



Neighbourhood Development Partnership Grant

Introduction to NDPG: 28 March 2007

SACN: Urban Development Partnerships Seminar

Presented by Li Pernegger (Chief Director: NDP Unit)



NDPG Objectives

*“To provide **municipalities** with assistance to develop appropriate project proposals for property developments in **townships** & new **residential neighbourhoods** that include the construction or upgrading of **community facilities**, & where appropriate, **attract private sector funding** & input”*

(DoRA, 2006)



Problem Statement

- Marginal & undiversified township economies
- Persistence of spatial & economic apartheid
- Investment in backlogs
- Low levels of retained buying power
- Dimensions
 - Unemployment
 - Underperforming residential properties
 - Low household incomes
 - Low private sector investment
- Yet 60%+ of SA's population lives in these areas
- NDPG as catalyst to do things differently



NDPG Framework

- **Vision**

Improved quality of life of township residents through the creation of economically viable & sustainable nodes

- **Mission**

Directing public investment to promote selected township nodal projects with private sector investment leverage potential



Strategic Objectives

- To attract private sector investment
- To consolidate and co-ordinate quality public sector spending
- To provide institutional & development capacity
- To direct capital investment into projects
- To promote knowledge, best practice, innovation & advocacy

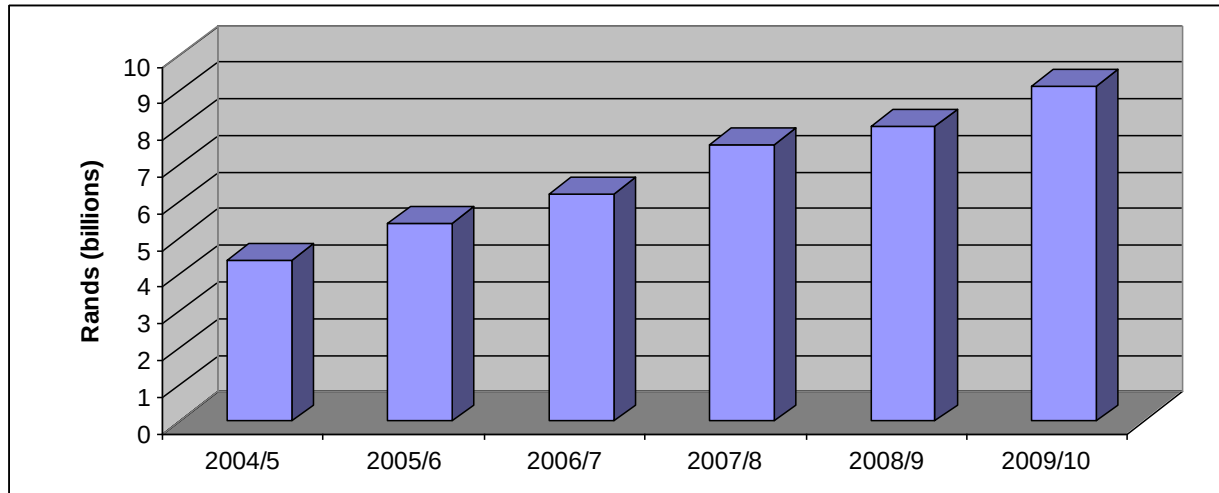


Grant Make-up

- Dual nature
- Technical Assistance
 - Any feasibilities
 - Business case development
- Capital Grant
 - For any capital cost
 - As usually spent by councils
 - To make project happen
- To be used in synergy with other grants that have a local government focus



MIG Funding



- MIG → consolidation of CMIP, Water Service Capital Fund & Community based PWP, LED Fund, Building for Sport & Recreation Programme & Electrification Funding, in 2004
- Better facilitation of IDP implementation
- Funding for basic services delivery to poor households & backlogs eradication in infrastructure delivery
- MIG → poverty alleviation contribution through job creation & increasing EPWP methods
- MIG's institutional framework allows national departments to provide support to enhance municipal capacity for infrastructure delivery



MIG Funding

	2007/8	2008/9	2009/10	MTEF Total
MIG Baseline	7,54bn	8,05bn	9,13bn	24,33bn
Growth	14.1%	12. 7%	13.6%	

