

**REALISING NODAL DEVELOPMENT THROUGH
DEVELOPMENT IMPLEMENTATION AGENCIES:**

**THE CASE OF THE JOHANNESBURG
DEVELOPMENT AGENCY**

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DECLARATION

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

_____ Day of _____ (year) _____

ABSTRACT

Nationally and locally in South Africa, at present, service delivery issues dominate the public sector. Furthermore, the coordination efforts between different spheres of government and departments within government are not agile and robust enough to manage the bureaucracy and red tape that exists, to be optimally efficient in the delivery of services.

The types of interventions or project initiatives that are required to alleviate delivery issues and poor inter-governmental coordination, currently in South Africa, are complex and multi-dimensional. Interventions, such as nodal developments could be viewed as a way of responding to specific problems in a specific location, or a form of urban development that concentrates a range of public and private resources within a specified area. Nodal development/projects assume a variety of institutional forms and are used as a means to address complex development problems in developed and developing countries alike.

The desire to identify the best institutional arrangements to address the complexity of larger projects has been a huge undertaking for local governments for the past few decades. Hence, the potential effectiveness of using development implementation agencies to implement complex and multi-levelled projects has become a prominent topic in urban development recently.

Literature suggests that development implementation agencies (DIAs), as one institutional form, may have potential in realising nodal development. DIAs can be seen as a complementary way to achieve the objectives of its parent municipality, rather than a replacement of the parent municipality's abilities. The DIAs offer useful skills for collaboration between multiple entities, a sense of financial prudence and accountability (as necessitated in terms of their terms of reference) and they have the ability to generate context-specific solutions as opposed to merely replicating what is deemed global best practice. The need for DIAs in South Africa is supported by government itself, with the existence of various other development agencies, such as the Housing Development Agency (HDA).

This research investigates the institutional arrangements of development implementation agencies and how these arrangements could facilitate the more effective delivery of nodal development on behalf of government. It focuses on the way in which a DIA has undertaken nodal development initiatives in Johannesburg. It uses exploratory research methods, interviews of selected respondents and analysis of various secondary data sources. The Johannesburg Development Agency (JDA), has been chosen as the case study for this research. It was established by the City of Johannesburg (CoJ) to activate and to support area-based economic development initiatives across Johannesburg. The JDA as a case study, seeks to provide insights into local practices of DIAs and their potential effectiveness in delivering a range of services to the public, in a climate where accountability, inclusivity and collaboration are increasingly of concern to the state.

This research report, also investigates the DIA's specific institutional structures and processes. It also examines the relationship between the public sector and the DIA, the features of the DIA, and the emerging lessons for institutional forms that are able to deliver improved service delivery and nodal development.

DEDICATION

This work is dedicated to my beloved family (my loving husband and son), without whom purpose, reason and motivation would not easily have been found for this journey. Furthermore, to all those mothers, sisters, wives and daughters who have taken the admirable step to postgraduate studies, do not ever give up.

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O'Allah with You nothing is impossible, however trying it may have been at times. All praise and thanks are Yours.

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LIST OF ACRONYMS

ABI	Area Based Initiatives
ABM	Area Based Management
ANC	African National Congress
BRT	Bus Rapid Transit
CoJ	City of Johannesburg
DA	Democratic Alliance
DIA	Development Implementation Agency
EDA	Ekurhuleni Development Agency
HDA	Housing Development Agency
IAD	Integrated Area Development
IDP	Integrated Development Plan
IGR	Intergovernmental Relations
ISRDP	Integrated Sustainable Rural Development Programme
JDA	Johannesburg Development Agency
LGTAS	Local Government Turnaround Strategy
NPM	New Public Management
NGO	Non-Governmental Organisation
NDPG	Neighbourhood Development Partnership Grant
OECD	Organisation for Economic Cooperation and Development
PARI	Public Affairs Research Institute
PDIA	Problem –Driven Iterative Adaptive Principles
PPP	Public Private Partnership
SACN	South African Cities Network
SEO	Single Entity Organisation
SIPP	Special integrated Presidential Project
SPV	Special Purpose Vehicle
UDZ	Urban Development Zone

Chapter 1: Introduction

REALISING NODAL DEVELOPMENT THROUGH DEVELOPMENT IMPLEMENTATION AGENCIES

The Case of the Johannesburg Development Agency

CHAPTER 1: INTRODUCTION

1.1 INTRODUCTION

In South Africa over the past two decades, nodal development, has been used as an approach to carry out targeted investment. In the context of this research report, nodal development is viewed as one form of urban development that concentrates a range of public and private resources within a specified area. Nodal development has moved away from the conventional silo based approach used to address complex problems. It now assumes a variety of institutional forms and is used in both developed and developing countries. This thinking which sees a shift away from silo based approaches, is aligned with the notions of joined-up government, urban renewal and integrated area development, which are intended to, enable innovation, integration, linking planning with implementation (Cameron, Odendaal, Todes, 2004).

This research report explores the performance of an institutional form in undertaking nodal developments. The implementation of nodal developments have received a mixed review. It is mainly as a result of their complexity, government's lack of capacity for implementation and their weak strategic planning capability that hampers turnaround times for more tangible and higher impact results. Some of their recently completed initiatives have a short life span, which does not show large high impact results, compared to the impacts or visible results that longer term projects, could show. (SACN, 2011; Todes, 2013). While the concept of nodal development continues to be applied in urban planning, Todes (2013) raises the concern that lessons have not been drawn adequately from past experiences. There are also a variety of factors that influence nodal development.

The institutional location of the nodal development, i.e. carried out by the municipal or state entity or carried by semi-autonomous agency has an impact on the outcomes of the nodal development. Within the municipal entity, regulation, government policies, the general processes of the bureaucratic environment and the political support for the project, hinder implementation efforts. If implementation is undertaken by an outside agency, the project may not necessarily be aligned with municipal policies, budgets and processes. Whether an initiative is undertaken by an agency or the municipal entity itself, can contribute to the level of expertise and amount of commitment allocated to the initiative (Cameron et al., 2004; Todes, 2013).

1.2 PROBLEM STATEMENT

At a national and local level, many government projects have not been delivered in a sustainable or successful manner. Over the past decade the country has borne testament to this, in the numerous protests by unhappy residents, predominantly around linking delivery of services and maladministration in their respective municipal areas (PARI, 2014). Various studies, reviews and special reports (e.g., Brunette, Chipkin, Tshimomola and Meny Gilbert of the PARI, 2014) have attempted to examine the possible reasons for poor service delivery and protests. They have found that senior officials are not necessarily sufficiently well versed in their respective administrations, and move to other positions before making a value-adding difference to the beneficiaries in their respective portfolios. These institutional matters contribute to weak municipal management and leadership, generally resulting in poor service and dissatisfied residents. The recent South African 2016 elections also reflect some of these issues: For example, in the Western Cape, the Democratic Alliance (DA) won the majority vote. While the DA is considered a party favouring the middle class, disadvantaged areas like Khayelitsha voted for it as opposed to the African National Congress (ANC) which it previously did. The election results in Gauteng also reflected the voice of citizens moving towards party politics that were perceived to advocate service delivery: the ANC thus lost votes to the DA in the major metropolitan municipalities, including Ekurhuleni, Tshwane and the Johannesburg metropolitan areas. This voting trend indicates that citizens increasingly feel that delivery does matter (Mtembu, 2016).

The types of interventions required to resolve the service delivery issues are complex and multi-dimensional in nature (Osborne, Radnor, Kinder and Vidal, 2014; Todes, 2013). Bureaucracies in their present form are often not adequately organised to deal with complex and multi-levelled mechanisms of implementation. The coordination of efforts between departments and spheres of government is a still not agile, streamlined or robust enough to easily navigate challenges (PARI, 2016; Turok and Watson, 2002). Todes (2013: 47-48) confirms this highlighting the importance of horizontal and vertical integration between government departments and acknowledges that “there are difficulties in achieving such integration, and there are risks for policies in depending on it”.

Clark, Huxley and Mountford, (2010: 13) have noted that “the quest to identify the best organisational or institutional arrangements has been a huge undertaking for local governments globally, for the past few decades.” However, increasingly, “there has been a greater appreciation for the effectiveness of the development implementation agency or single entity organisation in delivering on local economic objectives” (Clark et al., 2010: 32). Development implementation agencies (DIAs) are a specific institutional form and are regarded as robust enough to undertake complex development projects in an effort to promote economic growth and development in defined geographic areas. Such agencies are usually viewed as delivery mechanisms linking public and private sectors. Some debate exists around whether these agencies are best located outside of or as an extension of the state in order to be optimally responsive and able to coordinate complex development (Todes and Francis, 2006). According to Clark et al (2010), DIAs are particularly appropriate organisations for dealing with complex tasks, with investment decisions and with multi-party collaboration because they are packaged as a corporate structure (rather than municipal or administrative), they are market-oriented and employ a corporate approach in their operations to development.

Pieterse (2015: 43) notes that large projects must be a comprehensive exercise and should ideally be managed by a dedicated agency that will “drive planning and confirm agreements between all role players as the process unfolds”. Both practical and academic accounts have shown that the institutional arrangements of DIAs are key to the effectiveness and sound execution of sustainable nodal developments (Clark et al., 2010; Todes, 2013). The unique set of institutional arrangements of DIAs may allow for better facilitation and coordination of these various levels of government. However, Todes (2013: 2) cautions that a more comprehensive view of sound institutional arrangements should also comprise “suitably

structured packages of support, from all relevant project stakeholders which are cognisant of both context and policy”.

South Africa has many strong and well-designed policies for urban planning in place but in many instances, these have not been fully realised in practice because the optimally effective vehicles or mechanisms for delivery and execution are not in place (PARI, 2016). In the present climate of slow delivery in the local spheres of government, finding ways of realising implementation can potentially be facilitated through alternative institutional arrangements such as DIAs. The need for DIAs in South Africa is confirmed by the government's establishment of various DIAs, including the Housing Development Agency (HDA) and the Ekurhuleni Development Agency (EDA) and the like¹.

It therefore makes sense to investigate what DIAs have to offer in response to the challenges of institutional coordination required in the effective delivery of services and implementation of nodal development, as pointed out by Todes (2013). Further benefit can be derived from examining institutional aspects of the case study in more detail and especially those arrangements or factors that may assist in effectively implementing nodal development. Exploring DIAs involvement in nodal developments may provide lessons for future urban development practice.

The Johannesburg Development Agency (JDA) has experience in undertaking complex urban development projects, and among them, nodal development initiatives. As part of its mandate the JDA has been required by the City of Johannesburg (JDA) to address complexity - dealing with the challenges of multi-sectoral, multidisciplinary, multi-level collaboration- in an effort to facilitate urban development.

¹ The Blue Crane Development implementation agency, Aspire – Amathole Economic Development implementation agency, Mandela Bay Development implementation agency, Overstrand Local Economic Development implementation agency (OLEDA), Gauteng Development implementation agency, Buffalo City Development implementation agency, Northern Cape Economic Development implementation agency and The Cape Town Partnership.

1.3 RATIONALE

This research examines the implementation of nodal developments and how DIAs have been used to achieve this on behalf of, or in conjunction with the state. A growing body of planning and development scholarship has explored nodal development in South Africa, and particularly within the urban context. Local and international literature, including reports and studies from public administration scholars, government research institutes and private businesses examined the performance of DIAs.

The findings of this research report add to the existing body of knowledge about DIAs and undertaking nodal development in South Africa, by exploring, mainly through fieldwork, the institutional arrangements within a well-established agency.

During a time when South Africa is faced with struggling and poorly performing municipalities, maladministration claims, corruption charges laid against senior civil servants, poor service delivery and an economic downturn, the search for credible delivery solutions in South Africa is urgent. The exploration of how DIAs, have undertaken the implementation of nodal developments presents an opportunity to critically consider their ability to effectively deliver complex projects. Using a case study can reveal lessons that are not necessarily replicable, but could contribute to discussions about alternative delivery solutions in South Africa.

1.4 AIM AND OBJECTIVES

The way in which the JDA has undertaken nodal development initiatives is the focus of the research -I am particularly interested in investigating its institutional structures and practices and how it has undertaken implementation. I am keen on uncovering more detail about the roles and relationships between the public sector and DIAs. Furthermore, it is necessary to identify noteworthy characteristics or features of the DIA.

1.5 RESEARCH QUESTION

The main research question in this research report is:

Do the Johannesburg Development Agency's (JDA) institutional arrangements facilitate the more effective delivery of nodal developments on behalf of the CoJ, and if so, how?

In order to further unpack the topic, I pose the following sub-questions:

- i. What institutional arrangements of DIAs may characterise effectiveness in delivery of nodal developments?
- ii. What is the relationship between the JDA and the CoJ?
- iii. What are the elements or characteristics of the JDA that contribute to its ability to undertake multi-sectoral, multi-dimensional projects?
- iv. What are the implications for future institutional arrangements to facilitate effective delivery?

1.6 RESEARCH METHODOLOGY

The research follows a qualitative approach and aims to explore institutional practices of an established development implementation agency. Exploring and understanding contemporary practices is more appropriately researched using a qualitative methodology. Using a qualitative research method means that the respondent is valued by the researcher as more than a statistic or measurement. Qualitative research methods allow the researcher to understand certain aspects of human behaviour in the development space and in this case the role of DIAs in realising nodal development.

Case study approach:

The case study method is appropriate for exploratory research because it is suitable for doing in-depth analysis. In viewing the details of a particular example relevant to the topic at hand, one is more able to examine the intricacies, finer details and nuances on a subject, than through quantitative measures. A case study approach allows one to focus on a real-life situation and then to test the forthcoming views, as it occurs in reality. A process of learning is readily enabled in this field of social science by means of engaging in a case concerning the topic at hand (Flyvbjerg, 2006).

One is able to study whole units and not just aspects thereof, using this research method. Employing observation as a tool of case study research, uncovers more information than applying statistics according to Flyvbjerg, (2006). Respondents are perceived as experts not as sources of data and uses various information sources, where each interview lends a unique view point, experience and lens to the topic. This helps mould and direct the research outcomes rather than to categorically define it.

May (2001: 212) notes that case study research uses many and diverse methods. A case can be extremely, critical, and paradigmatic but it will be the interpretation of the case that can provide substantial information, because the researcher is getting various perspectives and conclusions on the case according to whether it is viewed and interpreted as one or another type of case (Flyvbjerg, 2006: 17). The case study is useful for both generating and testing of hypotheses though not restricted to these research activities and is not uniform (May 2001: 211; Flyvbjerg, 2006: 13). Some case studies use qualitative paradigms and others quantitative. These case studies can be classified as intrinsic, instrumental and collective.

I am employing the use of an instrumental case study as its results may have a wider application than just the individual case with possible application to other South African municipalities. Being able to make wider applications from the case is important (May, 2001:211) given the need for good institutional management of complex urban projects to be instituted at municipalities, which a DIA may be able to provide.

The JDA was selected as the case study because of its experience as a DIA for the CoJ in a range of local-level planning and nodal development projects since 2001.

This research was undertaken with the aim of understanding how nodal developments are implemented, using DIAs, largely by exploring the institutional arrangements and some of the nodal development projects that the JDA has undertaken on behalf of the CoJ. The PARI (2014) highlighted that state mechanisms have been experiencing difficulty in establishing vehicles for delivery due to cumbersome state practices and bureaucracy. The establishment of the JDA as the implementing agent for the city, reflects local government's acknowledgement of the challenge of delivering on all of its mandates.

I have selected various JDA nodal development projects that have been completed as they are able to demonstrate implementation performance which can be evaluated. For example: the focus on the Newtown precinct development shows that public spaces are an asset to the City (Projects for Public Spaces, 2011), contribute to urban regeneration and promotes equity and restructuring of the apartheid city. Other JDA projects include the Juta Street Trees-Public sculptures programme, Chinatown public environment upgrades, the Constitutional Hill project, the Jeppe-Station Precinct, the Faraday-Station Precinct, the Fashion District, the Ingonyoma Bridge as well as the Kliptown Project.

Data Collection

The respondents from the JDA and the CoJ were purposefully chosen hence the sample is not viewed as a representative sample. Twelve respondents out of an initial thirteen were interviewed. Five were from the JDA, Three from the CoJ with one previously from the CoJ but recently employed in the private sector and five from the private sector. The limitation in the research resulted from a challenge in securing the relevant available and willing CoJ officials within the research period.

I have selected interviewees in terms of their roles relevant to my research topic and their willingness to participate. I have ensured anonymity of the interviewees, even where it was not explicitly requested, so that no individual felt compromised or inhibited in terms of the value they felt they could add to the research. Furthermore I chose not to designate rank or

status to and of the interviewees. I sent an interview pack to each interviewee upon confirmation of the interview, which included the research abstract, the main research questions and copies of my ethics clearance certificate and letters of support from the CoJ and the JDA, along with a consent letter to be signed by each interviewee, prior to conducting the interview. I also disclosed the issues around anonymity and confidentiality, as well as the dissemination of the report. This method provides a level of assurance, professionalism and a greater willingness to assist in the research process. I did not wish for the reader's perspective to be skewed, based on the rank/status of the interviewee contributing to the research, hence I chose not to designate rank or status or name any of the interviewees in the findings Chapter of the research report. I have named the rank, only for the purpose of the research report and its examination process. I aimed to avoid single-sided perspectives when selecting the individuals to be involved, by selecting respondents who had at least five years of experience in their field and I also tried to ensure that perspectives were obtained at a senior management and at a project implementation level of whichever entity I was interviewing.

In addition to conducting interviews and attending key JDA meetings, documents, such as annual reports of the JDA, nodal development project documents and relevant information from the JDA were reviewed, as well as media reports were drawn on as part of the case study enquiry.

The CoJ and JDA websites provide basic information about the two entities and their working relationship. Other studies assisted me to critically analyse any alternative views concerning the CoJ and JDA, which was compared with information from the interviews. These data sources support data gathering for the second sub-question.

The third sub-question focused on the JDA and its various projects, and the necessary data gathered from the project managers, the JDA website and desktop studies. This sub-question highlighted those institutional elements that constitute the JDA and that enable it to undertake complex developments. Collecting this data meant obtaining the views from officials from both the CoJ and JDA. Successfully gathering this data depended on clear, detailed and transparent engagement/communication (verbal and written) with officials from the CoJ and the JDA.

Alternatives or recommendations drawn out by way of the fourth sub-question come from the interviews with officials at the CoJ and JDA, as well as development experts and practitioners and the various studies.

What information	Source of information	How data was collected
1. Institutional arrangements with CoJ	JDA website JDA and CoJ officials Documents	Desktop analysis Semi-structured interviews
2. Institutional practices in specific projects	JDA and CoJ officials	Semi-structured interviews Information share meetings between JDA and CoJ
3. JDA structure and operations	JDA and CoJ officials Documents	Desktop analysis Semi-structured interviews
4. Alternatives /Recommendations	JDA and CoJ officials Development Experts Practitioners	Semi-structured Interviews Desktop Analysis

TABLE 1: DATA COLLECTION METHOD

Data Analysis

This qualitative research is descriptive in nature, with analysis done after the key findings were identified from my fieldwork. The themes in the literature review, were used to analyse the data in a thematic way. These themes included the roles of the CoJ and JDA, relationships between the CoJ and the JDA, DIAs, major urban developments in South Africa as well as the future of DIAs.

Study Limitations

Although the qualitative research approach is flexible, limited access to the all possible respondents and subjective information, such as the perceptions of the various JDA and CoJ officials, meant that the study is limited. This does however remain a valid method allowing valuable close contact with respondents and in-depth research, which is first hand, wherein real-life events can be meaningfully captured (May, 2001:216; Yin, 1994: 1). A large part of

the case study information was limited to what was available via the official JDA and CoJ websites, especially concerning the general information and some of the project information. There is a limited amount of independent and analytical information available concerning both entities, mainly contained in grey literature and research reports. Fortunately, it was possible to use the interview process with the selected officials to verify some of the desktop information for the CoJ and JDA. The number of CoJ officials interviewed was regrettably also limited, in terms of time and the number of relevant officials able and willing to participate in the interview process.

Ethical Considerations

Due to the fact that this research relied heavily on the participation of others, in terms of interviews and sharing of project information, it was crucial to ensure that the participants were given the opportunity to decline or terminate their participation in the interview process. The aspects of anonymity and confidentiality were set out in the Participant Information Sheet provided to each respondent, ahead of the interviews.

In line with the University of the Witwatersrand's ethics process a research proposal that accompanies an ethics clearance application was submitted to the School of Architecture and Planning's Ethics Committee. This application rigorously detailed my intentions for conducting my fieldwork and the process I proposed to follow including question types and interview processes, ethical considerations as well as guidelines to be followed for this purpose. Fieldwork was conducted after clearance was granted. Undertaking this process was a means for ensuring all legal obligations are met by both me as the student and the University of the Witwatersrand, as the tertiary institution and also to ensure that respondents are well protected and reassured.

It is important to note that I am both a student and practising planner within a consultancy that has undertaken work with both the CoJ and the JDA. This point was declared to all potential respondents. Both the CoJ and JDA have supported my research and welcomed the opportunity to participate.

1.7 CHAPTER OVERVIEW

At this point it is also necessary to help the reader better understand the intentions conveyed in the report by clarifying the research methodology with a chapter overview.

Chapter 1: Introduction

The first chapter serves to provide a background to the research topic and navigates the reader through the problem statement and the rationale for the research. An outline of the research aims and objectives along with the research question and its sub-questions are also detailed here.

Chapter 2: Literature Review

This chapter provides a detailed review of key literature, including scholarly publications. It critically analyses and reviews the relevant literature and planning theories on concepts pertinent to the research subject.

Chapter 3: The Johannesburg Development Agency

The third chapter examines the specific case of the JDA. It details the institutional aspects of the JDA, its operations, its structure, its relationship with the CoJ and various selected projects. It draws mainly on desktop material and interviews.

Chapter 4: Presentation and Analysis of Findings

All of the information from the interviews conducted and from all other sources of information such as desktop studies, and reflections from planning practice are detailed in this chapter. It presents the findings from each chapter in consideration of the interview and desktop data. Furthermore, I drew from the findings and explained and analysed this information.

Chapter 5: Conclusions and Recommendations

Chapter Five addresses itself directly to the research question by bringing together the key findings of each preceding chapter. It makes recommendations of realising nodal development through DIAs.

Chapter 2: Literature Review

CHAPTER 2: LITERATURE REVIEW

2.1 INTRODUCTION

The first chapter provided a general introduction to development implementation agencies and nodal development. This chapter intended to answer the first sub-question of what institutional arrangements may characterise effectiveness in the delivery by DIAs. Therefore, I started by discussing nodal development as examples of complex urban development projects.

The challenges facing government, in understanding this type of development, surfaces from this discussion of nodal developments, as well as potential responses to these challenges, including DIAs.

