



Cooperative Governance
Traditional Affairs

THE INTEGRATED URBAN DEVELOPMENT FRAMEWORK

Context and Implementation Approaches

**Input to LED Conference
9th November 2017**

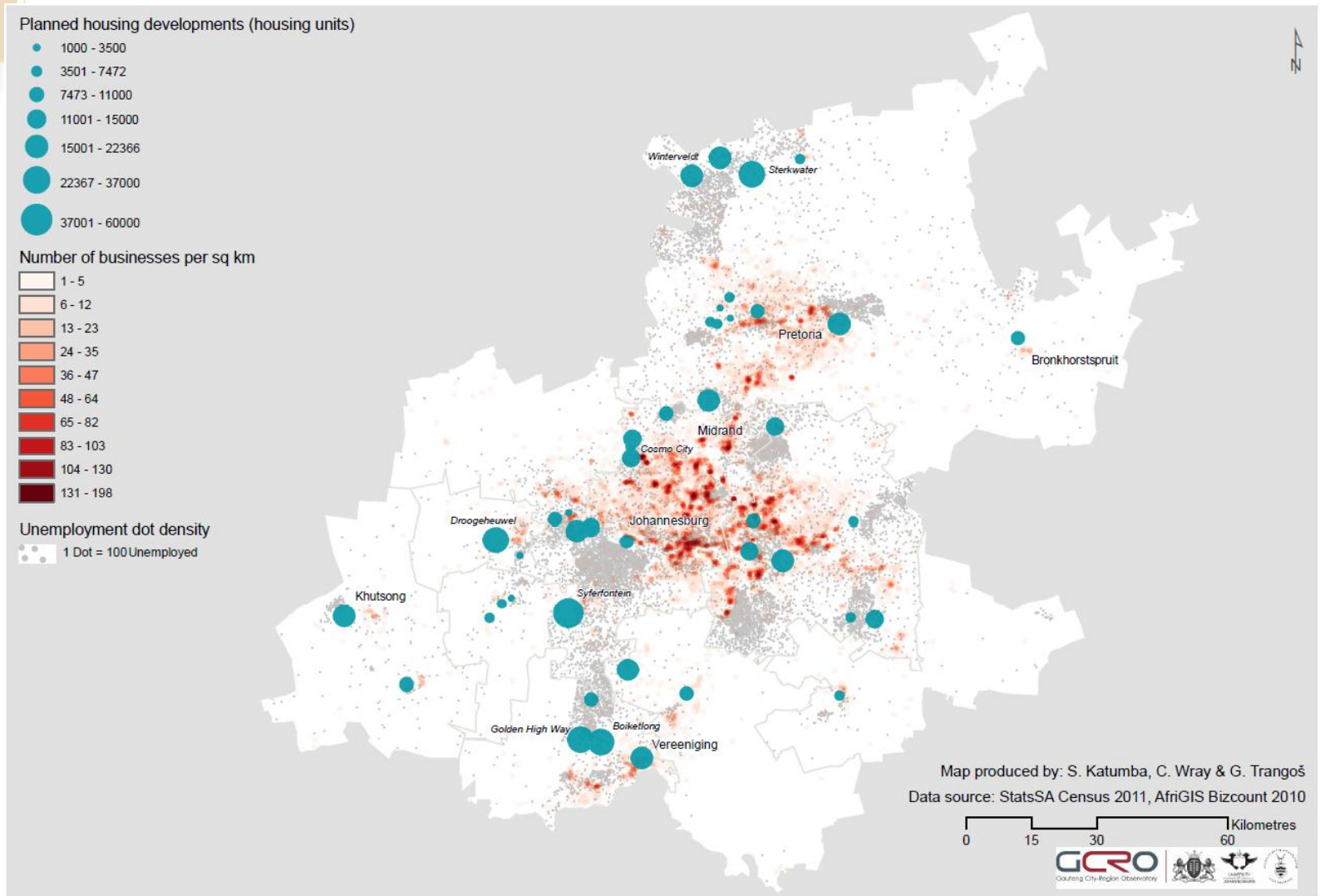


1 South Africa is urbanizing rapidly

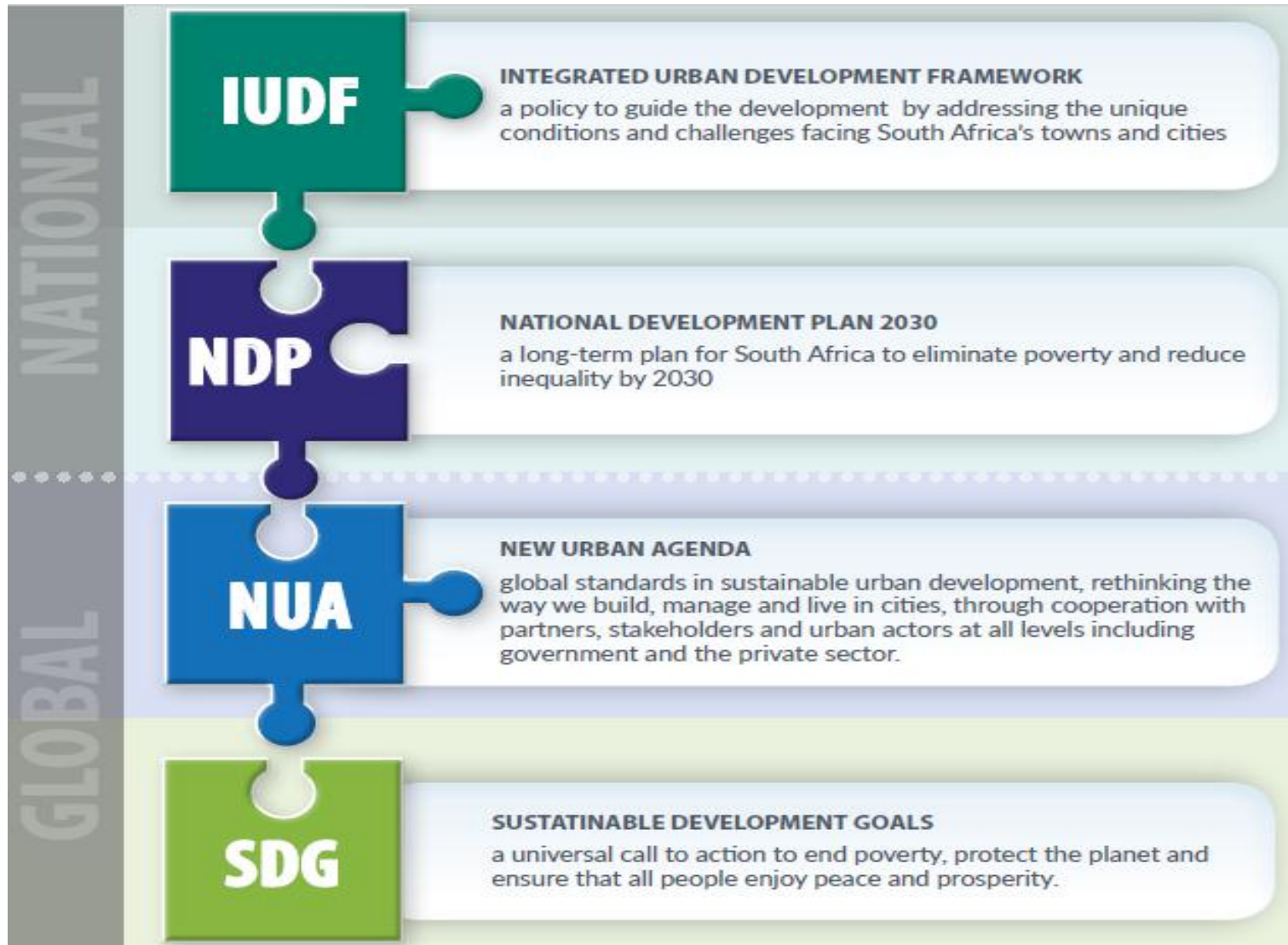
- 63% of South Africans already live in urban areas
- This will rise to 71% by 2030
- By 2050, 8 in 10 South Africans will live in Urban Areas
- Places increasing demand on basic infrastructure requirements