- Municipal infrastructure services targets
 - Eradication of bucket sanitation by 2007
 - Access to potable water by 2008
 - Access to decent sanitation by 2010
 - Access to electricity by 2012
 - Access to solid waste, roads infrastructure, sport & recreation, public facilities by 2013
 - Eradication of informal settlements by 2014
 - Access to services to schools and clinics by 2006
- Household backlogs to be addressed to meet targets set
 - Potable water: 2,2m households
 - Decent sanitation: 3,92m households (1 822 schools & 426 clinics without basic sanitation & 165,962 households using bucket system)
 - Access to electricity: 3,2m households
 - Solid waste management: 4,5m households



PTIS Grant

Municipality	2007/8	2008/9	2009/10	Total
Tshwane	R105m	R400m	R165m	R670M
Jo'burg	R95m	R450m	R160m	R705m
Cape Town	R85m	R338,2m	R49,8	R473m
Mangaung	R20m	R220m	-	R240m
Rustenburg	R15m	R50m	-	R65m
Polokwane	R40m	R125m	-	R165m
eThekwin	R80m	R500m	R133,7m	R713,7m
Nelson Mandela	R55m	R265m	-	R320m
Mbombela	R55m	R153,8m	-	R208,8m

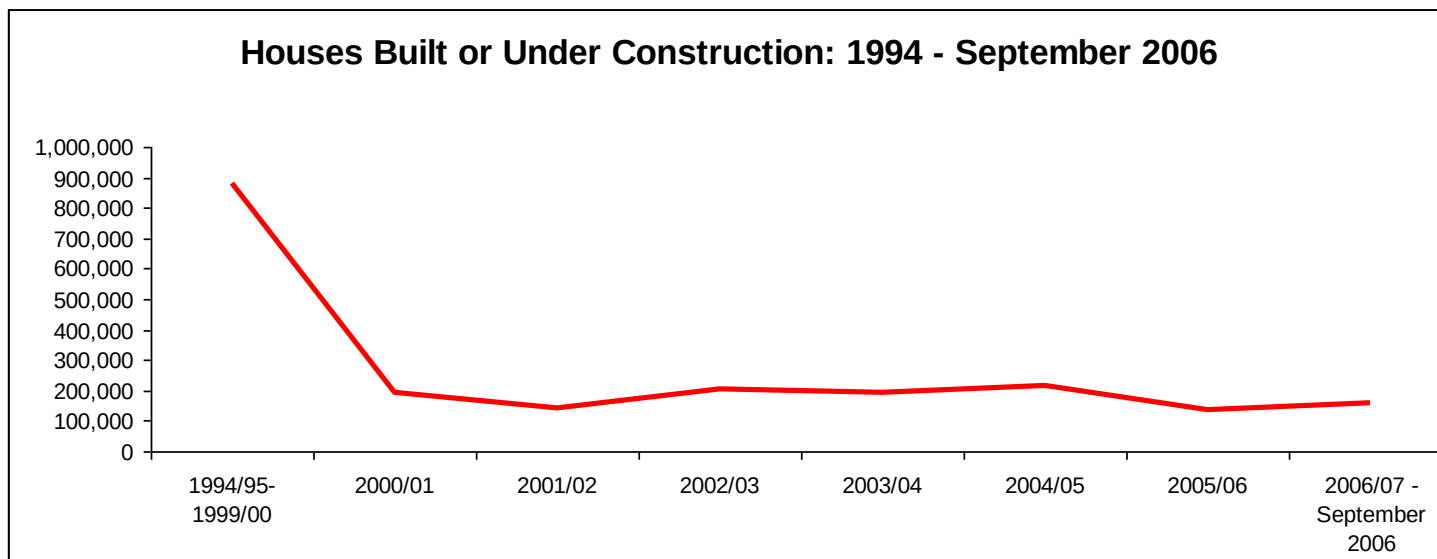
- Public Transport Infrastructure & Systems Grant
- Cities responsible for management of urban space & flows & crucial land use planning issues → critically linked to urban public transport provision
- Fairly widespread acceptance of need to establish cities as key locus of responsibility for public transport
- Catalytic systems such as BRT urgently required & will bring about major efficiencies in way cities function & create well functioning urban environments
- Total funding through PTIS since 2005/6 is over R9 bn
- Unallocated: R2.3 billion for buses & BRT systems - R1.44 billion allocated to 5 cities