In the urban planning context, single entity organisations are more commonly referred to as development implementation agencies (DIAs). A common thread in the literature is that the institutional form of the DIA influences the degree of its impact and its function.

2.2 INSTITUTIONAL ARRANGEMENTS FOR DELIVERY

An initial review of the existing literature prompted further investigation of new institutional arrangements, and a reconsideration of the role of government in delivery and development.

Clark et al's. (2010) study for the Organisation for Economic Co-operation and Development (OECD) categorises the roles of local government representation; services; regulation and development and investment. Their research also examines the role of DIAs and companies and how local economic development is organised.

The development and investment role of government is very different to the others. This role of government focuses on long term planning and facilitation of investment and thus, when compared to other government roles, it operates within “different markets, within different timeframes, with different partners, with different finance mechanisms, stakeholders, audiences and geographies” (Clark et al., 2010: 13). This implies that this role requires a very specific skill set, structures and institutional arrangements. The state is seldom structured in a way that easily enables this kind of development and investment role. In addition, government does not have the capacity to accomplish all that the development and investment role would require because it involves not only the stimulation and management of economic growth but also the social and environmental well-being of citizens, of its workforce and of visitors” (Clark et al., 2010: 13).

International best practice tends to shape contemporary development thinking, because it is a consensus by many countries, development agencies, businesses and non-governmental organisations (NGOs) (Tomlinson, 2002: 378). This global school of thought has determined that local government should ensure service delivery and establish enabling policy and legislative and regulatory frameworks. Municipalities have the task of delivering services to communities. Many challenges prevail two decades into South Africa’s democratic period. Some of the smaller municipalities do not have the capacity to implement their basic mandates let alone implement urban/nodal development projects. A large part of their struggle relates to poor political leadership (Cameron, 2003; Monakedi, 2013).

Efforts such as the Local Government Turnaround Strategy (LGTAS) have been made to support municipal operations and programmes, yet many municipalities continue to be faced with considerable difficulties in delivering upon their developmental mandate. The LGTAS, highlighted correlation between an entity’s structure (and lack thereof) and its impact on performance (Monakedi, 2013). The capability of South African municipalities does not often match or adequately address the increasingly complex and growing development needs of the country and its citizens.

2.2.1 New Public Management

New Public Management (NPM) is grounded in neoliberalism and is also a major influence on local government in South Africa. In its efforts to forge a new democracy, the ANC government drew, to a large extent on the models of progressive governance and from the developmental state models of East Asia and the Third Way Approach with the aim of economic upliftment.

The earlier focus on economic upliftment through NPM soon progressed to include social aspects such as community building, inclusion, poverty alleviation, integration and participation. Former president, Thabo Mbeki, championed this drive for the social cohesion aspect of development by promoting the ideals of the Third Way Approach in South Africa.

NPM takes a neo-liberal approach to governance and is associated with good governance (by the World Bank) i.e. efficient administration, participatory governance, collaborative government and developmental governance, of which these elements are key to developing countries like South Africa (Pillay, Tomlinson and Du Toit, 2006). NPM influences local government to a large degree with the aim of building a new democracy and promoting economic upliftment.

Using this approach public sector bodies have introduced professional management at the top levels and policy-making is made separate from operations. Public-sector departments are designed as corporatized units and service delivery has an element of competition introduced into it. “The neoliberal city is considered first as an entrepreneurial city, focused on achieving economic success, competing with other cities for investment, innovation and creative classes” (Florida, 2002; Leitner, 1990 in Leitner, Peck and Sheppard (eds.), 2007: p4).

In addition to its focus on economic success, the “neoliberal city is one in which municipal bureaucracies, dedicated to social endeavours are progressively replaced by quasi-public agencies empowered and responsible for promoting economic development. Decisions are also governed by cost benefit calculations rather than issues of service, equity and social welfare” (Brenner and Theodore, 2002a; Leitner and Sheppard, 2002 in Leitner, Peck and Sheppard (eds.), 2007: p4).

Competitive tendering and outsourcing and performance based evaluation are considered key markers of efficiency and ultimate success for the public-sector body (Considine and Lewis, 2003; Hood and Peters, 2004).

In order to put the ideals of NPM into effect in government, various institutional configurations that address urban development in a manner that is comprehensive, integrated, fast tracked and sustainable in every aspect have been considered (Cameron et al., 2004).

According to the Public Affairs Research Institute (2014, 7-8) the impact of NPM saw government services being contracted out to third parties to a large extent in order to modernise the state and utilise government agencies as a catalyst for black economic empowerment. This was intended to i) “de-bureaucratise the public sector and local government, (ii) reform and strengthen management practices in government departments, (iii) decentralise decision-making to appropriate levels and (iv) outsource government functions when appropriate”.

Sullivan (2003) and Papadopoulos (2013) noted that a major outcome of NPM was the fragmentation of government and subsequent increase in its complexity. With disaggregation, separation of policy from operation and introduction of partnerships with the private sector, coordination of all these elements became more of a critical issue than before. In keeping with the ideals of NPM, the state supports efficient administration, participatory governance, collaborative government and developmental governance, corporatization of its various departments, competition in service delivery, competitive tendering, outsourcing and performance based evaluation (Considine and Lewis, 2003; Hood and Peters, 2004). According to Bevir (2009), bureaucracy should rather be replaced with an entrepreneurial government based on competition, markets, customers and measurement of outcomes.

NPM, however, in its current form promotes a more transactional and short-term approach to the delivery of services instead of understanding the difference between product management and services management. Furthermore, NPM has not recognised that public services delivery needs the governance of a refined public service system not individual public service organisations as well as coordination across agencies and management of accountability.

In the last decade, governance in South Africa has been characterised by some of the following distinctive features (Public Affairs Research Institute, 2014: 9):

- a) Service delivery in South Africa is performed less by government administrations and more by private companies that tender for the role.
- b) Public servants are now managers of contracts rather than administrators of public affairs. This steers officials away from recognition of public value and the meaning of service to the end-user and results in them managing contracts rather than focusing on outcomes (Osborne et al, 2014).

“Public servants manage contracts with private companies, other departments and parastatals and often the quality of service delivery, is dependent on how well such contracts are negotiated and then enforced” (Public Affairs Research Institute, 2014, p9). This creates weakness in the state’s management of risk and ability to remain accountable and produce positive results.

Examples of such weakness and negativity in the states conduct of its affairs in the last decade are illustrated in Figures 1 and 2. They include local municipalities placed under review for underperforming or maladministration or both, mismanagement of state resources, corruption cases, gross negligence, wasteful expenditure (see Figure 4), cases of politicians having major influence on the appointment of officials, under performance of municipal entities, irregular expenditure (see Figure 3), as well as failure to deliver.

- c) “Awarding of contracts has become a very contentious issue because it is so decentralised and disjointed that coordination between departments and levels of government cannot truly exist or guarantee oversight over the system itself” (Public Affairs Research Institute, 2014: 9). Local government has been plagued by scandals of fraud and tender irregularity and an increased number of investigations of collusion by industry giants have been launched by the Competition Commission over the last decade, (as shown in Figures 1 and 2).

FIGURE 1: REFLECTION OF LOCAL GOVERNMENT STATE OF PLAY AS CAPTURED IN PRINT

IRREGULAR SPENDING INCREASES TO R21bn

Flouting of procurement laws to blame

IRREGULAR spending in national and provincial departments and state entities increased to R21 billion in 2010 and 2011, according to the auditor-general.

The 2010-2011 financial year saw a 10% increase in irregular spending, with the auditor-general blaming the increase on the flouting of procurement laws by departments and state entities.

State chairman Thabane said irregular spending is a result of departments not following procurement laws. He said irregular spending is a result of departments not following procurement laws.

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STATE DEPARTMENTS IN MULTI-MILLION DEBT

MPUMALANGA and national government departments are continuously ignoring requests from the cooperative governance department to pay their standing debts to municipalities.

In October last year, the department initiated a process of reconciling and collecting more than R72 million in outstanding debts to local municipalities - R48.2 million from provincial departments and R24 million from national departments.

At the time, cooperative governance MEC Madala Msekuku said that officials from all provincial departments, municipalities, treasury, as well as his department, would embark on a concerted effort to have all arrears settled.

However, since the reconciliation and collection process supposedly started, very few arrears had been settled, and it appears that departments are in no position to do so.

In a progress report submitted to the legislature last week, no payments had been made, despite letters instructed to the legislature to do so.

The department with the highest contribution to this debt is public works, with national and provincial spheres accounting for 23.5%, with outstanding debts of R19.99-million and R3.7-million, respectively.

It owes an additional R12.1-million through unpaid SAPS and magistrate's bills, while the provincial education department owes municipalities R18-million.

This is in stark contrast with Premier David Mabuza's promise made during his 2011 State of the Province address, when he said all service providers should be paid within 30 days of invoice, otherwise disciplinary action would be taken.

James Masango of the DA said the nonpayment "denies the poor communities in the province basic services".

"It cannot be accepted that one sphere of government can cripple another through poor financial management," said Masango.

He said the DA, through its members of parliament, will write formal parliamentary questions to the Minister of Public Works, Thembelani Nkomo, asking him to address the issues of nonpayment.

The people of this province are being neglected by an administration that claims to care, but the reality shows how empty their promises really are," Masango said.

19 MUNICIPALITIES THROW R1bn IN DRAIN

A-G slates fruitless expense

ALFRED MOSEKUKO

MUNICIPALITIES in Mpumalanga have wasted R1-billion of taxpayers' money over the past financial year.

The waste was revealed in a report by auditor-general Thabane Nkomo on the province.

The A-G found that unauthorised, wasteful and fruitless expenditure amounted to a staggering R1.5-billion, of which R100-million was only identified during the audit process.

In the report Nkomo remarked that severe deficiencies existed in the province's municipalities. He referred to the vacant chief financial officer position and the poor performance of existing CFOs as common denominator.

He also found that 13 of the 19 municipalities engaged the services of financial consultants to assist them in the preparation of their financial statements.

This lack of capacity cost taxpayers an unnecessary R25.6-million, and does not include salaries already earned by CFOs and their staff.

Nkomo also made specific mention of leadership not taking action against poor performing CFOs and other managers, and that municipal managers do not "adhere to key controls" and "move" to correct ineffective oversight.

Cooperative governance and traditional affairs spokesperson Simphiwe Khathele conceded that failure by municipalities to fill senior posts was costing the state.

"Municipalities have already had interviews and are in the process of filling all vacant positions with qualified people," he said.

Mpumalanga DA leader Anthony Bonadi said Nkomo's findings proved that the ANC policy of cadre deployment and political patronage has ruined municipalities and service delivery.

Witbank's disastrous water supply three times over," said Bonadi.

"It is due to failures of this nature that supply chain management in municipalities has degenerated into a free-for-all with officials not following the proper procedures in awarding contracts, or tendering for contracts themselves."

Bonadi said his party had for long been vocal about the lack of skills and capacity in municipalities, and their general failure to generate their own income.

"Furthermore, municipalities' failures to maintain infrastructure and supply networks have resulted in distribution losses of R25.7 million."

"This clearly shows that municipalities are suffering from a desperate shortage of skills and capacity, and we believe that this should be addressed urgently."

The first article illustrates mismanagement of state resources and wasteful expenditure. It highlights increasing incidents of irregular spending in national and provincial departments of government. It is said that government procurement practices are "flouted" where goods and services are sourced, without due compliance of the Public Finance Management Act. Findings of this nature are only ever uncovered during the audit process.

The findings of the 2010/11 government audit indicated that key internal controls were lacking, such as: i) the role of leadership, sets the tone for each department; (ii) the ability to get financial and performance management done properly; and (iii) the role of audit committees and internal audit units to provide oversight (Sowetan, 2011).


The second article highlights maladministration and mismanagement of state resources. This also suggests that public officials, focus more on contract management rather than public administration duties (Sowetan, 2011).

The third article also emphasises mismanagement of state resources and wasteful expenditure and the reasons include: (i) lack of capacity and skill, especially with many vacant senior posts reported; (ii) no oversight and control measures exercised by executive management and; (iii) cadre deployment and political patronage. These factors hamper service delivery efforts and negatively affect municipal operations. The inability to collect on debts or maintain infrastructure and supply networks also highlights major municipal operational challenges (Sowetan, 2011).

FIGURE 2: REFLECTION OF LOCAL GOVERNMENT STATE OF PLAY AS CAPTURED BY THE MEDIA ELECTRONICALLY

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Tag Archives | service delivery protests



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[Protest actions on Trans-Kalahari route affecting businesses](#)

Thursday 20 October 2016 17:04

Service delivery protests on the Trans-Kalahari route linking South Africa, Botswana, and Namibia is taking their toll on business between the countries.



[Nine arrested for public violence in Sasolburg](#)

Thursday 14 May 2015 11:10

Nine people have been arrested following violent service delivery protest in Sasolburg in the Free State.



N West village protests disrupt schooling

Tuesday 6 May 2014 12:00

Lessons at various schools at Khunotswane village near Zeerust have been disrupted as residents continue with service delivery protests.



Service delivery under the microscope

Friday 11 April 2014 14:55

An overview of service delivery protests in South Africa, juxtaposed against household service delivery figures from Statistics South Africa.



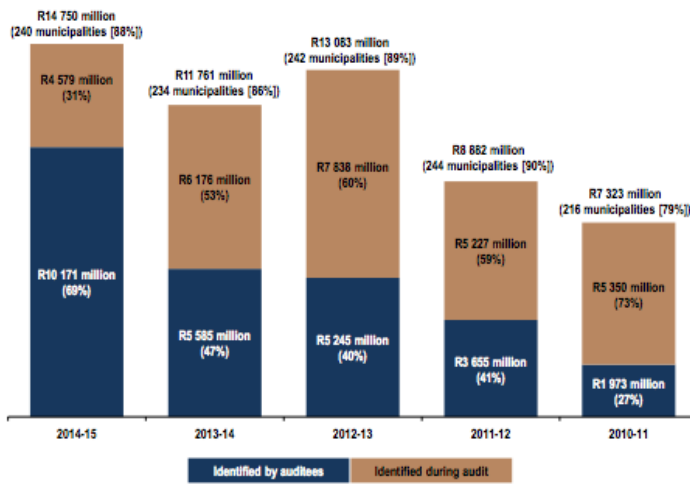
North West protests leave destruction, claim one life

Friday 11 May 2012 08:17

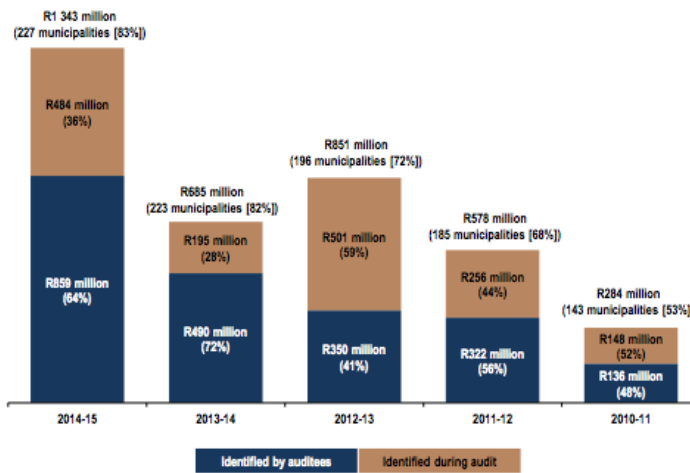
Three days of service delivery protests have claimed a life, in Ganyesa in the Kagisano local municipality near Vryburg, in the North West, and left a trail of destruction in its wake.

Figure 1 shows local and provincial government challenges during 2010 through to 2011 as captured in print media. Figure 2 illustrates the variety of issues within local government between 2014 and 2016 and shows a downward trajectory of government's performance. The various articles in Figure 2 show how municipal performance has directly led to delivery protests. The protests are captured as rising and in many cases, escalating into violence, destruction and death. As portrayed by the media, government seems to be trying to determine whether the lack of delivery is a result of maladministration or a resource shortage despite consistently negative outcomes in the Auditor General's reports.

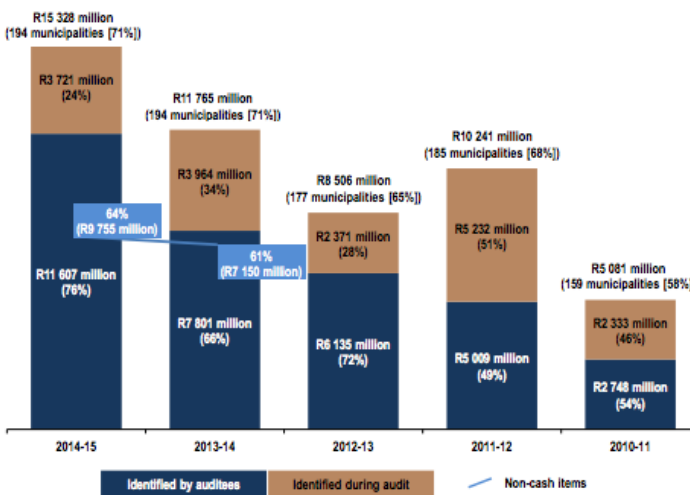
Figure 3 echoes the downward trajectory of government performance between 2010 and 2015, with irregular, fruitless and unauthorised expenditure reported.



A.



B.



C.

FIGURE 3: TRENDS IN LOCAL GOVERNMENT EXPENDITURE

Source: www.moneyweb.co.za

- A- Five-year trend in irregular expenditure
- B- Five-year trend in fruitless and wasteful expenditure
- C- Five-year trend in unauthorised expenditure

Source for graphs:
Consolidated General Report
on Audit Outcomes of Local
Government; INTERNET
Article written by Slabbert, A.
2016 in
www.moneyweb.co.za

Boraine (2014) and Mbeki (2009) argue that South African government departments are failing in service delivery “because the African National Congress tries to exercise too much control over them and ends up politicising government in a way that undermines governance”. However, more recent research reveals a differentiated and complex reality of local government. Historically the South African public administration system has never been sufficiently protected from political and personal considerations, and sections of the apartheid state had a long history of corruption. In addition, state departments perform differently inter-departmentally, intra-departmentally and over time, particularly at a local level. Some departments cannot manage to perform basic tasks such as ensuring continuous electrical and water services, while others are coping well. Similarly, within one department one office can perform quite differently to another and some have deteriorated in their abilities and others have improved. The Pari (2014) illustrate the overall unevenness of governance and government performance.

The problems and constraints facing government, is particularly evident at the local level as this is, where implementation occurs. Problems can be attributed to several factors. Municipal leadership and management is found to be seriously lacking without the requisite skills present. This is exacerbated by a continual change of administration in these municipal entities, which results in no consistency, no capacity building and no in-depth understanding of various projects and portfolios. Collectively this situation leaves the public administrative system vulnerable to mismanagement and inefficiency and an inability to deliver services because resources (financial and otherwise) are not sufficiently optimised and there is insufficient knowledge of how to do so. The level of political interference also tends to overshadow the efforts toward public participation and creates a growing disconnect between the public sector and its citizens (Roehrich et al., 2014; Kwak et al., 2014).

These weaknesses/challenges are prominent in this country’s system of governance. It is deemed “a contract state, which has its disadvantages and results in an unevenness of governance. State capacity is heavily reliant on the state’s ability to draw on and manage contractual relations and the capabilities of the private sector” (Public Affairs Research Institute, 2014: p9). The contract state is characterised by (i) decentralised and fragmented awarding of contracts, (ii) by a changing role for public servants from administration to contract management and (iii) service delivery performed more by private companies through a tender process, rather than government administrations.

That the state utilises a contract system, is not a problem in itself. In South Africa a substantial bureaucracy that is only playing the role of policy making and facilitating delivery through coordination of private sector entities, where its operational functions are also outsourced. “Government departments and its agencies’ performance is linked to the ability of these entities to plan, specify, manage and maintain contracts with the third-party service providers” (PARI, 2014: p52). The result is an uneven performance of government and its agencies because where government departments are not managing contracts, delivery tends to be poor to non-existent, and hence unpredictability prevails (Papadopoulos, 2013). In addition public procurement in South Africa tends to happen outside of the formal institutions, the rules and the official norms that are meant to govern it. It means tightening up of the regulatory frameworks governing public procurement, reflected in the Auditor General’s report in 2010 and 2011 (Figure 2 and 3) (Bevir, 2009).

Currently the state’s administrative and procurement processes are decentralised and fragmented making it vulnerable to massive shortcomings and weaknesses as a whole. The combination of out-sourcing, decentralisation and fragmentation of the state allows for excessive political interference and non-compliance in procurement and no adequate means of disciplining organs of state, that are guilty of transgressing the rules and regulations (PARI, 2014).

The root causes of the problems associated with a contract state require remedying of the institutional configuration of the state and not necessarily centralisation or further regulation. This implies possible professionalization of officials, recruiting them via open and competitive examination and enforcing examination and professional advancement, to achieve promotion (PARI, 2014: p53). There is need for the type of institutional capacity in the state that is able to deal with complexity but that is also flexible and can adapt to changing circumstances. Clear and tangible methods and measures are necessary to build state capacity, improve levels of skill where required and control state procurement practices with better regulation and consequences for transgression.

Currently many South African municipalities are deemed dysfunctional by the state itself, as they fail to deliver on mandates and are unable to coordinate with other spheres of government.

2.2.2 Development Implementation Agencies

The South African state has grappled with ways to deliver on its development mandates and has often drawn on international discourses to provide guidance. It has made a decision in line with NPM to recover costs for basic services in order to ensure financial sustainability. Ironically this means that the market is regarded as the means towards addressing deep-rooted socio-economic and spatial inequality inequality, as reiterated by Bevir (2009) and Papadopoulos (2013)

For local government, the NPM involves, adopting a more corporate culture and business-like efficiency in its operations and delivery of services from the state (Harrison, 2006) and allowing for a more diverse form of provision and sense of competing to offer the best end result. With this type of approach, generally one is assured of better quality infrastructure and services at the best possible cost with the least amount of risk. However, the goals of performance and measurement of results are debateable despite the fact that value for money is promoted using performance measures to influence budget decisions. The success of NPM is thought to be limited because it does not offer much in the way of savings (on the running costs versus total program costs). The bulk of savings come from privatisation and not from reforms in public sector organisations. Contextual factors also influence the success of NPM, i.e. a stable framework, associated with the more established public disciplines (credible policy, predictable resources and a public service ethic) (Bevir, 2009; Papadopoulos, 2013).

DIAs have been in existence since the end of the Second World War. These agencies were originally established as a short-term answer at a time of crisis, to facilitate the redevelopment of war-torn regions. DIAs are generally used during a time of crisis such as the one the South African government is currently facing.

