

NATIONAL TREASURY

NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT



**CREATING URBAN NETWORKS.
RESHAPING SOUTH AFRICA'S CITIES.**

The Headlines

Lessons Learnt & NDP Review

Spatial Targeting & the Urban Network Strategy

Recommendations for Reform

CONTEXT OF THE NEIGHBOURHOOD DEVELOPMENT PROGRAMME

- The NDP was established in 2006 and is responsible for managing the Neighbourhood Development Partnership Grant. Grant Purpose:

To support and facilitate the planning and development of neighbourhood development programmes and projects that provide catalytic infrastructure to leverage 3rd party public and private sector development towards improving the quality of life of residents in targeted underserved neighbourhoods (townships generally) Division of Revenue Bill, 2013 (Bill No. 02 of 2013)

- The Unit uses the following instruments to fulfil its mandate:
 - A Technical Assistance (TA) grant intended for strategic urban planning, precinct and project planning and packaging;
 - A Capital Grant (CG) for investment into catalytic township projects; and
 - A good practice sharing, learning and sector capacity building function

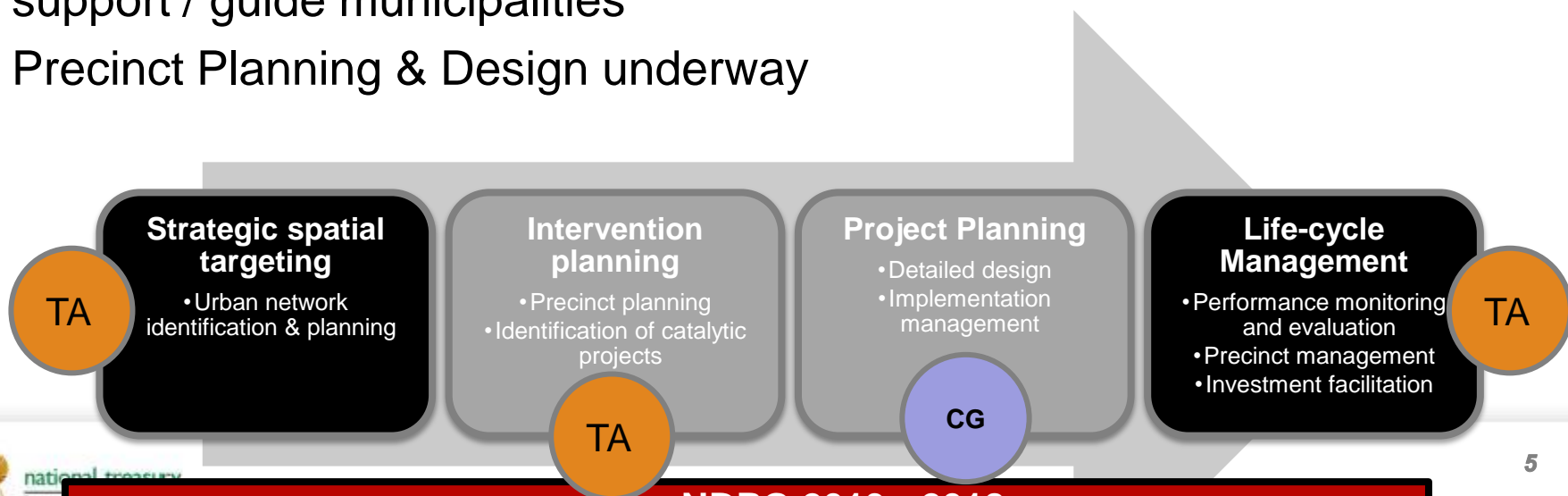
FROM THE START OF THE PROGRAMME UNTIL THE END OF 2012/13 THE NDPG HAS ENABLED:

- Municipal business plans approved to a value of R4.0bn
- 260 project plans approved to the value of R3.9 bn.
- 170 Municipal projects implemented through the grant
- 81 projects currently in construction (Feb 2014)
- Formulation (and implementation) of the Urban Network Strategy



