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Unlocking public and private investment? The Neighbourhood Development Partnership Grant in the Municipalities

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A Research Report submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Science in Development Planning

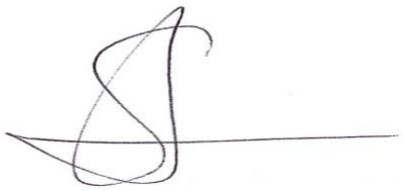
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Declaration

I declare that this research report is my own unaided work. It is being submitted to the Master of Science in Development Planning to the University of Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination to any other University.

Sign on this the 12th Day of October Year 2018



……
Sydney Maesela

Abstract

As part of its efforts to stimulate investment and economic growth in different regions across the country, the South African government has adopted various spatial targeting policies driven at national and local government level. The success of these policies differ; some spatially targeted areas have experienced substantial growth while others have experienced limited growth not withstanding catalytic investments driven by these policies.

With the intention of impacting on spatially targeted areas the South African government has developed a Neighbourhood Development Partnership Grant (NDPG) as a spatial targeting programme to respond to various opportunities that are located within identified nodes. It is expected that the amount of money spent through the programme will lead to investment in the targeted neighbourhoods. Due to factors such as the uniqueness of the targeted nodes, the degree of the investment is likely to vary. This is the result of a number of issues ranging from capacity of institutions, agglomeration, and the type of investment opportunities among others.

The objective of the study is to determine the amount of money spent through the NDPG funding and the factors that influence the ability of the municipalities to better spend on catalytic projects.The revised NDPG is still at its infancy stage with only 55% of planning in the targeted nodes completed. The municipalities have managed to spend 67% (R1,5 billion) of the allocation between 2002-2017. The municipalities that managed to spend a large proportion of their grant allocation have attracted the investments. Factors which enabled these municipalities to spend their grant investments in the targeted places include the ability of the municipalities to institutionalise the programme, efficient procurement process, capacity to spend on catalytic projects; capacity to contract dedicated project managers; political and administrative stability.

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I am indebted to family, friends and colleagues who encouraged and also supported me in undertaking this study. I greatly appreciate the support that they have provided me during this process and the constructive inputs and enthusiasm provided through this report by colleagues and advisors. I feel privileged to have been supervised by Professor Alison Todes who provided advice and comments within impressive turnaround times.

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List of Acronyms

ABP	Area Based Planning
ARP	Alexandra Renewal Programme
BCM	Buffalo City Municipality
BRT	Bus Rapid Transit
CBD	Central Business District
CDE	Centre for Development and Enterprise
CG	Conditional Grant
CoCT	City of Cape Town
CoJ	City of Johannesburg
COO	Chief Operating Officer
CoT	City of Tshwane
DORA	Division of Revenue Act
DTI	The Department of Trade and Industry
EC	Eastern Cape
FDI	Foreign Direct Investment
GLA	Gross Lettable Area
GTAC	Government Technical Advisory Centre
GVA	Gross Value Added
HSDG	Human Settlement Development Grant
IDP	Integrated Development Plan
IDZ	Industrial Development Zones
INK	Inanda, Ntuzuma and KwaMashu
LED	Local Economic Development
MCM	Mogale City Local Municipality
MEC	Member of Provincial Executive
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
NDP	Neighbourhood Development Programme
NDPG	Neighbourhood Development Partnership Grant
NGP	New Growth Path

NMB	Nelson Mandela Bay
NT	National Treasury
HDA	Housing Development Agency
PARI	Public Affairs and Research Institute
PMU	Project Management Units
PRASA	Passenger Rail Agency of South Africa
RBA	Royal Bafokeng Administration
RLM	Rustenburg Local Municipality
RSA	Republic of South Africa
SA	South Africa
SARS	South African Revenue Service
SDI	Spatial Development Initiatives
SEZ	Special Economic Zones
SIPP	Special Integrated Presidential Projects
SOE	State Owned Entities
Stats SA	Statistics South Africa
TA	Technical Assistance
UNS	Urban Network Strategy
URP	Urban Renewal Programme
USA	United States of America
VAT	Value Added Tax

Glossary of Terms and Definitions

Budget	The amount of money allocated to the NDPG by National Treasury per municipality
Hub	Area within a boundary defined as the focus for planning in implementing the Neighbourhood Development Programme
Node	This refers to the urban hubs which have been identified and targeted to be developed as town centres within the township areas
Precinct	Area within the hub that can be planned independently
Primary node	The node at the scale of the entire urban area including the main primary transport linkages
Secondary node	The node at the scale of the township or a cluster of townships including the linkages to the primary Urban nodes and a number of lower order nodes
Urban Hubs	Urban nodes which seek to develop town centres within the township areas
Urban Network	A system of corridors and nodes which relates to public transport system in a specific area

1. Chapter One: Introduction and Background

1.1 Introduction

The South African government through the National Treasury introduced the Neighbourhood Development Partnership Grant (NDPG) as a policy instrument to change the spatial economic landscape of specific targeted townships. The main aim of the programme is to improve the quality of life in the townships targeted by the programme through funding, support and facilitating the planning and development of catalytic programme and projects (SACN, 2011). The South African government through the National Treasury has established this programme (NDPG) to target development in townships, which were in the main, economically marginalised and reserved for black people under apartheid. The revised NDPG also includes a focus on central business districts (CBDs) in the secondary cities whose economies are strongly linked to townships.

The programme has evolved since its inception. Thus, it has shifted from initiallly targeting 65 to focusing on 18 municipalities across the country (National Treasury, 2013). One of the key drivers to refocus the programme was the realisation that, working with a plethora of the municipalities and a large number of projects in multiple locations puts a strain on the resources that the National Treasury has allocated to manage the programme (Todes, 2013).

Essentially, the NDPG is a spatial targeting programme which aims to change the fortunes of the targeted neighbourhoods. Similar to a number of spatial targeting programmes and policies pursued by other countries, the success of this programme cannot be the same in different areas and nodes, or guaranteed in the long-run (Nel and Rogerson, 2014). This is because the success of spatial targeting policies depends on a number of factors; such as the capacity of institutions and the private sector to respond to opportunities, and the ability of government to invest in public sector infrastructure which is intended to act as a catalyst and an enabler for the opportunities that prevail in the local environment (Njokweni, 2011). According to Oranje (2010), one of the major limitations with respect to the inability of the government to realise the potential of targeted places is its focus on immediate issues instead of taking a long-term approach.

The revised approach which targeted 18 municipalities - 8 metropolitan municipalities and 10 secondary cities - is grounded in an urban network strategy (National Treasury, 2013). This is a

long-term approach (10-20 years) aiming to use planning principles to achieve defined objectives and tackle unjust spatial patterns, using the following approaches:

(1) strengthen strategic spatial planning capacity,
(2) better coordinate the use of planning and investment tools,
(3) integrate and leverage public transport, infrastructure, land and housing investments, and
(4) use spatial focus to target more public resources

(National Treasury, 2013)

It was expected that with the reconfiguration of the programme, there would be notable investments that would result in improved economic activities within the targeted areas. As Nel and Rogerson (2014) noted, key to the success of spatial targeting policy lies the ability of the government to conceptualise a comprehensive multifaceted spatial strategy, which will allow the targeted areas to gain from government intervention and support.

1.2 Neighbourhood Development Partnership Programme

In an attempt to improve the economic and social conditions of South African cities, the government has introduced the NDPG also referred to as Neighbourhood Development Programme. This programme was introduced in 2006 by the Ministry of Finance, also referred to as the National Treasury. It was introduced after the Urban Renewal Programme (URP) which is also aimed at the coordination of economic and social infrastructure investment in the targeted nodes (Everatt *et al*., 2006). Initially, NDPG targeted economic development initiatives only within the townships that are of catalytic nature across the country with each municipality presenting a case for their projects to be funded through the programme. In the first five years (2006-2010) of its inception, the programme was implemented in 65 municipalities. This programme evolved over the years and the number of targeted areas of implementation was downscaled from 65 to 18 municipalities. The essence of reducing the number of municipalities was informed by the recognition that a large number of the municipalities involved put a strain onto the Neighbourhood Development Partnership Unit (Todes and Turok, 2015). Essentially, the 18 municipalities are part of what is referred to as Urban Network Strategy (UNS). This is a clear approach targeting areas which the National Treasury has identified within the programme that demonstrate the likelihood of impacting on the higher proportion of the population.

There are a number of studies which have been conducted looking at the NDPG. These include Karuri-Sebina (2014) and Mseleni (2017) who have explored the regeneration elements of the programme in the townships. There are others who explored local economic development lessons learned, and economic benefits derived from the programme (NDPG) such as Ntombela (2016). Todes and Turok (2015) in looking at the role of place based policies in economic development have explored how the NDPG has been used in unlocking economic development in the targeted nodes. The achievement that Todes and Turok (2015) highlighted is the ability of the programme to ensure that attention is paid to the townships which have been neglected over the years. In citing Karuri-Sebina (2014), Todes and Turok highlights that the programme has managed to build skills and capacity in the field of township development. That is, it has mainly been effective in delivering infrastructure projects with little attention to social, economic and human development programmes. Moreover, Todes and Turok (2015)'s assessment of the programme was undertaken just as the NDPG was being revised.

No existing studies have explored the impact of the revised NDPG programme in driving investments in the targeted nodes. This study explores factors that make the municipalities spend their grant investments in the nodes, and to some extent the ability of the programme to attractpublic and private sector investments. In assessing the impact of NDPG in attracting investment, the researcher attempts to conduct the assessment through the lenses of place based policy theory to understand the factors that drive the investment in targeted paces.

1.3 Defining Place Based Policies

Place based policies can be defined as policy instruments used to "target geographic areas for some form of special treatment, be it tax subsidies, public investments, or special rules and regulations" (Kline and Moretti, 2014:2). Barca *et al*. (2012) citing Barca (2009) describe place-based policies as "the best way to tackle the persistent under-utilization of potential and reducing persistent social exclusion". This could be achieved by applying the two established broad criteria which are equity and efficiency (Kline and Moretti, 2014). In advancing the place based policy efficiency rationale Kline and Moretti (2014) project it as an attempt to address local market failures. They cite large investment in infrastructure that raised regional productivity in Tennesse Valley which ordinarily the private sector would not have been able to invest on their own. Neumark and Simpson (2015) provide an enlightening description of the role of place based policies as a mechanism for advancing equity by removing the spatial exclusion of the

people living in disadvantaged areas through increased economic activities and strengthening their labour markets.

Place based policies have traditionally been driven by the desire to enhance the economic performance of underperforming areas. This has evolved over time with the recognition of the complexity of development, the understanding that economic performance across regions is not uniform, and the acknowledgement that there are a myriad of factors that makes different places successful. This led to the evolution of place based policies to encompass physical, social, economic and environmental issues in the targeted places (Donaldson *et al.,* 2013). These include understanding the effect of availability and capacity of infrastructure, capacity of the local institutions, productivity, and size of the economy, amongst others. It is important to acknowledge that places require a policy mix to tackle constraints in order to ensure that their full potential is realised (Todes and Turok, 2017; Démurger *et al.,* 2012). As such, place based policies are used to increase economic activities as well as to remove the barriers of the targeted places (Neumark and Simpson, 2015).

1.4 South African Townships

'Townships' in the South African context refers to the settlements that have been established as dormitory towns at the outskirt of the main urban centres to provide pools of labour (Karuri-Sebina, 2014). These were mainly established in terms of legislation such as the Native Areas Act of 1923, Group Areas Act of 1950, Prevention of Illegal Squatting Act of 1951, Bantu Authorities Act of 1951, Black Homelands Citizenship Act of 1970 and Black Local Authorities Act of 1982 among others (World Bank, 2014; Jürgens *et al.,* 2013; and Binns and Nel, 1999). Racial segregation was imposed by law and separate residential areas known as 'townships' were created for black Africans, Coloureds and Indians, generally on the edge of cities (Todes and Turok, 2017). Thus, social and economic activities within the townships were not prioritised nor part of their spatial planning. Despite state initiatives to promote township shopping centres in the 1980s, their economies remained very weak, forcing workers to commute long distances at high cost (*Ibid*). Since the advent of the democratic dispensation in 1994, there have been a number of initiatives aimed at the spatial reconfiguration of township economies attempting to develop townships as places where people could live and work. It was recognised that overcoming spatial fragmentation would improve access to jobs and amenities, and increase the

functional efficiency of cities. The NDPG is a spatial policy instrument which is aimed at transforming the targeted townships in South Africa through creating economic opportunities that will lead to investment and livable neighbourhoods.

1.5 Rationale and problem statement

A key goal of the post-democratic South African government has been the transformation of disadvantaged areas such as the townships which were created by the apartheid government as dormitory towns. In an attempt to transform the townships the South Africa government has introduced a number of spatial targeting policies and programmes over the years such as Urban Renewal Programme (URP) and Neighbourhood Development Partnership Grant (NDPG) (Karuri-Sebina, 2014).

The South African government through National Treasury has since 2011 reconfigured the NDPG with the aim of increasing private sector investment in the targeted nodes. The revised NDPG has been allocated a substantial amount of money which is expected to improve the delivery of catalytic projects that lead to investments. It is expected that the amount of money spent through the NDPG should leverage public and private sector investment in the targeted places. The success and magnitude of the grant expenditure as well as other public and private sector investments in targeted places are unknown.

Due to the uniqueness of the areas which are targeted, the degree of the investment is likely to be different. However, it is acknowledged that the size of the investments to be realised is likely to be different in each area due to existing and undeveloped potential. There are other factors such as agglomeration, the capacity of coordinators, procurement capability, the capacity of the government to invest in catalytic projects, the appetite of the investors, and type of opportunities for investment among others. In recent years, the government has redirected the NDPG with the aim of increasing the economic activities in the selected targeted places. The programme is currently focusing on a few locations which are perceived to have the potential to lead to high impact.

It is expected that with the reconfiguration of the programme, there will be notable public and private sector investments, driven by the grant as an enabler in the targeted areas. The success and failures, as well as learning from the revised NDPG with respect to attracting investments,

have not been recorded. The grant expenditure achieved by the NDPG in the targeted nodes and the key driver for achieving such expenditure is unknown.

1.6 Aims

The main aim of the study is to understand and explaine the performance of the Neighbourhood Development Programme in the municipalities.

1.7 Objectives

The objective of the study is to determine the factors that influence the ability of the municipalities to better spend their NDPG grant allocation. And also to understand how their grant spend enable them to attract the public and private sector investments, in the targeted nodes.

1.8 Key questions

- How much has the revised Neighbourhood Development Programme spent on the various nodes since reconfiguration?
- How have the municipalities institutionalised the NDPG programme?
- How have municipalities performed in terms of grant expenditure, and further investment and development?
- Is there a difference in performance in terms of grant expenditure between metropolitan municipalities and secondary cities?
- What accounts for differences in performance in the targeted places?

1.9 Study Area

The figure below depicts spatial location and concentration of the municipalities that form part of the revised NDPG. As can be observed, a sizable number, six[1] of the eighteen are concentrated within Gauteng City Region[2].

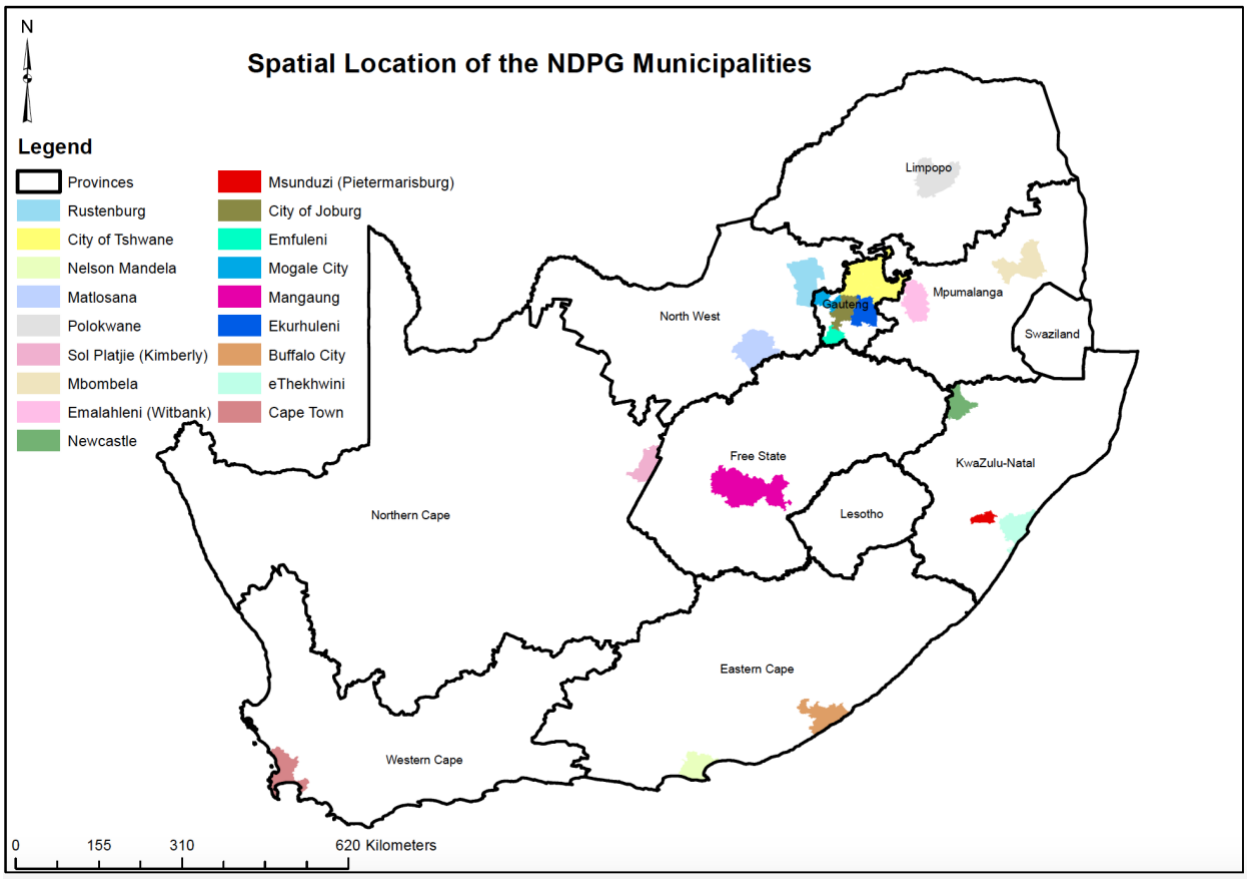


Figure 1: Spatial Location of the NDPG Municipalities
Source: National Treasury, 2013

[1] This include Rustenburg, Mogale City, Tshwane, Johannesburg, Ekurhuleni, and Emalahleni
[2] Gauteng City Region include all the municipalities in Gauteng Province, as well as Rustenburg and Emalahleni which are located in North West and Mpumalanga provinces respectively

1.10 Outline of the report

Chapter one provides an introduction to the research. It outlines the research topic by unpacking the main research question and sub-questions. Chapter two discusses the research methods and tools employed to conduct the research. Chapter three provides a brief understanding of NDPG. A historical background of the Neighbourhood Development Programme is discussed, including an outline of the structure of the programme, and the policies and pillars that underpin the programme. The approach that is undertaken in targeting municipalities and nodes as well as associated grant allocation mechanism is also presented in this chapter.

Chapter four provides the theoretical framework that underpins the study. This includes the success factors that influence local and regional development, which provides the lens through which to understand the ability of NDPG to attract investments in targeted municipalities. Building on this is a literature review of international and South Africa's place-based policies experience.

Chapter five analyses grant allocation, distribution and expenditure over a five-year period-(2002-2007 financial years) and also develops and presents the case studies. This chapter evaluates the amount of money that has been allocated to the programme, the amount apportioned to each municipality, per capita allocation and expenditure. Various areas are explored through case studies in this chapter, ranging from the historical role of the municipality in urban development, the structure of the municipal economy, the investments that have been attracted, the type of projects that have been implemented and capacity that exists in the municipalities to implement the programme.

Chapter six provide an in-depth analysis by discussing various themes that are emerging from the case studies and also blends them with quantitative data in the form of financial and population discussion presented in chapter five as well as with the literature.

Chapter seven presents the key findings, recommendations and conclusion of the study. Key lessons learned through the study are also drawn in this section.

2. Chapter Two: Research Methods

2.1 Introduction

This chapter outlines the research methods employed to conduct the study, by detailing the data collection and the analysis approach undertaken. This includes detailing the secondary and primary data collection methods and sources as well as the process which was followed in selecting the municipalities which form part of the case studies. In addition, it discusses the limitations of the study and its ethical considerations.

2.2 Research strategy

This study used various methods. The first element of the research provides a detailed literature review on the previous experience and work that has been done within the NDPG and related studies. Secondly NDPG financial information (allocation and expenditure) sourced from National Treasury is analysed to understand the trends. The analysis is conducted per municipality, and aggregated to reflect the national trends to project national performance of the programme. The financial information in the form of the grant expenditure is used in this case to understand how much has been spent over time and which municipalities have received the highest and lowest allocations. This approach is instrumental to understand the municipalities which are best performing (spending their grant allocation) and also those that are not performing. This approach has been undertaken mainly to develop sharper and insightful questions about the research (Yin, 2009).

The third element of the research strategy was to look at municipal cases. The municipal cases were identified through analysing financial information as highlighted above. The performance of the municipalities was a key determinant in selecting the municipalities. As outlined above, the best performing and worst performing municipalities was a key criterion in selecting the municipalities as case studies. The purpose of looking at case studies is to draw lessons so as to determine factors affecting performance in terms of grant expenditure. They were also useful in providing a comparison between the best performing and the worst performing municipalities in terms of grant expenditure. This includes understanding how the programme has been structured, the level of political support it has received, the management structure put in place,

and the coordination mechanism employed, among other elements. In addition, factors such as the population concentration, number of people employed, the size of the economy, the number of projects implemented, type of investments made by the programme in the municipality were also assessed to understand the impact of the programme.

The advantage of using a case study is mainly its ability to provide in-depth and investigative research that will draw a number of lessons (Biggam, 2008). It is with this in mind that the case study approach was conceived in order to draw on some of the important lessons to enrich the study. As such, interviews with National Treasury and municipal officials were conducted. This resulted in the identification of the municipalities which were selected as part of the pilot. Case studies of selected municipalities were developed, which outline the successful and 'not so successful municipalities' in the implementation of the programme within the metropolitan municipalities and secondary cities. Since the programme is focusing on metropolitan municipalities and secondary cities, the selection criteria followed this segmentation.

The revised NDPG is targeting few (18) municipalities, and based on the research strategy this study is only focusing on four municipalities. The essence of targeting four municipalities is informed by the fact that there are two types of the municipalities which the NDPG is targeting. That is metropolitan municipalities and secondary cities. Further analysis is undertaken within the latter two mentioned categories by picking the best performing and worst performing municipalities in terms of expenditure of allocated NDPG grants. The importance of selecting multiple municipalities is that they have replicated the same programme under different conditions.

The study is mainly focusing on understanding why and how the programme worked, in terms of grant expenditure, in the municipalities. As Yin (2009) highlighted, a case study will yield more results in a programme that aims to understand questions such as why and how has the programme worked.

2.3 Data Collection

2.3.1 Secondary data

Once the literature review was conducted, secondary data was collated from public documents such as the Division of Revenue Act (DORA) and budget expenditure reviews. The intention was to determine how much was allocated to the programme and municipalities. The DORA assisted with financial information, that is the amount in Rands that has been allocated and the programme budgeted for each municipality. The intention was to determine the allocation and expenditure trends per municipality in order to understand how the programme has spent and also how each municipality has performed with respect to spending their allocation.

In order to understand how much was spent by the programme in each municipality, section 71 reports of the Municipal Finance Management Act (MFMA) were utilised. The section 71 reports[3] published by the National Treasury were the main source of financial information, specifically the grant expenditure per municipality. The reports enabled an analysis of what has been spent by the municipalities in relation to the programme. In this case, the analysis provided is for all the municipalities that form part of the revised NDPG; this includes the 18 municipalities that are targeted for investments. The allocation and expenditure trends were analysed to show the trends for the programme as a whole and also municipal trends. This was important in informing the discussion with key informants (municipalities and National Treasury officials). Additional secondary information in the form of leverage reports was collected from the National Treasury NDP unit. This information mainly details the amount and type of investments that have been attracted by the municipalities in each targeted node.

2.3.2 Primary data

Primary data was sourced through interviews with the National Treasury and municipal officials. The targeted interviewees were confined to the municipal project coordinators[4] and National

[3] Section 71 of the MFMA requires the accounting officer to submit actual expenditure to the mayor and provincial treasury on a monthly basis

[4] The Project Coordinator is a municipal official assigned to manage NDPG in the municipality

Treasury project managers, identified through the process for selection of the case studies. That is the National Treasury and Municipal officials working or assigned to the programme in the sampled municipalities became interviewees. They were contacted and informed about the interviews. The interviews were scheduled well in advance and questions were shared with the targeted interviewees to allow them to prepare themselves for the interview. This also gave the researcher an opportunity to comprehend information emerging from the literature review and also financial information sourced about the programme.

2.4 Data analysis

2.4.1 Analysis of Financial Data

On receiving financial information, it was collated into a format that was easier to interpret and analyse. Tables and graphs were generated to present trends that would enable comparative analysis. A detailed analysis was conducted whereby trends were identified and this generated pointers for discussion with the National Treasury project managers and municipal project coordinators. In addition, it was through this exercise that the trends depicting the best performing municipalities and the worst performing municipalities within the metropolitan municipalities and secondary cities were identified. This was done in order to determine which municipalities should form part of the case studies to be sampled.

This enabled a two-fold approach, that is; it distinguished the municipalities that managed to secure large grant investment (expenditure) and also the municipalities that recorded lowest grant investment (expenditure) from the Neighbourhood Development Programme in the National Treasury. Different categories of the municipalities were selected. Of the eight metropolitan municipalities that form part of the programme, two were selected, while two municipalities were selected from the population of the ten secondary cities which form part of the NDPG.

2.4.2 Interviews

Two sets of questionnaires were generated to lead the discussion with the project managers and project coordinators at National Treasury and municipalities respectively. The questionnaires were developed to guide the interviews with these key informants. The intention was to ensure that the research comprehensively sourced institutional and tacit knowledge of targeted officials. As highlighted by Biggam (2008), it is important to apply a strategy that takes into account existing multiple realities that are time and context dependent. Interviews provide an opportunity to explore the current factors and also draw lessons from historical context.

It was important to ensure that the National Treasury and municipalities' roles were separated; thus the interviews were conducted separately with distinct sets of questions (Appendix A2 and Appendix A3). The intention was to create an opportunity for the National Treasury officials to share information that could be explored with the municipalities to probe significant pointers emerging from the interviews with the municipalities.

To that effect, the first set of interviews was conducted with the National Treasury officials. The rationale of this approach is that the National Treasury is the custodian of the programme and therefore comprehending the programme and the pillars that define the programme is of utmost importance. In addition, the interviews with National Treasury officials were also important to shape researcher understanding of the programme and how it is institutionalised. This was useful to frame and contextualise the programme in the interviews with the municipalities. Subsequent to the interviews with the National Treasury, interviews were also conducted with the municipal officials - mainly the project coordinators. The project coordinators' interviews were important in highlighting and grounding how the municipalities have institutionalised the programme. It was also a platform to collate information about the investments that have been achieved and to identify factors that contributed towards attracting the investments. Moreover, it was a space for discussion about the factors which influence the success of the programme.

The key respondents in this process were selected on the basis of their knowledge of the issues at hand. This was informed by their involvement in the programme. That is, only project managers and project coordinators involved in the programme were interviewed.