Internationally the NPM reforms of the 1980s and 1990s resulted in changes in the nature and role of the state. Hierarchical bureaucracy shifted towards the greater use of markets, quasi-markets and networks, especially concerning the delivery of public services. This increased role of non-governmental players in service delivery, brought into question the state's ability to monitor these arrangements. The state therefore became increasingly interested in methods to manage networks and partnerships (Bevir, 2009).

DIAs are a form of public private partnership, known as PPP, and are also utilised as special purpose vehicles or SPVs. DIAs are rooted in the NPM perspective, and have been used in South Africa to promote NPM. The way the NPM was promoted in South Africa was mainly through DIAs as well as other forms of partnership. NPM encouraged a corporate culture and emphasised efficiency, geared more as a streamlined business outfit than a state entity, in terms of its outcomes and operations and to achieve better state performance (Bevir, 2009; Harrison, 2006). This thinking is aligned with the neoliberal stance that determines that the state should focus on policy decisions not delivering services.

The aim of the DIA is to achieve greater efficiency by bundling investments, infrastructure and service delivery to tap into the expertise and sometimes financial resources of the private sector (Boyne, 2002; Engel et al., 2013; Hood, 1995, Kwak et al., 2009). DIAs are said to “increase diversity of provision and contestability, securing better quality infrastructure, innovative responses to development challenges and services at optimal cost and risk allocation” (Kwak, Chih, Ibbs, 2009 cited in Roehrich, et al., 2013: 110).

The scale, size and purpose of DIAs vary, as do their respective contexts. For example, in Europe after the Second World War, DIAs were established as a means to assist in post-war reconstruction because that was the prevalent need of that time in Europe, whereas in, present day Latin America, South Asia, Africa and Eastern Europe, the DIAs are typically more to deal with socio-economic development in these “newly integrating economies” (Clark et al., 2010: 40).

Government is increasingly drawing on these DIAs to fulfil its mandates, build its capacity and address the complexities of urban development that it is unable to fulfil, given the constraints it faces. In keeping with the ideals of NPM, the state continues to make efforts to improve government efficiency and reduce wasteful expenditure by introducing DIAs because they are said to be able to concentrate on efficient delivery of quality services without having to evaluate alternative policies”. In turn policy-makers can focus accordingly without concern over existing service providers and they have more time to introduce performance incentives (Bevir, 2009: 11; Clark et al., 2010).

Clarkson et al. (2010) explain that each DIA fulfils one of four broadly defined organising roles: an economic role, a leadership role, a governance and coordination role, or an implementation role. An international comparison of the various DIAs shows that each DIA differs in its purpose, composition, its status, location, relationships, sustainability, assets and funding arrangements (illustrated in Figure 4 below) (Clark et al., 2010:72, 78).

FIGURE 4: ILLUSTRATION OF THE DIVERSITY IN DEVELOPMENT IMPLEMENTATION AGENCIES, GLOBALLY

(Clark et al., 2010:72)

DEVELOPMENT AGENCY	TYOLOGY	PRINCIPLE ACTIVITY	PRIMARY SPATIAL SCALE	DATE INCORPORATED	STAFF	ANNUAL BUDGET (EUR)
Abyssinian Development Corporation	Integrated economic agency	Real Estate, urban realm & infrastructure development; social or green devel. Initiatives; urban service provision; human capital devel.;	Neighbourhood	1989	121	(2008/9) 6.32 million <i>Precinct Based context</i>
AucklandPlus	Productivity and economic growth agency	Branding & international promotion; investment attraction & retention; human capital development; real estate, urban realm & infrastruc. devel.	Regional	2004	14	(2008/9) 2.56 million <i>Regionally Based context</i>
Barcelona Activa	Productivity and economic growth agency	Business start-ups & growth; human capital development; partnership facilitation, planning & visioning;	City	1986	109	(2008) 24 million <i>Urban Based context</i>
Bilbao Metropoli - 30	Visioning and partnership agency	Branding & international promotion	Metropolitan	1991	9	(2008) 2.0 million <i>Urban Based context</i>
Bilbao Ria 2000	Development and revitalisation agency	Real estate, urban realm & infrastruc. Devel.	Metropolitan with Focus areas	1992	25	(2009) 111.6 million <i>Regionally Based context</i>
Build Toronto	Development and revitalisation agency	Real estate, urban realm & infrastruc. Devel.	City	2008	TBC	TBC <i>Urban Based context</i>
Cape Town Partnership	Visioning and partnership agency	Business start-ups & growth; social or green devel. Initiatives; partnership facilitation, planning & visioning; urban service provision or management	City Centre	1999	28	(2008) 702 000 <i>Urban Based context</i>
Creative Sheffield	Integrated economic agency	Branding & international promotion; investment attraction & retention; Real estate, urban realm & infrastruc. Devel.	City but in the context of the City region	2007	48	(2008/9) 4.4 million <i>Urban Based context</i>
HafenCity Hamburg GmbH	Development and revitalisation agency	Real estate, urban realm & infrastruc. Devel. ; Social or green devel. Initiatives;	City centre extension	1997	35	- <i>Precinct Based context</i>
Invest Toronto	Internationalisation agency	Branding & international promotion; investment attraction & retention	City, region & International	2008	TBC	TBC <i>Urban & Regionally Based context</i>
Johannesburg Development Agency	Development and revitalisation agency	Branding & international promotion; Real estate, urban realm & infrastruc. Devel.	Metropolitan with Focus areas	2001	57	(2009/10) 108.2 million <i>Urban Based context</i>
Liverpool Vision	Integrated economic agency	Branding & international promotion; human capital development; partnership facilitation, planning & visioning	City with focus areas	2008	54	(2008/9) 5.76 million <i>Urban Based context</i>
Madrid Global	Internationalisation agency	Branding & international promotion; Investment attraction & retention;	City and international	2007	Almost 45	(2009) 8.48 million <i>Urban & Internationally Based context</i>
Milano Metropoli	Integrated economic agency	Branding & international promotion; business start-ups & growth; Partnership facilitation, planning & visioning	Metropolitan	2005	35	(2007) 3.50 million <i>Urban Based context</i>
New York City Economic Development Corporation	Integrated economic agency	Real estate, urban realm & infrastruc. Devel.	City	1991	Over 400	(2008) 591.4 million <i>Urban Based context</i>
Prospect Leicestershire	Integrated economic agency	Branding & international promotion; Investment attraction & retention;	City and country/	2009	18	(2009) 1.55 million <i>Urban Based context</i>

DIA takes on a combination of functions, as outlined in the Figure 4:

- Branding and international promotion (e.g., Liverpool, Madrid and Johannesburg)
- Investment attraction and retention (e.g., Madrid, Auckland and Toronto)
- Business start-ups and growth (e.g., Barcelona, Cape Town and Milano)
- Human capital development (e.g., Liverpool, Barcelona and Auckland)
- Real estate, urban realm and infrastructure development (e.g., Auckland and Bilbao)
- Social or green development initiatives (e.g., Cape Town and Abyssinia)
- Partnership facilitation, planning and visioning (e.g., Barcelona and Cape Town)
- Urban service provision or management (e.g., Cape Town and Abyssinia).

As shown in Figure 4, most DIAs are concerned primarily with branding and international promoting as well as with real estate, urban realm and infrastructure development, irrespective of its primary spatial scale. The JDA has an implementation and economic role, which involves branding and international promotion as well as real estate, the urban realm and infrastructure development activities (Clark et al.,2010: 72 and 78)

In 2010, the Organisation for Economic Co-operation and Development (OECD) reviewed sixteen DIAs. This study yielded ten principles outlining how DIAs are successfully able to improve planning and the delivery of local development. These ten principles are known as the OECD Local Economic and Employment Development (LEED) principles for DIAs (Clark et al., 2010: p19). This OECD report provides a useful basis upon which to evaluate DIAs and consider the key lessons from their history. It is also useful in highlighting DIAs institutional arrangements. ‘

The OECD report shows that DIAs are seen to fulfil a variety of purposes and achieve key elements of effective project implementation because they are able to:

a) Focus on the implementation at pace and scale:

The development implementation agency pursues development opportunities faster, and at a larger scale, than would normally be possible within a city or local government.

b) Aggregate otherwise separate interventions to add value:

Economic development efforts within cities or regions are often subject to fragmentation of effort due to the multiplicity of funding streams, political environment and dynamics and policy agencies. Development implementation agencies can act to aggregate otherwise disparate efforts, overcoming potential co-ordination failures and information asymmetries (such as alignment with current legislation, financial considerations, agency strategy, Public-Private-Partnership (PPP) inputs and appropriate project management inputs are all evenly tempered).

c) Enhance the capacity and co-ordination of the local development system: in order for it to deliver greater return on investment and provide a better platform for progress, employing quality management processes and appropriate technologies where needed as well as efficient engagement, agreement collaboration and consultation with multiple stakeholders.

d) Focus on the customer:

An important reason for placing economic development activities within a corporate entity such as a development implementation agency rather than a municipal structure is this ability of the development implementation agency to offer a corporate/business-like environment and service offering, and the scope to manage customer relationships in a similar manner.

e) Adopt flexible spatial scales:

Development implementation agencies can operate at a city-wide scale but are also able to function at either more local or at much wider levels. This is important given that economic development challenges are often focused at local or sub-regional levels. Cost, control/oversight and risks are more easily dealt with on larger and more complex projects with the flexibility of scale offered by the development implementation agency model.

f) Achieve confidence of external investors and other businesses:

Confidence of investors, developers and business customers is an important ingredient in maintaining the market position for local and sub-regional economies.

g) Become a toolmaker and fully utilise existing tools:

Economic development tools need to be fully utilised and new tools need to be made to fit new imperatives. These tools often involve the interplay of public and private interests and assets. Development implementation agencies can be effective tool makers and tool users, combining different powers, resources and assets to make development happen. One such useful resource is a mandated project management process which means taking into account of the lessons learnt, risk management, monitoring and evaluation and governance frameworks established.

This also means that government projects must monitor, not only the bottom line/financial gains from projects but the softer/value add issues, such as skills transfer, social impacts on communities, jobs created etc. These aspects of the project also need to be measured and

become a tool to measure progress and positive project outcomes, which are aligned with some of the government's strategic goals.

h) Leverage assets and investments:

Assets and private capital are key to reinvestment markets and development implementation agencies can help to leverage them towards city economic development goals. Actively share risks and costs with partners: development implementation agencies can operate as joint venture vehicles between different sectors and between different tiers of government.

i) Refresh the image and identity and communicate development progress:

Image and identity are supported by branding and marketing activity which needs to be a focus of concerted action. Co-ordination is essential within the project team, between agencies, with the communities and supply chain services for the project.

j) Apply leadership to problem solving:

Problem solving is key to making economic development successful. Development implementation agencies are often able to supply the skills and approaches required, unencumbered by other mandates.

TABLE 2: OECD LEED PRINCIPLES FOR DEVELOPMENT IMPLEMENTATION AGENCIES

(Clark et al., 2010: 40; Kwak et al., 2014)

Advocates of DIAs, have argued that they offer an appropriate institutional form to manage and undertake implementation in a more cost-efficient manner than government itself. The reasons being that these agencies tend to:

- Be market facing (including labour markets, property markets, investment markets, visitor markets etc.) as opposed to citizen-oriented.
- Involve market based transactions and incentive structures as opposed to direct public service delivery.
- Be more well versed in matters of locational and investment decisions, collaborative and multi-lateral activities, for example joint ventures or cross-sectoral and inter-municipal planning. This type of intervention is best delivered by a market-like/corporate body for local governments and their partners using business led approaches, i.e. brokerage, joint ventures, capitalisation recruitment and the like, and not delivered by a state institute.

However, critics contend that special purpose vehicles, not only separate policy from implementation but also depoliticises development, regarding it as a technocratic activity that can be managed. Critically, such an entity is not accountable to citizens or their elected representatives but rather to government officials (Papadopoulos 2013; Bevir, 2009). The question of agencies' accountability remains a significant concern.

The OECD report finds that DIAs are most effective when they operate within a strong “effective local development system². Furthermore, their strength lies in how they are able to respond to challenges and manage constraints” (Clark et al. 2010: 16 and 17). This report concludes that DIAs in general, are a very suitable response to problems of economic growth and urban regeneration.

These characteristics of DIAs are significant for the sake of capacity building in government, as these agencies form an extension of government. Andrews et al., (2012, 2015) argue that not only can skills be drawn into the municipal space through DIAs but also that problem-driven iterative adaptation principles (PDIA) can be employed. The PDIA approach focuses on problem solving and building capacity and in this way enabling organisations to generate and test solutions tailored for particular contexts. By incorporating the PDIA into DIA operations, government capabilities may be enhanced, stumbling blocks overcome, and results delivered in ways that more effectively address the set of challenges South African municipalities face today.

Urban development approaches need to be robust and responsive to the variety of dynamics and types of complexities that face South Africa. We need to be aware of the strengths and weaknesses of DIAs, to fully grasp its potential for that which we can take from it to aid the state and its lack of capacity and also to offer credible delivery solutions. There are a number of advantages and benefits derived from the use of a DIA in providing capacity to state institutions and acting as an implementing agent. The DIAs also enable the public sector to focus more on their core competencies, such as delivering services (Harrison, 2006; Roehrich, Lewis and George, 2013). There are however limitations in, relying entirely on DIAs (or other forms of public private partnership) as an all-encompassing solution to state challenges. The

² The working relationship between public, business and NGO sector partners that can create better conditions for economic growth and employment generation (Clark et al., 2010: 16,17)

concern about their lack of accountability has already been raised. Other limitations are as follows:

- Improvements are stifled by limited contractor capacity as compared to the project size. Contracting partners occasionally face obstacles such as a lack of management and contract negotiation skills, high participation costs, high project values and demands on the time of management. This hinders the ability to participate in the PPP process, weakening private sector participation (Romzek and Johnston, 2002)
- Transaction costs tend to be too high throughout the project life-cycle and do not necessarily offer value for money by providing facility management services. Risk management affects the value for money offered through DIAs or PPPs. Risk transfer, risk type and when risk can be transferred are contentious issues when contracts are being negotiated, potentially delaying the contract (Dixon, Pottinger and Jordan, 2005)
- In some instances, the PPP is no more than a political symbol and political choice (Lonsdale, 2005) and is used as a policy tool responding to infrastructure shortfalls due to budget constraints in the public sector. This does nothing more than to move expenditure off government budgets and transfer those costs to future governments and tax payers (Linder, 1999; Winch, 2000)
- Within partnership arrangements, the public sector has limited ability to engage in strategic planning with the private sector, and the private sector mainly has a commercially motivated view of the partnership. Subsequently, there is a lack of the necessary internal and external stakeholder engagement. Contracts between parties in a PPP, such as the DIA, need to be in place to manage long-term relationships and clarify responsibilities and note where risks are allocated which is frequently not the case. It is also necessary to ensure separation of contracting issues, financing and operational issues as well as a level of flexibility therein.
- The degree to which members of the public sector can be held accountable decreases with the increased involvement of the private sector in public decision making. Community participation processes required by municipalities may be circumvented by DIAs, thus diminishing any real accountability to citizens (Ferrer, Newcomer and Boyer, 2010; Bevir, 2009)
- DIAs are said to function best when tasked with medium sized projects that are able to operate as standalone projects and have low risk attached. Others have been used in delivering public infrastructure as well as being associated only with activities that are not core public services

- Once private companies are remunerated for services rendered, there is no incentive for them to focus on activities that may enhance services.
- DIAs do not tend to focus on knowledge management and learning, which means that very little of the information from collaborative efforts are recorded. In long-term partnership arrangements, due to high staff turnover, it is important that information management systems are in place, as learning is critical for positive project outcomes (Akintoye Hardcastle, Beck, Chinyio, Asenova, 2003; Schofield, 2004)

Some DIAs are established to operate from within the state but these arrangements occur less frequently than those established outside of government. If located within the state, the flexible nature of DIAs, is diminished because it is subject to the often-onerous rules and formal processes of government. The DIA is limited to the bureaucratic regulation and rule and is unable to comfortably realise its intended aims in such a setting (Todes and Francis, 2006). From within the state it relies heavily on buy-in or support of key officials and on personal relationships, inevitably giving rise to unclear mandates and outcomes of such DIAs. Conflicts emerge between the two institutional practices and shortages of skilled expertise becomes evident. There is also a struggle for legitimacy and rank within the city's budget and broader development frameworks even though it has more immediate access to the city's systems than the DIAs located outside government. However, from within the state, DIAs are more directly able to access and participate actively in the work of line departments and potentially help improve local government management and operations. Problem-driven iterative adaptation principles (PDIA) can be employed at this point for problem solving and building capacity enabling the state to generate and test its own solutions Alternatively, being within the state, it is able to target softer issues and play a coordinating role, or choose to focus on the strategic level interventions (Todes, 2013).

While Programmes or DIAs situated within a government setting should be able to address particular needs or opportunities at a local level (i.e. its ability to focus, ensure more coordination in development efforts and being more inclusive in its approach), their overall impact and reach are still limited. The London Development Agency is a case in point: it has been dissolved for a variety of reasons, amongst which is, it being limited to bureaucratic rule and regulation. Reflecting on the London Development Agency, offers some indication of the ramifications of the disbanding of a DIA or the absorption thereof into state structures.

The London Development Agency was established to promote sustainable economic growth on behalf of the Greater London Authority but closed on 31 March 2012. The reasons cited were that of the coalition government's spending review. Some of its functions were assumed by the Greater London Authority itself (including support for Visit London, Think London and the administration of London's European Structural Funds Programmes). In terms of the Localism Act 2011 the Greater London Authority had to take over the assets and liabilities of the former DIA (*Subject Wiki for Closure of the London Development Agency*, 2017).

The limited literature on the closure of the London Development Agency, suggests that the impacts of its closure will be clear in terms of what does not happen in and around the city, as a result of it, rather than what does. Similarly, the necessary support and advice city officials may look to the JDA for may no longer be available, yet the city officials are still expected to deliver meaningful projects. It could be important to consider retaining the type of skill and expertise the JDA was able to harness, which includes dynamic, strategic thinkers (Evening Standard, 2010; www.standard.co.uk).

Despite recognition of their limitations and weaknesses, DIAs and other variants, continue to spread globally. Their popularity is due to government's "need for institutional responses to the mounting complexity and fragmentation of community life and to improve urban governance. DIAs and PPPs are seen to assist in building community consensus and strengthening local capacity. Furthermore, the increase of local government activities and ever-changing nature of urban areas, also increases the need for DIAs as an institutional approach" (Xie and Stough, 2002: 11). There are several key elements that enable DIAs to add value in delivering complex projects thus, that were outlined in Table 2 above, such as customer-centricity, achieving investor confidence, leveraging assets and investments and applying leadership to problem-solving to name a few (Clark et al, 2010: 40).

Using DIAs to perform or support certain government mandates, is a potential way of increasing state capacity. More top-down vehicles (such as DIAs and partnerships) can be used in conjunction with other more bottom-up institutional mechanisms.

2.3 ALTERNATIVE INSTITUTIONAL ARRANGEMENTS

The limitations of NPM and the 'contract state', affirm the need for an approach that can successfully build the necessary capability within government, incorporating lessons from the past (Bevir, 2009: 23; Harrison, 2006). NPM has been broadly criticised within academic scholarship and DIAs emerged in this neoliberal context that lauded the market and corporate management, superior to the sluggishness, inefficiency and lack of capacity of traditional government institutions. However, there have been problems with DIAs, especially in terms of accountability. As a result, more collaborative governance approaches have been promoted, such as, networks and partnerships. These forms are not without flaws but have been regarded as alternative approaches to realising nodal development and improved service delivery.

Osborne et al., (2014: 314) propose that a new public governance approach may be better placed to enable sustainable public services that deliver compared to the NPM model.

Fostering as well as managing networks are pivotal for joined-up governance. Coordination and integration within the public administration system is central to joined-up governance, for more coordinated government policy-making and service delivery across organizational boundaries. This collaboration enables the achievement of common goals and an integrated state response (Bevir, 2009: 13; Hood, 2004). The solutions do not lie exclusively in internal budgets cuts and programmes for internal efficiency, instead a new public governance approach is based on joined-up government that include both policy-making and implementation, as well as recognising the importance of public value (end user) and providing an inclusionary, effective and beneficial service. Government's pro poor and pro-growth goals should have equal attention in policy conceptualisation and programme implementation, rather than the tendency towards the marginalisation of the poor, with a predominant pro-growth focus (Tomlinson et al., 2006).

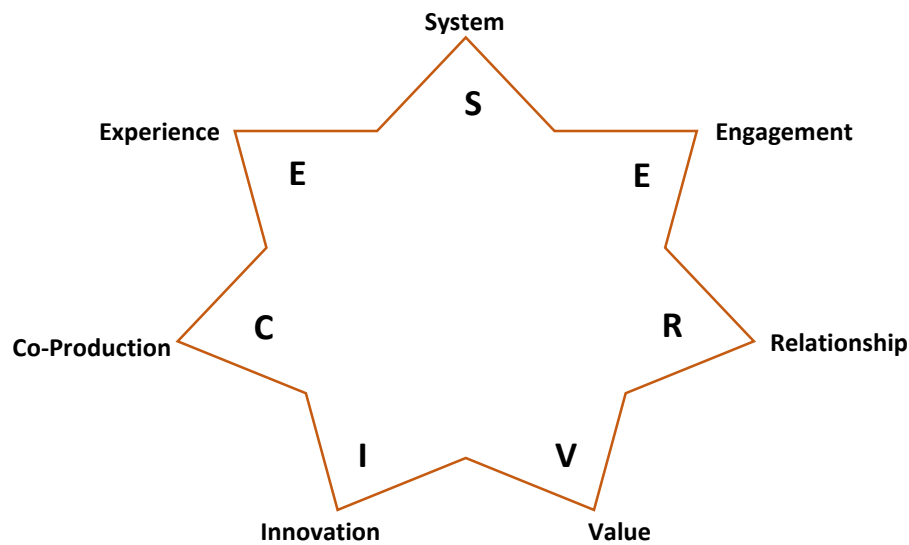


FIGURE 5: THE SEVEN POINTED 'SERVICE' STAR
(Osborne et al, 2014)

Public policy is an incremental process and public-sector managers have to bear in mind numerous objectives, which include the quality standards of meetings, promoting efficiency, being democratically accountable as well as being able to maintain public trust and legitimacy. New public governance requires an ethic of public service, where the state acts as a facilitator or enabler. It should assist in creating partnerships with and between public, voluntary and the private sectors. In this approach, citizens should be deemed active participants, potentially allowing the public interest to come from dialogues within networks (Bevir, 2009: 24; Papadopoulos, 2013). A seven-pointed service star model has been proposed by Osborne et al., (2014: p323-330). Its intention is to enable sustainable business for public service organisations and public service systems whereby public services are systems and not just organisations, or even inter-organisational networks, and must be governed accordingly, factoring in all its elements. Key elements include seven propositions for sustainable business practice for public services organisations:

1. Public services are systems, not just organisations and need to be governed as such
2. Public Services Organisations need to engage in organisational sustainability in their own right in the short term – this is a necessary but not a sufficient condition for long term sustainability
3. Sustainable PSOs are dependent upon building long-term relationships across service systems rather than seeking short term transactional value

4. Internal efficiency is necessary but not sufficient for sustainable PSOs – it needs to have an outward not inward-facing focus on value
5. Business growth for public service organisations is based upon innovation – not as a means to achieve competitive advantage but rather as a means to achieve service efficiency and effectiveness
6. Co-production is the source both of effective performance and of innovation in public services
7. A key resource for public service organisations is knowledge and using it for delivering service experience

In addition, the PARI (2014) recommend that several other reforms need to be considered by the state .These recommendations include:

- Public procurement needs realignment in terms of the formal institutions, rules and official norms that are meant to govern it
- Revisit the regulatory framework governing public procurement to eliminate informal practices
- Strategic planning for procurement requirements need to be improved
- Improve on stronger record-keeping and asset registration as well as reviewing issues of leadership, oversight and capacity, inter-governmental support and audit matters, at the local government level
- Formulate alternatives to the exacerbation of a problem cycle where out-sourcing, de-centralisation and fragmentation of state functions and institutions are continuously exercised
- Eliminate political interferences
- Find effective ways of instituting discipline and consequence for state institutions, where and when it is required (Brunette *et al*, 2014).