Housing & Human Settlements

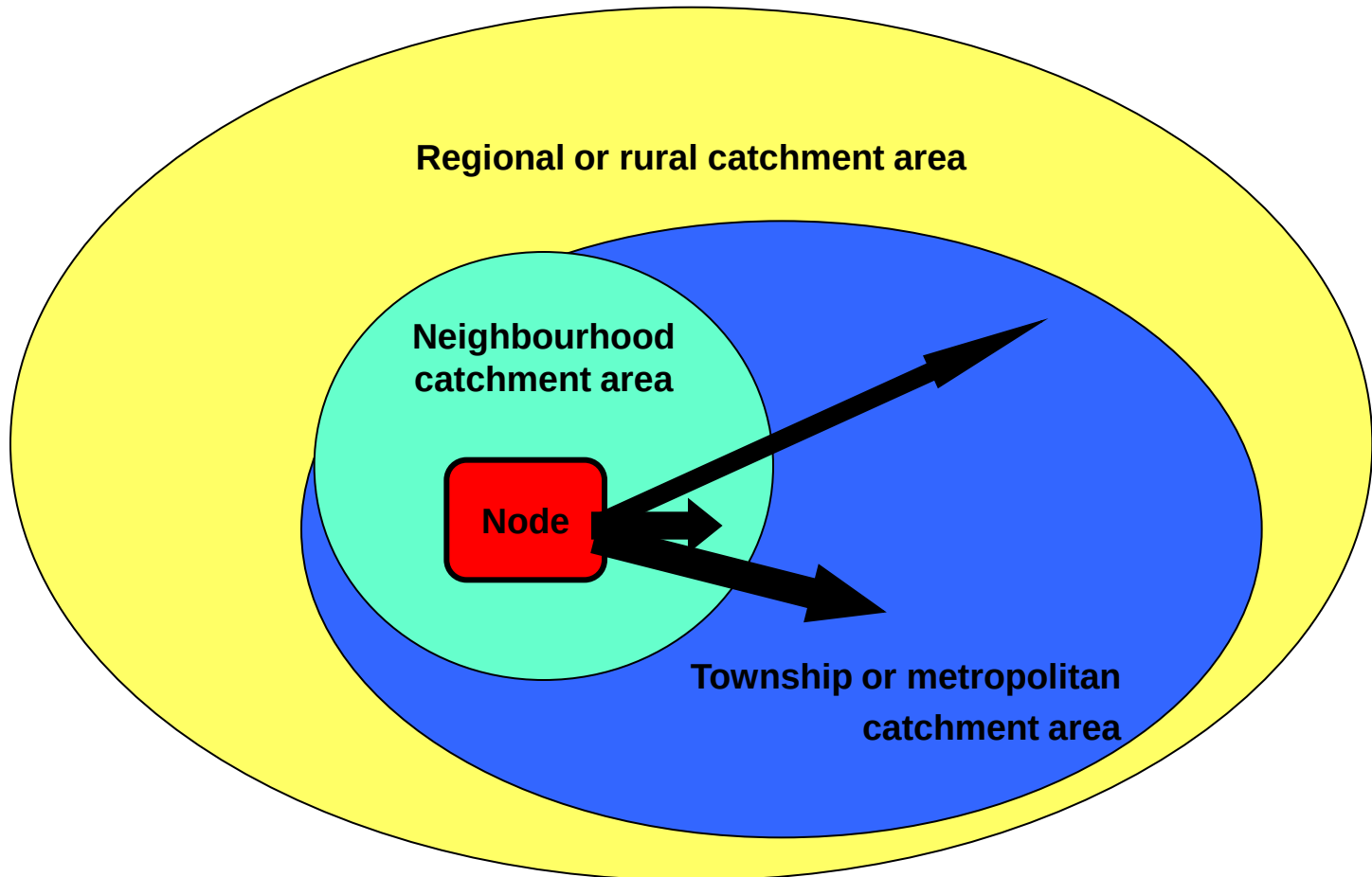
	2006/07	2007/08	2008/09	2009/10
IHHSDG	R6,8bn	R8,2bn	R9,8bn	R11,5bn
Social Housing	R110m	R180m	R250m	R297m

