



ALEXANDRA
GALESHEWE

INANDA
KWAMASHU

KHAYELITSHA
MITCHELL'S PLAIN

MDANTSANE
MOTHERWELL

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**Cooperative Governance
& Traditional Affairs**

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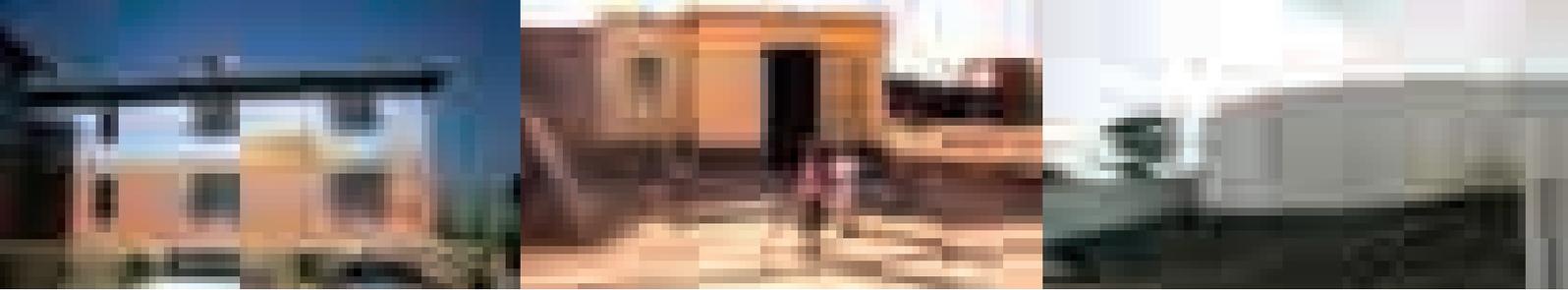
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ACRONYMS AND ABBREVIATIONS

CoCT	City of Cape Town
CoJ	City of Johannesburg
CTP	Cape Town Partnership
DoH	Department of Housing
DoRA	Division of Revenue Act
DoT	Department of Transport
The dplg	The dplg, now Department of Co-operative Governance and Traditional Affairs
DTI	Department of Trade and Industry
FSC	Financial Services Charter
IDP	Integrated Development Plan
IDASA	Institute for Democracy in South Africa
INK	Inanda, Ntuzuma and KwaMashu
ISRDS	Integrated Sustainable Rural Development Strategy
Jhb	Johannesburg
JHC	Johannesburg Housing Company
JMC	Johannesburg Metro Council
JPC	Johannesburg Property Company
KBD	Khayelitsha Business District
KDF	Khayelitsha Development Forum
NDPG	Neighbourhood Development Partnership Grant
NSDP	National Spatial Development Perspective
NURP	National Urban Renewal Programme
PIG	Provincial Infrastructure Grant
PIMMS	Planning, Implementation and Management Support
PPPs	Public-Private Partnerships
PTIF	Public Transport Infrastructure and Systems Fund
RDP	Reconstruction and Development Programme
SACN	South African Cities Network
SAPS	South African Police Service
SIPP	Special Presidential Projects on Urban Renewal
UDZ	Urban Development Zone
URP	Urban Renewal Programme





DEFINITIONS

Area-Based Management

The ABM approach involves a dedicated team of specialist officials focused on ensuring synergy in the governance, planning and implementation in a specific geographic area. Ideally it includes decentralisation of both specialised personnel and customer services. Areas have dedicated budgets and are therefore able to set specific service-level targets. In the URP context some key advantages of ABM include:

- Access to local government budget to facilitate “joined up” budgeting with other sources
- Access of the URP to local government skills and processes
- Access to local knowledge
- Local understanding and commitment
- Greater ease in forming and sustaining community partnerships.

The approach requires that the relative freedom and level of integration of area-based management be balanced with the demands and constraints of line department functioning.

Bulk Services

This refers to all primary water, sewerage, electricity and stormwater services, as well as the road network in the system to which the internal services are to be linked (Regulation 18, Development Facilitation Regulations).

Comparative Advantage

A relatively more competitive production function for a product or service in a local economy than in the aggregate national or provincial economy as a result of producing the product or rendering the service more efficiently.

Business Environment

The Business Environment (BE) refers to those factors within a locality that either favour or inhibit enterprise development.

Equitable Share of National Revenue

The “equitable share” of national revenue to municipalities covers operating transfers to municipalities to be utilised primarily for the provision of a basic level of services to the poor/indigent. In terms of Section 227(1) of the Constitution, local government is entitled to a share of the income that is raised by national government. The proportion of nationally generated revenue which goes to local government must be equitable. In other words, nationally generated income must be shared fairly between national, provincial and local government, based on the functions each has to fulfil, and the amount of revenue they are able to generate on their own.

Gross Geographic Product

The value of final goods and services produced in a geographic area in one year.

Joint Venture

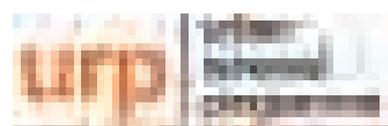
An agreement by two companies or organisations (e.g. the public and private sector) to undertake a specific project, and/or form a business together.

Incentive

In economics, a direct or indirect (experienced directly or indirectly) cost or benefit that changes behaviour by motivating a decision or action by consumers, businesses or other participants in the economy, which would not otherwise have taken place, in order to achieve some objective.

Although some incentives created by government policy may be unintended, the focus of this document is on those explicitly created to achieve a desired end. Desirable actions are stimulated by reducing the costs or risks, and/or increasing the profitability associated with such an action for an economic participant. Seen negatively, undesirable actions may be discouraged by raising the cost of a particular action. This is known as a disincentive.

The cost, risk, and/or profitability of a desired action to an economic participant can be reduced through the provision of incentives, but there is a corresponding asymmetrical cost to the government agency or donor.



DEFINITIONS (CONTINUED)

Cost reduction may involve any one or a combination of the following components:

- Monetary transfer (direct grants, subsidies, write-downs, operational grants, tax benefits, allowances, etc.)
- Risk-sharing (loan guarantees, build-operate-transfer, PPPs)
- Regulatory flexibility e.g. (zoning and development rights, government procurement benefits, development approval processes)
- Non-monetary support (technical assistance, facilitation, institutional arrangements)

Incentive Scheme/Programme

This is an instrument for policy implementation and refers to subsidies given by government and its agencies to a private/public sector commercial project, based on the expected public benefits arising from such a project. (Source: dti website)

Infrastructure

This refers to the structural foundations or permanent network facilities via which enterprises and society in general receive or supply basic services such as transport, electricity and water, sanitation, telecommunications, etc. Examples of infrastructure include roads and bridges, electricity transmission lines, water pipelines, sewers and telephone lines, as well as their associated generation, storage, purification and other facilities that supply, protect or in any way facilitate the networks and systems. (Source: dti website)

Investment

Any use of resources intended to increase future production output or income.

Labour Force

The employed, unemployed and those persons active in the informal/unregistered economy.

Land Access Agreement

An agreement between a public land owner and a developer (public, private or public/private) that gives the developer agency to sell the land on its behalf in terms of prices and conditions agreed to upfront.

Leveraging Private Sector Investment

Using government funds in ways that encourage private investors to lend or invest their money as part of the deal.

Mega Project

Investment projects over R1bn (dti website).

Non-monetary

Includes all remaining incentives that are not primarily defined by the transfer of monetary resources or the sharing of risk. This typically involves the sharing of human and knowledge resources.

Off-budget

These incentives do not constitute a direct cost to the general budget, but rather to “off-budget agencies” that are not owned or funded by the government, even though legislation has established them for public policy purposes. Public-private partnerships are good examples of off-budget agencies, as are development corporations such as the Public Investment Corporation or the Development Bank of South Africa. A common form of off-budget financial incentives is loan guarantees.

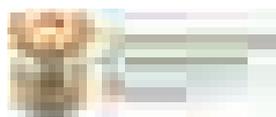
Operational Grant

Direct financial contribution, by way of donation, in order to finance the functioning of a body.

Public-Private Partnership

As defined by the National Treasury, this is a commercial transaction between an institution and a private party in terms of which:

- (a) The private party performs an institutional function on behalf of the institution for a specified or indefinite period; or acquires the use of state property for its own commercial purposes for a specified or indefinite period
- (b) The private party receives a benefit for performing the function either by way of:
 - (i) Compensation from a revenue fund
 - (ii) Charges or fees collected by the private party from users or customers of a service provided to them
 - (iii) A combination of such compensation and such charges or fees. (Source: dti website)





Red Tape

This refers to rules and regulations, administrative procedures, and government-business interfaces that impose unnecessary costs on business and government, are not or are no longer effective in achieving their policy goal and therefore produce sub-optimal and undesired social outcomes.

Risk-sharing

An indirect incentive whereby a share of all of the risk related to a specified action is shared by the public sector in order to encourage a desired outcome.

Spillovers and Externalities

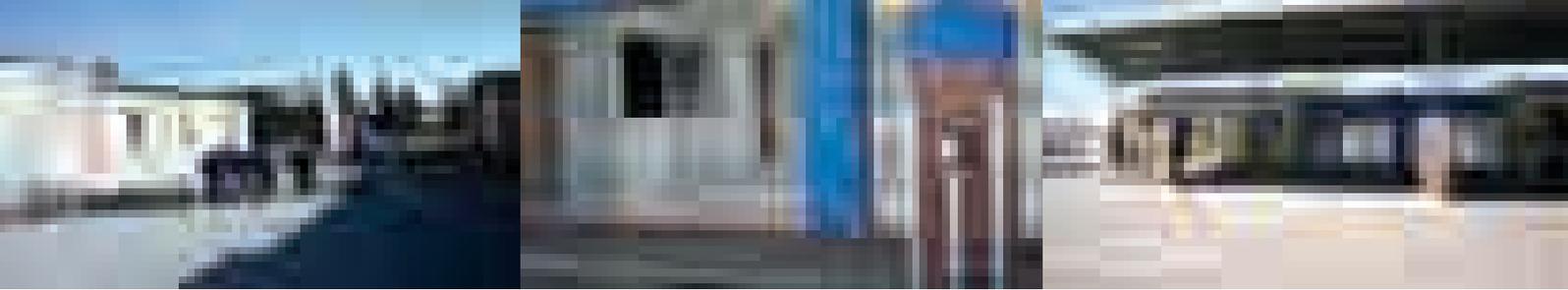
Spillovers and externalities are the effects that a policy or practice in one area has on adjacent areas.

Tax Incentives

A tax reduction afforded to people for particular purposes. Tax incentives are used in most developing countries in an effort to attract investment to particular regions, sectors and industries. They are also used for specific purposes such as export promotion, employment creation, local sourcing of materials, local participation, improved infrastructure and the promotion of technological transfers, skills development and the development of geographical regions (Black et al., 2000).







FOREWORD BY MINISTER



In 2001, informed by six years of developmental interventions, government announced the adoption of the Urban Renewal Programme. Eight urban development nodes were identified. The intention of the programme is to address challenges of urban poverty and underdevelopment and to change the lives of 10 million people living in these areas. The nodes are also viewed as learning areas where government could gain experience and replicate lessons learnt to other areas.

Lessons that are emerging from the implementation of the Urban Renewal Programme demonstrate that concerted government and private sector efforts have contributed significantly towards addressing urban development challenges. Of importance, the lessons will also afford policymakers an opportunity to strengthen new national policies and interventions.

In 2006, the **dplg** produced three resource books (URP Implementation Framework, Toolkit for Programme Managers and The URP Lessons Learnt Study). The URP Implementation Framework provides guidance on man-

agement arrangements and approaches on mobilising human resources and capacities. The Toolkit for Programme Managers builds on the roles, functions and processes set out in the Implementation Framework. The URP Lessons Learnt Study highlights some good practices in the implementation of the programme.

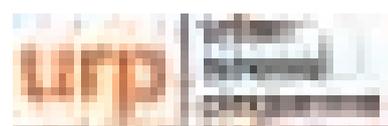
This Anchor Project Case Study Document, is the fourth resource book which intends to build on the Lessons Learnt Study and shares experiences on the implementation of selected anchor projects in the nodes. This study provides detailed information on systems and approaches that can be used as a resource by other municipalities which experience similar challenges relating to township development.

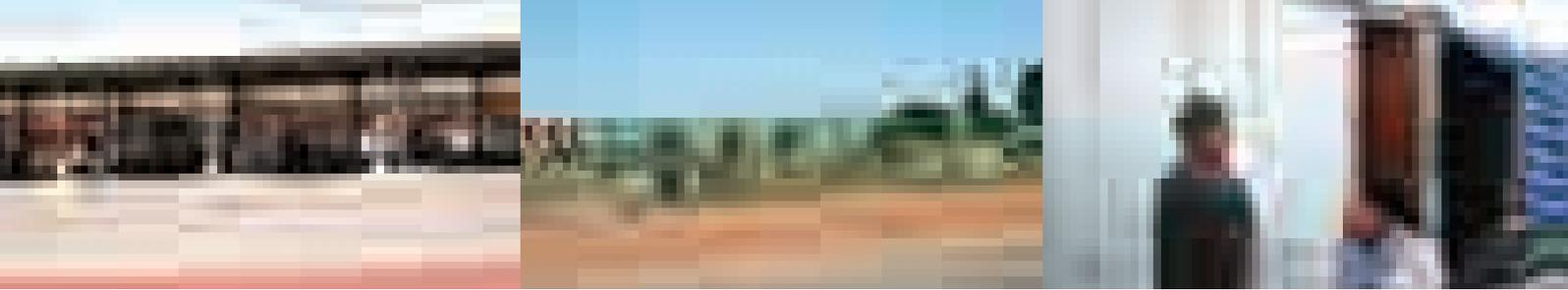
The anchor projects were identified in 2001 during the inception of the programme and are aimed at attracting and mobilising a range of multi-sectoral developments with government creating enabling conditions. It has emerged throughout this study that the implementation of anchor projects has been very instrumental in crowding in both public and private sector investments in the poverty nodes. It is therefore, recommended that the concept of anchor projects should be applied even outside the Urban Renewal Programme.

As the programme is approaching the end of its lifespan, more emphasis is placed on providing knowledge products that can inform structured peer learning between the eight nodes, knowledge sharing between cities with similar challenges and reforms in government policies and practices. It is within this context that the **dplg** in partnership with the South African Cities Network, National Treasury and Development Bank of Southern Africa formed a learning network to share experiences on issues relating to township development with the urban nodes and other towns and cities.

Mr S. Shiceka

Minister for Cooperative Governance
and Traditional Affairs





EXECUTIVE SUMMARY

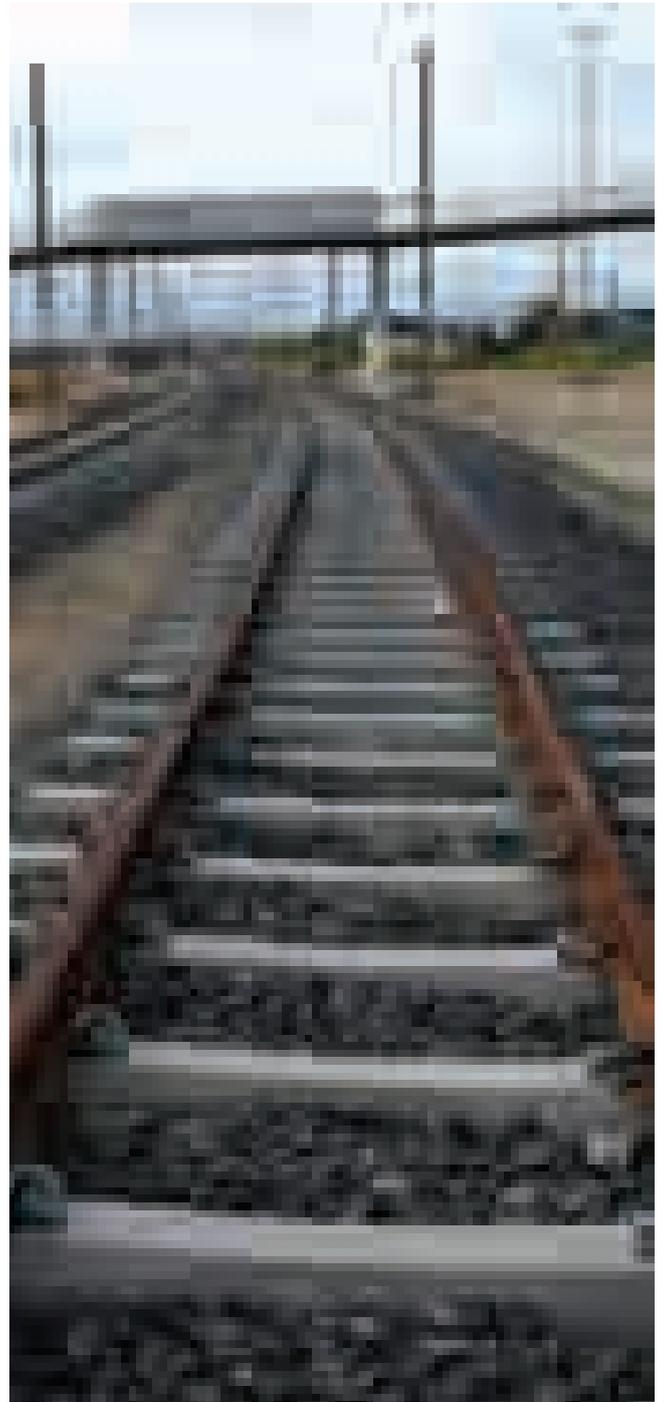
When the eight URP nodes were identified, the intention was for them to be viewed as learning sites where government could gain experience on how to address the challenges of urban poverty and underdevelopment in a more integrated and effective manner to inform refinements in policy and practices. In support of this knowledge-sharing agenda, the first *URP Lessons Learnt Study* was produced in 2006. The *Anchor Project Case Studies* is intended to build on the previous *Lessons Learnt Study*, by producing detailed case study documentation on five selected anchor projects in the nodes. Significantly, the study extracts the lessons learnt through the implementation of these projects and the implications of these lessons for policy and practice.

Part One provides an overview of the programme, objectives of the study and the criteria used in identifying the anchor projects in 2001. The overall objective of this study was to investigate and document the lessons learnt so far in terms of the processes and systems used to implement the urban renewal projects. The anchor projects were intended to:

- Attract and mobilise a range of multi-sectoral development with government creating enabling conditions
- Pilot inter-sectoral and inter-sphere planning, budgeting and implementation
- Promote innovation in design, financing, management, community involvement
- Offer broad-based benefits.

Part Two extracts key experiences and lessons learnt from the five selected Anchor project case studies. Each case study investigates the approaches and methodologies used to:

- Crowd in public investment and public services
- Attract and secure private investment
- Create quality public space and local services
- Mobilise and develop social and human capital (skills aspect)
- Broaden economic ownership: BEE and BBBEE
- Integrated Planning and Budgeting.





CASE STUDY: KWAMASHU TOWN CENTRE AND BRIDGE CITY

Crowding in of public investment

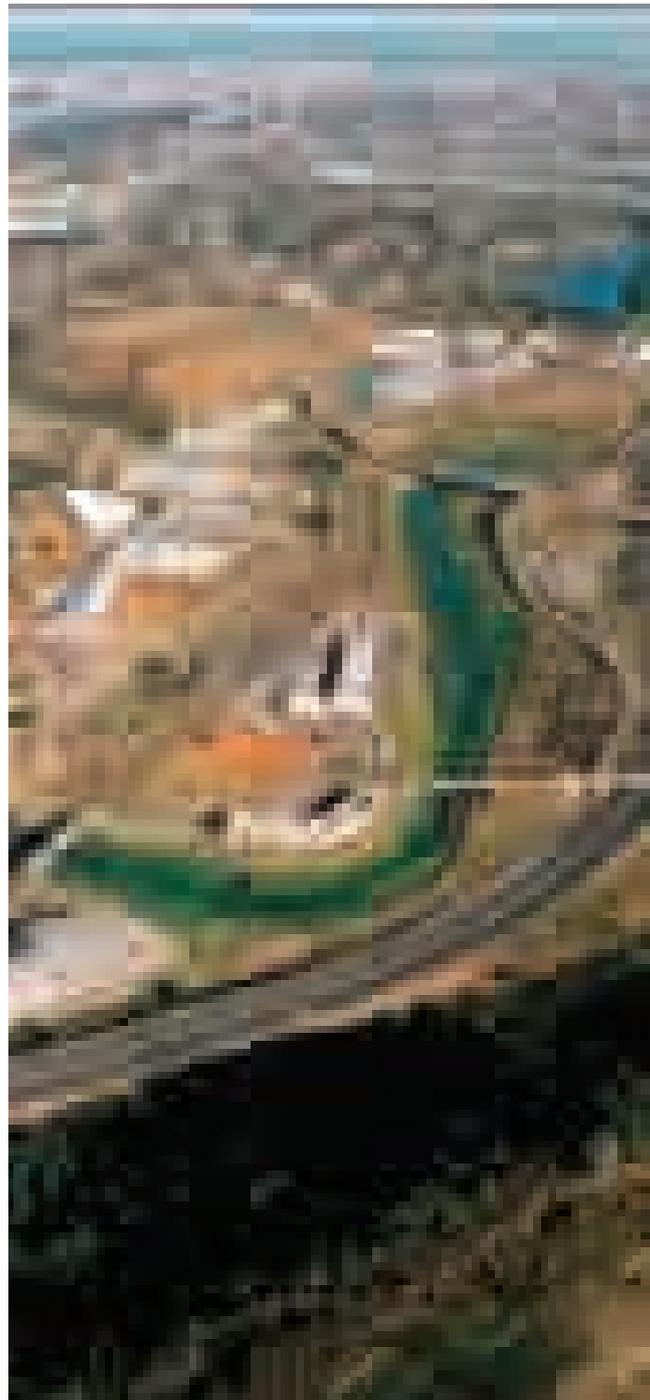
- KwaMashu Town Centre: Public sector investment (e.g. roads and police station) amounting to R50m drew private investment (from Spar, Cash Build & Standard Bank). Perceptions about crime were a threat to the viability of the investment. The building of a police station created a safer and more vibrant environment.
- A high quality INK (Inanda, Ntuzuma and KwaMashu) project team, with strong support from the city manager and mayor, assisted with lobbying other government departments to invest in the KwaMashu Town Centre.
- The certainty around state infrastructural investment (public transport, public spaces, public facilities) boosted market interest in Bridge City

Broadening of economic ownership

Bridge City: The Joint Venture Agreement (JVA) between the city and Moreland (the developer) stipulated that 15% of shops must be let out to local retailers, and linked to business support and mentorship. A management association was formed to oversee land sales in the Bridge City precinct.