Literature proposes participatory governance (a second wave of reform in terms of institutional arrangements) as one such an approach that can be successful in building the necessary capacity within government. It may be of benefit for future urban development to promote stronger collaborative efforts between public and private sectors, where resources and capacity are pulled together, without overburdening either sector or prioritising one sector

above another. These principles may support the joined-up governance approach which promotes social inclusion and increasing efficiency simultaneously. Evidence suggests that even in first world cities, there is a contradiction in government being responsible for delivery and their capacity to actually do so (Tomlinson et al., 2006). This coupling of top-down and bottom-up initiatives can make meaningful strides toward ensuring implementation of complex urban development projects. Movements such as Smart Urbanism, founded by the Massive Small Movement, may be instrumental.

This movement works to resolve obstacles to progress, whereby small actions can be drawn together in an effort to promote development and offer relevant delivery solutions. This approach is one that encourages collective power (of small ideas and actions) and creativity from the bottom up. It advocates the adaptation of people's environments to their needs, because people are the building blocks of urban society. The movement supports the idea of using simple rules, essential conditions and enabling leadership with more democratic processes to foster an open and collaborative relationship. Urban development practice is not always confined to the mainstream like the current trend of complex mega-projects commonly used to address urban problems. It becomes more a case of government interacting and engaging in partnerships (www.massivesmall.com).

“Sustainability of city government itself requires much more than a focus on service delivery and municipal powers on their own are not enough to bring about change in a city” (Sutcliffe Interview in Tomlinson et al., 2006: 146). More meaningful ways of building government's capacity to ensure credible and sustainable service delivery solutions and the means to address complex projects need to be found, be it using a revised form of DIAs, a hybrid form or through public procurement reforms, reconfiguration of state institutes. Perhaps a way forward includes adopting PDIA or the Massive Smalls approach or a combination thereof.

2.4 NODAL DEVELOPMENT

The formative years (1950s to the 1980s) of nodal development in South Africa focused on physical development projects which incorporated the simultaneous delivery of physical elements, such as water, sanitation, housing and roads or it focused on overall physical redevelopment of an area. This physical emphasis in the South African projects, was in the hope of visibly and rapidly redressing apartheid imbalances (Cameron et al., 2004; Harrison, 2006).

From 1999 to 2016, South Africa nodal development projects became more economically focused and public investment was targeted to specific efforts, for example in regenerating the inner city. The social, educational and later the environmental aspects of nodal development projects became more prominent. These included the Integrated Sustainable Rural Development programme (ISRDP), and Urban Renewal Nodes. Other similar but more locally based nodal development initiatives between 1999 and 2016 included the Special Integrated Presidential Projects (SIPPS) and the Neighbourhood Development Partnership Grant Programme (NDPG) (Todes, 2013). In the last decade, urban development has more consciously reflected the types of initiatives that consider the local dynamics of communities and their specific conditions, as well as the socio-economic factors which should inform such developments. As a result, partnerships and collaborative approaches have been more readily embraced in an effort to deliver a more integrated project (Todes, 2013).

The form of nodal development required from area to area should ideally match its context. This in turn needs to be reflected in its institutional arrangements. (Cameron et al., 2004; Todes, 2013). Nodal development moved away from the conventional silo based approach used to address complex problems. It now assumes a variety of institutional forms and is used in both developed and developing countries. These institutional forms range from the more independent development agency, to special units within the state as well as community based organisations, networks and partnerships. As illustrated in Figure 6, the independence of the development agency is influenced by a variety of factors, such as funding, politics and policy and these factors in turn shape the institution's degree of autonomy, its staffing and its decision-making powers.

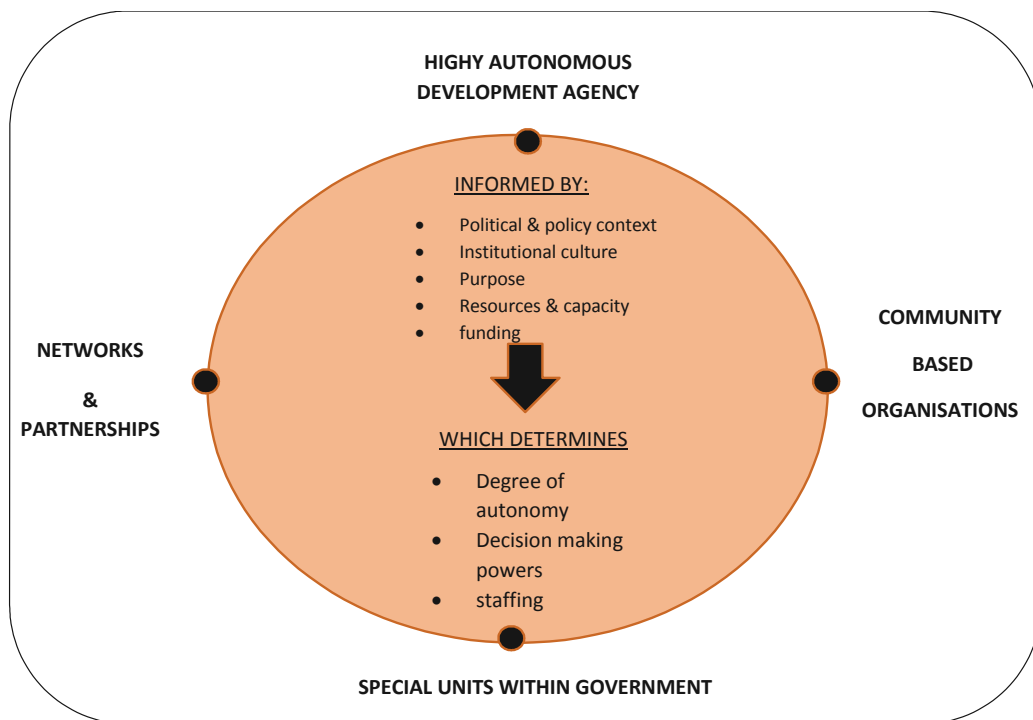


FIGURE 6: INSTITUTIONAL FORMS

(Cameron et al., 2004)

Nodal developments have been a way of responding to specific problems in a specific location, and the context influences the shape the project intervention takes. Nodal developments are major, complex and integrated projects which are intended to bring about significant improvements to an area all at once and catalytic projects varying in scale but intended as a trigger to unlocking economic potential of key geographic areas. As such nodal development is constituted in a particular manner to achieve a solution to the particular challenges identified. Some nodal developments take place at a local scale and are made up of community and local stakeholders. There are also those nodal developments that are managed by DIAs. The latter focusing on a specific intervention in a targeted area for a specified period of time, to deal with a complex and multi-dimensional development problem; it will thus be made up of several departments and agencies (Cameron et al., 2004).

Assessments conducted around nodal development or area-based approaches to planning in South Africa have shown generally positive outcomes, where the project process has run from

concept through to implementation. Achieving success with these nodal developments hinges on several conditions, summarised by Cameron et al., (2004) and Todes (2013) as follows:

- Identify focus areas which provide opportunities for economic investment, i.e. those types of areas which are most likely to have success if there are little to no development impediments
- Available public funds should be committed to the targeted area; which should be selected in line with market trends
- Consider smaller projects that address constant upgrades and maintenance consistently, and ensure cross-sectoral coordination and input into the nodal development, so that the effort is comprehensive and sustainable because commitment and understanding from all stakeholders exists
- Gathering information from lessons learnt and incorporating that into daily implementation is important, as is monitoring and evaluating economic impacts of the nodal development
- Obtain autonomy and authority for the entity to act with a high degree of flexibility and independence yet still be integrated enough with the relevant government structures. This independence requires control over resources and budgets as well as skilled and experienced personnel
- When selecting an area to target investment or intervention, ensure that the institutional, political and technical structures are stable and supportive of the intended initiative (Todes, 2013)
- The ability to obtain sufficient institutional capacity and experience to have a greater impact (such as skilled team members, participation and support of the community)
- Adequate time to realise delivery
- Strategic vision to adapt to an ever changing economic and political environment

- Establishing good financial management and risk management practice to counter loss, corruption and unproductive operations and to facilitate the optimal utilisation of DIAs (Todes, 2013).

Lawrence (2013: 539) echoing the sentiments of NPM argues that a corporate, management oriented approach along with a strong emphasis on public governance should be adopted for nodes to be developed optimally and efficiently (Cameron et al., 2004; Papadopoulos, 2013). In the developing world, the sustainability of any development and overcoming the challenges faced with nodal developments, also necessitates an approach that incorporates socially as well as economically based interventions. In the absence of contextual awareness and a socio-economic approach, the intended positive ripple effect of targeted interventions like nodal developments will not be realised (see Figure 7 below).

Illustration of the effect of single entity organisations (SEO's) implementing nodal developments and its ripple effect of improvement or benefit to 1 targeted geographical area at a time, which ultimately results in collective improvement over a wider geographic area, is illustrated in the below figure.

Once Implementation of more nodal developments are enabled through single entity organisations, it will be possible to see the benefit (as graphically illustrated below) in many other aspects of development (for example):

- a rapid decrease of the poor levels of service delivery plaguing government at present,
- improving a greater number of target areas or nodes at the same time,
- providing much needed infrastructure and (or) services, at a faster rate, addressing more backlogs in the various sectors of government,
- channelling allocated funding in a more strategic manner,
- managing project budgets more prudently and efficiently in an environment of water restrictions and load shedding and
- Providing much needed skills transfer to communities and to government officials where skills gaps and capacity are critical to maintenance and sustainability of these projects/initiatives/nodal developments (Todes, 2013).

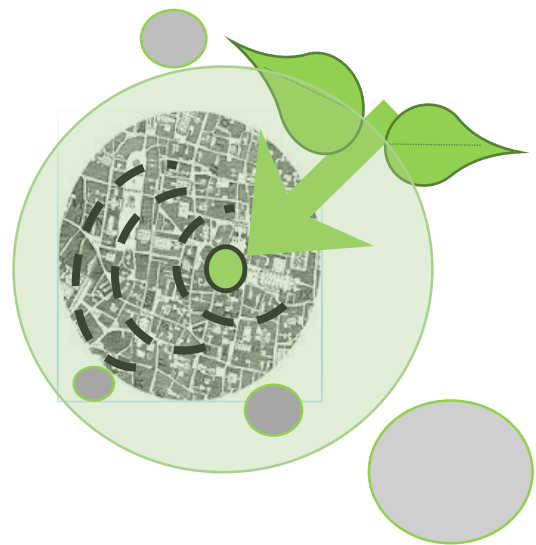


FIGURE 7: THE EFFECT OF SEO'S/DIAS IMPLEMENTING NODAL DEVELOPMENTS

South Africa's land use management and transport systems, and civil infrastructure requirements continue to increase and become more complex. Currently the development trend in South Africa is toward a greater number of complex mega-projects, which are often funded by government. Some examples of mega-projects include the Two Rivers Urban Park in South Africa, Savanna City in South Africa, the Three Gorges Dam in China, the Bolivia-Brazil gas pipeline and the Channel Tunnel between France and the United Kingdom (Flyvbjerg, Bruzelius and Rothengatter, 2003). These complex mega-projects are often associated with integrated spatial planning approaches that emphasise horizontal and vertical coordination in the public sector. In South Africa, public sector co-ordination is referred to as Intergovernmental Relations (IGR) and integral to any form of IGR is coherence between policy sectors and the various spheres of government (Cameron, 2003).

Examples of IGR are found in integrated area development (IAD) and area based management (ABM) initiatives, which entail a collaboration of resources and skills at varying spatial scales. Considering the “global rate of urbanisation in Africa these mega-projects become more and more necessary” as available land is scarce and as more emphasis is placed on the notion of work-live-play, in the way South African cities develop (Joubert, 2015: 40). Projects of this kind aim to decrease the “load on the existing infrastructure and the challenge of providing further infrastructure”, i.e. they promote efficiency, streamlining and reduction of wasteful expenditure and attempt to facilitate better integration in city building, as well as to achieve national growth and to implement long-term national objectives. Examples of integrated mega-projects include:

- ✚ The City of Cape Town’s proposed Two Rivers Urban Park mixed use/income residential development in the Western Cape;
- ✚ The Ekurhuleni Metropolitan Municipality and Gauteng Department of Human Settlements’ Leeuwpoot mixed density/income/mixed use development;
- ✚ The Savanna City mixed density residential development with supportive social and retail use driven by the Gauteng Department of Human Settlements, the Housing Impact Fund SA, Midvaal Municipality together with Basil Read and;
- ✚ The Cosmo City mixed density /mixed income residential development with supportive mixed use by the City of Johannesburg’s Development Company and the and the Gauteng Department of Human Settlements (Joubert, 2015: 43-44).

- ✚ The City of Johannesburg’s Corridors of Freedom project is a transport-orientated development seeking to link to interchanges where the focus is on mixed-use development. The end goal of this initiative is to enable access to opportunity and options for the community which are connected to mixed use development nodes.

Projects and programmes are funded by government as a means of encouraging national growth and implementation of its long-term national objectives. They are intended to have a positive impact on economic output and growth, because the availability of infrastructure tends to steer investment and growth. This is manifest in the quality of life for civil society, physical amenities, communication infrastructure, financing infrastructure and amenities in their physical environment (Kessides, 2013). As development discourse argues that government projects and programmes contribute to economic recovery and development they should be examined more closely, particularly the question of how to ensure such government programmes and projects are successfully implemented and how services are successfully

delivered in light of municipal constraints. These projects at times added complexities and obstacles, which increases the possibility of their failure (Kwak, Liu, Patanakul, and Zwikael, 2014). If they span a long period, have many stakeholders, a large budget and many uncertainties, planning, implementation and management may be made even more difficult (Kwak et al., 2014: 6). Further, increasing cost of refurbishment, maintenance and operating of public assets limits government's ability to innovate and manage risk (Roehrich et al., 2014).

Due to the economic importance of government projects and the current trend in South Africa toward increasingly complex mega-projects, it is beneficial to reflect on the ways in which implementation has occurred.

2.5 OVERVIEW

This research topic investigates to what extent DIAs are effective in the implementation of nodal development in the South African context. Through a critical lens, the literature review has highlighted some key elements that can contribute to and detract from successful implementation. The review has also expanded on the link between nodal development projects and their institutional arrangements, as well as describing the role of government, DIAs and other actors in implementing nodal development projects. As governments in developing countries have been struggling with the capability of implementing their policies and programmes (Andrews et al, 2015: 123), it has become increasingly urgent to find alternative ways to implement large-scale public projects. The review has considered some of the persisting challenges that are negatively impacting on implementation of development projects in South Africa, particularly at a local level.

The review has focused on nodal development projects as a measure to investigate the efficacy of institutional arrangements. Nodal developments are complex, multi-faceted development undertakings which generally cannot be satisfactorily managed by a single department. DIAs have been advocated, particularly from market-oriented organisations (such as the World Bank and the OECD) to play the critical role in managing the implementation of complex projects, and specifically those that are intended to foster economic growth and further private sector investment.

Chapter 3: Case Study

The Johannesburg Development Agency (JDA)

CHAPTER 3: CASE STUDY OF THE JOHANNESBURG DEVELOPMENT AGENCY

3.1 INTRODUCTION

Following on from a review of the relevant literature in the previous chapter, the focus narrows to investigate the Johannesburg Development Agency (JDA) and its relationship with the City of Johannesburg (CoJ). The institutional aspects of the JDA and its operations and some of the key projects are discussed, drawing on both existing documents as well as interviews. This chapter aims to answer the sub-question of what is the relationship between the JDA and the CoJ?

The simply stated answer, is that the JDA is the CoJ's development implementation agency and it "manages and facilitates developments efficiently and innovatively to build an equitable, sustainable and resilient city" (JDA, 2009). It is an agent of the City but retains some autonomy as it is not embedded within the municipality itself.

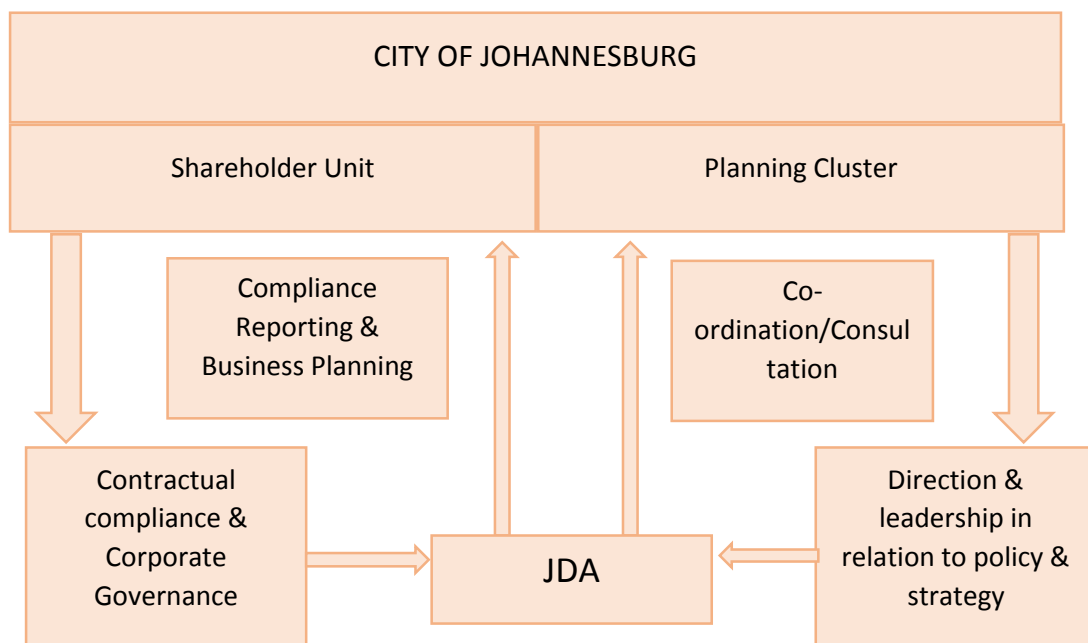


FIGURE 8: THE JDA'S RELATIONSHIP WITH THE COJ

(JDA, 2009).

The CoJ wholly owns the JDA and for strategic matters, it accounts directly to the Department of Development Planning and Urban Management and for financial monitoring and budgeting, it reports to its Shareholders' Unit. The JDA Board holds full control of the JDA as well as any of its plans and strategies. It has one executive director with seven non-executive directors, all of whom are independent. The Board has subcommittees for its corporate functions, including audit, development and risk as well as human resources and remuneration. The Board is also responsible for strategy, compliance, risk management, performance management, policy compliance, legal and regulatory compliances, and transparency and effective communication (Clark et al., 2010: 392; JDA, 2009).

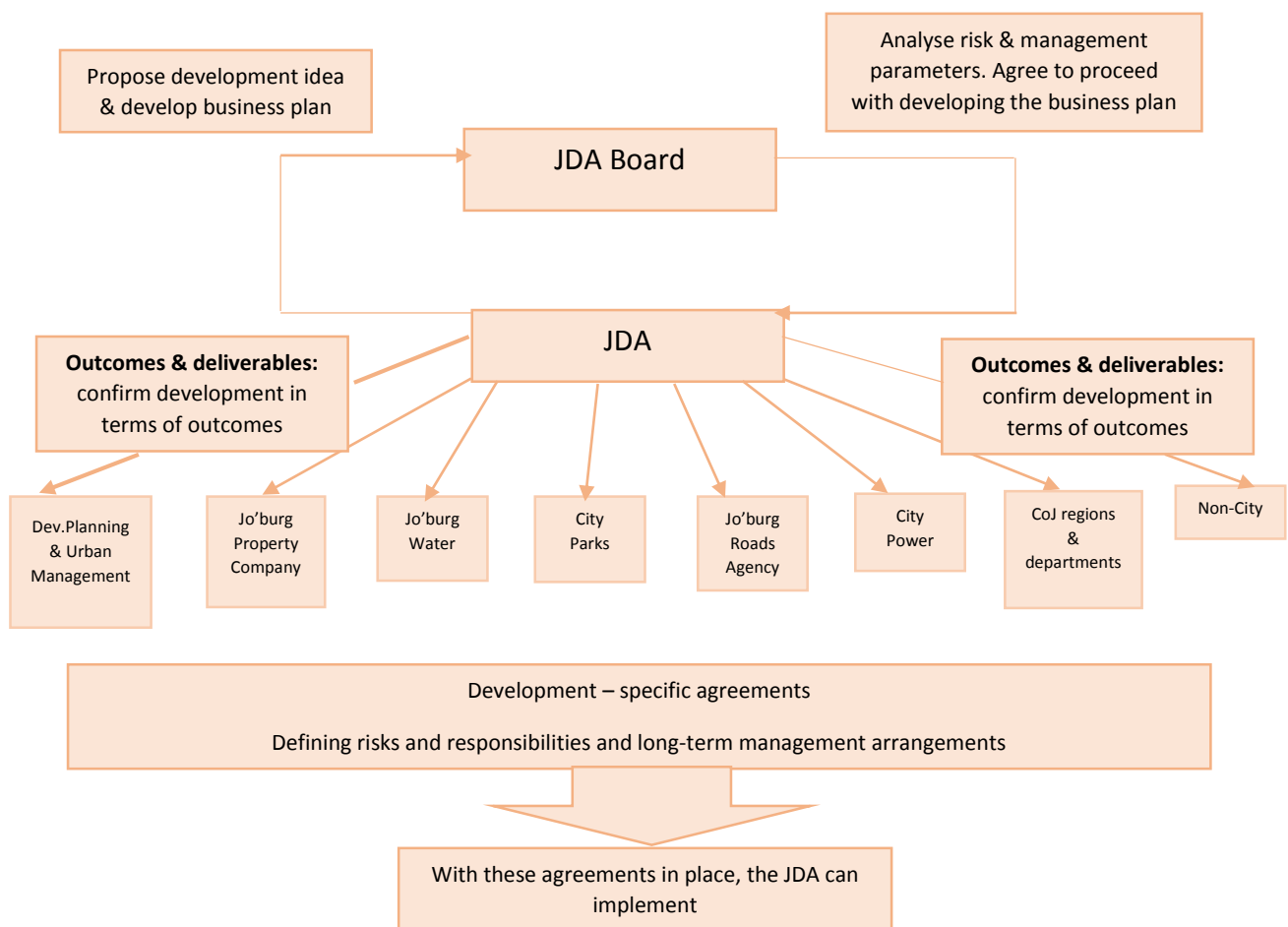


FIGURE 9: THE RELATIONSHIP BETWEEN THE JDA, ITS BOARD AND KEY STAKEHOLDERS

(JDA, 2009)

The OECD describes the JDA's organisational style as "pragmatic, effective, professional, entrepreneurial and technical" and the organisation considers it to be efficient and noteworthy

facilitator of development” (Clark et al., 2010: 389-390). The JDA works closely with various municipal departments. These departments support the operations of the JDA and the urban development projects, thereby increasing its efficiency. The JDA outsources specific tasks and functions, like that of internal auditing and it takes responsibility and accountability for these outsourced functions.