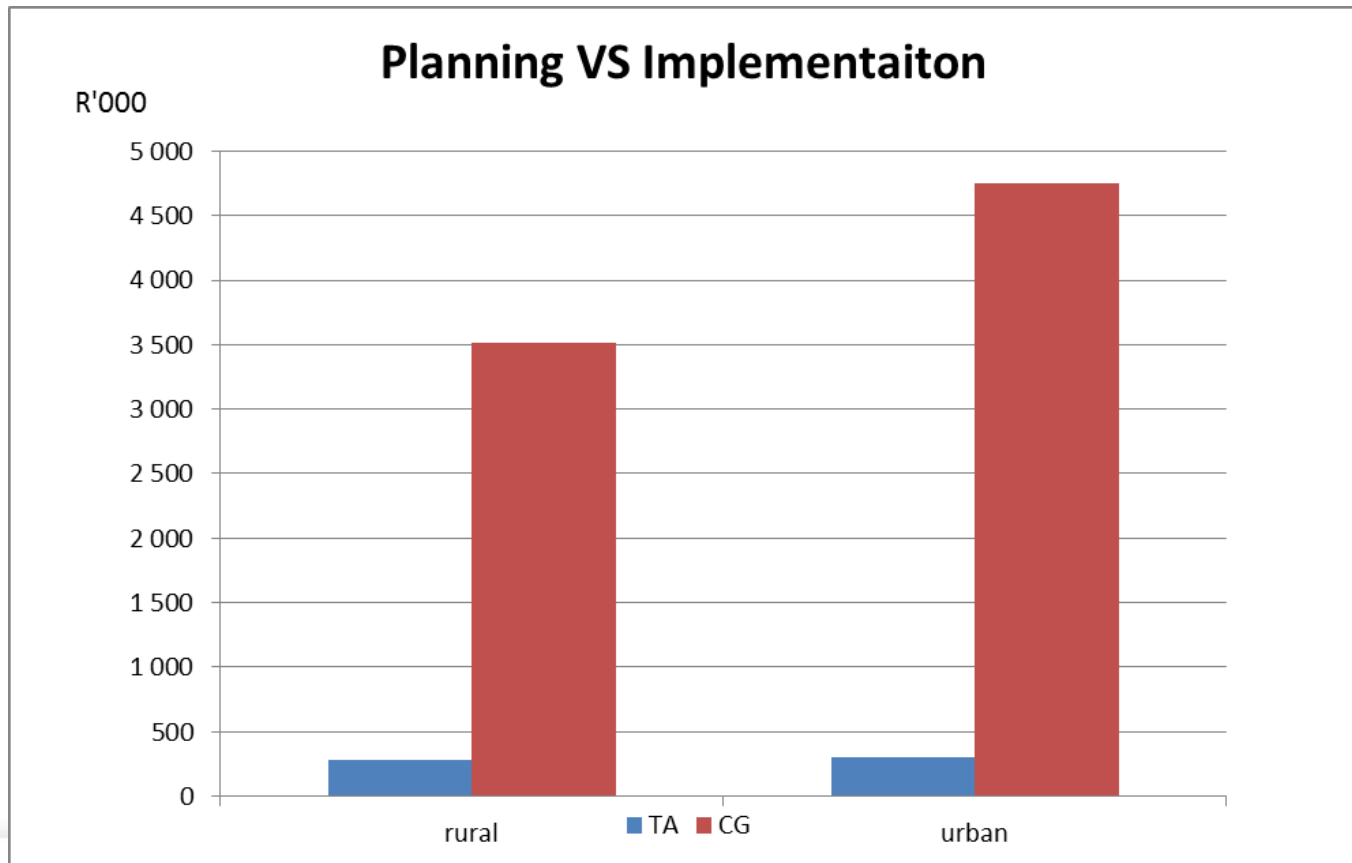
NDPG 2013 – 2018: URBAN NETWORK APPROACH (SPATIAL TARGETING & LIFE CYCLE MANAGEMENT)

- Project funding and implementation continues
- Strategic engagements completed with executive teams in all 8 metros and all 10 secondary cities
- Urban Network Plans for 18 NDP Municipalities Completed
- 23 Urban Hubs Identified across all 18 NDP Municipalities
 - (others in progress)
- Development of Urban Network Support Guide (series of toolkits) to support / guide municipalities
- Precinct Planning & Design underway



SPEND ANALYSIS – FROM INCEPTION TO FEBRUARY 2014

	RURAL	URBAN
TECHNICAL ASSISTANCE	R281 525.00	R301 015.57
CAPITAL GRANT	R3 514 446.15	R4 751 768.43
TOTAL	R3 795 971.15	R5 052 784.00



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LESSONS LEARNT FROM A NDPG PERSPECTIVE ON GRANT MANAGEMENT

- In the absence of an integrated and co-ordinated municipal-wide spatial regeneration strategy, multiple capital grants result in (even encourage) spatially disparate “ad-hoc” projects and have a limited impact
- Project identification and project prioritisation is often informed by vested interests
- Land issues dictate hamper project progress and grant performance
- Poor forecasting and budgeting creates uncertainty in the nature of municipal funding sources and limits their ability to implement
- National Gov. procedures & processes not supporting Muni’s

LESSONS LEARNT FROM A NDPG PERSPECTIVE ON GRANT MANAGEMENT

- There is often slower than predicted municipal spend due to:
 - Weak financial management and SCM in municipalities
 - Limited municipal capacity to plan, assemble and align multiple funding sources in single large-scale mixed use development
 - Political instability
 - Capacity to spend
 - Grant fatigue
- Undiversified and marginal local economies in townships remain
- Municipalities have limited capacity (motivation) to secure leverage & support is required:
 - Grant “approach” is an effective instrument at attracting and sustaining 3rd party funding (i.e. leverage)

OUTCOMES OF THE NEIGHBOURHOOD DEVELOPMENT PROGRAMME'S (NDP) REVIEW

- During 2011/12 the NDP evaluated the performance of the NDP grant and as a result hereof embarked on a process of strategic planning to deepen value for money and long term impact.
- The strategic role of urban centres in enabling the necessary conditions for achieving key government outcomes is well documented locally and internationally.
- Alignment to Vision 2030 to address the urban and spatial components as highlighted in the National Development Plan
- Need to focus the NDP Grant on larger scale (functional regional) spatial interventions

OUTCOMES OF THE NEIGHBOURHOOD DEVELOPMENT PROGRAMME'S (NDP) REVIEW

- Need for a strategic approach is required that:
 - Does more with less
 - Is people based
 - Is Investment based
 - Simplifies rather than complicates
- Begin to see the city as a whole
 - Focus on functional urban areas rather than the political boundaries
- Aim to improve access to both existing and future settlements
- Concentrate on a small number of strategically located nodes/anchors to achieve critical mass/agglomeration, especially to catalyse private sector investment in strategic locations

OUTCOMES OF THE NEIGHBOURHOOD DEVELOPMENT PROGRAMME'S (NDP) REVIEW

- Need to partner with other strategic spatial, transit orientated grants for projects in the urban hubs, transport linkages and housing in integration zones will be made available via the NDPG, PTIS (transport) and USDG (housing) grants.
- Align with the City Support Programme to enable the NDP to play a more direct role in strategic infrastructure prioritisation
- Take an alternative approach towards the rural NDP municipalities
- Need to promote a strategic planning and investment framework to transform the spatial form of SA's larger urban centres.

