

## 5. Conclusion

**T**

his document answers a critical question: What will Buffalo City offer a child born today in Mdantsane or in rural Matatiele in 20 years time? It sets out a strategic approach on how we can assure that such a child will have access to a dignified quality of life, be equipped with the right skills and have access to quality employment. The BCDS answers this question with a degree of honesty that suggests the BC city-region cannot only do one magical thing – but has to succeed in a range of important initiatives. In addition the BCDS creates a tension with the existing policies in plans impacting on the region, highlighting the short-term nature of current programmes' and their inability to manage a city-region's transition into a new world economy.

In this Consolidation Report of the Buffalo City Development Strategy a broad framework is provided on how the City-region can be positioned to manage a complex transition it is facing in the next decades. The BCDS argues a fairly radical departure from many existing strategic frameworks in the Eastern Cape. Yet it also aligns the strategic framework for the city-region with key national policies and brings the localization of these frameworks in touch with contemporary academic and international best practices.

The BCDS is consciously not a "visionary" strategy. It veers away from empty statements in favor of outlining a powerful multi-dimensional series of interventions that sets up the city-region for an entirely different future. The BCDS is thus a developmental pathway to which multiple stakeholders should respond as part of an ongoing social dialogue on the future of the City. While clear on priorities, the BCDS does not aim to identify specific projects, rather emphasizing transformative initiatives that can illustrate the movement of Buffalo City from an industrial to post-industrial society providing a high quality tertiary economy within a life style city of choice.

This Draft BCDS Consolidation reports captures the core aspects of a strategic approach for the sustainable development of the city. It is intended to serve only as an introductory overview and does not as yet represent an agreed strategy or approach for representation. As such it remains full of potential gaps – which we hope will be filled in time through further stakeholder engagement.

Within all its current limitations this document is circulated for comment and feedback to be further refined in the future.

It is up to provincial and district level Growth and Development Strategies to inform the specific initiatives that should be prioritised for state-led investment through the Asgi-SA initiative. This CDS is an important strategic statement on public investment from the

second largest economy in the Province to which the ECGDS and well as the Amathole GDS processes have to respond.

The following events and products must still be undertaken as part of the next steps:

- An ongoing process of bi-lateral discussions to build and formalise a development coalition in realising its CDS ambitions.
- An effective media and campaign strategy to get a debate going in the press around BCM 20 years into the future, to create a vibe around the issue as a lead up to the BCM CDS conference.
- A DVD that captures the BCM story visually: of a child growing up in the municipality and becoming a successful citizen of tomorrow, the challenges and the potentials and the hope.
- A high profile CDS Conference. This conference is being planned to engage key decision makers and decision informers on the City's plans towards building a multi-layered development accord for the Buffalo City region.
- Developing and implementing lead projects pertaining to change the BCDS from a framework to a tangible future.

Once a CDS concept has been developed a process of information sharing, popularising and marketing the plans and projects will commence through the municipal Integrated Development Planning (IDP) process. In this manner key CDS initiatives will define the term of office plan of the Mayor and shape the IDP and medium-term public investment programmes at all three spheres of government.

## Annexure A: Developing the BCDS

In this section the process stages, progress, and status of the BCDS is outlined.

### A.1 Process Outline

The development and implementation of the CDS process at Buffalo City can be summarised into four phases:

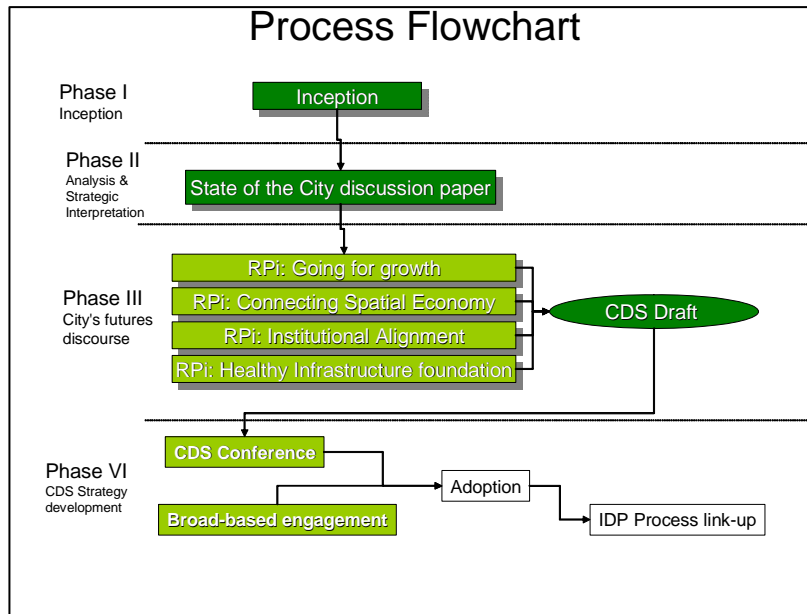
**Phase I – Inception (Completed):** this phase included finalising the contractual obligations with service providers, setting up necessary project structures, agreeing on the broad process plan and assigning responsibilities for agreed activities, tasks and deliverables;

**Phase II – Analysis and Strategic Interpretation (Completed):** this phase included assessment of the current situation, in particular an assessment of the international, national and district trends, opportunities and constraints influencing the role of the city as an engine of development;

**Phase III – City's Futures Discourse (Completed):** an inclusive and participatory stage in which appropriate institutional structures were used to engage interested and affected parties, brainstorming of strategic concepts and alternatives through a series of RPI sessions to generate ideas and explore options for the long term future;

**Phase IV – CDS Strategy Development (Current Focus):** this phase consolidates the outcomes of the previous phases and involves a structured stakeholder engagement process to deepen buy-in and strengthening the key CDS thrusts.

