

# MAINSTREAMING POVERTY REDUCTION IN THE CAPE METROPOLITAN AREA\*

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## INTRODUCTION & BACKDROP

The most profound development challenge staring the South African government and people in the face is rising levels of poverty and inequality. This manifests in 53% of the population in the poorest two quintiles of the population, an unemployment rate that hovers around 33% and systemic violence that plagues particularly poor households and the women (May et al. 1998; Pieterse, forthcoming 1999). To appreciate the imperative and potential of mainstreaming poverty reduction at local level it is necessary to briefly capture salient trends at national (regulatory) level. The local government sphere has not yet been fully democratised in terms of the negotiated settlement of 1993. Full democratisation will only set in after the next local government elections in December 2000. The last few years has been used to fundamentally re-think the local government system in South Africa and conceptualise a myriad of new frameworks, systems and procedures for local government. The policy intent and agenda of the government is spelled-out in the White Paper on Local Government (SA Government 1998) which is currently being translated into a suite of legislation.

At the heart of the new local government architecture is the notion of 'developmental local government' (hereafter DLG), which is defined as 'local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic, and material needs and improve the quality of their lives' (Ibid. p. 19). The Constitution further obliges local government to 'structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community; and promote the social and economic development of the community' (SA Government 1996: Section 153(a)). Concretely, municipalities are charged with using development planing tools, in particular integrated development plans, local economic development strategies, participatory governance forums and partnership delivery mechanisms to deliver on its developmental tasks (SA Government 1998).

However, this development ideal must be achieved against a backdrop of severe fiscal pressure and a shrinking tax base as trading services such as electricity and water are being systematically corporatised. Part of the intended solutions to solve the complex governance challenges in the context of financial constraints are the creation of fewer councils and moving to a professionalised political management system. The new local government legislation will reduce the number of councils nationally from the current 873 to approximately 500 and the number of councillors in each municipality. Effectively this means a dramatic increasing in the ratio of councillor to citizens. A stern approach to financial viability and cost recovery is also being pursued at the moment and often wielded as a blunt instrument to compel municipalities to improve the accounting, revenue collection and credit-control systems. This pressure inevitably narrows

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political debate and on occasion leads to community resistance and protest. To improve national management and oversight, a national cash-flow monitoring and intervention programme has been put in place, called Operation Viability.

On the other hand there has also been extensive work to reconfigure inter-governmental financial flows and allocations. Part of this framework is one mechanism to ringfence resources (based on a formula about the number of poor people in a municipalities' jurisdiction) for the explicit use on providing basic services and functions allocated to it (Pieterse, et al. 1998). This can be used to subsidise operating costs of services and it is meant to function in tandem with a second subsidy, the Consolidated Municipal Infrastructure Programme (CMIP). This subsidy has been instituted to provide funding for bulk and connector infrastructure, currently set at R3500 (£350) per household. These subsidies are explicitly designed to enable municipalities to support poor households by providing infrastructure to meet basic needs.<sup>2</sup> Given the scale of the need and the long-term lack of delivery these subsidies are to be welcomed but their impact is rather limited since municipalities on average derive 90% of their income from local sources and most municipalities are staring down severe financial crises. Operation viability has demonstrated that over one third of municipalities are financially unsound and over R9 billion is tied up in outstanding debt to municipalities. This cryptic description paints a national picture where local government is being empowered through legislation to play an activist role on addressing poverty, but at the same time these structures are financially in bad shape and is likely to make do with even less revenue sources as trading services are corporatised.

This scenario is embedded in a broader problem from the perspective of our topic, mainstreaming poverty reduction at local government. The national framework operates on the assumption that poverty can be addressed by extending basic services to the poor and enabling them to expand their access to income through employment. It consequently promotes these two functions of municipalities. This is correct at one level, but seen from a more informed vantage point its also a very limited approach because governments have failed to reduce poverty through an infrastructure and increased income strategy in other parts of the world, especially in the South. The challenge is to use this vantage-point of the national local government framework and reinterpret it through a more expansive analysis. This is explored in the next section of the paper.

However, to fully appreciate the trends in South Africa and possible innovations, it is useful to locate our experience in the broader global context, especially experiences in the South. The South African local government transformation process mirrors shifts in local government reform in the South during the last fifteen years or so (McCarney 1996; Turner & Hulme 1997). In main it involved national processes of democratisation, which including the democratisation of local government, decentralising national functions to regional and local government and devolving certain taxation and planning functions. Often these moves were shadowed by a lack of financial decentralisation and limited capacity at the local level to drive the new responsibilities. It was further bedevilled by complex patronage and clientelist politics which neutralised the possibility for democratic experimentation and innovation at the local level (Halfani 1996). These processes also unfolded against a backdrop of stagnant if not declining economies, growing social inequalities, and deepening poverty as macro economic adjustment measures took its toll the poorest sections of the populations (Cornia et al. 1987). Local government reform was approached to make a difference by ensuring that it delivers basic services to ensure basic needs are met. In

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<sup>2</sup> At this point these subsidies are also somewhat contradictory because CMIP operates on the basis of application, which presupposes capacity to complete such forms and the 'equitable share' is linked to the number of poor households in a given area and does not factor the capacity of a municipality to deliver or not.

theory this was meant to dovetail with the employment creation benefits that derived from economic adjustment policies and over time lead to the gradual reduction in unemployment and poverty. Underlying these policy prescriptions was a deep-rooted belief that addressing the lack of income and ensuring access to basic services would be sufficient to reverse the poverty problem. Practice proved very different of course and it became evident that poverty was as much a consequence of income deficiency as political and social marginality. Structural solutions would not emerge from piece-meal income enhancing inputs.