2.5 Case Studies

Once the financial data was analysed, the best and worst performing municipalities were identified using expenditure trends over a period of five years (2012-2017). The criteria for the selection of the municipalities that form part of the sample was on the basis of the municipalities which recorded the highest or lowest grant expenditure over this period. The essence of this was to do a comparative analysis of the best performing and the worst performing municipality in terms of expenditure to answer the research question. Within the latter two categories, a further detailed analysis was made between the metropolitan municipalities and secondary cities. Thus, the financial information was used to arrive at the best performing and the worst performing municipalities. The best performing category is where there is progress (most successful) with respect to the grant expenditure and the second category focused on where there is no progress (least successful) with respect to the grant expenditure in the metropolitan municipalities and secondary cities. This distinction is important to ensure that the study analyses various drivers of performance that are distinct in different types of municipalities in order to address the variations that exist.

Through this extreme case sampling approach, two municipalities were selected in each category for a total sample size of four. The total expenditure for the eighteen (18) municipalities was analysed out of ten (10) secondary cities and eight (8) metropolitan municipalities to arrive at four (4) municipalities which form the case studies.

City of Tshwane and Mogale City were the best performing municipalities within the metropolitan municipalities and secondary cities, respectively. Buffalo City and Rustenburg were the worst performing metropolitan municipalities and secondary cities, and were at the bottom in each category when analysing the expenditure.

The key drivers of success and failures of the programmes were investigated in the four case studies. As such, institutional related factors were explored through interviews with key informants, key among these include the experience of the officials in municipalities and the number of years they have been working on the programme, how has the programme been institutionalised and capacitated in the municipalities, and the programme staff turnover in the municipalities. In addition, the experience of the municipality in implementing a programme of this nature as well as the capacity of the project coordinator in implementing the programme

were probed. To enhance the analysis, factors such as the institutional memory in the municipalities and National Treasury were explored to understand the impact of skills retention or loss and the impact on the programme.

2.6 Limitations

Limitation of the study arises due to lack of interview participants within the private sector, and also the deeper workings of the municipalities in implementing and executing the programmes which could explore areas that can provide an in-depth understanding of the programme. Further, there are other factors that influence investment in targeted places other than the grant (NDPG). Key among this is that the research does not sufficiently take into account historical allocation as 2012/2013 was not the first year in which some of the targeted municipalities had NDPG funding invested. This should be understood precisely because the historical trends/longevity of relationship might have a material effect on the seeming performance post-2012. However, although there wasn't a formal analysis of the pre-2012 period, the fact that the programme was ongoing in some municipalities was considered in the research and analysis. In addition, this research does not deal fully with municipal own budgets, investments or expenditure into the targeted nodes. Nevertheless, the study did attempt to establish the development occurring in the nodes, including investment leveraged from grant expenditure.

Interviews with the municipalities and National Treasury were conducted to source information. The first interviews were conducted with Directors for precinct planning, implementation and precinct management as well as officials responsible for managing the reporting tool and financial management. This was followed by interviews with project managers responsible from sampled municipalities. Separate interviews were conducted with municipal officials. The targeted officials were NDPG project coordinators in the municipalities. The interviews were conducted between July and November 2017. The municipalities (officials) were not easily available: out of four municipalities that were identified as per research approach, it was only possible to conduct interviews with three municipal officials, representing the City of Tshwane, Rustenburg and Mogale City. Buffalo City officials could not be reached despite numerous emails and calls. It should be highlighted that it was extremely difficult to secure Rustenburg's response. After numerous emails and telephonic calls, the interviewee was not available for the scheduled telephonic interviews. As a measure of last resort, the researcher visited the

municipal offices without any appointment with the said official. It was during this visit that the interviewee allowed the researcher to conduct the interview. In order to address the information gap in Buffalo City, the National Treasury official who is the project manager responsible for the respective municipality was interviewed. It should be highlighted that the officials were quite useful given their understanding of the issues on hand. Most importantly, as it has emerged during the interviews with a number of project managers situated in Neighbourhood Development Programme Unit at National Treasury, their experience in working with the allocated municipalities and also on the programme was solid and in all instances surpasses that of municipal officials. This is mainly due to hihg attrition rate with the municipal's officials responsible for NDPG being new in most instances as compared to the National Treasury officials. In total nine people were interviewed: six National Treasury officials and three municipal officials.

The municipalities have contracted various external consultants, mostly consulting firms, to assist in the execution of the programme. These firms are commissioned for a period of at least three years. The consulting firms are mainly supporting the municipalities with the overall programme management, and the key activities they undertake include planning, implementation and precinct management of the programme. In conducting this research, the researcher did not manage to speak to any of the consulting firms which were involved in the implementation of the programme in the sampled municipalities. This is due to the fact that the consulting firms were not part of the research design. As such this knowledge and understanding of the programme which resides with the consultant could not be harnessed.

The above limitations were exacerbated by the lack of continuity of the programme, between the Municipalities and the consulting firms, as the contracts were discontinued at the end of their three years cycle. Therefore, the institutional memory which has been lost in some projects may lead to the research lacking some lessons. This challenge was circumvented to some degree by the interviews with National Treasury officials, who have a rich institutional memory about the programme. National Treasury is the institution which is responsible for programme design and is the custodian of the programme, and project managers there have stayed long enough to learn and understand the challenges facing the programme in the municipalities.

2.7 Ethical considerations

Prior to the commencement of the research, an application was made to University of Witwatersrand ethics committee. The application was accompanied by guided questions design for the interviewees. The university approved the ethics on condition that the letter from the National Treasury was sought to indicate their approval for the study, and also their willingness to provide all the necessary information that would be required. Approved ethics clearance and a letter from the National Treasury indicating their consent to share information to enhance this study is attached in **Appendix A4 and Appendix A5**.

In conducting the interviewees, consent was sought from the interviewees. The participation information sheet (PIS), attached in **Appendix A6**, which explains in detail the purpose of the interview was presented to the interviewee. The essence of this approach was to secure consent by ensuring that the respondent does not suffer discomfort, embarrassment or loss of privacy (Cooper and Schindler, 2006). Polonski (2004) highlights the importance of informed consent as part of the instrument that assists the researcher to be clear to the targeted interviewees what the project is all about, how and why the participants were chosen. As such prior to conducting the interview, a hard copy of the PIS was shared with the researcher explaining all the details in line with the copy handed to the interviewee. Once the interviewee managed to read the PIS, they signed a consent form. This process enabled the interviewees to avoid difficulty or discomfort of participating in the research.

2.8 Conclusion

The research strategy employed for this study is a combination of secondary data analysis and case studies. The secondary data analysis was used to understand how the money for the programme has been spent in the targeted places. As highlighted by Biggam (2008) qualitative data is important to address the how question. For this research, secondary data was also important in deciding on the sample of the municipalities where the case studies were undertaken.

Face to face interviewing of the municipal and National Treasury officials was used as the primary source of data for the study. It is through this process where rich information was collated to inform and build case studies. The questionnaire was shared in advance with the

respondents to ensure that the discussion was informative. This chapter also outlines the overall limitation of the study which should help the reader in contextualising the outcome of the study.

3. Chapter Three: Understanding the NDPG

3.1 Introduction

This section provides background about the NDPG. It shares the details about when and how the programme was conceived and also highlights how it has evolved over the years, including its reconfiguration from being narrowly focusing on urban renewal towards focusing on catalytic projects to unlock economic development in targeted places. A description of how the programme is conceptualised towards the delivery of the programme and the strategy employed to execute the programme is described in detail in this chapter. In addition, the type and structure of the grant to fund the programme and associated projects are provided. The approach of the programme in implementing the programme in the targeted places is presented. And it concludes by presenting the targeted municipalities and the status of the targeted places in the municipalities.

3.2 Background

The NDPG was introduced by the South African Ministry of Finance in 2006 in order to stimulate investment in the townships (National Treasury, 2007). The programme follows various attempts by the government to address lack of township investment through the implementation of programmes such as Special Integrated Presidential Projects (SIPP) and Urban Renewal Programme (URP) (Karuri-Sebina, 2014). During its inception, the National Treasury (2007:3) described the primary focus of the NDPG as “to stimulate and accelerate investment in poor, underserved residential neighbourhoods for municipal projects that have either a distinct private sector element or an intention to achieve this”.

The grant targets areas that have a high population concentration and that are faced with the challenge of social and economic infrastructure (National Treasury, 2007). Essentially, the grant is attempting to address socio-economic as well as the planning and investment challenges that are bedevilling the areas with high population concentration. In addition, the key socio-economic challenges that the grant is attempting to address include the high level of unemployment, poorly performing residential property market, limited income retention, undiversified and

marginal local economies and limited private sector investment among others (National Treasury, 2007).

The planning and investment challenge that the grant aim to address since its inception include the absence of township nodal plans and limited municipal capacity to develop integrated plans (National Treasury, 2007). In addition, the grant is also attempting to address key challenges such as limited funding for capital works for public facilities and places, low level of private sector investment as well as a limited municipal capacity to assemble and align multiple funding sources (National Treasury, 2007).

In essence, the programme aims to mobilise private sector investments into the targeted nodes through using the grant as a 'sweetener'. This is aimed to be achieved through coordination and mobilisation of multiple source of public sector funding (National Treasury, 2007).

3.3 Urban Network Approach

Figure 2 provides a schematic representation of the approach of the revised NDPG. The programme is being implemented through what is referred to as urban network strategy (UNS). This approach put emphasis on the connectivity of urban networks, through connecting the central business district (CBD), primary nodes and secondary nodes as demonstrated in Figure 2 below.

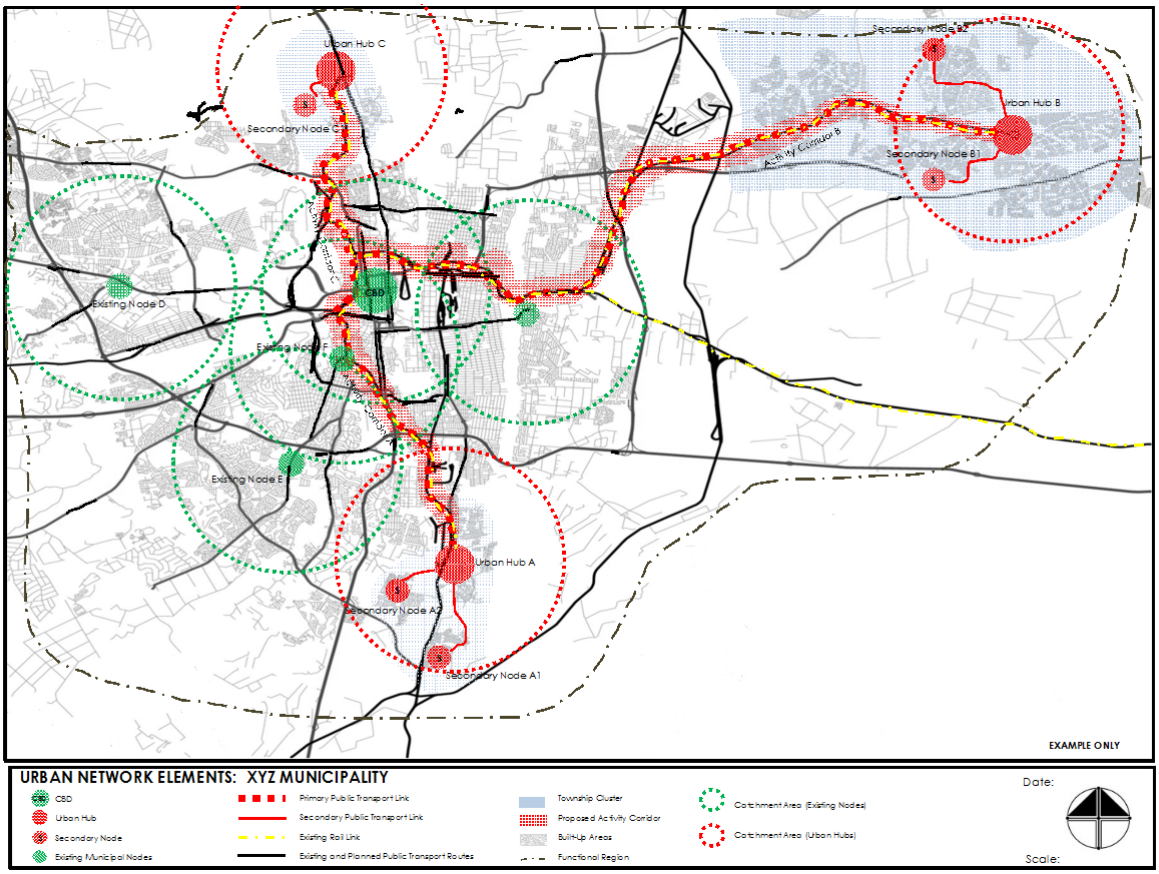


Figure 2: Urban Network Elements
Source: National Treasury

According to the National Treasury (2013), the primary aim of the programme is to lend support to municipalities through various planning processes. The first step is the identification of the urban networks and their hierarchy. This is followed by the prioritisation of the identified hubs (nodes) within the urban network as well as the detailed design of the hub. The design of specific nodes and identification of catalytic projects that support the urban core, corridors and secondary nodes are designed and also supported with detailed project planning.

As can be observed from Figure 3, there are three important components that define this process: precinct planning, implementation and precinct management. Precinct planning focuses on the process of identifying and undergoing all the necessary planning processes for the identification of the hub within the municipality. Precinct management puts emphasis on ensuring that planning that has been undertaken comes to fruition through providing a structured approach for the implementation of the programme. Critical to this process is the stakeholder management which will ensure that a coordinated approach is undertaken in

implementing the programme. The implementation stage includes providing funding mechanisms to projects that facilitate public and private sector interventions. The initial step in funding is through the capital grant provided by the programme. In this stage, a number of enabling infrastructure projects that have been identified in the planning stage are prioritized and funded. That is the pipeline of projects that provide a sweetener for private sector investment is created.

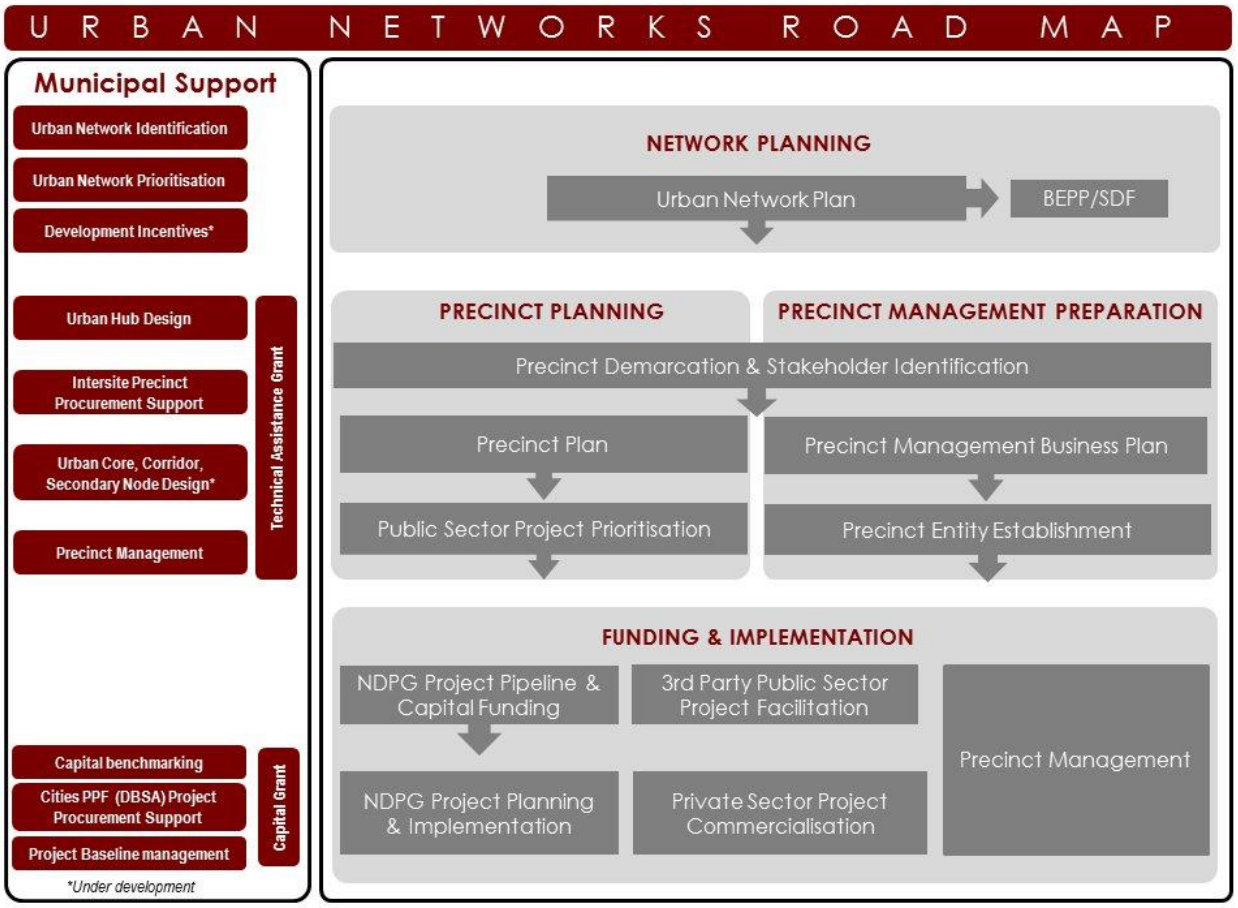


Figure 3: Neighbourhood Development Partnership Urban Networks Road Map
Source: National Treasury

3.4 Targeted approach

The grant has evolved over the years with the introduction of a new approach which was effected in the 2012/2013 financial year. The new approach put emphasis on spatial and socio-economic factors as critical for the successful implementation of the programme. However, of importance is that this approach uses three scales in the selection of the hub (township and

node) that will be targeted for investment, these include the national, regional and local scale (National Treasury, 2013).

Accordingly, the first level is to target the areas that will have a much higher impact to the national economy, with a potential to impact on a larger proportion of people and also where the economies of scale could be optimised (National Treasury, 2013). The second level is the areas where the programme could have an impact on the regional scale (*Ibid*). This approach mainly takes into consideration the existing township or cluster of townships and demarcates them as a catchment. Thus, as a cluster of townships, it becomes possible to connect to a wider population and ultimately have a higher impact. The third and last level is the focus on the existing concentration of social and economic activities at the local level; this includes strengthening the linkage for the primary and secondary urban network (*Ibid*).

In order to render this approach effective using the levels described above, the National Treasury in its process of identification of the hub has further classified and sequenced the prioritisation of these areas of investment. Thus, the targeted townships were categorised into three- as summarised below:

Table 1: Phases, categories and characteristics for the implementation of the NDPG in targeted areas

Phase	Category	Key Characteristics and jurisdiction
Round 1	Major city regions	Primarily Ekurhuleni, City of Cape Town, City of Joburg, City of Tshwane and eThekwini
Round 2	High intensity urban areas	Metropolitan municipalities not listed above and also high intensive areas surrounding the cities
Round 3	Secondary cities	Main urban areas of provincial significant not listed above such as Polokwane, Mbombela, Sol Plaatje

Source: National Treasury, 2013

The above criteria automatically exclude rural and small municipalities as part of the programme. The rationale for such exclusion is that a large proportion of the rural population still migrates to the cities in pursuit of better economic prospects (SACN, 2011; Kok and Collinson, 2006). And therefore, investing in urban areas is crucial for ensuring that government invests in places which will impact on the larger proportion of people now and into the future.

Essentially, the expansion of the cities play an important roles in creating economic opportunities that could respond to the national challenge to reduce poverty, inequality and unemployment. The focus on the townships also assists in transforming the dormitory towns which were created by apartheid legislation into more viable economic nodes. The importance of this approach is its emphasis on broader goals of ameliorating economic deprivation rather than on the effect thereof such as poverty and social dispossession (Todes and Turok, 2017).

3.5 Structure of the programme

Within the Neighbourhood Development Partnership (NDP) unit the programme is divided into three pillars: (1) planning, (2) implementation and (3) precinct management. Planning is responsible for ensuring that all the precinct plans in the municipalities are developed in line with the Urban Network Strategy (UNS). Implementation is concerned with ensuring that catalytic programmes and projects which have been identified in the precinct planning phase are executed towards achieving the objective of the programme in the municipalities. Precinct management is responsible for stakeholder management to ensure that all the investments which have been made during the implementation of the programme are secured through strong stakeholder participation and ownership of the programme and projects that have been implemented.

There are different teams for the execution of the programme in line with the pillars. The nature of the division of the teams is structured in such a way that the official who is involved in precinct planning in one municipality may be involved in a different position, for example, implementation, in another municipality. This form of approach has allowed the Neighbourhood Development Partnership (NDP) unit to increase the capacity of the officials through learning the entire programme. Most importantly, sharing the duties in this fashion will, in the long-run, assist the unit with the ability to retain some form of institutional memory in a case where one official resign from the programme. Moreover, this approach is important to ensure that the possible failure that may arise by placing one official responsible for the programme in a municipality are contained.

3.6 NDPG Hubs

Of the 18 municipalities that are part of the revised NDPG, there are 29 nodes - also referred to as urban hubs. The urban hubs are precincts which are determined and identified through the urban network strategy (UNS). These are mainly 800m radius precincts with a strong emphasis on walkability within the precincts. As can be observed in table 2 these urban hubs are a combination of townships and established central business districts (CBDs). The inclusion of the CBDs has mainly been informed by a methodological approach which the revised programme has inculcated which put an emphasis of impacting on wider areas of population. Thus, in areas which improving the CBDs will have a higher impact, such CBDs are included while the townships become secondary nodes targeted for investment. In the secondary cities such as Mogale City, eMalahleni and Sol Plaatje, their CBDs which include Krugersdorp, Witbank and Kimberly respectively have been selected as part of the urban hubs which are targeted for development. The CBDs in these secondary cities have been targeted mainly because they are connected to the township and have a wider impact on the overall population. That is targeting the CBDs will have a major impact on economic development initiatives that will affect a large proportion of the population. In metropolitan municipalities such as City of Tshwane (CoT), City of Johannesburg (CoJ) and City of Cape Town (CoCT), townships have been selected as part of the urban hubs. Despite a number of CBDs being part of the programme, the townships are still dominant: of the 29 targeted urban hubs, 25 (86%) are townships, while 4 (14%) are established CBDs.

The three pillars precinct planning, implementation and management are at different stages in the 29 urban hubs. The precinct planning has been completed in 16 (55%) of targeted hubs, implementation[5] is in progress in 25 (86%), and precinct management is to be implemented in future in 23 (79%) urban hubs. The latter is an indication that most of the precincts are still at the infancy stage of implementation and detail precinct management will only take place once a number of processes with respect to the planning and implementation stage have been completed.

As could be observed Tshwane, eThekweni and Ekurhuleni are the only metropolitan municipalities with a fair share of urban hubs. It is quite concerning that the City of

[5] It should be noted that in some instances quick win projects are identified and implemented whilst the precinct planning is in process

Johannesburg (CoJ) as the economic hub of South Africa has only one hub (Jabulani) at the implementation stage. Within CoJ, Diepsloot has only been identified as a future hub.

Table 2 below shows stages of urban hubs planning, implementation and precinct management

Table 2: NDPG Urban Hubs and their status of implementation

Municipality	Urban Hub	PLANNING	IMPLEMENTATION	PRECINCT MANAGEMENT
Buffalo City	Mdantsane CBD	Complete	In progress	In progress
City of Cape Town	Phillipi Hub	Future	Future	Engaging Muni
City of Johannesburg	Jabulani Hub	Future	In progress	In progress
	Diepsloot	Future	Future	Future
City of Matlosana	Jouberton/ Alabama Hub	Complete	In progress	Future
City of Polokwane	Seshego Circle Hub	Complete	In progress	Future
City of Tshwane	Solomon Mahlangu	Complete	In progress	Future
	Ga-Rankuwa Hub	Future	In progress	Future
	Hammanskraal	In progress	In progress	Future
	Saulsville/Atteridgeville Hub	Complete	In progress	Future
	Soshanguve/ Mabopane CBD	Complete	In progress	Future
Ekurhuleni	Daveyton Hub	In progress	In progress	Future
	Kwesini Hub	Future	Future	Future
	Tembisa Civic Centre	Complete	In progress	Engaging Muni
	Tsakane Hub	Future	In progress	Future
	Vosloorus Hub	In progress	In progress	Future
Emalahleni	eMalahleni CBD	Complete	In progress	Future
Emfuleni	Sebokeng Hub	Complete	In progress	Future
Ethekwini	Bridge City/ KTC	In progress	In progress	Boundary to be confirmed
	Mpumalanga Town Centre	Complete	In progress	Future
	Umlazi Reunion	Complete	In progress	Future
Mangaung	Waaihoek Hub	Complete	In progress	Future
Mbombela	Tekwane Hub	Complete	In progress	Future
Mogale City	Krugersdorp CBD	Complete	In progress	Future
Msunduzi	Edendale Town Centre	Complete	In progress	Engaging Muni
Nelson Mandela Bay	Njoli Hub	In progress	In progress	Future
Newcastle	JBC Node	In progress	In progress	Future
Rustenburg	Rustenburg CBD	In progress	Future	Future
Sol Plaatje	Kimberley CBD	Complete	In progress	Future

Source: National Treasury, 2017

3.7 Funding Mechanism

The NDPG is part of a municipal grant allocation apportioned in terms of the Division of Revenue Act (DORA). It has two types of grants, that is technical assistance (TA) and conditional grant (CG) (National Treasury, 2007). The former is used to assist the municipalities with planning in the targeted nodes while the latter is used for infrastructure investments. According to Government Technical Advisory Centre (GTAC), critical to the TA is the creation of the financial resources facility in the form of municipal project preparatory fund. This fund is aimed at enabling the municipalities to conduct detail planning (soft projects) as well as provide the implementation support that is necessary for continuous sustenance during the implementation. The conditional grant (CG) is purely focusing on the implementation of infrastructure projects in the townships and nodes. The main reason for investment in infrastructure projects is to create an enabling environment for the cross sectoral investment (public and private). The two grant investments create an enabling environment for investment which creates interest and attracts even more public and private sector investments.

3.8 Grant Allocation

The precinct plan is an important instrument that determines the overall budget for the projects in the municipalities. It is through the precinct plan that the municipality identifies and costs the projects to determine the overall budget for the programme. In addition, the allocation is informed by the DORA, which uses past performance for the allocation of the grant to the municipalities for each financial year (Garzarelli and Keeton, 2017). Municipalities that have performed well (have managed to spend grant allocation) in a financial year, are given more money the following financial year.

3.9 Conclusion

The NDPG has evolved from targeting any area within a township to stimulating investments across the country to a more focused approach of promoting growth and investment in selected municipalities. In executing this approach the National Treasury has implemented a revised strategy which is called the Urban Network Strategy (UNS) which place emphasis on the areas

which have high population concentration. The targeted municipalities make almost half of the South African population. The areas are mainly major city regions, high intensity urban areas and secondary cities.

The programme is funded through a dedicated grant allocated through the Division of Revenue Act. Through this grant, the municipalities are able to fund catalytic planning and infrastructure investments in the targeted places.

4. Chapter Four: Understanding Role of Place Based Policies in Driving Investments

4.1 Introduction

This section discusses the literature that forms the basis for this study. The literature on place based policy is explored to understand its impact on enabling targeted places to succeed. The rationale for exploring the place based policies is informed by an understanding that such polices by their design address vast fields ranging from urban regeneration and renewal, local economic development and area-based planning which all form integral part of the NDPG. This approach is also informed by the fact that the NDPG also explores the development of specific targeted places with the aim of addressing both economic and social elements. In citing Smith (1999) on place based polices, Donaldson *et al., (*2013) note that such policies embrace a range of social, economic and physical development objectives, cutting across the functional responsibilities of government. Therefore, using a place based policy approach in this study enables the researcher to explore all elements such as social, economic and physical dimensions that inform the NDPG. This also provides rich literature of key factors that influence how places develop and more specifically attract investments.