The JDA programmes and projects are undertaken by a series of small specialist teams. Each team is headed by a senior manager who is responsible for overseeing the development manager’s operational performance and obtaining strategic input from the chief executive officer. The senior development manager is then fully accountable for every aspect of the development.

3.2 THE JDA AND THE CoJ

The JDA comprises, development managers administrators, and corporate staff including the chief executive officer, finance, risk and compliance, human resources, information and communications technology, procurement, marketing and planning. In addition, specialist contractors are insourced, usually for construction and facilities management. Development funds, are derived from the CoJ for City-defined developments and can accommodate innovative options, which are then considered on a case by case basis regardless of them being public or private initiatives. The JDA’s operating budget is provided on a year by year operating grant and it recovers a five percent development fee on the total capital spent³.

The JDA’s main functions include promoting economic growth, mainly by means of inner city regeneration, unlocking investment in marginalised areas, promoting economic empowerment, and undertaking area-specific projects where the city experiences financial or other resource constraints. While the JDA aligns these functional interests to those of some municipal entities and departments, and may accept inputs from others, it will also facilitate development or implement in other cases (as illustrated in Figure 10).

³The JDA operating budget is provided on a year by year operating grant. It recovers a five percent development fee on the total capital spent and four percent on capital spent on Bus Rapid Transit System and transport-oriented initiatives.

A single entity such as this supplement municipal development efforts rather than functioning as a replacement for municipal departments. Quite recently, in 2014 a development facilitation role was assigned to the JDA. to augment its own capabilities and better support the CoJ. Although it has mandates which may sometimes overlap with municipal departments and entities such as the Johannesburg Property Company or the Johannesburg Roads Agency, consultation between the parties, is meant to ensure coordination. The JDA must always be in line with existing agreed frameworks and plans (like the Regional Spatial Development Framework, the Growth and Development Strategy etc.).

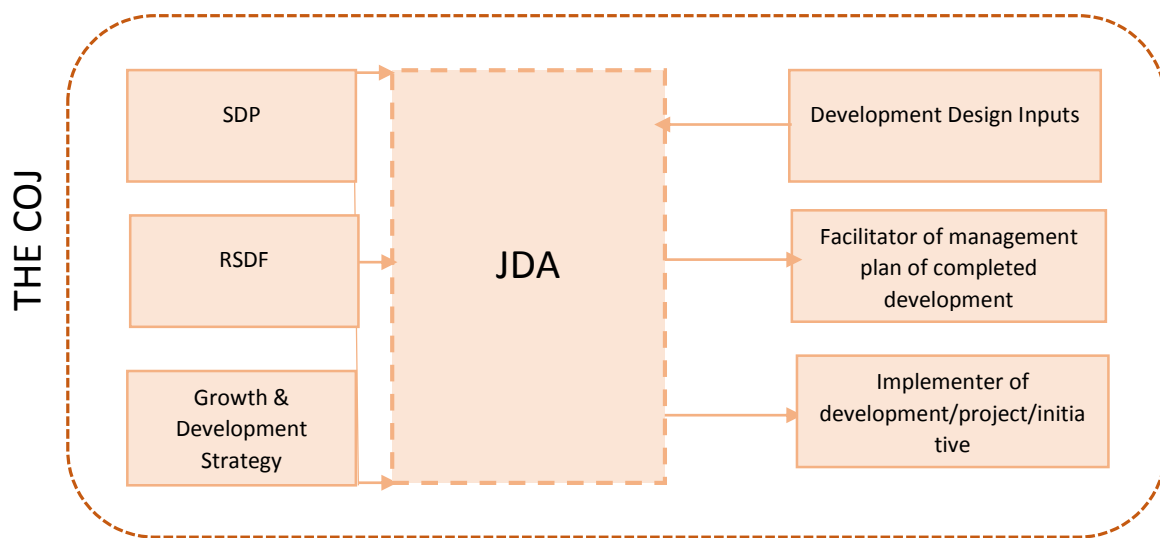


FIGURE 10: THE MULTIPLE ROLES THE JDA

3.2.1 The City of Johannesburg

In an effort to understand the JDA and its mandate, vision, structure and operations, the municipal context within which it operates, must be considered. The CoJ is a metropolitan municipality has a number of short, medium and long-term strategies to assist in realising its aims of building a liveable and sustainable city. The role of the CoJ is ensuring contractual compliance and corporate governance, as well as providing direction and leadership in terms of policy and strategy. The CoJ and JDA have a clear relationship based on these roles as mentioned above, even though the JDA has its own internal structures, allowing it to operate on behalf of the City without being embedded within its structures. The CoJ utilises the JDA as an implementation arm or instrument of local government, used to promote better urban

management and facilitation of development. The CoJ has enabled the establishment of the JDA, recognising that the CoJ can make improved efforts towards fulfilling its mandates.

In the post-1994 period, the array of issues facing the inner city prompted various studies⁴ (such as Rogerson, 1995 and Rauch ,1998 and) which emphasised:

- apartheid's divisive spatial form
- the rapid mass exodus of business and investment from the city
- the inner city had degenerated to a condition of decay and danger
- most parts of the commercial and business pockets of the city were vacant, inactive and unattractive in many ways
- the inner city had no desirable places of interest despite its rich history and
- recreation and leisure in the inner city were not an option and neither was comfortable, attractive or affordable accommodation.

As a result of these studies with recommendations made by a global panel of urban development experts (late 1990s), the JDA was established (Clark, et al, 2010). The CoJ needed to respond drastically and so the development agency for the City began its work in earnest in 2002. Its initial task was to “facilitate area based economic development in Johannesburg” (Clark et al., 2010: 380).

Johannesburg is the largest city in South Africa, made up of more than 4.4 million people (as per the 2011 Census) and spanning more than 2000 square kilometres (www.joburg.org.za). It is a cosmopolitan metropolis and a destination for national and international migrants. The city has moved to a service and trade economy and one of high-value manufacturing activity, and away from its previous mining and industrial focus. Johannesburg's economy has experienced sharp successive declines and strengthened performance over time.

⁴ Rauch, J. (1998). Crime and Crime Prevention in Greater Johannesburg: The views of police station commissioners.
Rogerson, C.M., 1995: South Africa's economic heartland: crisis, decline or restructuring?
Rogerson, C.M., 2000a: Manufacturing change in Gauteng, 1989-1999: re-examining the state of South Africa's economic heartland
JDA, 2001. Inner City Position Paper.

FIGURE 11: SOCIO-ECONOMIC AND DEMOGRAPHIC OVERVIEW OF THE CITY OF JOHANNESBURG

(www.joburg.org.za). SOURCE: CENSUS, 2011. CENSUS IN BRIEF –REPORT NUMBER 03-01-41, WWW.STASSA.GOV.ZA.



The diagram provides an overview of a very diverse population that is increasing each year and that has a high youth demographic. This implies the need for the City to focus on a more integrated and compact city approach with mixed-use developments (including residential and educational uses). It also implies that the City should provide more social and leisure oriented space, which is both convenient and safe. A multi-faceted approach to development is necessary to address these contemporary urban development challenges.

Although a majority of the heads of households are employed, the rate of unemployment remains high, with the earning levels still racially skewed, where black earners remain at a significant disadvantage. This means that the CoJ has to consider providing more meaningful opportunities for education, learnerships, mentorships, partnerships with the private sector, continuous development programmes as well as the kinds of programmes that promote

sustainable small business opportunities. Lastly, the sectors that are under resourced and showing poor results, are a reflection of where the lowest percentages of the population are employed (public administration, transport, construction and community and social services). The population is predominantly employed in the financial, trading and manufacturing sectors. The 2011 census data suggests that, government efforts should be channelled towards implementing economic and other measures to boost these sectors of the economy.

The city is a dynamic entity, constantly changing and growing and as such the approach to urban development must be flexible in order to be relevant or responsive. To successfully address the wide scope of issues the CoJ's approach should also need to be comprehensive and holistic, factoring in development and investment efforts, socio-economic matters, service delivery, as well as addressing regulation and policy.

3.2.2 The JDA Origin and Roles

The JDA was established in 2001 as an agency of the City of Johannesburg, initially to activate and to support area-based economic development initiatives across Johannesburg in line with the Jo'burg 2030 strategy. Its main role was to manage capital investment and programmes that involved both the public and private sectors, as well as to function as an implementing branch of the City (Clark et al., 2010). The JDA's role has since evolved to factor include the social and environmental aspects of development. It has undertaken nodal development at a neighbourhood scale, including the Newtown Cultural Precinct project, the Constitutional Hill project, the Jeppe Station Precinct, the Faraday Station Precinct, the Fashion District as well as the Kliptown Project. Currently, the JDA has implemented more than 300 projects across Johannesburg since 2001.

Its overall aim is to restructure the city by various means, such as developing defined and strategic focus areas throughout the city and corridors for mobility that link all these focus areas. It employs energy conscious methods to ensure sustainability and focuses on the manner in which land is used in the city. It also aims to ensure transit nodes and corridors are strategically developed. Furthermore, it aims to promote economic growth through the grouping of industries and their associated function and then enabling those groups to become competitive business environments, locally and ideally also globally. The JDA also focuses on marginalised areas and their economic potential, to increase access to jobs and markets and

includes economic empowerment through the procurement and structuring processes of its developments.

Beyond the physical and economic aims for the CoJ, the JDA aims to reform the investment patterns in the city with physical upgrades in key areas and by creating a culture of PPPs for urban management. Forming development partnerships, is a strength the JDA has which enables it to ensure active co-operation between all stakeholders for the project initiative/nodal development (such as the partnerships with the Central Johannesburg Partnership, development experts and universities) - illustrated in figure 9 and 10.

Initially the JDA aimed at creating a city that was attractive for investment or nodal developments. It has subsequently widened its focus to include urban regeneration. This expansion of its roles is captured by way of the timeline overview of the JDA depicted in Table 3 below. Clark et al (2010) state that the role of the JDA, is one of compliance, reporting, business planning, coordination and consultation. The JDA was not set up to undertake branding and international promotion although it has been associated with the attraction of private investment and property development. The JDA claims that it plays various roles, which includes regenerating the city, lowering the carbon economy, promoting economic growth; it also looks at reforming investment patterns, forming development partnerships and being an implementing agent for the CoJ (JDA, 2009).

The JDA is the City's development manager for their Growth and Development Strategy (Jo'burg 2040) and therefore deals with:

- (i) construction, in terms of inner city regeneration, development of townships and marginalised areas, transport systems like the Bus Rapid Transit System and facilities like transport hubs, the 2010 World Cup requirements and
- (ii) (ii) development facilitation, which includes "inner city investor liaison and mobilisation, joint work on inner city coordination and charter, development and project packaging, development and project facilitation, complete development implementation, strategic planning projects, managing (of Constitution Hill) and oversight (of the management and development of Newtown with the Johannesburg Property Company), influencing of owners of strategic buildings, land assembly within a precinct upgrade (for example the Bertrams housing project), Marketing of the city and central business district, and strategic planning projects" (JDA Official 3, 2017).

The development facilitation programme is relatively new and has extended the JDA's mandate to include: development Implementation, project development, land development and urban management support (JDA, 2015). In line with JDA's broadening of scope, it has structured its operations into four substantive programmes that are aligned with the CoJ's Sustainable Services Cluster. The two operational programmes are a means of institutional strengthening for the JDA to better fulfil its mandates (JDA, 2009).

- The substantive programmes include:



- The Greenways programme promotes walking, cycling, and sustainable public transport within Johannesburg using roads, rivers and transport modes and includes the continued roll-out of the Rea Vaya Bus Rapid Transit (BRT) system infrastructure and service



- The Corridors of Freedom: is a transit-oriented nodal development programme to provide access to affordable accommodation and transport, high quality public spaces and amenities, and community services



- Priority area planning and implementation to improve liveability and create sustainable human settlements. Initiatives like Gandhi Square and Main Street public space upgrades visibly impact the city's design (including the streets, the physical buildings, the commercial and retail spaces and spaces for leisure/recreation). This upgrade made a visible impact and dealt with all the elements comprising the space, offering a complete solution to the upgrade.



- The inner-city regeneration programme, continues the JDA's initial inner-city regeneration focus, but focuses on precinct developments, transport-oriented corridor development

These programmes are aligned with Jo'burg 2040 strategy, i.e. enabling resilience, inclusion and sustainability; enabling growth and job creation; and promoting green growth. Each of these programmes are aimed at curbing urban sprawl and creating a more compact city. In this manner poorer households are meant to have improved access to employment, accommodation and services which are all better placed, in a well-managed, more energy-conscious environment.

The city's needs and circumstances are constantly changing (operationally and financially) and as such the JDA also evolves accordingly in terms of its role and function within the CoJ. The below overview illustrates how the JDA has evolved to its present-day position and also highlights the interlinking of the functions between the JDA and CoJ.

1995-2000:

- Analysis of various urban challenges and economic development in and around the city including mass exodus of business and investment in the city.
- A series of policy frameworks were specially developed in relation to the Johannesburg Inner City.

1998-2001:

- The Inner-City Office was established (1998) and it laid the foundation for the JDA because it focused on projects that would stop or reverse the degeneration over the previous decade, like upgrading of Constitution Hill, Newtown, Joubert Park Precinct Pilot Project and the Better Buildings Programme.

April 2001:

- Decision to establish the JDA to facilitate area based economic development in Johannesburg incorporating the inner-city functions of the Inner-City Office, as the City's implementing agent.
- Various JDA Interventions were undertaken and aligned with a series of particular policy frameworks specially developed in relation to the Johannesburg Inner City.

2003:

The Jo'burg 2030 was used as the base point for the (five pillar) Inner City Regeneration Strategy of February 2003.

2004:

- The inner-city strategy was concretised as the inner-city strategy business plan and included tangible projects.
- Urban Development Zones were established.

In Phase 1 (2001-2006): the JDA delivered quite a few phases of inner city regeneration (urban regeneration) with room to do much more under the efficient banner of the JDA. During this time frame the inner city underwent massive transformation, the JDA concentrated on increasing occupancy levels in the inner city (economic regeneration) and expand the city's cultural and tourism potential in specific areas. They did this mainly through capital intense programmes, enhancing and using the city's rich history to attract investments and growth as well as private-public-partnerships. For example: the Nelson Mandela Bridge project, Constitution Hill, the Greater Newtown, The Fashion District, Greater Ellis Park, Braamfontein, the High Court Precinct, Jewel city and Kliptown as well as a number of public space upgrades.

As a result of this CoJ/JDA inner city Initiative:

Private investment conditionally returned to the city based on continual upgrading, improvement and management of urban spaces here. This was reflected in the employment of City Improvement Districts where private stakeholders readily participated.

Between 2006-2011: the JDA focused on transport oriented development, specifically aimed at creating a better sense of linkage within the city as well as to stimulate linkages to other parts of Johannesburg from the city. This time period also coincided with the transport (and related preparation) deadlines for the 2010 FIFA World Cup held in South Africa. This was the type of project vital to the country's success and the City of Joburg's success in being able to host such a major event, logistically, practically, economically and socially.

2007-2010:

- The Inner-City Regeneration Charter (2007) between public and private sector was formalised and a few months later the Inner-City Charter Partnership Forum met.
- The Inner-City fund Programme was subsequently created. The JDA is mandated to implement projects under this fund, by the CoJ's Development Planning and Urban Management Department.
- A public environment upgrade of the core of the inner city; redevelopment of the Ernest Oppenheimer Park; Fordsburg public environment upgrade; a historic mixed-use area on the western part of the city; Bertrams/Greater Ellis Park public environment and housing intervention; preparations for the redevelopment of Chancellor House; upgrades in Old Chinatown and development of taxi/bus facilities all took place under the 2009/10 budget.
- The CoJ also initiated the transport oriented development programme in the form of the Rea Vaya-Bus Rapid Transit System in this period of time.
- The scope of the JDA's project interventions expanded to include planning and implementing regeneration projects in developing townships and marginalised areas.
- The 2010 World Cup preparations enabled many public environment upgrades as well as the integrated sport precincts in Nasrec and Ellis Park. It also prioritised the (historically marginalised) areas like Orlando West, Orange Farm and Diepsloot.

Since 2012- JDA's scope has expanded to include social, environmental and economic development based initiatives into its sphere of competencies as it continues to play an important role in the implementation of Jo'burg 2040, as well as supporting the development of the City's Corridors of Freedom initiative (Clark, *et al*, 2010, p380-383).

TABLE 3: A TIMELINE OF THE JDA

(Clark et al., 2010: 380-383).

3.3 JDA: SELECTED KEY PROJECTS

The purpose of the JDA can be explained by unpacking some of its key projects. In the inner regenerative efforts by the JDA, included the following:

- ✚ Fordsburg, Pageview and Vrededorp This project used various murals as well as a museum and a festival held for the community, as a means of re-telling and capturing the rich history of this part of the city
- ✚ Hillbrow, Berea and Yeoville, was a five-month project revamp of the public environment in these areas to induce further private investment and improved quality of life for its residents
- ✚ Chinatown was a project aimed at renewing the area in Fereirasdorp, to improve the economic condition of the area
- ✚ Braamfontein and Johannesburg Art Gallery Bus Rapid Transit (BRT) system precincts are part of the JDA's commuter links project for a pedestrian friendly and walkable urban environment
- ✚ The Johannesburg Art Gallery BRT Precinct includes reconfiguration of pavements and parking, new paving, street furniture, lighting and seating
- ✚ Corridors of Freedom: is a large-scale CoJ transport-orientated initiative, linked to interchanges where the focus is on mixed-use development. This is aimed at:
 - Enabling access to a range of opportunities for people to be able to live, work and play in the same area
 - Focusing on transit-orientated developments including the Bus Rapid Transit system
 - Creating Corridors (of Freedom) that are directly connected to mixed-use development nodes with high density accommodation and supported by a variety of integrated land uses
 - A more compact and people-centred city

- Eco-efficient infrastructure to foster a more sustainable environment

The JDA has managed several projects aimed at upgrading and stimulating investment in specific areas in the inner city. Already, it has been instrumental in revitalising Constitution Hill, Newtown and the precinct around Faraday Station, upgrading Main Street and making it pedestrian-friendly, reconstructing and renovating the Drill Hall, and developing the Fashion District. It has also supported regeneration and upgrading projects in Jeppestown and Braamfontein. The JDA has been involved in a number of significant undertakings in the inner city, these are highlighted briefly below.

The JDA was tasked with renewing Braamfontein's role as a centre of business, as well as entertainment and education (www.jda.org.za). It also created links to key areas like the Newtown Bridge and Newtown Precinct as well as the Constitution Hill project (forming the Cultural Arc). The partnership involved the JDA, Gauteng's Blue IQ and the CoJ.

The Greater Newtown Precinct development, was intended to tackle the degenerated inner city. The area had been declared a heritage site in the early 2000s. The development resulted in employment and leisure opportunities.

Constitution Hill: is a project aimed at contributing to socio-economic and cultural upliftment of the city. It includes an integrated, sustainable, mixed use area.

The Newtown initiative came with numerous challenges as a result of its heritage status and the number of property owners involved, along with bureaucratic delays, poor decision making (locally and provincially) as well as lack of funding. The JDA had to draw together multiple smaller projects, obtain stake-holder buy-in and community support. Subsequently investor, public and government spending in these areas increased.

a) Faraday Station Precinct:

The Faraday station precinct, located in the south-east part of Johannesburg, includes the Faraday Market, a hub of traditional healing practices and a busy transport node. It has with the potential for tourism anchored by the station and is a multi-nodal interchange of transport, connecting to the city central and its surrounds. Through small but consistent efforts in this targeted area, improvements were generated.

Clarkson et al., (2010) notes that in these examples, the JDA shows its ability to be more responsive and agile, in leveraging the appropriate partnerships and the skills and finance necessary, for a better chance to ensure positive end results.

- b) Kliptown is another nodal development/project intervention by the JDA. The development includes public environment upgrades, trading facilities, social facilities, storm water and some roads, infrastructure as well as some housing development. These changes required extensive engagement with all interested and affected parties, the necessary skill in unlocking of finance (in this case through the Blue IQ Gauteng Growth and Development Agency) to manage all the various small projects under one initiative. However, the work is not completed yet, due to the extensive nature of this initiative. Part of the Kliptown initiative was funded by the Gauteng Provincial government and the CoJ.

FIGURE 12: THE JDA AT A GLANCE

(SOURCE: WWW.JOBBURG.ORG.ZA)

INFORMATION FROM CENSUS 2011, STATISTICS SOUTH AFRICA 2012 REPORT, CITY OF JOHANNESBURG INTEGRATED DEVELOPMENT PLAN AND JDA FIGURES).