International experience and research in both the South and the North over the course of the last three decades have advanced our understanding significantly about the complex myriad of factors that coincide to perpetuate poverty and inequality. Our argument is that it is critical to draw on these insights and redefine the specific role of local government as a tier of the state and individual municipalities in contributing to a broader poverty reduction strategy. This paper sets out an attempt in the Cape metropolitan area to formulate a policy framework for municipalities to reinterpret their functions and interventions to ensure that it advances sustainable economic development and poverty reduction. The aim was to stitch together a policy framework that can locate municipalities within a context with other stakeholders in the national government system and social actors from the private and voluntary sectors. The rest of this paper provides a summary of this policy framework and what some of the progress in the Cape metropolitan area is to date. The first part provides a cryptic background to the context that is being addressed and how this process came about. (Addendum A provides more extensive insight into the nature and extent of poverty in the Cape Metropolitan Area.) Thereafter the different elements of the policy framework are discussed in turn. The paper concludes with some speculative observations about the potential dangers and potential pitfalls of this policy framework as a first step to ensure that it is implemented in a reflexive manner.

## ORIGINS OF THE INITIATIVE IN THE CMA

The Cape Metropolitan Council (CMC) embarked on a process early in 1998 to develop a comprehensive economic development strategy for the metropolitan area. It was decided that this could only be done in conjunction with an explicit poverty reduction policy framework that was integrated with the economic strategy. This section of the paper is an overview of the main elements of this municipal poverty reduction framework. The vantage-point of the poverty reduction framework is that there are multiple dimensions to the problem of urban poverty. Building on this, the framework is premised on a definition of poverty that reflects current international development experience and also draws from a local understanding of the particular experience of poverty and inequality in the Cape Metropolitan Area (CMA).<sup>3</sup>

The poverty reduction framework is structured around five broad steps to render it amenable to political decision-making and institutionalisation. The five broad steps are i) understand the rationale for the local authorities working to reduce poverty; ii) agree on a definition of poverty for use by all municipalities in the metropolitan area; iii) conduct a poverty audit; iv) establish poverty reduction targets;<sup>4</sup> and v) mainstream poverty reduction activities within all municipalities. It is further important to think of appropriate and realistic community involvement processes throughout all of these steps. This is not adequately covered in this paper due to space constraints. However, there is an expansive literature on the centrality of community-based approaches to poverty reduction, and the importance understanding the survival strategies of the poor before interventions are embarked upon (Beall and Karji 1999; Wratten 1995; Rakodi 1995; Satterthwaite 1997; Vanderscheuren, et al. 1996).

The following sections of this document provide further information on the above and explain how this can be operationalised within local authorities through the adoption of the poverty reduction framework. This document does not pretend to be a comprehensive or definitive statement on poverty in the CMA, but rather seeks to provide a methodology that is tailor-made for local government in the context of the new local government architecture that is being introduced at national and provincial levels in South Africa.

## UNPACKING THE POVERTY REDUCTION FRAMEWORK<sup>5</sup>

### THE RATIONALE FOR MUNICIPALITIES ADDRESSING POVERTY

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<sup>3</sup> A CMC report, *The Levels of Living Report*, provides a stark picture of the quality of life of households in the CMA and also reflects the geographical spread of access to key resources. However, it is based on the 1991 Census and should be updated as soon as possible. Internationally it is accepted that poverty reduction policies must be sensitised to the actual experiences of poverty and not simply rely on aggregate statistics. In South Africa an attempt has been made to compile such a picture through a national participatory poverty assessment process. The findings can be found in: SA-PPA, 1997.

<sup>4</sup> A target is a statement about a desired outcome to be achieved after a specified time frame, based on clearly defined inputs and processes. An indicator is a verifiable measure that will demonstrate if an action is consistent with a desired target. In other words, indicators are milestones to ensure that targets are progressively achieved over time. Both targets and indicators hold the potential to focus and improve institutional performance and simultaneously improve accountability about resource allocation and use. This makes them particularly suitable for local government.

<sup>5</sup> The different elements of the framework is discussed at much greater length in four background papers produced for the Cape Metropolitan Council (CMC 1998a, b, c, d).

The introductory section outlined the legal and constitutional imperatives that compel municipalities to develop and implement an explicit anti-poverty campaign within its boundaries. However, there are also many compelling economic reasons for addressing poverty, among them are the following points. Firstly, competing in the global economy potentially has enormous advantages for urban areas, but there are also significant risks and costs. The costs of globalisation are borne particularly severely by the poor who face increased inequality, jobless growth, the fallout from unequal trade regimes and the impact vulnerability to capital flight that fuels job losses. Secondly, global competitiveness requires well-managed cities. Good governance rests on inclusion of all citizens to manage and eliminate the negative impacts of escalating inequality (such as crime and low levels of service payment). Thirdly, global competitiveness for metropolitan areas depend on maintaining a pristine and attractive environment, free of the ravages of unchecked poverty and inequality. Fourthly, reducing poverty encourages economic growth through the expansion of local demand for goods and services. Lastly, the effective management of the informal sector, the fastest growing sector in most Southern metropolitan economies, and its constructive integration with the formal economy depends on a systematic understanding of how the poor survive.

## **TOWARDS AN APPROPRIATE DEFINITION OF (URBAN) POVERTY**

Not everyone understands poverty in the same way. Table 1 below provides a summary of the five major approaches to understanding poverty currently used by development practitioners across the world. Importantly, these approaches are not static and certain proponents incorporate aspects of other approaches in their own. The most common and preferred methodology for most officials in development agencies of government is the poverty line approach which defines poverty in relation to a minimum level of income that is required to fulfil basic subsistence and productive needs. If people are found to fall below a given income level, they are then deemed poor. Closely linked to this, is a definition of poverty that pertains to a certain level of access to basic services to fulfil basic needs such as shelter, food, drinkable water and education. Both of these approaches depend on assumptions about what exact level of income and access to services is required to sustain a humane living. However, in practice such standards are rather arbitrary if one compares these poverty lines with perspectives of the poor themselves (Wratten 1995) and they certainly vary between different areas (e.g. rural and urban) and almost always between communities. More importantly, both of these definitions associate poverty with a lack or deficiency on the part of the poor and in the process removes any form of agency and pro-active negotiation with the many factors of marginalisation. Alternative approaches to understand poverty seeks to overcome this problem by emphasising the subjective experience and negotiation of poverty.

