neighbourhood development programme

Neighbourhood Development Partnership Grant

Infrastructure Dialogues:

The role of public infrastructure in urban regeneration

DBSA ⋄ 3 June 2010

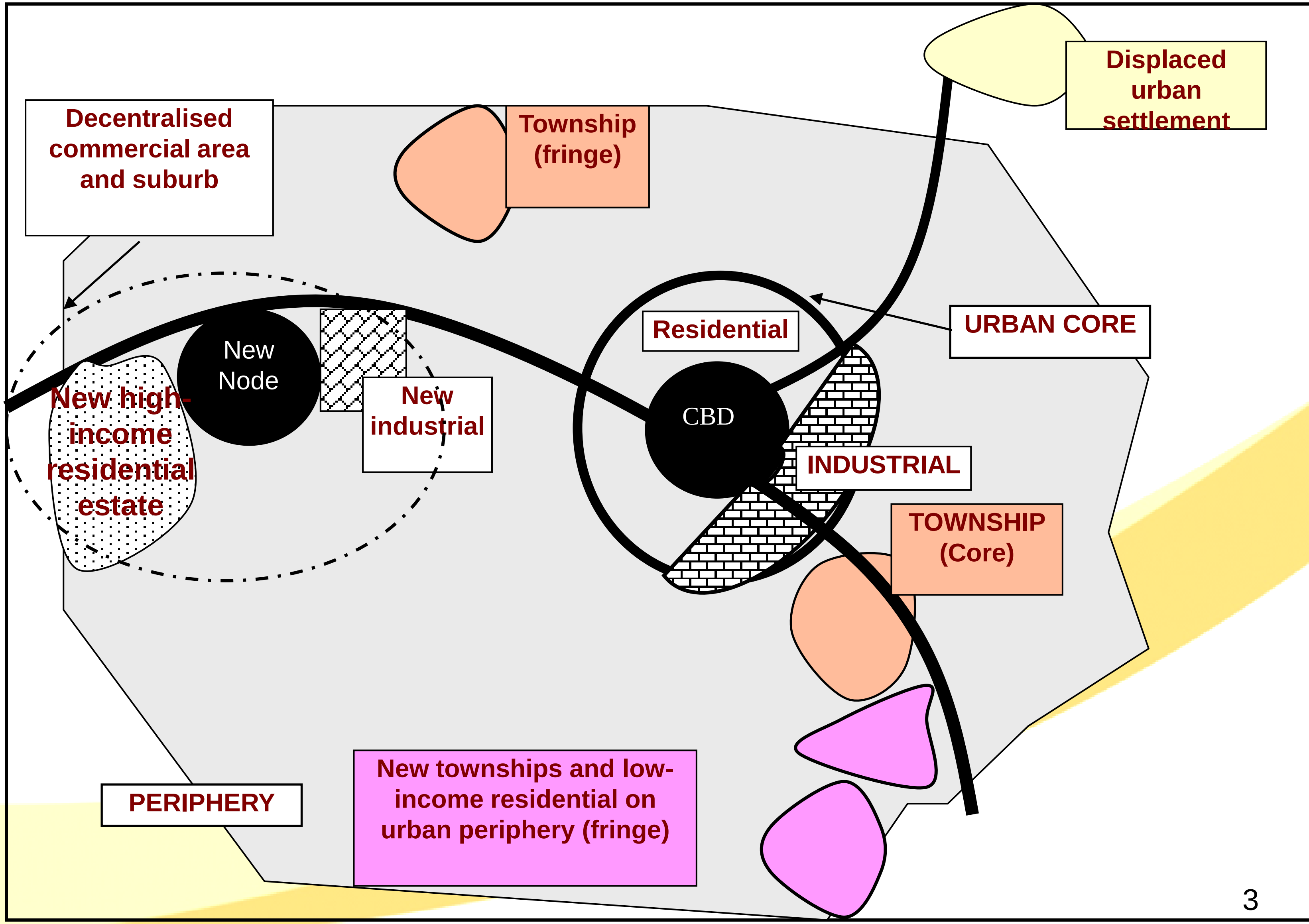
national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