4.2 Contextual Background

There are economic inequalities of various sorts across regions (Batabyal and Nijkamp, 2014). Some places may have the same economic advantages including the endowment of natural resources, but not have the same prosperity. Such differences are as a result of a myriad of issues, key amongst them, include the ability of local institutions to respond to opportunities, availability of infrastructure, transportation, technology, and the existence of skilled human capabilities among others (Munnell, 1992; Rodrik, 2008; Démurger *et al*., 2012; Turok and Todes, 2015). Thus, the ability of local institutions to drive success plays an important role in developing spatial targeting policies that are responsive to the local environment. Equally important, as highlighted by Todes (2013), effective spatial targeting policies depend on the ability to identify specific areas which have prospects of success.

Spatial targeting policies could play a pivotal role in helping to realise the potential of underperforming places (Turok and Todes, 2015). This is precisely because some places have

potential but such potential might only be realized when the government puts in place appropriate spatial targeting policies, or programmes to take advantage of the local opportunities. This is in recognition of the fact that different localities have different development challenges and therefore incentivising tailor-made actions that respond to opportunities and challenges relevant to the locality is crucial (PWC, 2016). As Todes (2013) noted, the aim of such policies is not to force balanced growth, but rather to enhance competitiveness of a place through addressing some of the spatial inefficiencies which are undermining the productivity in those places. This point has further been highlighted by Glaeser and Gottlieb (2008) indicating that, it is important to ensure that in implementing the place based policies, emphasis is placed on efficiencies rather than on equity of places. Barca *et al.,* (2012) put it more succinctly by stating that the focus should mainly be on efficiency and social inclusion rather than emphasis on territorial convergence.

The success of spatial economic interventions in some places has been pioneered by governments over the world, to set in motion a spatial transformation agenda to address disparities particularly with respect to economic performance (McGranahan *et al*., 2014). This has been done with the spirit of addressing poverty and inequality facing their citizens. According to McAleavey (1995) the principle underlying such government efforts of implementing the space based policies is mainly to ameliorate the spatial economic disparities through influencing geographical distribution of economic activities.

The public sector through the provision of infrastructure or public goods such as roads, rail, utilities and ports create an enabling environment for private sector investments (Bergman, 2006). Therefore, the non-existence of this infrastructure undermines the competitive advantage of such places, and also the ability of those places to compete within the broader national or regional context (Démurger *et al*., 2012). In addition, there are other factors such as the availability of skills and agglomeration to mention but a few which play important roles in determining the prosperity of places (Cohen and Paul, 2005).

4.3 Approaches to Promote Economic Development in Particular Places

4.3.1 Introduction

Spatial targeting policies could be categorised into two segments, that is, policies focusing on regeneration such as urban renewal which ranges from housing to public safety, and policies focusing on economic development such as local and regional development initiatives. This section will pay attention to local economic development (LED) precisely because the study is focusing on initiatives which are more locally focused in their approach. Although brief, this discussion assists in drawing out important lessons on how place based policies are used to attract investments. This discussion is followed by a consideration of some of the lessons from the experience of urban renewal policies.

4.3.2 Local Economic Development

As defined by Swinburn (2006:1), LED is a "process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and sustainable employment generation".

The setting of development agenda within the development local government is a process that requires the active participation of all spheres of government to set their goals as meaningful participants within the development arena (Patterson, 2008). Key in setting the development agenda at the municipal level is the ability to craft LED plans which are responsive to the needs of the local communities (Rogerson and Rogerson, 2010).

Of importance to LED is creating strategic partnerships and linkages among different stakeholders and role players in the development space (Patterson, 2008). In this context, the ability to bring both public and private sector institutions to participate meaningfully within the development agenda is critical (McEwan, 2003). In so doing the private sector will invest in the local economy which will assist in arresting capital flight, economic dislocation as well as de-industrialisation (Binns and Nel, 1999).

As such, municipalities can play important and meaningful roles in ensuring that the business

sector is better able to participate actively in investing within the local economy. This is highly dependent on the capacity of the municipalities to respond as an enabler in creating meaningful economic opportunities through applying scientific knowledge (Binza, 2010). In South Africa, the popular notion is that development has to be government led in terms of the policy setting agenda, private sector driven in terms of resourcing and support and community based in terms of buy in and beneficiation (Rogerson, 2009)**.** Another important dimension is human capital as skilled and knowledgeable people, as well as, creative personnel which are key in creating such an environment.

4.3.3 Urban Renewal

Urban renewal has been undertaken differently by countries and regions across the world. Common descriptions include urban regeneration, urban redevelopment and urban rehabilitation which are used interchangeably and also with similar meanings (Zheng *et al*, 2014). According to Karuri-Sebina (2014:48), urban regeneration, renewal or reconstruction could be defined as "formative, restorative or cosmetic urban programmes mainly in response to urban decay, destruction, crisis or potential". Urban Renewal is also defined as regeneration initiatives in specific areas such as inner city, informal settlements and exclusionary areas[6] which could be by design or decline (DPLG, 2006). Mseleni (2017) citing Cameron (2004), highlights that governments are responsible for developing renewal strategies for poor and underserved areas to stimulate growth and development. Such strategies include the development of social, economic, and environmental initiatives that aim to reduce the deprivation of the specific targeted area and populace.

Furthermore, urban renewal aims to solve a number of problems such as urban deterioration and social exclusion in the targeted places (Zheng *et al.,* 2014). It is also regarded as an approach to improve the land value in the targeted nodes through a number of social and economic interventions, such as improving the urban decay, enhancing social networks, and the inclusion of vulnerable groups among others (*Ibid*). Urban renewal mainly focuses on physical, social and economic initiatives such as improving housing conditions and urban forms and creating employment opportunities for the populace who are residing in these targeted places (Mehdipanah *et al.,* 2013).

[6] This mainly include South African townships which have been created by apartheid government

Urban renewal is mainly the function of the municipalities, however, in many countries, it is funded through national government programmes and in some instances through special agencies (Nelissen, 1990). Municipalities have the leverage of dealing with urban renewal because they typically are at the coalface of service delivery. According to Nelissen, (1990) municipalities have a large arsenal of means to deal with urban renewal including informing, stimulating, researching; developing land use plans, land policies and acquisition policies; maintaining, improving, clearing and reconstructing; residential allocation, and social and community development services. In evaluating urban renewal in western Europe Nelissen (1990:339) posits that, “it is effective when accompanied by the national government financing”.

Another interesting experience of urban renewal programmes could be drawn from Germany. Its main focus was primarily looking at the revitalisation of building conditions within the targeted areas. (Ahlfeldt *et al*., 2016). After World War II, many buildings have degenerated in the eastern parts of Germany. In an attempt to revitalise distressed towns, the German Government introduced the *First Berlin Renewal Programme* in 1992 (Holm and Kuhn, 2011 and Ahlfeldt *et al.,* 2016). The programme was targeting thirty-nine areas of urban decline and deprivation (Ahlfeldt *et al.,* 2016).

The programme increased the economic activities specifically with regard to increase renovation work and also maintain the condition of buildings in the targeted areas (Ahlfeldt *et al*., 2016). Most importantly the programme reduced the number of buildings that are in poor conditions (Ahlfeldt, 2010). In addition, the programme increased the new building stock (Ahlfeldt *et al*., 2016). These improvements have also been accompanied by an increase in property prices which have grown by a margin of 2% per year (Ahlfeldt *et al*., 2016). Despite this policy displaying evidence of positive effect on the built environment, it has not recorded any evidence as an instrument for welfare enhancing to the populace (*Ibid*). A similar observation has been made in the United Kingdom, as noted by Turok (1992) the property driven economic regeneration does not necessarily have the desired social impact.

4.4 Place-based policies in South Africa

4.4.1 Introduction

This section provides a descriptive analysis of the various forms of place based policies and how they have fared in relation to their intended objectives in South Africa. In an attempt to drive economic development, reduce poverty, unemployment and redress underdevelopment, the South African government has since 1994 developed a number of spatial targeting economic development policies and programmes. These include the regional policies such as the spatial development initiative, industrial development zone, and special economic zone, as well as local area based policies which include special integrated presidential projects, urban renewal programme, and neighbourhood development programme. A discussion of the policies and programme which have been implemented by the South African government are explored to draw some important lessons which could be used to gauge and reflect on the causes of success and failure as well as areas of improvement in implementing the NDPG.

4.4.2 Spatial Development Initiatives (SDI)

The SDIs were conceived in 1995 as a regional economic integration programme which spans across different countries and within different provinces (Rogerson, 2000). According to Jourdan (1998), the SDI policy was established as an economic development initiative targeting programme particularly those areas with the greatest potential for growth. There were eleven SDIs: Maputo Development Corridor, Phalaborwa, Platinum, West Coast Investment Initiative, Fish River, Wild Coast, Richards Bay, Kwazulu-Natal, Lubombo, Gariep, and Coast to Coast (Rogerson, 2002).

The SDIs were used to identify strategic investment in the targeted areas which will strengthen the existing clusters and new areas of potential in the economy (Jourdan, 1998). To promote the investments in the targeted SDI, international investments were held which were specifically profiling the investments in the targeted location (Jourdan, 1998 and Rogerson, 2002). A close cooperation was forged between the SDI project teams, national investment agency as well as foreign trade offices to promote the SDI to the potential investors (Jourdan, 1998).

According to Jourdan (1998), the SDI coordination was driven from the political and technical level. At the political level, the government established a committee composed of the ministers whose work impacts directly on the investment environment. In addition, each SDI had two political principals, that is, at central government level it had a minister, and at provincial level, it was assigned to Member of the provincial executive (MEC) (*Ibid).* At the technical level, a coordination committee was established composed of SDI project managers and senior government and parastatal officials to develop strategies that fast-track project implementation (Jourdan, 1998:5).

Despite all these initiatives to institutionalise the programme within different spheres of government, coordination remain a challenge. For example, in the Wild Coast SDI, the programme faced the challenge of communication due to the poor message and channel of communication. (Kepe, 2001). There was no clear strategy on how the programme would be implemented and the people that were assigned to work on the SDI did not have information about the benefits that their sponsor and other stakeholders would bring to address the development challenges and opportunities in the Wild Coast (Kepe, 2001). In a case where the programme has sourced the expertise of the external consultant to communicate on the programme, lack of knowledge on local social dynamics was a hindrance (*Ibid*). This was mainly due to the consultant being an outsider, leading to poor communication and packaging of the message (*Ibid*). This led to tension between local government officials and traditional authorities in areas such as Port St Johns and Mkambathi (Kepe, 2001).

4.4.3 Industrial Development Zones

The South African government initiated the Industrial Development Zones (IDZ) with the aim of facilitating investments, creating jobs and boosting exports (Tang, 2008). The first four IDZs which were created during the inception of the IDZ policy included Coega, OR Tambo, East London, and Richards Bay IDZs (Nel and Rogerson, 2013). This was followed by the establishment of two additional IDZs, Saldanha Bay and Dube Trade Port. The IDZ policy has been replaced with the Special Economic Zone (SEZ) after the enactment of the SEZ Act in 2014.

Coega was the first IDZ established in 1996 prior to the establishment of the IDZ policy in 2001 (Tang, 2008). Since the IDZ's inception and also the enactment of IDZ policy in 2001, not all the

zones have been fully developed, even those that have managed to kick-start such as East London IDZ attracted a modest flow of investments (Nel and Rogerson, 2013). They have also performed dismally in meeting their intended objectives (DTI, 2012). Their shortcomings could be attributed to the merits and rationale for selecting the location thereof. A typical example is a location of Port Elizabeth IDZ and Coega IDZ which have been located in close proximity to each other with both targeting the same industry (Tang, 2008).

There are a number of institutional challenges that resulted in the failure, key among these are, lack of coordinated planning, insufficient guidance on governance arrangements, dependence on government funding, lack of targeted investment promotion measures, insufficient marketing and inadequate coordination across government agencies (DTI, 2012). Apart from this limitation, the incentives provided by the IDZ were also limited to value added tax (VAT) and custom incentives (SARS, 2016). As Nel and Rogerson (2013) noted, SA did not offer any unique proposition. This weakened competitiveness of South Africa's IDZ model as compared to their counterparts in other parts of the world which offer additional incentives such as relaxation of labour laws (Martinek, 2014).

4.4.4 Special Economic Zones

The SEZs are specially demarcated areas in which aspects of business differs from the norm prevailing in treating and interacting with the business in the country for specific targeted economic activities (Nel and Rogerson, 2013; CDE, 2012). The SEZ Act was enacted in 2014 with the aim of repositioning South Africa and integrating it into the world economy (DTI, 2012). This policy builds on the New Growth Path (NGP) and Industrial Policy Action Plans as well as the country's experience in the implementation of the IDZ to assist in job creation and manufacturing of exports (Nel and Rogerson, 2013).

According to section 39 (3) of the SEZ Act 16 of 2014, the existing IDZs which are in force on the enactment of the SEZ Act is regarded as SEZ zones. As a result, the existing six IDZ (Coega, OR Tambo, East London, Richards Bay, Saldanha Bay and Dube Trade Port) have become SEZs on the enactment of the SEZ Act. In addition, Maluti-A-Phofung SEZ located in the Free State Province has been designated as a SEZ. It is expected that three additional SEZs will be established, viz; Atlantis, Musina and Bojanala SEZs which will be located in

Western Cape, Limpopo and North-West Province respectively (DTI, 2016). Essentially, in the immediate future there would be a total of ten (10) SEZ spread across the nine (9) provinces.

The SEZ's main focus is to attract foreign direct investments (FDI) as well as to increase the export value of commodities (DTI, 2012). The policy is fairly new and its impact on the South African economy as well as its overall intended objectives could only be assessed once the implementation takes place. Most of the incentives have just been formalised in 2016 with the South African Revenue Services (SARS) codifying and effecting the implementation thereof. The key incentives are the reduction of the corporate income tax to 15%, employee tax incentives encouraging the companies to employ people between the age of 18-29 years, custom and excise incentive targeting goods that are imported into the SEZ control areas to be exempted from import tax (SARS, 2016). Some of the institutional challenges include creating an enabling legislation relating to the incentives such as employees' tax incentives (ETI), which the government has only finalised in the first quarter of 2018, four years after the enactment of SEZ Act.

4.4.5 Special Integrated Presidential Projects (SIPP)

The SIPPs were the first spatial targeting projects launched by the South African democratic government in 1994. The programme had two main goals which are to transform government through the introduction of integrated approach to governance and service delivery, and also to deliver technical services (Napier & Rust, 2002a). Their objectives were to fast track pilot projects aimed at immediate delivery of basic services such as housing, welfare, education, and community facilities as well as to create job opportunities (Todes and Turok, 2015). The programme had 13 projects which were located across the country in urban and rural areas (Napier and Rust, 2002a). Their "economic development initiatives were limited to the construction of offices, retail and industrial facilities to support cooperatives and small businesses" (Todes and Turok, 2015:50). The programme was commended for its ability to deliver housing, infrastructure and services. Although the stakeholders felt the impact of the programme in the delivery of projects, such impact was only limited to the project areas, that is it could not be felt in a wider geographical area or institutionally (Napier and Rust, 2002a). This was due to the fact that the programme was "not integrated with the areas beyond their projects boundaries nor within the broader objective of government" (Napier and Rust, 2002a: 67).

The success of SIPPs could to some extent be attributed to their institutional arrangements with the programme given the presidential status (Napier and Rust, 2002b). This created an enabling environment for the implementation of the programme. This was demonstrated by the fact that the implementation of the programme in different places was driven by different institutions; the provincial government, municipalities, consultants and special purpose vehicles (Napier and Rust, 2002a). The important lesson from the implementation of the SIPPs using different institutions is that the local environment is the key determiner of which institution will be effective in the delivery of the programme. Therefore, successful implementation of this type of programme is that the institutional arrangements should be defined and structured informed by the local environment.

4.4.6 Urban Renewal Programme

The South African government launched the Urban Renewal Programme (URP) in 2001 targeting eight urban renewal nodes (Küsel, 2009). The targeted nodes included townships created under apartheid for black people such as Alexandra, Mitchells Plain, Khayelitsha, Inanda, KwaMashu, Mdantsane, Motherwell and Galeshewe which spanned across four provinces (SACN, 2009). The primary objective of the program was poverty alleviation and development (Küsel, 2009). This was to be achieved through a coordinated effort of the three spheres of government in targeting the identified nodes (DPLG and IDT, 2002). The programme mainly aimed to promote investments that address poverty and underdevelopment (HDA, 2013).

The criteria for selection of URP nodes included, among others, townships: created during apartheid, with low internal economic opportunities, poorly connected to the surrounding neighbourhood, and with low skills level within resident population (Küsel, 2009). To achieve the intended outcomes, the programme identified crowding in public investment, intergovernmental planning, area based planning and budgeting, partnership and community participation as key drivers for urban renewal in the townships (*Ibid*).

In evaluating the URP in Johannesburg, Thwala (2009) highlight the importance of integration as critical for the success of the programme with emphasis on moving from physical development to put more focus on enablers such as individual and institutional capacity. One of the challenges that the URP faced was that it targeted quite a wide geographical area which was difficult to manage from a stakeholder participation point of view (Thwala, 2009). This

created a challenge for the management of the programme by making the investment made by the government (through the programme) to be spread across wide geographical area leading to the low impact of the programme (DPLG, 2006). In evaluating the programme the Department of Rural Development and Land Reform (2012) identified the lack of coordination to be a major challenge for the programme. This was attributed to weak institutional arrangements with all spheres of government not being clear about their involvement and contribution in the development thereof (DPLG, 2006).

Political coordination of the programme became a challenge during implementation (DPLG and IDT, 2002). This was due to the fact that the programme was structured around a complex set of relationships and spheres (DPLG and IDT, 2002). The capacity of the leadership within the programme played an important role in circumventing the challenges relating to coordination of the programme. The success of the programme mainly relied on programme managers who have deep understanding of the government process including how to work with, and around them (DPLG, 2006)**.** In addition the ability of the programme managers to have access to political leaders is key to these processes, in order to unlock some of the challenges that are faced by the projects (*Ibid*).

Essentially, the programme managers need to have the capacity and authority to manage people that are working on the projects and also act decisively where there is a need to do so (DPLG, 2006). The key success could be attributed to the capacity of the project manager to have technical and political skills (*Ibid*). In some instances, the twinning of project managers who possess technical skills with political strategic leader was important for the success of the programme (*Ibid*). This is precisely because "the ease with which a project manager can interact with political leadership, provincial leadership or heads of line departments, to a large extent, determine how difficult the implementation process will be" (DPLG, 2006:68).

Despite the City of Cape Town depicting some notable progress on the programme, the political uncertainty with different political parties leading the administration at national, provincial and local government level has impeded some progress in the Khayelitsha and Mitchell's Plain URP (*Ibid*). Thus, in cases where the interaction is fluid the programme has received the support of these stakeholders and led to the success thereof. The endorsement of political and administrative leadership played an important role in instilling the confidence of the residence in the programme (*Ibid*). Projects which the Mayor and City Manager have supported enjoyed

greater profile and authority within the municipality (*Ibid*). The importance of positioning the programme in this manner has been highlighted by the programme manager in Mdantsane citing his preference in positioning the programme in such high office as that "would assist in securing the buy-in of line departments and individuals who are currently not co-operating fully" (DPLG, 2006:33). The importance of political support has also been experienced in Inanda, Ntuzuma and KwaMashu (INK), that has ensured the officials continuously take interest and pay attention to the programme and also fortified the importance of the programme. The impact of political support has also been experienced in Galeshewe where the programme received support from the ward councillor who spoke about the programme in all the public meetings and this led to community buy-in (*Ibid*).

The manner in which the programme has been institutionalised in the municipalities played an important role in driving the success and failure of the programme (DPLG, 2006). For example; in Galeshewe a bottleneck in decision-making was created with the Municipal Manager making all the decisions regarding the programme *(Ibid)*. This created a number of challenges with regard to the speed with which decisions could be made given the plethora of other activities which the Municipal Manager is responsible for. This limitation was identified and intervention was made by adding a layer between the Municipal Manager and senior officials to enable progress on the projects (*Ibid*).

The institutional arrangements also played a major role in determining the progress especially at the municipal level with the leadership of line departments (line managers) viewing the urban renewal responsibilities as 'an added burden'. Todes (2006) highlights the unpleasant historical experience in implementing a programme of similar nature contributed towards the line departments being reluctant to cooperate. This was partly due to the fact that the line managers' appraisal and performance in the municipalities are not evaluated on URP projects (DPLG, 2006).

The ability of the programme to retain staff has also played an important role in the success thereof. In assessing Alexandra Renewal Project (ARP), the DPLG (2006) highlighted that changes in the leadership of the programme has been unsettling and confusing to the staff working on the programme. This is because whenever there is a change the staff experienced a different management style, project approach and development ideology which they were required to adopt (*Ibid*). The change of leadership has also led to loss of institutional memory,

this led to the situation whereby some decisions which have been taken are not carried through or remembered (*Ibid*). In worse scenarios, this led to the projects being left halfway, leading to total collapse of the projects.

Proper planning also played a role in the implementation of the programme. In some instances, the programme experienced delays in the implementation of the projects (DPLG, 2006). Such delays could be attributed to the inefficiencies within the procurement systems. In most of the URPs, the consultants were appointed in 2002 to develop the business plans, a year after the announcement of the URP (*Ibid*). Despite being able to appoint the consultants, Buffalo City municipality was faced with a challenge whereby a year later, in 2003, they had to commission other consultants with the business plans only finalised in 2004 (*Ibid*).

In Khayelitsha, the City of Cape Town played an important and leading role in attracting the investment by participating in the planning process of the URP (Donaldson *et al.,* 2013). This enabled the physical planning process to be approved on time and also provided assurance to the private sector investors. The importance of planning in the URP has also been highlighted by DPLG (2006) indicating the importance of spatial planning as providing order and coherence to physical and other interventions. This instilled confidence in the targeted node. In areas which there is no structured planning, physical structuring of the areas as it develops can add to fragmentation. Essentially, planning assists various stakeholders, investors and local residents, in creating the image and also sharing the vision of what is to be achieved. In that case, the public investment in the built environment can influence private investment.

4.5 Key Factors for Consideration

4.5.1 Introduction

This section analyses factors that contribute to the success of place based policies. It explores the economic, social and institutional factors that are instrumental to the success thereof. It explores these under five main themes that are institutional, agglomeration, infrastructure, availability of skills and entrepreneurship. Other factors such as leadership and coordination which are key and important for places to develop are explored within the institutional theme. An extensive analysis is explored to comprehend how these factors individually and collectively contribute towards the development of places to attract investments. This is informed by the

understanding that economic development requires a multidisciplinary approach (Pieterse, 2010). The entrepreneurship is explored using a much more general approach to understand the key factors that influence the success of township economies.

4.5.2 Institutional

Governments across the world spend money to stimulate growth, fight unemployment and reduce under-development of its populace (Koster *et al.,* 2016). This is precisely because economic growth, and by extension economic prosperity, does not happen naturally, that is without the role of local institutions (Yang *et al*., 2008). There is a need for the local institution to learn about the enabling factors (Turner and Berube, 2009). The outcome of learning may include the introduction of a policy, programme or incentive that is responsive in addressing challenges and responding to opportunities in a particular space (Kline and Moretti, 2014). These learnings are not confined to one layer of government, thus, should be embraced by all players including the state-owned enterprises and private sector institutions (Pugalis and Gray, 2016). Therefore, this dictates that institutional capacity should exist at local and national levels and within the public and private sector space. This includes learning about the policy and also the basic function of infrastructure and associated infrastructure requirements that are catalytic to attract the investments. Institutions are vital in creating conducive conditions or an enabling environment for economic development (Todes and Turok (2017). Thus, there should be institutions that are technically capacitated to respond to existing conditions that will enable places to be prosperous.

This suggests that the ability of the government to implement effective place based policies depends in part, on the capacity of the institutions. Their role is to look at areas which have the potential and understand the inefficiencies that exist in those places as well as to respond through policies and programmes that are effective and efficient (Glaeser and Gottlieb, 2008; and Barca *et al.,* 2012). Thus, the institutions, if they are capable and effective, should be able to promote and unlock development in places where it might not have occurred (Todes and Turok, 2015). Taking into consideration that promoting development requires different public and private sector institutions to participate and cooperate, it is crucial to coordinate the efforts of such institutions. Thus, coordination is central, to ensure that different spheres and agencies of government complement and reinforce each other (World Bank, 2014 and Waisman *et al*., 2014).

Successful implementation of place based policies depends on the ability of the public and private sector institutions to learn (Wink *et al*., 2016). This includes creating tailor made solutions for the targeted location. This is in recognition of the fact that institutions that shape economic, political and other forms of interactions are fundamental in sustaining economic development (North *et al*., 2006). The capacity of the institutions to learn leads to functional institutions that enables and creates a conducive environment for economic prosperity (Neumark and Simpson, 2015). Most importantly, such institutional capacity will enable the targeted place to compete in the highly competitive environment through creating the niche by capitalising on local advantages. This could be achieved in two-fold; firstly, through the basic function of institutions by providing services, as well as managing the process which enables the private sector to function (Acemoglu *et al.,* 2005). These could range from the provision of bulk and connector infrastructure as well as facilitating the approval process for building and licensing (Bergman, 2006). Secondly, connected to the first element is, the local institution (specifically government) should also play a more proactive role in creating a conducive environment, and this could be in the form of facilitating investor conferences and forums (Jourdan, 1998).

As Todes and Turok (2005) have highlighted one of the fundamental approaches in strengthening local economies is through the strengthening of local human and institutional capabilities. It is through capable human capital that all key elements which drive investment could be achieved. Another important component of strengthening the local institutions is through the government's ability to attract and retain skills. This is important for strengthening the local institutions with respect to the policy continuity and institutional memory. This is precisely because pursuing, identifying, attracting and retaining the investment in a specific location require a different set of skills and knowledge which cannot easily be acquired (Todes and Turok, 2017). Thus, the inability to retain skilled technocrats may undermine the success of places which policy interventions are targeting (Turok, 2012; World Bank, 2014).

4.5.3 Agglomeration

International literature on the drivers of growth in places suggests that the agglomeration associated with the concentration of people is one of the factors that play important roles in

making places attractive to investments (Krugman, 1991). This is precisely because a larger proportion of the population is concentrated in cities. The concentration of people in places creates a locational advantage by attracting skills that are required by the local firms and industries. This is due to the fact that clustering of the firms, as noted by the World Bank (2014:24) “can generate increasing returns to scale from agglomeration, thus fuelling high, sustained economic growth and job creation”. Where a large number of skilled people are concentrated, such places have the effect of higher productivity. As Glaeser and Gottlieb (2008) argue, productivity levels increase with the population density. The firms tend to like areas which have advantages such as higher skilled workforces compatible to their requirements which they can use productively (Cohen and Paul, 2005). This has an effect on a number of factors contributing towards viable economic activities.

The densely-populated areas tend to attract economic activities. This is partly due to a number of factors, key among this is that a concentrated population creates a market for goods and services. As McGranahan *et al.,* (2014) highlight, agglomeration economies create an enabling environment for taking advantage of the division of labour and also creating economies of scale. Economic concentration has the advantage of creating efficiencies that generate opportunities for expanding productivity in the places. This point is also emphasised by Turok (2012) citing key advantages of spatially concentrated development as facilitating the process of lowering costs, creating efficiencies, making advanced infrastructure more viable as well as enhancing learning and innovation.