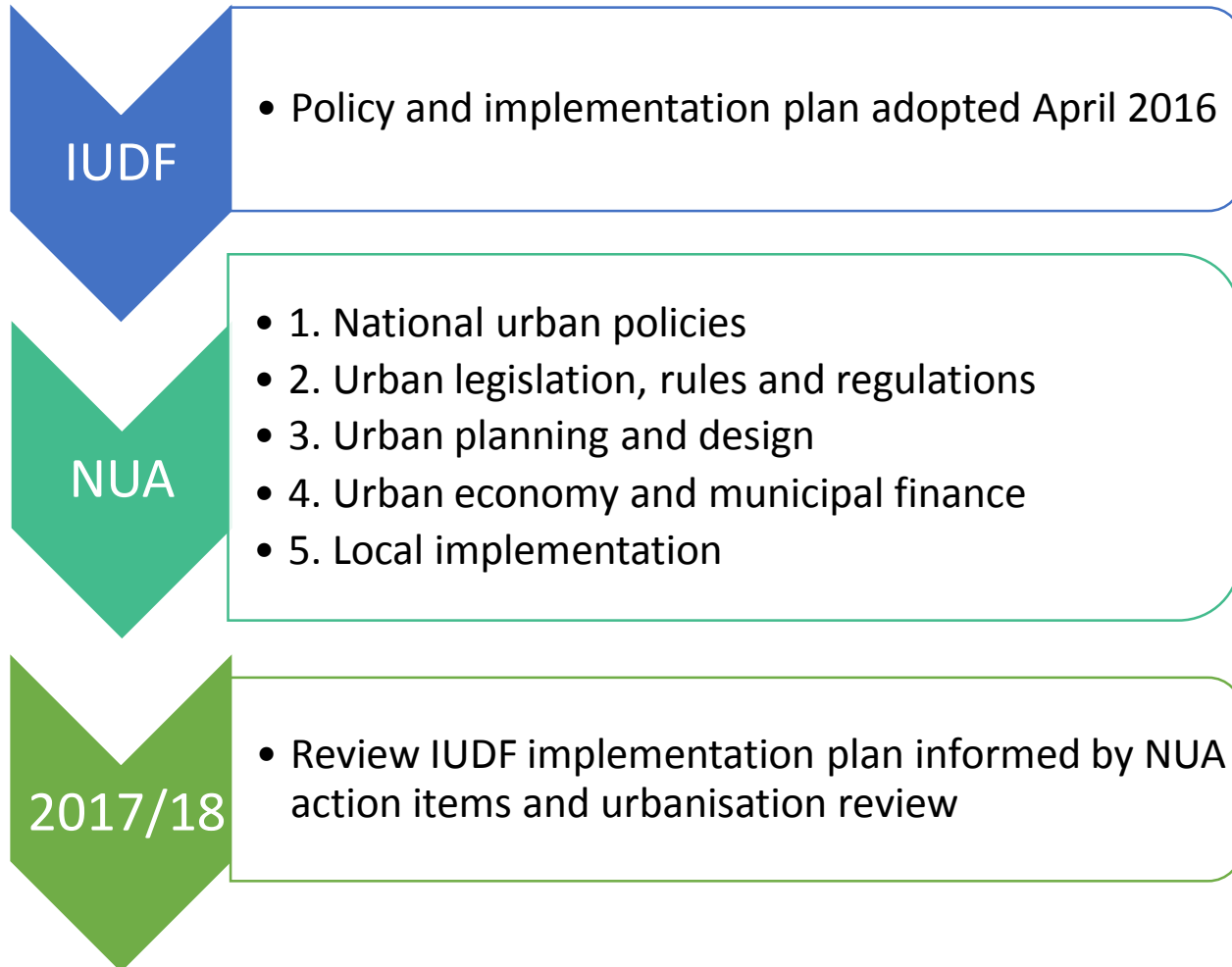
Housing location vs. economic opportunity