- Possible alignment with MIG
- Constraints to Accreditation
 - Integrated Planning & Housing Delivery





TA & CG for Neighbourhoods





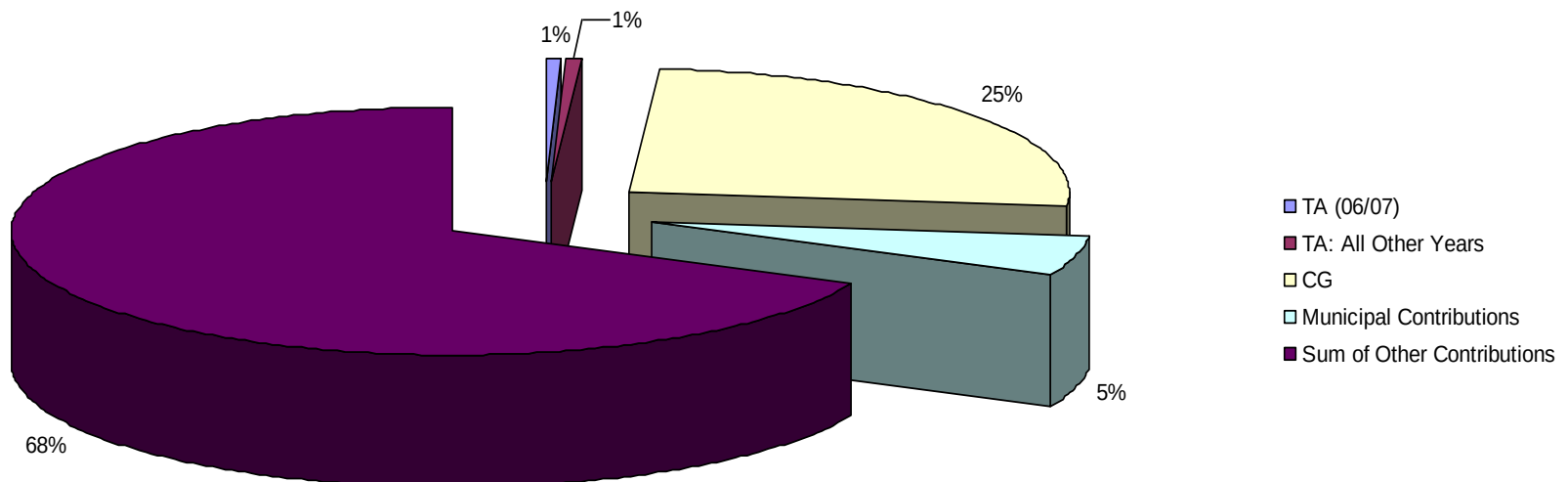
NDPG Project Cycle

Project Cycle	1	2	3	Project stage 4	5	6	7
	Concept	Pre-feasibility/ Scoping	Detailed Investigation(s)	Business Planning/Project Design & Planning	Implementation	Exit	Review
NDPG Project Pipeline	Project registration & adoption (if qualifying) - (projects submitted at stage 4 will need to demonstrate business case to access CG)						
			Building the Business Case				
					Implementation & exit		
TA Availability	Usually driven by municipality from own resources but in some cases Treasury can assist	Yes, to define and motivate project & align to NDPG goals	Yes, to undertake detailed assessments and develop business case/investment strategy	Yes, to develop business plan for implementation	Yes, for project management of NDPG project as identified in business case (can also be used at other stages)	Yes, if identified as part of business case & required for ongoing sustainability	Generally no, as municipality probably will review as part of Stage 5, or in later years. Treasury will monitor some KPIs centrally to ensure NDPG's goals are met
CG Availability					Yes, for NDPG projects		