The following diagram captures the different phases described above:



An intended outcome of the above process is that the municipality deepens its City Strategy and begins engaging with other major role-players regarding this strategy with a view to developing appropriate city partnerships. The municipality should also finalise restructuring plans for the prioritised options that emerge from the CDS process; build a public investment framework; and produce a final CDS popular document.

## A.2 The purpose of this BCDS Consolidation Report

This Consolidation Report:

- o Provides a consultative reference point of work done to date by capturing the content of work done during **Phases I, II and III** in CDS development;
- o The Consolidation Report also serves as a sounding board and information piece for an external reference group and for a series of bi-lateral meetings leading up to the BCDS Conference schedule for 17 November 2006; and
- o Lays the foundation for further refinement of ideas and sounding board for proposals leading into formal adoption by Council and other stakeholders.

## A.3 Document Status

This document is purely a consultative working draft and does not carry any official mandate for Buffalo City Municipality or any other entity.

The purpose is to integrate various input streams such as review of BCM policies, economic drivers, analysis of city data, the strategic intent of various intergovernmental agencies with regards to investment in BCM, the status of the municipality's assets, service delivery backlogs and a discourse on the City's possible futures.

It is anticipated that the draft report will continue to inform a process of critical review comprising of various stakeholders. It will be further revised after the high profile CDS conference scheduled after the reference panel meeting. The views of the reference panel as well as the conference participants will be incorporated in the final CDS document. The final CDS document will contain the final City Development Strategy for Buffalo City that will be adopted by Council before implementation.

#### A.4 How does the BCDS complement other plans?

A City Strategy has a different focus from the IDP. Where the IDP is focused at providing a statutory framework to comprehensively guide the municipal budget and activities over a 5-year period; a CS is focused on a selective set of initiatives that, over 20-30 years, serve to provide a coherent framework of action for all role players, municipal, private investors and the community. A CS thus complements the IDP and forms an important direction giving element of the IDP.

| <b>CS</b>  | <b>IDP</b>  |
|--|---|
| <ul style="list-style-type: none"> <li>○ Not a masterplan – but a framework for action</li> <li>○ Selective focus on strategic leverage areas</li> <li>○ Longer time horizon</li> <li>○ Non-exclusive to government action</li> <li>○ Mobilisation</li> <li>○ City focus</li> <li>○ Leadership imperative</li> </ul> | <ul style="list-style-type: none"> <li>○ Comprehensive plan</li> <li>○ Embracing focus on public sector action</li> <li>○ Short to medium (3-5 year) term</li> <li>○ Exclusive to public action</li> <li>○ Planning</li> <li>○ Municipal focus</li> <li>○ Legal imperative</li> </ul> |

## Annexure B: Overview of technical work to date

In this section a descriptive overview of the technical work underpinning the BCDS Consolidation work is set out.

### Review and Research

During this phase of the project the constituent member firms of the service provider consortium were required to conduct contextual research in their area of expertise. Research involved review of key BCM policy and strategy documentation as well as city data analysis. Experts were required to produce relevant reports that would feed as input documents into the production of a consolidated discussion document.

### State of the City Discussion Paper

A high-level consolidation of the stream of input documents has been prepared. This process required strategic interpretation of the review of BCM policies and documents against the current status of the municipality on various fronts including the economy, the service delivery levels, the infrastructure, the institutions as well as the environment. This process culminated in the State of the City Discussion Paper. The purpose of this document was to lay a conceptual and factual foundation for stakeholder participation in a futures discourse for Buffalo City. The first draft of this paper was amended to incorporate the inputs and insights from the Core Team and a final State of the City Report was shared to provide key information and share broad ideas for a futures discourse on Buffalo City.