According to the World Bank (2014), one of the major advantages associated with agglomeration is its ability to enable similar and related firms to converge into one area leading to create local demand for the firms’ main inputs. At the firm level, the concentration of firms in one place creates an opportunity and scope for creating and taking advantage of some efficiencies and reducing the transaction costs (Madhok, 2002). The key advantage of the concentrated locations in driving economic development is the ability to take economic advantage of the concentration of production and social benefits which are derived from the convergence in consumption (Turok, 2006).

Agglomeration provides places with the opportunity to reduce the cost of public infrastructure (Turok, 2013). The cost of providing bulk infrastructure such as bulk electricity, water and waste treatment plants become much cheaper in highly concentrated places. Added to this is the

reduction of connector infrastructure in cities as compared to dispersed settlements which are dominated by low density spread over wide distances (Todes and Turok, 2017). Agglomeration plays important roles in increasing concentration which leads to reducing the transaction cost at a firm and individual level (Turok, 2013). This is achieved through the reduction of the distances between the firms as well as distance between the places where people work and live.

Though a substantial body of literature highlights the positive elements of agglomeration, there are some disadvantages which can offset these progressive advantages such as rising congestion, overloaded infrastructure and rising land costs (Turok and McGranahan, 2013).

4.5.4 Infrastructure

Investment in public infrastructure has played an important role in making places to succeed. Lack of investment in infrastructure leads to a places which have economic potential not being able to reach their full potential (Turok, 2012). Public infrastructure investment has mainly been assigned to enabling infrastructure such as water (dams, electricity (generation and bulk distribution), transport (road networks, rails and ports) among others. This sort of infrastructure has created an enabling environment for private sector to consider investing in areas where such infrastructure exists. The infrastructure has also created an appetite for the private sector investment due to its ability to increase productivity in the economy (Neumark and Simpson, 2015). As Neumark and Simpson (2015:79) highlighted “infrastructure investment can be cost-effective in delivering productivity growth in targeted regions and can act as a redistributive tool across locations”. This point is further highlighted by Tacoli (2003) indicating that the existence of infrastructure may strengthen market linkage for smaller traders. Glaeser emphasized, “government-sponsored transportation infrastructure has long influenced the growth of particular places”.

4.5.5 Availability of skill

Skills play an important role in shaping the economies and prosperity of places. The populous areas tend to have high prosperity due to their endowment of a skilled human resource as compared to areas which have low education level and skills base (SACN, 2009). The highly-concentrated areas have created the ability for the people and firms operating in those locations to share the knowledge about their industries and firms which are interlinked (Alcacer and

Chung, 2007). These include sharing market intelligence such as changes in the structure of the economy and the opportunities that are opening in various sectors of the economy. As Neumark and Simpson (2015) highlight the sharing of such information has the advantages of addressing inefficiencies in human capital and ultimately increases productivity levels.

4.5.6 Entrepreneurship

Entrepreneurship plays a pivotal role in addressing the social and economic inequalities of places. Areas which are endowed with entrepreneurs create opportunities for job creation and money to circulate within the communities (Naudé, 2014). This creates a number of multiplier effects including sustaining local employment opportunities. Entrepreneurship drives investments and innovations which are the important driver for economic growth (Holcombe, 1998). The more entrepreneurs exist in a particular place, the higher the chances of realising the investments which can lead to economic growth. The investment by the entrepreneur takes place as a result of opportunities for growth not in search of creating the cause for growth (Holcombe, 1998). That is entrepreneurs can invest in areas where opportunities for economic growth exist.

Lack of entrepreneurship in South African townships to some extent is due to historical factors. In the apartheid era, people living in the townships were not allowed to own businesses (Jürgens *et al.,* 2013). This destroyed the entrepreneurial spirit of many black South African and denied the townships the vibrancy which is necessary to stimulate their underlying economies (SACN, 2009). As the changes in apartheid legislation evolved, there were limited business opportunities that the township populace could venture into. In addition, the light industrial sites which in many economies are mainly some form of incubator for the emerging entrepreneurs did not exist in the South African townships (World Bank, 2014). As such, opportunities for the progression of the local business/entrepreneurs to move into bigger industrial zones/site was not created (World Bank, 2014).

In an attempt to raise funds to sustain apartheid, the apartheid government criminalized the economic activities such as selling of traditional beer by the black people in the townships (World Bank, 2014). This resulted in the home-made beer mainly brewed by the women in the townships being closed down over that period. Their businesses were replaced by government driven brewing enterprises which were selling the beer in the municipal halls. As the World Bank

(2014) notes, this practice did not only destroy entrepreneurship spirit amongst black people in the township, it also adversely affected the income of women who were the main drivers.

Jürgens *et al*., (2013) noted the potential economic base that the townships possess could not be reached given that the people residing in the townships were systematically denied the opportunity to explore economic activities. In addition, as the years evolved with some slight reforms, there were other endogenous impeding factors such as councillors demanding bribes and also favouring themselves in the allocation of sites and licenses (World Bank, 2014).

4.6 Conceptual Framework

What we have learned from this section is that place based policies encompass a number of possible approaches, including inter alia, urban renewal, neighbourhood development, area based planning and local industrial development (Neumark & Simpson, 2015). The goal of place based policies is to target specific geographical areas in order to drive economic development, stimulate and attract investment and propel urban regeneration processes (Kline & Moretti, 2014). These policies may provide and structure tailor made incentives such as tax credits and enabling infrastructure, amongst others. The intention is to create a conducive environment which leads to public and private sector investments in the targeted nodes.

What is emerging from the literature is that various types of place based policies be it urban renewal, neighbourhood development or area based planning create the appetite for the public and private sector to target specific locations, such as townships, CBDs and nodes, for investments. These locations are mainly under the jurisdiction of specific territorial governance such as metropolitan municipalities and secondary cities. There are some institutional factors which have an impact on the successful implementation of the policies in the targeted places. These include the capacity of the municipalities' to coordinate internal and external stakeholders and political leadership to provide support and guidance in the implementation of the programme. Equally important is the factors which need to prevail in the targeted nodes to create the appetite for investments, this includes factors such as the level of urbanisation, agglomeration, availability of infrastructure, sizeable population concentration and skills as well as proximity to economic opportunities.

Thus, public and private sector investment in the targeted nodes, CBD and townships is not only the outcome of the policies targeting such places. It is also the outcome of other factors such as existing conditions in the targeted places including institutional factors such as the capacity of the leadership in the municipalities as well as their ability to coordinate interventions.

The conceptual framework for the study is schematically represented in Figure 4.

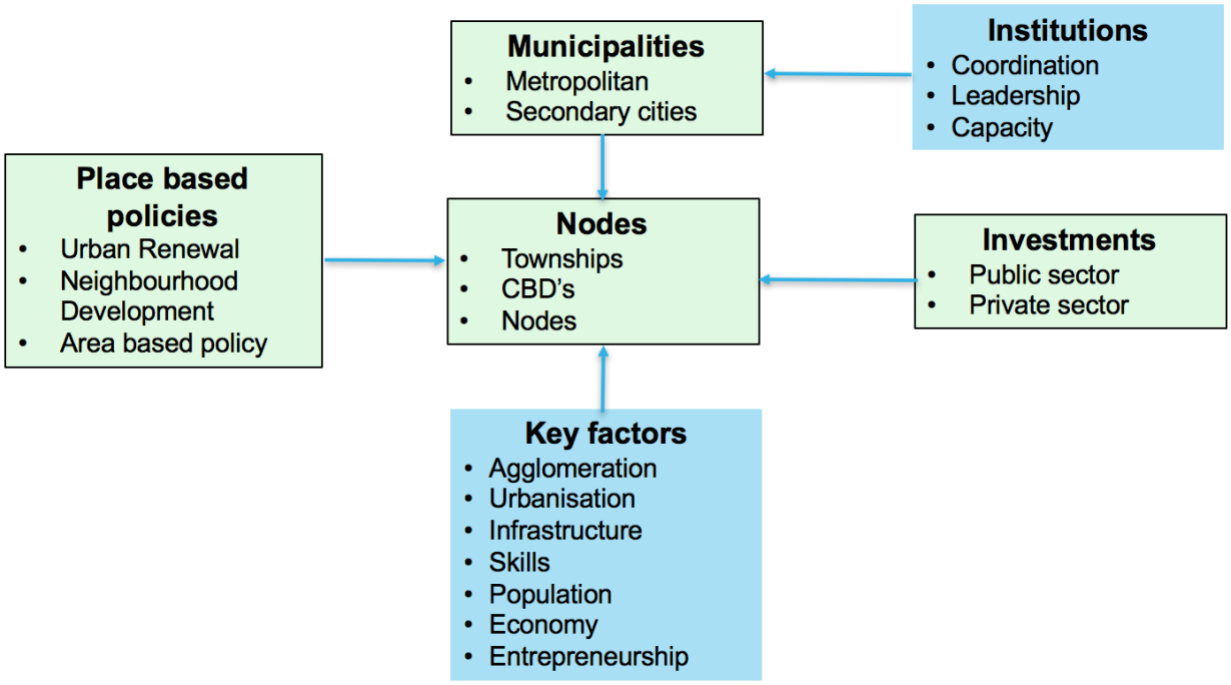


Figure 4: Conceptual Framework
Source: Authors Own

4.7 Conclusion

What is emerging from literature is that the South Africa democratic government has over the years attempted to implement some place based policies with an attempt to revitalise the economies of the areas faced with poverty and under development. The policies implemented have faced a number of challenges, key amongst them is the ability of the institutions to coordinate interdepartmental, public and private sector institutions. Added to this is the complexity of the programmes which require the coordination of a complex set of relationships and authorities of spheres in both political and administrative arena.

There are some common themes which are emerging from the international and South African experience in implementing place based policies. These include coordination, capacity to learn, taking advantage of agglomeration, and endowment of entrepreneurship among others. Capacity to learn is important for ensuring that different actors in the society such as the governments (political) and firms (commercial) players are able to share the information and know how in local development. Most importantly, the involvement of various spheres of government, such as central and provincial governments, in the capacity building can prevent wasteful competition, duplication of effort and malpractice. In addition, they can also provide the financial and technical resources in order to strengthen the coordination in the implementation of the various initiatives that could unlock the potential of the targeted places in attracting the investments.

Essentially, what is emerging from the literature is that the success factors and strength of place based policies is influenced by the manner in which the programme is set up- from technical, institutional and political fronts. A well-structured institution is able to provide innovative programme and response that takes advantage of the local latent potential. In addition, they are also able to design unique propositions, which can compete to attract investments in targeted places. And lastly the ability to coordinate stakeholders is central in making place based policies succeed in targeted places. Therefore, getting institutions right is necessary, but isn't a sufficient or the only condition for local development to occur.

5. Chapter Five: Reflecting on the Implementation of the Programme

5.1 Introduction

This chapter is divided into two components. The first section presents the grant investment and expenditure trends by outlining how the municipalities have performed in utilising their grant allocation. It depicts the grant expenditure and allocation trends by showing cumulative trends over the past five financial years (2012-2017). It is also used to identify the best performing and worst performing municipalities. The second component of this chapter presents the case studies of the best and worst performing municipalities identified: City of Tshwane, Buffalo City, Mogale City and Rustenburg.

5.2 Allocation and Expenditure Patterns

5.2.1 Introduction

This section provides detailed allocation and expenditure trends of the NDPG programme for the municipalities that form part of the urban network strategy. Firstly, it analyses the grant allocation and distribution at the national level and disaggregates the data to the municipal level. Of importance in this section is how the concentration of the grant investments has been depicted, according to the category of municipalities, which are metropolitan municipalities and secondary cities. Secondly, a detailed expenditure analysis is provided, with a clear picture of the municipalities that have managed to spend a large sum of money on catalytic projects. This is followed by understanding the significance of each municipality within the overall NDPG programme (vertical) and also from their province of origin (horizontal). This is achieved by analysing the population. The essence of analysing the population is informed by the acknowledgement that demographics matters in relation to market size which in a way affects the economies of scale which have an impact on attracting investments (Holz, 2008).

5.2.2 Population of the nodes

South Africa (SA) had a total population in excess of 55,6 million in 2016. Of these, almost half 49.6% (27,629,277) is located within the 18 municipalities which form part of the NDPG. Moreover, 34.7% of the SA population lives in the top five municipalities that form part of the NDPG. The secondary cities make up 9.8% of the SA population. Thus, any attempt at spatial targeting policies in the form of social and economic activities in these locations, would have an impact and affect almost half of the population of South Africa.

Table 3: Summary of Population for NDPG Municipalities

Geography	Pop	% of SA
South Africa	55,653,654	
NDP Municipalities (18)	27,629,277	49.6%
Top 5 NDP Municipalities	19,310,849	34.7%
Metro Municipalities (8)	22,196,700	39.9%
Secondary Cities (10)	5,423,254	9.8%

Source: Statistics South Africa, Community Survey 2016

Figure 5 depicts the population of the municipalities that form part of the NDPG. As observed, there are five leading municipalities in terms of population size; they include CoJ, eThwekwini, City of Cape Town, Ekurhuleni and City of Tshwane. Essentially, the five municipalities contribute more than a quarter 34,8% (19,310,849) of the South African population.

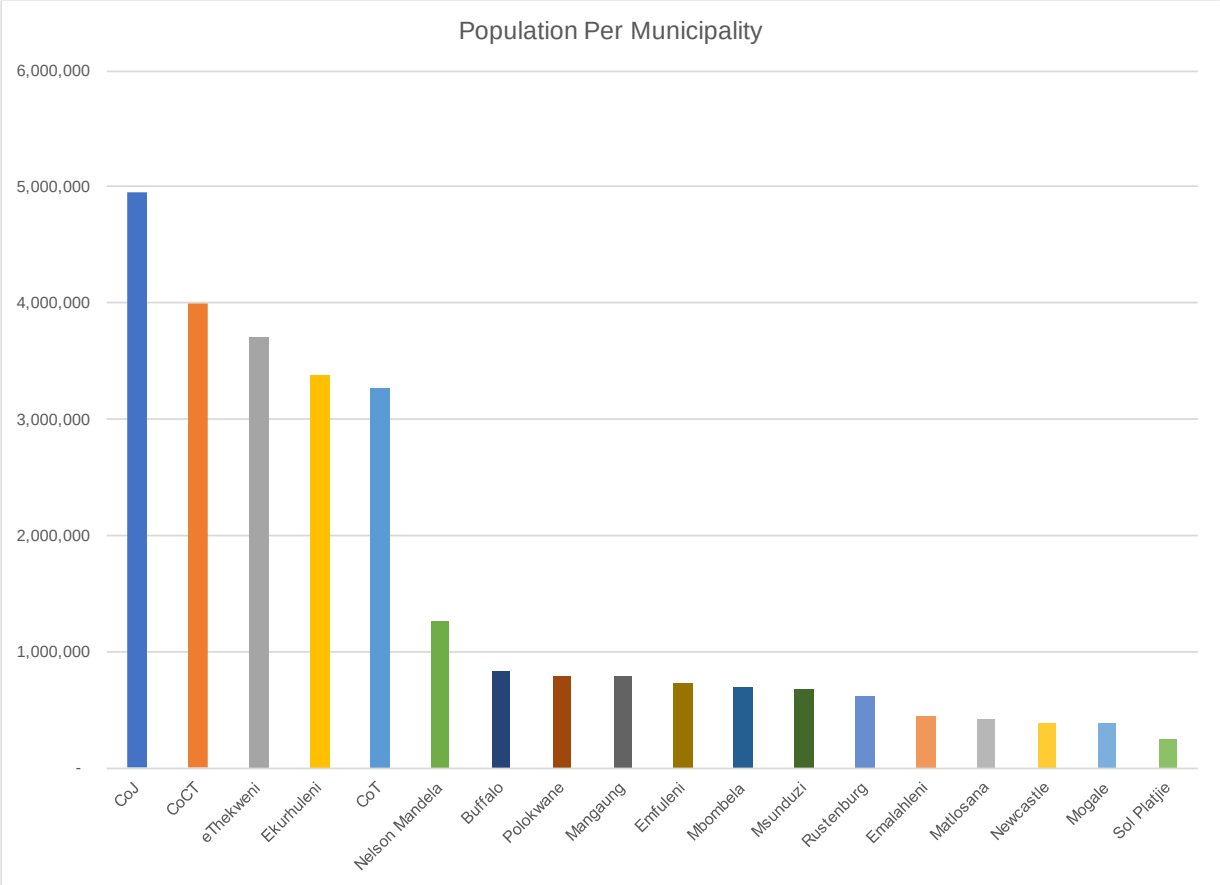


Figure 5: Population Per Municipality
Source: Stats SA, Community Survey 2016

5.2.3 Significance of the nodes in the programme

As can be observed from Table 4, the City of Johannesburg makes 17.9% of the overall NDPG population, followed by the City of Cape Town and eThekwini at 14.5% and 13.4% respectively. Ekurhuleni (12.2%) has the fourth highest population, followed by the City of Tshwane with a total contribution of 11.9%. Essentially, cumulatively the above five municipalities make 69.9% (19, 3 million) of the NDPG population.

Other municipalities of significance include Nelson Mandela Bay, Buffalo City, Polokwane, Mangaung and Emfuleni which increase the cumulative total of the NDPG municipalities' population to 85.9%. Thus, the metropolitan municipalities make up a large proportion of the population of the country as well as that of the NDPG targeted municipalities. Therefore, secondary cities make up a paltry (19.7%) of the total population for NDPG municipalities. As

such, investing larger amounts of resources in metropolitan municipal areas is likely to reach and impact on a large proportion of the population as compared to the secondary cities. However, the largest metropolitan municipalities such as Johannesburg, Cape Town and eThekwini still command a large proportion of the population as compared to smaller metropolitan municipalities such as Mangaung (2.9%) which have populations of a similar size as secondary cities such as Polokwane (2.9%).

Most of the secondary cities that form part of the NDPG still command a fairly large proportion of the population at 9.8% (5,4 million). The municipalities with secondary cities such as Polokwane (2.9%) and Emfuleni (2.7%) take the lead with respect to the population dominance, followed by Msunduzi (2.5%) and Mbombela (2.4%) and Rustenburg (2.3%) respectively. Emalahleni, Matlosana, Newcastle, Mogale City and Sol Plaatje are the least with respect to the population concentration, however, their importance at the regional scale cannot be discounted.

Table 4: Population in the NDPG municipalities

	Pop	% of Pop	Cumulative
CoJ	4,949,347	17.9%	17.9%
CoCT	4,005,016	14.5%	32.4%
eThekweni	3,702,231	13.4%	45.8%
Ekurhuleni	3,379,104	12.2%	58.0%
CoT	3,275,152	11.9%	69.9%
Nelson Mandela	1,263,051	4.6%	74.5%
Buffalo	834,997	3.0%	77.5%
Polokwane	797,127	2.9%	80.4%
Mangaung	787,803	2.9%	83.2%
Emfuleni	733,445	2.7%	85.9%
Mbombela	695,913	2.5%	88.4%
Msunduzi	679,039	2.5%	90.9%
Rustenburg	626,522	2.3%	93.1%
Emalahleni	455,228	1.6%	94.8%
Matlosana	417,282	1.5%	96.3%
Newcastle	389,117	1.4%	97.7%
Mogale	383,864	1.4%	99.1%
Sol Plaatje	**255,041**	**0.9%**	**100.0%**

Source: Stats SA, Community Survey 2016

5.2.4 Grant allocation and distribution

In the past five financial years (2012-2017), just over R2,2 billion has been allocated to the 18 municipalities that form part of revised NDPG called Urban Network Strategy (UNS). As can be observed in Figure 6, the allocation has been incremental over the years, increasing from just over R334 million allocated in the 2012-2013 financial year, to R371 million in the 2013-2014 financial year, recording a year on year growth of 10,9%. Between the 2013-2014 and 2014-2015 financial years, the allocation further increased to R484 million, leading to year on year growth of 30.5%. As the programme gained momentum, the allocation increased further to R545 million in the 2015-2016 financial year, this led to year on year growth of 16.8%. Although the grant allocation has increased in nominal terms in the 2015-2016 financial year, such an increase was not as substantial in real terms as compared to the previous financial year. In the 2016-2017 financial year, the grant allocation declined slightly to R492 million. This led to a negative year on year growth of 12.9%.

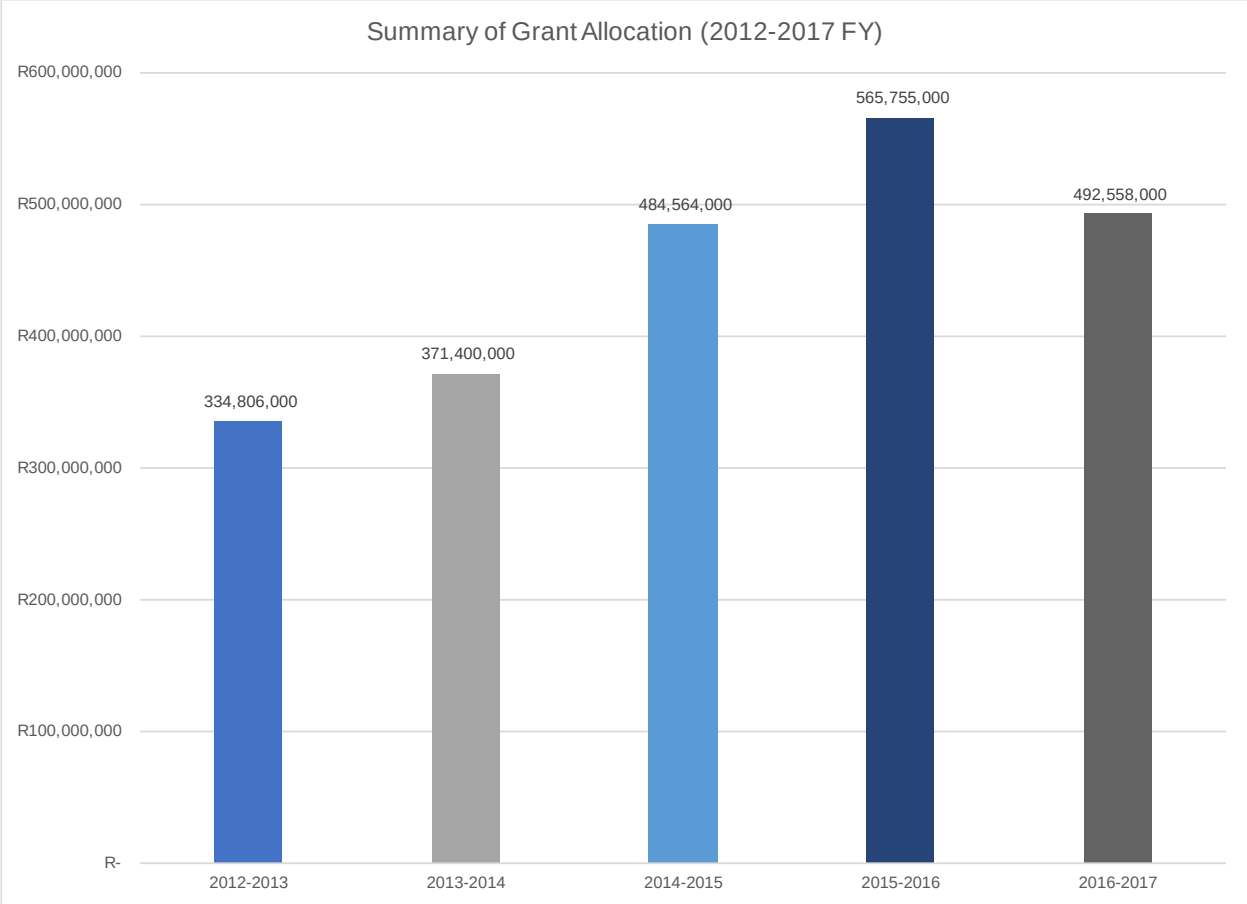


Figure 6: Total Allocation of Funds to Eighteen Municipalities between 2012-2017 Financial Years
Source: National Treasury, 2012-2017

Figure 7 and Table 5 provide the spread of allocation within the municipalities. As can be observed, City of Tshwane (CoT) has received the highest proportion of allocation, about 22.2% (R499 million) of the grant allocation. In the second spot is the City of Johannesburg (CoJ), with 13.9% (R311 million) allocation. The City of Cape Town (CoCT) and Nelson Mandela Bay (NMB) are in third and fourth positions respectively and have received allocations of 9,7% (R218 million) and 9.2% (R207 million) each. The latter four municipalities have been allocated 55% of the grant in the past five years. eThekwini and Ekurhuleni have also been added to the tally, and have received 8% (R179 million) and 6.2% (R139 million) of the grant allocation respectively. The proportion of cumulative allocation has increased to 69.2% over the past five years. Thus, out of 18 municipalities targeted by the grant, six (6) have received almost 70% of the grant allocation. This unevenness reflects on the capacity of the municipalities to implement the grant.

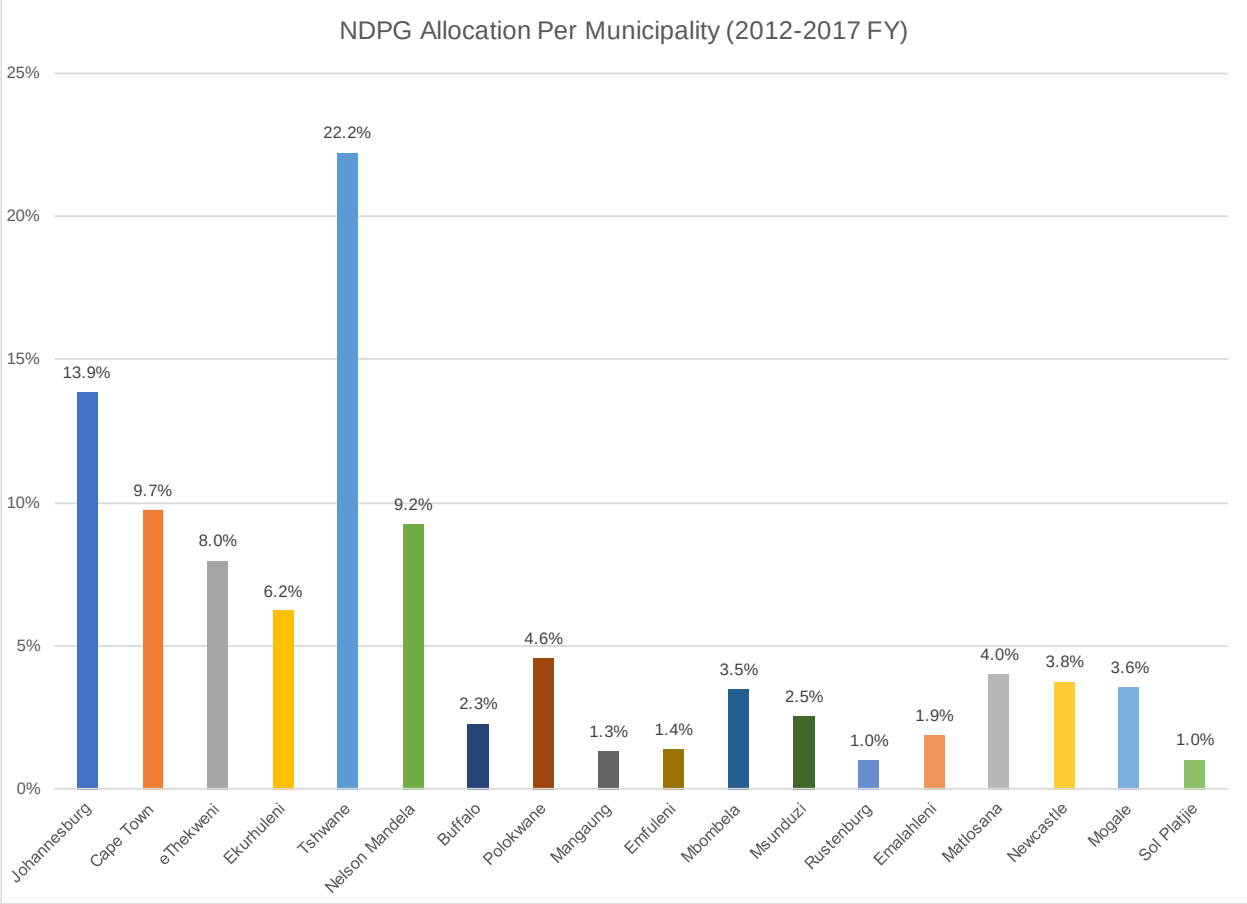


Figure 7: NDPG grant allocation per municipality: 2012-2017 Financial Years
Source: National Treasury, 2012-2017

Table 5 details the grant allocated to each municipality, the proportion of the grant and the cumulative contribution for each municipality for 2012-2017 financial year.