Alignment of planning instruments



Alignment of planning instruments



Spatial
integration

Inclusion &
access

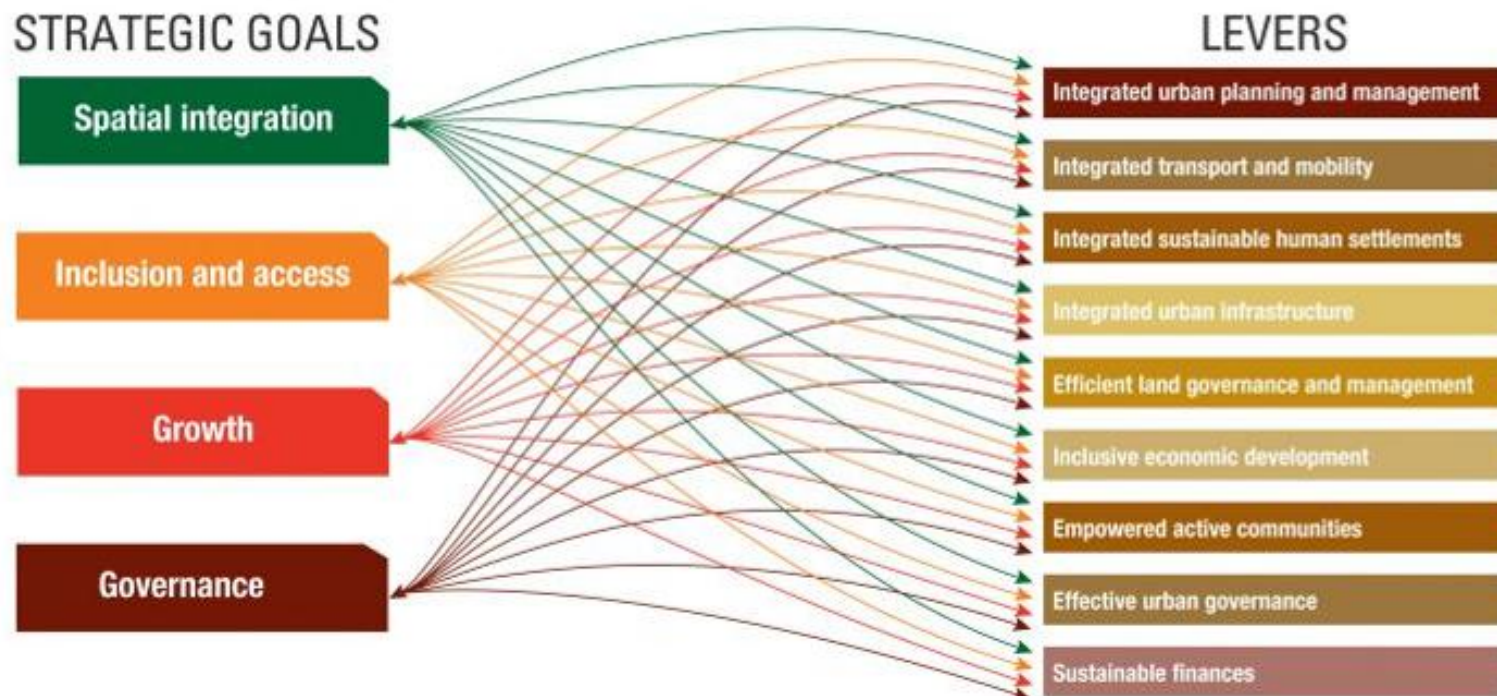
Growth

Governance

The creation of more **compact, spatially integrated cities** through spatially aligned **public and private sector investment** will create more **efficient and functional** urban environments, which will make the **opportunities** of cities more **accessible** and **lower the costs** of doing business, thus enabling **competitive enterprises** to **create jobs** and bring **investment**.

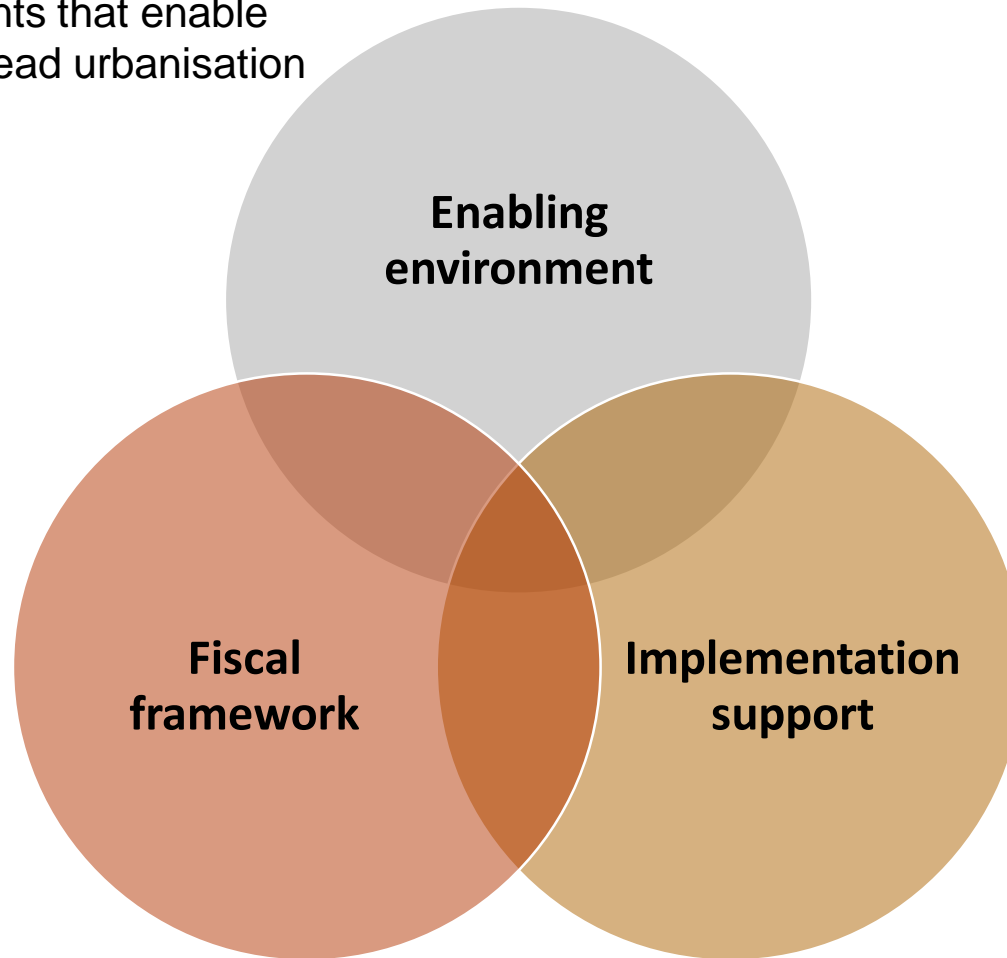
IUDF levers

The IUDF levers focus on the key drivers of change in urban system, and are the framework for organising government's support for urban municipalities