#### Key assessment findings: A regional capital experiencing stress

The current economic performance trends emerging from Buffalo City suggest that serious intervention is necessary so as to lay the foundation for growth. Analysis of the economy informed the following key realizations:

*i) A region offering too little opportunity for its people*

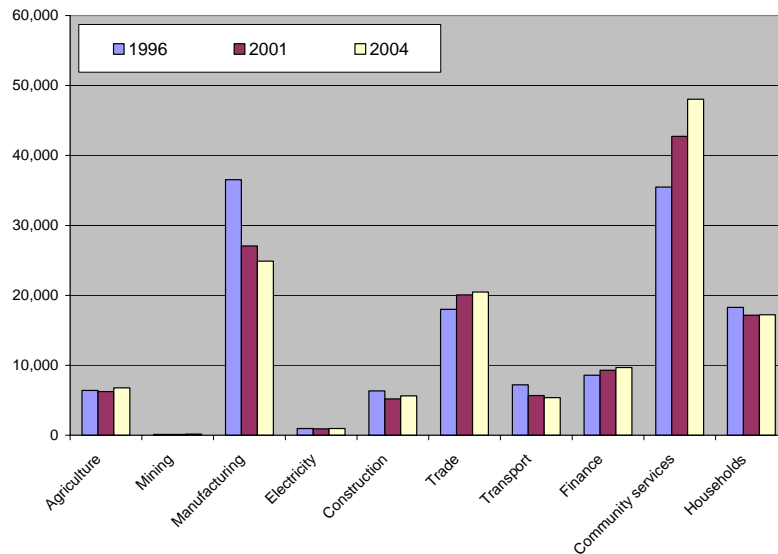
Buffalo City and the Amathole district within which it is located experience low population growth mainly due to out migration. People only leave a place if they feel that there is better opportunity elsewhere, suggesting Buffalo City and its functional region does not offer sufficient opportunity and prospects to satisfy the aspirations of its people.

| Population by Group | Composition |         |           | 5 year growth rates |       |         |       |         |
|---------------------|-------------|---------|-----------|---------------------|-------|---------|-------|---------|
|                     | BCM         | Other   | Amatole   | BCM                 | Other | Amatole | BCM   | Amatole |
| African             | 598,303     | 941,046 | 1,539,349 | 85%                 | 98%   | 92%     | 1.2%  | 0.4%    |
| Coloured            | 40,004      | 12,174  | 52,178    | 6%                  | 1%    | 3%      | 0.8%  | 0.6%    |
| Indian              | 4,375       | 405     | 4,780     | 1%                  | 0%    | 0%      | -1.4% | -1.7%   |
| White               | 59,208      | 8,739   | 67,947    | 8%                  | 1%    | 4%      | -3.4% | -3.2%   |
| Total               | 701,890     | 962,364 | 1,664,254 | 100%                | 100%  | 100%    | 0.6%  | 0.1%    |



*ii) An economy struggling to cope*

One of the causes of slow population growth stems from a regional economy that grows comparatively sluggishly. Even more concerning is the relative performance of different economic sectors. In the graph below it can be seen how government related services has shown the best performance – suggesting a growing state dependency in the regional economy. One key interpretation of the obvious lack of dynamic performance in the non-government sector is that the regional economy has reached a ceiling in relation to its infrastructural base. In other words, current port capacity, rail and road links are utilized to a point that it does not offer comparative advantages to new investment. New economic initiatives in the functional region, such as the Umzimvubu River Scheme, Kei Rail Initiative and IDZ, collectively do not overcome the capacity constraints of regional connectivity and thus are unable to overcome a key obstacle to growth.



**iii) Regional livelihoods under pressure**

The acid test for a regional economy is its ability to provide sufficient and sustainable employment. With unemployment between 55% and 60% the Buffalo City region clearly do not generate sufficient work opportunity. After a real decline in the number of jobs between 1996 and 2001 there has been a “recovery”, but this recovery in the number of jobs stems mainly from the government sector, an unsustainable future growth option. BCM has become a city where most people worked in the manufacturing sector in the past and are now increasingly becoming a place dependent on government sector employment growth.

|                     | 1996    | 2001    | 2004    | Annual Change 01-04 | Rate 96-04 |
|---------------------|---------|---------|---------|---------------------|------------|
| * Public sector     | 36,441  | 43,657  | 48,997  | 1,921               | 3.8%       |
| * Private sector    | 101,409 | 90,811  | 90,191  | -205                | -1.5%      |
| Formal employment   | 137,850 | 134,468 | 139,188 | 1,610               | 0.1%       |
| Informal (residual) | 29,035  | 59,239  | 62,247  | 1,036               | 10.0%      |
| Employed            | 166,885 | 193,707 | 201,435 |                     | 2.4%       |

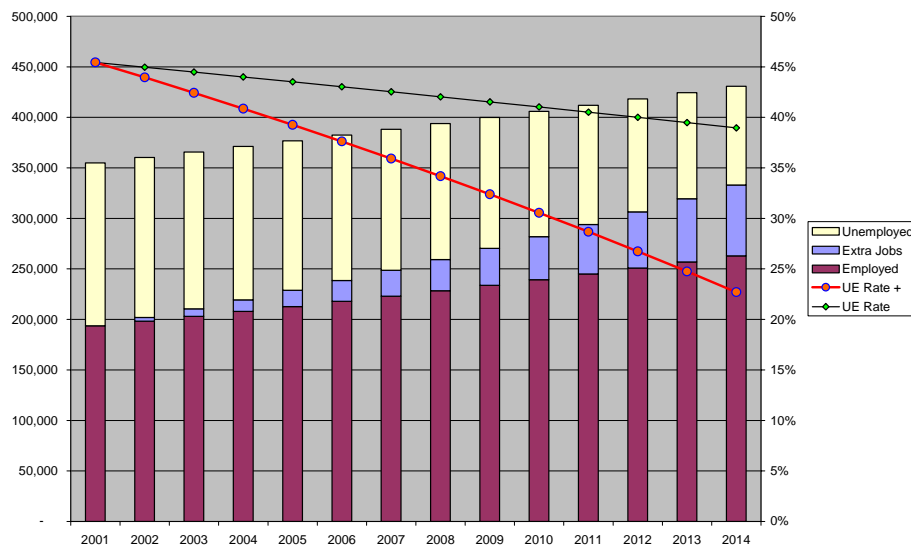
**iv) Locking people into the 2nd economy**