An approach that is increasing in importance in the South can loosely be termed the livelihoods understanding of poverty. It refers to 'the mix of individual and households survival strategies, developed over a period of time, that seeks to mobilize available resources and opportunities. [It is] also seen to embrace the arrangement of productive tasks and responsibilities, including domestic work and child rearing, that accompany and make possible participation in paid work and public participation' (Beall & Kanji 1999: 12). Moreover this approach emphasises the centrality of social networks and associational practices that underpin various survival strategies. This understanding of poor households return *agency* to the poor as it starts with what is actually happening and how people negotiate their poverty and vulnerability. Such a starting point unsettles policy approaches that operate with one-size-fits-all solutions and it compels intervening agencies to hold back on their agendas and start by listening to the experiences and voices of the poor

themselves to ensure that strategies build on the assets and capabilities that already exist (Moser 1996; Satterthwaite 1997).

In the North, there has been an equally important turn in how poverty and marginalisation is understood through the social exclusion literature. It shares with the livelihoods perspective an emphasis on the importance of social relationships and structures of power at the local level. It has emerged in a context where minimum income is secured through social security payments and infrastructure provision is near universal, yet significant sections of these communities remain isolated from social opportunities and inequalities tend to worsen. As Alcock explains, 'social exclusion is a term that refers to circumstances of deprivation and disadvantage that extend beyond the lack of material resources, and people may be socially excluded even if they are not materially poor' (1997: 6). It seeks to highlight the fact that effective participation in (postmodern) society requires an ability to participate in the reciprocity of social relations (Alcock 1997 & 1998). This ability to do for others can be undermined by being cut-off from social opportunities and relevant information in a information-based society. In many senses this is an analysis that reflect the specificity of the decline of the welfare state and the transition from industrial to information economies, but there nonetheless a lot of relevance for experiences in the South.

The work of the United National Development Programme on a human development approach to understand and engage with unsustainable development and poverty has been important to appreciate the political underpinning of effective poverty reduction action. This perspective highlights how poverty and marginality can be reproduced through top-down development interventions. It draws out the importance of effective governance that is fundamentally participatory and holistic and responsive to the needs of the intended beneficiaries (UNDP 1997).

There are important differences in the assumptions and the solutions promoted by each approach. For example, poverty reduction from a basic needs perspective would tend to emphasise the provision of water or housing, while from an income perspective, jobs would be highest on the poverty reduction list. Organisations promoting sustainable livelihoods would focus on micro scale issues such as access to urban agriculture, rather than on the poverty related impacts of wider social tensions such as racism or sexism which would be favoured by the social exclusion approach. The human development approach is unique for the emphasis that it places on participation and political inclusion in reducing poverty.

Understandably, the way that the problem of poverty is defined impacts directly on the type of anti-poverty action that is adopted. While there is considerable debate about which is the better approach, we suggest that there is something to be gained from extracting the essential value from each of the key poverty reduction perspectives and creating an integrated poverty reduction approach (table 1).

**Table 1: Various approaches to poverty reduction**

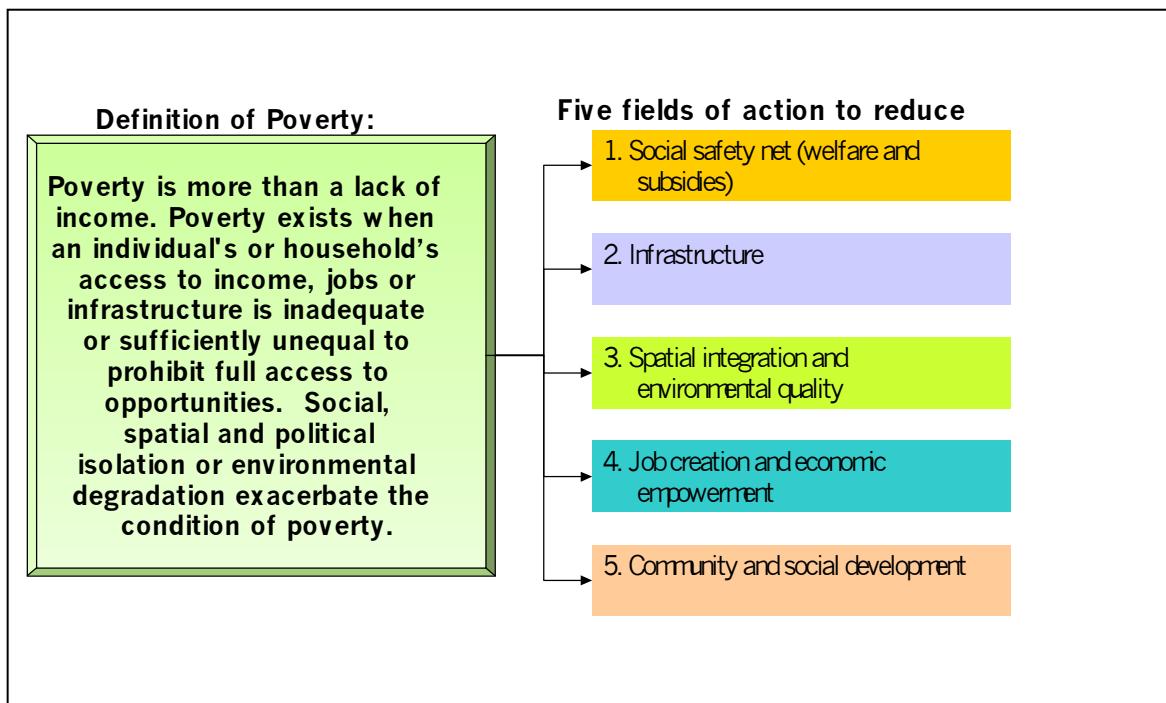
<b>Different approach to understand poverty:</b>	<b>Lack of income</b>	<b>Inadequate resources to satisfy basic needs</b>	<b>Societal structures that result in social exclusion</b>	<b>Forces that undermine the development of sustainable livelihoods</b>	<b>Barriers to human development</b>
<b>Agencies who typically promote this approach</b>	A wide variety of agencies, including most governments. This is the most common definition of poverty	World Bank	Northern governments and NGOs working in Northern countries	Southern NGOs - especially those working in rural areas.	United Nations Development Programme