IUDF approach

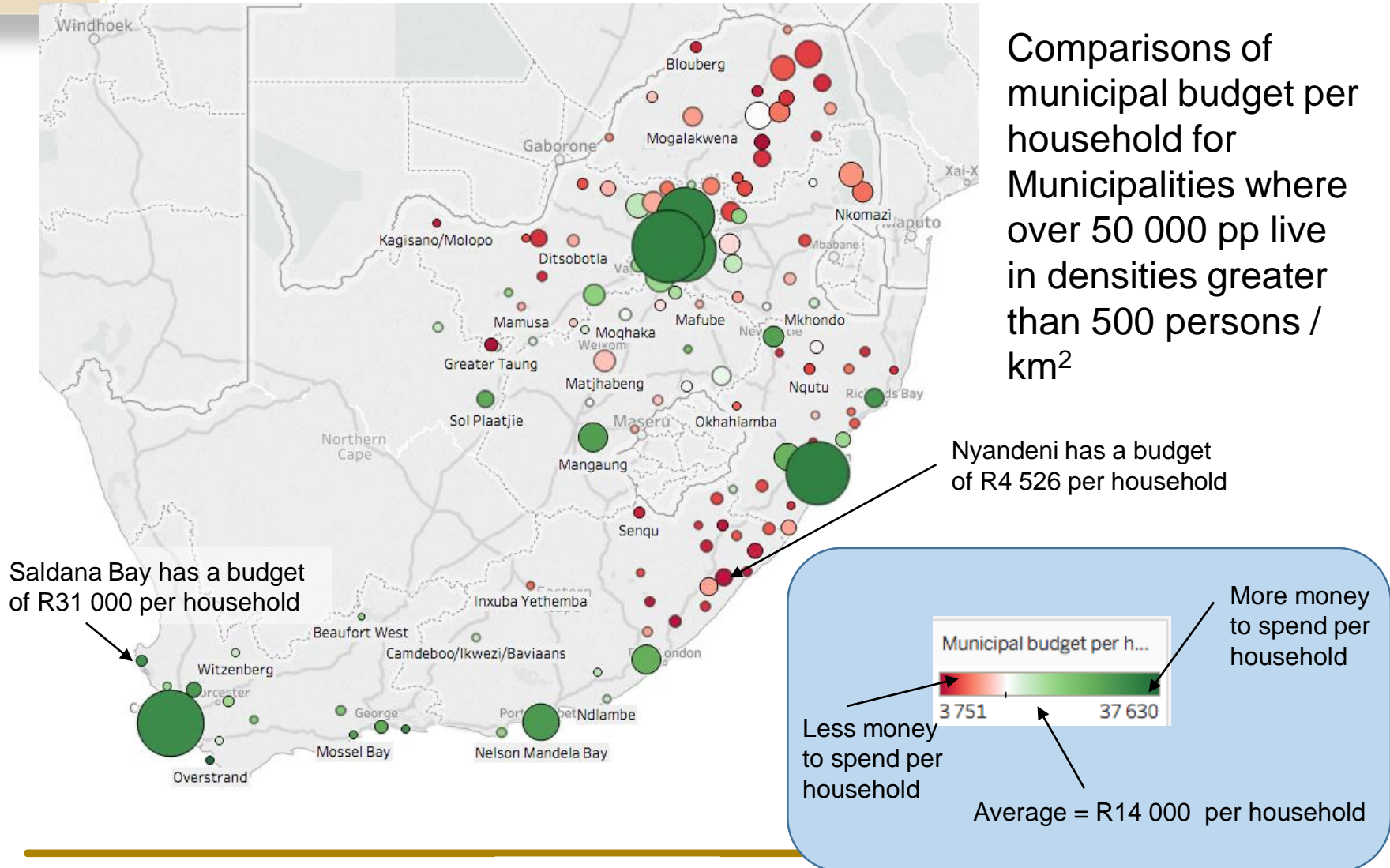
Policies and planning instruments that enable cities to lead urbanisation process



Restructured system of inter-governmental grants that incentivise cities to focus on outcomes and leverage other sources of finance

Technical assistance to compile long term spatial plans, prepare infrastructure investment programmes, finance and implement them and monitor their implementation