Integrated planning and budgeting

The JVA between the city and Moreland was for the Point Redevelopment, but the city included Bridge City to obtain private sector packaging and marketing expertise for the township project.





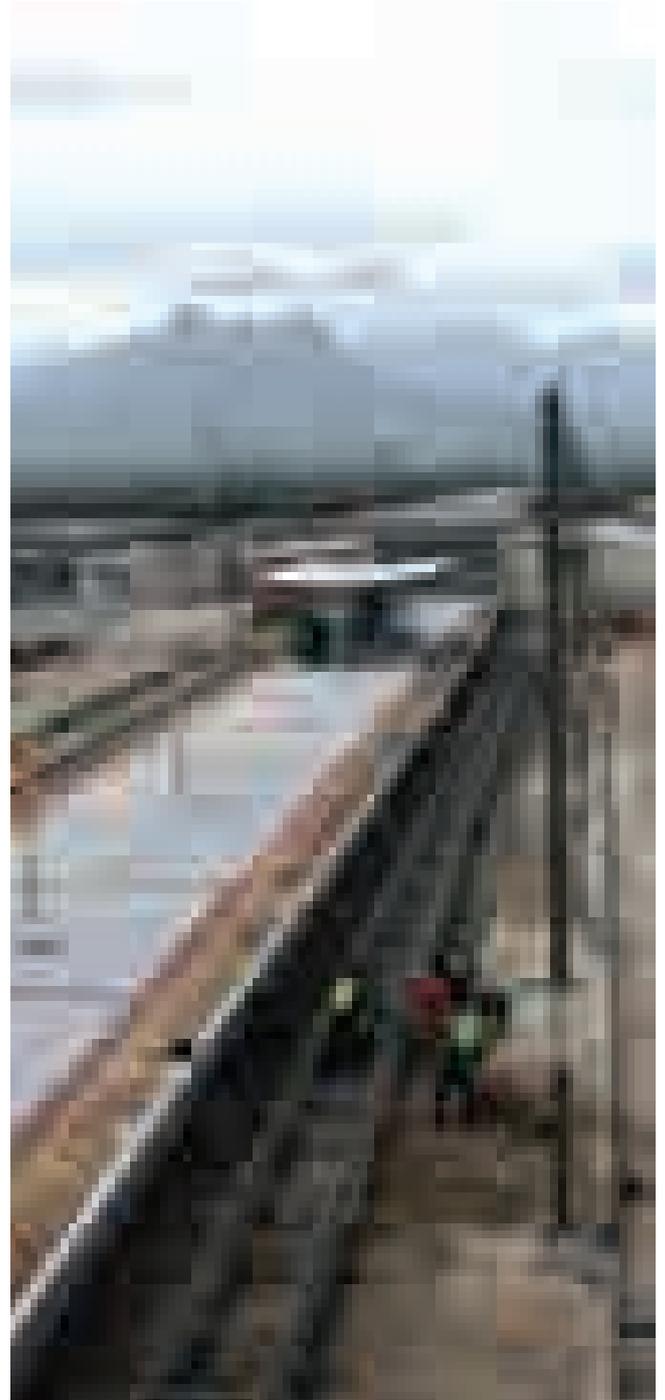
CASE STUDY: KHAYELITSHA CBD

Crowding in of public investment

- The comprehensive business plan developed helped to secure support at all levels of government.
- Co-operation agreement with Rand Merchant Bank secured the expertise and funding for market research and the packaging of funding proposals –RMB agreed to secure R425m for the project.

Broadening of economic ownership

- The Khayelitsha Development Forum played a major role from the start with sustained community capacity-building over many years needed to prepare communities to engage with opportunities and impact of major developments.
- Khayelitsha Community Trust (KCT) entered into a land availability agreement with the city for utilisation of the Khayelitsha Business District land. The private sector Rand Merchant Bank gave KCT a loan facility of R102m.
- Community Trust allows for sharing of interest and benefits with local community.





CASE STUDY: MITCHELLS PLAIN CBD

Crowding in of public investment

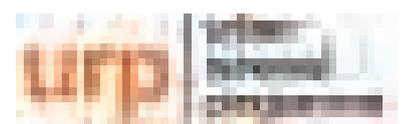
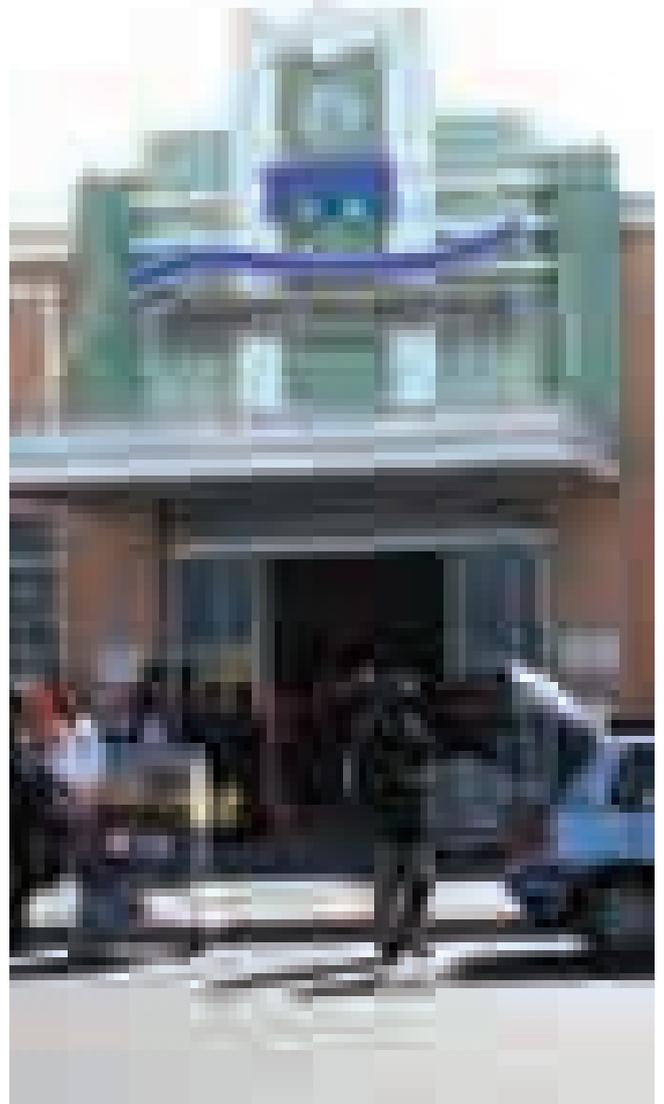
- Public transport terminals are located within retail development for collective viability.
- Public investment led to the private sector securing R400m to construct Promenade Mall.
- Counter funding: Donors and private sector used to leverage funding from other government and private partners.

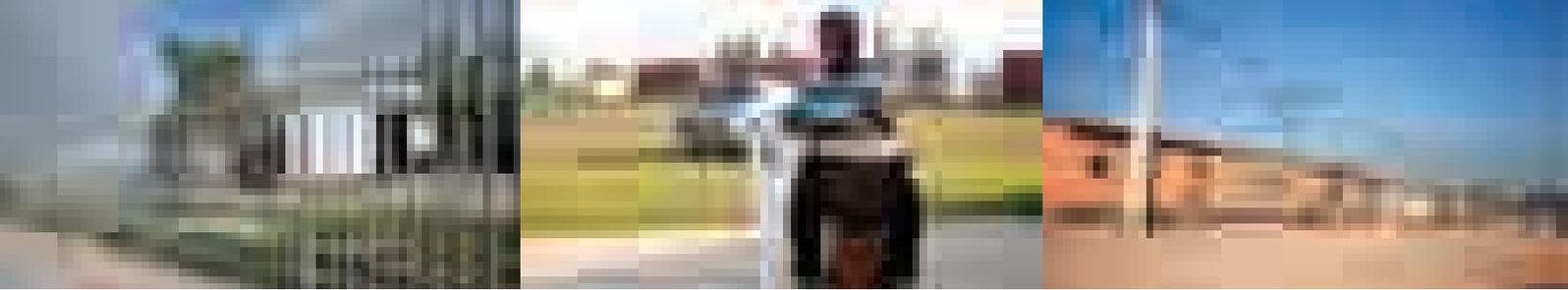
Quality public spaces

- Management and Operations Entity (like a City Improvement District): An entity is being set up to operate the public environment and facilities around the CBD to reduce operational burden on the city and ensure local ownership of and responsibility for safety/cleaning/greening.

Human and social capital enhancement

- Maintaining consensus and building trust: There are monthly interactions between city and all stakeholders, with detailed breakdown of expenditure to show how funds are used. Interactions also take place between the Mitchells Plain CBD Steering Committee, Informal Traders Task Team and Taxi Task Team.
- The local project office within the community is critical for building and maintaining stakeholder networks.





CASE STUDY: ALEXANDRA PAN AFRICA TRIANGLE

Attract and secure private investment

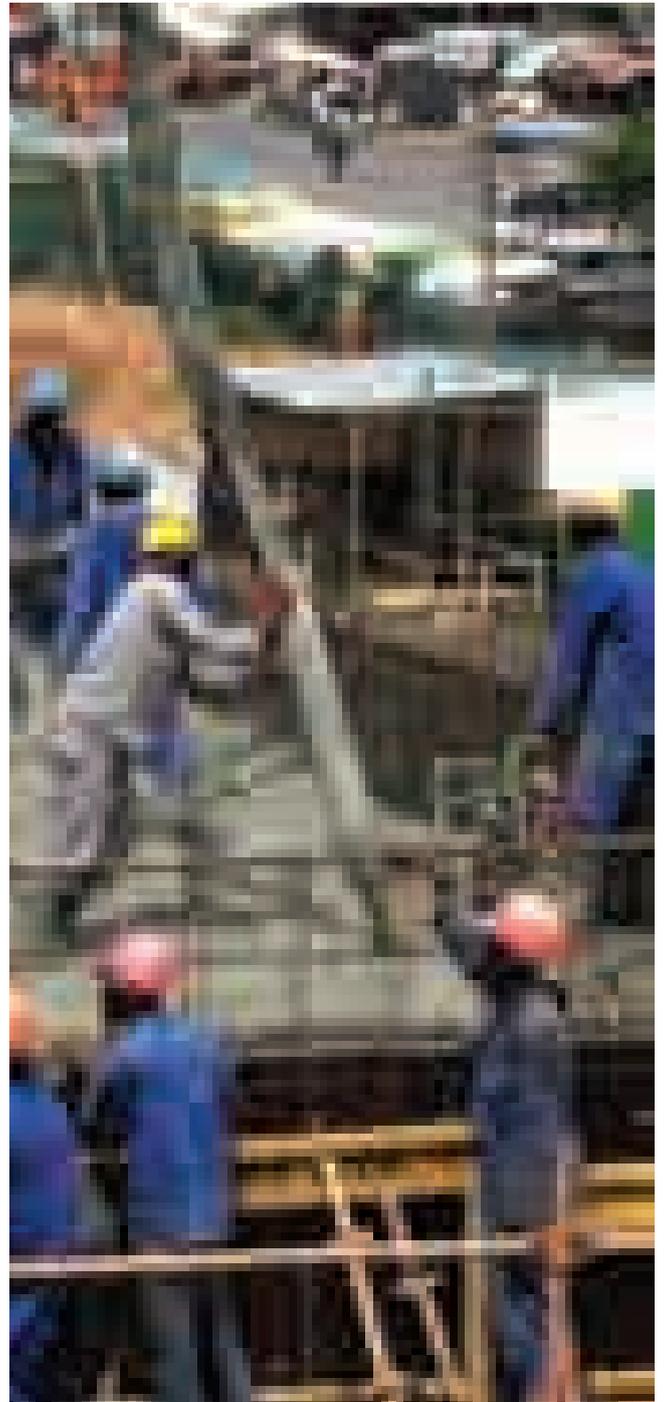
- The Pan Africa Development Company is a 100% black-owned consortium appointed to develop the centre.
- Securing funds from the Independent Development Co-operation and Khula by emerging property developers is more costly than securing loans from banks. Initial start-up capital is required.
- Retail specialists were used to conduct market research specific to the townships. For Alex this resulted in a set of principles being developed for large retail facilities.

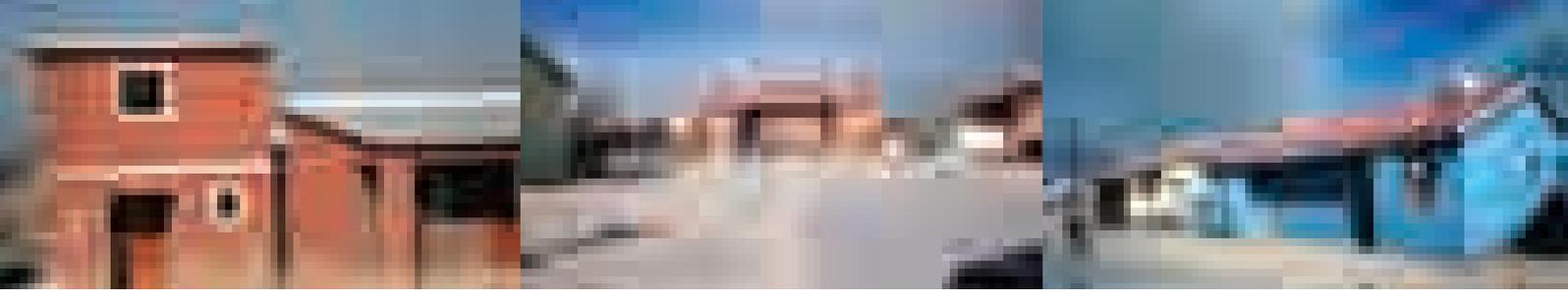
Quality public spaces and facilities

- Self-regulating arrangements were facilitated with stakeholders.
- The Greater Alexandra Development Forum was tasked with maintaining a hawkers database and enforcing compliance.
- Metro police were required to be committed to the enforcement of bylaws.
- Memorandum of understanding between hawkers and taxi associations to ensure the integrity of the public transport facility.

Integrated planning and budgeting (Project Management)

- For large projects, government tender procedures should prioritise skills and track records over lowest cost. If outside contractors are involved, they are always required to work with local sub-contractors
- Special measures are needed to avoid delays in approvals and payments from various line functions.
- Delays between project conceptualisation and design and tender and implementation must be minimised to avoid cost escalation and budget adjustment: train officials to estimate future cost, project cost escalation and include this in tender documents.





CASE STUDY: GALESHEWE

Quality public spaces and facilities

Project involves renovation/conservation of 170 houses and improving the quality of the environment through tree planting, paving and street furniture.

Enhance human and social capital

Where income levels are low and unemployment high, it is unrealistic to expect project involvement to be based on social contribution: reward councillors and project-related community workers. Central theme adopted was “Self-help”. People within the wards were involved in planning and implementation.

Integrated planning and budgeting

Lack of medium-term committed support from national and provincial departments for the implementation of the comprehensive business plan: Secure inter-governmental co-operation upfront.

Part Three outlines the recommendations and conclusions. The anchor project approach has emerged as an effective instrument to concentrate public and private investment in designated underdeveloped areas. The value of employing this concept has consistently been confirmed throughout the research conducted, and should therefore be applied outside and beyond the URP.

The list below illustrates the impact of anchor projects:

Structural Impact

- Frameworks for crowding in public investment
- Intersection and interchange points for public transport
- Anchoring development corridors
- Convenient and accessible nodal concentration of public services

Institutional Impact

- New urban management partnership institutions
- Heightened urban governance focus on the marginalised areas
- Mobilisation of social capital toward concrete implementation

Developmental Impact

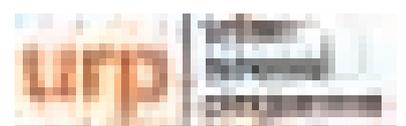
- Agglomeration economies for LED
- BEE and BBBEE through creative equity participation and enterprise development
- Retaining local spending power and enhancing access to shopping opportunities

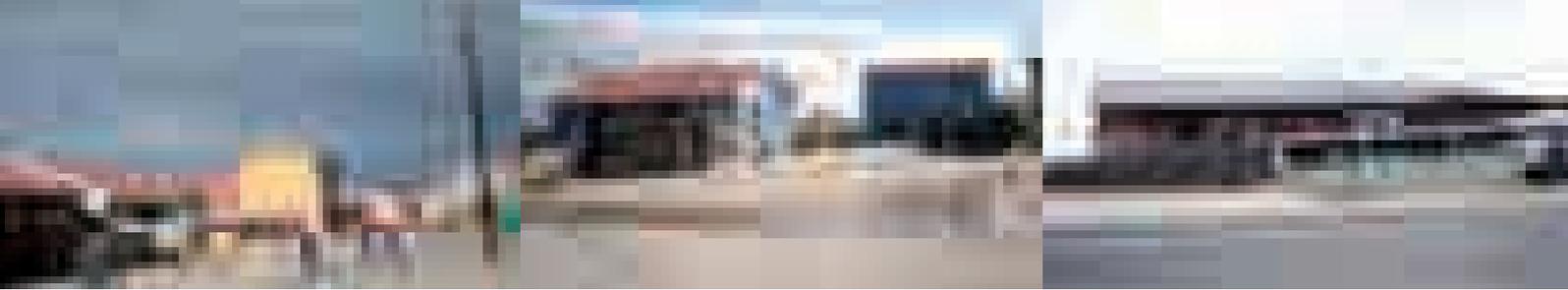
Perceptual Impact

- Creation of attractive public spaces
- Cultural generation and pride
- Enhancement of identity

Limitations of study

Due to limited time constraints, this study does not include the anchor projects in Motherwell and Mdantsane. It is envisaged that future “Lessons Learnt Studies” will include Motherwell and Mdantsane.





INTRODUCTION

1.1. Overview

In February 2001 President Thabo Mbeki announced the launch of the Urban Renewal Programme (URP), an initiative by the Department of Provincial and Local Government (the dplg) to promote investment that addresses poverty and underdevelopment, but also induces the transformation of institutions. The URP can be distinguished from other urban development interventions by its mandate to alleviate poverty in eight designated urban “exclusion zones” – nodes that represent those areas where the largest concentration of urban poor reside. From an institutional perspective, the URP sought to re-engineer the inter-governmental system to expedite implementation. It was envisaged that by replacing the dedicated funding source with one based upon a process of budgetary and planning alignment across government spheres and departments, intergovernmental integration and co-ordination would be enhanced.

The overall objectives of the Urban Renewal Programme were the following:

- To mobilise people so that they can become active participants in the processes targeted at the upliftment of their own communities.
- To co-ordinate and focus the activities of the three spheres of government.
- To secure private sector co-operation and participation in the programme.
- To reprioritise and re-align the budgets and expenditures of the three spheres of government, in particular their expenditure on poverty relief, infrastructure development, maintenance and rehabilitation in the 2001 MTEF and forthcoming cycles, in the identified nodal points.
- To pilot approaches to ensure cluster and inter-cluster as well as cross-sphere approaches to planning, budgeting and implementation.

The eight identified urban nodes were Alexandra, Mitchells Plain, Khayelitsha, Inanda, KwaMashu, Mdantsane, Motherwell and Galeshewe. All the URP nodes selected displayed a set of common features that served to establish a relatively common developmental agenda for the eight poverty nodes. These features included:

- A history as apartheid townships
- High poverty and crime levels
- Formal engineering infrastructure installed but decayed and in need of rehabilitation/upgrading
- Majority formal housing stock but also comprises an informal housing component
- The need for substantial improvements in maintenance and operating (through greater budget allocation and improved efficiency)
- Low levels of internal economic opportunities
- Low education and skills levels among the resident population
- Areas poorly connected to surrounding neighbourhoods.

In the identification of these eight urban poverty nodes, the intention was for them to be viewed as learning sites where government could gain experience in how to better address the challenges of urban poverty and underdevelopment, to inform refinements in policy and practices. In support of this knowledge-sharing agenda, the dplg produced three resource books (*URP Implementation Framework, Toolkit for Programme Managers and The URP Lessons Learnt Study*) in 2006. The URP Implementation Framework provides a systematic guide to policy grounding of the URP, the financial and institutional arrangements, and the approaches to mobilising appropriate human resources and capacities. The toolkit provides pointers for approaching common nodal implementation management problems at a conceptual level, allowing URP practitioners to select solutions that appear to be useful and applicable in the toolkit. The *URP Lessons Learnt Study* presents insight into the lessons learnt from practices that are emerging within the various nodes. *The Anchor Project Case Studies* intends to build on the *Lessons Learnt Study*, by producing detailed case





study documentation on five selected anchor projects in the nodes, to extract the lessons learnt through the implementation of these projects and the implications of these lessons for policy and practice. In addition, the study provides detailed information that can be used as a resource for other municipalities who wish to replicate these practices.