TO RECAP: JDA AT A GLANCE

- The JDA implemented capital projects worth R7.8-billion over twelve (12) years (as of June 2013)
 - R3.1-billion (40%) was funded by the City of Johannesburg and R4.7-billion funded through intergovernmental grants for transport, neighbourhood development, 2010 projects, and urban settlement development.
- For every R1-million (invested by the JDA) = R18-million (from private investors channelled into the inner city of Johannesburg since 2001).
- Since 2007/08, the JDA has created property assets valued at R0.6-billion and infrastructure assets valued at R3.1-billion (including the Fashion Capitol, BRT routes and stations, Vilakazi Street, the Nasrec transit hub, the Bus Factory, the Metro Link building and Chancellor House).
- In the last decade, the JDA has spent R0.8-billion on the inner-city work, including twelve parks (refurbishment) and five public squares.
- The JDA implemented more than three hundred (300) projects across the city in the sixteen (16) years of its operation. Beyond those projects described in section 3.3, the other programmes/initiatives of the JDA include:
 - Greenways to promote public transport *
 - Transport oriented developments to improve quality of life in line with the Jo'burg 2040 growth and development strategy including Jabulani Node Upgrade, Orlando East /Noordgesig Facelift, Randburg Central Business District and Westgate Station Precinct *
 - The inner City transformed into Culture Capital of the country (regenerating old town and creating investment) through the park station precinct and the inner city public places challenge.
 - reconstructing and renovating the Drill Hall * and
 - developing the Fashion District *
 - Jeppestown upgrade *
 - Larger inner-city initiatives including, the development of the Potato Sheds (behind Mary Fitzgerald Square, Newtown) for hotels, offices and retail facilities
 - Beyers Naude Square marking the historical Market Square
 - The Chancellor House restoration marking the iconic Mandela & Tambo Attorneys offices
 - Yeoville rejuvenation transforming the public environments of these areas
 - Commuter links of the Braamfontein and Johannesburg Art Gallery Bus Rapid Transit (BRT) system precincts
 - Reconfiguration of the Johannesburg Art Gallery BRT Precinct
 - Greater Ellis Park
 - Hillbrow Health Precinct
 - Randburg Township Upgrades
 - Jewel City Upgrade and * Johannesburg Medical Quarter.

3.4 TAKING THE JDA INTO THE FUTURE?

The JDA annually reviews its performance and contemplates its future. It evaluates its year-on-year performance against five main variables: 1) job creation 2) economic development and empowerment, 3) project management and delivery, 4) human resource management and development and 5) effective financial management and effective corporate governance.

By its own recent review of performance and strategic planning for its future, the JDA acknowledges its weak points and its gaps in attending to the needs of the city, as follows:

- The handover of projects after completion leaves the JDA with no control of the sustainability of such a project. The JDA prepares an Area Based Management (ABM) plan for CoJ projects, which includes factors such as place making programming of the public space, such as what the City Improvement Districts would do, as well as to consider maintenance of the project after completion. Potentially the solution lies in expanding its role and also in building on the strengths of the relationship building and networks it has established across the city as well as ensuring that the CoJ is able to take such projects on board more fully. (JDA, 2015).
- The income streams of the JDA are not viable over the long term to meet its operational costs because it is not possible to always anticipate year-on-year staffing and therefore year-on-year costing. More importantly if capital funding is to decrease, so will capital spending, which will erode the financial viability of the JDA (JDA, 2015). Ideally the JDA was looking to be entirely self-funded in the future, to the extent that its management fee charged for projects, would be sufficient to cover all operating expenses; however, this is largely dependent on the number of projects the CoJ will offer the JDA to implement. Alternatively, the JDA could follow a purchase-develop-sell model, wherein the JDA fulfils the role of public developer and can keep a part of the surplus to cover operational expenses (Clark et al., 2010: 384-385).

Otherwise the JDA would be forced into a position of taking on more capital-intensive projects if it wants to retain the needed operating funds to cover its costs. However as the JDA tries to diversify its income streams, by taking on a capital-intense work load, its capacity will be severely tested and its role in other activities such as marketing,

coordinating, networking, public environment upgrading and development facilitation will be limited (Clark et al., 2010; JDA, 2015).

To resolve this conflict between meeting strategic objectives and funding mechanism, the JDA would have to rely less on grant funding and more on other capital projects in the city. In order to motivate for more grant funding from the city and ensuring its value is highlighted, means assuming a larger entrepreneurial real estate development role. With this type of role, the JDA is able to retain a portion of the surplus created by it, to offset its operating budget. Another means of securing funding, in the future, for the JDA would be seeking other funders such as international financial institutions or higher levels of government (JDA, 2009).

- Alignment, integration and contextualisation are important factors when contemplating comprehensive urban development. The challenge however is that funding to address all of these components is not always readily available or the scope is limited (JDA, 2009).

Criticisms of the JDA

The JDA compared favourably with counterparts in Europe, in terms of facilitating private sector investment in inner city regeneration. The CoJ transferred the delivery of selected services to the JDA, enabling the JDA to focus on the efficient delivery of quality services unencumbered by the need to evaluate alternative policies. The policy-makers were able to concentrate on a range of other efforts (Bevir, 2009).

Beall, et al (2002) argues that the JDA was not benefitting the community but rather private investors. Criticisms focused on the JDA's lack of community participation especially at the neighbourhood scale. Further there is no consensus on what effective management or performance measures, entails and claims to its impressive performance are by no means universally adopted.

Critics argued that the JDA had not been seen addressing its effects on people, on class relations, on equal access to resources and on governance (Ngwabi, 2009). Beall et al (2002) further state that benefits are seldom realised beyond precinct boundaries. Therefore, the JDA's efforts in terms of residential urban revitalisation, have been lacking.

The outcomes of the JDA's initiatives will only be truly positive and sustainable when commercial and residential needs of the city are balanced and there is support and true understanding of what is involved in these efforts. The way to create such balance means consistency in government administrative systems, consistency in regulation via by-law enforcement and in land use management and the management controls in service delivery (Ngwabi, 2009).

Lack of active municipal control has a constant and direct bearing on the sustainability of the improvement and services the CoJ and its DIAs will try to deliver. For example, with the many foreigners in the inner-city, who are mostly subject to Xenophobia, they have to find ways of making money, this is sometimes in illegal trade and dealings, establishing a new kind of order and thus, bypassing many of the city's regulations and laws. Due to a lack of municipal control this cycle goes unchecked and deepens the deterioration of such areas. In order to effectively deal with these areas of the city inhabited by foreigners, it is important to sincerely recognise the potential and value of these communities as a means of improving on these areas of the city, as well as to improve control and regulation by the city (Ngwabi, 2009). This instance of foreigners, is one in which investment in people is overlooked by the JDA. Simone (2004: 417), argues that: "People are also a form of infrastructure, for which no formal framework for investment in the inner city exists, which results in the ideas, entrepreneurial experience, and networks that most of the foreign Africans bring to Johannesburg are underutilised". It is also important to recognise that some areas, like Hillbrow are considered a "port-of entry neighbourhood" where many are afforded an opportunity to form part of the economy even though it is experiencing great deterioration and limited public-sector attention (Winkler, 2013: 309).

The JDA does not seem to acknowledge the urgency to improve living conditions for the poor. It should do so otherwise apartheid negatives are simply reinforced (Robinson, 2003; Winkler, 2013). As agents for municipal development, the JDA also needs to find ways of better protecting property owners who are unable to sell their buildings because of what they owe in municipal bills (Emdon, 2003).

These challenges indicate the need to find ways to deliver basic services, improve existing institutional capacity, refine urban management practices (maintaining public spaces, strong by-law enforcement, tenant education, waste management, site/building plan approvals, site rezoning, connecting of power and water, issuing of occupation certificates and rates clearance certificates) (Ngwabi, 2009). To this end, many of the members of the private sector

have noted that it may be beneficial for the JDA to engage with its strategic partners through service level agreements, to ensure improved sustainability of its efforts (Ngwabi, 2009). Issues of accountability are raised concerning equity as far as agencies like the JDA are concerned. In light of the last few years of corruption reports and allegations, accountability and earning public trust in government becomes more crucial (Papadopoulos, 2013).

Its focus is also too narrow with too little attention on the needs of society in favour of the private sector. As a result, the development of the city continues to be skewed, favouring the areas chosen by the private sector above other areas (Ngwabi, 2009; Ntshona, 2013). The scope of the JDA's efforts are limited to what is approved by council. Furthermore, political changes of administration that occur with every new political term of government also impact on the JDA. It may do far better with more autonomy in certain elements of its operation, for example budget allocation for projects. This degree of autonomy may also enable the JDA to commit to long-term projects with no impact by changes in political administration (Ngwabi, 2009).

The deliberation of less autonomy in some instances and more in others, for the JDA, highlights the current need for public reform to improve coordination across agencies. It is argued that joined-up government can promote better IGR. Beyond the need for coordination is the step toward partnerships, under the notion of joined-up government, which may help to deal with social inclusivity and simultaneously with issues of efficiency (Bevir, 2009).

The questioning of the JDA's mandate and focus is an issue that will continue to resurface as the development and political climates change for the city. A regular overall review of how state resources are allocated to all of its subsidiaries is inevitable, as is currently the case for the JDA.

This review helps to consider whether the JDA is optimally used and whether its responsibilities are streamlined (Ngwabi, 2009). Such a review could result in simple reconfiguration of the JDA's weak points or reviewing its current form or even its very existence. The city itself, being dynamic and growing, has many challenges at present, as noted by Bethlehem (2013, 24): "the office sector has many vacancies and the rental levels have been too low to attract new buildings; even though the housing sector has grown it is still in need of support from the city regarding rates and services and providing social amenities for its residents. The amount of hijacked and derelict buildings also still seems to outweigh the upgrading efforts".

The absorption of the JDA into the CoJ, specifically, and its ramifications are still unclear – is it a matter of the mayor of Johannesburg cutting resources and expertise of developing the very city he looks after or is it a case of taking prudent and perhaps necessary steps to extract the essence of the JDA, improve accountability to and involvement of citizens and put these strengths to work within the City and do away with unnecessary costs and superfluous reporting structures? (Bevir, 2009).

Conclusion

Arguably the JDA has achieved momentum and large-scale investment to the city because of public investment in urban renewal and infrastructure.

Clark et al (2010: 401) summarised the constraints and challenges of the JDA as below. Discussions in Chapters Three and Four of this research report note some of the challenges and constraints of the JDA. It is interesting to see the trajectory the JDA has gone on in the last six years since it was reviewed by the OECD, showing that the JDA mandate has expanded and subsequently took on more capital-intensive projects. The table below, summarises the way in which the JDA’s role has evolved since its inception:

The Originally intended role of the JDA was to (JDA,2009):	Evolution of the role of the JDA (Cape Town Graduate School.,2013,17)
<ul style="list-style-type: none"> ▪ Promote economic growth by developing and promoting efficient business environments in defined geographic areas. ▪ Regenerate decaying areas of the city. ▪ Unlock public-private sector investments in marginalised areas. ▪ Undertake area-based regeneration projects in areas judged not to be meeting their potential. ▪ Promote economic empowerment through the structuring and procurement of JDA developments. 	<ul style="list-style-type: none"> ▪ Project management of capital projects. ▪ Development facilitator (“everything that makes development more likely, such as an inclusive neighbourhood vision, funding, project development, feasibility and design, partnerships especially with property developers, capital funding, urban management and the ongoing securing of investment”) (Lewis cited in Cape Town Graduate School., 2013, 16). ▪ Restructuring of the city by developing defined, strategic geographic areas around

The Originally intended role of the JDA was to (JDA,2009):	Evolution of the role of the JDA (Cape Town Graduate School.,2013,17)
<ul style="list-style-type: none"> ▪ Promote Partnerships and co-operation between stakeholders and ▪ Develop and implement best practice in area-based development management. ▪ Manage and facilitate interdepartmental projects. 	<p>the city and the movement corridors that link them.</p> <ul style="list-style-type: none"> ▪ Promote economic growth by creating efficient and competitive business environments that cluster industries and functions in these areas. ▪ Turn around declining investments trends in these areas by upgrading public space, generating shared visions for future development, and encouraging urban management partnerships. ▪ Develop local economic potential in marginalised areas to promote access to jobs and markets. ▪ Encourage sustainable energy consumption and land-use in the city by developing strategic transit nodes and corridors. ▪ Promote economic empowerment through the structuring and procurement of JDA developments; and ▪ Support productive development partnerships and co-operation between all stakeholders in these areas.

As a result of taking on more capital-intensive projects, the JDA has not had the scope to do much else, such as focusing on securing finance, making its income generation unstable. In 2011 the OECD study revealed that after the 2010 World Cup projects and finalisation of the BRT project, the JDA would need to diversify its deliverables. With the progression of time, capital intensive projects have indeed declined, and dramatically impacted the JDA financial model and orientation to a point that in the last few years the JDA has been struggling for its survival, justifying and substantiating its value and its existence.

Furthermore, the political changes of administration of the CoJ and the subsequent direction for the JDA are uncertain. The current mayor (Herman Mashaba) has expressed the intention to reintegrate the CoJ's thirteen entities (Goba, 2017). According to the OECD study (2010),

the local elections were predicted in 2011 as potentially stalling important restructuring and orientation work. The OECD further highlighted in 2011, the then imminent contract expiry for the CEO of the JDA. At the time of publication of this research, the turnover of JDA staff was noted as being very high, mainly as a result of the political climate and the associated uncertainty. Ultimately the 2016 elections have forced changes (with the new DA rule in the CoJ) within the CoJ and the DIAs being reintegrated into the CoJ Metropolitan Municipality structures, in an effort to improve accountability (Goba, 2017). This decision according to the mayor is largely motivated by the fact that the CoJ cannot be entirely responsible and accountable to its residents to fast track service delivery, since it does not have complete control over the entities, such as the JDA in implementing service delivery. The aim of such an undertaking by the CoJ is to improve performance because the governance structures of the entities is said to be cumbersome and inefficient and costly (Bevir, 2009).

The impact of the JDA remains unclear. It saves approximately only three percent annually on running costs for the City (usually this is a small part of the total program costs). It has proven valuable, mainly at short intervals, working with intense focus to serve a particular purpose. In such instances, the JDA's mandate is very clear and deliberate with distinct rules and responsibilities (Papadopoulos, 2013). The JDA has however lost this and become amorphous over time.

	2001 -2009 Clark et al., (2010, p 401)	2012- 2017
Constraints	<ul style="list-style-type: none"> ▪ Narrow current mandate focused on project management and implementation. ▪ Pressure to take on a capital-intensive work load which stretches the capacity of the organisation to secure finance. 	<ul style="list-style-type: none"> ▪ The mandate has expanded but as a means of survival for the JDA. ▪ Capital intensive projects are being undertaken leaving no scope for the JDA to focus on securing of finance.
Challenges	<ul style="list-style-type: none"> ▪ Local Elections at the beginning of 2011 could stall important restructuring and orientation work. ▪ The current CEO's contract expires 31/072010. ▪ A decline in capital-intensive-projects could undermine the current financial model. 	<ul style="list-style-type: none"> ▪ The latest elections of 2016 have resulted in a change of political parties running the city and brings numerous imminent changes and uncertainty. ▪ Staff turnover at the JDA has been relatively high, compounded by a tumultuous political atmosphere. ▪ Capital intensive projects have declined and directly impacted the

	<ul style="list-style-type: none"> ▪ As the organisation re-orientates, the staff morale could be impacted. ▪ With the completion of the BRT and World Cup 2010, the JDA will get smaller and the JDA will be required to diversify its deliverables. 	<p>JDA's financial model and orientation of the entity.</p> <ul style="list-style-type: none"> ▪ The organisation has been operating under severe strain, in attempt to diversify its deliverables and continuously justify its efficacy.
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Chapter 4: Findings and Analysis

CHAPTER 4: FINDINGS AND ANALYSIS

4.1 INTRODUCTION

In this chapter, the information from the interviews are presented and analysed. These reflections of various officials within the CoJ as well as the JDA and urban development professionals (usually independent private sector practitioners), are beneficial because they add another dimension to the research. The interviews presented an opportunity to connect with realities of the research topic, in the field as well as to verify literature which was limited. This chapter also serves to address the final sub-question: What lessons from the JDA emerge for government and its current challenges with nodal development?

In total, twelve interviews were conducted:

One executive manager –formerly JDA

Two senior managers- JDA

Two project managers- JDA

Two directors/-programme managers- (Private sector practitioner)

Two senior strategic planners- (Private sector practitioners)

One project manager- (Private sector practitioner) (previously Senior CoJ official)

Two project managers- CoJ

One senior manager –CoJ *

*Note: The CoJ senior manager interview could not be conducted due to multiple unsuccessful attempts to communicate with and confirm time with an official who was non-responsive. No viable alternative could be sought in the timeframe permitted. The research is limited as earlier mentioned, in terms of gaining access to relevant and willing CoJ officials within the research period. Perspective was sought through various critical literature concerning DIAs and the JDA itself.

Reference is made to CoJ Official 1 or JDA Official 1 or Practitioner 1 and so forth. Thus, at the very least the reader gains a sense of perspective in terms of which entity/sector holds which views on the subject.

The presentation of all my research findings thus far, enable attention to the sub-question by way of themes prevalent in the interviews, namely:

1. Roles
2. Major urban projects/nodal development
3. The future of DIAs

In conducting the interviews, I asked questions that covered these three themes, and phrased them appropriately during interviews, dependent on the experience and background of the respondent. Therefore, the research interview questions varied slightly depending on whether the interviewee worked on a more strategic/senior level as opposed to the questions asked of those working on project implementation level (attached as Appendix 1).

4.2 ROLES

Clark et al (2010) describe the JDA as having an implementation and economic role including branding, international promotion, real estate, urban and infrastructure development. Generally the respondents perceived the JDA's characteristics, as being pragmatic, being a good convenor and development facilitator, being professional and having not just technical but also entrepreneurial skills.

The respondents made the following observations and comments, concerning the JDA's role and the way in which this role has changed: DIAs draw on global practices for the way in which they function, as does the JDA since its inception. Inevitably relationships between the CoJ and JDA have changed since its inception under the former Mayor, Amos Masondo, as a result of the current political and economic context it operates in.

Formally, the nature of the JDA and CoJ relationship is defined in the JDA's business plans and in terms of the Companies Act. However it is the nature of the work itself that largely determines the working relationship on the ground. Each project will determine a different role for the CoJ and the JDA respectively. "It is a hybrid of things, not very well defined, or efficient. The relationship is also largely defined by who is holding the financial power to determine action or who gives instruction based on where the money for the project is located" (JDA official 3).

The City has engaged in a process of developing and redefining key strategies to realise its main aims and objectives. Like other elements of the post-apartheid state, it has adopted the NPM approach, using outsourcing, decentralisation of government, decreasing public spending and focusing on overcoming lack of managerial expertise in every project currently with the CoJ.

The JDA has seen a variety changes to its scope under the various government administrations within the CoJ but "under Mayor Parks Tau, a whole institutional re-design of the city came about. Accordingly, the JDA mandate expanded to that of key implementing agent for the city and was intended as a centre for excellence for all government departments "(JDA Official 2).The JDA's expanded role, meant that it was required to implement projects as well as to build capacity on behalf of the state, sourcing the funding for that from the budgets of the various government departments. For this work the JDA would take a small five percent management fee from these projects. However, the shift towards a more expanded role has introduced institutional problems, such as extra oversight bodies, and additional reporting requirements, which has resulted in project delivery becoming "extremely cumbersome and challenging" (JDA Official 1). Furthermore, the decreased capital budgets have meant that the JDA "is simply struggling for its survival and relevance" (JDA Official 3).

With dismay JDA Official 3 remarks that: "the conflation between the JDA as a standalone entity and what it actually is, and now with the new dispensation, the entire view of centre of excellence etc., is completely different along with the dramatic decline of capital budgets". In an effort for the JDA to prove its efficacy and relevance and to survive financially, it has taken on board a wider range of projects. In so doing, it has become engaged in various tasks for many of the government departments that it may otherwise have focused on. The current pattern is the JDA being tasked to channel state funding to projects where it can and will be

meaningfully spent to improve government performance. This means that the JDA's role is mainly focused on either project management or implementation (JDA Official 2). The official observed that “the JDA has simply become everything to everybody, being led in the direction where projects that needed resources were being taken on and as a result, totally changing its focus” (JDA Official 2). “We also have to bear in mind that the JDA fits in at the end of this long line (of regulation, legislation, policies and plans), which definitely hinders its efficacy and warrants a rethink of the system as a whole” (JDA Official 3).

The context within which the DIA operates influences its structure, as previously discussed by Todes and Francis (2006). In South Africa, the neoliberal NPM approach is increasingly being replaced with New Public Governance, because collaboration, networking and partnerships, accountability, integration and inclusivity have become greater state concerns than the neoliberal drive for efficiency and marketization. The future of the JDA has once again been called into question by the current Mayor, Herman Mashaba for some of these reasons. This implies a shift in the way DIAs are utilised and structured, as well, i.e. possibly within the state for a defined purpose or intervention and defined period of time only and then disbanded or possibly as a semi-autonomous entity forming powerful partnerships with civil, NGO, and private entities to enable fast tracked delivery for the state?. In the current scenario, we find the JDA being disbanded because the CoJ would like to increase accountability and fast track delivery by streamlining its organisational structure. Clark et al (2010) argue that DIAs are market-oriented (labour markets, property markets, investments markets etc.) and do not deal directly with public service delivery. They also apply corporate/business management principles in their approach to urban development. DIAs have been found lacking in terms of their accountability for these reasons.

The institutional arrangements and purpose of a DIA is crucial to its efficiency and in achieving its development goals. There is also a relationship between the nodal development and its institutional arrangements – nodal developments will differ in its emphases from area to area but must be suited to its context, which in turn is reflected in institutional arrangements. DIAs have been advocated as powerful tools for planning and the delivery of development initiatives at a local level, because of their institutional arrangements that allow flexible and business-like operation. It also has the ability to accomplish collaboration between different interest groups, and has an ability to coordinate and manage (Todes, 2013).

The JDA operates within a system of supply chain management regulations as set out in terms of its governance rules and those determined by the CoJ being its major shareholding entity, as well as the Companies Act, the Systems Act, along with other policies, plans and ideologies. Instead a JDA Official argued that the JDA should be allowed to work independently and focus on its core competencies as a DIA. As such, it should merely play a support function for the economic and poverty alleviation issues which government should be addressing. The JDA is fast losing the power of its positive brand and [has been] labelled as another weak cog in the government wheel” (JDA Official 4).

An official argues, it is “no problem absorbing the JDA capabilities in house and then having to consider internal procurement reforms inside the CoJ, yet others may contest change. Implementing agents like the JDA are definitely needed, although it may not be the most efficient vehicle; the CoJ wants more done faster and the JDA is able to procure quickly and manage multiple programmes” (CoJ Official 1).