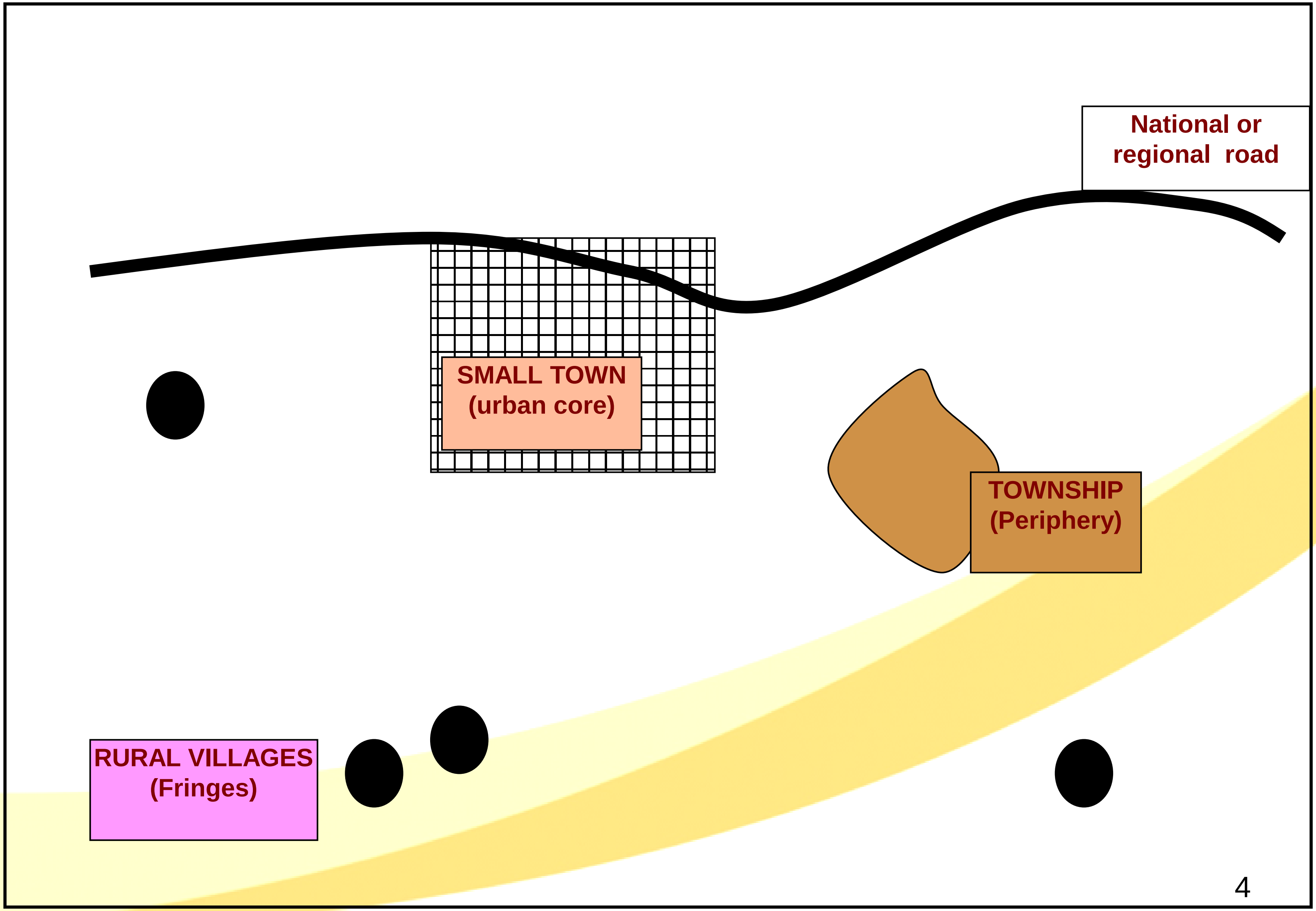
NDPG Focus on Townships

- **Challenges**
  - Exclusion by design
  - Absence of township & township nodal development capacity (forward-oriented versus backlogs-driven)
  - Limited funding for capital works for public facilities & places
  - Limited municipal capacity to assemble & align multiple funding sources in single large-scale multi-faceted property development project
  - Mismatch between capital investment & maintenance & operational budgets
- **Features**
  - Large concentrations of poor households
  - High levels of unemployment
  - Slower household income growth
  - Poor-performing residential property markets
  - Considerable fiscal burden
- **Opportunities**
  - Limited income retention
  - Undiversified & marginal local economies
  - Untapped markets - limited private sector investment

Typical Elements in a City Context



Typical Elements in a Rural/Small Town Context



LEVELS OF INTERVENTION:

Because of the physical and spatial (locational) characteristics that prevent townships from developing:

Levels of intervention:

A. Things that can be done **outside** the township to improve its locational advantages relative to the broader economic system

B. Things that can be done inside the township to improve the economy of the township as a whole

Townships Internal Built Environment Problems

- Dispersed and restricted movement within the township
- Low-density built form and overcrowding
- Lack of range and quality of social facilities and public places
- Limited range of economic infrastructure and services
- Limited range of residential choice
- Insecure or unsafe spaces
- Lack of identity and 'sense of place'

- Channel area growth into areas that strengthen township locational advantages
- Attract high-order facilities and activities into nodes adjacent to the township (e.g. Bridge City)
- Improve transport linkages - ease of movement within a township, and between a township and town
- Extend the mix and improve the concentration of land uses and activities
- Improve the capacity of the township land, infrastructure and buildings to adapt to different uses over time

1. Identify, plan and promote activity routes
2. Establish a hierarchy of nodes associated with activity routes
3. Improve the quality of public spaces
4. Promote residential infill
5. Crime prevention through environmental design