PARTNERSHIPS WITH LOCAL GOVERNMENT

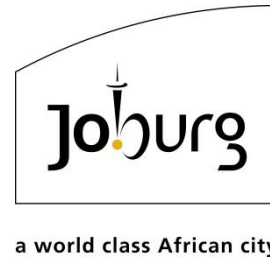


CITY OF CAPE TOWN | ISIXEKO SASEKAPA | STAD KAAPSTAD

THIS CITY WORKS FOR YOU



ETHEKWINI
MUNICIPALITY



BUFFALO CITY
METROPOLITAN MUNICIPALITY



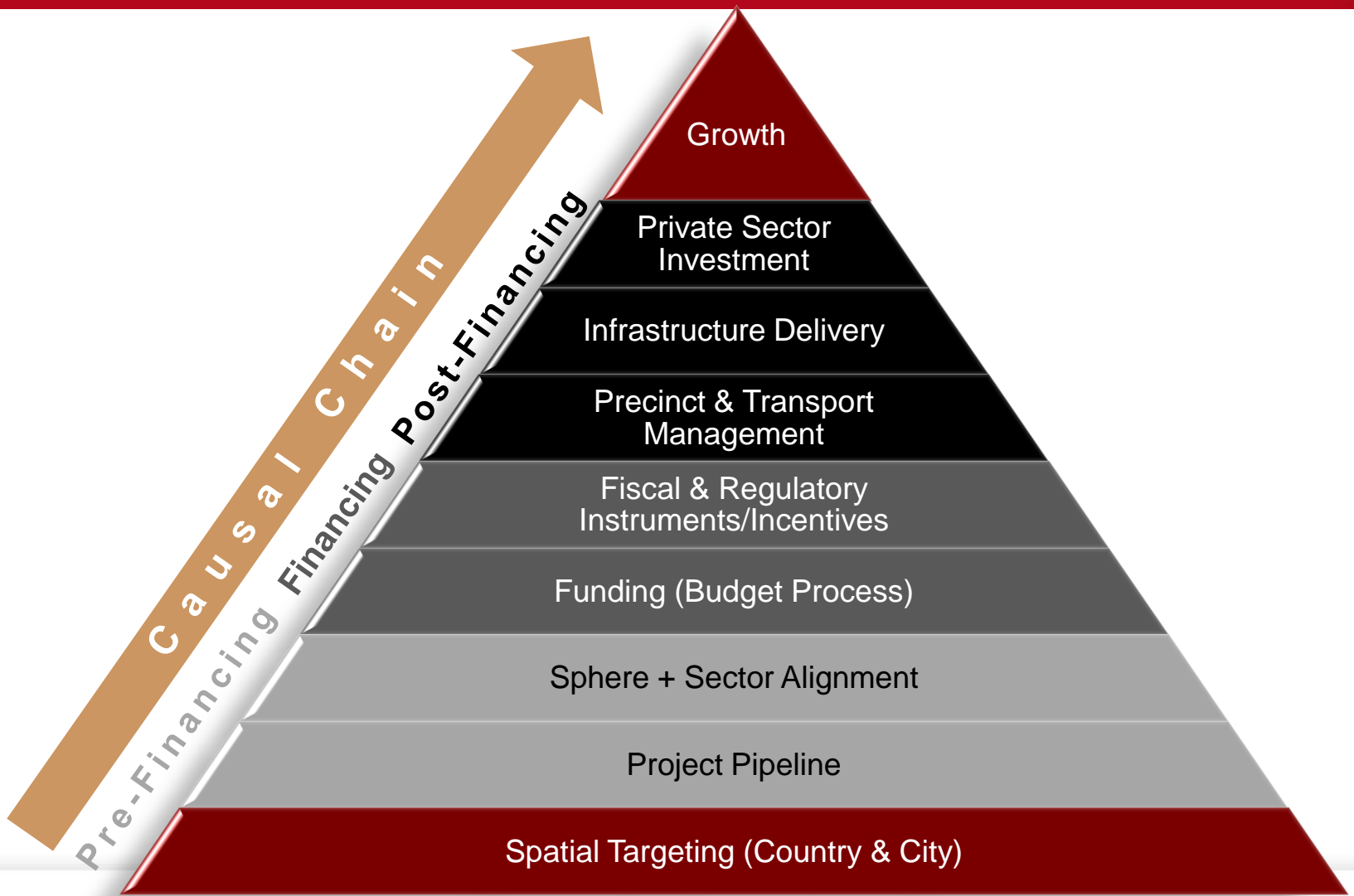
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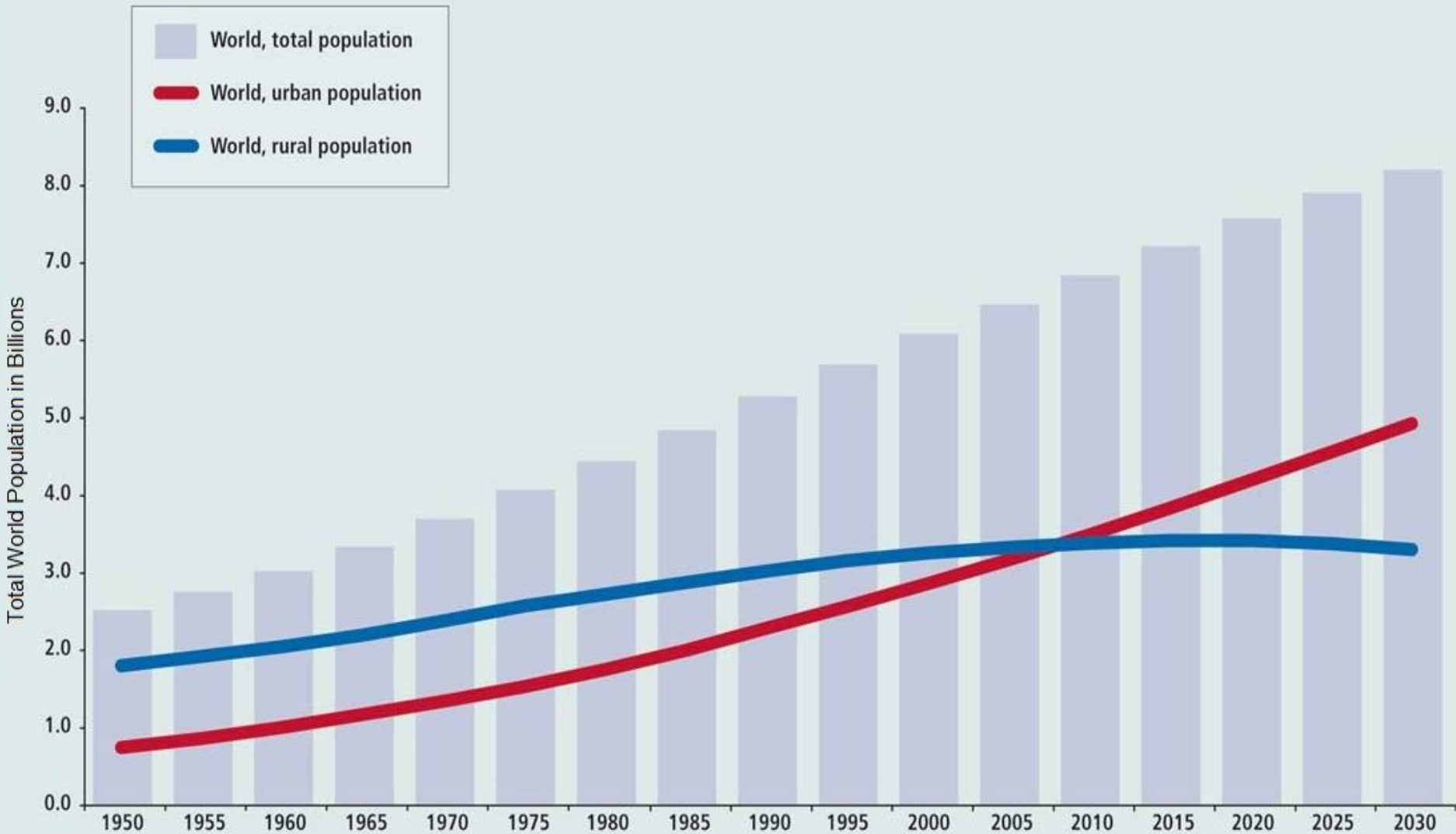
Spatial Targeting & Urban Network Strategy