Due to the inability of the economy to generate jobs the informal economy plays a crucial role in providing economic survival to a rapidly growing portion of the working population. This sector has seen a rate of growth at more than double that of government employment (the best performer) between 1996 and 2004. However, the informal economy does not provide quality jobs and is a weak means of improving the quality of live of those trapped in it. The current national strategy is to find ways and means to allow people to move from informality into the mean stream economy. Current trends in Buffalo City suggest a danger of

trapping people in the 2<sup>nd</sup> economy as the formal economy fails to provide sufficient opportunity.

v) *Inadequate responses to the economic challenge*

Institutions of government are not unaware of the economic challenges faced by the region. A number of bodies are pursuing a range of strategies to facilitate growth and create employment. However, the current effort put into economic growth remains inadequate when compared with the Millennium Development target of halving unemployment by the year 2014. This observation does not mean that current LED and SMME strategies are wrong, it simply means that current efforts are insufficient to meet an annual employment target of 5400 additional jobs to halve employment by 2014.



### Rapid Planning Initiatives (RPI's)

During July to September 2006 Buffalo City engaged a range of key organisations that can influence the development of the city over the next decades in a serious effort to establish a coherent City Development Strategy (CDS) and to lay the foundation for its collaborative implementation.

Four work sessions, called RPI's (Rapid Planning initiatives) were planned on key aspects of the CDS that requires close engagement with intergovernmental partners, development institutions, financing entities and private sector bodies. These sessions were:

- a) **Going for Growth RPI** focused on setting an ambitious economic development agenda for BCM, linking into NSDP and PGDF and conducting updated economic analysis of the regional economy. The first RPI underscored the challenges that BCM

faces as an aspiring metro in a region under economic stress. It discussed ways of unlocking the agriculture sector and engaging the second economy.

- b) **Connecting the urban regional economy into the national spatial economy RPi** intended to inform a transport and communication infrastructure investment agenda aimed at putting Buffalo City on the national telecommunications, rail, road and air transport radar. It highlighted the immense role that connectivity, to the world, to other coastal cities in South Africa and within the province plays if BCM is to sustain its current economic base and build on a service economy in the future that uplifts not just the municipality, but its entire region.
- c) **Institutional alignment RPi** focused on establishing or strengthening the right mix of development entities/structures to enable CDS implementation. The RPi brought to light the number of institutional bodies that are in place to address different aspects of the local, regional and provincial planning and development processes. The large number of structures pointed to possible internally competing and limited mandates (fragmentation) and the high level of integration required for a CDS to be implemented effectively.
- d) **Healthy infrastructure foundation RPi** addressed the state of municipal infrastructure investment required to underpin the CDS. Unless BCM can reach those households not yet receiving adequate services it will not be socially sustainable, while not maintaining the existing infrastructure platform will seriously undermine economic growth potential. The RPi underscored a sustainable plan for municipal services infrastructure creation and maintenance based on a public investment strategy, spatial development review and city economy/tax base parameters.

Each RPi session was scheduled to cover two days of intensive multi-lateral discussions between key entities where inputs were made and plans, positions, strategies and interventions were shared. The dates for the RPi sessions were as follows:

| City Futures Theme  | Dates                |
|---|----------------------|
| Going for Growth  | 2-3 August 2006      |
| Connecting the urban regional economy into the national spatial economy | 16-17 August 2006    |
| Institutional alignment   | 30-31 August 2006    |
| Healthy infrastructure foundation                                       | 13-14 September 2006 |

It should be noted that the above city futures themes do not represent the full scope of matters that could be part of the CDS. These themes specifically address the agenda requiring close collaboration from Buffalo City's stakeholders. In addition to the RPi sessions the City will develop additional and complimentary strategies, ideas and interventions.

### Key RPi outcomes

The RPi sessions provided a forum for the first time for stakeholders from different departments, spheres of government, State owned Enterprises, Development agencies, Councillors, as well as the Business Community with common interest around the long term strategic growth path for the City and its region to come together and discuss their views, their concerns and their aspirations.

The RPI's revealed the intentions that SoEs such as National Ports Authority, SANRAL and ACSA have for the municipality. Insight into the long term infrastructure expansion plans of the SoEs is crucial since it allows BCM and its constituents to understand how it is viewed by these bodies and to question the logic behind their preferences. In short, the RPI's enabled the municipality to engage with representatives of public enterprises around its options for growth.