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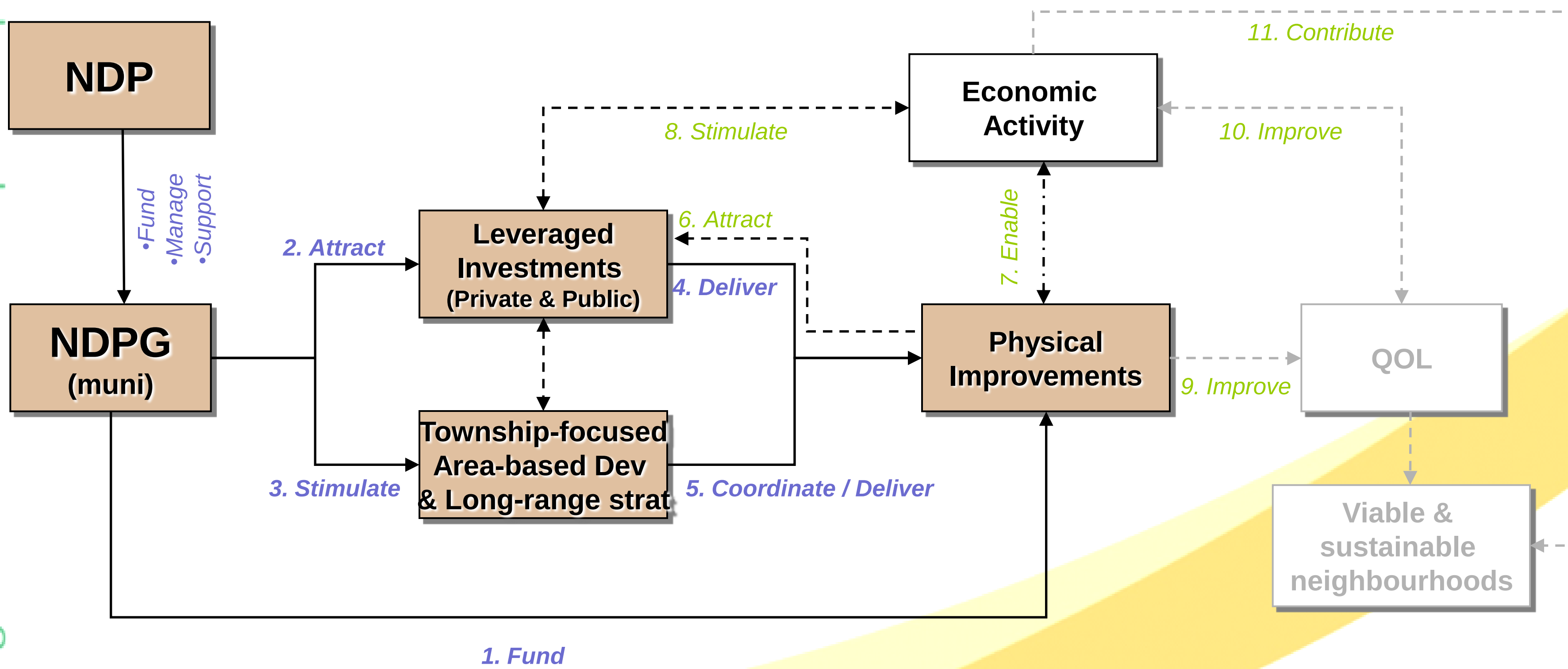
NDP Approach



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NDPG Strategic Objectives

- **Mandate**
  - "To support neighbourhood development projects that provide community infrastructure & create the platform for other public & private sector development, towards improving the quality of life of residents in targeted underserved neighbourhoods (townships generally)"

- **Programme Objectives:**
  - Promote private sector investment & other public spending in townships
  - Provide institutional support & technical capacity to municipalities
  - Direct capital investment into township, nodal & linkage projects
  - Promote knowledge, best practice & innovation in township development

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NDPG Grant Make-up

Technical assistance (Schedule 7)

"A Technical Assistance [TA] Grant aimed at supporting the development of township development plans"

- Strategic planning → Township regeneration strategy, business case & business plan)
- Capacity → development coordination, construction management
- Detailed planning → for capital investment from NDPG → feasibilities, design work

Capital Grant (Schedule 6)

"A Capital Grant aimed at supporting nodal investment into the construction or upgrading of community facilities, which <u>may attract private sector investment</u>"

- For any capital cost, as usually spent by councils
- To make projects happen
  - Nodal & precinct projects
  - Linkages
  - General improvements