Table 5: Allocation of Funds Per Municipality between 2012-2017 Financial Years

Municipality	Amount	%	Cumulative
Tshwane	499,552,000	22.2%	22.2%
CoJ	311,656,000	13.9%	36.1%
Cape Town	218,494,000	9.7%	45.8%
Nelson Mandela Bay	207,752,000	9.2%	55.0%
Ethwekini	179,432,000	8.0%	63.0%
Ekurhuleni	139,833,000	6.2%	69.2%
Polokwane	102,366,000	4.6%	73.8%
Matlosana	90,210,000	4.0%	77.8%
Newcastle	84,622,000	3.8%	81.5%
Mogale City	79,856,000	3.6%	85.1%
Mbombela	78,389,000	3.5%	88.6%
Msunduzi	57,102,000	2.5%	91.1%
Bufalo City	51,266,000	2.3%	93.4%
Emalahleni	41,888,000	1.9%	95.3%
Emfuleni	31,345,000	1.4%	96.7%
Mangaung	29,419,000	1.3%	98.0%
Sol Plaatje	23,069,000	1.0%	99.0%
Rustenburg	22,832,000	1.0%	100.0%

Source: National Treasury, 2012-2017

5.2.5 Expenditure concentration

The expenditure patterns of the grant depict some interesting elements. As can be observed in Table 6, the City of Tshwane (CoT) has spent 41% (R616 millions) of the R1,5 billion spent by the municipalities. Second is the City of Joburg (CoJ) with the total expenditure of just over R163 million (10,9%). Essentially, CoT and CoJ are the only municipalities which have managed to record double digit expenditure with a cumulative total of 51,9%.

City of Cape Town which is the second most populous municipality, after CoJ, with a total population of just over 4 million, has only managed to spend 7.6% of the total NDPG expenditure. Similarly, eThekwini which is the third most populous municipality, with a total

population of just over 3,7 million, has only managed to spend 5.8% of the total grant expenditure for the period 2012-2017 financial years.

Rustenburg is the worst performing Municipality with no expenditure recorded since the inception of the programme and the rollout of the revised NDPG. This is followed by Emalahleni and Emfuleni which have recorded 0.1% and 0.2% respectively.

Table 6: Grant Expenditure 2012-2017

Municipality	Amount	%	Cumulative
Tshwane	616,995,753	41.0%	41.0%
CoJ	163,432,540	10.9%	51.9%
Cape Town	113,668,153	7.6%	59.4%
Nelson Mandela Bay	100,822,082	6.7%	66.1%
Ethwekini	87,911,279	5.8%	72.0%
Mogale City	82,624,569	5.5%	77.5%
Mbombela	72,135,720	4.8%	82.3%
Matlosana	60,373,354	4.0%	86.3%
Polokwane	60,223,767	4.0%	90.3%
Newcastle	44,880,973	3.0%	93.3%
Ekurhuleni	41,492,642	2.8%	96.0%
Msunduzi	24,395,345	1.6%	97.6%
Mangaung	21,833,207	1.5%	99.1%
Bufalo City	5,568,488	0.4%	99.5%
Sol Platjie	3,325,005	0.2%	99.7%
Emfuleni	2,631,631	0.2%	99.9%
Emalahleni	2,031,205	0.1%	100.0%
Rustenburg	-	0.0%	100.0%
Total	R1 504 344 713	100%	

Source: National Treasury, Section 71 Reports, 2012-2017

5.2.6 Allocation vs expenditure

Since the inception of the programme in 2012/13 financial year (FY) government has managed to allocate in excess of R2,2 billion to the programme, with only R1,5 billion spent by the end of 2016/17 financial year. Essentially, only 66,7% of the budget allocation has been spent since the inception of the programme. The expenditure trends have been mixed across the municipalities, with some municipalities being able to spend their allocation and even in some cases exceeding what has been allocated to them in the Division of Revenue Act (DORA).

There seems to be a correlation between the amount of allocation that the municipalities received and the expenditure that they have incurred. That is, the municipalities which have managed to spend have also received the highest allocation for this period. As depicted in Table 5 and Table 6, CoT has been allocated in excess of R499 million and recorded expenditure of R616 million for the period 2012-2017 financial years. Thus, CoT has not only managed to spend their total allocation as per the DORA but has also succeeded in receiving additional budget which they have also managed to spend.

As can be observed from Figure 8, the second best performing municipality is Mogale City which managed to spend slightly over what has been allocated to them (103%). Mbombela municipality which recorded 92% of expenditure is the third best performer, followed by Mangaung at 74%.

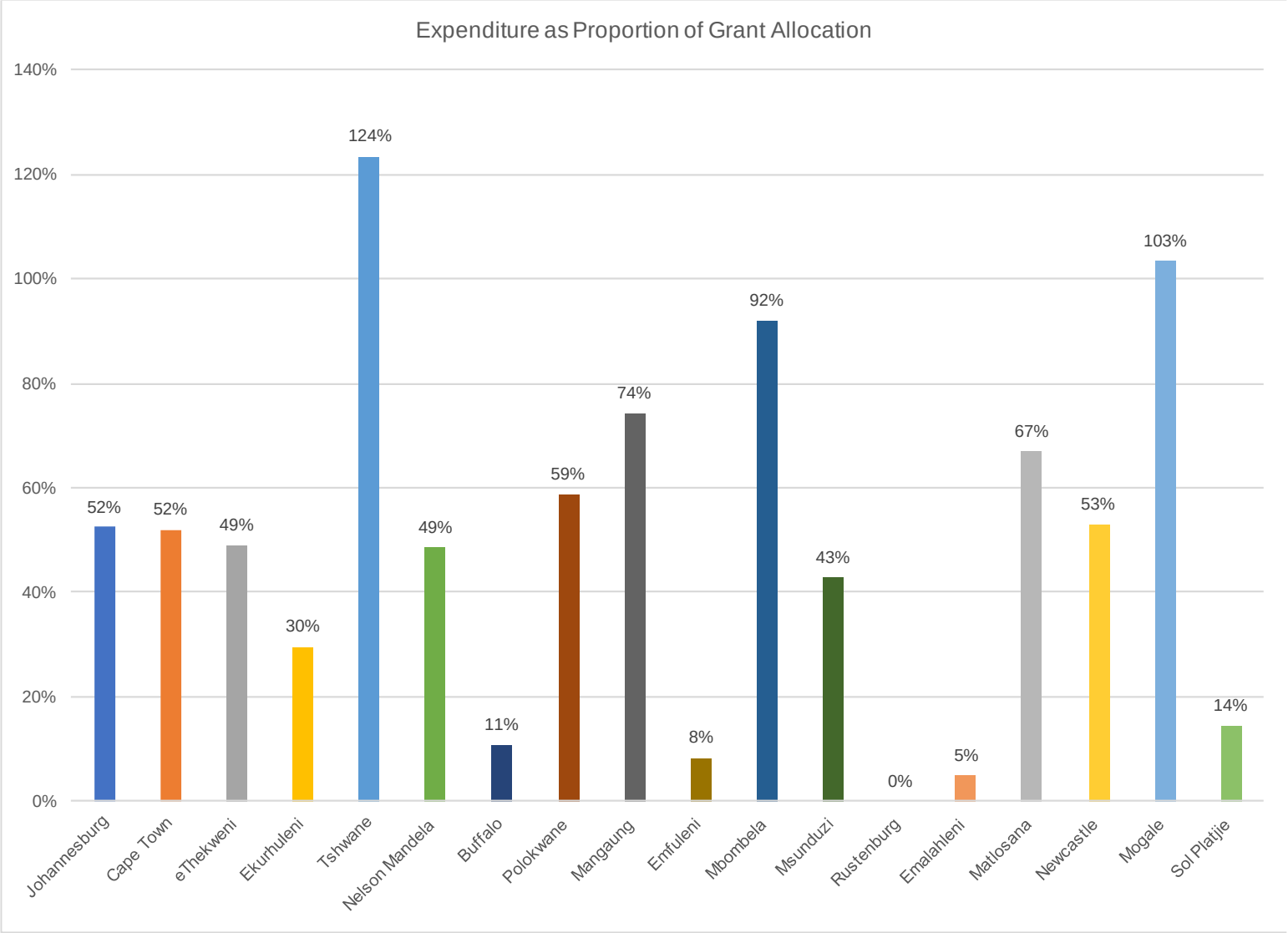


Figure 8: Expenditure as a proportion of grant allocation per municipality
Source: National Treasury, Section 71 Reports and Division of Revenue Act, 2012-2017

Sol Plaatjie (Kimberley) and Rustenburg continue to be at the bottom of both expenditure and allocation trends. This is depicted in Figure 9. Overall, metropolitan municipalities are taking the lead in both the expenditure and the allocation category, while the secondary cities are mainly concentrated at the bottom as a proportion of the total NDPG municipalities. However, comparing the municipal expenditure as a proportion of allocation, some secondary cities such as Mogale City, Mbombela and Matlosana are performing well. These trends are depicted in Figure 8.

As depicted in Figure 9 when comparing the numbers, metropolitan municipalities are mainly taking the lead in both the allocation and expenditure trends. This is partly because of the size of the municipalities, with municipalities that have a higher proportion of the population, generally receiving the highest grant allocation. In addition, metropolitan municipalities are able to spend a larger proportion of the grant due to their capacity.

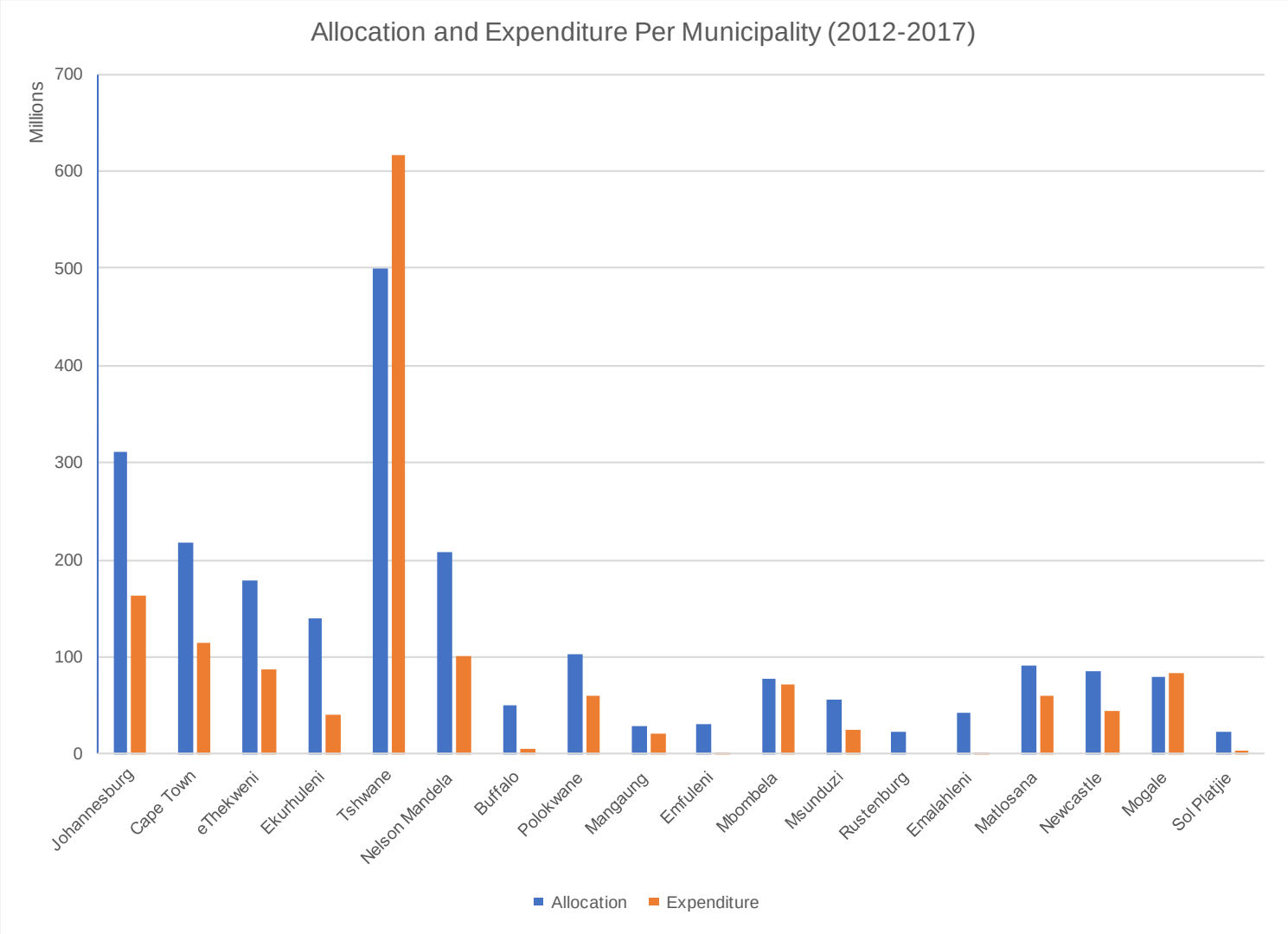


Figure 9: Allocation and Expenditure Per Municipality
Source: National Treasury, Section 71 Reports and Division of Revenue Act, 2012-2017

5.2.7 Conclusion

This section has mapped the distribution of grant allocated and expenditure of the municipalities as per Division of Revenue Act (DORA) and section 71 resports for the period 2012-2017 financial years. There is a vast distinction with regard to the distribution of grants and also expenditure in the municipalities. As highlighted, with the exception of Mangaung, the metropolitan municipalities have received the highest proportion of allocation. This is partly due to three reasons. Firstly, they have been part of the first phase of implementation of the programme which has allowed them to develop institutional capacity in the implementation thereof. Secondly, they were able to spend their allocations which resulted in their incremental budget increase over the years. Thirdly, they have sizable townships which constitute the large proportion of the South African black population.

The City of Tshwane is taking the lead, recording the highest proportion of allocation and expenditure nationally and within the metropolitan municipalities. Mogale City has dominated the secondary cities with respect to total grant expenditure being higher in all the municipalities. A detailed analysis of the grant expenditure depicts that the Buffalo City and Rustenburg are identified as the worst performing municipalities within the metropolitan municipalities and secondary cities respectively. Coming out of this analysis, the pilot municipalities which represent best performing municipalities are City of Tshwane and Mogale City, and the worst preforming municipalities are represented by Buffalo City and Rustenburg are identified and selected for further analysis.

5.3 Case Studies

5.3.1 Introduction

This section discusses the case studies which have been compiled as part of the research. There are four municipalities selected for conducting these case studies. The selection thereof is based on the type and category of the municipalities (Metropolitan municipalities and Secondary Cities) and the performance (the quantum of money spent) of the municipality in the programme. The first two case studies focus on the metropolitan municipalities, in a South African context[7], with the City of Tshwane representing the best performing and Buffalo City representing the worst performing metropolitan municipalities. The remaining two case studies are Mogale City and Rustenburg which are representing the best performing and the worst performing secondary cities respectively. Figure 10 depicts the spatial location of the municipalities which are part of the case studies.

[7] In South African context, the metropolitan municipalities include area with population of less than 1 million. In this case Buffalo City Municipality which was part of the sample, had less than 1 million population

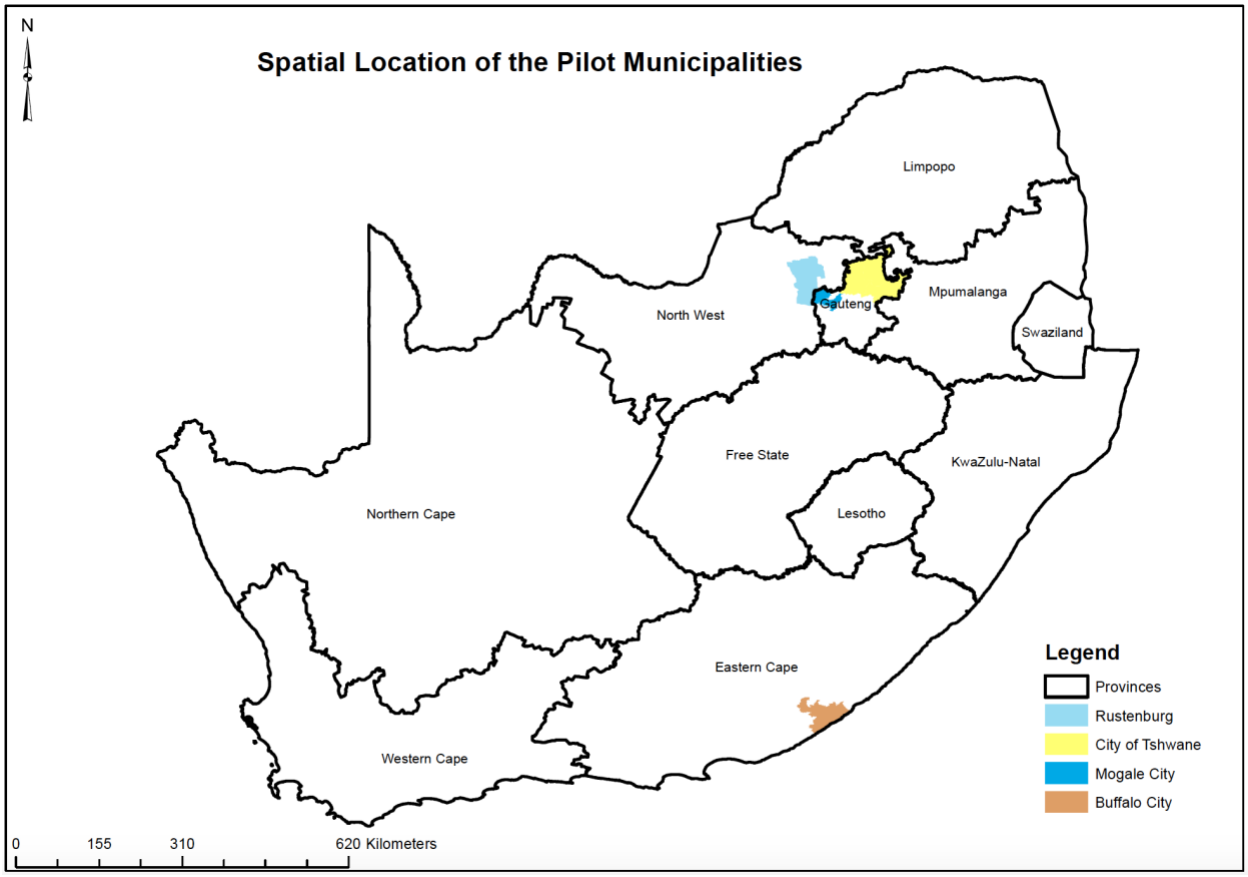


Figure 10: Spatial Location of the Pilot Municipalities
Source: Statistics South Africa, Census 2011 and National Treasury, 2013

There are number of themes which are explored through these case studies, key among them is the degree of urbanisation in the municipality, the historical participation in the NDPG, the capacity of the institution including the support mechanism provided therewith. Other factors explored include: the technical capacity of the municipalities with respect to the ability to spend the grant allocation; the ability to retain institutional memory and turnover of the senior managers in the municipalities'. These themes cover the extent to which the planning of the programme has been executed in municipalities, the investments that have been attracted to date and population concentration, the size of the economy and dominating sector in terms of the size of the gross value added (economy). In addition, a brief summary of the key challenges affecting each municipality in implementing the programme is discussed.

The interviews with the National Treasury and municipal officials are the primary source of data in collating the case studies. During these interviews, additional information such as leverage

reports[8] was sourced from the officials. Other secondary sources such as Statistics South African Census 2011 and Community Survey 2016 and municipalities' annual reports have also been used to strengthen the analysis of the case study cities.

5.3.2 City of Tshwane

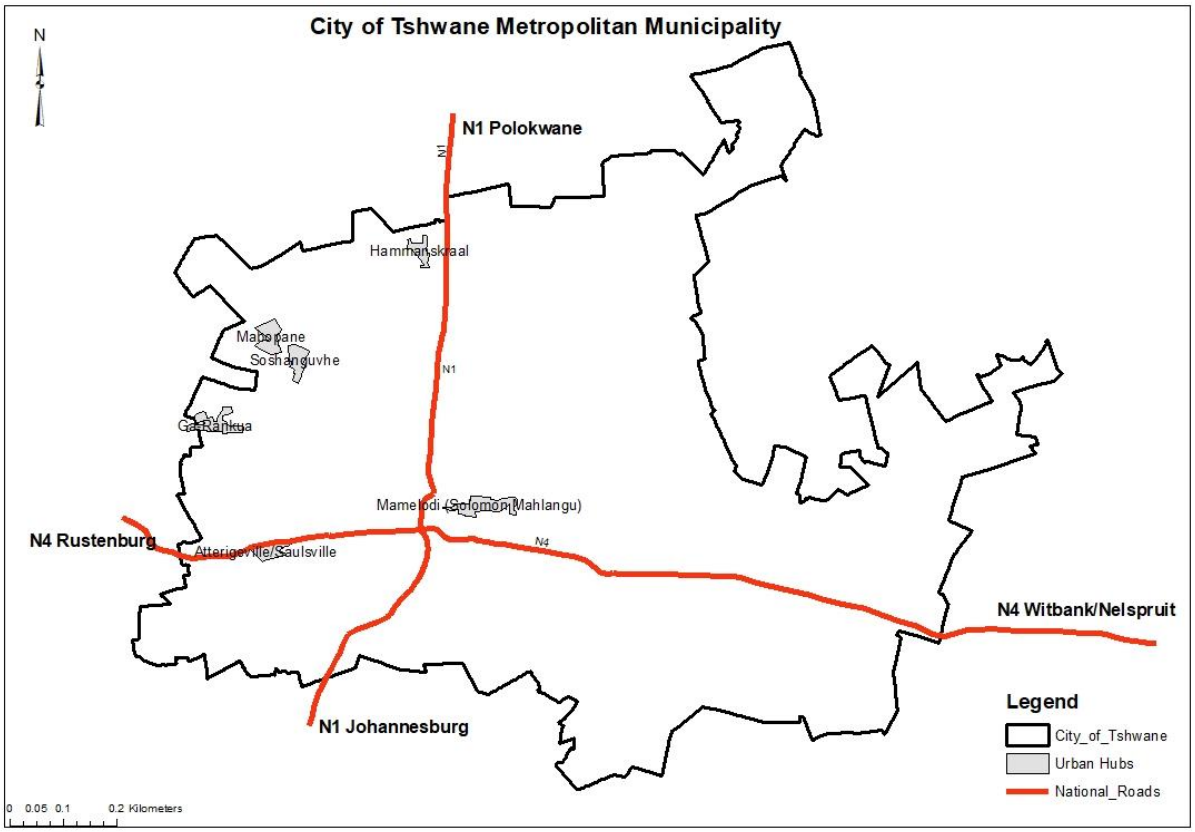


Figure 11: City of Tshwane Metropolitan Municipality Map- Urban Hubs
Source: Statistics South African, Census 2011 and Municipal Demarcation Board 2016

[8] The leverage report is the information that details the investments which have been made by various public and private sector institutions in the urban hub

Municipality	City of Tshwane Metropolitan Municipality
Location	The City of Tshwane is the capital city of South Africa. It is one of the five major metropolitan municipalities in South African. It covers a vast area, of 6 298 square kilometres.
Urban hubs/Nodes	The neighbourhood development programme has identified six urban hubs in the municipality, which are located across major townships of the City. These include Solomon Mahlangu (Mamelodi), Atteridgeville/Saulsville, Mabopane, Ga-Rankuwa, Soshanguve, and Hammanskraal. These urban hubs are at different stages of development. Planning has already been completed in three (3) hubs, i.e. Solomon Mahlangu, Atteridgeville and Mabopane. The Hammanskraal hub and the Mabopane urban hubs are in the process of initiating and finalizing the precinct planning process respectively.
Involvement in NDPG	The municipality has been part of the NDPG since 2007. It has developed institutional knowledge of the programme, learning through the implementation over the years.
Capacity and accounting	The programme has been assigned a fulltime official sitting in the office of the Deputy Municipal Manager. Although the said official reports to the Deputy Municipal Manager, he has also access to the Municipal Manager. In addition, the political office bearers, represented by the Mayor took interest in the project with the programme being elevated to be one of the main priority programmes in the municipality. It has since been titled Tsosolotso, which is a Tswana name for renewal.
Planning	CoT was awarded funds for the implementation of the grant in 2007. It has since continued to be part of the relaunched programme focused on the urban network strategy in 2012. During the inception stage of the programme, the municipality established a team of urban dsigners and town planners targeting the above mentioned six urban hubs. These professionals focused on developing the identified nodes and sub-nodes. Initially, the programme focused on three geographical areas that is Atteridgeville, Mamelodi and Soshanguve. Areas such as Hammanskraal, Ga-Rankua and Mabopane have been elevated from sub-nodes to be stand-alone precincts. This has evolved over the years with the learning on the implementation including the changes associated with the reconfiguration of the NDPG by National Treasury. In 2011, the municipality initiated a process for assigning a full-time official with key performance areas including the implementation of the programme. In addition, and also through the learning accumulated over the years, the municipality established a team of consultants composed of the urban designers, town planners, and engineers. Various fields of expertise are sourced from this pool of consultants as and when required. This has aided the municipality to have technical expertise without interruption in implementation. In addition, it has also allowed the municipality to have expertise which could not ordinarily be secured within one programme. The value derived from commissioning this team of consultants is that the municipality managed to secure a stable and consistent implementation support team for a foreseeable period. It also provided the municipality with the ability to use the external services provider in a manner that allowed skilled human capital to be sourced within a reasonable time. In addition, it has allowed sourcing such skills

	without putting a long-term financial burden on the municipality. That is, they are called as and when needed only. The project activities which are known by both the municipalities and consultants inform the programming of the project peak and off peak demand of this skilled human capital. As such, both parties are in a position to understand their demands and requirements in the project.
Stability and capacity	During the period 2012-2017 the municipality managed to perform exceptionally well in terms of their ability to spend on their allocation, and was able to attract a sizeable amount of investment in the nodes. This success could partly be attributed to sustained stability, technical and institutional, that the municipality managed to maintain over this period. Thus, the municipality employed one project manager who was responsible for the implementation of the programme in this period. This was also aided by the fact that the said official learned and acquired institutional memory about both the programme and nodes over time. Even in the period of changes in the NDPG programme implementation, it was quite easy for the official to adapt to the revised programme. He has essentially, started working for the municipality in 2004. He has been working fulltime on the Neighbourhood Development Programme from 2010, i.e. for seven years. In addition, the municipality was able to maintain the same team of consultants for a period of five years, since 2012. Prior to 2012, the municipality tried different models of delivering the programme by attempting to assign full-time officials to each precinct. This had coordination challenges with the planning and project implementation not being synergised. This has improved over the years and it coincided with the relaunch of the programme by the National Treasury, and the arrival of a new team of political and administrative leadership in the municipality, resulting from August 2016 local government elections. The institutional capacity and memory of the programme have been maintained over the years. This has allowed the municipality to avoid reinventing the wheel. This was achieved through working within the procurement framework in terms of complying with rules whereby a panel of consultants was established for the purpose of assisting the municipalities to implement the programme, through sourcing the necessary technical capacity. This allowed the programme to acquire the technical expertise that would not ordinarily be available as and when required.
Investments	The programme has attracted both public and private sector investments. The type and nature of investments attracted have mainly been associated with the concentration of people in spaces. This is partly because the hubs are planned around the intermodal transport facilities which include rail, bus, and taxi facilities. In the Solomon Mahlangu hub, investments attracted the development of regional shopping centres accommodating different businesses, including office space, redevelopment of the hostels into family units,

	and construction of a magistrate's court among other things. The investment for the development of a regional shopping centre and offices space with a total of 60 000m2 Gross Lettable Area (GLA) which includes space for 600 informal traders, is still at construction stage in 2017. This project is estimated to be in the region of just over R600 million. In the Atteridgeville /Saulsville hub, the investments attracted are two shopping centres and the redevelopment of Passenger Rail of South Africa (PRASA) rail stations. The investments attracted in this hub are estimated at the total of R370 million. In Mabopane the land owned by the PRASA has been the lead draw card, with the hub attracting investments around the rail station. Similarly, the major investment that has been attracted includes the development of shopping centres in this node. In complementing the private sector investments and also incorporating the informal sector to be part of the economic spinoffs, the municipality has developed informal stalls which allow the informal traders to operate within easy reach of the node. According to the municipality, in their interaction with the private sector investors, they have learned that the targeted nodes, have generally been attractive to the investors. For example, within the Solomon Mahlangu (Mamelodi) Urban Hub the private sector investors (Safari Investment) were already interested in investing in the node for the development of shopping centre and even willing to fund some of the enabling projects that are related to planning processes.
Population, employment and economy	In Solomon Mahlangu Urban Hub, it is estimated that 3100 jobs will be generated. The commercial sector including retail and office space will be the lead employer given labour absorption capacity with an estimate of 2500 job opportunities. The informal sector will generate 600 jobs. The government services through various investments such as the construction of the magistrate's court in Mamelodi will continue to provide a larger proportion of jobs during the construction stage. In addition, this will be followed by associated professional jobs in the legal fraternity.
Projects	The programme is in the implementation stage and attracts a number of investments ranging from retail, sports and recreational facilities, as well as office space as the key anchors. There are no visible form of investments in manufacturing which can absorb a large proportion of the unemployed population or even create employment opportunities. Essentially, with the exception of retail, the investments attracted can be characterised as economically enabling rather than significant direct employment creation. This is depicted by the fact that a large proportion of investments are around intermodal transport facilities creating connectivity of the townships to the major urban centre.