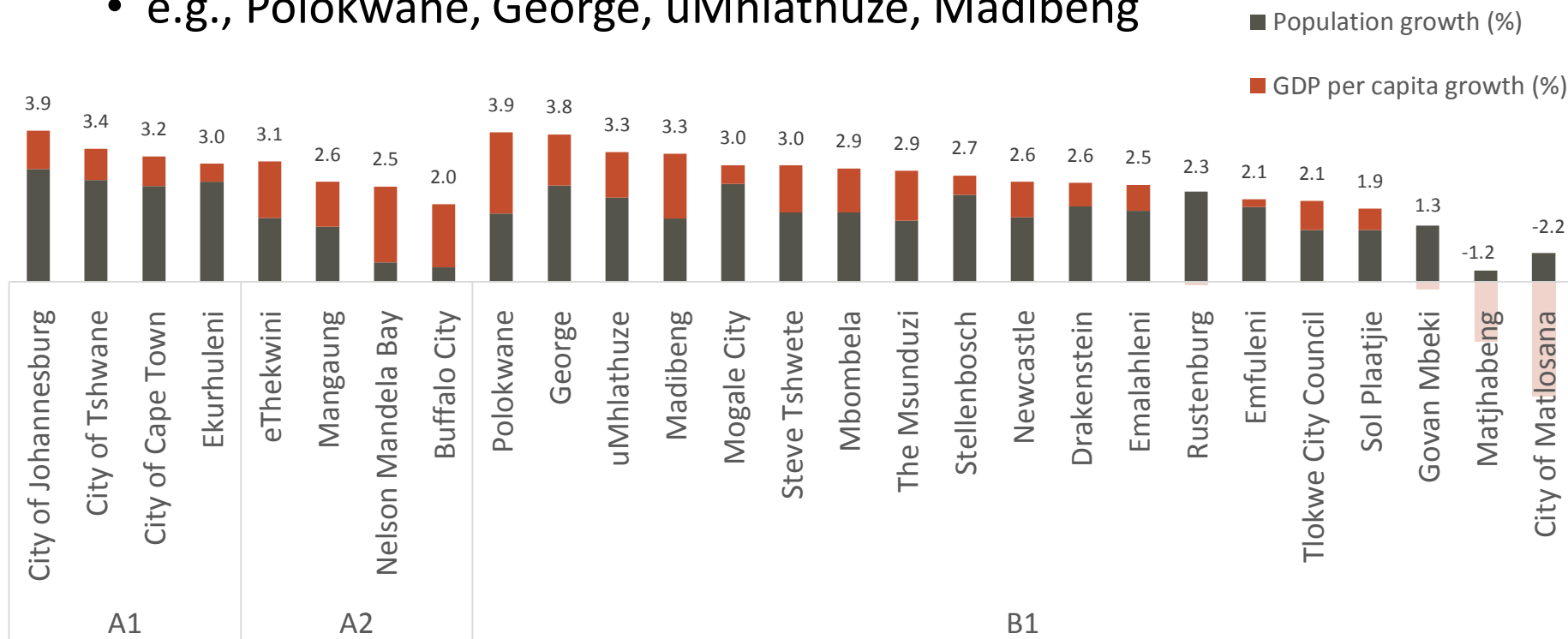
Different capacities to respond



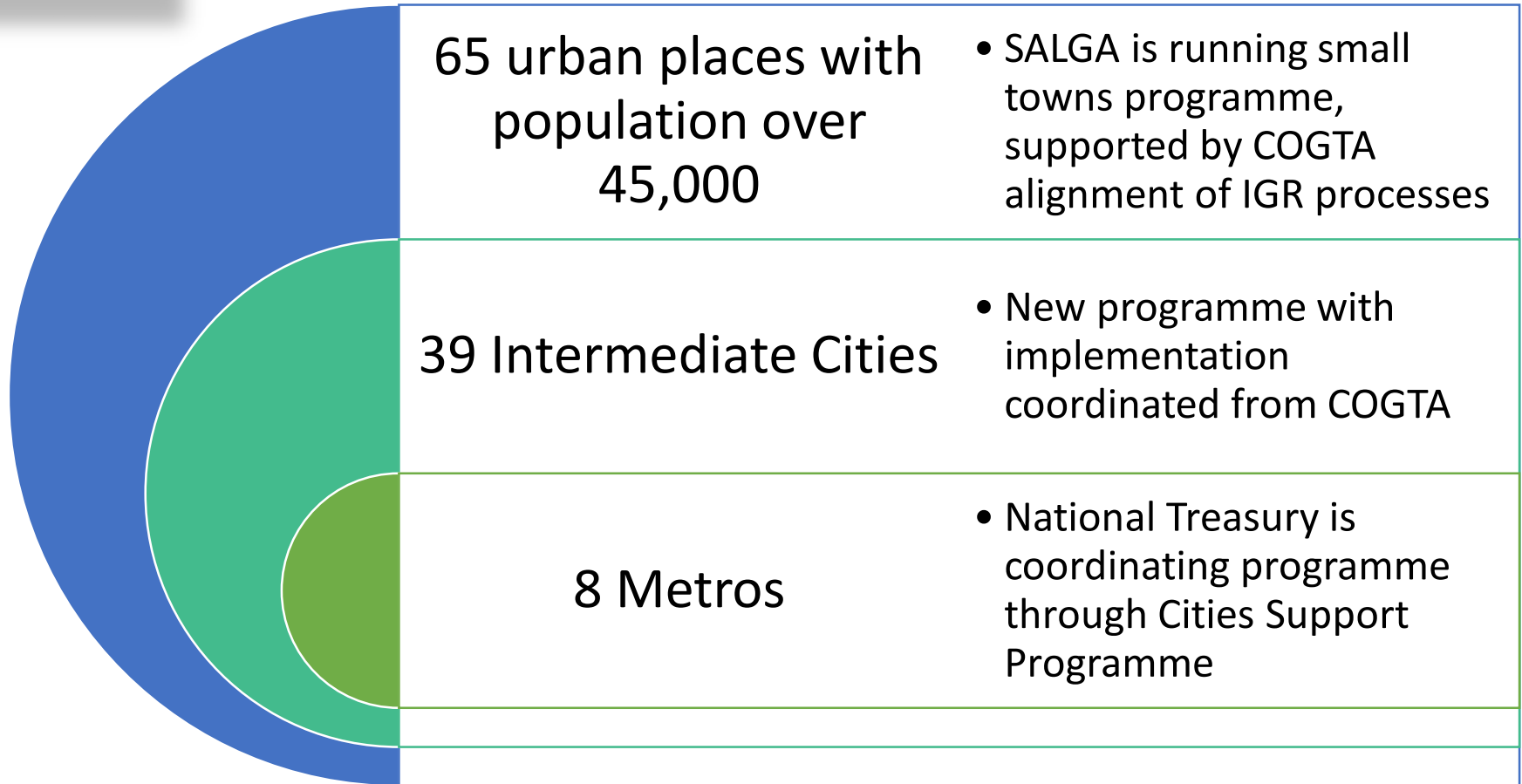
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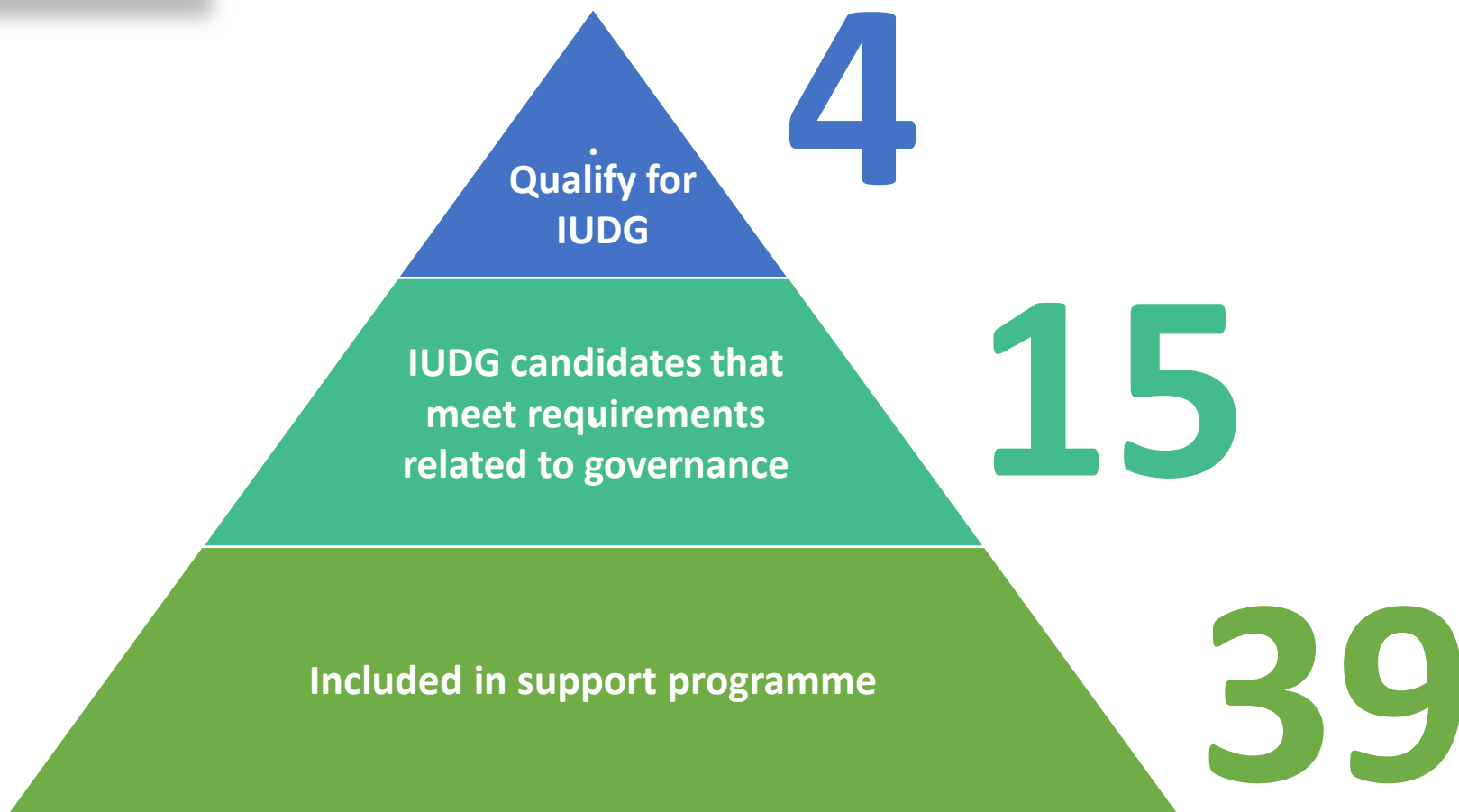
Differentiated approach