Municipal Responsibility

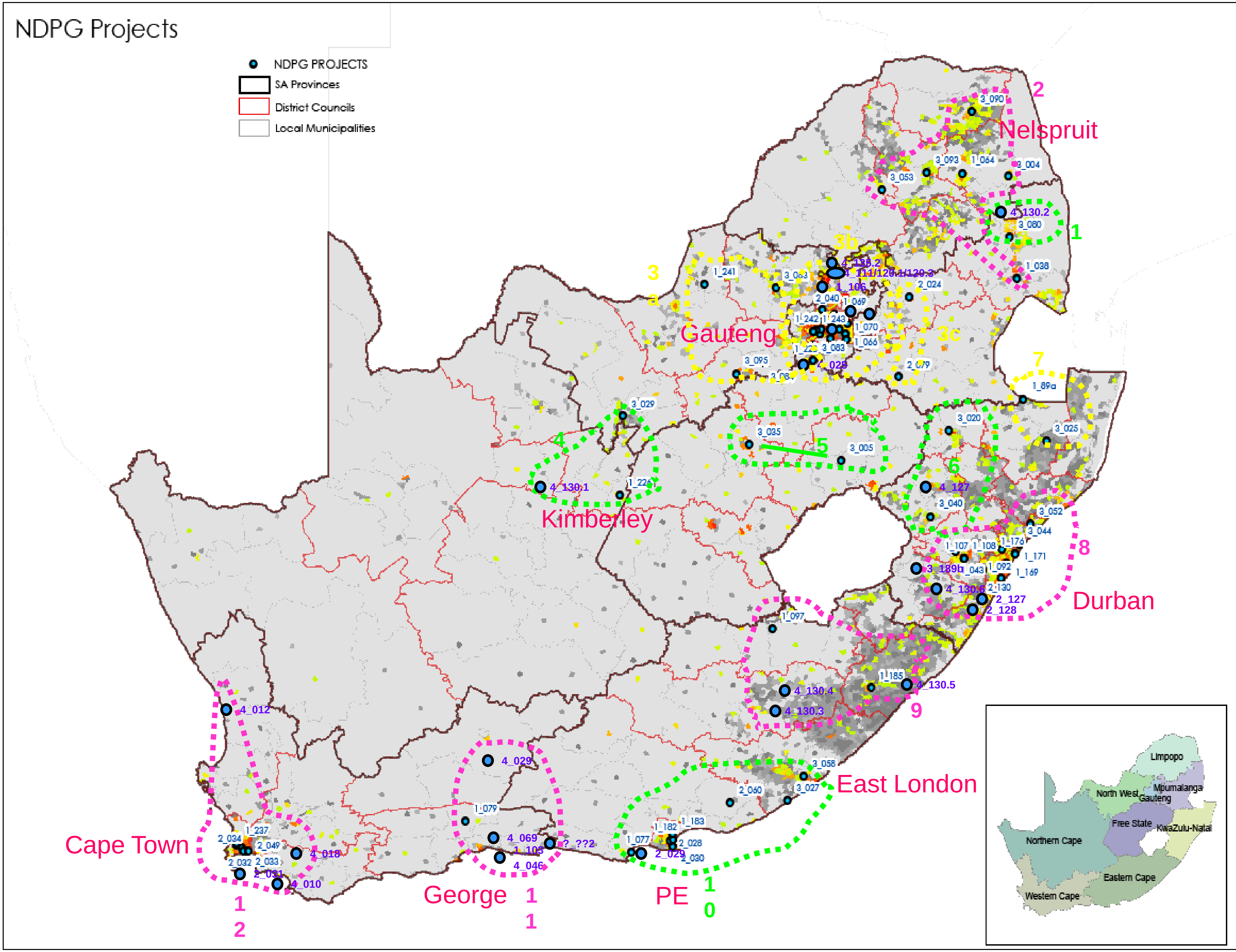
- Committing to a longer-term township regeneration programme
- Implementing the NDPG catalytic component
- Management & coordination of entire development process
  - Striving to improve Quality of Life
  - Leveraging in public & private sector funds
- Managing processes
  - Procurement of consultants & their management
    - MFMA, SCM, etc. applies
    - Ensure Value-For-Money
    - Get quality outputs
    - PSP Panel role
  - Obtaining Council approvals
  - Ensuring capacity is in place
- Budgeting & cash flow management & reporting

What does “Leverage” mean in the NDPG?

- Includes
  - Other government funding streams
  - Mobilisation any non-governmental support & resources
  - Private sector
  - Investor groupings
    - Formal developers
    - Project financiers
    - Equity investment funds
    - Community investment funds
    - Stokvels
    - NGOs, CBOs & other community organisations
    - Cooperatives
    - Any non-government organisation or individual
- Not purely financial → land, in-kind

NDPG Location

Category	*Type of municipality*	*No of type*	*No of NDPG Munis*	*No of Awards*	*NDPG allocation (Rbn)*	*As % of NDPG committed*	*No of people in poverty (millions)*
A1	Metro	6	6	35	3.44	39%	3.3
B1	Secondary City	21	11	14	1.74	20%	1.8
B2	Large Town	29	11	12	0.82	9%	0.8
B3	Rural small town	111	11	11	0.66	7%	0.3
B4	Mostly rural	70	12	12	1.47	17%	2.1
C1	District	46	6	6	0.69	8%	2.3
Total		**283**	**57**	**90**	**8.82**	**100%**	**10.6**