<b>Aspects of urban poverty that this perspective focuses on</b>	<ul style="list-style-type: none"> <li>- welfare</li> <li>- subsidies</li> <li>- job creation</li> <li>- wage levels</li> </ul>	<ul style="list-style-type: none"> <li>- physical infrastructure investment (e.g. low income housing construction, sewage installation)</li> <li>- Social infrastructure provision (e.g. provision of clinics and schools)</li> </ul>	<ul style="list-style-type: none"> <li>- Cultural and political values that make poor people unable or unwilling to participate in the society (e.g. geographical isolation, informal and institutionalised racism and sexism)</li> </ul>	<ul style="list-style-type: none"> <li>- The exclusion of the poor from making decisions about their own development priorities.</li> <li>- The asset base that the poor have established that helps them cope</li> </ul>	<ul style="list-style-type: none"> <li>- A range of activities ranging from job creation, to infrastructure provision and enhanced participation in urban developments</li> </ul>
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What emerges very clearly from table 1 is that ones approach to understanding poverty leads to a particular kind of response to solve the problem. However, the problem that most of these approaches focus on are usually adopted at the exclusion of issues that are prioritised by alternative approaches. International research suggests that this has been a key reason for failure in other countries, along with the mistake of de-linking poverty from inequality (Dixon & Macarov 1998; Alcock 1997; Rakodi 1999).

What is required is an integrated definition to ensure that one develops a multi-dimensional understanding and response to poverty and inequality. This analysis of the diverse anti-poverty approaches has leaded us to formulate an integrated and comprehensive definition of poverty to underpin a municipal poverty reduction framework. The working definition is as follows: *Poverty is more than a lack of income. Poverty exists when an individual's or a household's access to income, jobs and/or infrastructure is inadequate or sufficiently unequal to prohibit full access to opportunities in society. Social, spatial and political isolation or environmental degradation exacerbates the condition of poverty.*

Significantly, this definition draws from experiences of both the developed and the developing world. South Africa's particular conditions have been taken into account by emphasising social and spatial exclusion as one of the underlying factors in creating and reinforcing poverty. The next task is to demonstrate how this particular definition can serve as a basis for application by municipalities. This means being specific about what types of strategies will flow from the approach. Essentially the definition suggests that effective poverty reduction must *simultaneously* look at issues of income, infrastructure, spatial isolation and environmental degradation, social exclusion and access to power and resources. This overwhelming task can be simplified somewhat by identifying five core fields of poverty reduction action (figure 1).

**Figure 1: Five fields of action towards poverty reduction**

The five fields of action for poverty reduction activities include:

- Ensuring access to a social safety net for people with no or minimal income and vulnerable to complete destitution. This includes access to 'indirect income', for example through subsidies and welfare benefits to prevent absolute destitution in cases of old age, disability or unemployed single parents.
- Ensuring the provision of basic infrastructure to ensure a liveable environment and access to key opportunities to enhance productive opportunities. This includes both physical (housing, electricity, water and sewerage) and social infrastructure (like clinics, schools, training facilities, amongst other).
- Advancing spatial integration and developing sustainable living environments. In this usage space also refers to the poor's exposure to environmental degradation in terms of both 'green' and 'brown' environmental considerations.<sup>6</sup>
- Promoting job creation and economic empowerment through facilitating access to both formal and informal employment and income opportunities, and a variety of supply-side measures to enhance economic productivity.
- Supporting community and social development actions by building on the livelihood strategies of the poor. Livelihood strategies are the social and cultural responses through which the poor help themselves and support associational/network activities.

As figure 1 indicates none of these variables on their own defines the condition of poverty, but taken together they offer a more comprehensive reflection of what it means to be poor. This

<sup>6</sup> Due to the scale and complexity of environmental problems, especially in urban settlements in Developing Countries, the World Bank started to promote a distinction between so-called green and brown environmental issues. Green issues refer to the quality of the natural environment and ecological systems that people reside in, and brown environmental issues pertain to the 'most basic of environmental problems, e.g. the provision of safe, sufficient supplies of water to households and enterprises and provision for the collection and disposal of faecal matter and other liquid and solid wastes' (UNCHS 1996: p.156).

picture would be appropriately deepened if read in conjunction with perspectives that explore the power relations in poor communities and poor households as well (Beall & Kanji 1999; Douglas 1998; Friedmann 1996). Moreover, poverty dynamics that can be located in one category can easily be related to or even be located in another category. The *inter-relationship* between the five fields of action is the critical success factor to operationalise this framework effectively.

The argument is that if we accept the integrated definition of poverty for urban areas it will mean that poverty reduction initiatives cannot be reduced to only building houses, or to simply promoting job creation. Spatial integration alone will not reduce poverty, nor will the increase of welfare payments. Effective poverty reduction will therefore depend on strategic action being taken across the range of each of the five fields that affect the lives of the poor. The better these activities are co-ordinated and articulated, the greater the poverty reduction impact will be. Institutional preparedness to function in a co-ordinated fashion invariably means transcending hierarchical and 'siloised' organisation in municipalities (Turner & Hulme 1997; Swilling et al. 1998). It is therefore essential that there is clarity across the organisation on why poverty reduction is such an important priority for local government and how the different planning, monitoring, assessment and financial instruments can be re-defined to ensure the implementation of an integrated anti-poverty strategy.