Recommendations for Reform

A STRATEGIC FRAMEWORK TO OPTIMISE IMPACT



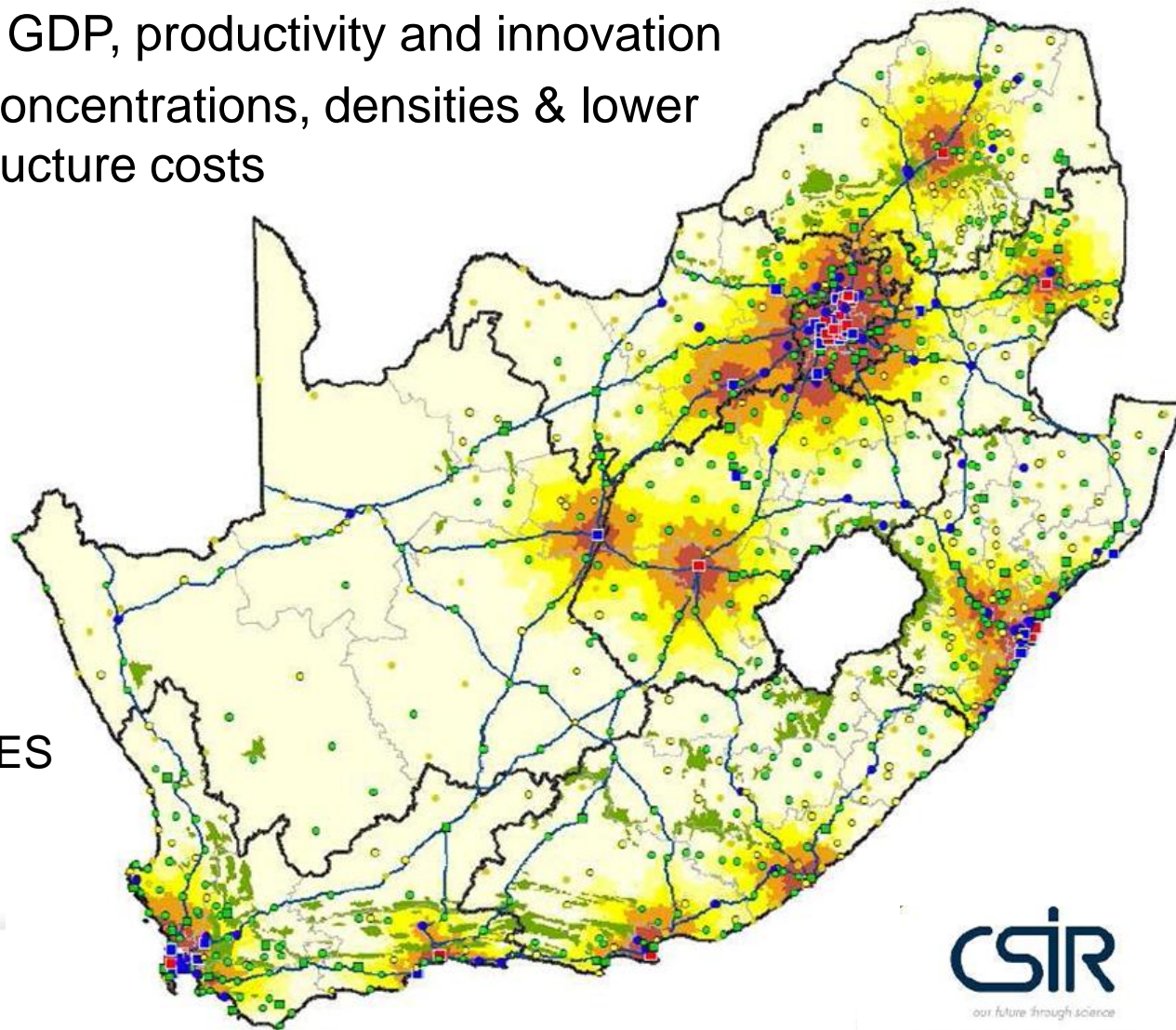
GLOBAL URBANISATION & AGGLOMERATION



FOCUS ON CITIES AS THEY ARE THE CENTRES OF SOCIO-ECONOMIC AGGLOMERATION

- Higher per capita GDP, productivity and innovation
- High population concentrations, densities & lower per capita infrastructure costs
- Urbanising
- Regional role