NDPG Projects
NDPG PROJECTS
SA Provinces
District Councils
Local Municipalities
Nelspruit
Gauteng
Kimberley
Durban
East London
Cape Town
George
PE
Limpopo
North West
Mpumalanga
Gauteng
Free State
KwaZulu-Natal
Northern Cape
Eastern Cape
Western Cape
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1_185
4_130.5
3_058
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4_018
4_010
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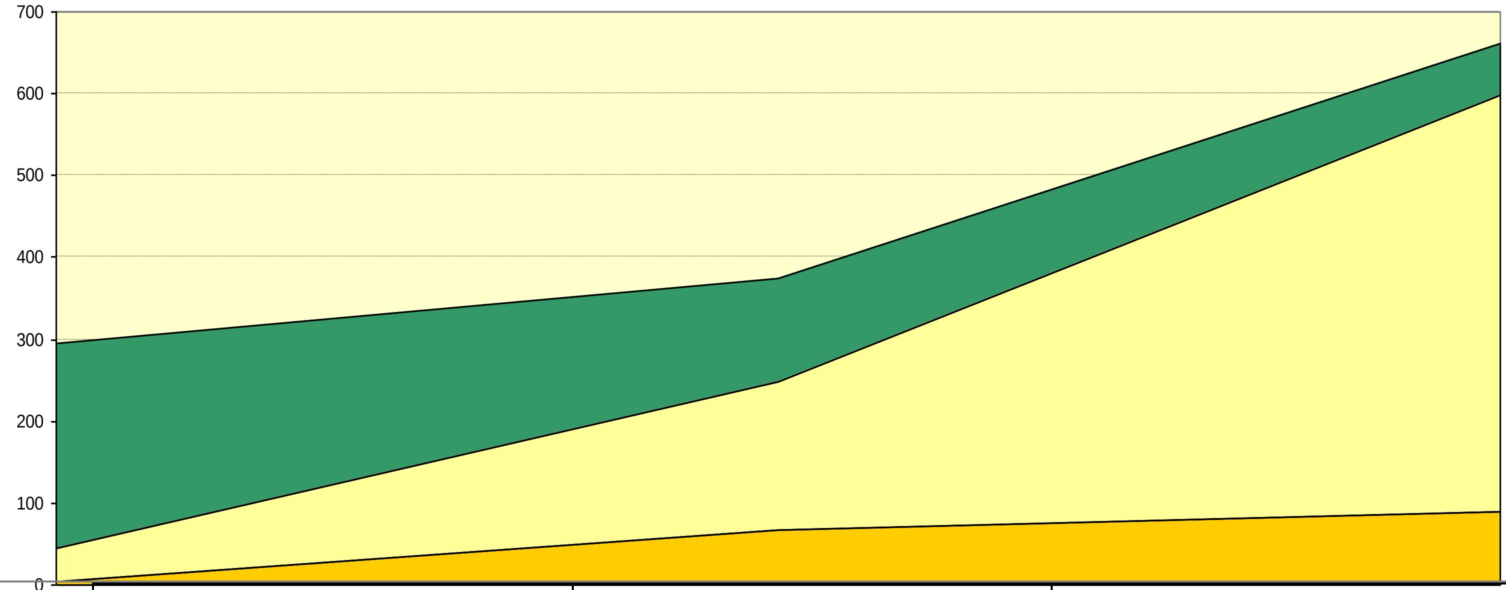
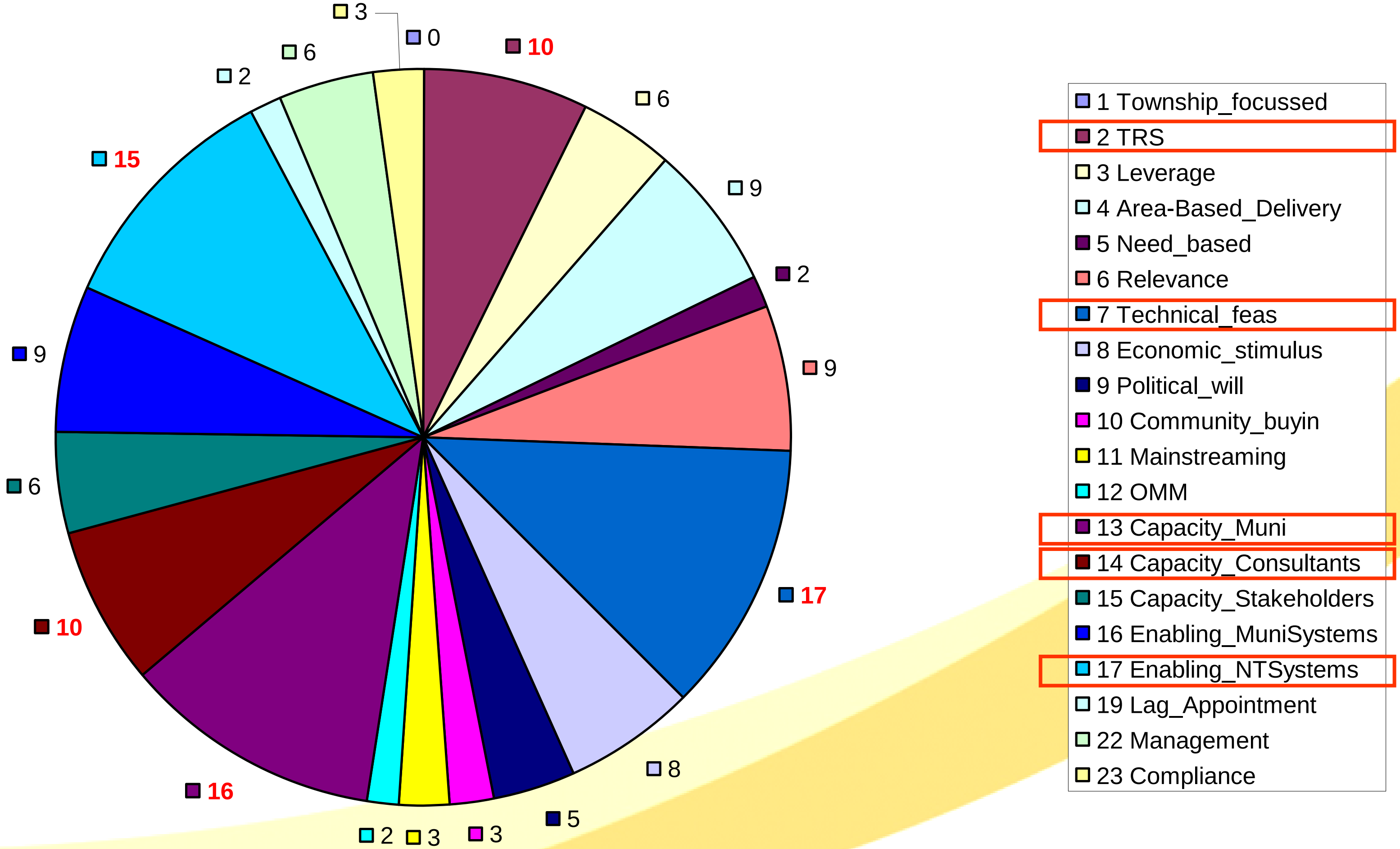
NDPG Progress