## POVERTY AUDIT

Once the understanding of poverty is politically mediated and accepted, it is necessary to unpack the *specific* manifestations of poverty in the given urban area. The primary purpose of a poverty audit is to formulate a comprehensive and dynamic understanding of poverty to equip the given municipality to design appropriate interventions. This step in the process involves the following four activities:

- Define the human face of poverty, i.e. who are the poor? How many people are poor? Where are the poor concentrated? How does different people experience poverty?
- Identify the causes of poverty in the municipal area based on a detailed assessment of how past policies, current state policies and international trends impact on the poor (see table 2).
- Identify existing and required data (quantitative and qualitative) that will be necessary to measure current manifestations of poverty and monitor the impact of poverty reduction efforts.
- Review the existing poverty reduction activities of all major actors in the urban arena, including the poor themselves

### A Methodology for Establishing the Causes of Poverty

In the first instance it is proposed that the five fields of action be used as a checklist to identify missing and priority information (statistical data and ethnographic analysis) to establish a comprehensive overview of poverty in the municipal area. In other words, do we know enough about how poverty manifests in terms of people's (lack of) access to social safety nets, infrastructure and employment opportunities? Do we understand how poverty is specifically entrenched through existing spatial patterns? Do we understand the multiple livelihood strategies that people deploy to ameliorate their lack of access to opportunities and essential services and resources?

Secondly, the five fields of action can also be used as a checklist to explore the causes of poverty. Using the framework in this way we ensure that our analysis of the causes of poverty feed directly

into our strategies to address poverty across the five fields of action. To fully grasp the causes of poverty in terms of the logic of this methodology, we need to cross-sect the five fields with the following considerations:

- The legacy of past (urban) policy
- The socio-economic context, including private investment patterns
- Current government policies that impact on the poor.<sup>7</sup>

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<sup>7</sup> This probably the most complex step in the overall Poverty Reduction Framework. However, a CMC Background Paper, 'Conducting a Poverty Audit in the CMA', provides more substantial discussion on how these issues relate to the current profile of poverty in the CMA. There is also a more detailed discussion on how to use the checklist, and several examples drawn from the CMA are provided.

**Table 2: Proposed checklist for establishing the causes of poverty**

	SOCIAL SAFETY NET (Welfare & subsidies)	INFRA-STRUCTURE	SPACE & ENVIRON-MENT	JOBS & ECON. EMPOWER-MENT	COMM. & SOCIAL DEV. (Livelihoods)
PAST URBAN POLICY:					
e.g. spatial planning					
Housing Policy					
Urbanisation polices					
SOCIO-ECONOMIC CONTEXT:					
e.g. Globalisation					
Gender relations					
<b>CURRENT POLICY (INCLUDING NATIONAL, PROVINCIAL, METRO AND MLC):</b>					
Housing policy					
Welfare policies					
Trade and Industry Policies					
Environmental Policies					
Fiscal policies e.g. GEAR, tax					
Education policy					
Health Policy					
Transport policy					

By working through the matrix a range of measurable dimensions of poverty will emerge. For example, it is possible to relate specific aspects of infrastructure poverty either to past policies (e.g. the coloured labour preference area meant that few houses were built for Africans), or to gender relations (e.g. very few women in the Cape metro area currently own their houses largely because the registered tenants who were awarded freehold were men), or to current housing policy (the policy of giving subsidies for new housing excludes assisting residents of poor quality of stock in old coloured areas). Each of these variations on infrastructure poverty would require a different measurement and the poverty reduction strategies that would emerge from the three aspects of the infrastructure problem would all be different. This *flexibility* is what sets this approach apart from traditional poverty reduction measures which apply one or two generic strategies to all people considered poor.

By selecting from the issues generated through completing the matrix it is possible to establish a comprehensive analysis about how the different causes of poverty produces a unique manifestation in a given locality. The real value of this information is that it is amenable to be translated into broad targets to address the many different causes of poverty. However, before any targets are set or new initiatives are undertaken, it is important to take stock of existing poverty reduction efforts by local government and all other actors.

### Identify Existing and Required Data to Measure Poverty

Currently, all seven municipalities in the CMA use different information sources and analysis to inform their strategies, programmes and budgets. The quality of existing sources of information is inadequate to inform effective poverty reduction measures across the five fronts of action.<sup>8</sup> Once

<sup>8</sup> This was confirmed at a recent workshop with all of the CEOs and Treasurers of the seven councils in the Cape Metro Area held on the 15 March 1999.

municipalities have completed the poverty checklist discussed in the previous section, they will have a clear picture of what information of relevance they have got and what are the information gaps to ensure effective action. Co-ordinated action should then be taken across the metropolitan area to ensure that the additional information required is obtained as quickly as possible.

Accurate and disaggregated information about the different dimensions of poverty enable local government to identify the range of potential strategies that could be mobilised to reduce poverty. Accurate information is further required to establish the framework to monitor and evaluate the impact of anti-poverty measures. Such an indicator framework should be used to inform targeting, continuous monitoring and periodic evaluation of impact of poverty reduction measures.

### **Identify Existing Poverty Reduction Activities of all Major Actors**

Poverty in the CMA is not new, and a number of significant and effective poverty reduction strategies are already in place. The programmes of municipalities are augmented by NGOs and CBOs and, most importantly, by the poor themselves. It would be a waste of energy and resources if strategies adopted by the Metropolitan Local Councils or the Cape Metropolitan Council undermined existing efforts of the poor themselves, or if the impact of one intervention eroded the impact of another poverty reduction initiative elsewhere in the metropolitan area. The next step is, therefore, to profile the poverty reduction strategies, not simply of the local authority, but of all involved in poverty reduction including national and provincial government (table 3).

The objectives of reviewing existing poverty reduction efforts (table 3) are:

- To ensure that there are no major areas of unnecessary duplication across the five fields of action, and if there are, to rationalise and co-ordinate the scarce resources available for poverty reduction.
- To identify any important gaps in the five fields of poverty reduction action. In this regard it is especially useful to consider the capital and operating resource allocations ascribed to the different activities.
- To ensure that the poor are adequately involved in all poverty reduction work. This issue is crucial and merits further attention. As mentioned earlier, we have not explored these issues in any detail here, which should not be misinterpreted as a sign of unimportance.