The overall objective of this study is to investigate these five anchor projects in terms of the processes and systems used to implement the projects in order to inform future roll-out and policy reforms, and document the processes, systems and practices used to drive the integrated implementation of these anchor projects. For each case study, the study investigates the methodologies used to:

1. Crowd in public investment and public services
2. Attract and secure private investment
3. Create quality public space and local services
4. Mobilise and develop social and human capital (skills aspect)
5. Broaden economic ownership: BEE and BBBEE
6. Achieve integrated planning and budgeting

The Urban Renewal Programme is a 10-year initiative that includes eight communities housing more than 2,5 million people. No dedicated national funding has been allocated for the programme. The dplg, however, provided additional equitable share (ES) allocations to local governments, on condition that these funds are utilised within URP nodes to build capacity for implementation and to compensate local authorities for increased costs of operating and maintaining capital infrastructure. This has been regarded as an encroachment on local government's discretionary spending powers. Unlike Special Presidential Projects on Urban Renewal (SIPPs), URP projects were not located within a clear policy or programmatic framework in the beginning (leading to the post facto development of a policy framework, and resulting in an absence of clear criteria). Project selection has also tended to be more political than competitive (SACN Urban Renewal). The programme is embedded within governmental structures and seeks to avoid extra-governmental entities and institutions. It was envisaged that by replacing the dedicated funding with a funding

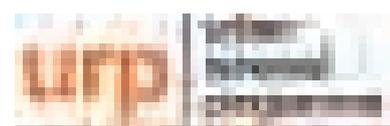
model based upon a process of budgetary and planning alignment across government spheres and departments, intergovernmental integration and co-ordination would be enhanced ('All-of-government' programme). This is oriented towards social and local economic development rather than infrastructure development (URP nodes are already well served as "older townships").

The selection of anchor projects was guided by the following criteria:

- Projects should, where possible, be funded on a Rand for Rand for Rand basis (1:1:1) by the government, the private sector and the beneficiary community. Community-based projects should include a contribution by the community. In instances where it is not possible for the community to raise revenue (i.e. through savings), community members may contribute by sweat equity. It is critical, however, that this contribution be properly measured and quantified. Private sector involvement should also be sought. The ideal situation is for projects to be funded on a 1:1:1 basis, by the government, the private sector and the beneficiary community. Various possibilities can be explored in an attempt to make up these ratios and to quantify the contribution of the three spheres government.

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6. Achieve integrated planning and budgeting





- Those projects that cannot be funded on a Rand for Rand basis should be catalyst-type projects that attract and galvanise a range of multi-sectoral development initiatives. These would typically be where the government fulfils its responsibility of creating an enabling environment, such as in municipal infrastructure projects, for example, the installation of bulk services.
- All projects should emanate from the IDP process.
- Preference should be given to multi-sectoral projects, for example, the development of a cultural village. This includes infrastructure, housing, economic and social development aspects, and is likely to be funded by different agencies and departments. These projects have the benefit of contributing to and improving various different aspects of human life all at once. They also assist the programme to fulfil one of its core objectives; budgeting and implementation. In those projects that are not multi-sectoral, innovation and ingenuity (in design, implementation, financing, management) must be demonstrated. In looking at these aspects, the objectives of the programme, such as mobilising communities to become active participants in the development of their areas, as well as inter-governmental fiscal re-engineering, should be kept in mind.

The projects should seek to contribute to as wide a spectrum of the community as possible. Projects should therefore indicate the percentage, scope and number of vulnerable groups within the community that will benefit from the project. Projects not only be sustainable but viable. For example, in achieving economic development, social and environmental issues should also be addressed. The universal interpretation of sustainability (meeting our needs without compromising future generations' ability to meet their needs) should be observed and demonstrated by the various projects at all times. The establishment of localised institutions will also contribute towards ensuring the

sustainability of long-term projects. Preference will be given to those projects where concerns such as land release, legal matters and services (unless these are the object of the project) have been resolved.

- In selecting anchor projects, consideration should be given to the range and mix of projects selected (type, location, duration, outcome/impact, etc.)

Programmes such as the URP are concerned with addressing the problems of poverty in cities and small towns, and testing new approaches to urban management. However, difficult challenges still remain, including:

- Lack of common understanding between role players as to the objectives of urban renewal in general, in the absence of a national urban strategic framework.
- Limited municipal capacity to develop business plans and pursue and secure funding.
- Difficulties with intergovernmental transfers as a result of inflexibilities in the legislation dealing with such transfers.
- A lack of co-ordination and integration between role players, resulting in isolated interventions.
- A lack of integration of the business plans for the nodes into the municipal IDPs.
- A lack of integration of the selected nodes into the rest of the area, both spatially and economically.

As the life span of the URP is coming to a close, more emphasis is being placed on strengthening the learning aspect of the programme and providing rigorous information not only to mainstream support for township renewal, but also to inform refinements in government policy and practices. The emphasis is on providing knowledge products that can inform structured peer learning between the eight nodes, inform knowledge sharing between cities with similar challenges, and inform reforms in government policies and practices.







1.2 METHODOLOGY

<p>Phase 1 Refine and agree on Terms of Reference and Service Level Agreement</p>	<p>A Project Plan was developed in which the use of specific case studies, and the type and number of role players to be interviewed were determined. Case studies were selected on the basis of covering a range of urban development contexts where significant private investment is known to have taken place and which constitute priority investment areas from the public sector perspective.</p>
<p>Phase 2 Desk-top analysis Case studies Interviews Refining key themes and report structure</p>	<p>A review of the relevant national policy context was conducted to identify key policy priorities, including:</p> <ul style="list-style-type: none"> · The National Spatial Development Perspective (NSDP) (2006) · Draft Urban Development Strategy (2006) · Urban Renewal Programme · Department of Housing (2004), Breaking New Ground: A Comprehensive Plan for the Development of Sustainable Settlements. · Municipal Financial Management Act <p>Initial discussions were held with key national role players to identify existing monitoring and evaluation research. Research consulted to inform the Interview Framework included the following:</p> <ul style="list-style-type: none"> · the dplg Impact Assessment Report on Khayelitsha · Business Trust and the dplg (2007), Nodal Economic Profiling Project · Department of Provincial and Local Government (2003), Business Plan for Urban Renewal Programme: Khayelitsha and Mitchells Plain · Department of Provincial and Local Government (2007) National Urban Renewal Programme: Lessons Learnt. <p>Interviews were then held with:</p> <ul style="list-style-type: none"> · National URP staff · Nodal management teams · Relevant line function managers within cities · Relevant co-funders in the province, national sector department or private sector · Community leaders <p>A description of each case study was compiled in terms of the nature of development, the types of incentives applied, and available information on their impacts.</p>
<p>Phase 3 Synthesis</p>	<p>Lessons that emerged from the interviews were collated and to reflect the key themes:</p> <ul style="list-style-type: none"> · Crowding in public investment and public services · Attracting and securing private investment · Integrating public transport and urban structure · Developing quality public space and local services · Mobilising and developing social capital · Broadening economic ownership: BEE and BBBEE · Promoting effective project leadership, governance and management · Promoting local economic development. <p>Finally, recommendations regarding key lessons identified in the case studies, and the way forward for urban renewal and poverty alleviation programmes in South Africa, were set out in the final section.</p>





2. CASE STUDIES

2.1. Inanda, Ntuzuma And KwaMashu (Ink)

2.1.1 Context

2.1.1.1 Overview of The Ink Area

Table 2-1: Vital Statistics

Population (Census 2001)	580 000 in INK ABM (2006)
Annual Household Income (Census 2001)	R25 000
Crime (focus area)	Medium (violent crime)
HSRC Deprivation Index*	Ward 40: 73 (Bridge City)
	Ward 46: 74 (KwaMashu Town Centre)
	Provincial average: 165

*The index correlates positively with the level of deprivation experienced in the ward. The two wards (in which the respective anchor projects are located) enjoy a significantly lower level of deprivation relative to the provincial average.

Table 2-2: Multiple Deprivation Rank*, KwaZulu-Natal

	Income	Employment	Health	Education	Environment	Combined
Ward 40	533	429	517	543	585	568
Ward 46	553	409	408	644	609	564

*out of 750; 1=most deprived Source: HSRC (2006)

Table 2-3: Reported Crimes per 100 000 (2006/07)

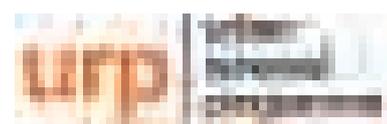
Type	Local	National	Ratio (Local/National)
Burglaries	551	685	0:8
Aggravated Robberies	506	281	1:8
Murders	88	45	2:0

The outlying Durban townships of Inanda, Ntuzuma and KwaMashu combine to form the 'INK' area for administrative and study purposes. These areas lie in close proximity and the boundaries between them are blurred. While differences exist in levels of development, the areas face the same broad types of challenges. Local councillors are responsible for wards that cut across the three areas.

INK's estimated 580 000 inhabitants endure very crowded living conditions (6 325 persons/km²) and have one of the highest HIV/AIDS infection rates (39%) in the country. Only 42% of residents live in formal housing, with 27% are gainfully employed. Three out of four households earn less than R9 600 per year. Key economic challenges include:

- High dependency on social grants
- A limited mix of informal and formal economic activity occurs within the node
- The overwhelming majority of investment is public sector driven.

Between 2000 and 2004, both employment growth and GDP growth were significantly lower than metropolitan, provincial or national rates.





2.1 KWAMASHU TOWN CENTRE AND BRIDGE CITY

2.1.1.2 OVERVIEW OF THE INK URBAN RENEWAL PROGRAMME

The INK area enjoys dual designation as a Presidential Poverty Node under the URP, and one of five Area-Based Management (ABM) Learning Areas. The key development challenges identified by these two programmes (administered collectively by the INK Office) are:

- Poor water provision.
- Economic dependency on external stimuli.
- Very high crime rates.

The INK URP programme, which administers both the URP and ABM, is funded by all levels of government and the European Union. The programme has co-ordinated and concentrated R88m of investment by line functions, and R34m by municipality into five anchor projects, including the two catalytic projects Bridge City and the KwaMashu Town Centre Rejuvenation project.

Project	Type
Bridge City	Catalytic
KwaMashu Town Centre	Catalytic
P577	Infrastructure
Safer Cities Programme	Crime Prevention
Inanda Trail	Tourism

Source: Business Trust & the dplg (2007)

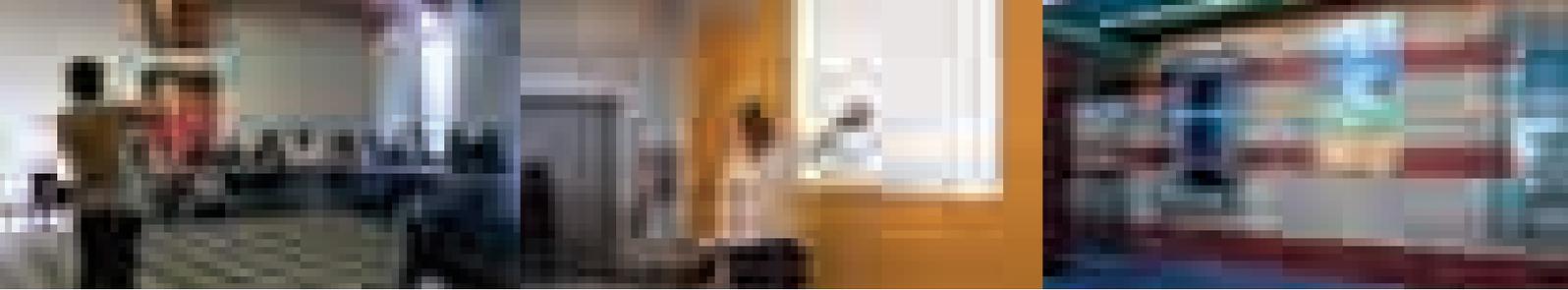
The INK programme anticipates that a substantial increase in public investment (via physical and human capital investment) will initially attract external business (contractors, franchises, etc.) Ultimately, external business activity will catalyse growth in the township's locally owned economy as incomes rise, unemployment drops and the business environment becomes more conducive to inward investment.

Broadly speaking, the URP programme in the INK area was focused predominantly on human development for the first five years, but is now shifting towards infrastructure development. The motivation at its inception was to put individuals at the centre of development, with the URP merely serving to stimulate internalised processes of development in the community. It focuses on citizen action by citizens with the support of government. It does not offer a set of solutions or basket of resources. In this sense, infrastructure merely supports human development efforts instead of leading them (the dplg, 2007).

2.1.1.3 INSTITUTIONAL FRAMEWORK

Partners of the Bridge City development include the National and Provincial Government, local government line departments, community-based organisations, non-governmental organisations, non-profit organisations, residents, the European Union and other funders. Guided by the Joint Government Business Plan, the five-year Development Plan and the IDP, programme co-ordinators have elected to concentrate on the following impact areas, rather than being driven by strategies and programmes:





1. Integrated governance
2. Living environments
3. Income enhancement
4. Infrastructure investment

Service level agreements with government departments, memorandums of understanding and participation agreements with NGOs and CBOs, and finally participatory forums between strategic management, the joint government forum and the stakeholder forum have been designated as key tools to promote integrated governance. The INK programme opted for an explicit area-based focus. This has meant that line departments' functions are integrated to serve one geographic area. Within eThekweni, the INK programme has been absorbed into the overall Area-Based Management (ABM) approach that is being piloted for the development of five key areas in the city. This approach adopts a geographic focus and commits resources and planning attention to these areas in a co-ordinated and integrated manner. The absorption of INK into this model means that it is not a once-off or isolated programme. It makes INK one of five area-based projects in the city and, although it receives special attention as a presidential project, it is not sidelined as an isolated intervention. Neither is the general planning approach within INK confined to that area. Rather, it is becoming a model for the way in which planning is undertaken throughout the city.

The ABM approach involves a dedicated team of specialist officials focused on ensuring synergy in governance, planning and implementation within a specific geographic area. Each area has a dedicated budget. This approach is not without its management complexities. Tensions arise between the relative freedom and level of integration of area-based management and the demands and constraints of line department functioning. The approach is palatable to those departments with a spatial, geographic focus, but it is difficult to get buy-in from non-spatial departments.

2.1.2 Anchor Project Case Study Overview: KwaMashu Town Centre

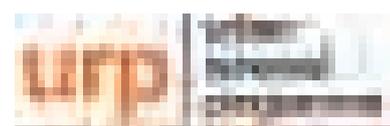
2.1.2.1 Key Facts

Collaboration between the municipality, line function departments and the private sector resulted in the successful rejuvenation of the KwaMashu Town Centre (KMTC). Public sector investment amounting to R50m drew private investment equalling double that amount from a number of large chains (Spar, Cash Build, Jet Stores and Standard Bank), in addition to restoring dignity and economic vitality to the surrounding community.

2.1.2.2 Resource Mobilisation

The public investment in a town centre in KwaMashu drew an almost immediate private sector response. The city revamped the infrastructure in this area and laid out a new town centre. "We got R70 million worth of private investment, almost immediately" (Masson, October 8). This soon grew to R90m (Baars, October 8). The focus of this investment has been on creating a high quality destination shopping centre. As Masson indicates, learning takes place through the development process. One of the lessons learnt in the KwaMashu Town Centre centred on balancing the need for large-scale external investment and creating opportunities for local entrepreneurs. Initially, the centre was focused on attracting chain stores. The decision to create retail space for local retailers came later on in the planning.

However, the inverse has also occurred, with public money following private investment in INK. The city acknowledged local initiative and demand and responded with public investment. A local community art centre was functioning well and had become an asset to the community. The INK programme responded to this local initiative by transforming the road space outside the centre into a piazza area.





2.1.3 Anchor Project Case Study Overview: Bridge City

2.1.3.1 Key Facts

Bridge City is a joint venture between the city and private developer Moreland Properties on 60ha of commercial land that will become a major economic hub for the area. Plans include shopping, entertainment, civic buildings, a hospital, a magistrate's court, mixed commercial, office and residential buildings, petrol stations and an inter-modal transport facility. The scope of the project is massive, as indicated in the following figures:

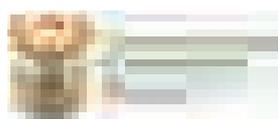
- 54 000m² in three phases
- 650 000m² developable land
- 150 000m² retail
- 2 500 apartments
- A train station and tunnel to handle 40 000 people/hour.

KwaMashu Town Centre established a successful precedent of public-private collaboration which paved the way for further partnership initiatives. The Bridge City development was one of these initiatives.

2.1.3.2 Resource Mobilisation

A joint venture agreement was reached between the Durban Transitional Metropolitan Council and Moreland Developments (Pty) Limited in 2000 following a request by the Metro to project manage its Marine Park development abutting the Durban inner city and, to that end, to enter into the Point Development Agreement. The following steps were taken between the various stakeholders:

- Moreland expressed its willingness to enter into the Point Development Agreement provided that the Metro was willing to enter into a joint venture (JV) agreement with Moreland to develop an area in Phoenix South. As part of this agreement, the Metro purchased (at the market value of R20m) and consolidated the land.
- The JV was tasked with insuring that the land was zoned in accordance with the concept plan, and was laid out and serviced so as to facilitate the sale of serviced sites to buyers at market value.
- The Metro was responsible for the construction and development of the Effingham Link Road and an interchange at a cost of R160m (2000 prices).
- Moreland would contribute to the infrastructural cost of the project an amount equal to that paid by the Metro for the land (this effectively meant Moreland would use its R20m to finance the development until it started receiving proceeds from the first site sales, after which sales revenue would augment further investment).
- The Metro would remain in possession of the land and administer it on behalf of the JV, except for the sites to be eventually sold off to third parties, the proceeds of which will be channelled into the JV.
- Ethekewini owns 66%, and Moreland/Tongaat Hulett 33%.
- The JV would allocate the operating surplus to Moreland (33%) and the Metro (66%). The funds received by the Metro would be committed to the Marine Park Development. Moreland would assume the role of project manager and financial administrator of Bridge City. Moreland would also procure sales, negotiate terms of sale, prepare the JV's costs of sales agreement, and administer and





process sales (Joint Venture Agreement, Garlicke and Bousfield Inc. Attorneys, 2000).

Because funds are being absorbed by 2010 preparations, the NDPG is filling critical funding gaps. The NDPG has demonstrated a clear willingness to unblock critical infrastructural constraints. The market interest demonstrated at Bridge City is due to certainty around infrastructural provisions. The risk otherwise to invest in townships is excessively high (Petersen, October 8).

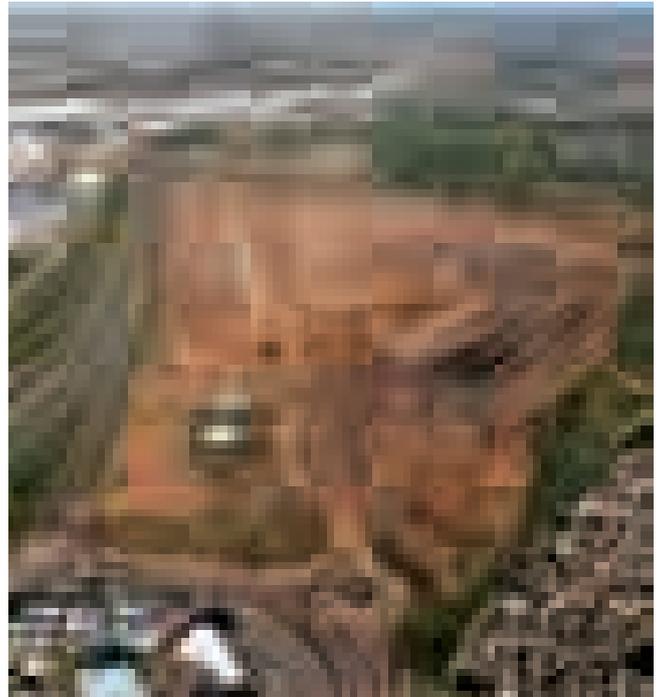
Phase 1 will open in October 2009. Phase 1 includes a train station and tunnel funded by SARCC (R50m) and the private sector (R20m), which will handle 40 000 people/hour. A shopping centre as well as 750 middle-income apartments will be built on top of the station.

The Public Investment Commission:

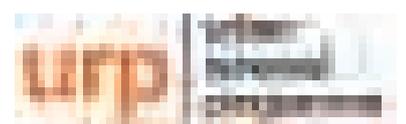
- Is the funding partner and will eventually own the shopping centre.
- Provided R800m of private funding.
- Has signed a Sales Agreement.
- Will purchase shares at a defined yield.
- Has multiple shareholders.

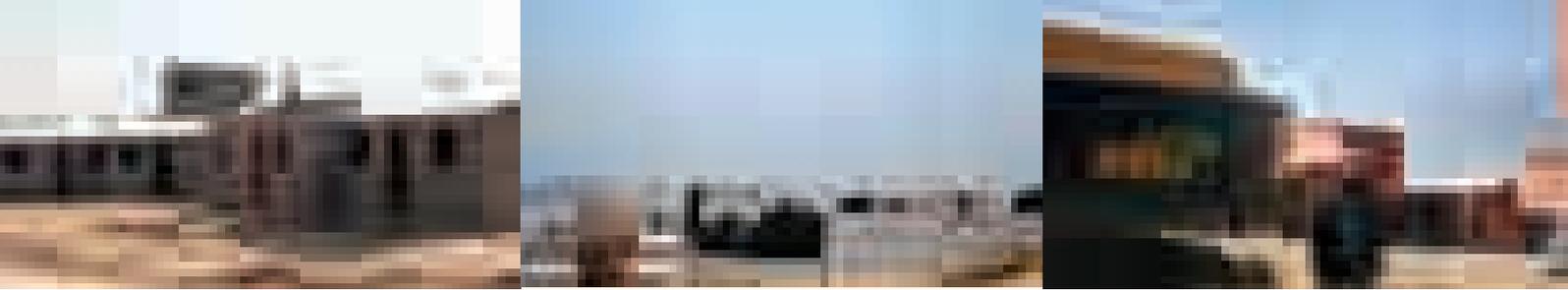
2.1.3.3 Community Participation And Ownership

- Management Association was formed.
- Community Trust was formed to purchase 10% of the shopping centre shares valued at R78 million to be warehoused by the Public Investment Corporation.
- Land sales in the precinct must have an empowerment component.
- Up to 15% of shops must be let out to local retailers and linked to business support and mentorship.
- Umlazi Mega City: 30% is owned by a trust comprising women's groups, taxi groups and youth groups that purchase shares at a discounted rate.