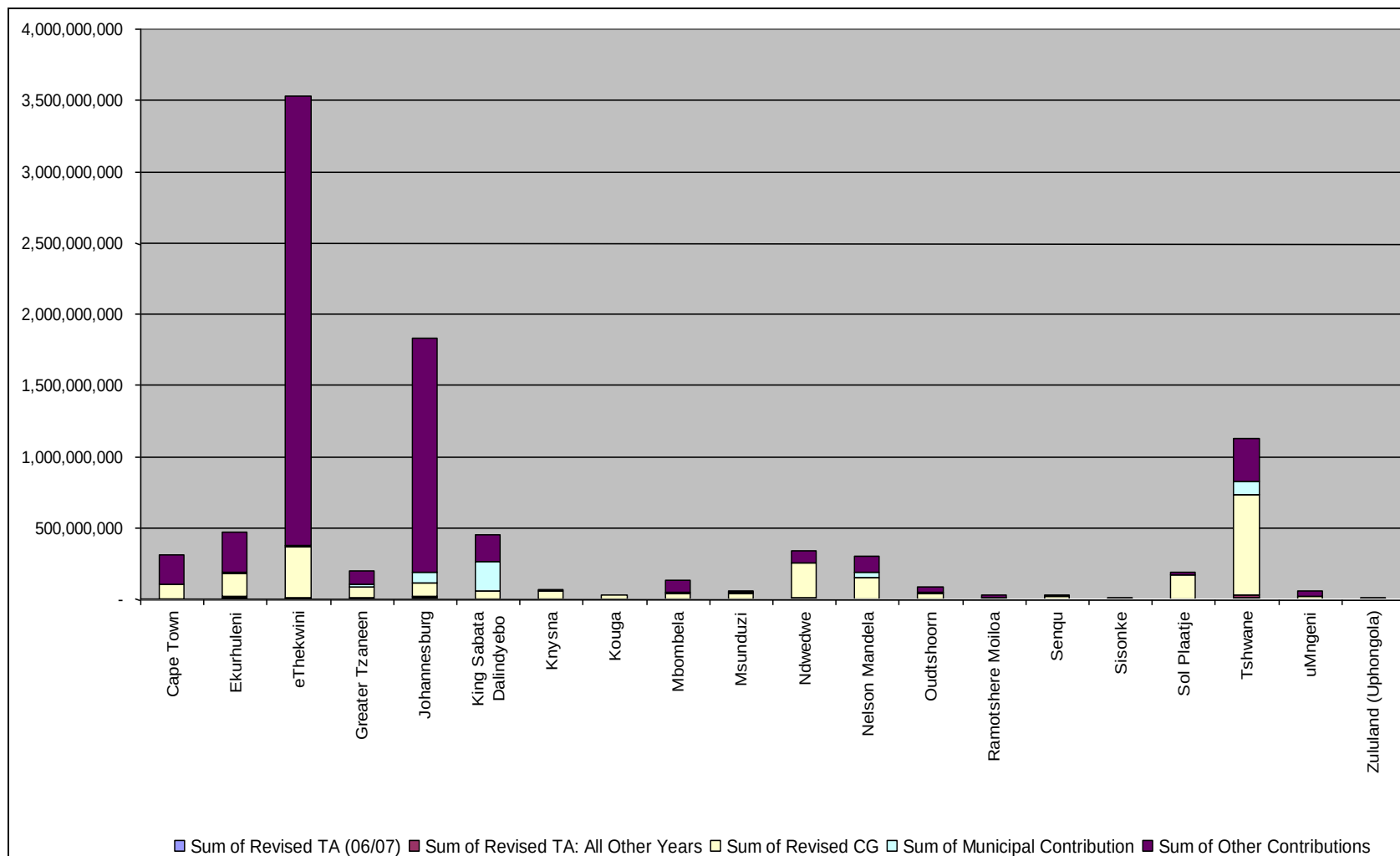
NDPG Project Portfolio To Date

- ±R9bn total investment in 35 projects over next decade
- Challenges
 - Increase private sector component
 - Ring-fence other government expenditure
 - Capacity & co-ordination → Strategic Alliances