**Table 3: Review poverty reduction action of all parties across the five fields of action<sup>9</sup>**

	SOCIAL SAFETY NET (Welfare & subsidies)	INFRA-STRUCTURE	SPACE & ENVIRONMENT	JOBS & ECON. EMPOWERMENT	COMM. & SOCIAL DEV. (Livelihoods)
<b>The Poor</b>		*	**	**	****
<b>Metro Councils</b>	*	****	***	**	*
<b>NGOs &amp; CBOs</b>	*	**	**	**	***
<b>National &amp; Provincial Government</b>	****	***	**	*	*
<b>Private Sector</b>		**	**	****	*

### Reviewing the Survival Strategies of the Poor/Articulating the Formal and the Informal

This process is different to the activity outlined in the previous discussion in that here we are interested to understand the various social and cultural practices, networks and household dynamics that people mobilise to negotiate their poverty. In the previous section, we focused on formal and defined strategies of clearly identifiable institutions in the public, private and voluntary sectors.

It is essential to establish an active dialogue between the local authority and the poor themselves on what the best ways of dealing with poverty are and what the most desirable improvements would entail (Mitlin 1999; Rakodi 1999; Simone 1998). In other words, we need more than statistics about the poor if we are to find sustainable solutions to poverty that are welcomed by the target group. It is however, possible to quantify some of the survival strategies of the poor so that they can be monitored to assess the impact of other poverty reduction programmes. Some examples of this are provided in table 4.

The categories of social safety nets, infrastructure, space, employment and livelihoods remind us that, just as poverty is experienced in many different ways, so too the poor find creative and varied methods of coping. It is essential that policy makers recognise the social and cultural structures that maintain communities as well as the more visible material aspects.

<sup>9</sup> The asterisk in each column indicates when a given actor has a high level of activity in that category of action or not. One asterisk indicates some activity, and four asterisks indicate a lot of activity. For example, national and provincial government provides almost all of the available social safety nets in the form of welfare grants and pension payments.

**Table 4: Examples of survival strategies of the poor**

Social safety nets	Infrastructure	Space	Employment	Livelihoods
<ul style="list-style-type: none"> <li>- No. of welfare dependant households by type (pension, child maintenance, disability, UIF)</li> <li>- Dependency ratios of welfare recipients by type (pension, child maintenance, disability, UIF)</li> <li>- No. of migrants emit (or receive) remittances or cash in kind to rural areas</li> <li>- No. of migrants who plan to retire outside of the CMA</li> <li>- Use of charity services like food kitchens</li> <li>- Use of welfare services or religious institutions</li> </ul>	<ul style="list-style-type: none"> <li>- No. of squatters</li> <li>- No. of site and service occupants</li> <li>- No. of overcrowded units</li> <li>- No. of street children</li> <li>- No. of landlords dependant on rental from sub-letting</li> <li>- No. of waste pickers</li> <li>- No. of spaza shops</li> <li>- Rape or crime rates</li> <li>- No. of community courts</li> <li>- No. of informal child-care and pre-school venues</li> <li>- No. of traditional healers and Sangomas</li> <li>- Cost of private sector property</li> <li>- Cost structure of contraband wares</li> </ul>	<ul style="list-style-type: none"> <li>- Territorial boundaries of gangs</li> <li>- Extent and regularity of contact between neighbours</li> <li>- Clustering of families or people from the same rural place</li> <li>- Length of residence in the area</li> <li>- Patterns of mobility within the CMA that illustrate how the poor limit and curtail their activity to a small known area within walking distance of home</li> <li>- Location of employment relative to residence</li> <li>- Level and incidence of environmental diseases</li> <li>- Treatment and opportunities cost</li> </ul>	<ul style="list-style-type: none"> <li>- No. of people in formal jobs by income quintiles and/or occupational categories</li> <li>- Dependency ratios of formal workers</li> <li>- No. of SMME related jobs</li> <li>- Dependency ratios of informal sector workers</li> <li>- No. of the population dependant on crime</li> <li>- No. of informal sector workers</li> <li>- No. of children working</li> <li>- No. of people doing two or more jobs</li> <li>- No. of unemployed</li> <li>- Dependency points between informal economic sectors and activities, e.g. drug economy, sex work, smuggling, etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Membership of informal savings clubs (stokvels etc.)</li> <li>- Membership of religious organisations</li> <li>- Household borrowing patterns</li> <li>- Patterns of communal eating</li> <li>- No of school going age children not at school</li> <li>- No of malnourished children under 6 years of age</li> <li>- Formal credit/debit patterns - hire purchase rates</li> <li>- The adaptation of household structures (either to maximise subsidies or to leverage other resources)</li> <li>- Level of non-payment for rates and services</li> <li>- Migrancy patterns (e.g. leaving children in rural areas)</li> <li>- Labour intensive solutions to cost reduction (e.g. collecting fire wood to use as fuel in electrified neighbourhoods)</li> </ul>

As the experience and response to poverty varies according to gender, age and race it is essential that the poverty audit reflect the different positions of men and women, youth and the aged, and all races. Once the poverty audit has been completed, it is necessary to move to concrete processes within the municipality to translate the understanding of poverty into a strategic planning and management process to formulate concrete targets that can be broken down into concrete programmes and projects with clear indicators to assess anti-poverty measures and the change in the condition of poverty in general.

## SETTING POVERTY REDUCTION TARGETS

To understand the role of poverty reduction targets it is useful to briefly restate the processes involved in defining and operationalising a policy framework. The policy intent (e.g. poverty reduction) is translated into a definitional statement, which in turn leads to a detailed assessment of the problem. This problem analysis provides the platform to formulate targets to address the problem in a systematic way over a specified time period. The targets in turn are used to formulate

more concrete programmes to address different dimensions of the problem (e.g. programmes for the five fields of action in this model). The programmes are cohered by a 'strategic framework' — a statement about choices (trade-off's) to achieve desired goals — that specifies and motivates why certain interventions are prioritised over others and establish the criteria for what constitutes a relevant programme of action. Once the programmes have been designed, it needs to be broken down into guiding principles and concrete projects, which must remain consistent with the programme and strategic framework, in a broad sense.