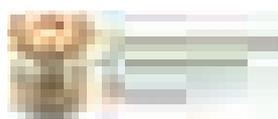
One of the lessons learnt in the KwaMashu Town Centre centred on balancing the need for large-scale external investment and creating opportunities for local entrepreneurs. Initially, the centre was focused on attracting chain stores. The decision to create retail space for local retailers came later on in the planning.





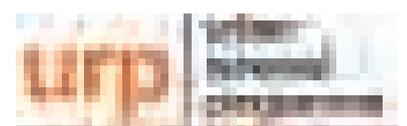
2.1.4 Lessons From The Implementation Of Kmtc And Bridge City Anchor Projects

Theme	Experience	Lesson
Crowd in public investment and public services	One of the biggest challenges to the success of the KMTC was negative perceptions of the area because of crime. Formal businesses and shoppers were reluctant to enter the area. The construction of a highly visible police station in the middle of the town centre is widely considered to be a decisive success factor of this anchor project.	The founding of a police station in an accessible and visible location is an extremely effective means of creating a safe and vibrant environment, drawing both business and people to the area. In this context, buy-in from the Department of Safety and Security, as well as the Department of Public Works, was essential to the success of the project.
	The INK URP is driven by a dedicated professional local team that is institutionally and politically embedded in local government.	A dedicated local team with strong support from the municipality is necessary in order to lobby for investment at all levels, from the construction of state facilities to the deployment of state programmes.
Attract and secure private investment	The market interest demonstrated at Bridge City is due to certainty around infrastructural provisions. The risk otherwise of investing in townships is excessively high (Petersen, October 8).	It is essential that public sector investment in infrastructure, public transport, public space and public facilities create a positive climate and a reinforcing framework for private sector investment.
Broaden economic ownership	According to the stipulations of the Joint Venture Agreement, land sales in the precinct must have an empowerment component. Furthermore, up to 15% of shops must be let out to local retailers and linked to business support and mentorship. The Bridge City precinct Management Association is formed.	A minimum percentage of retail space must be allocated to local traders.





Theme	Experience	Lesson
	<p>The city revamped the infrastructure in KwaMashu Town Centre, and laid out a new town centre. The public investment in a town centre in KwaMashu drew an almost immediate private response from established retailers. “We got R70 million worth of private investment, almost immediately” (Masson, October 8). This soon grew to R90m (Baars, October 8). The initial objective of the project was to create a high quality destination shopping centre. As Masson indicates, learning takes place through the development process. One of the lessons learnt in the KwaMashu Town Centre centred around balancing the need for large-scale external investment and creating opportunities for local entrepreneurs. As the development process progressed more emphasis was placed on creating retail space for local entrepreneurs.</p>	<p>Project designers must balance the need of large-scale external investment with creating opportunities for local entrepreneurs.</p>
<p>Strengthen integrated planning and budgeting</p>	<p>A joint venture agreement was reached between the Durban Transitional Metropolitan Council and Moreland Developments (Pty) Limited in 2000 following a request by the Metro to project manage its Marine Park development abutting the Durban inner city and, to that end, to enter into the Point Development Agreement. Moreland will assume the role of project manager and financial administrator of Bridge City. Moreland will also procure sales, negotiate terms of sale, prepare JV’s costs of sales agreement and administer and process sales (Joint Venture Agreement, Garlicke and Bousfield Inc Attorneys, 2000).</p>	<p>A partnership must be developed and structured in such a way as to maximise the use of private sector expertise in finance, packaging and market development, and the securing of tenants.</p>



2.2 KHAYELITSHA

2.2. Khayelitsha

2.2.1 Context

2.2.1.1 Overview of Khayelitsha Area

Table 2-5: Vital Statistics

Population (Census 2001)	406 779 (2005)
Annual Household Income (Census 2001)	R22 000
Crime (focus area)	High (murder)
HSRC Deprivation Index*	Ward 94: 212 (West)
	Ward 97: 331 (East)
	Provincial Average: 165

Table 2.6 indicates that Ward 97 suffers among the worst environmental conditions, the highest unemployment and the lowest income in the province. The stark difference in deprivation levels between the western and eastern parts of Khayelitsha reflect the level of peripheralisation from the city's economic centres. The relatively low level of crime (except murder) may be attributable in part to generally low levels of reporting.

Table 2-6: Khayelitsha: Multiple Deprivation Rank*, Western Cape

	Income	Employment	Health	Education	Environment	Total
Ward 94	124	63	44	263	117	111
Ward 97	18	29	68	198	7	28

*out of 332; 1=most deprived Source: HSRC (2006)

Table 2-7: Khayelitsha: Reported Crimes per 100 000 (2006/07)

Type	Local	National	Ratio (Local/National)
Burglaries	308	685	0:4
Aggravated Robberies	542	281	1:9
Murders	108	45	2:4

Source: SAPS (2007)

The Khayelitsha Business District (KBD) is a typically nodal centre within the inwardly orientated apartheid dormitory settlement of Khayelitsha some 35km from the centre of Cape Town. It is far from the major national arterial (the N2) and does not connect with any metropolitan through route. Its growth and development is therefore dependent on the public services needs and spending power of its resident population. The KBD is the only accessible regional centre that meets the needs of all these people, which includes a large percentage of the poorest of the poor in Cape Town.





2.2.1.2 Overview of Khayelitsha URP Programme

The Khayelitsha node had received no public or private investment since 1990, apart from the construction of the Khayelitsha (terminus) rail station. As administration of Khayelitsha was shared between the under-capacitated Lingeletu West Black Local Authority and the Western Cape Provincial Government, there was no capacity to drive an investment programme in an area that was very much a “no-go” zone during the era of political struggle pre-1994.

With the establishment of the City of Tygerberg in 1996, the capacity and determination to make a success of the node became a key priority in order to address the need for development, investment and access to high order services in Khayelitsha, which comprised 30% to 40% of the municipal population. In 1998 an Area Management cluster was established in the Stocks and Stocks complex near the KBD that included senior managers in the following disciplines:

- Planning and Economic Development
- Engineering Services
- Administration

Local officials and politicians began lobbying for investment in services and infrastructure from city budgets and negotiated with national and provincial line departments to cluster their investments in the node. This resulted in nearly R800m of public sector investment in the central business district, a rail extension, health facilities and housing by 2003 (the dplg, 2003).

2.2.1.3 Institutional Framework

Table 2-8: Khayelitsha Role Players

Role Players	Responsibility
National Government	General monitoring and co-ordination
Provincial Government	Co-ordinating the activities of all implementing agencies and role players
City of Cape Town	Implementing agent and responsible for facilitating implementation
Political Champion	Executive Mayor of Cape Town
Communities	Community of Khayelitsha

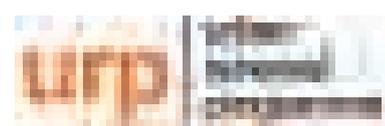
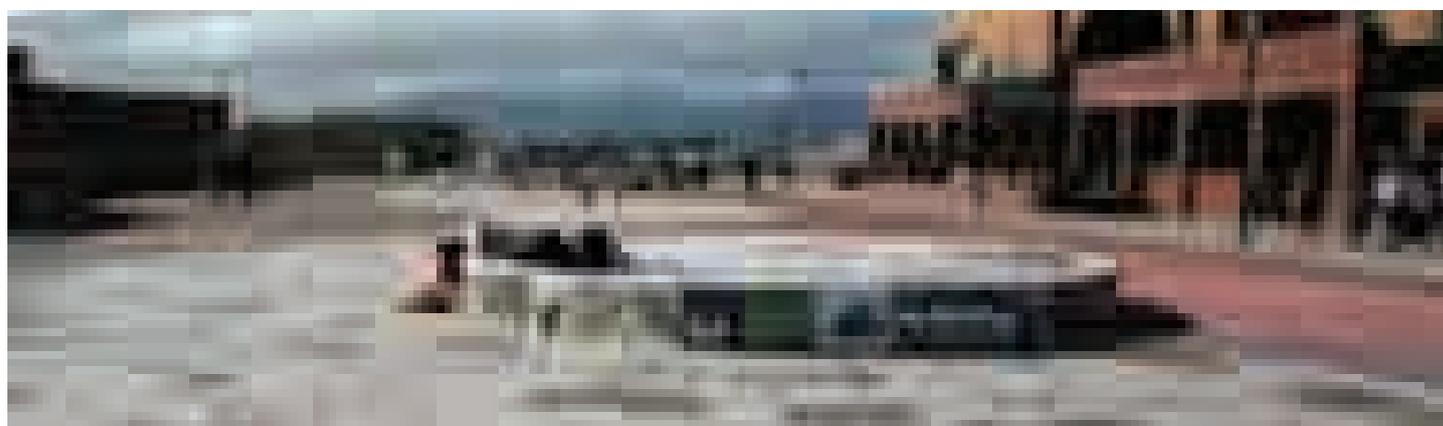
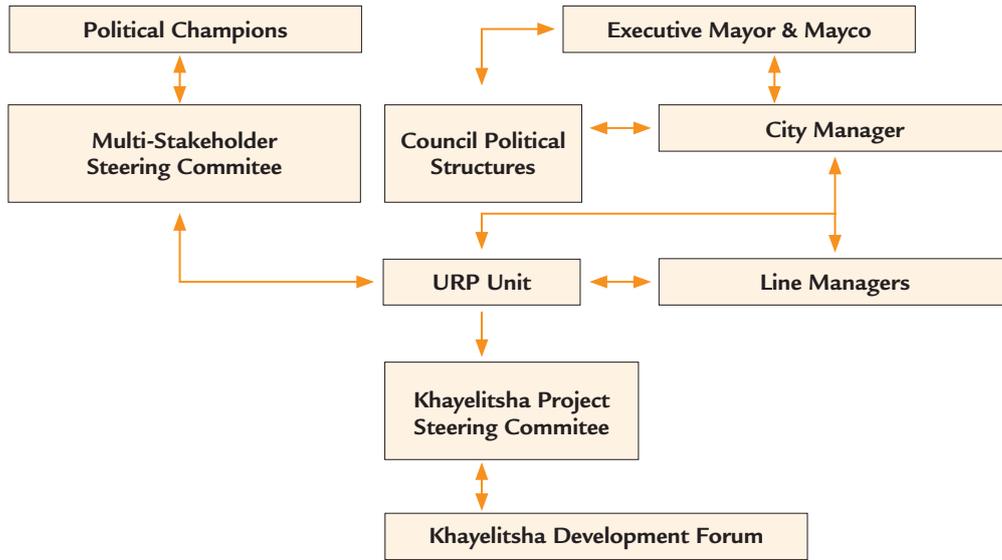




Figure 2-9: Nodal Institutional Framework, Khayelitsha



Source: Adapted from Khayelitsha URP Business Plan (2007)





2.2.2 Anchor Project Case Study Overview: Central Business District

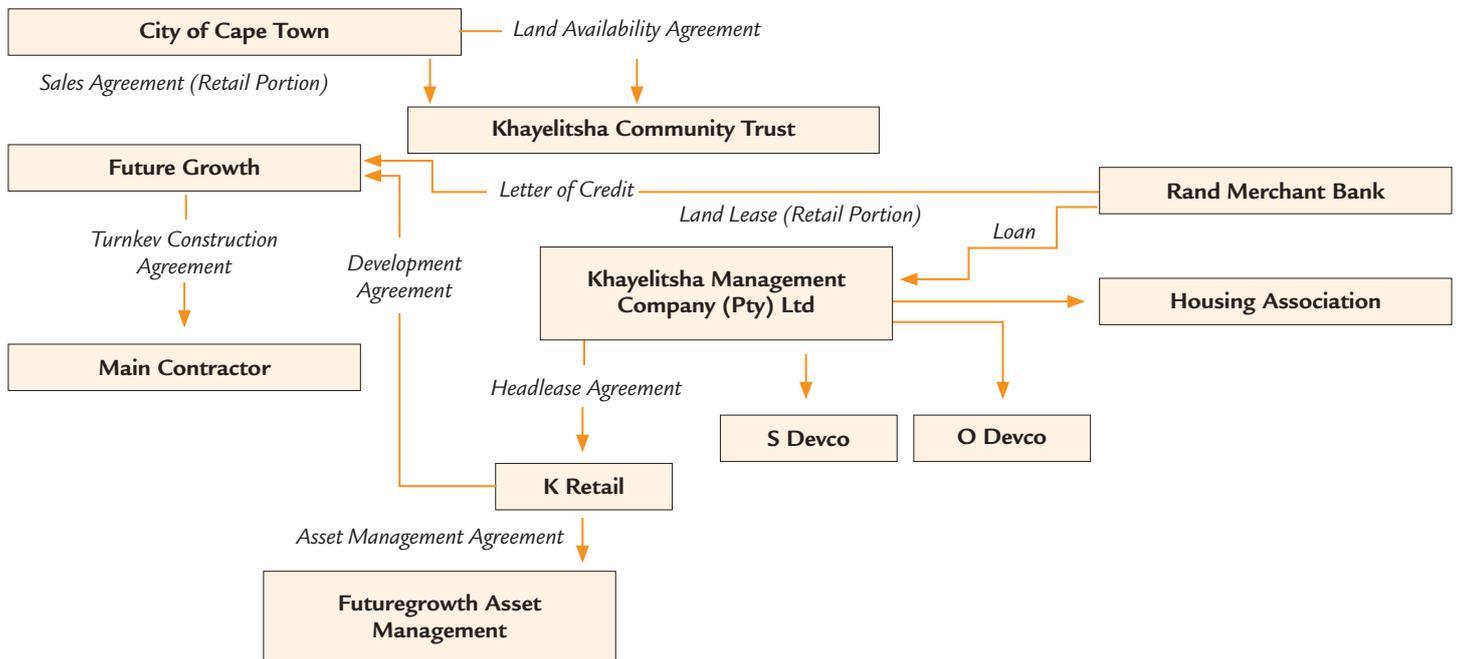
2.2.2.1 Key Facts

With the aim of leveraging private investment, and generating job opportunities and disposable income for the local community, the partnership between government, business and the civil society has initiated the R380m development of the Khayelitsha mixed-use business district, which is located next to a train station through which thousands of people travel every day. It consists of the following elements: a transport interchange, public space, sports facilities, a retail centre, municipal offices, a service station, housing and a magistrate's court.

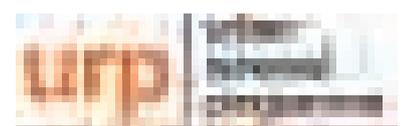
The 17 500m² retail centre was completed in December 2006 at a total capital cost of R86,5 million. Due to the high demand for trading space, a further 2 000m² is currently under construction at a cost of some R9,325 million. This additional section of the centre was to open its doors for trading in July 2006.

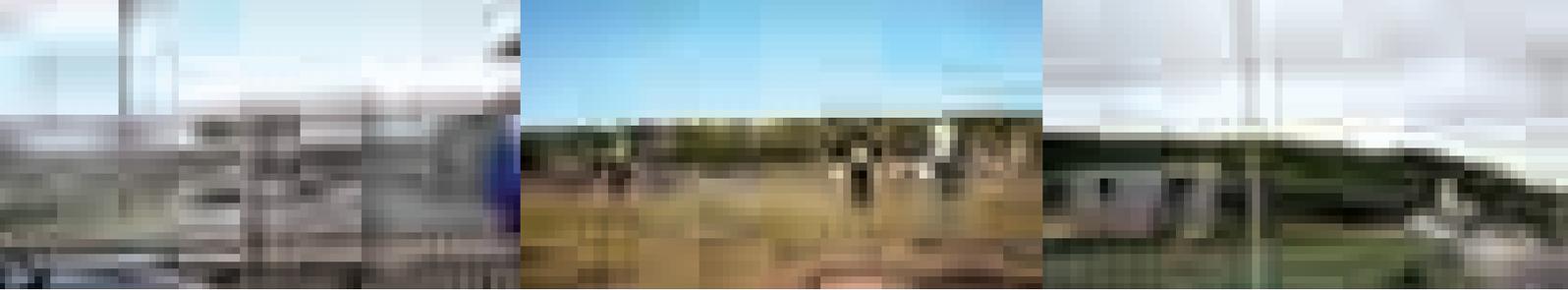
2.2.2.2 Project Institutional And Management Arrangements

Figure 2-10: Khayelitsha URP Institutional Framework Structure



Source: Adapted from Human, A. (2007)





The Khayelitsha Community Trust has been registered with five trustees representing the community of Khayelitsha. The trust has furthermore established the following wholly owned entities:

- KBD Management (Proprietary) Limited (“KBD Manco”) which is responsible for operational management and development of KBD.
- KBD Retail which has taken responsibility for the development and management of the retail centre.
- Khayelitsha Housing (Pty) Ltd.

With the promulgation of the Local Government Municipal Systems Amendment Act (Act 44 of 2003), the Khayelitsha Community Trust became a municipal entity. This requires the KCT to operate within a set of conditions and requirements as stipulated in the Municipal Finance Management Act (Act 56 of 2003). One of the implications of the legislation was that the trustees had to be changed, since councillors and officials are not allowed to serve as directors/trustees in a municipal entity. Five new trustees were nominated to the trust in June 2004. Other entities will be established during the course of the anchor project to take responsibility for the development of the other private sector funded components to the project, i.e. residential, service station and municipal offices. A set of ‘Development Principles’ was adopted by the former City of Tygerberg, providing direction and guidelines to the manner in which this project is to be implemented.

KBD Manco and KBD Retail lease the retail property from the trust (which purchased it from the city in August 2004) and appointed FutureGrowth to act as “developer” for the retail centre. WBHO is the major building contractor in this turnkey development.

FutureGrowth Asset Management undertakes the leasing and management responsibilities of the centre. One of the funding requirements of this project is a minimum 70% occupancy by national tenants. Most of the trading space earmarked for national tenants has been secured, with two anchor tenants in Shoprite and Spar. All four national banks (Nedbank, FNB, ABSA and Standard) have secure space for full banking services. The centre is currently running at 97% occupation.

2.2.2.3 Resource Mobilisation

When the ANC took over the City of Tygerberg in 1999, the KBD was declared a Mayoral Project. In 2001, the declaration of Khayelitsha as a poverty node and of the KBD as an anchor project by the National Urban Renewal Programme (URP) further heightened the profile of KBD, particularly insofar as national and provincial government were concerned, as the URP obliged them to prioritise expenditure in the area.





Table 2-9 Public Sector Investments

Completed	Under Construction	Approved
<ul style="list-style-type: none"> · Construction of a magistrate’s court by the Department of Justice · Construction of a major swimming pool by the city · Initiation of a retail demand study funded by the DBSA · Preparation of an urban design framework · Bulk service and road infrastructure servicing about 75% of KBD property · Offices for the Department of Social Welfare · Offices for the Department of Home Affairs · Cricket oval and club-house facilities · Phase 1 of the transport interchange · Phase 1 of the landscape plan (public walkway and civic square) 	<ul style="list-style-type: none"> · Phase 2 of the transport interchange · Phase 1 of the informal trading facilities · Multi-purpose centre. 	<ul style="list-style-type: none"> · A 230-bed district hospital. · Offices for the CID branch of the SAPS

Co-operation with the private sector was critical in the success of this project. Future Growth/RMB have given the KCT a loan facility of R102m, which is repayable over 15 years. There is also provision for the community of Khayelitsha to purchase a R21m stake in the project.

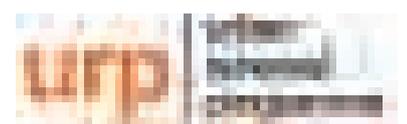
The KCT entered into a land availability agreement with the city in August 2004 for the utilisation of the KBD land as approved (see more detail in 2.2.2.4). This has the following important implications:

1. All the developed land (e.g. the shopping centre) is transferred to the KCT as soon as it has packaged a development, whereas it is not burdened with holding costs.
2. Public land improvements (e.g. the shopping centre) stay in a community trust and allow the community to gain the value added to the land by the development. For example, the shopping centre has appreciated by about R140m in value and this value is retained in the Community Trust.

The value of the land has massively appreciated since the retail centre was constructed, which will transfer significant long-term value to the community which effectively owns it (through the KTC). Local (Khayelitsha) interest in acquiring space in the centre is high, and a specific marketing process and procedure has been launched in this regard.

The most important challenges for the KCT are to create the necessary resources and capacity to be able to comply with the regulations of the MFMA. In this regard, the KCT has received R10m in city support. An amount of R4m has been retained to fund the operations of KCT, and R6m has been spent on upgrading the bulk electrical supply to KBD.

Co-operation with the private sector was critical in the success of this project. Future Growth/RMB have given the KCT a loan facility of R102m, which is repayable over 15 years. There is also provision for the community of Khayelitsha to purchase a R21m stake in the project.





A “Collaboration and Co-operation” Agreement was entered into between the city and Rand Merchant Bank (RMB), whereby RMB will assist the city in sourcing and securing private sector funding of up to R425m for the project. As part of this agreement an Operational Team (consisting of officials of the city and RMB) was established to take the project further and to deliver the following products:

- A roll-out (development) plan for the first developments.
- A financial plan.
- Recommendations on the most suitable/appropriate institutional framework to deliver.
- The project itself.