- **Faster pop. and slower GDP p.c. growth in all A1 metros vis-à-vis A2 metros**
- **Rapid pop. and GDP p.c. growth in certain secondary cities**
 - e.g., Polokwane, George, uMhlathuze, Madibeng



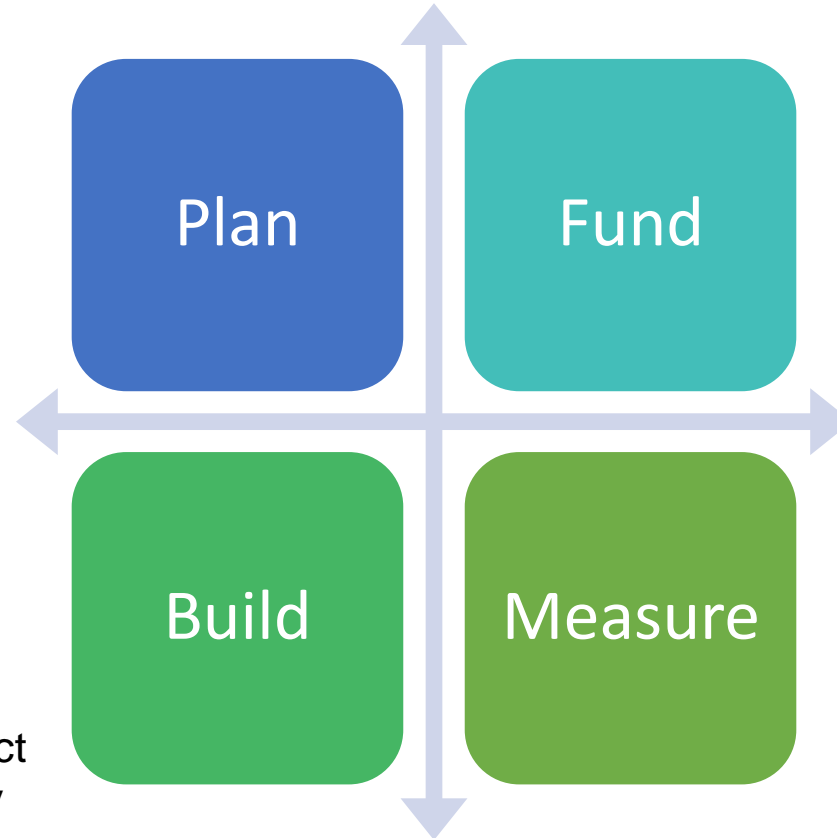
Differentiated approach





Identify spatially catalytic projects and deepen spatial alignment of public & private investments through SDFs i.t.o. SPLUMA

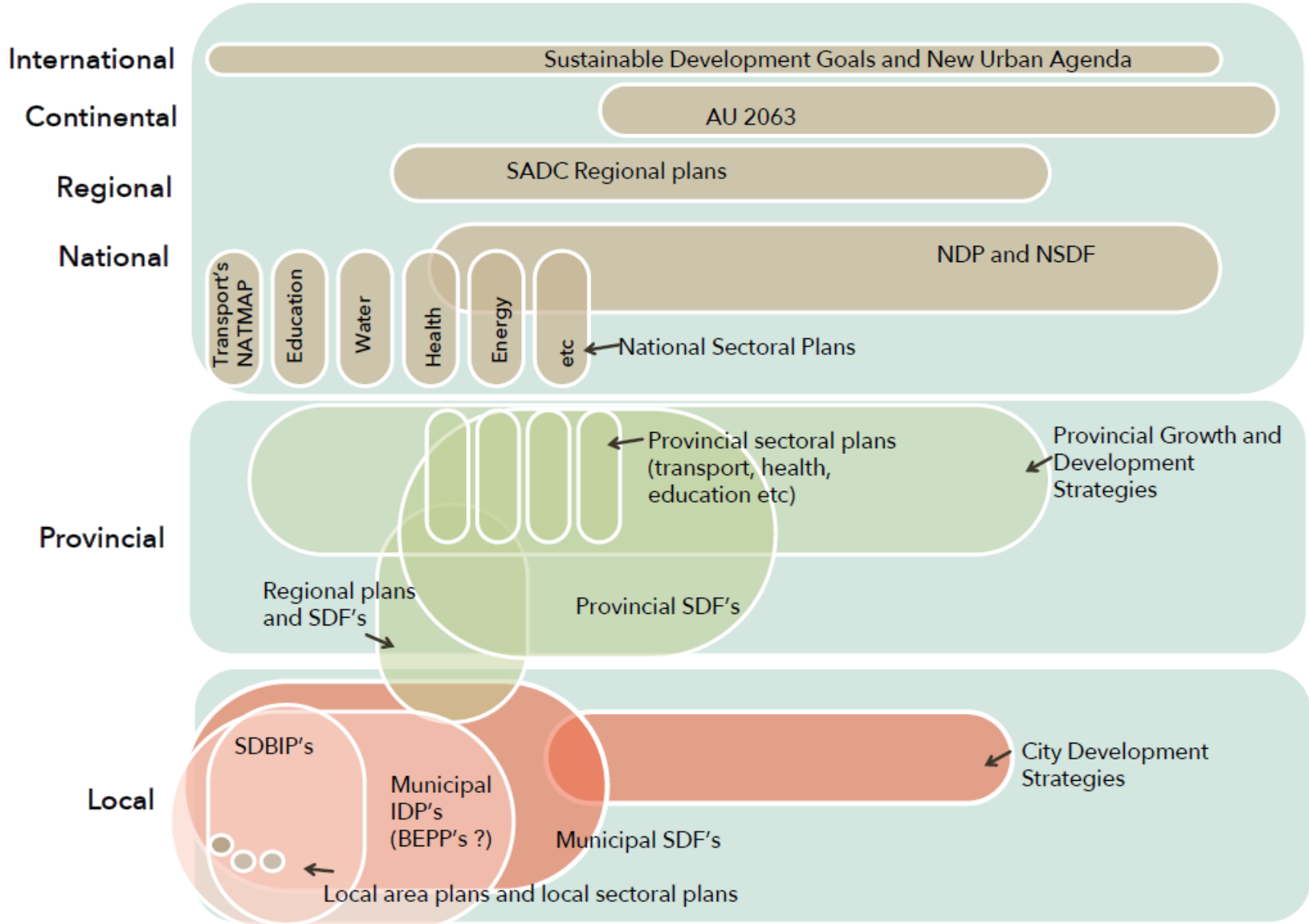
Build capacity to manage large capital projects, including integrity of SCM processes and contract management capacity