This series of steps lays the foundation for designing two categories of indicators. Firstly, *performance indicators* that pertain to the implementing institution to ensure that the organisation is geared to implement programmes and projects that will result in the outcomes specified at the outset. The second category is *impact indicators*, which relate to the outcome and impact of specific interventions. Impact indicators can be measured in different ways ranging from simple to complex (CMC 1998d). Simple indicators are usually quantitative, e.g. the target to improve shelter conditions of the poor is measured by an indicator that tells us how many houses were built over a specific time. A more complex indicator will also address qualitative issues, e.g. about the nature of the houses, its location in terms of access to health facilities, schools and public transport, whether labour intensive technologies were used, etc. Both of these indicators will be collapsible into the key performance indicators that will be a legislative requirement after the next local government elections in December 2000.

At this stage in the document we have established the importance of working with an integrated definition of poverty to make sure that local government's response is not partial but comprehensive. The earlier discussion on the definition of poverty lead into a focus on the importance of understanding the root causes of poverty and how poverty manifests in different ways depending on who you are and where you live. This highlighted the importance of adopting a collaborative approach, i.e. working with, and establishing what other actors in the public sector, private sector, non-profit and community-based sectors are already doing to reduce poverty. All this information is a precursor to establishing poverty reduction targets. Without this information poverty reduction targets are likely to be ill-informed and misguided, which is a waste of precious resources.

The previous steps in the process should enable municipalities to have a detailed grasp of the existing levels of poverty and the different strategies that people deploy to manage this condition. Based on this analysis municipalities can formulate clear targets that spell out how, by when and with what resources specific aspects of poverty will be addressed. This must reflect the results of conducting strategic assessments of the most effective poverty reduction projects across each of the five dimensions of poverty that are already in existence and that is required. Then targets can be set for each of the five fields of action and the inter-relationship between the fields of action must be recognised.

The process of establishing clearly defined targets is a political one, linked to technical and fiscal considerations because it involves a choice about allocating resources between various competing priorities. It is therefore critical that political commitment from councillors and communities is fostered to establish poverty reduction targets and operationalise programmes and projects to progressively achieve the targets. The precise modalities of political engagement is always circumscribed by local power configurations amongst political parties, within parties, between officials and politicians and of course various interests groups from different communities and the business sector (Burgess et al. 1997; Oldfield 1998; Parnell & Pieterse 1998). Exploring this dimension is a paper in its own right that we cannot go into at this point.

The process of establishing targets and formulating indicators presupposes a culture of evaluation in municipalities. This is not really in existence with regard to poverty reduction measures and necessary systems and procedures will have to be built incrementally over a period of time. Given the importance of co-ordination and integration across metropolitan areas, it would be necessary to launch a poverty indicator programme that would allow monitoring and evaluation of poverty reduction policy and projects. In the case of the CMA moves are afoot to integrate such an initiative with existing processes to construct a shared information management system between the seven municipalities.

Another dimension of establishing realistic and appropriate targets is costing of poverty reduction activities. If the ideal scenario is that poverty reduction initiatives are mainstreamed in the budget, it will require that such initiatives are accurately costed. This is somewhat more complicated than just establishing prices for specific inputs such as infrastructure or welfare payments, because, it could for example, involve pricing the value of adopting labour intensive strategies or promoting cultural activities. Appropriate and realistic poverty reduction targets require the adoption of participatory methodologies for poverty reduction strategies that operate on a disaggregated basis with different sectors amongst the poor, e.g. female-headed households, the disabled, youth, street children, etc. in project design, implementation, monitoring and review (Beall & Kanji 1999; Mitlin 1999). The targets and indicators need to reflect the experiences and perspectives of the poor themselves. This will require investment in capacity building initiatives to provide opportunities for appropriate training of the poor in the more technical language of project objectives, budgets and evaluation criteria. A different dimension of adopting a community-based orientation is the need to gradually try to incorporate the informal (often illegal) structures of 'uncivil' society that undermine the terms of governance and compound the problems of the poor (Simone 1998). This may involve anti-corruption strategies and targeted projects.

## MAINSTREAM POVERTY REDUCTION ACTIVITIES WITHIN THE LOCAL AUTHORITY

For poverty reduction to be more than policy it is essential that the instruments and tools of municipalities are adapted for use in the fight against poverty. The prerequisite is unambiguous political and institutional will. In practice the mainstreaming of poverty reduction in the work of local government in the CMA means:

- Ensuring that poverty reduction activities across all five fields of action are reflected in the integrated development plans (legislative requirements to conduct participatory development planning), business plans and budgets;
- Delineating geographical zones<sup>10</sup> or manifestations of poverty (e.g. gender) that may require special attention<sup>11</sup>
- Co-ordinate and rationalise existing poverty reduction efforts, along with implementing newly identified programmes and actions
- Securing appropriate funding for the full range of poverty reduction projects and making sure that these are reflected on the budget
- Implementing a monitoring system of each of the five fields of action of the poverty reduction framework to assess the impact of local authority action in the CMA<sup>12</sup>
- Reviewing, revising and reformulating poverty reduction activities over all five fields of action so that the collective impact of local government action is enhanced.

In many respects a municipality will find that once it gets to the point of identifying concrete interventions, most of it would be activities that it is already engaged in. However, the point is to re-interpret these actions through a poverty prism, i.e. making the most effective and durable impact on poverty, based on accurate information and quality analysis of how structural poverty reproduces itself. Given the recent changes in the functions and roles of municipalities in South Africa, and in particular social and economic development responsibilities, most of the new actions will be in this terrain. The value of a poverty reduction framework is that it will reinforce the importance of co-ordinated action and synergy. Municipalities must understand that a critical part of being effective is to ensure that the intervention of other role players, national and provincial government, CBOs, NGOs and the private sector are maximised and reinforced by its own interventions.