Challenges

Despite such success, the programme is equally facing some challenges. Key challenges include a lack of strong coordination within the City. As highlighted in the interviews with the municipality, some managers, more especially those that are sitting in a different department with different budgets, see the programme as separate and not integrated with what they are doing. This could potentially hinder progress and creates a silo mentality among role players in strategic positions critical for attainment of desired results. This has hindered the capacity of the programme to leverage more resources internally. According to the municipal official responsible for the programme, the challenge is unlikely to be resolved in the near future with the arrival of new political and administrative leadership which is still to familiarise itself with the programme.

PRASA is the major player within the nodes with grand plans for the development of their rail stations. Of concern to the municipality is that PRASA does not communicate its plans with the municipalities. There is a need to strengthen coordination with the public-sector institutions such as PRASA to incorporate their plans with that of the municipality.

5.3.3 Buffalo City

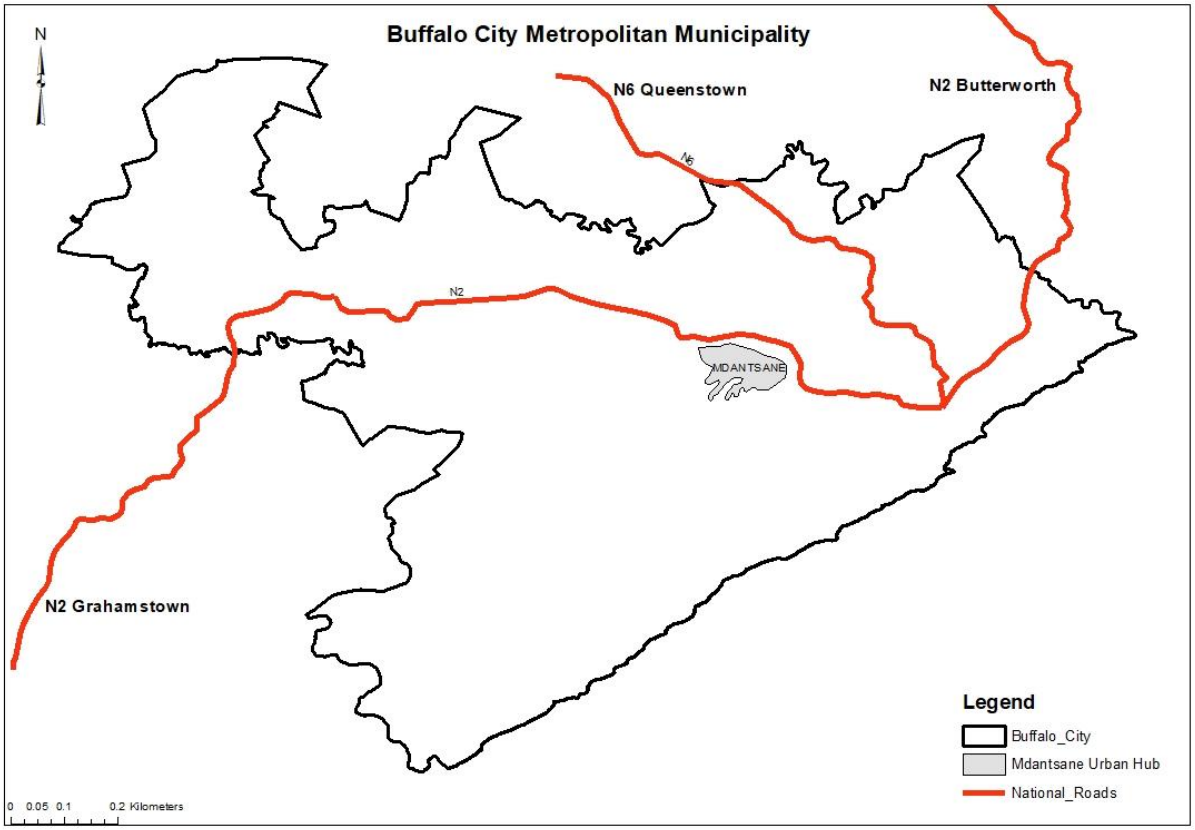


Figure 12: Buffalo City Metropolitan Municipality Map- Urban Hubs
Source: Statistics South African, Census 2011 and Municipal Demarcation Board 2016

Municipality	**Buffalo City Metropolitan Municipality (BCM)**
Location	Buffalo City is one of the two metropolitan municipalities located in the Eastern Cape (EC) Province.
Urban Node	The municipality has identified Mdantsane central business district (CBD) as its main urban hub. Mdantsane is a township which is located on the north west of East London CBD. The precinct plan identified the hub as a targeted node for mixed use development, public realm developments and upgrades. There are two secondary nodes that are linked to the Mdantsane urban hub (primary node), and they include Mount Ruth station development and south of Bille Road. Prior to the introduction and award of the NDPG, Mdantsane was part of urban nodes targeted by the department of social development.
Involvement in the NDPG	The municipality has been involved with the NDPG as part of the first phase of programme which was introduced in 2006. The municipality has actively been involved since 2008. Despite that, there has been little progress with regard to the projects that have been undertaken by the municipality over the years. During the long-term tenure that the Municipality has been involved in the programme, there has not been any positive institutional capacity yielded in the implementation of the programme.
Capacity and accounting	There are two officials that are responsible for the project in the municipality. That is a senior and junior official. The senior manager is reporting directly to the municipal manager. The said senior manager has only been working on the programme for two years. The junior official is reporting to the senior manager, and has less than a year experience working for the municipality and also within the programme. Within a period of five years, there has been a constant change of officials working on the programme, at some stage within a period of three years, the National Treasury official responsible for the programme worked with three different municipal officials. The National Treasury official assigned to BCM has been working on the programme for eight years.

Planning	The precinct planning has been completed and subsequently the primary and secondary nodes were identified. The municipality is in the process of implementing the catalytic projects identified in the precinct plan. Mdantsane has been identified as the primary node (Urban hub). There are two secondary nodes that are linked to the Mdantsane urban hub (primary node), this includes Mount Ruth station development and south of Bille Road.
Stability and capacity	The municipality does not have fulltime officials working on the programme. The two officials that are assigned to the programme are also working on other programmes in the municipality. Of concern is that there has been constant instability in the municipality with the changes in senior management. This is partly reflected by high turnover of the officials that are responsible for implementing the programme. Thus, the institutional memory is constantly being lost, leading to slow progress for implementation as there is a lack of continuity on the programme and projects throughout their life cycles. At some stage the programme was working quite well in the municipality with the municipal manager taking the lead in the implementation of the programme. Change of leadership particularly the municipal manager before the end of their contract which is linked to the political term of office, has led to serious delays with the new officials who are not familiar with the programme being involved. There has been constant changes of administrative leadership in the municipality over the last five years. This has led to the programme losing institutional memory as well as the learning accumulated over time. The officials that are assigned to the programme are also working on a plethora of programmes within the municipality. According to the National Treasury official responsible for the implementation of the programme in the municipality, this is due to the fact that, it is not always the case that there are activities on the programme. Thus, in some instances the programme is quite active while in some periods, there are very few activities. Political stability also plays a major role in this regard. Thus, some councillors feel that their projects implemented through the programme should be in their wards. This leads to councillors constantly challenging the process for the implementation of the projects and this affects progress in their implementation .
Investments	The programme has not managed to attract any form of investments to date. This is partly due to the fact that the municipality has only

	managed to finalise the precinct plan in late 2016. Though the precinct plan has been completed, there is a need to instil stability in the municipality. This will increase the capacity for implementing the plan and more specifically the catalytic projects that have a bearing on attracting investments. It is expected that once there is certainty and stability with regard to the implementation of the precinct plan, the public and private sector investments will be driven into the urban hub. Simply put, when the municipality political and administrative arm stabilises, the municipality will be in a position to implement catalytic projects and this will consequently lead to the investments in the targeted neighbourhood. Contrary to this, a lack of political and administrative stability will not inspire confidence to the investors, which will ultimately lead to lack of investments.
Population, employment and economy	Buffalo City had a population of 810 528 in 2016 (Statssa Community Survey, 2016). It has recorded a population growth of 7.3% between 2011 and 2016. The city's population growth is lower than that of other metropolitan municipalities such as Johannesburg and Tshwane which have recorded population growth at a rate of 11.6% and 12.1% in the same period. Despite recording low population growth in comparison to other metros, Buffalo City has fared better than the province which has experienced out migration. According to Statssa, Census 2011, Mdantsane Urban hub has recorded population and households of 153 000 and 43 000 respectively. It is estimated that the population in the hub will increase to around 210 000 in 2025.
Projects	The precinct concept was adopted towards the end of 2016. As such there are no ground-breaking economic development projects that have been implemented or attracted investment to stimulate growth and create opportunities. Nevertheless, the municipality has managed to implement two projects since the inception of the revised NDPG programme in 2012. This includes a street lighting project that was implemented in 2010 for an amount of R5,9 million. In 2014, a road upgrade project was also implemented at an amount of R5 million. It is expected that a number of projects will be implemented following the approval of the precinct plan. Catalytic projects that are proposed in the precinct include the upgrade of public transport facilities, construction of new medium density social housing, water, sanitation and electricity reticulation as well as the construction of the storm-water system within the Mdantsane urban hub.

Challenges

The biggest challenge that the City faces concerns supply chain management processes. Thus, in terms of procurement process, it takes time for the municipality to appoint consultants and contractors with the requisite expertise. Slow turn-around times on the appointment of service providers lead to lack of proper planning and implementation of the projects.

According to the National Treasury official responsible for the programme in the municipality the other important factor that is a challenge to the municipality, and also weakens the programme, is the high turnover in administration positions. This is a symptom of the lack of political stability. This has implications for the implementation and management of the projects within the municipality. If this is not addressed, the current precinct plans are unlikely to be implemented. As such the programme is unlikely to attract coordinated investments in the long-term as may cause a perception of policy uncertainty.

5.3.4 Mogale City

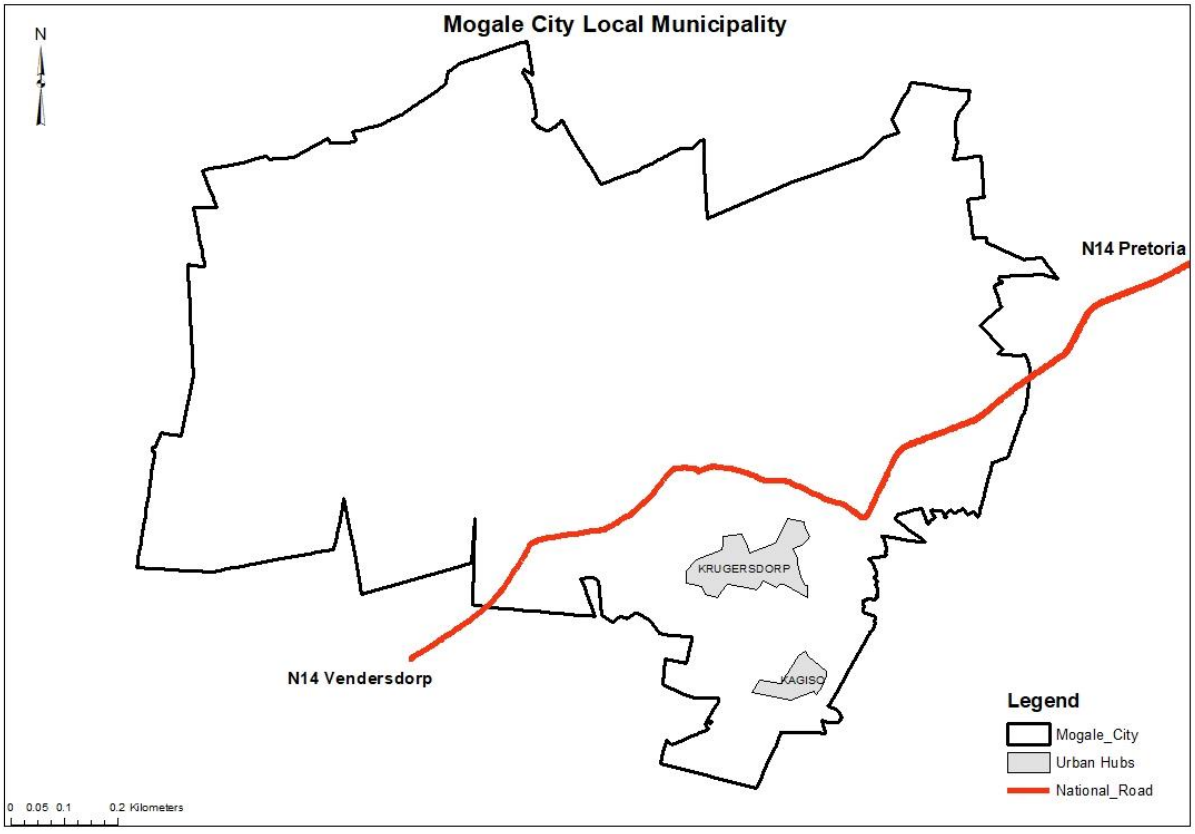


Figure 13: Mogale City Local Municipality Map- Urban Hubs
Source: Statistics South African, Census 2011 and Municipal Demarcation Board 2016

Municipality	**Mogale City Local Municipality (MCM)**
Location	Mogale City Municipality (MCM) is a secondary city located in the north western part of the Gauteng Province. It is part of West Rand District Municipality. It measures 1 342 square kilometres. MCM borders North West Province (Madibeng and Rustenburg Local Municipalities) in the north and western parts, the City of Tshwane and City of Johannesburg Metropolitan Municipalities in the east, and Randfontein and Merafong Local Municipalities in the south. It is in a zone of transition between strong metropolitan urban centres of Johannesburg and Tshwane and extended rural areas. According to Statistics South Africa census 2011, Mogale City recorded a high urbanisation rate of 93%.
Urban Node	Initially, the National Treasury identified Kagiso township as an emerging Urban Hub, targeted for the implementation of the programme in the municipality. This has changed over time, leading to the Krugersdorp CBD being identified as the primary node targeted for investment, while Kagiso remained a secondary node. The reprioritisation from Kagiso to Krugersdorp CBD was influenced by lack of coordination which led to the strategic land at the heart of the proposed precinct being sold to private parties. The municipality has developed a precinct plan around the Krugersdorp CBD.
Involvement in the NDPG	Mogale City has been involved with the implementation of the programme as part of the revised NDPG in September 2013. Though the municipality does not have historical record of implementing the programme, the manager who is responsible for its implementation has been involved with the NDPG in his previous position at City of Johannesburg.
Capacity and accounting	There are two officials who are responsible for the programme in the municipality. This includes the executive manager as well as an official reporting directly to the executive manager. The said officials working on the programme also work on other projects within the municipality. There is no dedicated position within the municipality to cater for the programme implementation. The executive manager (senior official) is responsible for planning and economic development in the municipality, while the official reporting to him is responsible for strategic investments project. Given their position, the involvement of this official provides a leverage for coordination of activities that are of an economic nature in the municipality. Though this

	seems advantageous, according to the municipal official responsible for strategic investments, it also strains her given that there are a multitude of other things that she is involved with.
Planning	Planning has recently been complete, with the implementation of UNS in the municipality. The new urban hub that has been identified is Krugersdorp CBD. Key projects that have been identified in this include construction and upgrading of public transport facilities (taxi ranks), construction of BRT station, development of office park and retail facilities, construction and development of housing in the form of social housing as well as the development of a public square. It is expected that the abovementioned projects will be implemented by public and private sector investors. Moreover, the public private partnership has been identified as a model to execute some of these projects. For such a grand plan to be implemented, as highlighted in the precinct plan, there is a need to strengthen coordination capacity of the municipality.
Stability and capacity	Until recently, the municipality has over the years been stable both politically and administratively with the mayor and municipal managers completing their terms of office. The programme has been stable in the municipality with the official responsible for the implementation and management thereof being consistent. The political and administrative stability has resulted in the municipality being able to spend in excess of R60 million over the past five financial years. This is also partly due to institutional knowledge that the municipality has accumulated. The high expenditure could partly be associated with the historical factors. The programme (NDPG) related project planning in the municipality has, for instance been executed for some time, hence the ability to spend. This has allowed the municipality to be able to spend a higher proportion of the money relative to other secondary cities.
Investments	There are a number of investments that have been made in relation to the programme. Key among these is the construction of Leratong intermodal transport facility in Kagiso. This project has been sponsored by Gauteng Provincial Government, Department of Transport. This project is worth R70 million. Other notable projects include construction of housing units in Kagiso as well as the installation of bulk infrastructure services. The cost of the project is estimated to be in region of just over R100 million.

Population, employment and economy	According to StatsSA community survey 2016, Mogale City has recorded a total population of 383 864. The economy is relying on the tertiary sector which contributed 49.6% to the gross value added (GVA) in 2016. Mining which has been a dominant sector in West Rand region, is declining with no prospect for expansion. The municipality recorded an unemployment rate of 33% in 2011.
Projects	The municipality has just recently finalised the precinct plan in line with the Urban Network Strategy (UNS). Krugersdorp CBD has been identified as the urban hub while Kagiso is identified as a secondary node. The municipal precinct plan identified the civic centre (government precinct), two rail station precincts, sports precinct, two housing projects, and the art precinct for development. There are a number of projects implemented in Kagiso, which mainly includes the roads and walkways. According to the municipal officials, these projects have increased walkability and safe walking spaces in the township resulting in increased economic activities along the urban spine of Kagiso Drive and Geba Street. Properties along this street are changing from residential into commercial.
Challenges	The key challenge arising from Mogale City's implementation of the programme was around coordination. The municipality has initially identified and planned for the implementation of the UNS at Kagiso as an emerging urban hub. However, due to lack of coordination, some strategic land which was instrumental for encouraging development within the identified and targeted hub was released to the private sector for other activities than what was planned for in line with the UNS principles. This resulted in the municipality having to start the planning process afresh and identify a hub that could be targeted for development. This led to Krugersdorp CBD being identified as the hub for the implementation of UNS. The municipality's lack of skilled personnel to do research and marketing of the precinct and its offerings, is also a challenge which is impeding the ability to attract investors. Added to this, is the lack of training from the Neighbourhood Development Programme (NDP) unit on the evolution of the programme and associated changes in the reporting requirements. According to municipal officials, although the NDP project manager attempted to impart the knowledge this has not been sufficient - given a lack of documented processes.

5.3.5 Rustenburg

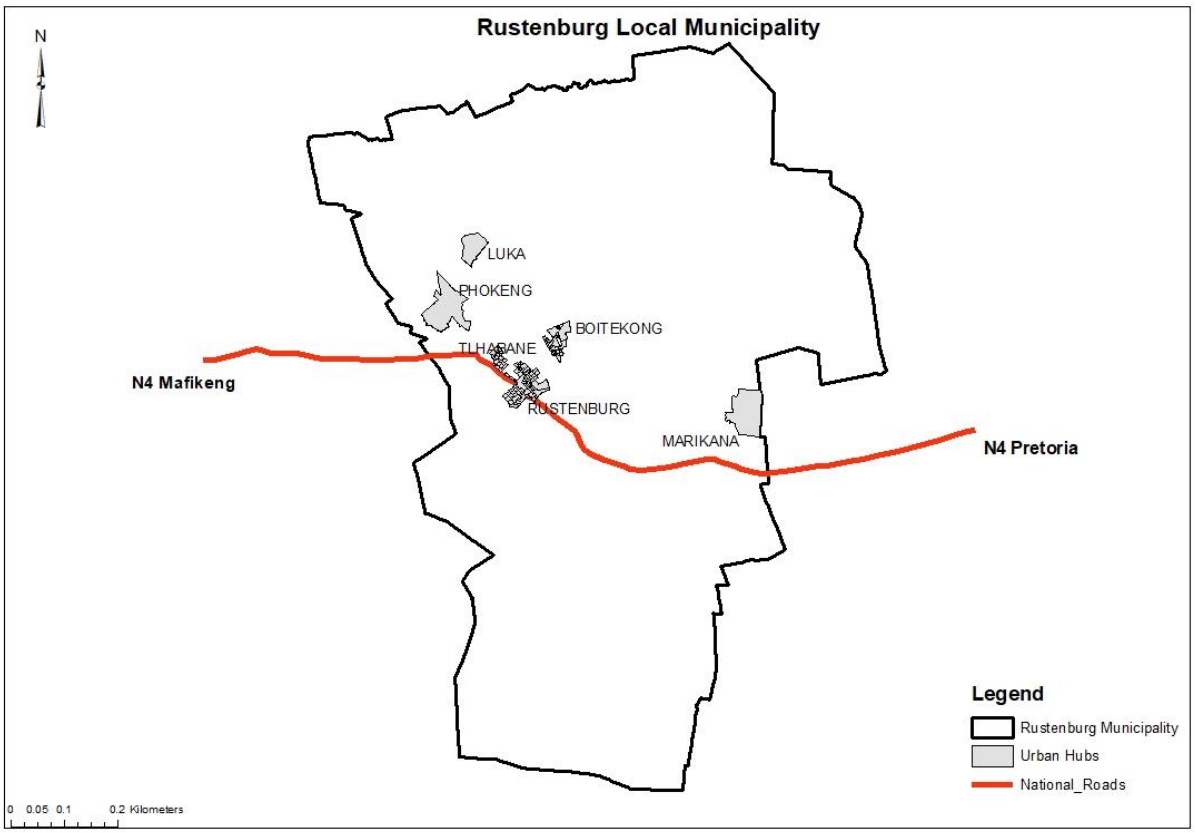


Figure 14: Rustenburg Local Municipality Map- Urban Hubs
Source: Statistics South African, Census 2011 and Municipal Demarcation Board 2016

Municipality	**Rustenburg Local Municipality**
Location and governance	Rustenburg Local Municipality (RLM) is located in North West Province. In terms of the Municipal Structures Act, RLM is a category B municipality, sharing its jurisdiction with Bojanala District Municipality. The municipal area measures 3 430 in square kilometres[9]. Rustenburg is accessible to metropolitan municipalities of Johannesburg and Tshwane, located approximately 120 km from these urban centres. According to Statistics South Africa, census 2011, sixty eight percent (68%) of the municipal area is urban. Rustenburg has historically been governed through multiple types of systems; that is formal municipal systems which only focused on the main town of Rustenburg, the township of Thlabane and Boitekong.