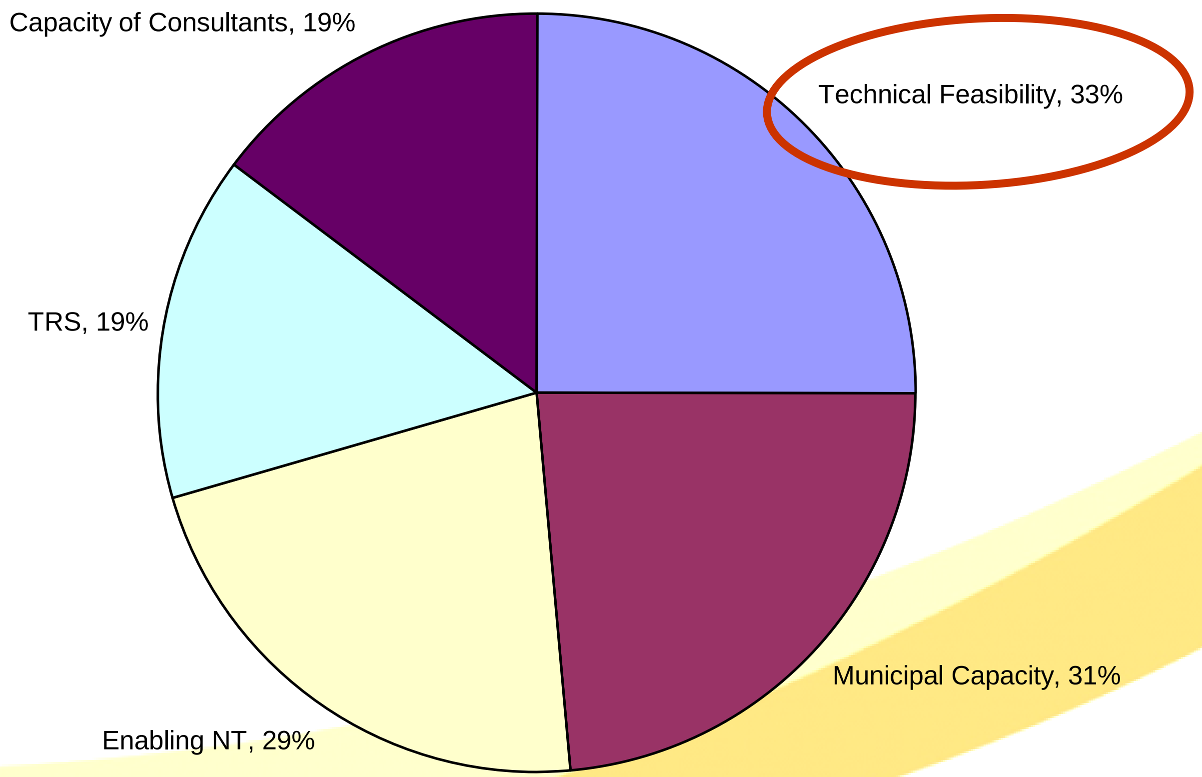


	2007/08	2008/09	2009/10
	• Establishment phase (start July 2006) • First appointments in July 2006 • NDPG Toolkit • Applications for Rounds 1, 2 & 3 concluded • NDP Business Plan approved • Municipalities start grappling with the grant	• Applications for Round 4 concluded • Municipalities do more planning and spend some capital on quick wins	• 17 staff • 91 awards • 57 municipalities • 106 projects started • More spending on quick wins, some concerns about progress of overall planning • Operations manual for municipalities • R892M SPENT SINCE programme start
TA spent	R3.8m	R67.6m	R89.9m
CG transferred	R41.4m	R181.5m	R508.0m
Palnned NDPG	R295m	R374m	R661m

2009 Strategic Projects Appraisal



"Poor" Scores



- Land issues
- Bulk infrastructure

Other key weaknesses identified in SPA

- Leverage
- Township regeneration strategies
- IGR - Challenge of separate funds and frameworks
- Risk apportionment
- Place + People: Infrastructure as development, innovation
- Implementation lessons:
  - Long lead up for proper planning
  - Poor quality business plans
  - Development planning and facilitation
  - Planning for – then raising – leverage
  - Displacement of funding
  - Management of service providers

Key Challenges identified by NDP

- There are key technical limitations on municipal township developments – key ones being bulk infrastructure imitations and land / building ownership issues
- Funding is inadequate for the extent of development required to create the pre-conditions for other investments
- Political interference or lack of political will affect some projects
- Many municipalities face significant own challenges of capacity and stability
- In some cases, the capacity of Consultants is a challenge as well
- More support / direction / interaction required from NDP to clarify some of the Grant rules, procedures and systems of the grant about which there is still confusion or dissatisfaction

Key Outcomes for Township Regeneration: **Infrastructure plays an important enabling role**

PHYSICAL	MARKETS /ECONOMIC	URBAN MANAGEMENT	SOCIAL
1. Reduced transport costs and times for commuters	1. Improved competitive position of workers and work seekers in regional labour markets	1. Vibrant, safe, regulated, well-managed and maintained public and private environments	1. Enhanced access to a range of regional social opportunities
2. Greater access to regional opportunities	2. Better performance and competitiveness of township businesses	2. Increased end-user/ community involvement in urban management	2. Elimination or co-option of gangsterism and the other exploitative structures
3. Reduced physical segregation/isolation from adjacent city/town	3. Optimal performance of township residential property markets	3. Higher equity standards in township services and public facilities	3. Increased number, range, capacity and connectivity of local community institutions
4. Increased access to facilities, goods and services in the township	4. Improved performance of retail and services market to benefit residents.	4. Higher rates of social and economic returns from investment in township public infrastructure	4. Reduced outmigration of human capacity and role models
5. Enhanced intra-township mobility and accessibility		5. The quality of residential accommodation is improved	5. Greater capacity of adults and those in positions of authority to act effectively against risky and anti-social behaviour
6. Improved use of existing capital/ infrastructure assets			