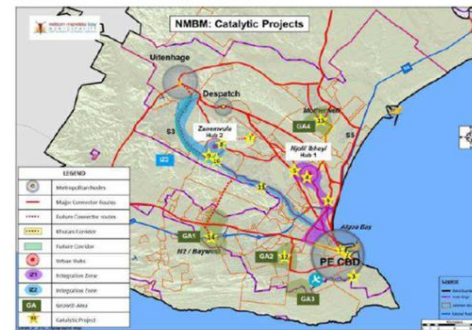
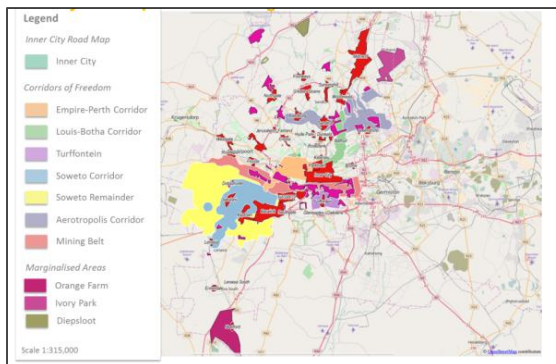
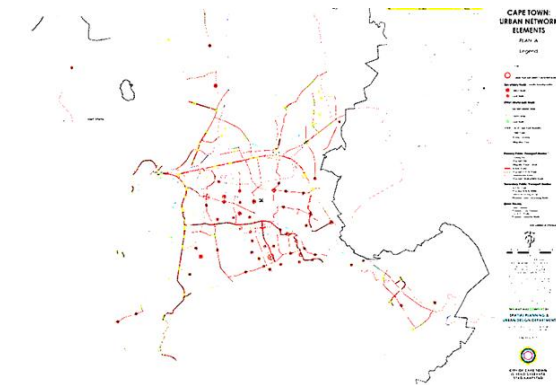
Capital Expenditure Framework linked to SDF and LT financial strategy, supported by restructured infrastructure grant and strengthened borrowing capacity

Extend reporting reforms to intermediate cities and focus city level reporting on limited set of outcome indicators

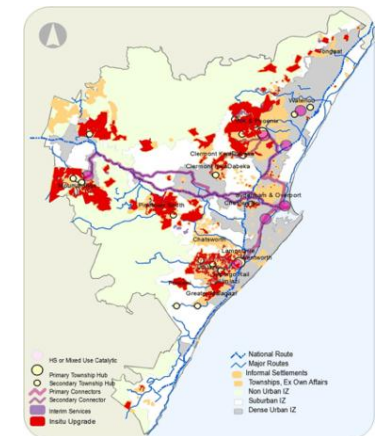
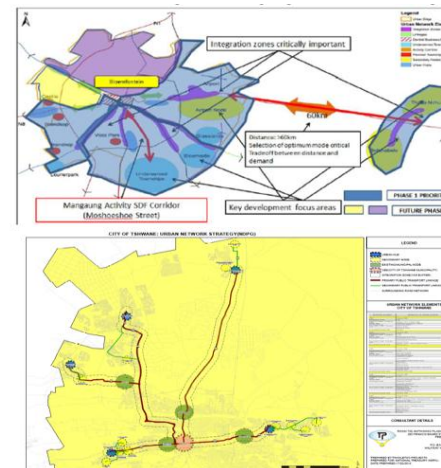
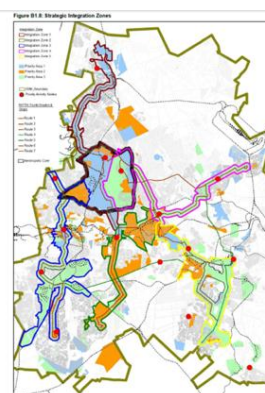
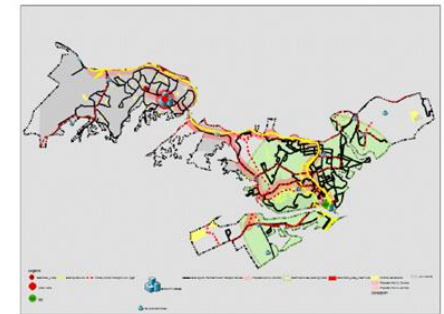
Overview of SA's planning framework



- Align government and private sector investment around common spatial vision and long term spatial plan
- SPLUMA provides legal framework for local Spatial Development Frameworks that encompass BEPPs