The RPI's also revealed that the National Urban Agenda comprising of the National Spatial Development Perspective and Asgi-SA do not speak directly to the future place of secondary cities like Buffalo City in the national economy. These policies and the PGDP provide signposts but not roadmaps that BCM can use to plot its journey to a better life for all. This roadmap, called the CDS is what the municipality can produce.

### **What emerged from the RPI's?**

Each RPi formed the basis for the next work session. Thus the process built up a layered analysis that was detailed and comprehensive. Presentations by representatives and department officials at the RPI's provided an authoritative background to the work sessions, which formed the basis for active and animated engagements in break away groups. From this process emerged a common understanding of the challenges faced by the municipality and some very unique solutions to these challenges. The proceedings at each RPi were captured by the ODA team and available as session notes. A more popular, narrative version of each RPi's outcome was presented in the form of CDS bulletins.

Thus the RPi sessions achieved the following:

- A common understanding of the growth limitations faced by the city
- A community of interest around the growth potentials of BCM
- A sense of shared ownership of the actual CDS outcome
- An acknowledgement of lobbying efforts that will be required to place BCM on a sustainable growth trajectory through public-led infrastructure
- A basis for putting together the CDS Implementation Framework

## Annexure C: Comparative experience

What are the major international trends currently impacting on smaller cities such as Buffalo City and secondly, what strategic responses are emanating from the international experience on which can be drawn? In this section we explore comparative experience to assess if the BCDS is realistic.

### C.1 General contextual trends

#### a) Universal Urbanisation

The last decades of the 20<sup>th</sup> Century were dominated by a profound international urbanisation process. People in every part of the world moved to urban centres at an increasing rate. For the first time in human history more people live in towns and cities than in rural areas. It is estimated that more people live in urban areas now than the entire world population in 1960.<sup>56</sup> South Africa has seen a sustained reduction in rural population and livelihoods for many decades. It is estimated that there are now only 851 000 farming jobs in South Africa, down from 11.5 million in 1910<sup>57</sup>. This has signalled a decisive shift in a key economic driver. Where jobs are to be found – they are in the urban areas.

#### b) Shift in the pace of growth to smaller cities

Internationally a significant portion of the urbanising populations have concentrated on mega-cities with populations between 8 million people and those beginning to approach 30 million people (Sao Paulo). However, despite the concentration of large populations in highly visible major urban conurbations 3 out of every 4 new people living in cities in the future will be in small cities<sup>58</sup>; cities similar and smaller in size to Buffalo City. A further key trend in the future of urbanisation is that much of future urban growth will be in developing economies; such as South Africa. It must be noted however that growth rates in Buffalo City are slow. Buffalo City does not compare with international bench marks to be considered a fast growing city in a rapidly urbanising region.

#### c) Fuzzy division between rural and urban

The dividing line between rural and urban is beginning to blur. A major trend of relevance to Buffalo City is the phenomena of *in situ* urbanisation, whereby rural settlements are beginning to function like suburbs of the larger urban concentrations in their vicinity. Experience with economic functioning of similar settlements in southern China and Indonesia suggests a blending of rural and urban functionality in peri-urban settlements with declining primary (agricultural) and increasing secondary (service) economic activity. As rural settlements begin to function as suburbs the demand for public services, in particular transport connectivity, in support of such *in situ* urbanisation can be expected to increase. The *in situ* urbanisation evident in peri-urban settlements

<sup>56</sup> Mike Davis, 2004: Planet of Slums: Urban involution and the informal proletariat. *New Left Review*, March/April 2004.

<sup>57</sup> Grulke, Wolfgang and Gus Silber, 2001: *Lessons in radical innovation: South Africans leading the World.* @One Communications.

<sup>58</sup> Davis, Mike, 2006: *Planet of Slums.* Verso.

around Buffalo City shows characteristics of high infrastructure costs, ongoing transport subsidisation and, in fact, a perpetuation of the Apartheid urban structure. While the development reality of rural and urban remains obviously different, it has to be acknowledged that the solution of many rural problems lies in unlocking the potential of urban economies.

d) **Urbanisation of poverty**

A trend that emerges in tandem with the changing functioning of peri-urban settlements is the urbanisation of poverty. Historically the process of urbanisation has been associated with a growth in economic opportunity because of a link between urbanisation and industrialisation. But this is no longer case. Today, urbanisation often comes without income growth. This is for two reasons, both associated with globalisation. First, there are strong economic forces that have moved industrial production (and jobs) away from many developing regions. Secondly, there are fewer jobs in the cities for less-skilled workers. The rise of the service economy and creative sector<sup>59</sup> leads to urbanisation without income growth for people who cannot satisfy the demand for a highly skilled labour force. Buffalo City also faces the challenge of accommodating an increasing number of poor people in its functional region who demand municipal services and economic opportunity. In many cities, in particular African cities, the pressure of urbanising poverty and urban unemployment has resulted in massive growth of shantytown slums and collapse of municipal infrastructure that in turn inhibit the potential for economic resurgence.<sup>60</sup>