As a result of the combined impetus of the RMP partnership, the URP and heightened interest facilitated by the Financial Services Charter, the following public and private investments took place in the URP node after 2001:

Table 2-10: Khayelitsha: Selected Investments as of 2003

Anchor Projects	Total budget
CBD	R380m
Rail Extension	R161,3m
Health	R79,6m
Housing Land	R167,7m
Total	R788,7m

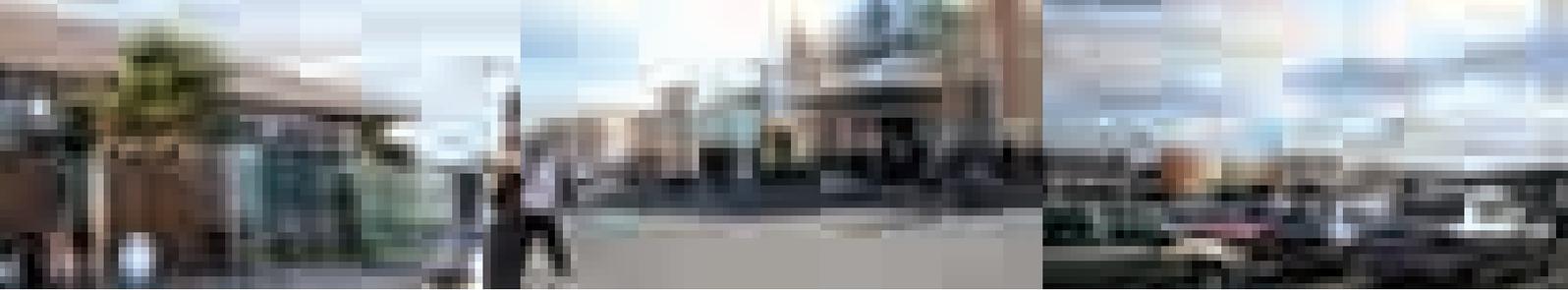
Source: the dplg (2003)

Credit approval conditions included the following:

- Security strategy and plan
- Empowerment conditions and requirements
- Community’s equity share of R26,6 million
- Conclusion of all legal documents and approvals
- Confirmation of the housing delivery plan and strategy.
- Firm commitment on the municipal offices and financing arrangement.
- Finalising the rezoning process.
- R265 million is to be sourced and secured (via RMB) from the private sector to provide for the following approved commercial projects:
 - Retail centre: R77 million
 - Municipal offices: R30 million
 - Service station: R5 million
 - Residential: R209 million
 - **TOTAL: R321 million**

The shortfall of R56m is to be secured through equity funding from the homeowners in the proposed residential development (R29,4m) and the community (R26,6m) through the Khayelitsha Community Trust as equity holder in the development. Credit approval for the private sector funding portion (R265 million) was obtained from the RMB Credit Committee in September 2003.







2.2.2.4 Community Participation And Ownership

The KBD was launched in 2000 after intensive consultation with the Khayelitsha community and other role players. The result of this consultation was the drafting of a “Stakeholders’ Forum Agreement” in which the community made certain proposals regarding the community involvement and participation in the project.

A strong and compelling community leadership role was also adopted by the Khayelitsha Development Forum (KDF), and local officials and councillors worked very closely with the KDF at all times. The following unique characteristics of the KDF made this possible:

- *A tradition of talented high quality “struggle” leadership.*
- *A collegiate relationship with the predominantly ANC local councillors.*
- *A high level of inclusivity with civil society institutions and NGOs in the area.*
- *Active engagement with local development issues at all times and close consultation with local street committees.*

In accordance with the Land Availability Agreement, the trust has access to land specified in the schedule of the city, when it takes title to that land at a price of 100% of market value at 2003 (effectively land value write-down; land value prior to enhancements):

1. The value capture goes to the trust.
2. KCT has instant access to the land.
3. KCT sits with developer, and sells it to developer.
4. The trust can use that money to develop further, or offer equity (land value profit) to the community (redistribution mechanism).

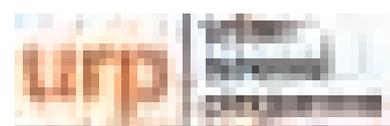
The officials of KCT Manco and the City of Cape Town who were interviewed were emphatic that the innovative approach used to secure the remarkable win-win that KBD delivers for the community, the city, BBBEE and investors, would not have been possible if the MFMA were in place when the process began. This is because of the MFMA’s requirement of open tendering for land disposal.

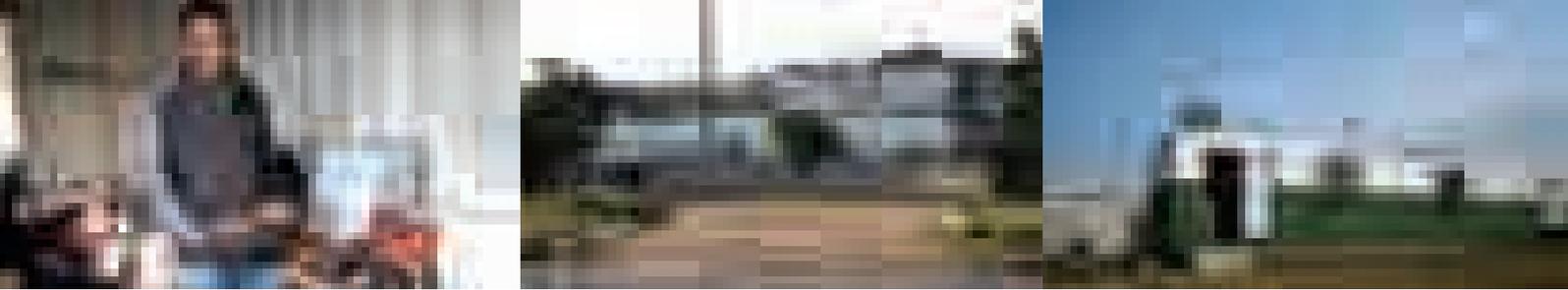




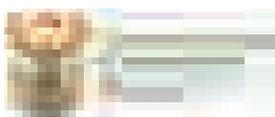
2.2.3 Lessons From The Implementation of Khayelitsha CBD Anchor Project

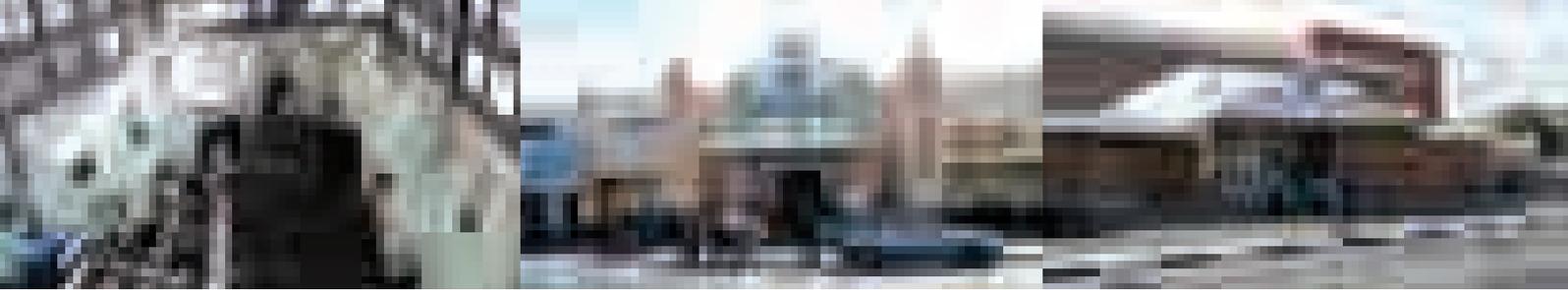
Theme	Experience	Lesson	
Crowding in public investment to trigger private sector investment	<p>Crowd in public investment and public services</p>	<p>With the assistance of the private sector and following input from the Khayelitsha Development Forum, a local business plan (which includes a financial plan, an institutional framework and a development plan) was drawn up. This proved decisive in securing support from all government levels. The public sector is not optimally suited to securing private sector finance, lacking the requisite expertise and resources to conduct market research and development, or to package the funding proposal adequately. A co-operation agreement is an effective, low-cost means of accessing these capacities that reside in the private sector. In Khayelitsha, Rand Merchant Bank agreed to assist the city in sourcing and securing up to R425m for the project (in drawing up a financial plan), and providing managerial capacity to the Operational Team (a development plan and institutional framework).</p>	<p>A local business plan is a key instrument for securing inter-government co-operation.</p>
	<p>Attract and secure private investment</p>		<p>Entering into a “Collaboration and Co-operation” agreement between the implementing agency and financial partners commits the latter to providing assistance in the sourcing and securing of private sector funding.</p>
			<p>The process of packaging private sector finance is costly and needs to be budgeted for.</p>



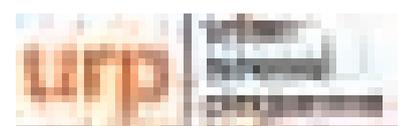


Theme	Experience	Lesson
Crowding in public investment to trigger private sector investment	<p>Making provision in the land availability agreement for the immediate transfer of land from the municipality to the developer protects the community trust from incurring liabilities arising from holding costs. The impact of unforeseen project delays on the assessment of financial risk is a prevalent threat to project viability and, therefore, to securing private sector funding. The adoption of the MFMA midway through implementation placed an additional financial and administrative burden on the programme, and more specifically the Khayelitsha Community Trust. Compliance with MFMA regulations will demand the allocation of scarce resources to the development of further capacity. One of these regulations necessitated that the trustees had to be changed since councillors and officials are not allowed to serve as directors/ trustees in a municipal entity. Fortunately, the land disposal process was complete at the point of its adoption and the project could therefore succeed in its objectives. The viability of future URP projects will, however, continue to be stifled by the provisions of this legislation, which was designed to combat corruption and financial mismanagement in small, resource-constrained municipalities. The private sector does not respond well to open tendering processes, where information and trust are limited.</p>	<p>Land availability agreements which facilitate immediate transfer from the municipality to the end buyer play a major role in reducing the holding costs of development.</p> <p>The public tendering requirement for land disposal is a prohibitive constraint of the MFMA on anchor projects.</p>
	<p>The Khayelitsha Spatial Development Framework assisted in balancing investment in the KBD with five other nodes. The application of the City of Tygerberg’s Development Principles was also important.</p>	<p>In the absence of clear spatial development principles, the designation of areas as URP nodes may induce resentment in other areas.</p>



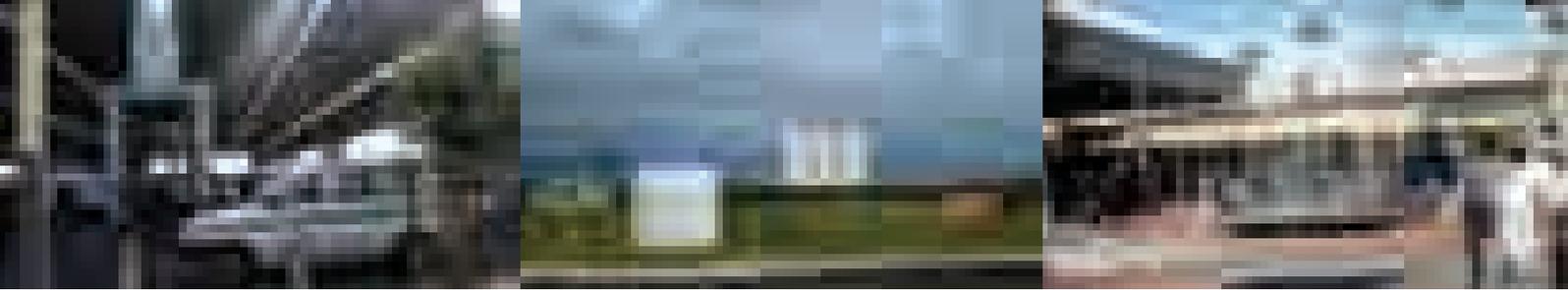


Theme	Experience	Lesson	
Crowding in public investment to trigger private sector investment	Enhance human and social capital	The Khayelitsha Development Forum played a decisive role from the start of the development process to the present, working very closely with local officials and councillors. It allowed for the drafting of a “Stakeholders’ Forum Agreement” in which the community made certain proposals regarding community involvement and participation.	Sustained community capacity building over many years is necessary to prepare the community to engage with opportunities and the impact of a major development node.
		The value of the land has appreciated by R140m since the completion of the shopping centre. This value is accrued by the community (who are effectively the land owners), and can either be reinvested or distributed.	<p>The creation of a community landowning trust as well as the opportunities for community equity participation create a sustainable long-term vehicle for social capital enhancement.</p> <p>Public land improvements should be kept in a community trust (through a land availability agreement), and the community should be allowed to gain the value added to land by the development.</p>
	Broaden economic ownership	The trust has been instrumental in facilitating and assisting local contractors and labourers to procure contracts and employment in retail construction. In total, 16 local companies were engaged in the construction of the retail centre providing employment to more than 160 local people.	Setting up a community trust – as an equity holder in the development – allows for the sharing of interest and benefits with the local community (as shareholders).





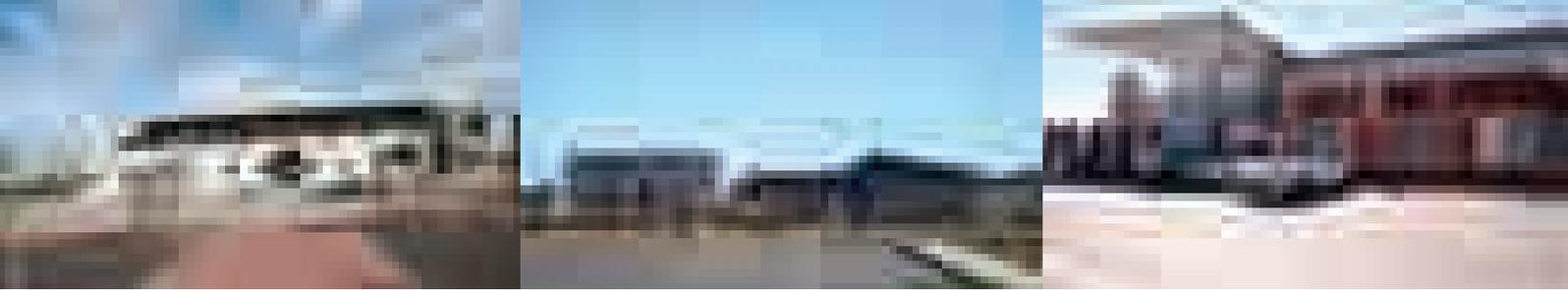




Theme		Experience	Lesson
Crowding in public investment to trigger private sector investment	Strengthen integrated planning and budgeting	The ABM unit in Khayelitsha (1998-2004) played an important role in integrating local services, lobbying for local government finance and integrating public sector investment generally. It included relatively senior managers from Planning and Economic Development, Engineering Services and Administration. However, the lack of clarity between the role of the URP unit, the ABM unit and the local government line departments did overlap and create confusion, culminating in the collapse of the ABM functions.	The Area-Based Management model is an effective mechanism whereby line departments' functions are integrated and co-ordinated to serve one geographic area. This approach commits resources and planning attention to specific areas but, although it receives special attention as a presidential project, it is not sidelined as an isolated intervention. This approach requires a dedicated team of specialists focused on ensuring synergy in governance, planning and implementation in a specific geographical area. Given the management complexity of ABM, it is only effective if adequately resourced with experienced officials.







2.3 MITCHELLS PLAIN

2.3.1 Context

2.3.1.1 Overview of Mitchells Plain Area

Table 2-11: Vital Statistics

Population (Census 2001)	400 000 in Mitchells Plain
Annual Household Income (2004)	R41 412
Crime (focus area)	Medium (burglaries)
HSRC Deprivation Index	Ward 79 (Central); 89
	Provincial average: 165

* The index correlates positively with the level of deprivation experienced in the ward. The Mitchells Plain node enjoys a much lower level of deprivation than its neighbour. Its adjacency to deeply impoverished surrounding townships and its poor spatial design contributes to extremely high levels of criminal activity, particularly property crime.

Table 2-12: Multiple Deprivation Rank*, Western Cape

	Income	Employment	Health	Education	Environment	Combined
Ward 79	236	119	279	254	283	239

*out of 332; 1=most deprived

Source: HSRC (2006)

Table 2-13: Reported Crimes per 100 000 (2006/07)

Type	Local	National	Ratio
Burglaries	1 121	685	1:6
Aggravated Robberies	405	281	1:4
Murders	17	45	0:4

Source: SAPS (2007)

Mitchells Plain was established as a dormitory town 20km from Cape Town's city centre. Its residents are mainly commuters who use public transport to travel into the city. The area is partially isolated from surrounding suburbs by large tracts of vacant land and is characterised by very low residential densities. What it lacks in quality urban public space it has in dangerous, unmaintained open space. While the central business district has experienced substantial growth, the area is increasingly threatened by gangsterism and crime.

Source: the dplg (2006)





2.3.1.2 Overview of Mitchells Plain URP Programme

The city has invested substantially in creating unity within fragmented structures in order to create a stable base to work from and an environment of co-operation and trust amongst the leadership of the taxi industry, informal trader leadership, business, property owners and the project and design managers of the city.

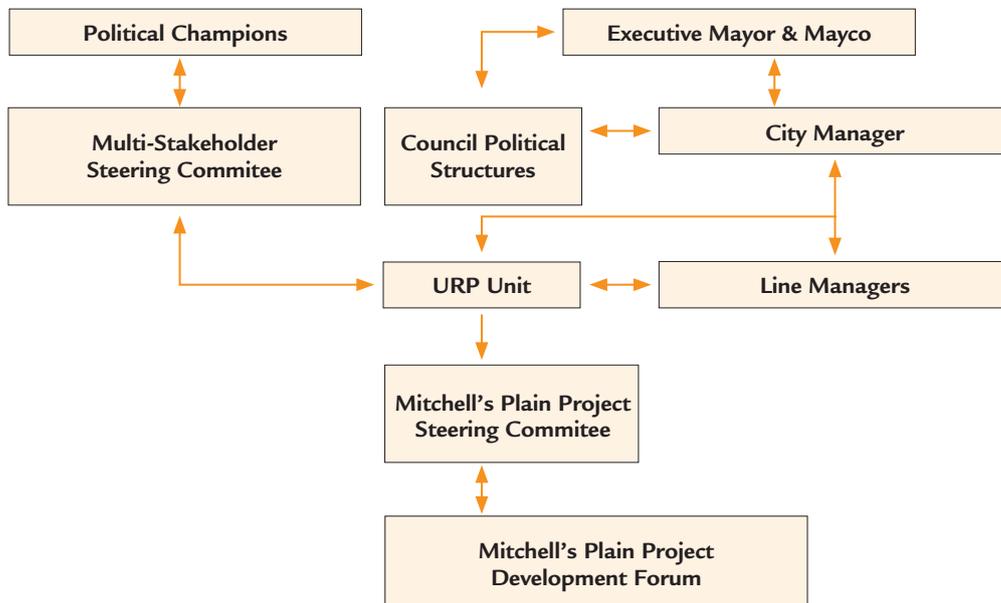
In addition to the R200m improvement of the CBD, the Mitchells Plain programme also aims to enhance social development by investing in a wide range of sporting facilities (R15m) and public space upgrades (R1,9m). The Housing Programme (R28m) and the Lentegeur Station Precinct redevelopment (R8,5) form the final elements in the programme.

2.3.1.3 Institutional Framework

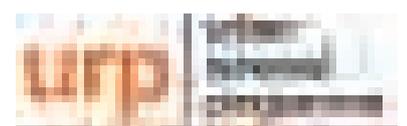
Table 2-14: Mitchells Plain Role Players

Role players	Responsibility
National government	General monitoring and co-ordination
Provincial government	Co-ordinating the activities of all implementing agencies and role players
City of Cape Town	Implementing agent and responsible for facilitating implementation
Local political champion	Executive Mayor of Cape Town
Communities	Community of Mitchells Plain

Figure 2-14: Nodal Institutional Framework, Mitchells Plain



Source: Adapted from Mitchells Plain URP Business Plan, 2007





2.3.2 Anchor Project Case Study Overview: Central Business District

2.3.2.1 Key Facts

The Mitchells Plain CBD consists of a 58 000m² retail plaza, a smaller shopping centre in the train station, an extension of the town centre, two major transport interchanges and improvements to public spaces in the area. In addition, R150m worth of public investment has been invested in the area.

The retail sector was relatively well developed before the URP – trading density, profits and rentals had been high for a long time and formal business were doing well, however with the increasing congestion of informal trading and the high crime rates, business was steadily declining.

As the third busiest modal interchange (bus, rail and taxi) in the metropolitan area, with 75 000 commuters passing through the centre each morning and evening, there was a significant opportunity for economic development. Hence the Station Plaza, with very high levels of accessibility, was particularly successfully, commanding high rents but simultaneously enjoying 100% occupancy rates.

2.3.2.2 Project Institutional And Management Arrangements

MANAGEMENT PARTNERSHIP MODEL

Community consultation aimed at developing and managing the Mitchells Plain CBD effectively has been ongoing for more than eight years. It is intended that a Management and Operations Entity be established in the Mitchells Plain Town Centre.

The objectives of the entity will be:

- Maximising the benefit of the capital investment by the city, the province and national government and ensuring its sustainability.
- A saving in the city's commitment via the operating budget to management and maintenance, which historically has been inefficient and reactive.
- Improved safety and security for shoppers, public transport users, informal traders and entrepreneurs.
- Improved turnover, trading density and subsequently rentals.
- Greater interest from the private sector for further investment in commercial expansion which leads to the creation of permanent employment opportunities.
- An efficient and safe public transport service.