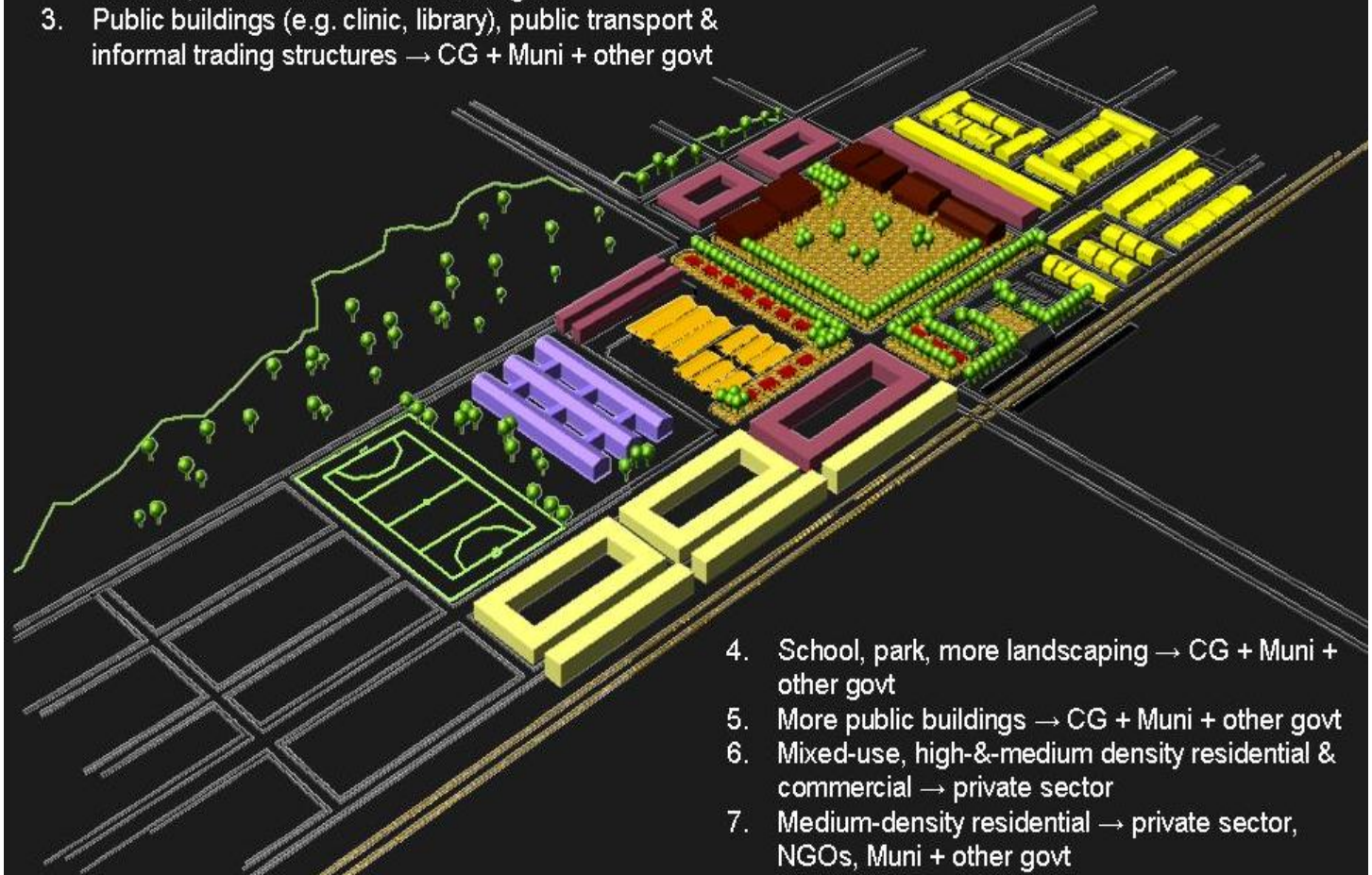
NDPG per Municipality



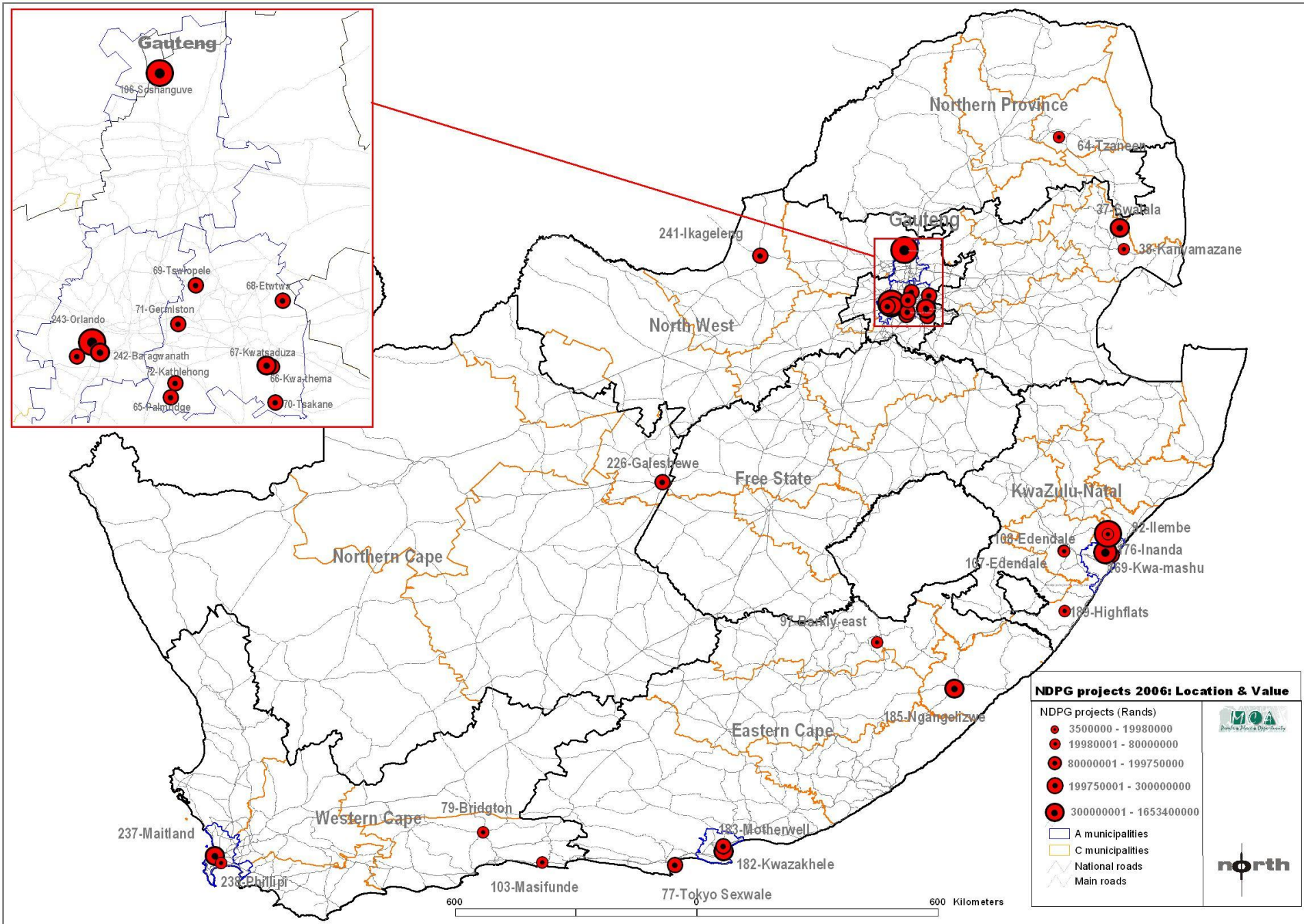


Funding components

1. Township planning & layout (roads, rail, public transport, nodes, public spaces, precincts, economic demand analysis, other studies, detailed planning, etc.) & project management → TA + Muni
2. Public spaces & squares, paving, planting, street furniture, etc. → CG + Muni + other govt
3. Public buildings (e.g. clinic, library), public transport & informal trading structures → CG + Muni + other govt