e) **Unequal manifestation of growth**

Another key trend relevant to Buffalo City is the realisation that growth and opportunity is very unequally spread in the national spatial economy.<sup>61</sup> Inequality and deepening social division also manifest themselves within the city itself.<sup>62</sup> Linked to this trend of deepening inequality and reduced access to opportunity is the growing realisation that entire cities can become isolated and economically irrelevant if they fall outside the geographical areas benefiting from growth. The degree of economic concentration in South African urban areas is significant; the South African Cities Network<sup>63</sup> indicates that 21 functional urban areas (including Buffalo City), covering 2% of the national surface area, generate nearly 70% of the Gross Value Added (GVA). In the 1990's the area between Tshwane and Johannesburg generated 24% of Gross Geographic Product growth; on 0.2% of the national footprint.<sup>64</sup> There is a very real risk that the economies of agglomeration driving the trend of spatial concentration may result in many cities, towns and rural regions that used to be thriving centres of commerce becoming economically marginalised and dependent on state handouts for survival.

<sup>59</sup> Florida, Richard, 2002: *The rise of the creative class*. Basic Books.

<sup>60</sup> UN-Habitat, June 2006: *State of the World's Cities 2006/07*.

<sup>61</sup> Taylor, P.J., 2004: *World City Network: A global urban analysis*. Routledge

<sup>62</sup> See Castells, Harvey for background to this trend.

<sup>63</sup> South African Cities Network, 2006: *State of the Cities Report 2006*.

<sup>64</sup> Notes from SA Cities Network

f) **Small city perspective**

A cursory look at the map of economic concentrations from the National Spatial Development Perspective (see page 29, above) illustrates the uneven distribution of economic activity. Current projections do not suggest major changes in this pattern of economic activity, which reinforces the tendency towards concentrated growth in the major urban regions. This is a trend that is surfaces in research on the economic fate of smaller cities internationally.<sup>65</sup> The key challenge for smaller cities would be in finding ways to improve their relative position in the spatial economy through targeted interventions. The manifestation of national urban policy in South Africa impacts heavily on smaller/secondary cities:

- o Tax revenue discrimination:- Buffalo City, as with other small cities are not categorised as Category A metropolitan municipalities and have to share jurisdiction with district municipalities. Up to June 2006 they also had to share tax revenue in the form of RSC-levies. This constituted a redistributive burden that metropolitan municipalities have not had to carry;
- o The national NSDP categorises smaller cities, with few exceptions, as areas of "medium economic potential". While this assessment is true on the comparative scale of economic activity, it unfortunately becomes negatively reinforced through public investment focussing on areas of "high potential"; and
- o International economic trends favour economic agglomeration at a scale beyond smaller city economies. "New" economic activity requires the efficiency of proximity perhaps even more than manufacturing. This reinforces patterns of urban concentration in primary urban centres at the expense of smaller cities.

g) **Cities in a Region**

Cities located in larger regions with high levels of economic activity tend to do better than isolated urban localities. Often, when referring to a city, people talk about an administrative entity and not an economically defined functional area. Until 2000, local government entities in South Africa had very little in common with the functional areas of the urban concentrations they governed. A key international phenomenon is the focus placed on functional regions as the key drivers and locations of economic activity<sup>66</sup>. Urban regions often extend well beyond the border of the municipality and have an environmental and economic footprint that encompasses a much larger area. Many analytical and intervention approaches are beginning to focus on functional regions and place less emphasis on the city itself.

<sup>65</sup> Bell, David and Jayne, Mark, ed., 2006: *Small Cities: Urban Experience beyond the metropolis*. Routledge  
Robinson, Jennifer, 2006: *Ordinary Cities: Between Modernity and Development*. Routledge.

Katz, Bruce, May 2006: *Revitalising weak market cities in the U.S.* Brookings Institute.

<sup>66</sup> Omae, Kenichi, 2005: *The next global stage: Challenges and opportunities in our borderless world*. Wharton School Publishing

## C.2 Emerging patterns of intervention

There is no magic formula for urban success. The economic innovations and cultural conditions that allowed particular cities to bloom in the past were specific to time and circumstance. Copying other cities' success stories is not a sure way of ensuring that the same effect will be achieved. Even success, when it happens, does not seem to last. History is full of remarkably short-lived and surprisingly rare examples of cities that have risen to capture a "golden age"<sup>67</sup>, only to lose their dominance, sometimes to succumb to decay and even to disappear. However, coastal cities do seem to have an edge in clawing their way into the national and global economy through conscious strategic interventions.

There seem to be two aspects that mark emergent successful cities. Firstly there is the quality of the strategic thinking underpinning action. A successful city needs a coherent strategy that captures its intent and drives its implementation over decades. Secondly, successful cities seem to have some things in common – visionary individuals, creative organisations and a political culture underpinned by clarity of purpose. This second set of aspects, identified by Charles Landry<sup>68</sup>, is less easy to define and benchmark. Landry noted that leadership was widespread, permeating public, private and civic organisations. Cities followed a determined but not a deterministic path. Success also depends on courage; courageous public-led initiatives complemented by bold private investments, and a range of interconnected projects undertaken both for the public good and for profit. The courage required demands a shared sense of confidence in the future; a confidence that can be built and influenced by the local democratic state as a key actor on the stage of development.