The Town Centre Management proposal is based on incorporating a standard City Improvement District (CID) concept into an expanded partnership including other stakeholders. The Town Centre Management Entity should be structured so as to manage, maintain and operate the public environment and public facilities within the Mitchells Plain Town Centre. The city has set the following targets for the Town Centre Management Entity:

- Equitable representation of Mitchells Plain Town Centre stakeholders.
- Transparency, fairness and honesty in its organisation and all its transactions.
- The entity will be run on a non-profit basis and income received will be used for the benefit of the Town Centre and its users.
- It will be established in such a way so as to give Mitchells Plain entrepreneurs the opportunity to participate in the Town Centre and to create employment opportunities for local residents.
- It will empower emerging stakeholders and build their capacity to sustain viable business enterprises.





The intention is that the City of Cape Town will grant the entity a head lease over the public elements of the Town Centre, which include:

- Informal trading areas
- Bus terminal
- Taxi rank
- Parking areas
- Administration buildings

The entity would then sub-let these facilities in order to generate an income stream which can then be used to fund improved operations and management. A parallel process will be the conventional top up on rates, as with a normal City Improvement District. The decision making with respect to the disbursement of funds will be balanced amongst the different members in terms of the contributions/income streams.

The city has been assisting the taxi industry in Mitchells Plain in the areas of management and governance whilst the construction of the Mitchells Plain Transport Interchange has been underway. This has been done with a view to assisting and empowering the taxi industry to become organised as a stable entity which can manage operations and facilities effectively, as well as become one of the key role-players in the broader Town Centre Management entity. (A similar process has been undertaken with the informal traders, which is not expanded upon in this document.)

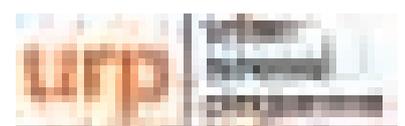
The overall success of the project was largely due to the ability of the strong project team, deployed by the city, to consolidate the highly fractured business community. There were 24 taxi associations established around routes, some local shuttle services and others long haul. There were no formalised facilities, ranking was occurring in the open fields surrounding the centre, commuters had no shelter from the elements and there was regular conflict. There were five trader associations representing approximately 1 000 informal traders in the Town Centre with no management and regulation either by the traders or the City of Cape Town. Consolidation was achieved to some degree by the team taking responsibility for implementation and decision-making at project level.

2.3.2.3 Resource Mobilisation

Altogether, R150m worth of public investment has been invested in the area, predominantly on public transport infrastructure. The main investors have been national and provincial departments.

Table 2-15 Public Sector Investments

Complete	Under Construction	Approved
<ul style="list-style-type: none"> · Western Taxi Terminal (R5,6m) · Roads and Services (R13,2m) · Town Centre Upgrade (R1m) · Northern Terminal and Market Square (R50) · Pedestrian Bridge (R13m) · CCTV (Surveillance cameras) (R5m) 	<ul style="list-style-type: none"> · Southern Terminal, Phase 1 (R15m) 	<ul style="list-style-type: none"> · Southern Terminal, Phase 2 (R18m) · Link Road (R4,3m) · Additional Parking Area (R4,5m) · Further Town Centre Upgrading (R5m)





For the developers to secure finance in these areas, the business plan had to indicate an anticipated yield of 15%. The provision of improved public transport, integrated urban management and better infrastructure led to developers securing R400m to construct the Promenade Shopping Centre, which adds 230 000m² of retail space to the existing CBD. The joint venture that was initiated between the Mitchells Plain Development Trust and two established property development partners, Keystone Investments and Mr Richter van Niekerk, contributed R150m and R20m respectively. The second phase will cost an additional R46m, and was recently approved by the City Council with a commitment of a further R36m in the next financial year. The R160m expansion was mainly funded by the private sector and opened its doors in October 2003.

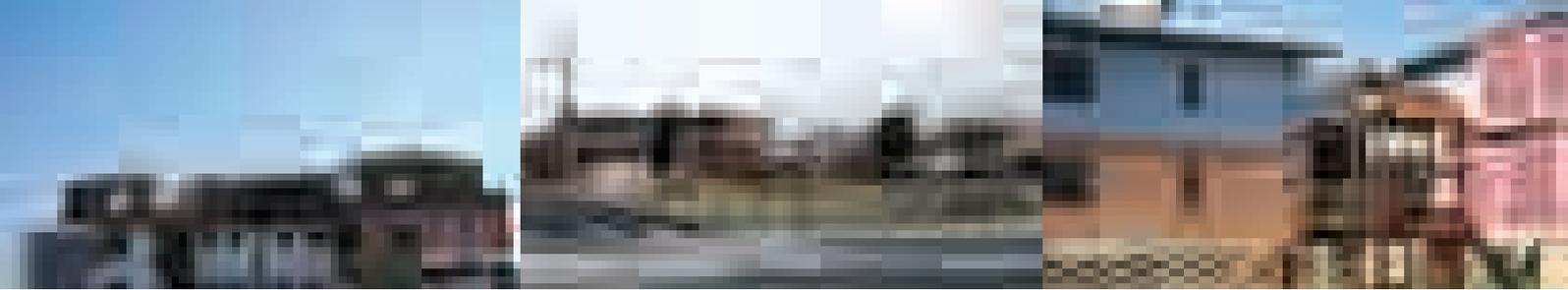
2.3.2.4 Community Participation And Ownership

The engagement process was structured in the following way:

- The Mitchells Plain CBD Steering Committee was established and made up of representatives of taxi, trader, business, property owners, rail authorities, Golden Arrow Bus Company, city officials and councillors.
- An Informal Traders Task Team was established in order to provide a platform through which to establish unity amongst the traders associations and to agree on issues such as the design of trader infrastructure, the positioning of bays and future management and operations.
- A Taxi Task Team was established with representatives from the Mitchells Plain Taxi Council in order to provide a platform to establish unity amongst the taxi industry and to agree on issues such as the design of taxi infrastructure, and the future block management system.
- Ad hoc community meetings were held for the purposes of sharing information.
- Monthly update reports were submitted to the Mitchells Plain Sub Council.

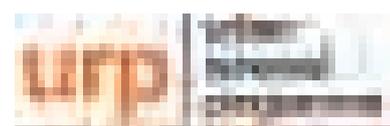
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2.3.3 Lessons From The Implementation Of Mitchells Plain Cbd Anchor Project

Theme	Experience	Lessons
Crowding in public investment to trigger private sector investment	Crowd in public investment and public services	The development of the public transport terminal was a powerful catalysis for unlocking the economic potential of the area.
		Retail development and public transport are mutually reinforcing systems which ensure collective viability.
		Public transport access plays a major role in the rental and hence viability of developments.
	Attract and secure private investment	Public transport exchanges have no real economic value, so it is preferable to incorporate retail facilities in such a development.
	In Mitchells Plain the technique of counter funding was employed to ensure timeous fulfilment of funding commitments by local government. This was achieved by securing counter funding from donor agencies and the private sector, and using this conditional funding as leverage when negotiating with local government. The leveraged local government funding was in turn used to attract more non public sector funding. Finally, counter funding is an effective means of protecting local government funding during the application of austerity measures.	Ensure the fulfilment of funding commitments by differentiating funding sources.





Theme	Experience	Lessons
Crowding in public investment to trigger private sector investment	<p>Create quality public space and local services</p> <p>On the strength of eight years of community consultation and urban management best practices as encapsulated in the City Improvement District (CID) concept, a Management and Operations Entity is being established in the Mitchells Plain CBD to reduce the operational burden on the city while simulating economic development and enabling efficient public transport services. The success of the model is contingent on sustained community capacity-building.</p>	<p>Apply the management partnership model to manage, maintain and operate the public environment and public facilities in and around anchor projects.</p>
	<p>Enhance human and social capital</p> <p>Constant interaction between the project co-ordinator, Alistair Graham, the Mitchells Plain Development Forum, and all other stakeholders is key to maintaining consensus on development decisions. These interactions include monthly update reports to the Mitchells Plain sub-council and ad hoc community meetings to share information.</p>	<p>Use meetings to show end-users how funds are being spent. Break expenditure down into components and explain in detail, thus building trust and insulating project managers from allegations of corruption or mismanagement.</p>
	<p>Broaden economic ownership</p> <p>Deep and sustained consultation between the various stakeholders, including the leadership of the taxi industry, informal traders, business, property owners, and the project and design managers of the city, has expedited development processes and enhanced the project's responsiveness to political, institutional and financial challenges as they emerge. Building trust and credibility was critical to the maintenance of these networks</p>	<p>Ensure that the project is linked to processes so that decisions can be taken timeously.</p>
	<p>Strengthen integrated planning and budgeting</p> <p>The building and maintenance of stakeholder networks through trust and transparency was largely contingent upon the physical presence of the project office within the community.</p>	<p>Locate the project office within the community, staffed with a dedicated local team with strong support from the municipality.</p>







2.4. ALEXANDRA

2.4.1 Context

2.4.1.1 Overview of The Alexandra Area

Table 2-16: Vital Statistics

Population	330 000 in Alexandra
Annual Household Income 2004	R29 604
Crime (focus area)	Low (none)
HSRC Deprivation Index	Ward 75: 253
	Provincial average: 165

* The index correlates positively to the level of deprivation experienced in the ward. It is significantly higher than the provincial average, and the category rankings suggest that despite adverse environmental and income conditions, employment and health services are adequate relative to other wards.

Table 2-17: Multiple Deprivation Rank*, Gauteng

	Income	Employment	Health	Education	Environment	Combined
Ward 75	85	174	154	99	42	96

*out of 420; 1=most deprived

Source: HSRC (2006)

Table 2-18: Reported Crimes per 100 000 (2006/07)

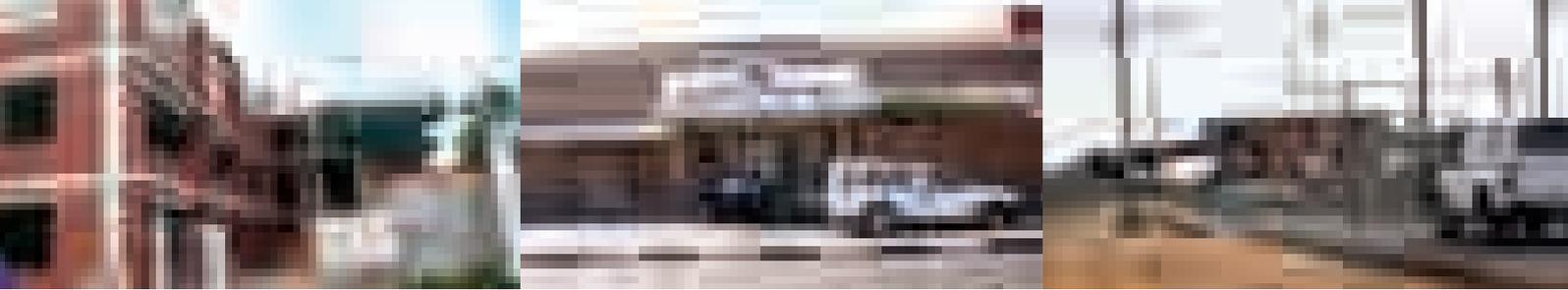
Type	Local	National	Ratio
Burglaries	127	685	0:19
Aggravated Robberies	170	281	0:6
Murders	27	45	0:6

Source: SAPS (2007)

Alexandra is located in the north-eastern suburbs of Johannesburg on the banks of the Jukskei River. It is adjacent to Sandton, the financial capital of Southern Africa, and is bordered by key roads and highways. It enjoys several advantages over other townships (and nodes) due to its location (ensuring access to jobs), development indicators that are greater than the national average, and commercial viability due to very high densities. However, continued high levels of crime, inadequate educational facilities and political conflict stifle the realisation of this neighbourhood's potential.

Source: Business Trust & the dplg (2007)





2.4.1.2 Overview of The Alexandra Renewal Programme

The URP programme in the Alexandra node – known as the Alexandra Renewal Programme (ARP) – is primarily focused on housing delivery, despite the insistence by programme designers that it is an urban renewal and not a housing project. Since 2002, 9 970 houses and 350 rental units have been built, with another 2 000 houses and 865 rental units under construction. Because of the area's very high levels of residential density, low-cost housing standards had to be adapted and residents relocated, both of which proved so financially and politically costly that it forced the redirection of ARP's strategy. The underlying cause of conflict between ARP and the community was said to be the strong physical bias of the programme, despite it being conceptualised as having an integrated approach (the dplg, 2006). The increased emphasis on participation, brought about by the near-collapse of the project in 2004, is explored below.

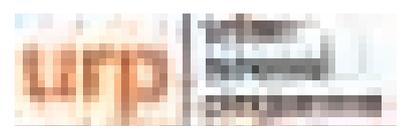
2.4.1.3 Institutional Framework

The programme was initially located within the Provincial Department of Housing under the Chief Director of the Urban Regeneration Agency, who was linked to the project via a dedicated in-house project manager. The programme was broken down into 11 functional areas, with a local or provincial government official convening each function. A private sector consultancy was appointed to lead consultants and mandated to assemble a team of technical consultants, providing capacity to each function. Having the project managed by external consultants were seen by some (particularly the Alexandra Development Forum) as an obstacle to service delivery. Perceived underdelivery, poor communication and political infighting within the community contributed to a deepening antipathy between the community, developers and the consultants. Widespread mistrust and suspicion culminated in a de facto cessation of programme-related activity by 2004. In response to this crisis, the responsible government agencies held review summits between the GADF, consultants and the MEC. This forum was seen as pivotal in bringing challenges to the attention of top ranking government officials.

When the contract with the consultants was formally terminated, there was no proper handing over of documentation, resulting in delays in the implementation of the programme.

With the bulk of finances derived from the Provincial Housing Department and the City of Johannesburg, systemic alignment problems emerged that caused further delays. Only after the establishment of a joint political structure as a corrective measure did institutional measures become more streamlined. The structure consists of a dedicated committee of senior officials from both province government and the city. A joint project management office that is directly accountable to both the city and the province through a dual reporting system (which is unique for the URP) has been established, capacitated with a full-time, multi-disciplinary staff. The location of the office within Alexandra itself has been said to have contributed massively to improved trust among stakeholders and enhanced responsiveness. Both the city and the province provide technical support to this office through appointment and deployment of project managers. However, despite the appointment of a programme manager in 2005, the shortage of project management skills remains a major delaying factor in implementation.

Programme co-ordinators have responded to the impact of lengthy contractual procedures by initiating the Transfer of Residential Property Stock Programme, which in turn has enabled the transfer of property rights of 6 000 freestanding properties and 1 400 apartments to their original owners (after having been appropriated by the government in the 1960s). More challenging, however, is reaching consensus on new building models, given the inappropriateness of current RDP standards. Town planners have had to raise densities from 40 to 75 units per hectare, raising costs but achieving a 40% saving on access roads (BT & the dplg, 2007).





2.4.2 Anchor Project Case Study Overview: Pan Africa Triangle

2.4.2.1 Key Facts

The Pan Africa Triangle anchor project forms part of a neighbourhood-wide programme aimed at upgrading the public environment through public infrastructure. Pan Africa is the main retail hub in Alexandra, hosting the bulk of the node's business and providing employment for many of its people.

The improvement of local shopping infrastructure (combined with a multi-nodal transport area) is seen as one way of containing the spending-leakage to the competing shopping areas in the surrounding areas.

The ARP recognised that taxi ranks alone have no real economic value, so it was preferable to make the construction of a R100m, 20 000m² Alex Plaza shopping centre the centrepiece of the project, which is located on centrally located, city-owned land. This land was initially occupied by bus and taxi ranks, and later by informal settlers and informal traders. The new centre – conceived as an integrated community destination – will include a triple-storey holding facility for taxis, a retail area and an area for hawkers. Besides the direct economic stimulus associated with any major investment in a poor community, the Pan Africa redevelopment is also expected to contribute significantly to broader urban sustainability objectives in the following ways:

- Chronic congestion will be reduced by a stacked taxi facility capable of handling 1 500 taxis at a time.
- Structure will provide an orderly focal point (serving as the main transport node into and out of Alexandra, in addition to being the entry point for any visitor coming from the west).
- An essential services hub.
- Design includes a public open square for live entertainment, and a public open market with space for 650 stalls and 8 000m² of commercial space.
- Allocation of 30% of retail space towards local entrepreneurs.

- Provision of 24-hour electronic surveillance.
- Generation of 3 000 job opportunities.
- 70-90% of local residents are within walking distance of Pan Africa, and therefore will be able to save on trips to surrounding retail centres.
- As a rule of thumb, properties surrounding retail centre developments in townships triple in value.

There remain, however, certain realities which stifle the potential of the redevelopment. These include:

- Overcrowding and congestion.
- Most of the property in the area is already owned by the present tenants.
- Formal stores are using hawkers as channels, thereby bypassing the prescribed minimum allocation to local entrepreneurs.
- Local residential tenants are erratically and inconveniently located.

In response to these realities, the following recommendations have been made:

- An ordered retail structure needs to be implemented so that similar stores are grouped together.
- Stalls should be encouraged to move into Alex Plaza Mall once completed to minimise congestion.
- Squatters must be relocated.
- New premises would have to be built above existing ones to accommodate more retailers.
- Anchor tenant: A large, established tenant needs to commit, since a critical mass of 12 000-14 000sq m² is required for the centre's commercial viability. One-stop shopping is essential in order to compete with shopping centres in Johannesburg and Soweto.

Source: BT & the dplg (2006)





2.4.2.2

Project Institutional and Management Arrangements

The Pan Africa Development Company is a 100% black-owned consortium that was appointed in 2003 to develop the centre. It currently reports to the Department of Public Works. The decision to appoint architects for the design of the project is unusual for township developments, but proved useful in adding dignity to the development. Key stakeholders include the CoJ, various provincial departments, the New Heights developer, taxi associations, hawkers and the local community. The taxi rank component, being public infrastructure, is funded by the government.

Legislation aimed at regulating public sector borrowing via public-private partnerships (PPP) threatened to stall the project, and the developer had to wait a year to be exempted by the Treasury (regs s16). The application was based on the developers' interpretation of the trust structure, which alleged that since there was no substantial transfer of risk to the public sector, the project did not constitute a PPP.

The Treasury belatedly approved this application on the basis that no public function was being performed. The adoption of the Government Immovable Asset Management Act is expected to help expedite the utilisation of state assets for empowerment and value enhancement by unlocking the potential of government-owned land more aggressively.

The commercial viability of the scheme emerged as a major risk, resulting in long delays when initial attempts were made to secure funding. This was particularly evident given the difficulty experienced by emerging property developers without track records in securing finance from private banking institutions. Getting finance approved by the Industrial Development Corporation or Khula also proved hopeless because it took too long and initial start-up capital was required.

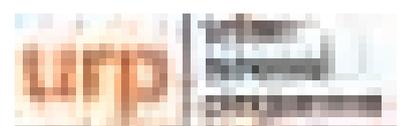
It became evident that only by using reputable contractors, having a professional team at its disposal,

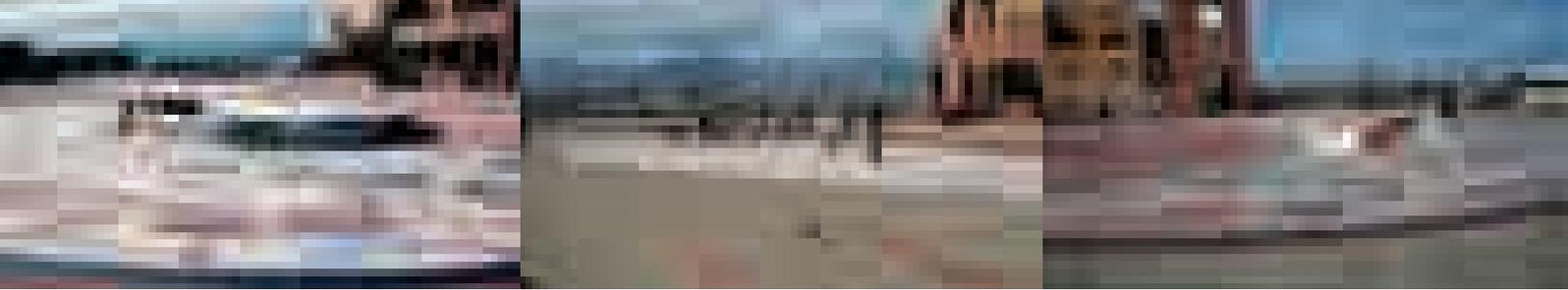
and reinforcing the business plan with market research, commitments to rental rates, credit vetting and the commitment of at least one national anchor tenant, was it possible to secure funding from the banks. Design aspects that proved decisive in securing commitment from major retailers were the inclusion of banks and ATMs.

According to a retailer specialist working on Pan Africa, the following additional principles should be adhered to when developing large retail facilities in township areas:

- *Avoid luxury stores.*
- *Don't use sub-standard materials or designs.*
- *Grocery-, clothing- and convenience stores work well.*
- *Stores offering credit enjoy 10-15% higher turnover than those who do not.*
- *Shoppers would rather get cheaper credit at African Bank, than spend money in the shopping centre.*
- *Finance agreements require that 60-70% of tenants are national.*
- *Cleaning and toilet monitoring is essential in order to maintain standards.*
- *Fashion is critical. Fashionability must permeate both the interior design and the tenants' product offering.*

According to the business plan, managing agents will maintain the centre after construction, while the city (represented by the Metro Trading Company) will manage all the ranks and informal traders in accordance with a Development Agreement. All retailers will be responsible for contributing towards cleansing and security services. The developer will lease the shopping centre portion on long-term lease for 25 years.





The following aspects of the lease agreement were identified as critical:

- To make provision to be registered against the title deed of the property.
- To make provision for renewability as a long-term property investment in order to amortise over a 10 - year period.
- To make provision for step-in rights by financial institutions in the event of default by tenderers.
- To make provision that the lease only becomes due once the building is completed.