To concretise this discussion, we have developed a table of potential strategies broken down along the five fields of action. These interventions include actions that must and could be undertaken by other stakeholders, but it is included to underscore that municipalities can play a role by advocating that these stakeholders fulfil their obligations and reinforce its own strategies that may be related to those actions. The menu of potential interventions are captured in table 4 below:

**Table 4: A menu of municipal strategies to reducing poverty**

### MUNICIPAL ANTI-POVERTY STRATEGIES

<sup>10</sup> The Geographical Information System of the Cape Metro Council lends itself to conduct identification of zones of poverty or exclusion by plotting indicators of poverty (See the CMC's *Levels of Living Report*.)

<sup>11</sup> A CMC Background Paper, 'Anti-poverty Indicators', includes discussion on how to conduct a gender audit in the CMA to reveal the differences between men's and women's experiences of poverty and poverty reduction programmes (CMC 1998d).

<sup>12</sup> The same Background Paper on 'Anti-poverty Indicators', provides a detailed discussion of how to apply the CMC's poverty framework to an indicator based monitoring system.

1. Securing access to welfare & subsidies	2. Infrastructure development	3. Spatial integration & env. management	4. Employment creation & econ. empowerment	5. Livelihoods expansion & support
<ul style="list-style-type: none"> <li>- equitable share scheme</li> <li>- housing subsidy</li> <li>- pensions &amp; security</li> <li>- disability grants</li> <li>- maintenance grants</li> <li>- cross-subsidisation</li> <li>- rates policies</li> <li>- infrastructure grants</li> <li>- social funds</li> </ul>	<p><b>a) Bulk services</b> (water, sanitation, housing, electricity and transport)</p> <ul style="list-style-type: none"> <li>- access</li> <li>- cost</li> <li>- quality</li> </ul> <p><b>b) Social Infrastructure</b></p> <ul style="list-style-type: none"> <li>- health</li> <li>- education</li> <li>- crime and security</li> <li>- legal services, e.g. access to representation, security of tenure, bye-laws</li> <li>- disaster management</li> </ul>	<ul style="list-style-type: none"> <li>- spatial development frameworks</li> <li>- environmental policy frameworks (Agenda 21)</li> <li>- urbanisation &amp; hostel policy (migration)</li> <li>- transport policy and framework</li> <li>- inner-city renewal</li> <li>- LED strategies with a spatial focus, e.g. investment linking</li> </ul>	<ul style="list-style-type: none"> <li>- LED strategies</li> <li>- SMME strategies</li> <li>- public works</li> <li>- informal sector support</li> <li>- access into formal jobs</li> <li>- affirmative action geared towards marginalised candidates</li> <li>- targeted employment strategies</li> <li>- vocational and skills training</li> </ul>	<ul style="list-style-type: none"> <li>- social capital</li> <li>- multiple strategies</li> <li>- land reform</li> <li>- low income credit</li> <li>- child care</li> <li>- vulnerable groups</li> <li>- urban agriculture</li> </ul>
<p><b>Cross-Cutting Considerations:</b></p> <ul style="list-style-type: none"> <li>• <b>Participatory Methodologies</b>, that operates on a disaggregated basis with different sectors amongst the poor, e.g. female-headed households, disable youth, street children, etc. for design, implementation, monitoring and review.</li> <li>• <b>Partnership frameworks</b>, which underscores that any strategy can and probably should, be done in partnerships with other social actors in the private and community sectors.</li> <li>• <b>An explicit anti-poverty bias</b> need to underpin the design and operationalisation of all strategies since there is no automatic guarantee that, for example, an SMME strategy will benefit the poorest sections of the population</li> <li>• <b>Accountability and learning</b> need to be linked to the strategies through appropriate monitoring and evaluation tools.</li> </ul>				

## IN CONCLUSION...

This framework has been presented in a comprehensive manner and it is now appropriate to briefly mention some reservations we harbour around its potential in the political context of the Cape Metropolitan area. The political balance between the different political parties could result in an ongoing policy stalemate that prevents any experimentation with new approaches, especially if it is geared to address social inequalities. Secondly, change processes are being pursued on as many levels as possible, i.e. work-process, organisational culture, employment policies, procurement policies, information technology, amongst other, that it may be impossible to introduce another round of reflection and adaptation to ensure a pro-poor approach is reflected in the organisation. The information sources and analytical ability of municipalities to understand everyday patterns and realities in poor neighbourhoods remain extremely limited which will stunt efforts to improve service delivery to these areas. The traditional mentality of staff and managers who conduct the service delivery will almost certainly undermine the evolution of more context-specific interventions. There is little evidence that this will change soon. Nonetheless, given the political pressures that both politicians and city managers face, the seven councils will have to find it in

themselves to respond to the desperate need for an effective response to growing poverty and inequality in the metropolitan area.

The central argument of this paper is that poverty reduction remains a critical priority for the state and local government is particularly well placed to take a leading role. However, before it can be effective it must do its homework and build on the lessons of poverty alleviation strategies in both the South and the North over the last three decades. The primary message that emerges from these experiences is that poverty is not a one-dimensional problem that can be captured by income or welfare indices. It is a dynamic and relative phenomenon that has culturally specific connotations and responses. Moreover, the poor are not helpless victims who simply endure their condition, but are active agents constantly seeking ways of improving their negotiation with their circumstances. In the process they deploy complex household arrangements, embedded in broader social networks to reproduce their assets and expand it whenever possible. But this negotiation occurs in a broader and complex arena of social relations manifested in social and political power that systematically reproduces inequalities and divisions in this society. Targeted poverty reduction initiatives must be combined with broader political empowerment to ensure that the macro environment is also systematically transformed.

In more concrete terms we have attempted to demonstrate how these insights can be applied to develop a policy framework that is tailor-made for local government's role in development. To ensure local relevance we explored the new opportunities and constraints that municipalities will face as the local government system in South Africa is restructured by new legislation and policies. Against this backdrop we discussed initiatives in the Cape Metropolitan Council to mainstream poverty reduction by implementing the policy framework presented in this paper. It remains early days and it will take some time before we are in a position to assess the wisdom and dangers of this approach in a meaningful way. For now we are opening this initiative for broader reflection, critique and comparative learning, which is the only way to ensure its adaptability.

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