Successful cities, according to current evidence, offer competitive advantages in the following important arenas:

- o **Successful cities address the needs of the poor** – a city that works for the poor works for all. Deliberately dealing with poverty in an urbanised setting holds obvious advantages for the poor in getting access to services and opportunities and to the state as custodian of public service provision. The socio-political consequences of not addressing the needs of the urban poor are perhaps even a greater motivation for action. Yet, the ability of cities to address the conditions of poverty depends on urbanisation being combined with economic growth. Achieving sustained economic growth is therefore a precondition for sustained improvements in the lives of people. Buffalo City faces a strategic choice on how to deal with the needs of the poor – there is a tension between investment in subsidised basic services and productive investments in the urban

### Winning advantages for Cities:

- Addressing the needs of the poor
- Providing high quality living experiences
- Being well connected
- Providing agglomeration benefits for growing the economy

<sup>67</sup> Hall, Peter, 1998: *Cities in Civilization*. Weidenfeld & Nicolson.

<sup>68</sup> Landry, C. 2000: *The Creative City: A Toolkit for Urban Innovators*. Earthscan, London.

economy. The following three bullet points reflect on the competitive advantages of cities in relation to growing the urban economy.

- o **Successful cities provide high quality living experiences** in which people want to settle and invest. A city that works for the poor cannot be a city with a poor living environment. A high quality environment is a reflection of the range of economic opportunities, cultural experiences, sense of safety and a quality physical environment. The availability of a range of effective and efficiently provided public services, transport and amenities are important factors in creating a high quality living experience. A key intervention most commonly utilised in smaller city strategies is to position for lifestyle investment and the creative class, both being dependent on good living experiences and urban quality;
- o **Successful cities are well-connected.** Connectivity relates to availability of quality communications infrastructure, mass transit systems and excellent regional and international transport connections. Connectivity is a prerequisite in establishing a foothold in trade and financial flows within a region and global context. Public investments in transport and communications infrastructure are a key factors influencing competitiveness. A key strategic consideration in focussing on connectivity relates to the challenge faced by small cities to remain relevant in the national spatial economy; and
- o **Successful cities provide agglomeration benefits.** Increasing size generates advantages since it stimulates a growing range of economic activity. Competitive agglomeration benefits are influenced by disposable income, the cost of public services, transport, labour and other input costs, as well as the appropriateness of the labour skills to economic requirements. Where cities are unable to maintain a critical mass of economic activity they can experience a quick loss of business and jobs. While agglomeration benefits are important to ensure growth the converse is also true; inability to maintain agglomeration benefits can result in rapid decline.

A city cannot qualify as an urban success story if high quality living experiences, efficient transport and economies of scale yield benefits only to a select minority of the total population. Like most other places, reality in BCM is defined by a duality between poverty and prosperity within a spatial economy reflecting high levels of inequality. Creating an urban success story in the Eastern Cape involves a delicate balancing act. On the one hand, the municipality has to deal with the gross municipal service and transport inefficiencies that affect a large, poor population in peripherally located settlements. On the other hand, public authorities have to protect the dynamism and vibrancy of economic activity along the East London – King William’s Town corridor. The predominant focus in the strategy to make BCM a successful and sustainable city must address this duality.

A key premise of CDS interventions is that well targeted investment can change the prospects of a city within a decade or two. This applies in particular to public led investment in productive infrastructure. Such change is however not automatic or assured and requires consistent and dedicated public action.

Building on empirical research, the characteristics of *weak* cities are typically a combination of:

- o Cities located in economically weak regions;
- o Cities that have not made the economic transition from an old (industrial) economy to a new service-based entrepreneurial/creative economy;

- o Cities that become disconnected/isolated from key movement patterns of goods and people;
- o Cities that are unable to sustain sufficient critical mass in key economic sectors to maintain sufficient agglomeration benefits suffer economic decline;
- o Cities without capable research/training institutions and well-maintained civic and economic infrastructure fail to attract investment;
- o Cities experiencing a combination of low or negative population growth, concentrated poverty and segregation suffer a decline in safety that tends to result in low quality of life and weak investment potential;
- o Cities with low levels of human capital, high costs of doing business and poor amenities; and
- o Poorly governed cities with weak institutional capability.

The above characteristics of urban crisis suggest pathways for preventive action. Thus, cities that initiate a strategic package of intervention that would improve on the above matters should do well. It should not come as a surprise that many urban interventions share aspects that attack the above characteristics. Common tactical responses employed by cities thus often include:

- o Waterfronts;
- o Convention centres;
- o Industrial development zones;
- o Iconic architecture and civic buildings;
- o Creating quality air and rapid rail links;
- o Place marketing;
- o Promoting competitive economic clusters;
- o Promoting low entry level sectors such as tourism;
- o Hosting major events (2010 Soccer World Cup) and annual festivals;
- o Ensuring positive marketing by addressing safety and security issues – zero tolerance policing;
- o Incentivising new economy firm location such as aircraft manufacturing, nano-technology, silicon chip; bio-technology, information technology and call centres;
- o Providing quality urban environment and amenities focussed at attracting the “creative class” through “smart growth” –type frameworks;
- o Emphasising culture and a society of tolerance and openness; and
- o Revitalising urban centres.