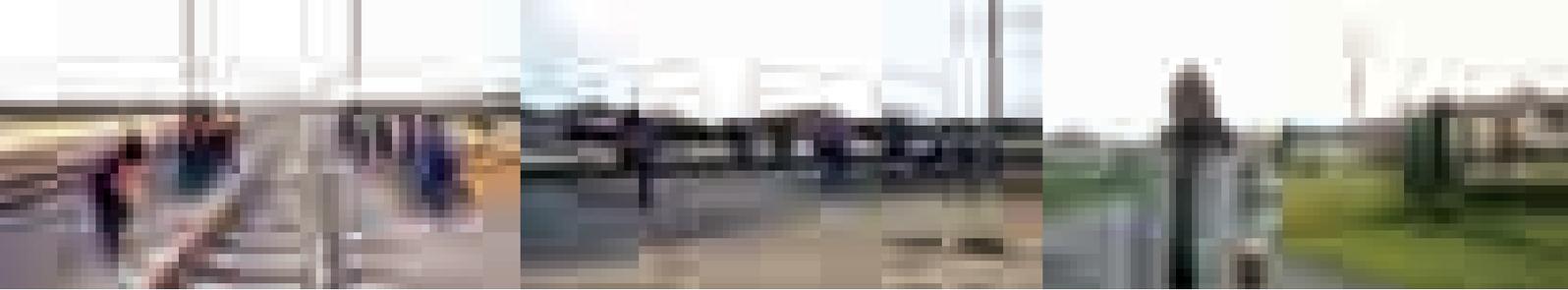
2.4.2.3 Participation and Ownership

The participative structure comprises three elements that often act in conflict with or parallel to each other, aggravating tensions and confusion in the community. Tension between these groups is ultimately caused by a lack of role definition and significant overlap of responsibilities. Mistrust is also fuelled by competition over salaried positions. These elements need to be refocused and integrated into a coherent process of dialogue and information sharing.

Table 2-19 Participative Structures, Pan Africa

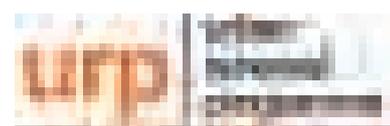
<p>Greater Alexandra Development Forum</p>	<p>The Greater Alexandra Development Forum (GADF) predates the ARP, having come into existence with minor developments (driven by the former Eastern Metro Local Council). Constituting an amalgamation of a diverse set of pre-existing community structures, including church organisations, NGOs and political structures, the GADF is tasked with bringing the broader community into development. It is open to any Alexandra-based organisation, and serves as the official communication channel between the programme and the community. It works closely with ward councillors and committees and reports back on a regular basis. Project implementation decisions are made in consultation with both political and community structures. The GADF has played a role in the development of Pan Africa from the beginning, raising concerns that big anchor tenants would kill off spazas. When new projects are proposed, input is requested from affiliate organisations regarding transport, health facilities, etc. and passed on to consultants.</p>
<p>Ward-based structures</p>	<p>Before 2005, ward councillors were ex-officio members of the GADF and provincial officials would attend GADF meetings. Community Development Workers (CDWs), linked to wards and in contact with the CoJ and provincial government, are currently involved in the governance aspects of the programme. They are embedded in the community, and are tasked with building mutual respect between the ARP and the community. Significant overlap exists between CDWs and ward councillors, resulting in tension and mistrust.</p>
<p>Community Liaison Officers</p>	<p>Following the decision by ARP to implement a project and approval by GADF, CLOs resemble “footsoldiers” who liaise with the community directly. These are full-time workers appointed by the ARP via the communications service provider Altitude. Whereas the GADF convenes large, inclusive gatherings and the ARP exclusive meetings, the CLOs hold targeted meetings whose constitution depends on the specific project being discussed. CLOs can be shifted and redeployed as necessary.</p>





Participation – via the GADF – has been instrumental in achieving consensus and building trust between the community and the project. It regularly meets with hawkers, while the ARP attends meetings by leasing agents. The project meetings are the main channel of communication between ARP, the developers and the GADF. Sustained co-operative interaction between the GADF and the developers is seen as one of the main reasons for success, because it has assisted in managing the expectations amongst stakeholders through transparency (all issues were discussed in site meetings and stakeholders received first-hand information through meeting participation). Organisationally, the inclusive “umbrella” structure of the GADF proved vastly superior to having an exclusive association. The constituent organisations which collectively formed the GADF were encouraged to retain their identity and group cohesion.

Theme	Experience	Lessons
Crowding in public investment to trigger private sector investment	Attract and secure private investment The following aspects of the lease agreement were identified as critical: <ol style="list-style-type: none"> 1. To make provision to be registered against the title deed of the property. 2. To make provision for renewability as a long-term property investment in order to amortise over a 10-year period. 3. To provide that the lease only become due once the building is complete. 	Lease agreements must be advantageous to financial institutions as their support is critical.
	Proscriptions contained in the MFMA threatened to derail the project. The approval of an application to Treasury, alleging that the project does not constitute a PPP because there has been no substantial transfer of risk to the public sector, led to work being resumed.	If no public function is being performed, and there is no substantial transfer of risk to the public sector, the developers may apply to Treasury for the project to be exempted from MFMA proscriptions as a public-private partnership.
	The commercial viability of the scheme emerged as a major risk, and securing funds proved costly with regard to time lost and resources expended. Neither the Industrial Development Corporation nor Khula were geared to support the emerging property developer because of their slow processes and initial start-up capital requirement.	Securing funds from development institutions is often more difficult than from conventional banks as their processes are slow and they will not commit if tenants are not adequately financed.



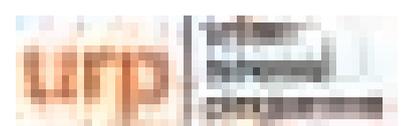


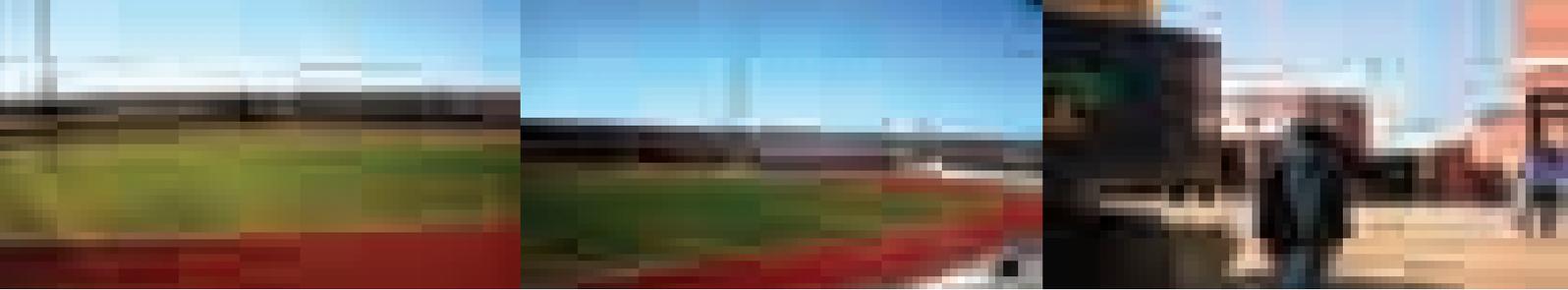
Theme	Experience	Lessons
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Crowding in public investment to trigger private sector investment</p>	<p>Attract and secure private investment</p> <p>In order to secure finance for the retail centre, the emerging property developer had to meet a set of generic conditions established by the bank. Complying with these conditions will significantly enhance the long-term commercial viability of the project. The same applies to the anchor tenant, who will generate approximately 50% of the centre's total revenue. Pick n Pay, for example, determines viability by identifying market potential (a function of population, income levels and trading densities). Its decision to commit to the project is contingent on factual market research and a guarantee that the rest of the centre will work.</p>	<p>Retail-oriented projects require buy-in from banking institutions (national chains, credit banks and ATMs) and large supermarket chains.</p>
	<p>Under the guidance of a retail specialist, the principles relating to the development of large retail facilities in township areas were used to strengthen the business plan.</p>	<p>Finance agreements require that 60-70% of tenants are national.</p> <p>Where commercial viability of a scheme is considered a major risk, detailed market research paid for by the private developer may mitigate this.</p> <p>Use reputable contractors. When negotiating with financing institutions, be willing to commit to rental rates, credit vetting and the commitment of at least one national anchor tenant.</p> <p>Avoid luxury stores.</p> <p>Shifting from sub-standard to standard retail in townships has proved enormously profitable. Similarly, the use of architects and high quality building materials reduce the cost of maintenance in the long term.</p> <p>Grocery, clothing and convenience stores work well.</p> <p>Stores offering credit enjoy 10-15% higher turnover than those who do not.</p> <p>Shoppers would rather get cheaper credit at African Bank, than spend money in the shopping centre.</p> <p>Cleansing and toilet monitoring is essential to maintain standards.</p> <p>Do not underestimate the tastes of the market. Fashionability must permeate both the interior design and the tenants' product offering.</p>





Theme	Experience	Lessons
<p>Create quality public space and local services</p>	<p>By maintaining a hawkers' database, the GADF supports planning processes by determining the number of registered hawkers that should be accommodated. Compliance is enforced by both the GADF, which expels unregistered hawkers as outsiders, and the Metro Police, which has committed itself to enforcing bylaws.</p> <p>Furthermore, a memorandum of understanding between the taxi associations and the hawkers has been draw up, ensuring that the latter does not hinder the efficient flow of vehicles or passengers. The GADF is also responsible for identifying labourers and sub-contractors and adding them to the database, which then assists the developer in obtaining construction labour.</p>	<p>Facilitate self-regulating arrangements with stakeholders.</p>
<p>Enhance human and social capital</p>	<p>Suspicion concerning political agendas and corruption developed between the broader community, community structures, developers and consultants due to inadequate consultation. Only after the introduction of review summits (attended by the GADF, consultants and the MEC), did the underlying challenges facing the programme come to the attention of top ranking officials.</p> <p>Following the decision by ARP to implement a project, and approval by the GADF, CLOs act as footsoldiers who liaise with the community directly. These are full-time workers appointed by the ARP via the communications service provider Altitude. Whereas the GADF convenes large, inclusive gathering and the ARP "closed" meetings, the CLOs hold targeted meetings whose attendance depends on the specific project being discussed.</p> <p>Sustained co-operative interaction between the GADF and stakeholders was key to the success of Pan Africa, assisting in managing expectations through transparency.</p>	<p>Review summits, attended by the broader community, should be held frequently. By inviting both decision-making structures and the general public, consultants cannot claim that the participative process has become politicised.</p> <p>A local community liaison officer should be appointed to handle queries relating to employment, vacant space etc. The appointment of full-time Community Liaison Officers (CLOs) allows the implementing agency to communicate regularly and directly to local community members, building a relationship of mutual respect and trust.</p> <p>Sustained community capacity building over many years is necessary to prepare the community to engage with the opportunities and impacts of a major development node.</p>





Theme	Experience	Lessons
	<p>Participation was instrumental in achieving consensus and building trust between stakeholders. The project meetings are the main channel of communication between the ARP, the developers and the GADF. The latter received first-hand information on all aspects of project implementation.</p>	<p>Encourage representatives of the development forum, as well as from the taxi industry, to attend site meetings as frequently as possible. Always use meetings as opportunities to show end users how the funds are being spent. Break expenditure down into components and explain in detail, thus building trust and insulating project managers from allegations of corruption or mismanagement.</p>
<p>Broaden economic ownership</p>	<p>A lack of formal agreement between the ARP and the community regarding the programme's focus proved costly, both politically and financially. A lack of consensus led to the near collapse of the programme in 2004.</p>	<p>The community needs to be embraced in formal agreements, from the preliminary visionary phase to the maintenance phase of the project.</p>
<p>Strengthen integrated planning and budgeting</p>	<p>The relocation of the office to within Alexandra itself is said to have contributed significantly to improving trust among stakeholders and enhancing responsiveness.</p> <p>The project manager's background, experience and attitude is critical in influencing project delivery time-frames. The Pan Africa Project Manager has an MBA qualification and approaches the project from a private sector perspective where time is money, as well as where everybody involved in the project must receive benefits. Other professionals tend to have more of an academic attitude of achieving perfection, whereas an approach of getting the job done in the most efficient and effective manner is required. This requires project managers who can push the developer for results. Everybody within the project must benefit economically, whether the developer or contractor, the entrepreneur or the taxi driver. The required approach is to "drive the work programme", rather than to be "driven by the work programme". This requires the project manager to evaluate what has been presented, and evaluate whether it is possible to speed up the process. It is also important for project managers to understand how the private sector thinks. In other words, one needs "a government official that is not a government official!" A lot of contractors think that because an ARP project is a government contract they won't be subject to too much pressure with milestones, contract enforcement, etc. and this myth must be dispelled.</p>	<p>Creating a URP unit within the local municipality can play a key role in attracting the support and involvement of key officials and political role players.</p>







	<p>Government procurement processes often favour bids with the lowest price, as opposed to the bid with the best skills, financial capacity and capability to successfully deliver on large construction contracts. It is often necessary to choose bigger, more established firms for large projects. However, this does not mean smaller contractors and local sub-contractors cannot be afforded opportunities. The ARP has a construction cluster and contractor development programme which assists emerging contractors and moves them to a higher level by linking them with larger contractors. First preference is always given to Alexandra-based sub-contractors. If outside contractors are involved, they are always required to work with local sub-contractors.</p>	<p>Choose the right developer and developing emerging contractors and sub-contractors.</p>
	<p>It is critical for key officials in the relevant government departments to understand the magnitude of the ARP projects. For example, if the Department of Public Works is contributing R10 million, when it comes to the payment process it might not understand why it is paying for a particular item. Therefore, it is critical that the relevant HoDs and MECs must understand the project, as they will finally sign off on it, and it is vital to ensure the smooth and regular flow of project information and keep them informed regularly on progress.</p> <p>The Political Steering Committee involves the MECs and mayoral committee member to ensure political buy-in. Buy-in starts at the top level and then cascades down. Highly competent administrative staff are needed in the project management office to handle administrative processes, so that project managers can focus on strategic issues.</p> <p>The Technical Steering Committee is at the level of officials or chief director level, where project champions are needed, as they are involved in payment approvals. Information needs to be distributed as widely as possible so as to keep key officials informed of progress and to avoid delays in payment processes.</p>	<p>Streamline inter-governmental relations at the political and senior official level, information flows and payment processes.</p>





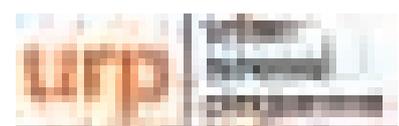


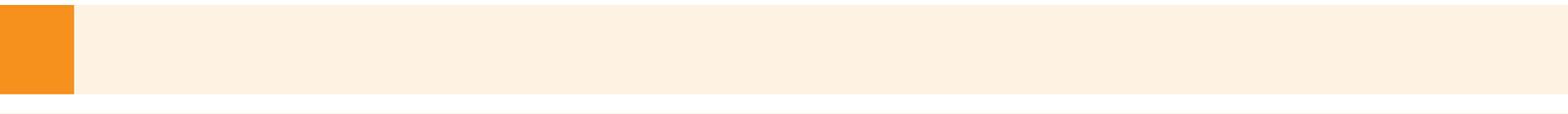
	<p>In every organisation there are people with hidden agendas who may not want a project to succeed. Such resistance is often not explicit, but can involve someone taking longer to process something than is required which can result in key project delays. A range of subtle delays can accumulate. The easiest place for this to take place is at the plan-approval stage. To avoid unnecessary delays, the ARP office has someone who specifically walks the plans to the plan approvals office, waits for the required signatures, and accompanies the plans to other various departments. It is vital to build relationships with people along the development chain to avoid unnecessary delays.</p>	<p>Special measures are needed to avoid possible passive resistance, including building relationships with officials along the development chain.</p>
	<p>A big problem is often the time delay between project conceptualisation and project implementation, which can result in project costs changing from the original estimates. Project tenders then go out with unreasonably low budgets, resulting in a lengthy process of re-allocating funds and increasing budgets. These delays can derail a project. The ARP minimises such delays by working with preapproved contractors (CIDB registered) where tender processes are not always required. Ultimately, what is required is for officials to be trained in estimating future project cost escalations, and to include these in the tender documents. The MFMA does not make provision for price projections or escalations.</p>	<p>The time-frame from project conceptualisation and design to project tendering and implementation must be minimised to avoid cost escalations and lengthy budget adjustment processes.</p>





	<p>Government payment approval processes can involve anything from seven to 16 signatures. This results in a situation where nobody accepts accountability if something goes wrong. A concerted effort is required to streamline government payment processes and reduce red tape. Attitudinal issues also need to be addressed. Officials feel they need to control payment approvals to be in control. One also needs to look at personality issues contributing to the delay. In addition, administrative clerks often cause unnecessary delays and query payment issues on technical grounds where they have limited technical knowledge of the project.</p>	<p>Government payment approval processes are inefficient and unnecessarily drawn out.</p>
	<p>URP project managers have to deal with a wide range of challenges and problems, and it is easy to lose track of the end vision, project goals and outcomes. The end picture (final product) must always be kept in mind. Remembering the vision is critical to maintaining motivation.</p>	<p>Project managers need to keep the end vision/objectives in mind.</p>





2.5 GALESHEWE GREATER NO. 2

2.5.1 Context

2.5.1.1 Overview of The Galeshewe Area

Table 2-20: Vital Statistics

Population (GURP Business Plan (2004))	96 000 in Galeshewe
Crime (focus area)	Medium (Aggravated robbery)
	Ward 12: 146
	Provincial average: 165

* The index correlates positively with the level of deprivation experienced in the ward. Deprivation in Galeshewe is approximately equal to the provincial average. Although it enjoys a relatively high ranking in the income category, this is largely due to its urban character (where purchasing power is significantly lower than deep rural areas). Its proximity to educational facilities is also reflected in the rankings. The main challenges for local residents are poor employment and health indicators.

Table 2-21: Multiple Deprivation Rank*, Northern Cape

	Income	Employment	Health	Education	Environment	Combined
Ward 12	109	28	31	131	122	88

*out of 154; 1=most deprived

Source: HSRC (2006)

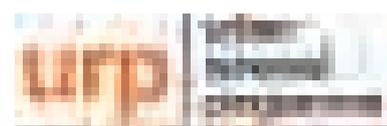
Table 2-22: Reported Crimes per 100 000 (2006/07)

Type	Local	National	Ratio
Burglaries	732	685	1:1
Aggravated Robberies	532	281	1:9
Murders	64	45	1:4

Source: SAPS (2007)

Kimberley was once a thriving diamond-mining town. Since the decline of the diamond industry, however, its major employer has become the public sector. The area has a very poor economic base, with unemployment estimated at 32,2% of the economically active population, and 69,2% of households earning less than R19 200 per annum (R1 600/month). The future of the municipality's economy is severely threatened by the loss of skilled workers due to sustained outmigration. The brain drain is further aggravated by the justifiable perception that it is virtually impossible to win contracts and operating licences unless the individual or company is well networked with key government employees. The viability of many industries and small business is further endangered by the slow rate at which government remunerates its service providers.

The township of Galeshewe was established relatively close to Kimberley's city centre to serve as a labour reservoir for local mining activities. It remains a dormitory suburb, with little or no industry or commerce. Being the oldest township in South Africa, substantial sections of Galeshewe consist of historically significant formal housing. However, years of economic decline throughout the region has led to very high unemployment, social problems and a general deterioration in living standards. As part of the Galeshewe Urban Renewal Programme (GURP), the community-driven restoration and conservation of these historical quarters is anticipated to stimulate both tourism and general business activity, in addition to developing local skills, building social capital and ultimately raising the quality of the urban environment for local inhabitants.





Galeshewe is relatively close to the CBD and although the private sector recently made some investments in the area, it is likely that the CBD and the surrounding areas will remain the main source of employment. While the township's proximity lends itself to greater economic potential, two disadvantages are the inability of local businesses to compete with more established stores in the nearby CBD, and the effect of proximity on local land and property values.

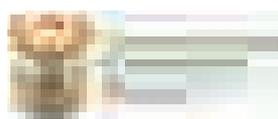
Investing in the skills development of the youth and unemployed, and supporting informal businesses in the area, as well as upscaling the EPWP could bring relief to the community. The new provincial legislature complex was built in Galeshewe, marking the first significant departure from the area's historic land-use pattern. This is being followed by other government buildings (Department of Home Affairs, police station, arts and culture centre).

2.5.1.2 Overview Of Gurp Programme

A lack of alignment between elements of the "Sol Plaatje Plan" saw the task of creating the GURP begin in 2001 and finish in 2004, just three years into what was supposed to be a 10-year programme. In addition to the conservation project, other anchor projects include the revival of a number of business centres in Galeshewe, the provision of street furniture, a car wash development, the formalisation of some informal trade facilities, the construction of a multi-purpose cultural village, a shopping centre and an SMME Village. It is supported by all spheres of government. The programme has received at least R63m in grants and equitable share, while the Department of Minerals and Energy invested R15m in providing 1 500 connections. Finally the Department of Justice has contributed by investing R35m for a magistrate's court. However, the implementation of the GURP was encumbered by inadequate capacity at municipal level, in addition to an organisational culture that did not accommodate special initiatives.