- METROS
- SECONDARY CITIES



THE URBAN NETWORK

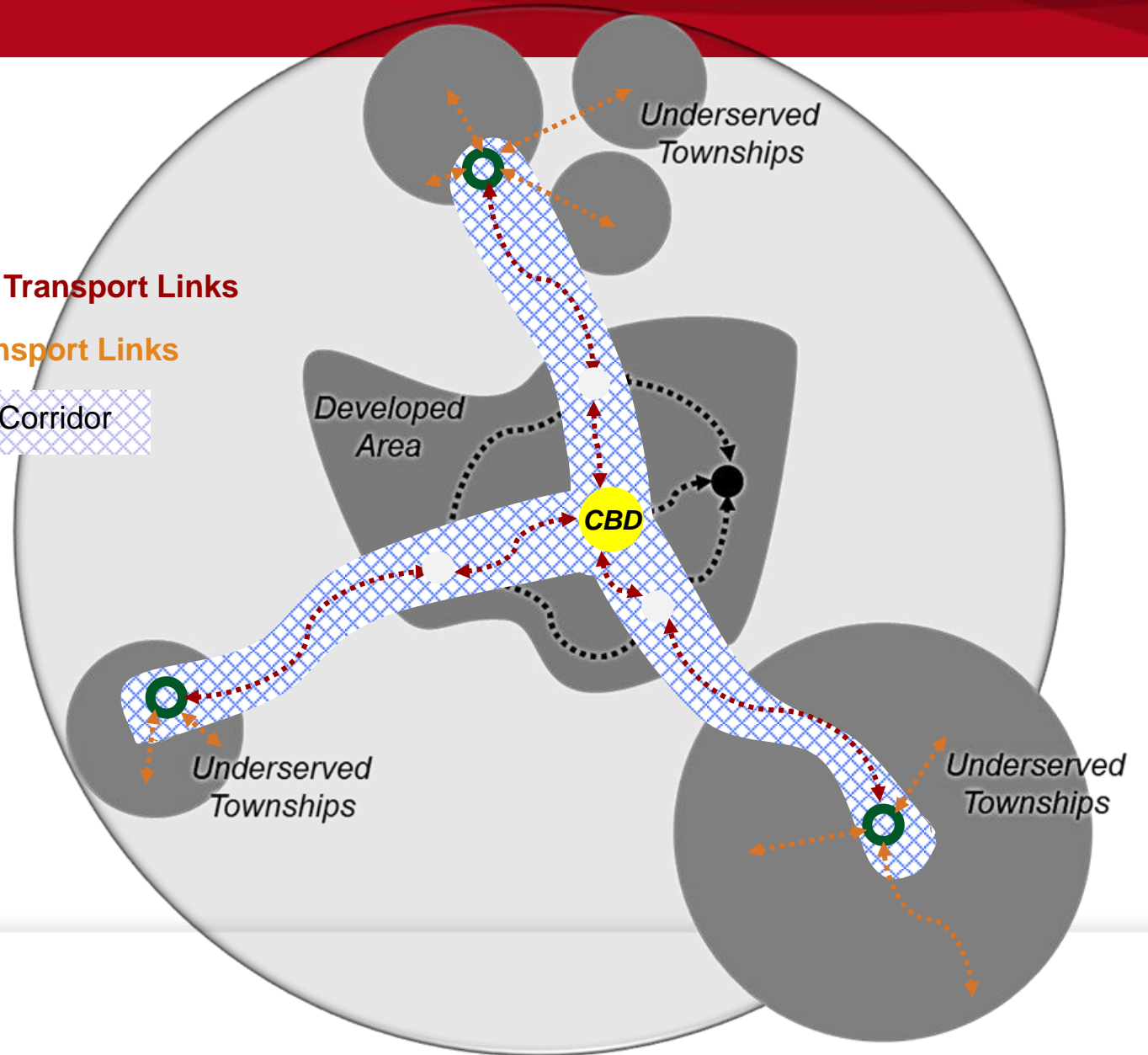
CBD

Urban Hubs

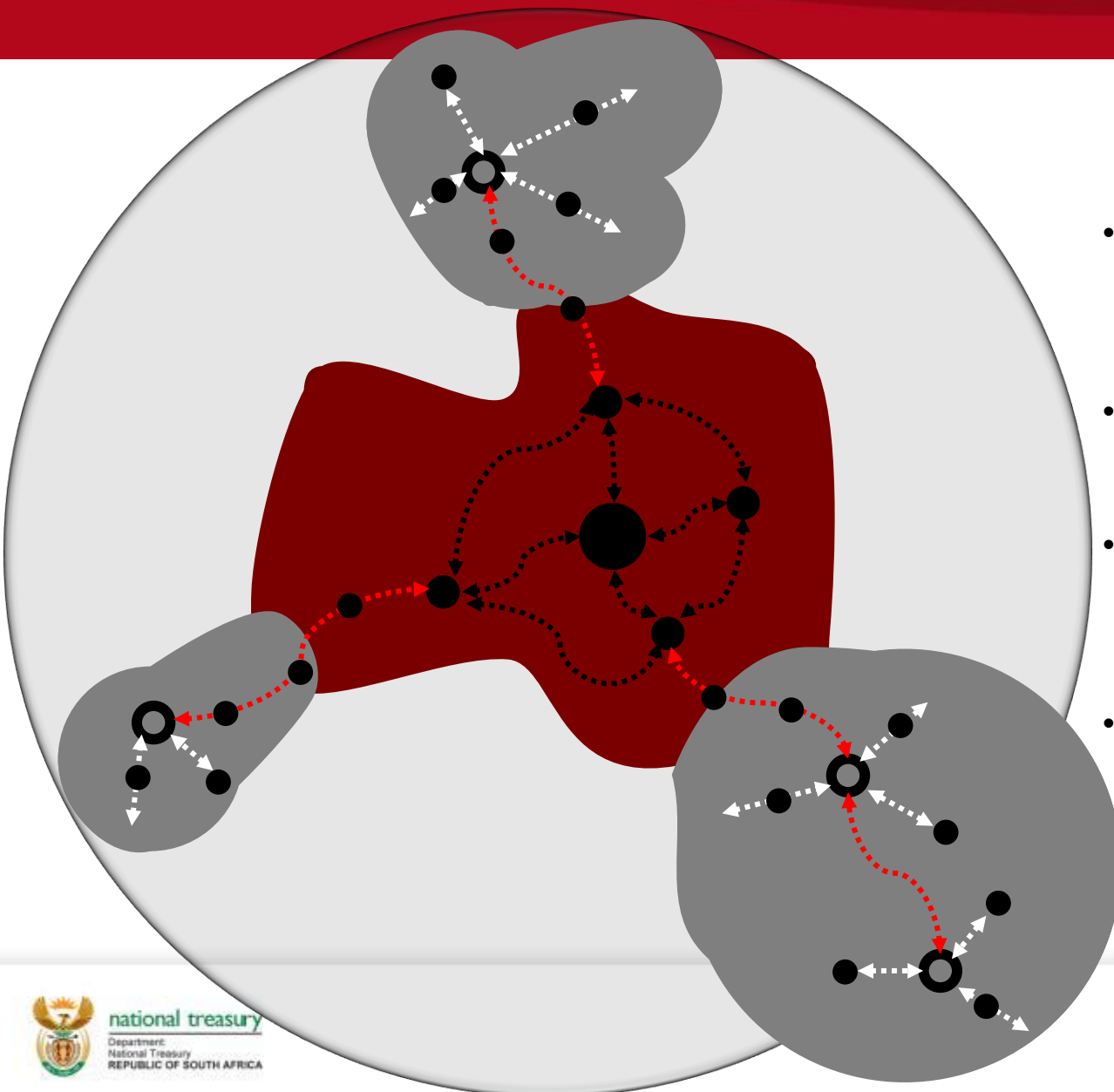
Primary Public Transport Links

Secondary Transport Links

Primary Activity Corridor



INTEGRATED DEVELOPMENT FOR GROWTH



- Strong urban network with a hierarchy of well connected nodes & linkages
- Efficient flows of people, goods & information
- Targeted public infrastructure & facilities that catalyse additional private sector investment
- Good access to jobs & amenities