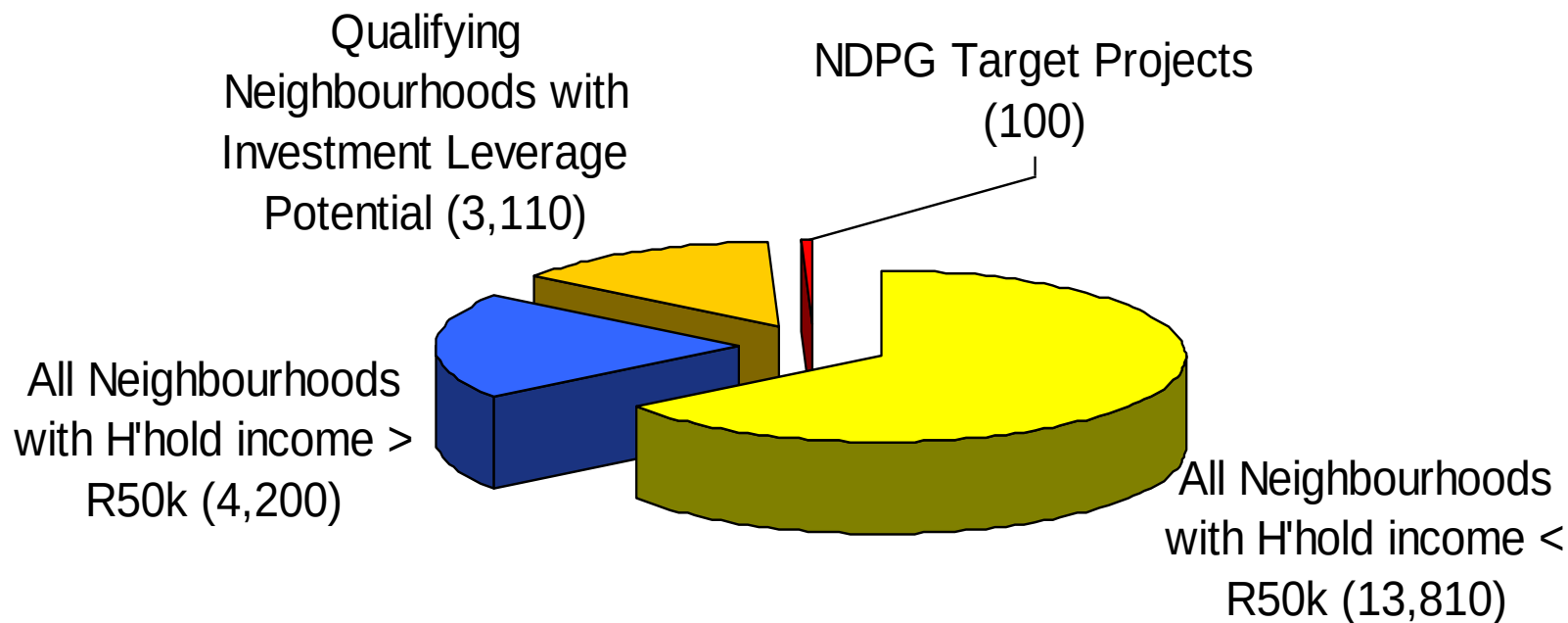
4. School, park, more landscaping → CG + Muni + other govt
5. More public buildings → CG + Muni + other govt
6. Mixed-use, high-&-medium density residential & commercial → private sector
7. Medium-density residential → private sector, NGOs, Muni + other govt





Demand for NDPG Outstrips Supply

- Demand for NDPG in 19,920 of 21,220 SA neighbourhoods





Budget

- Year 1 → R50m: Technical Assistance
 - Year 2 → R500m: Mostly Capital Grant
 - Year 3 → R1.5bn: Mostly Capital Grant
 - Year 4+ → $\pm$ R 1.2bn
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- Strategic Alliance between Treasury & municipality per project
 - Ministerial in-principle approval for 10 years and $\pm$ 100 projects



Way Forward

- Round 1
 - Funding agreements underway & TA disbursement on track
- Round 2
 - ±149 applications received 16 February 2007
 - Evaluation underway
 - Some improvement in of bids' quality but concepts poorly packaged
- Focus
 - Capital investment flow small for initial years
 - Focus on project preparation & packaging, directing public investment & leveraging investment opportunities in economically viable & sustainable township nodes
- Round 3 → July 2007
 - Closer engagement with targeted municipalities
 - More emphasis on projects demonstrating partnership potential & mainstreaming township development agendas