As part of the URP process, a learning partnership was established between Galeshewe, Mdantsane and Motherwell URP nodes. It is tasked with enabling the sharing of information, focusing on LED, SMME developments and the implementation of projects with social impact areas. The partnership included the following elements:

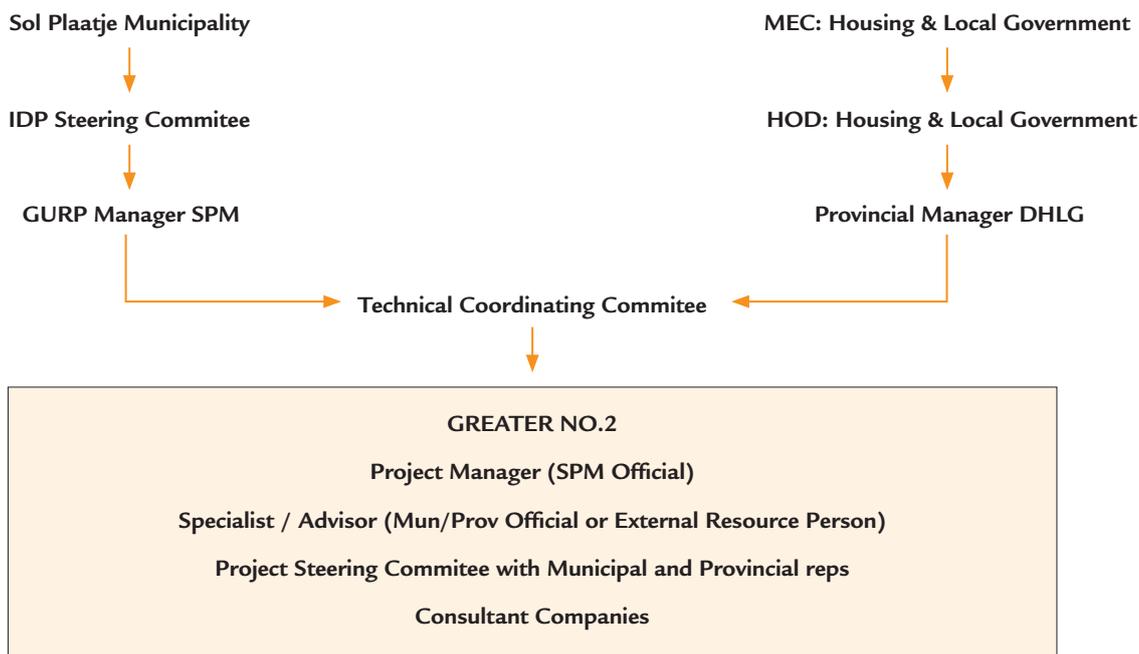
- Creating a project-based partnership network of various types of projects.
- Benchmarking, monitoring and evaluation of sustainable projects.
- Create winning marketing and communication mechanisms.
- Sharing lessons on Social Impact methodology and implementation of social projects.
- Sharing lessons on LED methodology, implementation, comparison of LED, sustainability strategies and SMME strategies between nodes and social impact areas.
- Review of institutional arrangements, feedback on disadvantages of different organisational forms and structure.
- Signing a memorandum of understanding which entails reaching consensus on the criteria for successful projects.





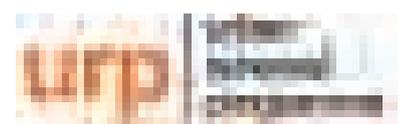
2.5.1.3 Institutional Framework

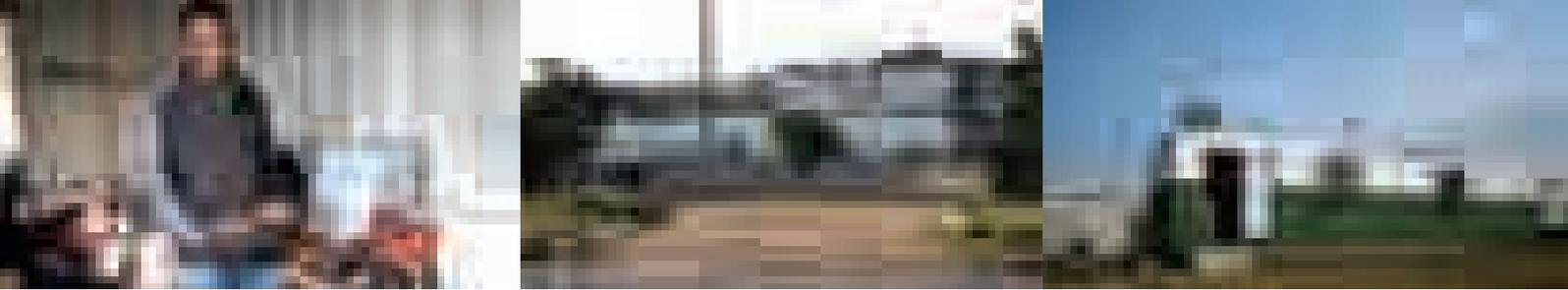
Figure 19: Institutional Framework, GURP



Source: GURP Business Plan (2004)

Although a programme manager is in place (with donor technical support), this has proved insufficient to manage the implementation of a programme of this complexity. Also, while Ward Committees have been established, they are not functioning well enough to respond positively to the implementation challenges. Despite these obstacles, the location of the new Provincial Legislature in Galeshewe is seen as having the potential for attracting investment in the area as well as the symbolic importance of bringing government closer to where the people live. Provincial support has been forthcoming in other ways, with the designation of a technical champion to provide support to the node and the provision of programme funding by provincial sector departments.





2.5.2 Anchor Project Case Study Overview: Greater No. 2

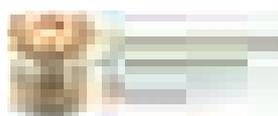
The restoration of 170 conservation-worthy buildings and associated elements in Greater No. 2, and the general upgrading of the living conditions of the community were designated as an anchor project by GURP. The project consisted of the following elements:

Phase	Items	Cost	Funding Source
Establishing a conservation area	<ul style="list-style-type: none"> · Historical survey · Pamphlets, boards and surveys 	· R335 000	<ul style="list-style-type: none"> · URP · SAHRA
Improving the living environment	<ul style="list-style-type: none"> · Tree planting · Paving · Street furniture · Street names 	· R8,8m	<ul style="list-style-type: none"> · URP · Other government funding
Upgrading and restoration of 170 houses	<ul style="list-style-type: none"> · Identification of 170 houses for restoration · Tests by CSIR · Actual work (170 houses @ R8 500 per house) 	· R1,8m	<ul style="list-style-type: none"> · URP · Other government funding
Public Participation	<ul style="list-style-type: none"> · Uplifting of social status of area · Registration of houses to owners names · Survey diagrams 	· R170 000	· URP
Total		· R11,1m	

The revised Business Plan was completed and approved for funding by the Department of Housing (via the Human Settlement Redevelopment Programme) (R2 million), with the initial completion date set for the end of 2005, and a total project cost of R11m. It set out the following aspects:

- Residents will maintain their own houses after restoration.
- Consultants will be used for specific and specialised purposes only.
- The conservation project forms part of Galeshewe Activity Corridor, located in the first suburb when entering Galeshewe.

Challenges remain however, including a lack of funds for extending the project to other areas and the high maintenance cost of renovated houses, as most inhabitants are unemployed. Furthermore, a counter-intuitive but well-documented consequence of rapid delivery emerged: it became evident that due to the entrenched state of deprivation, the community found it difficult to adjust to the sudden provision of basic infrastructure. There are instances where residents left the area after a rapid roll-out of services.





2.5.2.1 Project Institutional and Management Arrangements

The Galeshewe Urban Renewal Forum is a government- and governance-wide co-ordination structure for the URP. The involvement of the development co-operation/donor community at planning and technical assistance level around URP provides impetus to the governance element of the programme (polity.org.za (2007)). National and provincial departments could consider seconding technical staff to the node in order to support implementation at local level. While integrated support from the province is not optimal, continuous efforts are being made to improve this situation. The programme reports the lack of medium-term committed support from national and provincial departments to be a major stumbling block for the implementation of the Comprehensive Business Plan. Other challenges include:

- A revenue base that is inadequate to provide the required operational and maintenance funding.
- The burden of new infrastructure on the municipal budget.
- Insufficient in-house capacity and project management support for the programme.

2.5.2.2 Resource Mobilisation

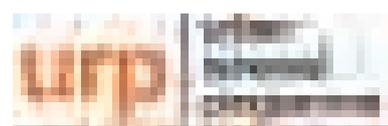
The R11m budget of Greater No. 2 is funded largely by the Human Settlement Redevelopment Programme, DEAT, donor agencies and sponsorship from the private sector. DEAT's contribution is sourced from the R18m MTEF allocation towards greening, conservation, gateway signage and information centre, tourism route development, museum development and a community waste project.

2.5.2.3 Participation And Ownership

A central theme in the participation process with local communities is “self-help” as opposed to idea that the state is the source of development. Rather, the state's role is to create opportunities for people to develop.

A ward-based structure of representation was seen as the most effective form of public involvement. A series of ward workshops was held with the members of the Galeshewe community in 2003, with the results being presented at a Ward Seminar. Business, the youth, women and the disabled, as well as officials and senior management engaged with the project co-ordinators in early 2004.

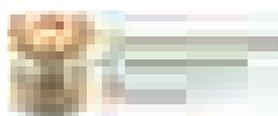
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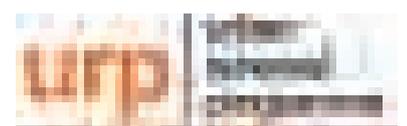




2.5.3 Lessons From The Implementation of The Greater No. 2 Anchor Project

Theme		Background	Lessons
Crowding in public investment to trigger private sector investment	Attract and secure private investment	By recognising and foregrounding heritage conservation as a shared value, GURP attracted significant support from Swedish donors.	Value alignment between community and donor funds can contribute to leveraging potential and ultimately the project's success.
		Branding played an important role in the project by raising its visibility. Handing out high-quality T-shirts and branding vehicles created a sense of pride, buy-in and cohesion within the community. It also generated interest among sponsors.	Need to have visible delivery in order to leverage more funding.
Enhance connectivity through breaking the spatial and physical isolation of the townships		Envy amongst residents in communities adjacent to Galeshewe No. 2 led to widespread vandalism. These challenges were addressed to some degree by employing a corridor focus.	Corridor-type programmes (as espoused by the NDPG) have proved more effective than those with a nodal focus (such as the URP) in addressing community tensions and consequent vandalism. Keep the scope of development spatially defined to avoid fuelling expectations among non-beneficiaries.
Create quality public space and local services		The "Adopt a Tree" programme allowed local residents to choose the type of trees they wanted. By doing so, these trees were looked after and protected from abuse and neglect. As many people as possible were included in improving and upgrading Galeshewe's public space, imparting skills, building community cohesion, enhancing the urban environment and nurturing pride and ownership amongst local residents. Competitions were held for the best painters, roof fixers, etc. Winners were given further training and employed as contractors in subsequent phases.	A tree-planting programme involves the entire community in raising environmental awareness and promoting local ownership. Give public space improvement work to local workers, and try to employ as many people as possible. Reward the most dedicated and competent workers with training and employment in future projects.

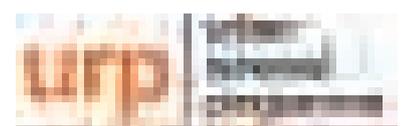




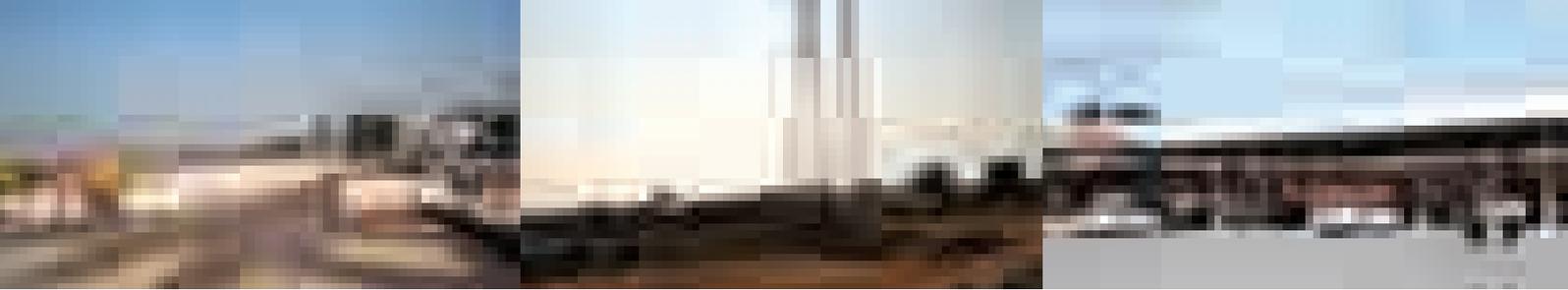


Theme	Background	Lessons
Enhance human and social capital	<p>The relatively modest size of the project enabled 100% participation, where individual households were fully consulted and involved in decision-making and implementation.</p>	<p>In practical and realistic terms, the extent of participation is inversely proportional to the size and scope of the project.</p>
	<p>In a community like Galeshewe where income levels are very low and unemployment high, it is unrealistic to expect project involvement to be based purely on making a social contribution.</p>	<p>Remunerate ward councillors and project-related community workers.</p>
	<p>Due to the extent of the backlog in basic infrastructure, the community found it difficult to adjust to its sudden provision. Some residents even left the area because of the so-called “culture shock”.</p>	<p>Implement changes at a rate that is considered “community speed”.</p>
Broaden economic ownership	<p>Workers were initially transported from Galeshewe to the municipal offices to be paid. Later the local police station became the paypoint. Finally, the municipality switched to an electronic payment system, which discouraged people from lending out their money as soon as they received it.</p>	<p>Switch to an electronic payment system whereby wages are put directly into a bank account. This lowers project costs and encourages saving amongst workers.</p>
Strengthen integrated planning and budgeting	<p>A significant challenge that emerged was the inability of local households to afford the maintenance of their recently restored houses. No provision was made for maintenance funding.</p>	<p>A maintenance budget is critical for URP projects, but such a facility does not exist at present. Municipalities may allocate funds toward maintenance, but this is done through line departments.</p>
	<p>The programme cites the lack of medium-term committed support from national and provincial departments as a major stumbling block for the implementation of the Comprehensive Business Plan. The local revenue base and in-house capacity is insufficient to provide operational support and funding.</p>	<p>Local programme drivers will only be able to successfully implement the business plan if provincial and national sector departments develop strategic plans and financial commitments to support it. This said, a good business plan is a key instrument in securing intergovernmental co-operation.</p> <p>Get an internal project manager to monitor expenditure, and an external consultant to project manage daily implementation and public participation.</p>









3. RECOMMENDATIONS AND CONCLUSION

3.1. Recommendations

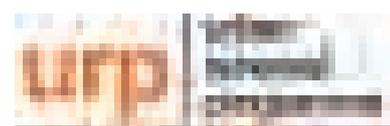
The anchor project approach emerges as an effective instrument to concentrate public and private investment in designated underdeveloped areas. The value of employing this concept has consistently been confirmed throughout the research conducted, and should therefore be applied outside and beyond the URP.

Despite indications of success in certain nodes and relating to particular projects, the former township zones continue to be characterised by isolation from surrounding social and economic opportunities, marginalisation and peripheralisation. The roots of these issues are deeply structural in nature, and affecting meaningful and lasting change in this regard has proved extremely challenging. Various nodal and corridor concepts have been mooted to address these issues, but these have achieved limited success due to their inability to engage effectively with market realities.

It is within this context that the findings of this study suggest that these projects do much more than anchor the URP, but more significantly serve to anchor the marginalised peripheries of South African towns and cities in the following ways:

Table 3-1: Impact of Anchor Projects

Structural	<ul style="list-style-type: none"> · Provide a framework for crowding in public investment. · Upgrade intersection and interchange points for public transport. · Develop anchor development corridors. · Provide convenient and accessible nodal concentration of public services.
Institutional	<ul style="list-style-type: none"> · Cultivate new urban management partnership institutions. · Achieve heightened urban governance focus on the marginalised areas. · Mobilise social capital towards concrete implementation.
Developmental	<ul style="list-style-type: none"> · Cluster economies to promote local economic development. · Promote BEE and BBBEE through creative equity participation and enterprise development. · Retain local spending power. · Enhance access to shopping opportunities.
Perceptual	<ul style="list-style-type: none"> · Create attractive public spaces. · Promote a sense of pride. · Enhance cultural identity.





High Impact Development Zones (HIDZs)

How can the lessons and successes of the URP anchor projects be taken forward into new programme designs? Having identified the value of spatially concentrated public and private investment within a broader social development framework, it would be appropriate to explore the potential of “High Impact Development Zones”, where:

- The Neighbourhood Development Partnership Grant and state spending policy are prioritised to create incentives for local government to apply for HIDZs.
- Urban Development Zone-type tax incentives are made available.
- Rates holidays are permitted.
- PFMA and MFMA requirements with regard to public tender procedures for land release are relaxed, subject to pre-conditions such as the fact that:
 - A partnership structure must be in place in which all role players are present.
 - Public expression of interest must be advertised before dealing with any one role player.
 - All deals must be advertised at least once for objections before being finalised.

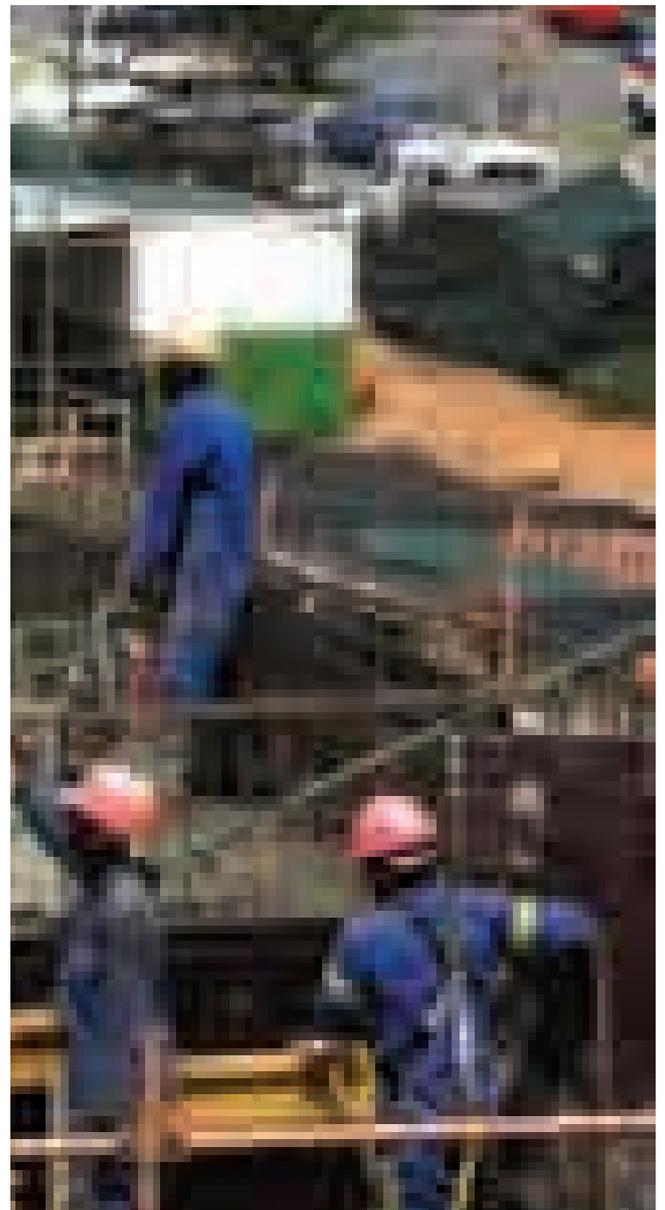
Area-Based Management Approach

Although the Area-Based Management concept is not yet being applied widely in the nodal areas, it is recommended that the approach be explored to enhance integrated planning and budgeting for specific geographic areas. This approach could assist in advancing resource mobilisation for specific geographic areas from private sector, national and provincial sector departments.

Community Participation and Ownership

Sustained co-operation between the community, municipality and developers has emerged as one of the reasons for success in these case studies. This co-operation helped role-players to manage expectations and embrace new opportunities. However, economic

ownership by communities should be embedded and maximised fully when projects are introduced in the area. It is therefore recommended that communities are embraced in the formal agreements, from the preliminary visionary phase to the maintenance phase.







3.2. CONCLUSION

The challenges facing South Africa, including the restructuring of the “apartheid city”, will take a long time to be addressed if they are left primarily up to market mechanisms. The barriers underlying economic and social inequality are structural and therefore government needs to assume an interventionist role in urban and economic development.

The Urban Renewal Programme was initiated by the dplg as one such intervention which broadly seeks to promote investment that not only unlocks value in the short term, but also induces the transformation of institutions. The URP can be distinguished from other urban development programmes by its mandate to alleviate poverty in designated urban “exclusion zones”. From an institutional perspective, the URP sought to re-engineer the inter-governmental system to expedite implementation.

As the life span of the programme is coming to a close, more emphasis is being placed on strengthening the learning aspect of the programme and providing rigorous information not only to mainstream support for township renewal, but also to inform refinements in government policy and practices. This also affords the policymaker the opportunity to strengthen new policies and interventions with those aspects and methodologies of the Urban Renewal Programme which emerged as successful in achieving the desired outcomes.

It is within this context that the value of the anchor project as a concept is identified as the overarching lesson in the case studies and one that should be replicated in existing policy and future programme design. One example of how such a concept could be incorporated into future urban renewal initiatives is the designation of High Impact Development Zones, where a combination of push and pull factors seek to trigger spatially focused investment from the public and private sector, contingent on such a programme being embedded in a broader social development framework.











NOTES





NOTES



URBAN RENEWAL PROGRAMME

ANCHOR PROJECT CASE STUDIES



**Cooperative Governance
& Traditional Affairs**

Department:
Cooperative Governance and Traditional Affairs
REPUBLIC OF SOUTH AFRICA

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