SPATIAL & FISCAL ALIGNMENT ARE CRITICAL TO ENSURE IMPACT

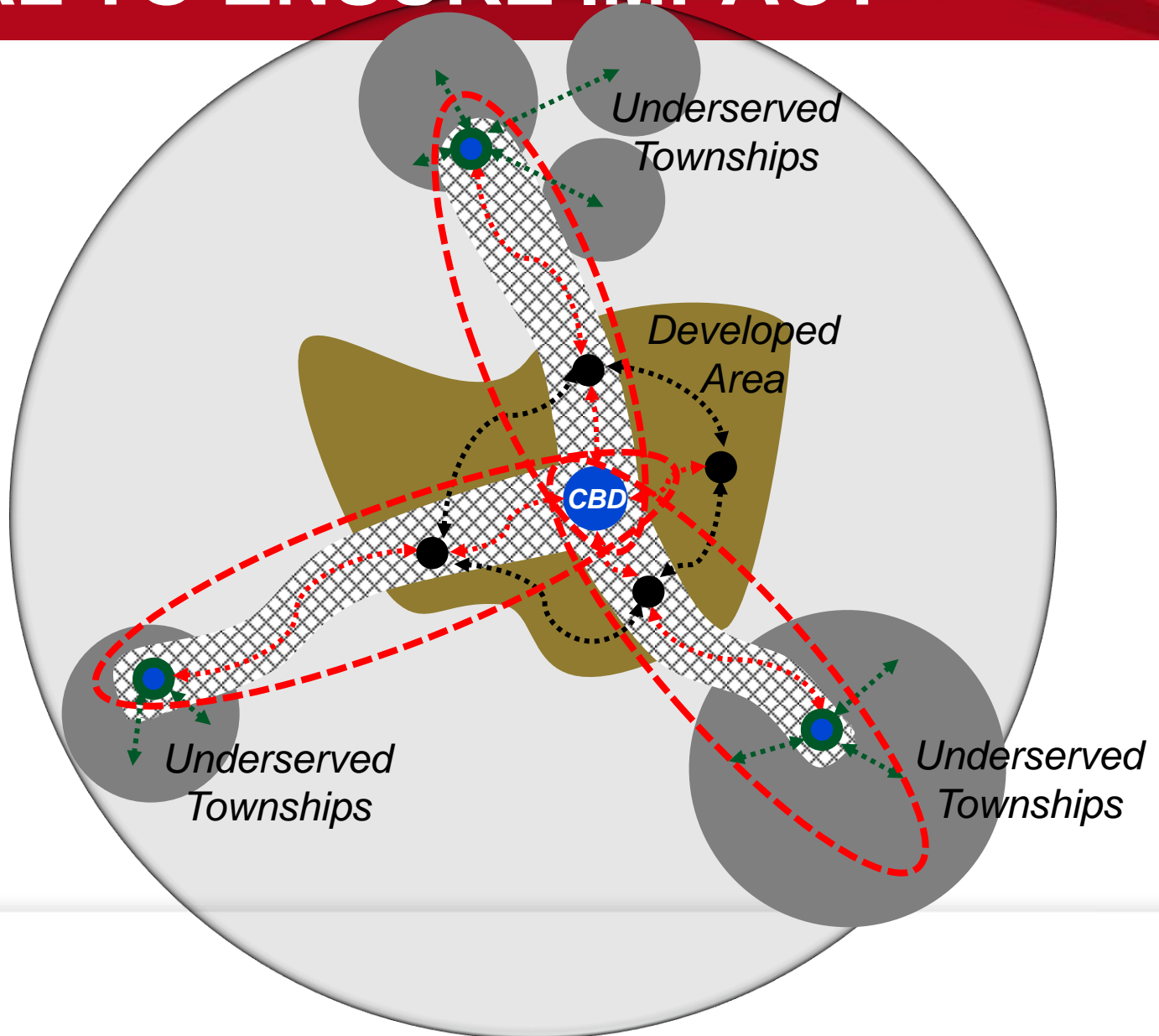
ICDG

USDG
HSDG
SHRZ
PHDA

PTIS

NDPG
SEZ

UDZ
Dev
Incentives



INSTITUTIONAL ALIGNMENT

- Identify relevant sectors in all 3 spheres of government & SOE
- Facilitate partnership coordination mechanisms for spatial focus areas on the urban networks
- Target public resources (staff, systems) to focus and expedite the precinct & transport management, planning & development of the strategic urban network
- Integrate governance, financial planning/management, spatial planning & IDMS functions in urban LG
- Strengthen built environment planning and implementation & capital budgeting (multi-year) skills in urban LG