[9] Rustenburg Local Municipality, Integrated Development Plan 2017-2022

	Some sections of the municipality are also governed through the tribal/traditional authority system, this mainly includes vast numbers of rural villages such as Phokeng and Luka, which have been incorporated in the formal systems since the reconfiguration of the local government in 2000. Similar to most local municipalities in South Africa, a large proportion of Rustenburg's land area is mainly rural. Essentially, there are two main forms of governance structures that operate within Rustenburg. This include Royal Bafokeng Administration (RBA), which is mainly responsible for the development of the communities that falls within their jurisdiction and RLM which is servicing all the other areas except, in respect of some services such as water, villages attached to RBA.
Urban Node	The NDPG within the municipality has identified Rustenburg CBD as a main urban hub. There are also four secondary nodes, which include Boitekong, Monakato, Marikana and Phokeng, connected to the urban hub. The municipality is still in the process towards the development of a detailed precinct plan for the development of the urban hub and secondary nodes.
Involvement in the NDPG	Rustenburg's involvement and experience in the NDPG programme is fairly new, with the municipality being identified as part of the revised NDPG programme since 2012. The National Treasury and the municipality signed a funding agreement in 2013. Though the National Treasury has taken an interest in the development, there has been little traction for the process to move forward. This is partly due to the contractual arrangement that prevails in the area. After two years of signing the agreement, there has been no progress in planning for the programme, and the National Treasury took a lead by commissioning a consultant to develop the precinct plan. Despite such initiatives, the process for the development of the precinct has not been completed to date and the consultants commissioned by the National Treasury have abandoned the project. This was mainly due to lack of cooperation on the part of the municipality towards the finalisation of the precinct plan. This has to some extent, led to the delay in the process for the finalisation of planning phase. The municipality embarked on the process for the appointment of another consultant to assist with the implementation of the programme at the beginning of October 2017.
Capacity and accounting	The programme was assigned to the project manager reporting directly to the Chief Operating Officer. According to the manager, this programme was 'just assigned to him temporarily', while the municipality

	was in the process of appointing a suitable candidate for this programme. The municipality had a long-term plan of appointing a candidate within the planning division, but the process never came to fruition due to administrative instability in the municipality, specifically at senior management level. Recently, there have been some changes in the reporting structure within the Municipality, and the programme now falls within the ambit of the Municipal Manager. According to the interviews conducted with the National Treasury, these changes were prompted by repeated inability of the said official to respond and fulfil the reporting requirements of the programme. Though this move seems to be positioning the programme in the right place, there are innate challenges associated with a Municipal Manager as someone who is responsible for a programme that requires day to day operational intervention/oversight. Thus, municipal managers by their nature oversee the entire administration of the institution and therefore being assigned to projects of this nature may also compromise the programme. However, at this stage where there are no activities, it may be sufficient to enable the programme to gain traction before it is handed over to other officials. Currently, the programme is performing dismally, as depicted in chapter four which recorded no expenditure in the last five years and also it has not been able to complete the precinct plans.
Planning	The municipality has been involved with the planning of the precinct for a number of years. The municipality attempted to develop a precinct plan through consolidation of existing precinct plans. To date, the precinct plan has not been completed. This is mainly due to instability within the municipality with the high staff turnover of senior management especially municipal managers. In the past five years, (2013-2017) the municipality had nine municipal managers. That is, the municipality had on average 1.8 municipal managers per year. The progress in the implementation and planning of the programme could be attributable to challenges associated with administrative instability in the municipality.
Stability and capacity	Five years have elapsed since the introduction of the revised NDPG and the planning process has not been completed, until now. Part of the challenges facing the municipality in this regard, according to the National Treasury, is lack of enthusiasm by the technocrats in the municipality about their work. This was reflected by municipal officials not attending scheduled meetings with National Treasury officials. This is worsened by the fact that people working on the programme have been changed frequently, especially the senior managers that are

	reporting to the municipal manager. The continuous changes of accounting officers have also not made it easy for the programme, with the officials that are responsible for the programme being constantly having to brief the new management. The officials in the municipality, generally do not seem to care much about the programme, as the National Treasury was not receiving any form of response to communiques that they send regarding the programme. Such experience has also been lived through the process of this research with the same officials promising to respond to the request for an interview which never materialised, until the researcher made an unannounced visit to the municipal offices. Of concern is that the officials in the municipality do not attend scheduled meetings. This has also happened in cases whereby the National Treasury scheduled meetings with approximately 12 officials in the municipality, and only one official attended the meeting. It is worth noting that this meeting was scheduled to take place in the municipal offices, with National Treasury officials travelling from Pretoria to the municipal offices in Rustenburg, for interaction with the municipal officials.
Investments	Despite not experiencing meaningful progress with regard to planning, the municipality has seen some initiative for implementation of construction projects that are related to the BRT linking the urban hub to a number of secondary nodes such as Thlabane and Phokeng. It should be noted that this project is still under construction. Other than the BRT project listed above, there are no projects that could be linked to the work relating to the urban hub in the municipality. Essentially, there have not been any direct public and private sector projects within the precinct. It is expected that progress with respect to attracting public and private sector investments will be made once the precinct plan has been completed or when the municipality clearly outlines its intention for the implementation of the programme in the integrated development plan (IDP) and other plans. Such a move will assist in instilling investor confidence amongst the prospective investors that are looking at investment opportunity packages in the form of neighbourhood development and precinct plans.
Population, employment and	According to Quantec 2016 data mining constitutes 54.1% to the economy of the municipality. There are 20 mines operating and located

economy	within the municipal area[10]. Essentially, mining is not only the major economic contributor, it also plays an important role as the major labour absorbing sector. According to Statistics South Africa, 2011 Census, unemployment is sitting at 26.4% in the municipality.
Projects	No projects have been implemented in the past five years, between 2013 and 2017. This is despite the ability of the programme to implement quick win projects without completing the precinct plan, as has been done in other municipalities such as Buffalo City and Mogale City. There are opportunities for the implementing of projects that will impact positively on the urban hub and secondary nodes within the municipality. However, this is mainly dependent upon the ability to instil administrative stability in the municipality.
Challenges	The key challenge facing the programme in RLM is lack of progress in planning which has implications for the implementation of the programme. Thus, in the past five years the municipality has not been able to complete its precinct plan. This is due to capacity challenges which have also been reflected in the expenditure patterns, with the municipality grant expenditure recording zero in the past five years. Despite locating the programme with the official that is second in charge in terms of seniority (the Chief Operating Officer) the programme has not seen any form of progress in the municipality. This is mainly due to the institutional instability reflected in part by high turnover of people in senior management positions especially the municipal manager, with the municipality having had at least nine people (including the former COO) occupying the position in the last five years. The high turnover for the position of municipal manager has deterred the municipality from making bold decisions in the execution of this programme. That is, instability has adversely affected the capacity of the municipality to implement enabling projects, which could have been realised while the precinct planning process is being finalised.

[10] Department of Planning, Monitoring and Evaluation: Revitalisation of Distressed Mining Community Project- Synthesis Report, 2015

5.3.6 Conclusion

This section has outlined the four case studies of the NDPG municipalities in implementing the programme. There are a number of key themes emerging from the case studies which include among others - procurement, leadership, institutional memory and capacity of coordination between internal and external stakeholders. These are key factors in creating an enabling environment for the investments in the targeted nodes.

In implementing the programme, it has emerged that the role of political and administrative leadership is pivotal in the success of the programme. That is, municipalities which have succeeded have mainly experienced the support and interest of the political leadership. Added to this is that these have instilled stability in the administration with the senior managers who are responsible for making long-term decisions staying for a longer period in the municipality. Municipalities which have experienced administrative stability with accounting officers staying for a longer period have to a large extent enabled such municipalities to experience the better implementation of the programme.

Also important is the innovation relating to the procurement of the services providers. As has been the case with the municipalities that have been successful in implementing the programme, the consultants who have been contracted to strengthen capacity have also enjoyed a long-term stay in the municipality, i.e., at least three years. This has enabled the municipality to implement the programme over a longer period of time.

The role of the municipal project coordinator has emerged as quite critical in the implementation of the programme. The key factors that ensure that project coordinator succeed is the amount of time the coordinator has on the programme, the level of interest and the support that they received from the senior management including the political principals in the municipality. In areas where they do not have support, the project coordinators will not succeed since some decisions need to be ratified by senior managers or even taken to the council for approval. It is for this reason in areas which experience political and administrative instability that the programme could not succeed.

Also important is the institutional memory that is built within the programme and municipality at large. The longer the effective project coordinator remains in the programme, the higher the

chances of success. The coordinator that understands the municipality, and also has the support of senior management, is able to coordinate other departments and institutions within and beyond the municipality to assist in the implementation of the programme. This is an important element given that the programme is mainly focusing on projects that are within the reach of intermodal transport facilities which by their nature require a strong coordination of various players within and beyond the municipality.

What is emerging from the four case studies presented, is that municipalities which have managed to spend their grant investment such as Tshwane and Mogale City have also experienced the investment in the targeted places. On the other hand, municipalities which have failed to spend their grant investment have not experienced any meaningful investment in the targeted places.

6. Chapter Six: Analysis- Evaluating Neighbourhood Development Partnership Grant

6.1 Introduction

This chapter analyses and explains differences in grant expenditure performance in the targeted municipalities. The content of this chapter is mainly based on the interviews with key informants and information collated from various reports from National Treasury and municipal officials. In addition, the case studies discussed in the previous chapter provide substantial background, with respect to the context of the analysis as well as evidence of the impact of the programme in realising the investment in the targeted nodes.

There is a great deal of variation in performance across municipalities in the targeted nodes. In this context, a distinction could be made between the metropolitan municipalities and secondary cities. This variation has also implications for municipalities such as Buffalo City and Mangaung which have recently been accorded the status of metropolitan municipalities but have less than one million people.

This and other factors that determine the performance of the grant expenditure in the targeted nodes will be discussed in greater detail in the subsequent subsections.

6.2 Trends and analysis

6.2.1 Structure and knowledge of the programme

Though the NDPG has been around since 2006, the programme has evolved over the years with substantial changes in its implementation. Initially, the programme was aimed at any projects of an economic development nature,[11] with all the municipalities wishing to implement such projects, applying for the grant. The structure and implementation of the programme have changed markedly with the introduction and implementation of the urban network strategy (UNS), around 2002. As per the UNS, the programme is divided into three pillars which include planning, implementation, and precinct management (National Treasury, 2014). Planning mainly

[11] In reality, they were mainly infrastructure projects

focuses on precinct planning which includes the design of the precinct, which comprises developing the linkages of the primary node and secondary nodes.

Since the inception of the implementation of the UNS, various municipalities have over the years been struggling to complete the planning process. Out of the twenty-six (26) urban hubs, only fifteen (15) had been completed by June 2017. Despite not completing the planning process in a number of urban hubs, there is some progress with the implementation of catalytic programme and projects which set the appetite for public and private sector investment attraction. Thus, implementation is currently taking place in twenty-three (23) out of 26 hubs[12].

Precinct management is a fairly new concept in South African and also within the NDP programme. It is currently being piloted in only two (2) urban hubs, i.e, Jabulani in City of Johannesburg, and Mdantsane in Buffalo City. Precinct management will only start to get traction as the implementation of the programme within the targeted nodes improves. Currently, in most municipalities, there is one coordinator responsible for planning, implementation and precinct management, who is in some instances supported by one official as administrator.

Within the NDP unit, the programme is structured in a manner that allows the execution of the three pillars of the programme to be shared among the officials. That is, there is a separation of duties for the officials responsible for each municipality. For example, if the official is working on planning in the Matlosana Municipality, the precinct management is allocated to a different official who may be responsible for planning in Newcastle and vice versa. This is important to prevent coordination failure, unlike situations where only one official is responsible for the implementation thereof.

In most municipalities, there is only one coordinator who in some instances is being assisted by the consultants. However, of concern is that the level of secretariat capacity for the programme in the municipalities does not mirror the national (National Treasury, NDP unit) with respect to the capacity of the programme. Although the number of personnel at the municipal level does not have to be the same as the National Treasury's NDP unit, the allocation of dedicated human capital for the execution is key in improving the execution thereof. This limitation has also been observed by National Treasury (2017) in their recent annual assessment of the programme. The

[12] Though in some instances the precinct plans have not been completed there are catalytic projects which have been identified leading to the implementation of such projects

evidence from the case studies suggests that capacity has a higher impact on the performance of the programme in the municipalities. This is precisely because for example within the City of Tshwane there is dedicated personnel who solely focus on the programme, while in other less successful municipalities they have assigned officials occupied with many other responsibilities beyond the programme.

One of the major concerns is the lack of stability of the programme in the municipalities. In most instances, the programme coordinator gets changed, which leads to the programme losing institutional memory. Institutional memory has also been lost due to high staff turnover in the municipalities (National Treasury, 2017).

The National Treasury noted a concern that officials involved in the implementation of the programme, are interested in capital grants to fund the infrastructure projects, but not interested in understanding the grant and its conditions and the overall objectives of what the programme aims to achieve. This has been found to be prevalent in the secondary cities (National Treasury, 2017). A clear demonstration of this, according to the National Treasury (*Ibid*), is that metropolitan municipalities are performing better than secondary cities. And the quality of the precinct plans in the metropolitan municipalities is markedly higher than what is being produced by the secondary cities (*Ibid*).

6.2.2 Expenditure trends

The programme has since its inception in 2012/2013 managed to spend in excess of R1,5 billion in catalytic projects to attract investment in the targeted nodes[13]. Municipalities which received significant investment such as Tshwane and Mogale City have equally received notable public and private sector investments[14]. These investments to some extent could be attributed to the ability of the local authorities to implement catalytic projects as a 'sweetener' for investors to participate within the targeted areas (nodes). The impact of investment in catalytic infrastructure projects has also been noted in area based management experiences in the eThekwini Municipality (Njokweni, 2011). Thus, areas which spend a large proportion of infrastructure have also attracted private sector investments.

[13] National Treasury, Section 71 Information (In-year Management, Monitoring and Reporting): 2012-2017
[14] For more detail see investments in section 5.3 Case Studies for Tshwane and Mogale City which was sourced from National Treasury leverage reports and also validated through municipal interviews

Municipalities which have spent relatively less grant expenditure[15] such as Buffalo City and Rustenburg have also not experienced public and private sector investment in the targeted nodes. This is mainly because they have not managed to complete their precinct plans and they also lack the capacity to implement Urban Network Strategy (National Treasury, 2017). As a result, they are unable to share a clear vision of how the municipality visualises the node with potential public and private sector investors. This results in a lack of implementation of catalytic projects within the targeted places. Equally, in an environment where there is a clear vision, the public sector is able to be coordinated to invest in catalytic projects that attract the private sector investments (DPLG, 2006). Therefore, in geographical areas where there is no clear vision about the investment, it will be difficult to coordinate the public and private sector to participate in investing in such a node. As a result, public and private sector investments in the nodes will not be realised.

6.2.3 Procurement

This programme in nature requires skilled professionals such as engineers, project managers and architects which the municipalities are not capable of retaining on a fulltime basis. Though the programme allows the municipalities to outsource additional skills required for the implementation, through the technical assistance grant, lack of innovation has in some instances constrained the municipalities. For example, it takes four to six months for the municipality to appoint a consultant to assist on the programme. This is mainly due to the internal inefficiencies. Key among these is the time lag between the advertisement of tenders for procuring the services of consultants and the period for the appointment thereof. Such inefficiencies are not new in a programme of this nature. Similar experience occurred in the implementation of URP, Alexandra Renewal Project with procurements challenges ranging from slow processing of forms, sending forms back to the services providers for petty concerns and lack of commitment to faster turnaround (DPLG, 2006).

Procurement delays are the major hindrance in the delivery of the programme in the municipalities (National Treasury, 2017). This is partly due to procurement policies which put emphasis on price rather than on technical aspects, municipalities' contracted consultants that do not have the technical capacity to undertake the programme. As a result, municipalities are

[15] National Treasury, Section 71 Information (In-year Management, Monitoring and Reporting): 2012-2017

sitting with the consultants that cannot deliver. This leads to the municipalities terminating the contract with the consultant or having to wait for the contract of that particular consultant to lapse. This then delays the implementation of the programme by at least a year. Added to this will be the delays that emanate from embarking on the new procurement process. Consequently, this delays the municipality from spending on catalytic projects to attract investments in the targeted nodes.

As highlighted by National Treasury (2017), in some instances procurement challenges are partly driven by the unstable political and administrative environment. This was the case in Buffalo City and Rustenburg. In the latter municipality, in a period of 5 years, the municipality had nine people occupying the position of Municipal Manager[16]. As noted in the Gauteng Fifteen Year Review of Local Government, such a high turnover makes it difficult if not impossible to make long-term decisions (Gauteng Government, 2017) that have an impact on a programme such as NDPG which has a long-term outlook. As has been the case in Rustenburg, the municipality never commissioned the consultant to assist with the implementation of the programme. In such a fluid environment, appointing senior managers such as the municipal manager and managers reporting to the municipal manager (also referred to as section 57 managers) on an acting capacity is detrimental for the municipality given that such people are unlikely to make bold and firm decisions in the interest of the municipality (*Ibid*). These challenges are not new as highlighted by COGTA (2009) in its State of Local Government report, there is a growing tension between the political and administration function in the municipalities. This has recently been observed by the Public Affairs Research Institute (2017) which noted that the challenges faced by local government are not necessarily due to lack of skills capacity or weak process as widely highlighted by a number of scholars, but rather political behaviours such as factionalism which lead to dysfunctional state institutions.

In an attempt to remedy the situation in Rustenburg, the National Treasury through the Neighbourhood Development Programme unit commissioned professional consultants on behalf of the municipality. Despite the National Treasury efforts, no progress was seen due to persistent governance failure in the municipality. Interestingly, within the City of Tshwane, the capacity to address the procurement issue appears to be the major driving force behind their success. Essentially, the municipality was able to create a pool of professional consultants by

[16] Evidence for this could be sourced from Rustenburg Municipality Annual Report for the period 2012-2016 Financial Years and also supplemented by interview with Municipal Officials

establishing a panel for a three-year period. This provided the municipality with the capacity to source the requisite skills for the programme as and when required. Thus, instead of undertaking a laborious and time costly exercise when the municipality requires the service of consultants or specialist skills, they were able to create a pool and solution within the existing legislative framework. This has essentially increased the capacity of the municipality to plan and implement projects with reasonable turnaround time. Moreover, the City of Tshwane's innovation with the procurement of the professional consultants on a long-term basis has also assisted in creating stability within the programme.

This is an important lesson that the National Treasury has observed, and it is currently encouraging other municipalities to establish a panel of consultants to assist in the implementation of the programme within their jurisdiction. As such, this will also assist the municipalities to shorten the procurement period in cases where there is a need to source a different consultant. Most importantly, it will also mitigate against procurement policy failure emanating from supply chain practices which put an emphasis on price, by allowing the municipality to put weight on technical aspects with the price having less influence.

6.2.4 Institutionalising the programme

Locating the NDPG has also been a major challenge for the municipalities. This is partly because the programme encompasses both planning, economic development and construction project management aspects. The municipalities have difficulty in assigning the programme to either a professional in planning and economic development or construction project manager.

During the inception of the programme in the municipality, there is a lot of planning work which the officials from the built environment profession such as construction project managers and engineers do not understand. As such it is tempting for municipalities to locate the programme within the planning division, which in most instances happens at the initial stage in various municipalities. However, according to National Treasury NDP officials, the challenge arises when construction has to take place. Thus, most municipalities have project management units (PMU) mainly responsible for the construction of projects. The construction project managers and engineers in most instances, who are taking the lead in PMU, have not been part of the process for determining the precinct and also are not sufficiently conversant with the grant

conditions. As such they treat the project arising out of the programme like any other construction project in the municipality.

This leads to a number of challenges, key among them is that they assume that the grant conditions are similar to that of other programmes that they are familiar with, such as municipal infrastructure grant (MIG) and human settlement development grant (HSDG)[17]. The latter two grants are allocated to the municipality on condition that they should spend them on infrastructural related programmes. This is different from the NDPG which is mainly designed to create enabling infrastructure targeting catalytic economic development projects. Thus, the MIG and HSDG are more specific and direct. As a result, the municipalities do not conform to the NDPG grant conditions leading to poor performance. Nevertheless, the inability of the municipalities to comply with the grant conditions is not something new, as Madumo (2015) noted in the assessment of local government challenges and progress, the failure of the municipalities to comply with regulations is one of the key challenges that is facing the local government in South Africa.

The City of Tshwane has managed to circumvent this through appointing a planner on a fulltime basis and locating the programme within the infrastructure unit. Thus, the programme coordinator appointed by the municipality is responsible for ensuring that the municipality complies with the grant conditions including guiding the overall long-term vision of the programme in the nodes that it has targeted. The project coordinator also ensures that the municipality in its building plans approval process conforms to the urban precinct plan. The key success arising out of this is that the coordinator who is a planner is able to ensure that all the planning requirements are adhered to, by supporting the project management unit (PMU) responsible for implementation of construction related projects in the municipality. This has allowed the municipality to source the inputs from other disciplines required in the programme. Essentially, this programme required a dedicated resource and project champion (coordinator) who is familiar with the planning process and who has exposure to engineering including a grasp of the bureaucratic process associated with this discipline in the municipality. This seems to be the case with success of City of Tshwane whereby the municipality has appointed a

[17] In the metropolitan municipalities, the Municipal Infrastructure Grant has been consolidated with the Human Settlements Development into a new grant titled Urban Settlements Development Grant

project champion who has been with the municipality for over 8 years and also has a strong understanding of planning. Similarly, the DPLG (2006) in its evaluation of URP noted the importance of a project leader who has technical acumen as well as the ability to work with people from diverse backgrounds as key to the success of the programme.

One of the major causes of failure, as highlighted by the National Treasury, arises when planning and technical officials work in silos. Such a scenario affects both the metropolitan municipalities and secondary cities. This arises mainly due to internal power struggles in the municipalities with some officials focusing purely on the programme and projects which affect the budget of their units with little regard for a catalytic programme such as NDPG. Such experience has been noted in the review of URP which suggests that this is also caused by the fact that the performance appraisal of managers in various departments within the municipalities or government departments is not linked to urban renewal projects leading to lack of interest in the programmes (DPLG, 2006).

6.2.5 Political and administrative support

Human and social capital play important roles in the development of places. Thus, as the human capital improves within a society the capacity of the institution to deliver development initiatives also increases (Glaeser *et al.,* 2004). That is, the capacity of the institution to drive development is achieved when there are human capital investments over a longer period of time. However, for this to be achieved there is a need for focused leadership. As highlighted in the City of Tshwane case study, the capacity of the municipality to implement the catalytic programme was mainly as a result of the political and administrative leadership which aimed to ensure that the programme and projects were successfully implemented. As has been the case with the NDPG, the political and administrative leadership in the municipality prioritised the programme. According to the programme coordinator in Tshwane, the Mayor took it upon himself to get the report of the programme in regular municipal meetings, elevating the status of the programme, with the management of the municipality. This has ensured that the decision making in the municipality, that impact on the programme, is prioritised and elevated to the highest decision making body. A similar occurrence has been noted with the success of URP in various nodes across the country, as highlighted by DPLG (2006) such a move assisted in ensuring that there is buy-in by line departments and individuals who are not cooperating.

The City of Tshwane has performed well in terms of expenditure across all the grants that they are managing in the last five years (2012-2017)[18]. This could mainly be attributed to the strength of political and administrative leadership in the municipality. The opposite occurs in municipalities which have not performed well. Thus, they have equally struggled to spend other grants allocated to them.

Thus, leadership plays an important role in providing direction as well as stability to enable the implementation of the programme in the municipality. A lack thereof will lead to poor service delivery, even in cases where there are committed civil savants.

6.2.6 Coordination

Though political and administrative supports are critical to the success of the programme, one of the most important elements is the capacity of the programme coordinator in the municipality. In assessing the URP in INK, Njokweni (2011) highlights the importance of programme coordinator as interface and integrator of the programme with political, administrative, and technical personnel (*Ibid*). There is a need for a competent coordinator who is technically savvy and also understands the municipal environment including their associated powers (DPLG, 2006). The significance of coordination has also been highlighted by Donaldson *et al*., (2013) in their assessment of the impact of area based planning in City of Cape Town, where significant funding was secured from multiple sources such as national and provincial governments and was well-coordinated with the internal municipal budget.

According to National Treasury NDP project managers, such skilled personnel have been useful in some municipalities to the extent that their coordination capability had a positive impact on external stakeholders such as provincial government departments that were attracted to invest within the precinct. The importance of coordination has also been identified by the Department of Rural Development and Land Reform (2012) in the review of place-based planning identifying a lack thereof as a cause for poor results in a number of provinces.

Lack of competent project coordinators has detrimental implications for these municipalities. The resources that could be sourced from provincial departments and State-Owned Entities

[18] Detail expenditure reports for all the municipal grants for the period 2012-2017 are accessible through National Treasury Section 71 reports

(SOE's) cannot be accessed. As the Department of Rural Development and Land Reform (2012) noted this result in lack of a shared collaboration effort between the various stakeholders (interdepartmental teams, public and private sector) that could contribute meaningfully in participating in targeted places. The experience in Rustenburg indicates that the municipality's instability and indecisiveness with regard to the appointment of capable project coordinator for the programme led to poor performance. This has led to low and poor investment attraction by the programme in the municipality. In an attempt to avert poor performance in the implementation of urban renewal in Mitchells Plain, the URP advocated for a dedicated municipal official to deal with the day to day activities of the programme (Donaldson *et al.,* 2013). In addition, the official was responsible for the issues which will arise during the lifespan of the programme including coordinating officials from various development teams.

6.2.7 Programme Support

Since the inception of the Urban Network Strategy (UNS), with its focused approach of targeting selected municipalities, there have been changes in the implementation of the programme. However, these changes are mainly and better known by the NDP staff with the expectation that they will impart the knowledge to the coordinators in their respective municipalities. This expectation raises some challenges to the NDP staff who are expected to provide unstructured training to the municipalities. Moreover, it is also expected that the municipal officials will read and comprehend all the documents relating to the UNS. This form of expectation is counterintuitive. It assumes that the municipalities will allocate the programme to the most competent staff with the requisite skills which include planning, development facilitation, economic development and construction project management. The challenge with this assumption is compounded by the fact that the NDPG does not provide a clear criterion of what the decision makers in the municipalities should be looking at when they commission or appoint the personnel to be responsible for coordination.

Lack of understanding of the programme which leads to poor location of the programme within the organisational structure as well as high staff turnover in the municipalities has also posed a challenge for the overall implementation of the programme (National Treasury, 2017). In most instances, the programme is assigned to the officials that do not have the requisite knowledge of planning. This results in poor planning of the precinct and ultimately lacklustre performance in the implementation of the programme. This has mainly affected the first pillar of the programme

that is precinct planning, leading to derailment of the implementation of the catalytic projects and consequently no grounds for precinct management to take place.

In the City of Tshwane, the ability to locate the programme at the initial stage with the officials who possess requisite skills in planning has led to traction in planning which consequently led to the acceleration of the implementation of catalytic projects within the identified urban hubs. A similar observation was also made by Thwala (2009) in the analysis of the Urban Renewal Programme indicating that the success of the programme depends on the capacity of the local government to coordinate other actors and their resources. Palmer et al (2017) in citing CoGTA (2014) highlight that even in areas where a coordination structure has been established, there have been challenges due to the lack of competent people and political commitment. In order to mitigate against lack of capacity (skills) to implement the UNS the NDPG should take advantage of established training programme such as the training for township renewal initiatives (SACN, 2009).

6.2.8 Institutional Stability

There seems to be a correlation between the stability of the municipality and the ability to perform with respect to the implementation of this programme. As it has been highlighted in the case studies, this is depicted by the fact that both Buffalo City and Rustenburg which are faced with both political and administrative instability. These municipalities have been struggling to even implement catalytic projects to attract investments in targeted nodes within their area of jurisdiction. This is mainly as a result of the fluidity of their social order which has an impact on institutions operating in this jurisdiction. North *et al*. (2006) highlight the importance of stability that arises from social order and its impact on driving development and economic prosperity. As they note political and economic systems work in concert: areas which have political stability are likely to have economic prosperity and vice versa. Municipalities such as City of Tshwane and Mogale City which until recently, have enjoyed political and administrative stability[19], have been able to spend their grant allocation which was catalytic in driving the investments within their area of jurisdiction[20].

[19] Political and administrative stability refers to the period in which two municipalities were run by political party that hold majority in the municipal council

[20] According to National Treasury section 71 reports the two municipalities have experienced low expenditure post the 2016 local government election which could be attributed to lack of political and administration stability due to municipality's administration being under coalition governments

Municipalities which have political and administrative challenges have not been able to perform well, this is reflected by their inability to spend their grant allocation. Failure to spend a grant allocation on catalytic projects for the development of places could to some extent be attributed to one size fits all approach (National Treasury, 2015). As it was highlighted in the interview with the National Treasury, some municipalities treat NDPG like other grants such as Municipal Infrastructure Grant (MIG) and Human Settlement Development Grant (HSDG) which are wholly different in the approach and objective[21]. This is mainly due to a weakened coordination capacity in such municipalities with various units that work in silos. This negates the nature of the programme which has strong planning and infrastructure elements which are dependent on strong coordination. In addition, it demonstrates a lack of understanding of the principle of implementing policies of this nature, as Todes and Turok (2017) highlighted. In implementing place based policies, it is important to focus on latent assets to address constraints that hamper growth and investments.

6.3 Conclusion

This chapter has provided an analysis of what makes the programme perform better in some places than others. The important factors that seem to be crucial in determining the performance of the programme in the municipalities are historical factors such as the period which the programme was introduced. Some municipalities have accumulated more than ten years of experience in the implementation of the programme due to the historical factors of being the first to be awarded the grant. Such organisations were in a better position to learn and adapt to ensure continuity and sustainability. In addition, they have also retained project coordination for a longer period, enabling them to preserve institutional memory which allows for improvement. This enabled them to source information related to the project to understand the weaknesses and ways to overcome them going forward and strengths for building capacity to ensure an increasingly sustained performance in the implementation.