Obviously the richness and complexity of the factors defining urban success cannot be reduced in a simplistic manner to a checklist of success factors. The above list is not complete and some elements may not even be appropriate for a South African city.

Yet, the current trend favouring locational advantages of secondary city such as Buffalo City does offer additional lessons and suggestions:

- o A robust poverty reduction programme and social support net;
- o Providing community-based incentives to encourage people and businesses to relocate out of major urban centres due to the lower cost of living and varied lifestyle choices that BCM can offer;
- o Ensuring excellent transport links to big commercial hubs;
- o Good IT infrastructure and a skilled workforce continuously replenished and served by universities and colleges;

- o Creating quality urban environments where people can have culture without chaos and ease without boredom;
- o Active promotion and place marketing by local, provincial or national government; and
- o Fostering a critical mass of middle class inhabitants.

| PATTERNS FOR GROWTH  |   |
|----------------------|---|
| Las Vegas, USA       | Spin-off industries from top quality ITC needed in gambling<br>Recent growth in manufacturing (plastics and metal products)<br>Favourable state tax-regime (Nevada), relocation of businesses from California<br>Thriving neighbouring state (California)<br>Pensioners seeking retirement condos<br>Moderate year-round climate  |
| Barcelona, Catalonia | Positioning re EU subsidies<br>Public led investment into key infrastructure<br>Olympics<br>Planning framework  |
| Fukuoka, Japan       | Closest Japanese city to China: largest consumer market for manufactured products<br>Private sector investment from manufacturing giants Sony, Toshiba and Canon<br>Aggressive marketing by City Mayor since 1998<br>High capacity city port: Hakata<br>Well developed highway network, less busy than North Island's<br>Growth in tourists from Asia<br><i>SA lacks proximity to markets, however BCM has port in EL</i> |
| Birmingham, UK       | UK Rust belt city – creating a new image<br>Inner city revitalisation   |
| Manchester           | City image revitalisation – inner city living initiative<br>Central city revitalisation<br>Olympic bid  |
| Munich, Germany      | Soft lifestyle factors: surrounded by sunny Bavaria<br>Presence of BMW<br>Presence of electronics giant Siemens since 1950s<br>Attractive to entrepreneurs: boasts 180,000 IT and bioscience companies, Europe's concentration of start-ups<br>Plentiful jobs<br><i>BCM: long presence of Daimler Chrysler, related auto industries</i>   |
| London, UK           | Centre of the world's finance sector in a booming global service economy<br>Top European destination for foreign investors<br>Relaxed attitude to immigration, pool of cheap labour<br>UK's main rail and air link to the rest of the world<br>New development planned in the heart of the city   |
| Toulouse, France     | Aerospace capital of Europe, each job in Airbus leads to 2 more in related companies<br>Exponential growth in global demand for airbuses: from 2 to 35/ month<br>Efforts at diversifying, e.g cancer research<br><i>Vulnerability of mono sector economies</i>  |
| Nanchang, China      | China's smaller cities can grow faster than the big cities<br>Foreign direct investment: Ford bought a stake in Jiangling Motors<br>Growth too fast at times: overtaxed electricity infrastructure  |
| Dalian, China        | Being first – FDI strategy led by Mayor<br>Establishing a finance sector<br>Linked to infrastructure investment and climate setting   |
| Shenzen, China       | One of the worlds most prolific cities by growth, managing average growth of 28% between 1980-2004 based on designation as special economic zone<br>Cheap labour (a declining advantage)<br>New long term strategy focussing on Incentivising high technology firm location   |
| Moscow, Russia       | Growth based on oil and gas fields in Siberia, not industry or technology<br>Booming capital of a shrinking nation<br>Major boost from migration from surrounding provinces and former Soviet States  |

|                       |  |
|-----------------------|--|
| Ghaziabad, India      | Sky-rocketing land prices in nearby capital New Delhi<br>Strategic location to become suburb for Delhi commuters<br>Small-scale industry as well as larger plants<br>Excellent highway connections to Delhi and Noida<br>Hosting 2010 Commonwealth games   |
| Goyang, South Korea   | Park-like, relaxed atmosphere<br>30 minutes by rail from Seoul<br>Dormitory town aspiring to grow industry and jobs, not just apartments   |
| Bogota, Columbia      | Investment into public space – public led investment into public transport<br>Image change   |
| Florianopolis, Brazil | Thriving tourism thanks to multitude of island beaches<br>Ban on heavy industry has kept the island clean<br>Attractive to private high-technology companies<br>Network of public and private universities<br>Heavy investment in schools and roads<br><i>An alternative to usual pattern of growth: no reliance on heavy industry</i> |
| Dublin                | Creative use of EU subsidies<br>Repositioning the city for technology intensive growth<br>Creative city strategies   |