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Quick Facts: 2006 – 2010

Why the NDP?	2005/2006 studies (Ten year Review, NSDP, etc.) revealed that the impact of apartheid on townships is more severe than anticipated. Current government interventions must be more deliberate, more targeted and up-scaled. The Neighbourhood Development Programme was then established in the National Treasury, with the task to pilot a new public finance approach focussing on a medium-to-long term commitment to targeted neighbourhood development projects in South Africa.
A response to what problems?	▪ Most government interventions focus on much needed basic needs backlogs: water, sanitation, electricity and housing. This has resulted in continuous underinvestment in (i) infrastructure to build economic platforms in townships focused on quality multi-use centres; (ii) making movement cheaper and more dignified; (3) making living and playing more dignified; and (iv) bringing quality government services to residents. ▪ There is still no medium-to-long term planning for townships by municipalities, with ad-hoc projects led by what funds are available from whichever source. ▪ Large scale catalytic projects need 2 to 5 years to package, plan and get commitments from multiple funding partners and most municipalities do not have capacity or commitment to these time frames and processes. ▪ Existing public transport interchanges are poorly planned and degraded, resulting in loss of economic potential of these assets.
What is the NDP?	The **Neighbourhood Development Programme** (NDP) is located in the Budget Office of the National Treasury and is tasked with supporting economic development and quality of life improvements in targeted townships. Specifically, the NDP supports "*neighbourhood development projects that provide community infrastructure and create the platform for private sector development and that improve the quality of life of residents in targeted areas.*"
What tools and vehicles are used?	The NDP uses two tools to do this: 1. The **Neighbourhood Development Partnership Grant** (NDPG) comprised of a Technical Assistance (TA) fund intended for strategic and project planning and a Capital Grant (CG) for investment into catalytic township projects. 2. A knowledge sharing and learning function aimed at (i) providing peer-learning opportunities for all municipal officials involved in townships renewal; (ii) facilitating more credible and in-depth practical research on townships; and (iii) deepening and broadening the skills of township development practitioners.
What does it fund?	TA is generally used for Township Regeneration Strategies, business planning and detailed planning. Implementation is done through CG. Typical projects are nodal and precinct developments; linkage projects and general improvement initiatives. In general, NDP funds interventions that are within municipal mandate or directive, therefore speeding up delivery. NDPG does not fund private sector developments, but provides foundations or preconditions for these to occur.
The NDPG Approach:	▪ Providing a medium-to-long term funding commitment creates certainty and predictability, building a platform on which municipalities can negotiate with partners. ▪ Use of technical assistance as a lever for better planning and project packaging. ▪ Up-front commitment (a funding envelope) made but conditional on (i) partnerships being secured and (ii) good project packaging and feasibility testing (iii) medium-long term planning for townships.