Low completion of urban hubs is one of the impediments for the NDPG to have traction in the targeted municipalities. These led to the municipalities not being able to share their long-term

[21] The MIG and HSDG are mainly designed to deliver municipal infrastructure and human settlements projects respectively with attempt to promote economic development as compared to NDPG which is mainly focused on economic development

vision with the stakeholders which lead to the inability of the targeted nodes to attract the investments. The municipalities which have managed to complete their precinct plans were able to attract investments.

The capacity of the project support in the municipalities remains a major hindrance to the development of the programme. Some municipalities are experiencing a high turnover and losing institutional memory in the implementation of the programme. Governance challenges which could mainly be attributed to a lack of political stability have exacerbated the situation resulting in challenges such as a high staff turnover at senior management level. This has resulted in the municipalities not being able to take long-term decisions which impact on the NDPG.

The evidence from the case studies suggests that there is a correlation between the municipalities that managed to spend their grant allocation and the investment that they have attracted. Municipalities that managed to spend their grant allocation were able to implement catalytic projects which attracted investments, while those that did not spend their grant allocation have not experienced a similar flow of investments in the targeted nodes.

Procurement process failures remain a major cause of concern in the municipalities. Some municipalities end up commissioning consulting firms which lack capacity leading to the delay in the implementation of the programme in the targeted nodes. In addition, internal inefficiencies which lead to the delay in procuring consultants has also lead to failure to spend grant allocation on enabling infrastructure to attract investments.

The ability of the municipalities to locate the programme within the relevant unit remains one of the major contributing factors to the successful implementation of the project. That is the municipalities should locate the programme in a manner that would ensure that planning, economic development and engineering units not only work together but do so seamlessly.

Most importantly the capacity of the coordinator remains crucial. Therefore, the municipalities should employ coordinators that will be capable of coordinating government initiatives and also different spheres to invest in targeted nodes. The municipalities with capable human resources are not only able to coordinate the programme internally, but are also able to take advantage of and leverage public and private sector institutions.

7. Chapter Seven: Key findings, Conclusions and Recommendations

7.1 Introduction

The National Treasury aims to use the NDPG as a tool to improve the economic conditions in the targeted municipalities. This is aimed to be achieved by using grant investment to support catalytic projects in targeted municipalities. The National Treasury see targeted municipalities as strategic places which will enable the government to take advantage of existing and potential economic activities as well as to have a high impact on the overall populace. The extent of success in targeted municipalities is to a large extent dependent on the capacity of the municipality to institutionalise the programme.

This chapter provides key findings, conclusion and recommendation to the main research question and sub-questions. In so doing, it provides answers to the research questions and blends with a comprehensive analysis of factors which had an impact on the programme. This is followed by recommendations which propose how the programme should be improved to perform better than how it currently does. In addition areas for further research are highlighted which proposes elements which the National Treasury should consider to strengthen the programme.

7.2 Key Findings

This section summarises the key findings of the study by highlighting how the revised NDPG has led to investment in the targeted neighbourhoods and also the factors that account for differences in performance between nodes.

- **How much has the revised Neighbourhood Development Programme spent on the various nodes since the reconfiguration of the programme?**

The NDPG has been allocated just over R2 billion for the period under the review in the 2012-2017 financial years. Of this, only R1,5 billion has been spent. And the largest proportion of this allocation has been spent by metropolitan municipalities which recorded a total expenditure of R 1,1 billion. This is partly because they have managed to institutionalise the programme by ensuring that there is sufficient human capital to support its implementation. This has enabled

them to conform to the grant conditions as stipulated in the Division of Revenue Act (DORA), enabling them to receive a large proportion of allocation. The DORA uses past performance to increase or decrease the grant of a particular institution (Garzarelli and Keeton, 2017).

Thus, those municipalities that are able to spend their grant allocation (performed well) received an increased allocation, while those that did not manage to spend their grant received less allocation in the next financial year. The challenge with the underperforming municipalities could be attributed to their inability to institutionalise the programme through dedicated personnel. As Glaeser *et al*. (2004) highlight, human capital plays a major role in ensuring that institutions develop. That is geographical spaces which have a better human capital have better prospect of developing institutions which lead to economic development.

- **How have the municipalities institutionalised the NDPG programme and investment?**

A critical factor that has enabled the metropolitan municipalities such as the City of Tshwane to experience better progress is the role of leadership. Thus, the appetite of the political leadership to see progress in the implementation of the programme and associated projects as well as administrative stability have played important roles in stimulating capacity to deliver catalytic projects that attracted and complemented private sector investments.

The success of municipalities in the implementation of the programme is partly due to their capacity to be innovative in responding to the causes of delay in the procurement process which enabled them to invest in catalytic projects. This was the case in Mogale City and City of Tshwane which managed to establish a panel of consultants. These enabled municipalities to improve on the turnaround time for commissioning the consultants and ensured that multidisciplinary teams are appointed for their execution.

- **What has been the performance of the targeted nodes in terms of public and private investment?**

The programme is still at its infancy stage with planning being completed in 55% of the targeted urban nodes. The nodes located within the metropolitan municipalities have enjoyed a larger proportion of public and private sector investments, while secondary cities mainly located far from the metropolitan municipalities have not experienced notable investments.

The revised NDPG is continuously improved to ensure that the programme succeeds in the long-run. Despite the efforts by Treasury to improve the programme, it is still faced with similar problems experienced by URP and earlier version of the NDPG. This has implications for personnel, especially municipal officials working on the programme. Lack of training for the municipal officials on the programme remains a major challenge to municipalities; especially the secondary cities which do not have financial resources to employ dedicated officials to work on the programme.

- **To what extent are there differences in grant expenditure between metropolitan municipalities and secondary cities?**

Ehrlich and Seidel, (2015) highlight that the grants tend to be effective at places that exhibit high market access like high density locations. The size of the city and associated economic activities play an important role in attracting the investments. Areas with high population concentration have a market advantage which leads to greater investment attraction. Thus metropolitan municipalities have an added advantage as compared to the secondary cities given the magnitude of their agglomeration. As depicted by the expenditure trends the City of Tshwane, City of Cape Town, Ekurhuleni, eThekwini, and City of Johannesburg have recorded the highest spend of grant allocation on catalytic projects. Thus, this has enabled them to implement projects that are catalytic to attract investments.

- **What accounts for differences in performance between nodes?**

Lack of training in the programme has resulted in municipalities continuously experiencing the challenge of implementation. The municipal officials are expected to read the material of the programme from the website of National Treasury NDP to learn about the conditions of the grant. Given the differences in the size of the municipalities, the smaller municipalities are faced with the challenge that the programme coordinator is also assigned to many other projects within their respective Municipalities.

As highlighted by North *et al*. (2006), the economic and political system are in concert, and therefore in an environment where the political system is unstable as is the case in municipalities such as Rustenburg, Buffalo City and Emalahleni, the economic prospects enabled by NDPG could not be achieved. There are some fundamental challenges with regard

to the performance of the municipalities in driving the programme such as NDPG to realise investments that will lead to economic development. This emanates from the fact that for the programme to succeed, it needs to be implemented in an institutional structure that is suitable for the local environment, including the ability of local people to implement.

Thus, the local government within the secondary cities and also smaller metropolitan municipalities such as Buffalo City are faced with a challenge of a stable political environment which could be traced to the social order. South Africa's formal political system (local government) is fairly developed, in terms of the model of governance which is uniform across the country. However, the local environment, in some municipalities such as Rustenburg, does not seem to be in sync with the established institutional and political system. This has resulted in continuous instability which adversely affects the ability of some municipalities to attract investments. This seems to be the case in municipalities such as Buffalo City and Rustenburg which have continuously experienced instability with a high staff turnover at senior management level.

7.3 Recommendations

Throughout the study, an attempt has been made to highlight the role and impact of the NDPG in unlocking public and private sector investments in the municipalities. What is emerging is that there is a marked difference in the performance of the programme across various municipalities. And such variance occurred in both the metropolitan municipalities and secondary cities. There are a number of factors that influence the performance thereof. Key amongst this is that the metropolitan municipalities such as City of Tshwane, Ekurhuleni, eThekwini, Johannesburg and Nelson Mandela Bay are able to spend a larger proportion of their capital grant on infrastructure investment. In the past five financial years under the review (2012-2017), the latter municipalities accounted for 72% of the total grant expenditure. Secondary cities are struggling to spend their capital grant allocated for catalytic infrastructure.

This has broader implications for the programme to unlock investment in the targeted places. This is precisely because investment in infrastructure development is one of the factors that influence patterns of private sector investment (Njokweni, 2011). The evidence from the study also confirms that the municipalities which have spent on infrastructure such as the City of Tshwane and Mogale City have recorded investments in their targeted places.

The programme has targeted 18 municipalities which include almost half (49%) of the population of South Africa, and 47% of its unemployed population (StatsSA, 2016). The larger proportion of this population is located within the metropolitan municipalities with a significant level of agglomeration, while the 10 secondary cities only make 31% of the NDPG population. Therefore, the success of the programme in these municipalities will reduce the unemployment and associated social ills in South Africa.

In the past five years, the programme's main focus has been on precinct planning, building relationships and buy-in from the stakeholders. The three pillars of the programme which are planning, implementation and precinct management are appropriate for targeted nodes. However, what seems to be emerging is a lack of capacity to implement the three pillars of this programme within the municipalities. This capacity constraint emanates from a lack of dedicated officials with the municipal project coordinators assigned to the programme being responsible for other activities in the municipalities. Linked to this is lack of innovation by the municipalities to use the technical assistance (TA) to strengthen their capacity to implement the programme.

In order to address capacity constraints, the programme should ensure that there are dedicated officials who are responsible for precinct management. At the outset, the NDP should consider employing fulltime officials assigned to work on precinct management, with the view of transferring such officials to the municipalities once they get traction. Ideally, the NDP should pilot two approaches; the first approach should be to employ fulltime officials that will be deployed in specific municipalities to work solely on precinct management. In addition, the NDP should employ people who will be located within the unit at the National Treasury on a fulltime basis to work on precinct management. This will allow the programme, to be capacitated with dedicated staff. In addition, capacitating the precinct management with dedicated staff will increase the learning capacity which could be replicated in a number of municipalities.

The NDP unit is continuously attempting to improve on the programme by developing some areas of learning that will enhance the programme and lead to better performance. Of concern is that this is expected to be achieved without any form of training. The project managers are expected to impart the knowledge and learning to the municipalities. Such learnings are not documented for the municipalities. This unstructured learning does not strengthen the

programme and also poses challenges for the municipal project coordinators (officials assigned to the programme) to grasp and understand what is expected of them.

In order to mitigate against lack of uniformity and understanding from project managers in imparting the knowledge to the municipalities, the NDP should learn from existing toolkits. The key lessons should be drawn from established practices of URP and township renewal undertaken through the earlier version of NDPG (SACN, 2009 and Yenana, 2007). In addition, the NDP unit should blend the current lessons in rolling the programme with URP and township renewal. This will improve the process of imparting knowledge through a structured approach.

Political stability appears to be a major challenge that is affecting the municipalities' performance. This is reflected mainly on the procurement process with the municipalities being unable to make a decision in securing the consultants for the implementation of the programme. These challenges are not new, similar problems were experienced in the URP. This experience under NDPG is extreme in underperforming municipalities such as Rustenburg which was not even about to finalise the precinct plan by the end of 2017. Added to this, are intrinsic procurement policies which put emphasis on price rather than technical aspects leading to the municipalities procuring the services of firms which do not have the capacity to execute the project, especially at a planning stage. This has led to delays in the finalisation of the precinct plans and consequently led to the inability of the municipalities to spend on catalytic infrastructure projects.

In order to circumvent these limitations, municipalities should rather be encouraged to establish a panel of NDP consultants to source a pool of professional services providers, that will assist them in the implementation of the programme. Such an initiative, in case where a consultant assigned to the project is not performing, will enable the municipalities to reduce the turnaround time to secure another consultant leading to the ability to execute. This will lead to a reduction of delays emanating from such mishaps from twelve (12) months to at least one (1) month. In addition, the National Treasury should consider taking on the procurement function in securing the consultants and contractors to roll out this programme. This will assist in addressing the delays in the implementation of the programme.

The municipalities were able to provide information on progress with regard to the ability of the programme to attract investment in the targeted nodes. On the contrary, the National Treasury

NDP unit could not provide sufficient information with regard to the investment which has been leveraged by the programme in the targeted nodes. The NDP officials made reference to the municipalities in order to source comprehensive information on investment leverage. It is important for the NDP to develop a monitoring and evaluation tool for the programme across a number of key factors that determine the performance of the programme. This is important to ensure that growing knowledge and information developed will enrich the programme as well as to empower officials and stakeholders that are engaged in the programme (Njokweni, 2011). Such a process could be achieved through the development of a clear baseline which tests the effectiveness of the programme in each of the targeted nodes.

Capacitating the programme with skilled and competent personnel also plays an important role in its success. Municipalities that succeeded appointed project coordinators who understood both planning, development facilitation, economic development and construction project management. In addition, they have been supported by the internal and external professional consultants who specialise in the trades required for the implementation of a specific catalytic project being executed. This is important for ensuring that catalytic projects are planned and implemented diligently.

Also important is taking into cognisance the complexity of the programme which includes planning, implementation and precinct management. It has become apparent that the latter component is increasingly becoming important for the municipalities to succeed in the targeted places. The programme requires intense marketing to maintain elements that relate to precinct management which include establishing an investor forum, attracting the investors and continuously maintaining the infrastructure within the precinct. In addition, there is a need for the precinct and its offerings to be marketed in various platforms, like the national investor forums and road shows conducted by national and provincial government departments. Therefore, it is important to capacitate and strengthen precinct management, in order to realise the long-term investment potential in the targeted nodes.

Capacity building through continuous learning remains an important intervention mechanism which could lead to a marked improvement of the programme. There is a need for the NDP unit to consider producing an easily accessible and modified toolkit which could be comprehended by the municipal programme coordinators with ease. Such as process should be built on previous urban and township renewal toolkits developed by National Treasury NDP in

collaboration with South African Cities Network, Development Bank of Southern Africa and COGTA. This should be crafted in such a manner that is user-friendly and also document the evolution of the programme. Training sessions similar to what the Urban Land Mark has organised in the township renewal should be arranged (Matlapeng, 2009). However, such training should be structured to be in line with the revised NDPG. The NDP unit should work closely with the municipalities in the process of improving the programme. This will ensure that the programme offering is improved in a manner that will be to the benefit of the overall objective of the programme.

The underperforming municipalities such as Buffalo City and Rustenburg are experiencing some political instability. This has an impact on attracting investments because economic growth is to some extent affected by social organisation and institutions (Acemoglu and Robinson, 2008). In a society where the social organisation is stable coordination of institutions tend to be better and initiatives for investment attraction take the lead, and the economy prospers (North *et al*., 2006). The environment that has a stable social order attracts investments which leads to economic growth. As McCann (2014) notes, the ability of institutional systems to facilitate growth and development is dependent not only on a good architectural design of the system but fundamentally on the ways in which all of the systems actors, stakeholders and interested parties interact with each other. Therefore, in order to harness the potential of the targeted place through the programme to maximum potential, it is important that there is a clear understanding of the role each stakeholders involved.

7.4 Areas for further research

There are various factors which make the NDPG succeed or fail. The study provides themes which could be explored for the revised NDPG and its targeted municipalities. That is, it has provided a framework for exploring links between the factors that influence the grant investment to attract public and private sector investment. The extent and weight of the factors that influence the investment in targeted nodes vary, for example, functional institutions will in all likelihood have more impact as compared to the availability of skills in the targeted places. The study has neither ranked nor given these factors weight in attracting the investments despite their distinct role. This is an area which National Treasury might explore further to help to guide the programme and the various stakeholder that attempt to make the programme effective.

In addition, there are various areas which the National Treasury should explore to comprehensively understand factors which drive investment in targeted nodes. This will include a detailed analysis of the impact of catalytic projects in driving the investment in the targeted township through discussion with the public and private sector investors. Equally important would be to conduct detailed interviews with the consultants and/or consulting firms which have been involved in the implementation of the programme in different municipalities to develop informed positions on some of the institutional factors which influence investment. Moreover, the National Treasury in consultation with the municipality should also account for leverage which has accrued as a result of municipal own budget investments/expenditure in the targeted nodes. Lastly, it would be ideal to undertake a historical analysis to comprehensively understand the performance of municipalities that first received a grant allocation before 2012 versus those that first received the grant since then. This will be important to outline why some municipalities have seamlessly managed to implement urban network strategy (UNS) while others have struggled.

7.5 Concluding Remarks

There is evidence of the capacity of the programme to attract the investment in some of the targeted nodes more than others. It is evident that the programme is effective in an environment where there is political and administrative stability. Thus, municipalities which have displayed some stability, have managed to use the grant for creating an enabling environment for the public and private sector investors in the targeted nodes. By contrast, the municipalities which have not attracted investments have demonstrated political instability which has adversely affected the administrative functioning of the municipalities.

In municipalities where the investment has been attracted such capacity varies. Such variance is as a result of a number of factors which include (1) assignment of dedicated competent project coordinators (capacity of the project coordinator), (2) procuring a pool of professional consultants with different sets of skills to assist with the implementation of the programme (3) political and administrative support enjoyed by the project coordinators, (4) the ability of the municipality to institutionalise the programme (5) capacity to spend on catalytic projects (6) effective procurement systems .

The programme is currently focusing on areas which have higher population concentration. As such the ability of the municipality to implement the programme successfully will have a greater

impact on the overall populace of the country. With a growing urban population, there is a great value to be derived from the programme in investing in municipalities that have such targeted nodes.

The revised NDPG programme is in its early stage, however, it presents the government with an opportunity to attract investments in the targeted nodes and an opportunity to impact on a large proportion of the population. There is a need to improve on the roll-out of the programme especially with respect to the investment on catalytic projects. Solving delays in the procurement process will yield results in the implementation of the programme. In addition, the NDP unit should consider capacitating the municipalities through hybrid models.

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Electronic Databases

- Quantec Research
- Statistic South Africa, Community Survey 2016
- Statistics South African, Census 2011

Appendices A: Questionnaires, interviews, ethics letter, participation information sheet

Appendix A1: List of Interviews

1. Andy L. Manyama, Official at City of Tshwane Municipality, Located in the Office of the Chief Operating Officer, he was responsible for managing NDPG, interview conducted on the 30 August 2017
2. Eugene Ninham, Official at National Treasury, Neighbourhood Development Programme Unit, Programme Manager for the Programme in Buffalo City Municipality, interview conducted on the 11 October 2017
3. Lebogang Lechuba, Official at National Treasury, Neighbourhood Development Programme Unit, Programme Manager for the Programme in Mogale City Municipality and City of Tshwane, interview conducted on the 21 August 2017
4. Lee Rosenzweig, Official at National Treasury, Neighbourhood Development Programme Unit, Director Responsible for Implementation, interview conducted on the 3 August 2017
5. Malakia Dire, Official at Rustenburg Local Municipality, Located in the Office of the Chief Operating Officer, he was responsible for managing NDPG, interview conducted on the 11 October 2017
6. Mushumo Mwatenga, Official at National Treasury, Neighbourhood Development Programme Unit, Responsible for Managing all Financial Information of the Programme, Director Responsible for Precinct Management, interview conducted on the 3 August 2017
7. Ndimphiwe Jamile, Official at National Treasury, Neighbourhood Development Programme Unit, Programme Manager, Responsible for Piloting Precinct Management, interview conducted on the 16 October 2017
8. Nomvula Radebe, Official at Mogale City Local Municipality, Located in the Office of the Chief Operating Officer, she was responsible for manging NDPG, interview conducted on the 16 November 2017
9. Samantha Govendor-Hlahatsi, Official at National Treasury, Neighbourhood Development interview, Director Responsible for Precinct Management, interview conducted on the 3 August 2017
10. Thandeka Kabeni, Officials at National Treasury, Neighbourhood Development Programme Unit, Programme Manager for the Programme in Rustenburg Municipality, interview conducted on the 21 August 2017

Appendix A2: Municipal Questionnaire

1. What is your role in the municipality?
2. What is the role of the Consultants in the programme? And how are they used?
3. Are you working on the programme only or are you assigned to do other things?
4. How is the programme structured in the municipality?
5. How long have you been working in the municipality?
6. How long have you been involved with the NDPG in the municipality?
7. Is there a person that has been dedicated with running the programme?
8. Does the organisational structure have a position for NDPG personnel?
9. If so how many people have been assigned and what is their role?
10. How do the people working in the municipality relate to other departments in the municipality?
11. Is there problem in the relationship?
12. In your view what are the opportunities for investment through the programme?
13. Has the programme assisted in attracting the investment? If so, how and what are those investments?
14. How do you think the opportunities (investment) could be accelerated using the NDPG?
15. What are the challenges of the programme?
16. How do you think they could be improved or overcome?
17. What are the bottlenecks that have been addressed by the programme and how?
18. Have you worked in this type of programme before? If so, what is the name of the programme?
19. How often do you interact with the National Treasury officials responsible for the programme in the municipality?
20. Have you received any form of training or orientation about the programme?

Appendix A3: National Treasury Questionnaire

1. Which municipalities have you been assigned?
2. How many municipal officials are you dealing with in each municipality?
3. What is their role in the project?

4. How long have you been working with them?
5. In your view what is their understanding of NDPG?
6. Are they dedicated to work on the project only or they are involved in other things?
7. Of the municipalities that you are involved with, which municipality is investing more on catalytic projects?
8. Which type of the grant are they spending, conditional grant or capital grant?
9. What do you think is the cause for their ability to spend?
10. Which municipality/ies are spending low and what do you think is the reason or cause for their inability to spend?
11. What are the institutional challenges associated with rolling out the programme?
12. What are the areas which could be improved to enhance the delivery of the programme?

Appendix A4: Consent letter from National Treasury

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA
NEIGHBOURHOOD DEVELOPMENT PROGRAMME

From: David van Niekerk
Tel: 315 5075
Fax: 315 5779

University of the Witwatersrand, Johannesburg

Faculty of Engineering and Built Environment

School of Architecture and Planning Research Ethics Committee
Braamfontein
Johannesburg
Private Bag 3
2050

Dear Sir/Madam

RE: STUDY ON NEIGBOURHOOD DEVELOPMENT PARTNERSHIP PROGRAMME

We are aware of the study conducted by Sekoape Sydney Maesela on our programme, Neighbourhood Development Partnership Grant.

He has requested the information to enable him to conduct the study. We have provided the information he has requested and will continue with this for the purpose of conducting his research. In addition, we have also allowed him to interview our officials that are working on the programme.

Should you have query regarding this kindly feel free to conduct Mushumo Mwatenga.
Tel: (012) 395 6659
Email: Mushumo.mwatenga@treasury.gov.za

Yours sincerely

David Van Niekerk
Chief Director: NDP Unit
Date: 01 DECEMBER 2017

Appendix A5: Ethics Approval Letter



SCHOOL OF ARCHITECTURE AND PLANNING
HUMAN RESERCH ETHICS COMMITTEE

SCHOOL OF ARCHITECTURE PLANNING

CLEARANCE CERTIFICATE
PROTOCOL NUMBER: SOAP041/06/2017

ROJECT TITLE:	The impact of place based policies: The impact of neighbourhood development partnership grant in unlocking investments in townships
INVESTIGATOR/S:	Sydney Maesela (Student No#1243003)
SCHOOL:	Architecture and Planning
DEGREE PROGRAMME:	Master of Science in Development Planning (MScDP)
DATE CONSIDERED:	07 December 2017
EXPIRY DATE:	07 December 2018
DECISION OF THE COMMITTEE:	Approved

CHAIRPERSON _____
(Professor Daniel Irurah)

DATE: 08 - 12 - 2017

cc: Supervisor/s: Alison Todes

DECLARATION OF INVESTIGATORS

I/We fully understand the conditions under which I am/we are authorized to carry out the abovementioned research and I/we guarantee to endure compliance with these conditions. Should any departure to be contemplated from the research procedure as approved I/we undertake to resubmit the protocol to the Committee.

Signature **Date**

School of Architecture & Planning
University of the Witwatersrand
Private Bag 3 Wits 2050
Johannesburg South Africa
www.wits.ac.za

T + 27 11 717 7623
F + 27 11 717 7649

Appendix A6: Participation Information Sheet

Topic: "The study of neighbourhood development partnership grant (NDPG) in unlocking investments in the townships*"*

School of Architecture and Planning, Private Bag 3, Wits 2050, Johannesburg
South Africa

Supervisor: Alison Todes Tel: 0117177702, e-mail Alison.Todes@wits.ac.za

Dear Sir/Madam

My name is Sydney Maesela. I am currently enrolled for a Master's degree in Development Planning in the School of Architecture and Planning at the University of Witwatersrand. One of the requirements of the degree is the completion of a research report. I am undertaking my research on "The study of neighbourhood development partnership grant (NDPG) in unlocking investments". For this reason, I would like to interview you for this study.

My research sets out to investigate how has the revised NDPG led to investment in the targeted neighbourhoods.

Participation in this research will entail being interviewed by myself, at a place and a time that is convenient for you. Participation is voluntary, and you can withdraw from this study at any time. There are no identifiable risks associated with your participation in the research. The interview will last for 90 minutes and with your permission this interview will be audio recorded, in order to ensure accuracy. Direct quotes from the interview may be used in the research report. Unless you would like the quotes attributed to your name, your anonymity will be ensured, meaning I will not use your name and no information that could identify you would be included in my report. The interview tapes and transcripts will not be seen or heard by any person at Wits or elsewhere, and will only be accessed by myself.

Upon completion of this research study, the audio tapes, transcribed material and other material will be kept secure on a password protected computer for a period of six years. Once the study has been examined, it will be publically available through the university library on the internet and copies are available from me on request.

If you agree to the interview, please fill in the consent form provided prior to the commencement of the interview. Your participation in this study is greatly appreciated. While this is a strictly academic study, it is hoped that the results may lead to concrete recommendations to contribute to the body of knowledge about how to improve the neighbourhood development programme.

Kind Regards
Sydney Maesela
Tel: 083 247 8300
Email: sydneymaesela@gmail.com

Appendix A7: Participant Consent Form

Topic: "The study of neighbourhood development partnership grant (NDPG) in unlocking investments in the townships"

School of Architecture and Planning, Private Bag 3, Wits 2050, Johannesburg
South Africa

Supervisor: Alison Todes Tel: 0117177702, e-mail Alison.Todes@wits.ac.za

Dear Sir/Madam

My name is Sydney Maesela. I am currently enrolled for a Master's degree in Development Planning in the School of Architecture and Planning at the University of Witwatersrand. One of the requirements of the degree is the completion of a research report. I am undertaking my research on The study of neighbourhood development partnership grant (NDPG) in unlocking investments. For this reason, I would like to interview you for this study.

My research sets out to investigate how has the revised NDPG led to investment in the targeted neighbourhoods.

Participation in this research will entail being interviewed by myself, at a place and a time that is convenient for you. Participation is voluntary, and you can withdraw from this study at any time. There are no identifiable risks associated with your participation in the research. The interview will last for 90 minutes and with your permission this interview will be audio recorded, in order to ensure accuracy. Direct quotes from the interview may be used in the research report. Unless you would like the quotes attributed to your name, your anonymity will be ensured, meaning I will not use your name and no information that could identify you would be included in my report. The interview tapes and transcripts will not be seen or heard by any person at Wits or elsewhere, and will only be accessed by myself.

Upon completion of this research study, the audio tapes, transcribed material and other material will be kept secure on a password protected computer for a period of six years. Once the study has been examined, it will be publically available through the university library on the internet and copies are available from me on request.

If you agree to the interview, please fill in the consent form provided prior to the commencement of the interview. Your participation in this study is greatly appreciated. While this is a strictly academic study, it is hoped that the results may lead to concrete recommendations to contribute to the body of knowledge about how to improve the neighbourhood development programme.

Kind Regards

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