The role of the CoJ is also changing, given the current context in South Africa and the shift towards NPG and its ideals of greater accountability, inclusivity and partnerships. The state, in general is strongly focused on development and investment initiatives at present, in line with the city’s various spatial and development frameworks, for example, Jo’burg 2040. Clark (et al., 2010) categorises the roles of government into four distinct categories: representation, services, regulation, development and investment. Tomlinson (2002: 378) partly supports the categorisation of the state (in terms of regulation and services) noting that local government should fulfil the role of ensuring service delivery as well as establishing policy and legislative and regulatory frameworks that are enabling. In the context of neoliberalism and NPM, the roles of government are increasingly a shared responsibility amongst various role players including DIAs and the private sector. This role continues to evolve, as the state shifts towards a new public-governance approach, which better addresses the issues of accountability raised by the state, as a result of NPM practices. The government roles of service delivery and establishing policy and regulatory frameworks (as advocated by Tomlinson, 2002), is emphasised when employing a new public governance approach.

The fact that the CoJ is the city’s financial hub, helps the CoJ’s Department of Planning and Urban Management, in implementing projects much more efficiently because budget plans and spatial plans are easily aligned, since they are the only municipal department that has

financial and spatial planning located in one department and considering that state practices are generally found to be cumbersome and stifled by bureaucracy (Brunette, et al., 2014). Ultimately the CoJ “owns the project. It has become more of a catalytic agent and part developer in some instances, moving into a more multi-faceted role because it recognises that “building cities is a complex space and collaboration is undeniably necessary” (CoJ Official 1).

Currently the state is attempting to practice a more participatory form of governance. Community dynamics in some areas are more layered than in others, depending on their history and politics. Communication and lack of sincere partnership and communication efforts between the public sector, politicians, private sector and communities are other crucial factors fuelling the heightened service delivery protests and generally unfavourable perceptions communities have of local government. Practitioners and city officials alike, agree that it is the disjuncture or gap in this communication that tends to create distrust, no buy-in and poor perceptions communities have of government. “Better and constant communication with residents, goes a long way, in terms of informing them of programmes, time frames and the monitoring mechanisms in place for the project at hand. Providing them the opportunity to share/convey ideas via their ward councillors and the opportunity to help improve their own communities, also positively support government projects” (CoJ Official 2).

Providing communities with clear communication channels which are reliable and responsive and also giving them regular feedback and the opportunity to participate in improving their own environments, goes a long way to gaining support for projects. State concerns at present are more focused on greater accountability to its citizens and fast tracking delivery, therefore a new public governance approach is increasingly preferred above NPM. Here networks, partnerships, collaboration and active citizen participation are promoted to secure more sustainable environments (Bevir, 2009).

JDA officials and practitioners alike have found that when there is constant political interference in the execution of their duties, their focus is derailed and implementation becomes even more complex in such communities. With this in mind, the need for more collaborative and inclusive approaches to governance is necessary and this is circumvented with DIAs in the interest of efficiency and performance management. The shift is away from the typically NPM based DIA and toward NPG, in the interest of greater accountability and more active citizen participation.

There are other identifiable limitations and weaknesses in both the JDA and the CoJ. Government entities have short term political objectives versus what is necessary in reality (i.e. sustainable development objectives), which tend to be a quick fix, with simplistic views even with a multifaceted project.” (Practitioner 4). Furthermore government has many capacity issues and it is not agile being so entrenched in bureaucratic processes and because of the fact that officials do need to be up-skilled and further trained. The CoJ relies too heavily on contracting out services rather than a conscious effort to draw in the necessary specialist skills and understand how to address complexity, in order to better deliver such services. Practitioner 1 states that “the effort to build capacity within the state has to be a more consistent one, considering that after at least ten years in service, most of the existing experienced technocrats and skilled officials retire or leave and this level and volume of skill now needs to continue being rebuilt”. On a positive note, when looking back between 2006-2016, we should appreciate that just in the last ten years in South Africa, we have more improved municipalities than what we did ten years ago and it took that long for institutional challenges to be ironed out, so improvement in measures government can take a long time to become apparent and will thus need time to become a noticeable reality”

South Africa is known as a contract state due to the fact that it has service delivery performed less by government administration and more by private companies (Brunette et al., 2014). The private sector has particular concern around the skills of city officials and notes that: “Competent public administrators with technical capability and a greater sense of professionalism in the public sector are seriously lacking” (Practitioner 2 and Practitioner 3).

Local government is the level at which implementation of various state projects is undertaken and in the state’s current form it is not coping adequately. There is also a tendency for municipal budgets to go unspent and with nothing rolled over from one financial year to another in government. This is either a lack of strategic focus, inability to make efficient and responsible financial decisions or a lack of technical skills to inform financial needs and procurement decisions which worsen government service delivery woes.

The cycle of challenges faced, include up-skilling and training officials or filling municipal posts with skilled professionals, continues to be highlighted in many of the municipalities with officials who tend to abdicate their responsibilities to a consultant. Added to that,

administrations in the various government entities change hands too quickly and frequently to ever gain true understanding and insight into improve their performance, and institutional memory is difficult to build up. In this manner, capacity is not built up in the state, rather compounded by the cycle of outsourcing state functions, moving officials from public administration roles into contract management functions – neither of these skills are ever strengthened as they do not have the opportunity, given uneven governance, corruption and constrained state resources. Government’s lack of capacity and skills means that officials often choose the path of abdicating responsibilities to a consultant. This only exacerbates the problem of lack of skill and building of capacity. Without ever becoming deeply involved in any of their projects, there is little to no continuity of local government projects and a slim chance of implementation or delivery before the next set of officials take over.”

The lack of capacity and resources are a frequent issue for the state, and this is worsened by “the habit of outsourcing all the time at a rapid rate, which is not sustainable” (CoJ Official 1, 2017). This makes public servants focus less on administrative matters, serving the public and administering public affairs, and more of managers of contracts. A large portion of the national budget goes through the supply chain management system. This system is often disjointed with exceptionally poor oversight/checks and balances and has produced many unfortunate side-effects and negative outcomes (including mismanaged state resources, municipalities placed under administration, corruption at a very high level, fraud and collusion). Brunette, et al,’s (2014) findings illustrate weak and uneven governance where the capacity of the state is too reliant on contracts with private parties and reliant on the state’s ability to manage such contracts,

The various interviews in both public and private sector point out some of the value in the use of DIAs but also the benefit in partnerships for the CoJ, considering the challenges of resources, lack of capacity and financial constraints against a backdrop of dynamic needs of an ever-growing population. “The JDA is a viable implementing mechanism and will assist in achieving coordination horizontally and vertically in government, which is vital. Currently it is too silo-based” (Practitioner 2). “Larger complex nodal developments also stand a better chance of surviving/coming to fruition in a large metropolitan municipality because it becomes a priority for the DIA” (Practitioner 1). The JDA is also quite focused in terms of what it does best and operates with a lot more flexibility than a bureaucracy does and it adds tremendous value which is not necessarily replicable”(JDA Official 3). “JDA has quicker procurement processes of services like infrastructure and project management expertise and they follow

the project process better, such as appointing professionals, establishing a site, spending budget, delivering visible and mandated outcomes and so forth”(JDA Official 2).

The public and private sector recognise the JDA’s agility and flexibility as compared to the CoJ. JDA Official 3, reiterates that JDA’s procurement processes and project management expertise are more streamlined than the CoJ’s. The positive tone of support from these officials are expected as they operate within the JDA. The ability of the JDA to yield positive results is hinged on a number of conditions, including some level of autonomy for the DIA and an opportunity to adjust its current position which hinders it functioning optimally.

4.3 MAJOR URBAN PROJECTS AND NODAL DEVELOPMENTS
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The CoJ has noted that a variety of issues hamper the successful realisation of nodal developments and these mainly pertain to issues of institutional structure: A CoJ official remarked that these included:”competing interests, weak development facilitation which weakens support for the project, the enhancing of stakeholder engagement both externally and internally and the duplication of efforts with no clarity of mandate between the CoJ and JDA” (CoJ Official 1). Nodal developments will differ in its emphases from area to area but must be suited to its context, which in turn is reflected in institutional arrangements. These factors can definitively influence the ability of a project to be finalised or achieved as set out in the brief/mandate for such a project.

Respondents from the private sector argue that it is planning processes and budget allocation issues affect positive outcomes for nodal development or complex urban projects. For example, at times communities do not have access to housing because the access to the land has not been granted yet. Or in other cases the budget to meet the rising demands is not necessarily available. A practitioner observed that: “the main problem in urban development is the current capacity of infrastructure, so you cannot move communities to new and improved living conditions with no electricity readily available to that area. You also need to ensure that whatever upgrade you are undertaking is in fact implementable in terms of finance available,

expertise required, participation of decision makers and the community. Without it, no matter who you are, you will not be seen as delivering” (Practitioner 1).

The JDA officials have learnt, that it can be beneficial to have a smaller project (spending a little at a time over a period of time) but become truly familiar with the neighbourhood in which it is located, with the people and the issues. Smaller, consistent, upgrading projects like this, seem to have more appeal to the communities that the JDA invests in. This approach will only mean being slower in getting started and may not coincide with the three-year contracting period most projects have but “is ultimately more sustainable with greater local buy-in. The effort towards fostering understanding between government and the various communities, needs to be more consistent and intense over the life-span of any particular project initiative, in order to gain buy-in” (JDA Official 3) .

For example with the clinic being constructed in Noordgesig, the JDA dedicated time to communication sessions with the community, using creative tailored methods to communicate the intentions of the City with respect to the clinic and how this would affect the lives of the community. The community’s responsiveness to this effort by the JDA to obtain their buy-in, encouraged the community to invest in maintaining and securing the clinic once it was finally completed. The implementer is then also soliciting a willingness to support maintenance efforts of the asset once it is handed over. If government invests the necessary effort and time to initiate a collaborative and interactive project for the beneficiary, potential objection, misunderstanding and protesting tends to be minimised. There is also more of a willingness from such communities, to support maintenance efforts of the asset/project once it is handed over. When applied to a mega-complex project, community support and participation is not as easily obtained and the process more daunting and time-consuming. It is however necessary, as the trend in South Africa is towards more complex and integrated projects as an approach to its infrastructural shortfalls. Mega-projects are viewed as potential way to address scarce land, encourage a compact city where employment, recreation/leisure and living spaces are all located. For this reason, engaging the community or stakeholders is needed but further to that (as advocated in NPG) is a collaboration, partnership and forming of networks, coordination and consistent communication that could support the complex nature of certain projects. In an effort not to prioritise or overburden one sector over the other, the responsibility for such initiatives is shared between all role players (Roehrich et al., 2014; Papadopoulos, 2013).

The effort towards fostering understanding between the government and the various communities, needs to be sincere and consistent for buy in to take place. This view is shared by the practitioners and the JDA officials alike and is aptly expressed by one JDA Official: “Participation has to be real, it has to be a true co-production, where the layman understands clearly how the government’s plan impacts the reality of their lives” (JDA Official 4).

The public and private sector share the view that it is necessary for local governments to focus attention on providing the overarching structural elements of urban development and then the more localised needs, in this way urban development gains momentum and projects are successfully implemented. “Local governments should in fact be focusing their attention to first providing municipal bulk services, available land, transit development infrastructure and then housing” (Practitioner 3). “The Corridors of Freedom are a good example of improved planning practices within the city. It has happened faster than usual because there is a strong link between the budgeting process and spatial targeting and so much of the implementation of the project has come to fruition. This is commendable for the CoJ because it is pre-emptively putting in infrastructure, ahead of any development, which enables more and enables faster development centred around such infrastructure than what is usually the case” (CoJ Official 2). Whether the DIA, such as the JDA were to be located inside or autonomously, the capacity, ability to obtain investment, engage with multiple stakeholders and the project management capabilities of the JDA, can be harnessed to support the municipality’s focus on rolling out infrastructure on a large scale.

Complex (urban/nodal development) challenges are meaningfully addressed when using an integrated approach that factors in the economic, social and local conditions of any initiative/project area (Todes, 2013).

The intended aim behind such mega projects is ambitious and will necessitate an even higher degree of capacity, technical prowess and streamlined institutional arrangements capable of dealing with this complexity. The chances for achieving success with nodal developments, using DIAs, relies on certain conditions being in place, as detailed below (Cameron et al., 2004; Todes, 2013).

- Selection of specific focus areas for targeting of efforts which are opportune for economic intervention. The JDA’s urban regeneration efforts have had a noticeable impact on levels of private and public investment in Johannesburg.

- Ensuring funds are available and committed to the targeted area. The JDA's experience shows that there needs to be diversification of the income streams, since capital funding influences capital spending; and without dependability of income, operational costs cannot be adequately covered.
- Some projects will not be able to provide complete overall solutions to development challenges all at once, i.e. it may need a second phase or is necessitates a longer process. Therefore, relationships with beneficiaries who take handover of the projects must be maintained and strengthened in some way because the DIA will otherwise no longer have control over the sustainability of such projects to achieve a complete or sustainable solution.
- Investment in any project must be aligned and integrated, taking into account all the facets of urban development, including transport, human settlements, infrastructure networks as well as land governance in order to achieve complete solutions/complete outcomes.
- Have the necessary balance of autonomy with authority to act
- Have strong institutional, political and technical structures to support the intended project initiative.
- Solicit sufficient capacity for DIAs with skill and experience to have a greater impact.
- Ensure adequate time allowance for the project.
- Establish strict management of operational costs.

4.3.1 CONCLUSIONS AND RECOMMENDATIONS ABOUT THE FUTURE OF DIAS

In the past few decades Clark et al (2010: 13) note that there has been a greater appreciation of the effectiveness of the DIA, as a special purpose vehicle in delivering on local economic objectives. For local governments (globally), it is important to identify the best institutional arrangements/vehicles to carry out their respective mandates effectively. As such DIAs have often been used to undertake complex urban development projects, to promote economic growth and development in defined locations (Clark et al, 2010: 32). More importantly these development implementation agencies are considered as mechanisms that are able to link the public and private sector and provide much needed strengthening of inter-governmental relations in the country.

An OECD review of DIAs found that DIAs are well suited vehicles for dealing with complex tasks with investment decisions and with multi-party collaboration because they are structured as a corporate outfit as opposed to municipal entity. Furthermore, these DIAs are market-oriented, utilising a business management approach to urban development (Clark et al., 2010). They argue that DIA's type of institutional arrangement is essential to effectiveness and positive outcomes for nodal development and urban development as a whole.

Currently the JDA is being used to implement a variety of projects by several government departments despite changes in context. The JDA continues to be utilised for its specialist skills in development facilitation and project management. It can be argued that the ongoing existence of the JDA demonstrates the value it adds to the CoJ operations. The JDA has been acknowledged by the CoJ as a value adding asset and there would be benefit in retaining it (CoJ Official 2; JDA Official 5).

Nevertheless, the JDA is likely to be dis-established. A JDA official comments on the short-sightedness of this intention: "yet the City talks of absorption of the state owned entities. This can only result in a desaturation of the creativity of state owned enterprises and them becoming more bureaucratic" (JDA Official 4).

However the form in which JDA may be retained or absorbed into the CoJ remains unclear. The institutional weaknesses of the JDA include its financial sustainability and susceptibility to political interference. In addition for the JDA to operate in the manner it does and yield these positive results, it is costly because "the JDA uses development managers as well as a technical team to get the job done. Contract managers with technical knowledge are thought to be an even better option. In any event, it can be argued that time and money need to be invested to run a public service. There is a threshold to efficiency for the JDA because it cannot really sustain being a capital works implementer and development is not facilitated by simply building things. In the urban development arena, competing interests and politics will always exist and when you are viewed as an efficient entity, the nature of your success will only attract more political interference, making your work harder" (JDA Official 5).

Since the inception of the JDA it has operated with a fair amount of autonomy. To a degree this aspect has assisted it to be more agile and efficient by being outside of the City's

bureaucratic structure and process. It has also enabled a level of knowledge capturing of project practices and lessons learnt, that otherwise may not be accumulated and recorded within the regular administration processes the CoJ follows when implementing a project.

The impact of the DIA is substantial, although it also has its limitations, illustrated with the case of the JDA (Chapter 3). Both public and private sector acknowledge the merits of the JDA. The JDA is a strong credible entity that stands out because it is located in a metropolitan municipality such as the CoJ, which in itself holds enormous potential as an economic stronghold for the country and as an agency set up outside of government, the JDA thus holds more interest and appeal compared to DIAs in other cities. Furthermore, “historically it was able to successfully recruit and retain skilled individuals and professionals enjoy being able to see creativity and autonomy in their profession” (JDA Official 5).

The City officials argue that irrespective of whether the JDA is located inside of or outside of the CoJ, the JDA can work well, what is of importance is the working relationship with the city’s planning unit. “The JDA has its merits but as long as the working relationship between the two entities is solid, it will work” (CoJ Official 2). What emerges is that in the case of the JDA, the location of the agency is not necessarily a major influence on what it is able to accomplish but rather its processes, methods and approach to nodal development.

DIAs were designed to address complex problems, they are more robust and innovative in nature in providing integrated and meaningful measures for effective intervention, than municipal entities or NGOs respectively. The use of DIA dates back to as far as the end of the Second World War to help deal with its effects. Each DIA, differs in its mandate, its composition, its status, its assets and its funding arrangements, as well as its relationships, location and sustainability (Clark et al., 2010). The JDA is an example of such an agency and is used as an extension of the CoJ. DIAs were used as short-term interventions intended for that time of crisis and their formats differed dependent on their purpose and context and tend to be most powerful when used as such. However, the JDA has shifted away from being utilised as powerful short-term interventions, becoming amorphous with time. Perhaps it has reached the end of its lifecycle, as the government increasingly employs participatory governance and collaboration as an approach seeking increased accountability and citizen participation over efficiency. Its future remains unclear as the current government seeks to

streamline its operations and it has decided to absorb entities including the JDA into the city structure (Bevir 2009; Papadopoulos, 2013).

With the large number of DIAs in existence today “one runs the risk of allowing them to operate unmonitored, without sufficient regulation and control in place” (Practitioner 3). For example, some DIAs plan to also become financiers for housing and infrastructure which potentially is a case of operating without sufficient checks and balances in place, if this DIA is successful. The large number of DIAs today, may lead to duplication and overlap in the various DIAs and government and municipal departments, which creates so much inefficiency and “nobody to bring all their efforts together and create some level of coordination and synchronisation of investments and resources” (Practitioner 2 and Practitioner 3). Bevir (2009) reiterates the view that governance is moving away from neoliberal ideas that resulted in fragmentation and lack of accountability from these autonomous or semi-autonomous agencies. The recent efforts to promote networks, partnerships and collaboration are a means of increasing the role of civil society. The state will always need to negotiate and interact meaningfully with others, with “no absolute and clear cut boundary between state and civil society”, and as such policy will always be derived from interactions within networks (Bevir, 2009: 29).

Private practitioners interact with various DIAs and municipalities and are able to almost observe these entities at work, and have become aware of the constraints and opportunities present in both the CoJ and JDA. The private practitioners have found that clearer parameters at the outset and a defined field of operation within which to conduct their tasks, makes government bureaucracy a little easier to navigate. The market-oriented characteristics and business-like efficiency of the DIA, promotes ease of engagement to a wide spectrum of stakeholders and its streamlined processes enable faster delivery on tasks. The municipal officials recognise the benefit derived from the JDA but are not necessarily attached to the DIA in its present form, being located inside of or outside the CoJ.

The suggestions, reflections and criticisms from the CoJ, private sector as well as the JDA, however point to the need for a greater form of participatory governance, as discussed by Bevir (2009) and Papadopoulos (2013). The CoJ, JDA and private sector have all found that partnerships, are more bottom-up way of thinking, active participation and involvement of citizens and the ability to incorporate learning into practice which is and continues to be vital to sustainable and positive outcomes in nodal development.

Government's impact and reach, especially at the local level, can be improved using institutional arrangements that draw in citizens, civic leaders as well as development professionals working jointly on a more consistent basis. "One will need to think more extensively around precise solutions, especially for small municipalities where skill and capacity are not easily attracted" (Practitioner 4).

In terms of Clark et al's., (2010: 13) OECD study, concerning government's role, four categories are noted: representation, services, regulation, development and investment. The CoJ utilises the JDA to help fulfil its development and investment roles. The JDA has shown some capability in attracting resources and drawing together the necessary capacity, skills and funding. Even though the JDA is an extension of government, it retains some autonomy which allows it to employ a more business-like approach to its operations and structure and because of that, it is more attractive for the highly skilled prospective employees compared to the state itself. This is an advantage for the state because in this way the much-needed state capacity is (indirectly) created, since the CoJ owns the JDA.

Andrews et al., (2012 and 2015) add that capacity can further be built by solving problems using the PDIA approach. This approach focuses on the process of problem-solving itself, enabling government to test and produce solutions for its unique context. In developing countries operating within the context of donor programmes, often solutions for the development challenges are not context specific or cognisant of local inputs. These are some of the factors contributing to poor performance of some developing countries hindering delivery and implementation of key nodal developments or interventions. The reason being that if the gaps in performance and capacity cannot even be identified in such governments, then governments tend toward progressive degeneration. In reality, this means that urban planners and practitioners alike need to find better ways of drawing on local participation in problem-solving because it matters for the survival and credibility of the investment being made by government. This approach is supported by the Massive Smalls Movement that promotes the thinking that an accumulation of small actions can be used to drive development, as an alternative means of ensuring that governments deliver (Massive Small, 2016).

Progressive urban development may employ a hybrid of concepts and approaches to meaningfully realise nodal development and address poor service delivery. Beyond the Massive Smalls movement, we could go a step further by borrowing from the strengths of New

Public Governance (NPG), to ensure sustainability of public services that deliver. This implies that local government needs to recognise that:

- Public service operates as a system not various individual organisations (which necessitates re-alignment of public procurement (alternative to the current large portion of outsourcing, decentralisation and fragmentation of state functions; eliminating political interferences and finding effective methods of discipline and consequences for state entities when required) (Brunette, et al, 2014).
- There is a difference between managing services and managing a product.
- There is a certain value in the public as the recipient and beneficiary of what is being delivered by local government (Bevir, 2009; Osborne, et al, 2014).
- Sustainable public services entities need to be mindful of the concepts of: engagement, relationship, value, co-production, experience, innovation and system (Osborne, et al, 2014).

While the emphasis on integration and the multi-sectoral approach to development are strengths, greater attention needs to be given to environmental aspects, and the form of planning that is employed, needs to be adapted to the context, and its social, economic and political dynamics (Todes, 2004: 843). Suggestions, reflections and criticisms from public and private sector indicate the need for new public governance. Some of the literature such as that by Clark (et al, 2010) also indicates that the roles of government are becoming an increasingly shared responsibility amongst various role players including DIAs and the private sector.

Currently the state's challenges of financial constraint, lack of capacity, more technical skill required in addressing complex development and poor IGR, still exist despite the disbanding of the JDA and all other state-owned entities being absorbed into the state. The case of the London Development Agency, also disbanded and absorbed into the city structures, has been met with much outrage by some in the public sector as well as those in the private sector. We have yet to clarify what exactly this means for the JDA

The large number of DIAs today, also makes way for another challenge, and that is all the duplication and overlap in the various DIAs and their mandates, which creates so much inefficiency and “nobody to bring all their efforts together and create some level of coordination

and synchronisation of investments and resources” (Practitioner 2). It is perhaps in this vein that the JDA has possibly reached a natural end to its lifecycle in its present form.