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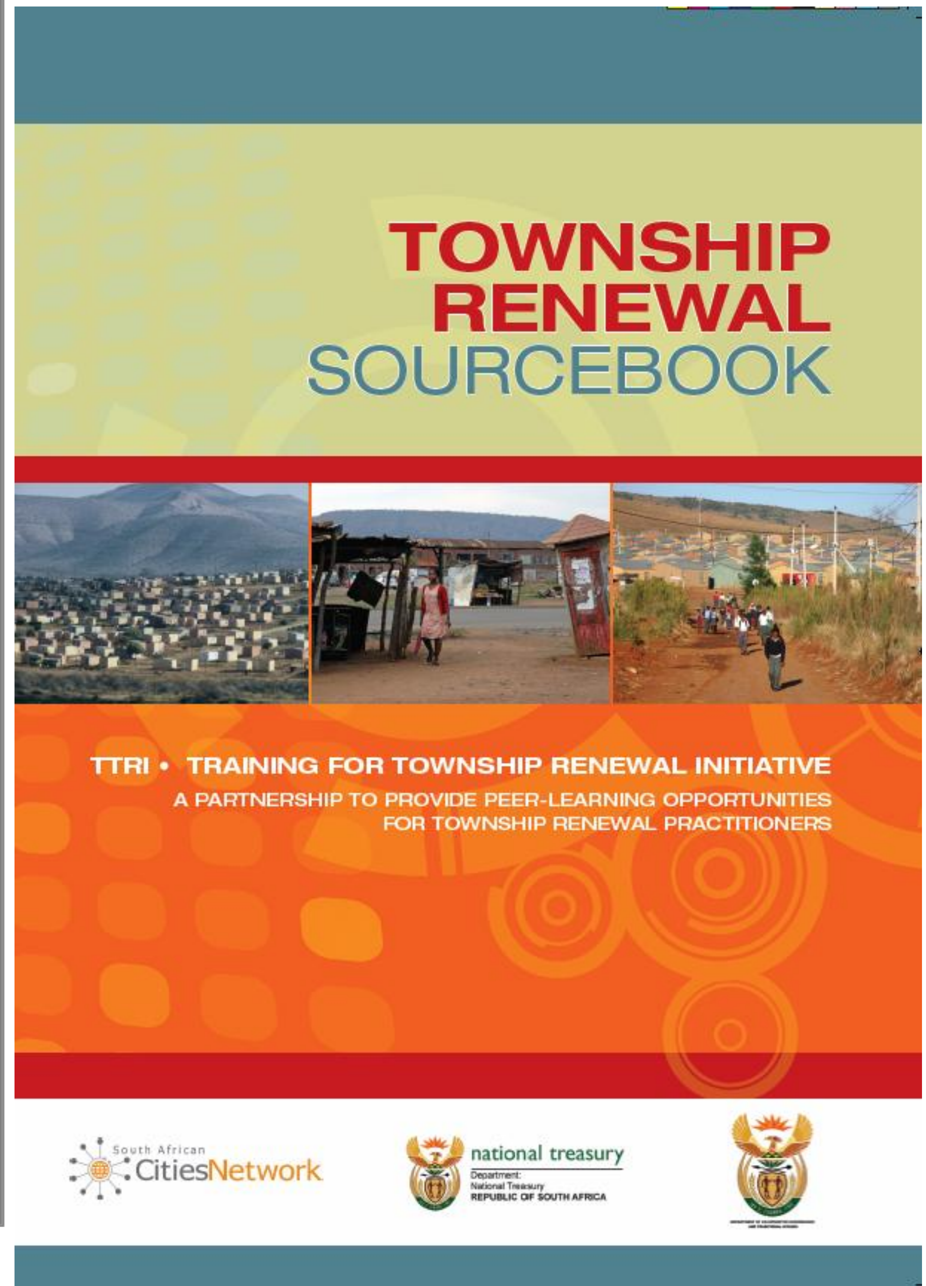

Thank You

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