requires coordination and the active intervention of government, the private sector, knowledge institutions and civil society. Generic actions and conditions that need to be realised by all parties include building trust, ensuring consistency in communication, developing the ability to compromise and fostering cooperative space for mutual engagement as well as the realisation of goals on time, to budget and to the expectations of all role-players.

Currently there are initiatives and policy intentions that seek to increase the impact of the interventions of each of the role-players in transforming cities for the better. Examples of enabling interventions are summarised in Table 8.3.

Table 8.3: Enabling interventions by role-player group

Civil society	Strategies need to be developed to involve civil society in public infrastructure provision, maintenance and operation.
	Civil-society organisations need to be far more strategic in their engagement with government, knowledge institutions and private sector role-players.
	The engagements should be of a range of different forms, from forming partnerships to improving the process by which bills are paid.
Private sector	Public private partnerships.
	Multi-stakeholder partnerships.
	Maximise the impact and reach of social responsibility initiatives.
	Consider the role of the private sector in addressing socioeconomic inequality in South Africa.
Knowledge institutions	Knowledge institutions need to continue driving innovation and research on a project-by-project basis, in collaboration with other role-players in the city, and to engage with critical issues facing cities.
	Funding of urban research for such initiatives is a major hurdle which needs to be overcome.
Government Interventions	Improve city government-led public participation.
	Institutional capacity to fulfil public participation mandate needs to be developed.
	The best possible quality public infrastructure and social facilities need to be provided to the poor, especially those living in informal settlements, so as to acknowledge residents' status as citizens of the city.
	City government needs to be given the powers and functions to undertake better engagement with other role-players and to ensure improved better service delivery.
	Local government needs to improve its relationships with state-owned entities, the province and national government in order to realise a better governance model.
	Local government fiscal management needs to be improved, especially in relation to combating corruption. Interventions include reforming SCM processes, sanctioning transgressors, providing support to accounting officers, and limiting political intrusion into financial decisions and administrative processes within local government.
Cooperation between role-players	All role-players need to build networks between other role-player groups in the city. Engagements must be informal, formal and frequent.
	Local government, the private sector, civil society and citizens need to develop tools and approaches for educating each other about how society should function (e.g. government needs to keep other role-players up-to-date on changes to administrative process and what this means for them).
	Social media platforms need to become an essential part of communication among the role-players.
	In order to improve economic growth, the cities need to raise exports, improve skills development, lower the cost of living for the poor, invest in competitive infrastructure, reduce the regulatory burden on small businesses, facilitate private investment and improve the performance of the labour market. A single group of role-players cannot achieve these goals by itself and needs the support and active interventions of other role-players in the city.
	There is a need to move from isolated examples of cooperation between role-players to a joined-up approach to interventions so as to maximise the impact of cooperation and to build trust between parties. Cooperation is a long-term game, and city society is complex.
	Different role-players have different strengths and weaknesses and different networks. This is true for the private sector, which would be more willing to engage if initiatives directly or directly benefited the firms concerned.
	Data collection, data analysis and distribution analysis are critical actions to aid implementation and coordination.

8

Ensuring city transformation through cooperation and coordination among role-players will require significant innovation and deviation from the status quo. The chapter recommends that in order to realise these outcomes cities need to develop and embed dynamic urban systems of innovations in the messy reality of urban life.

An urban system of innovation is defined as interventions, processes and mechanisms to nurture the joined-up creativity of role-players to maximise a city's problem-solving ability to realise economic, social and built environment transformation. In the South African context, an urban system of innovation cannot focus solely on economic growth and technological advancement; it also needs to consider innovation in relation to eradicating poverty and addressing inequality, governance, resource use, climate change and the myriad of challenges facing the cities. A dynamic system of innovation, while characterised by many different individual actions and projects, would need to be bedded down by an overarching common intent, which all role-players concerned would agree to. Associated to the intent would be a plan that would, in turn, drive the individual actions.

8