PRIVATE SECTOR PARTNERSHIPS



S A P O A



FNB



INTERSITE
INVESTMENTS



NEDBANK



The South African
Council *for* Planners

SACPLAN



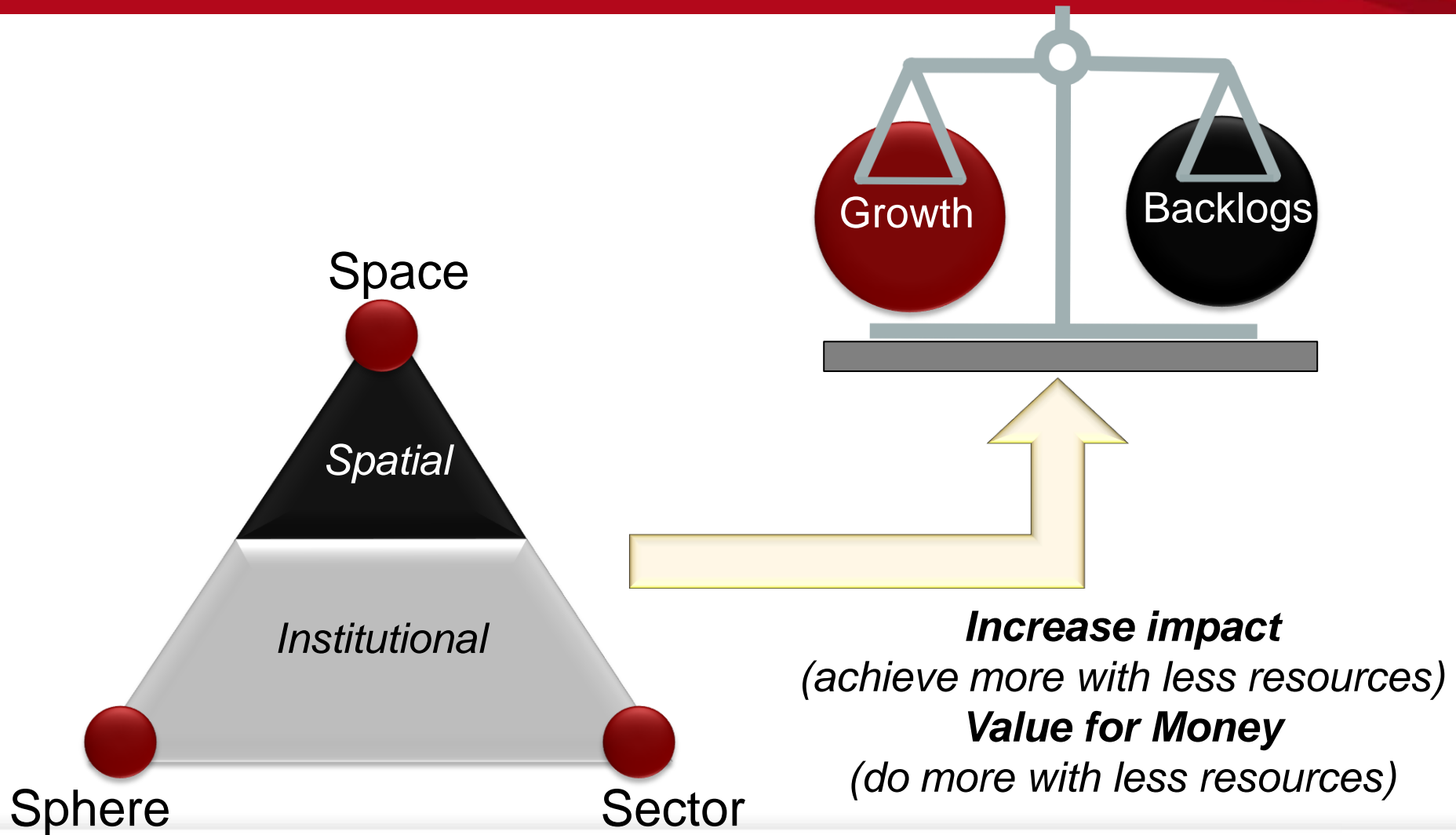
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THE “S³” RESOURCE ALLOCATION APPROACH



RECOMMENDATIONS FOR REFORM

- ❑ The need to optimise Government's project prioritisation of infrastructure across sectors, spheres and public entities to enable the necessary conditions for sustained economic growth and development
 - Public Finance to follow similar principles in resource allocation
- ❑ Limited collective “vision” hampers
 - Value for money
 - Sustainable impact
 - Collaboration
- ❑ Conditional grant frameworks & sector policy direction must be revised to enable economic growth:
 - Overarching spatial targeting framework with individual sector based sub-frameworks
 - Flexibility in terms of reallocation between projects
 - Performance measurement to guide funding reprioritisation
 - Target both Local Government & Provincial Government grants
 - Can tools like the BEPP measure and assist with overall integrated grant performance?

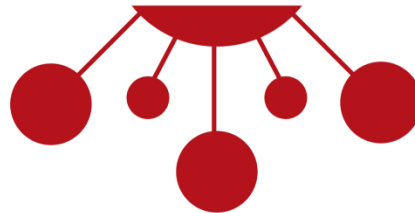
RECOMMENDATIONS FOR REFORM

- ❑ Need to address the grant bureaucracy with regards to:
 - IGR roll-overs; multi-year capital budgeting; each grant with its own set of conditions & onerous reporting; Sect10 report template; payment schedules
- ❑ Increase use of appropriate technology to:
 - Simplify reporting across grants; improve M&E; reprioritise funding
- ❑ Reprioritise funding in accordance with performance
- ❑ Incentivise research on key problem areas within the above approaches and in the spatial economy area to deepen impact
- ❑ Use of functional areas rather than political boundaries to optimise socio-economic impact
 - Pipeline of well-conceived, spatially located and funded capital projects
- ❑ Need for differentiated solutions for urban and rural category municipalities
 - Scale, complexity and nature of need (often a lack of basic services or infrastructure, absence of effective land-use management and urban governance)
 - DRDLR is well positioned and geared up to serve those municipalities.

QUESTIONS & DISCUSSION



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