Chapter 5: Conclusion and Recommendations

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The objective and goal of this study was to analyse the impact of DIAs in facilitating nodal development. The research explored the case of Johannesburg Development Agency and studied the role it has played in implementing complex projects in Johannesburg and the problems and challenges it has faced. In this chapter the conclusions and recommendations of the research report are presented and discussed in relation to the research questions that guided the study.

5.2 INSTITUTIONAL ARRANGEMENTS CHARACTERISING EFFECTIVE DELIVERY

During a time when South Africa is facing different challenges such as dysfunctional municipalities, maladministration claims, corruption charges laid against senior civil servants, poor service delivery and an economic downturn, finding credible delivery solutions in South Africa is urgent. The exploration of how DIAs, on behalf of or in conjunction with the state, can achieve the implementation of nodal developments is therefore relevant as potential solutions to service delivery. This case study revealed lessons that, while they may not necessarily be replicable and should be tailored to the context, they may however contribute to discussions about alternative institutional arrangements.

Nodal developments differ in emphases from area to area but must fit its context and this in turn is reflected in its institutional form, such as DIAs. They may be considered useful tools of local development because of their unique institutional arrangements, multi-party collaboration capability, their coordination capability and their general ability to operate within strict financial management guidelines (Clark et al., 2010: 28).

Nodal developments have been a way of responding to specific problems in a specific location, and the context influences the shape the project intervention takes. Nodal developments are major, complex and integrated projects which are intended to bring about significant improvements to an area all at once. Nodal development is used in both developed and developing countries. These institutional forms range from the more independent development agency, to special units within the state as well as community based organisations, networks and partnerships.

Nodal development is considered a form of complex urban development which government systems alone are not entirely efficient to handle as these systems still require further maturing (The Department of Provincial and Local Government, 2015:5). The multi-faceted and complex nature of urban development, necessitates credible and sustainable solutions and approaches to delivery and attention to the economic, social as well as environmental spheres.

Governments are starting to respond to the growing complexity of development and evident fragmentation and lack of accountability in the state, with institutional arrangements that accommodate greater integration, greater collaboration and greater inclusivity, such as, community based organisations, special units inside of government or networks and partnerships (Cameron et al., 2004). New public governance is preferred over NPM and requires an enabling context, for progress. Cameron et al. (2004) and Todes (2013) mention several conditions that enable nodal development, the key conditions include: the commitment of the necessary funding, strict management of operational costs, incorporating lessons learnt as well as the necessary institutional, political and technical support for the nodal development (Cameron et al., 2004: 311).

Through studies like that of the OECD and research of various DIA projects, we begin to see that the roles of the government are increasingly becoming a shared responsibility between various actors, such as development implementation agencies like the JDA. This implies that the extent to which a development implementation agency effects implementation, is quite far reaching even though there are limitations in its impact.

The preceding chapters have focused on nodal development projects as a measure to investigate the efficacy of institutional arrangements. Nodal developments are complex, multi-faceted development undertakings which generally cannot be satisfactorily managed by a single department. DIAs have been advocated, particularly from market-oriented organisations (such as the World Bank and the OECD) to play the critical role in managing the implementation of complex projects, and specifically those that are intended to foster economic growth and further private sector investment.

Clear, tangible methods and measures are needed to build state capacity and skill as well as to regulate state procurement practices with consequences for transgression. For local government, this once meant employing principles of NPM, since it utilises a more corporate culture and business-like efficiency in its operations and delivery of services (Harrison, 2006) and allows for a more diverse form of provision and sense of competing to offer the best end result. DIAs are a form of public private partnership, known as PPP, and are also utilised as special purpose vehicles or SPVs. DIAs are rooted in the NPM perspective, and have been used in South Africa to promote NPM. Government is increasingly drawing on these DIAs to fulfil its mandates, build its capacity and address the complexities of urban development that it is unable to fulfil, given the constraints it faces. Each DIA differs in its purpose, composition, its status, location, relationships, sustainability, assets and funding (Clark et al., 2010: 78).

Advocates of DIAs, have argued that they provide the appropriate institutional form to manage and undertake implementation in a more cost-efficient manner than government itself because they are market-facing, able to attract investment and well versed in issues pertaining to locational and investment decisions as well as collaborative and multi-lateral activities. DIAs are also able to manage the constraints associated with change AND are able to (Clark et al, 2010: 40):

- a) Focus on the Implementation at pace and scale.
- b) Aggregate otherwise separate interventions to add value.
- c) Enhance the capacity and co-ordination of the local development system.
- d) Focus on the customer.
- e) Adopt flexible spatial scales.
- f) Achieve confidence of external investors and other businesses.
- g) Become a toolmaker and fully utilise existing tools.
- h) Leverage assets and investments.
- i) Refresh image and identity and communicate development progress.

- j) Apply leadership to problem solving.

Critics however contend that special purpose vehicles, not only separate policy from implementation but also depoliticises development, regarding it as a technocratic activity that can be managed and such an entity is not accountable to citizens or their elected representatives (Papadopoulos 2013; Bevir, 2009).

Due to the economic importance of government projects and the current trend in South Africa toward increasingly complex mega-projects, it is beneficial to reflect on the ways in which implementation has occurred.

Problems in the state, can be attributed to several factors, which includes poor municipal leadership and management, exacerbated by a continual change of administration in these municipal entities. The result is little no capacity building and a superficial understanding of operational context or individual project portfolios and no in-depth understanding of various projects and portfolios. A weak public administrative system cannot optimise resources and is vulnerable to mismanagement and inefficiency and therefore an inability to deliver services. Political interference also overshadows public participation and increases the lack of trust citizens have in the public sector (Roehrich et al., 2014; Kwak et al., 2014).

The CoJ has also noted issues that hamper the successful realisation of nodal developments and these mainly pertain to issues of institutional structure:” particularly competing interests, weak development facilitation which weakens support for the project, the enhancing of stakeholder engagement both externally and internally and the duplication of efforts with no clarity of mandate between the CoJ and JDA” (CoJ Official 1). Furthermore, government’s lack of capacity and skill continues to be highlighted in many of the municipalities around the country in a number of ways: For example, the reality is that the municipalities do not have capacity and some seldom willing to see their responsibilities through to the end. “Officials often abdicate their responsibilities to a consultant, contracted to fulfil traditionally state functions. Officials are unfamiliar with their portfolios and contexts and there is little to no continuity or delivery of local government projects before the next set of officials take over and the cycle repeats itself” (Practitioner 4).

Furthermore, the South African state's heavy reliance on outsourcing in its procurement practices, results in an unevenness of governance (Public Affairs Research Institute, 2014). The contract state is characterised by (i) decentralised and fragmented awarding of contracts and, (ii) a changing role for public servants from administration to contract management as well as (iii) service delivery performed more by private companies through a tender process, rather than government administrations. The combination of out-sourcing, decentralisation and fragmentation of the state invites excessive political interference and procurement non-compliances without the means of disciplining organs of state (PARI, 2014).

Rectifying the institutional challenges of the state, start with possible professionalization of officials, recruiting them via open and competitive examination and enforcing examination and professional advancement, to achieve promotion as well as the type of institutional capacity in the state that is able to deal with complexity but that is also flexible (PARI, 2014: p53).

More meaningful ways of building government's capacity to ensure credible and sustainable service delivery solutions and way to address complex projects is necessary and potentially found in a revised form of DIAs, a hybrid form, through public procurement reforms, or possibly reconfiguration of state institutes .It could include adopting PDIA or the Massive Smalls approach or a combination thereof. This coupling of top-down and bottom-up initiatives can make meaningful strides toward ensuring implementation of complex urban development projects.

Osborne et al., (2014: 314) proposes that a new public governance approach to enable sustainable public services that deliver compared to the NPM model. The limitations of NPM and the 'contract state', affirm the need for an approach that can successfully build the necessary capability within government, incorporating lessons from the past (Bevir, 2009: 23; Harrison, 2006). NPM has been broadly criticised within academic scholarship and DIAs emerged in this neoliberal context.

Coordination and integration within the public administration system is central to joined-up governance, for more coordinated government policy-making and service delivery across organizational boundaries (Bevir, 2009: 13; Hood, 2004). This collaboration enables the achievement of common goals and an integrated state response, presently lacking as well as recognising the importance of public value (end user) and providing an inclusionary,

effective and beneficial service. Government's pro poor and pro-growth goals should have equal attention in policy conceptualisation and programme implementation (Tomlinson et al., 2006). Furthermore a corporate, management oriented approach along with a strong emphasis on public governance could be the more likely way forward for nodes to be developed optimally and efficiently Lawrence (2013: 539)

5.3 THE RELATIONSHIP BETWEEN THE JDA AND THE COJ?

The JDA is an extension of government, or rather a special purpose vehicle set up to facilitate urban regeneration in Johannesburg's inner city and is mandated to implement particular projects for the City of Johannesburg. It is perceived as functional and capable of delivering on its mandates and acts a single point of entry for government and able to deal with the challenges of multi-sectoral, multidisciplinary, multi-level collaboration.

Clark et al., (2010) considers the role of the JDA, to be one of compliance, reporting, business planning, coordination and consultation but it has been associated with the attraction of private investment and property development. Currently, the JDA focuses on restructuring the city, lowering the carbon economy, promoting economic growth; it also looks at reforming investment patterns, forming development partnerships and being an implementing agent for the CoJ (JDA, 2009). The JDA works closely with various municipal departments, sometimes aligning itself with the functional interests of those municipal departments or entities and at times facilitating development on its behalf; CoJ and JDA mandates do overlap at times and usually reconciled by way of consistent engagement and alignment with agreed frameworks and plans.

The city's needs and circumstances are constantly changing, from an operational and financial view point, and the roles of the JDA also evolved, accordingly. The expanded role was problematic, resulting in extra oversight bodies, and additional reporting requirements, making project delivery cumbersome. The trajectory the JDA has gone on in the last eight years since it was reviewed by the OECD, showed that the JDA mandate has expanded and subsequently took on more capital-intensive projects.

The JDA had taken on more capital intense projects and were therefore unable to focus on securing finance, however these capital intense projects have also declined, thus impacting the JDA's stability. It was already determined by the OECD study in 2011 that the JDA would need to diversify its deliverables after the 2010 World Cup projects and finalisation of the BRT project.

The current political climate coupled with the emphatic decision to reintegrate the CoJ's thirteen entities, leave the JDA future unclear (Goba, 2017). In terms of limits to its autonomy: The JDA operates within a system of supply chain management regulations, the Companies Act, the Systems Act, along with other policies, plans and ideologies which tends to hinder its efficacy. It has also been criticised for a variety of other reasons, key amongst them being its inability to focus on the poor or issues of residential living, instead favouring the private sector (Ngwabi, 2009).

5.4 CHARACTERISTICS OF THE JDA

The various interviews in both public and private sector point out not only the value in the use of DIAs but also the benefit in partnerships for the CoJ, considering the challenges of resources, lack of capacity and financial constraints against a backdrop of dynamic needs of an ever-growing population. "The JDA is a viable implementing mechanism and will assist in achieving coordination horizontally and vertically in government, which is vital. Currently it is too silo-based" (Practitioner 2).

The various respondents perceived the JDA as being pragmatic, being a good convenor and development facilitator, being professional and having not just technical but also entrepreneurial skills.

The JDA initially took on expanded role, requiring it to be an implementer of projects and also to build capacity on behalf of the state, currently the JDA in its much more reduced state, is a project manager, necessitating its sense of efficiency, precise planning and

strength of technical knowledge. JDA is also viewed as unaccountable with a business management oriented approach to urban development

5.5 IMPLICATIONS FOR FUTURE INSTITUTIONAL ARRANGEMENTS AND DELIVERY

Urban planners should draw more on local participation in problem-solving and flexibility; learning while doing yet ensuring viability; and carrying forward of lessons learnt by incorporating them into solutions which are collectively found. For Johannesburg, this implies that a new public governance approach must be embraced at all levels of government, so that the formation of networks, partnerships, collaboration as well as integration and coordination within the state, can be easily facilitated (Bevir, 2009). It also implies that the government and civil society will always need to engage, in order to enable for more comprehensive, sustainable and transparent ways of addressing development challenges.

Practitioners and city officials, agree that it is the disjuncture or gap in communication between government and communities which tends to create distrust, no buy-in and poor perceptions, that communities have of government. “Better and constant communication with residents, goes a long way, in terms of information them of programmes, time frames and the monitoring mechanisms in place for the project at hand. Providing them the opportunity to share/convey ideas via their ward councillors and the opportunity to help improve their own communities, also positively support government projects” (CoJ Official 2).

What developing countries like South Africa need are “organisations that generate, test and refine context-specific solutions in response to locally nominated and prioritised problems; we do not need more experts selling best practice solutions in the name of efficiency and the adoption of global standards” (Andrews et al., 2015: 125). This would require that the DIAs and JDA, in particular is more accountable to its citizens, as it is lacking in this respect. Furthermore, it would mean imply more collaborative efforts and partnerships which is potentially more likely, now that the JDA is absorbed into the CoJ’s structures.

More meaningful ways of building government's capacity to ensure credible and sustainable service delivery solutions and the means to address complex projects need to be found, be it using a revised form of DIAs, a hybrid form or through public procurement reforms, reconfiguration of state institutes .Perhaps a way forward includes adopting PDIA or the Massive Smalls approach or a combination thereof.

An OECD review of DIAs found that DIAs are well suited vehicles for dealing with complex tasks with investment decisions and with multi-party collaboration because they are structured as a corporate outfit as opposed to municipal entity. Currently the JDA is being used to implement a variety of projects by several government departments. Despite changes in context, the JDA continues to be utilised for its specialist skills in development facilitation and project management. The ongoing existence of the JDA could be demonstrative of the value it adds to the CoJ operations. Advocates of DIAs, have argued that they offer an appropriate institutional form to manage and undertake implementation in a more cost-efficient manner than government itself.

The OECD (2010) report finds that DIAs are most effective when they operate within a strong “effective local development system⁵ that DIAs in general, are a very suitable response to problems of economic growth and urban regeneration. Critics point out that special purpose vehicles, separate policy from implementation and depoliticises development, reducing it to a technocratic activity that can be managed and that the not accountable to citizens or their elected representatives (Papadopoulos 2013; Bevir, 2009).

Despite recognition of their limitations and weaknesses, DIAs and other variants, continue to spread globally. Their popularity is due to government's “need for institutional responses to the mounting complexity and fragmentation of community life and to improve urban governance. These characteristics of DIAs are significant for the sake of capacity building in government, as these agencies form an extension of government.

⁵ The working relationship between public, business and NGO sector partners that can create better conditions for economic growth and employment generation (Clark et al., 2010: 16,17)

Nevertheless, the JDA is likely to be dis-established, which is viewed as short-sighted. Because “it can only result in a desaturation of the creativity of state owned enterprises and them becoming more bureaucratic” (JDA Official 4).

5.6 CONCLUSION

Nodal developments are complex, multi-faceted development undertakings which generally cannot be satisfactorily managed by a single department. DIAs have been advocated, particularly from market-oriented organisations (such as the World Bank and the OECD) to play the critical role in managing the implementation of complex projects because government systems alone are not entirely efficient to handle as these government systems still require further development. DIAs are also able to attract investment and well versed in issues pertaining to locational and investment decisions as well as collaborative and multi-lateral activities .The JDA, is said to play a role of compliance, reporting, business planning, coordination and consultation but it has been associated with the attraction of private investment and property development. Clark et al., (2010) .The city’s needs and circumstances are dynamic and so accordingly the roles of the JDA have evolved. Currently, the JDA focuses on restructuring the city, lowering the carbon economy, promoting economic growth; it also looks at reforming investment patterns, forming development partnerships and being an implementing agent for the CoJ (JDA, 2009) .

The various respondents perceived the JDA as being pragmatic, being a good convenor and development facilitator, being professional and having not just technical but also entrepreneurial skills. It is viewed as a viable implementing mechanism and will assist in achieving coordination horizontally and vertically in government, which is vital. . Despite recognition of their limitations and weaknesses, DIAs and other variants, continue to spread globally. Their popularity is due to government’s “need for institutional responses to the mounting complexity and fragmentation of community life and to improve urban governance.

Governments are starting to respond to the growing complexity of development and evident fragmentation and lack of accountability in the state, with institutional arrangements that accommodate greater integration, greater collaboration and greater inclusivity, such as, community based organisations, special units inside of government or networks and

partnerships (Cameron et al., 2004). Those who promote DIAs, have argued that they provide the appropriate institutional form to manage and undertake implementation in a more cost-efficient manner than government, critics argue that DIAs are not accountable to citizens, require coordination from the top, encourages fragmentation of the state and overlook the poor.

Coordination and integration within the public administration system is central to joined-up governance, for more coordinated government policy-making and service delivery across organizational boundaries (Bevir, 2009: 13; Hood, 2004). This collaboration enables the achievement of common goals and an integrated state response, presently lacking as well as recognising the importance of public value (end user) and providing an inclusionary, effective and beneficial service. A corporate, management oriented approach along with a strong emphasis on public governance could be the more likely way forward for nodes to be developed optimally and efficiently Lawrence (2013: 539)

5.7 RECOMMENDATIONS

Urban planners should draw more on local participation in problem-solving and flexibility; learning while doing yet ensuring viability; and carrying forward of lessons learnt by incorporating them into solutions which are collectively found. For Johannesburg, this implies that a new public governance approach must be embraced at all levels of government, so that the formation of networks, partnerships, collaboration as well as integration and coordination within the state, can be easily facilitated (Bevir, 2009). It also implies that the government and civil society will always need to engage, in order to enable for more comprehensive, sustainable and transparent ways of addressing development challenges.

The suggestions, reflections and criticisms from the private and public sectors, including the JDA, point to the need for a greater form of participatory governance. Clark (et al., 2010) indicates that the government roles are becoming more of a shared responsibility amongst various role players including DIAs and the private sector. Government's impact and reach, especially at the local level, can be increased, using the DIA in conjunction with active citizens,

civic leaders as well as development professionals all working jointly and on a more consistent basis.

More meaningful ways of building government's capacity to ensure credible and sustainable service delivery solutions and the means to address complex projects cannot be attributed to one approach or solution. It assumes a hybrid of approaches and concepts but must factor in the strengths found in DIAs, as well as public procurement reforms and a reconfiguration of state institutes, adopting PDIA and the Massive Smalls approach philosophies, where they are most appropriate or a combination thereof. A corporate, management oriented approach along with a strong emphasis on public governance could be the more likely way forward for nodes to be developed optimally and efficiently, as proposed by Lawrence (2013).

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PRIVATE SECTOR Interviewee 4 (2016) Senior Strategic planner, private sector practitioner interview. [Field interview]. 1 December 2016.

PRIVATE SECTOR Interviewee 5 (2016) Project Manager, private sector practitioner (previously senior CoJ Official) interview. [Field interview]. 1 December 2016.

Appendix 1: Research Interview Questions

A) JDA/CoJ Senior Official

(45 min- 60min; possible second interview if deemed necessary after transcribing)

JDA:

- i. What were the original aims of the JDA and how have they since changed?
- ii. The JDA may be seen as having an implementation and economic role, which involves branding and international promotion as well as real estate, the urban realm and infrastructure development (OECD Findings by Clark *et al*, 2010) - would you agree?
- iii. How does the working relationship between the CoJ & JDA function?
- iv. Which factors hamper/influence the successful realisation of projects/initiatives/nodal developments?
- v. How do the results of the recent 2016 SA elections impact the JDA and its direction?
- vi. From a Strategic and senior standpoint, being immersed within the JDA, what do you deem the strengths of the JDA to be?
- vii. Do you believe that increasingly using a development implementation agency as a delivery vehicle, could assist in achieving more, faster (thus assisting in service/delivery challenges)?

CoJ:

- i. How has the role of local government (like the CoJ) changed since the new democracy?
- ii. Tomlinson (2002:378) states that: "It is this global fraternity that has come to find that local government should ensure service delivery as well as to establish enabling policy and legislative and regulatory frameworks. This means that local governments are responsible for seeing to the delivery of housing and services but they are no longer expected to actually finance and deliver housing and services – this is best left to private sector and to NGOs".
or
Clark, *et al* (2010) talks of the roles of government either being: representation; services; regulation; development and investment ---do you agree with this summation?
- iii. What types of measures does local government take to alleviate the challenges around delivery of services?
- iv. Do you believe that increasingly using a development implementation agency as a delivery vehicle, could assist in achieving more, faster (thus assisting in service/delivery challenges)?
- v. How does the working relationship between the CoJ & JDA function?

- vi. Do the frequent administrative change of hands impact delivery?
- vii. Which factors hamper the successful realisation of projects/initiatives/nodal developments?
- viii. Have the results of the recent 2016 SA elections given local government a different direction to take, if so what is that?
- ix. From a Strategic and senior standpoint, being immersed within the CoJ, what do you deem the strengths of the CoJ to be?

B) JDA/CoJ Project Official

JDA (45 min):

- i. Is it possible for there to be a balance between the high degree of independence the JDA has with the necessity of participation from locals?
- ii. Is there a maximum size of a nodal development in order for the JDA to still be able to deliver, before major challenges set in?
- iii. What are some of the challenges affecting the realisation of JDA projects?
- iv. How are the projects that fall under the JDA umbrella selected?
- v. What are some of the major projects of the JDA that are deemed successful & what are the lessons we can draw from them?

CoJ (45 min):

- i. Is there a maximum size of a nodal development in order for the CoJ to still be able to deliver, before major challenges set in?
- ii. What are some of the challenges affecting realisation of CoJ projects?
- iii. How are the projects selected to fall under the CoJ umbrella?
- iv. What are some of the major projects of the CoJ that are deemed successful & what are the lessons we can draw from them, that will help improve o service delivery?

C) Field Expert/ Practitioner (60 min)

- i. In order to start alleviating the challenges of service delivery we face, it is said:” What developing countries like South Africa needs are organisations that are able to generate, test and refine context-specific solutions in response to locally nominated and prioritised problems.” Andrews *et al.*, (2015:125). Practitioners should not be fearful of learning while doing as a fraternity, increasing the support base for such efforts and including solutions from locals at all times.
 - a. What is your view on the above?
- ii. What can local government do to alleviate the service delivery challenges we presently face?
- iii. The roles of government are increasingly becoming a shared responsibility amongst various players, including development implementation agencies: Could a vehicle such as the development implementation agency (being an extension of government) provide a means for the practitioner to ensure that government’s ability to deliver, is vastly improved?