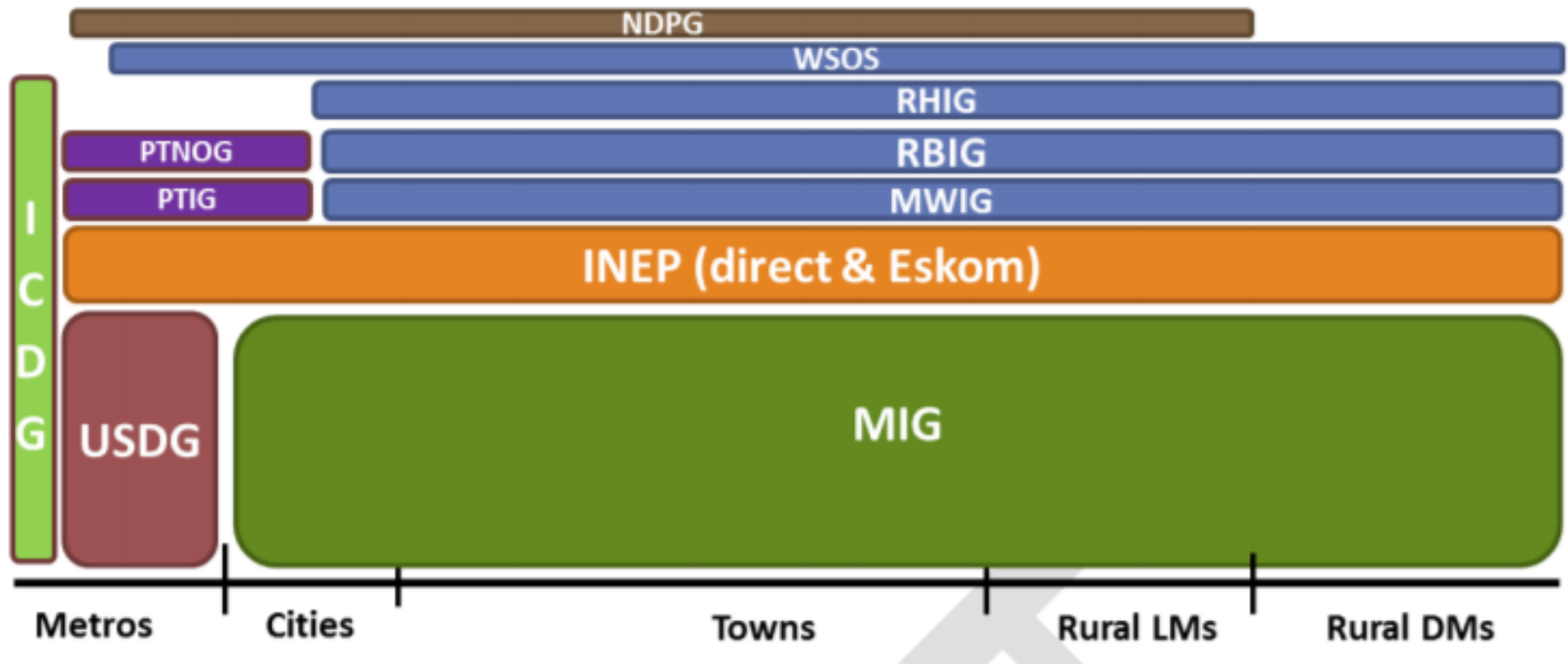
Source: NMBM, 2016



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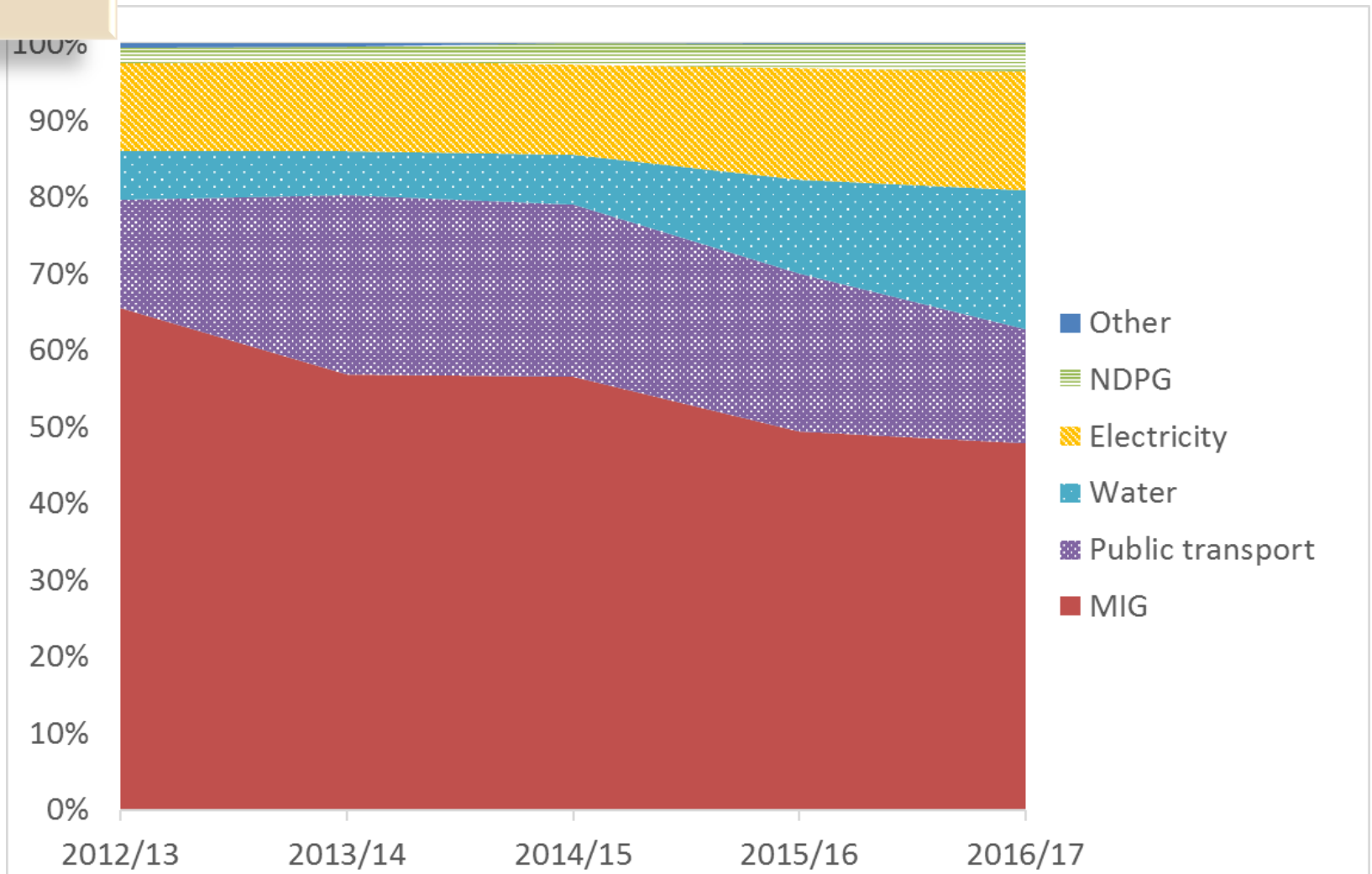
Review of LG infrastructure grants

Fragmented system of project based infrastructure grants limits municipalities' ability to plan strategically and leverage multiple sources of finance



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Changing proportion of infrastructure grants



1. Increased **consolidation** of infrastructure funding
2. **Programmatic monitoring** against a Capital Expenditure Framework that is aligned with a sound Spatial Development Framework
3. An **incentive portion** that rewards performance
4. **Minimum conditions** for accessing the grant
5. Situation of the grant within a **support programme**

Spatial transformation and industrial policies are closely linked

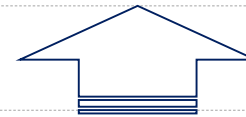
The Problems

Spatial disparities

- South Africa has entrenched spatial disparities, both within cities and across regions.

Jobs challenge

- It also has a serious jobs challenge, which will require raising productivity through improved competitiveness.



The Tools

Targeted spatial industrial policies

- Many countries use targeted spatial industrial policy, such as SEZs, to unlock constraints to investment and job creation in and around cities.



Agglomeration economies around cities

- Cities provide opportunities for job creation and income growth if regions can leverage agglomeration economies.



Effective intergovernmental coordination

- Maximizing regional growth requires effective coordination among national, provincial, and city-level in developing and implementing regional development programs.

1. Premises

- Agglomeration economies via cities create significant gains in productivity.
- Industrial policy and spatial development need to be aligned.

2. Roles of SEZs

- SEZs can play a role in promoting jobs
- They tend to be most successful in urban locations as they rely on supply linkages.

3. Complementary policies to fully utilize SEZs:

- Integrating and connecting zones with urban areas
- In rural areas, leveraging agribusiness and processing value chains

4. Coordination is the key

- Strengthening coordination among key stakeholders – especially, national, provincial and city government – around SEZs is critical.

An aerial photograph of a suburban neighborhood. In the foreground, there are several houses with light-colored roofs and some greenery. A road or path runs through the middle ground. In the background, a large, grassy hill rises under a clear blue sky. The text "Thank you" is overlaid in the upper center of the image.

Thank you