

NATIONAL TREASURY - SUPPORTING THE URBAN AGENDA

Presentation to the
Ethiopian Cities Association

11 May 2022



national treasury

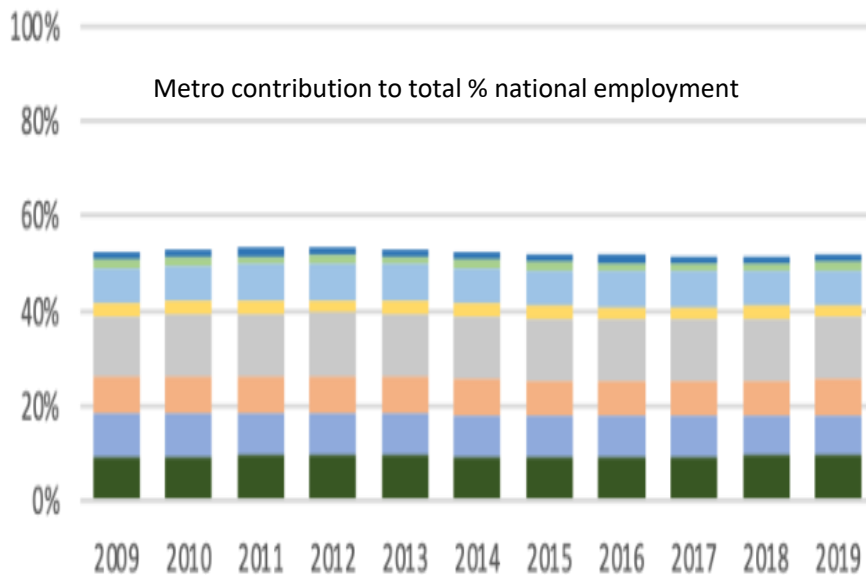
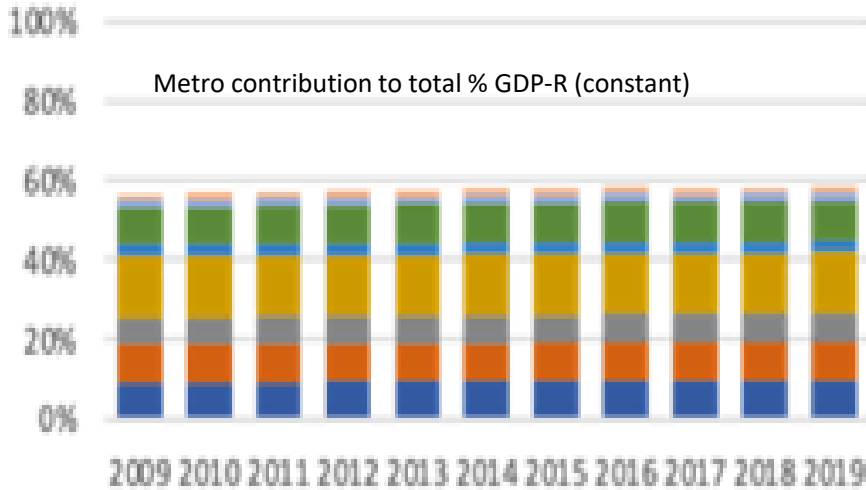
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



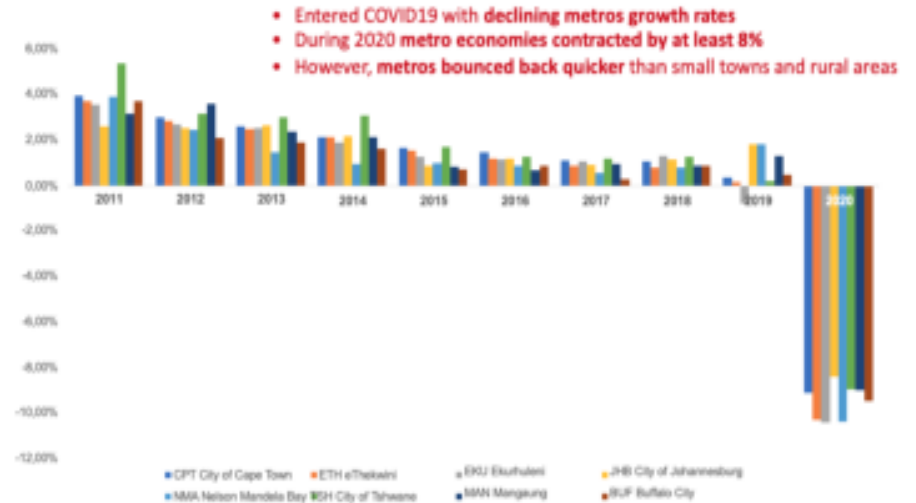
**STAY
SAFE**

VACCINATE TO SAVE SOUTH AFRICA

Cities are drivers of growth – and recovery

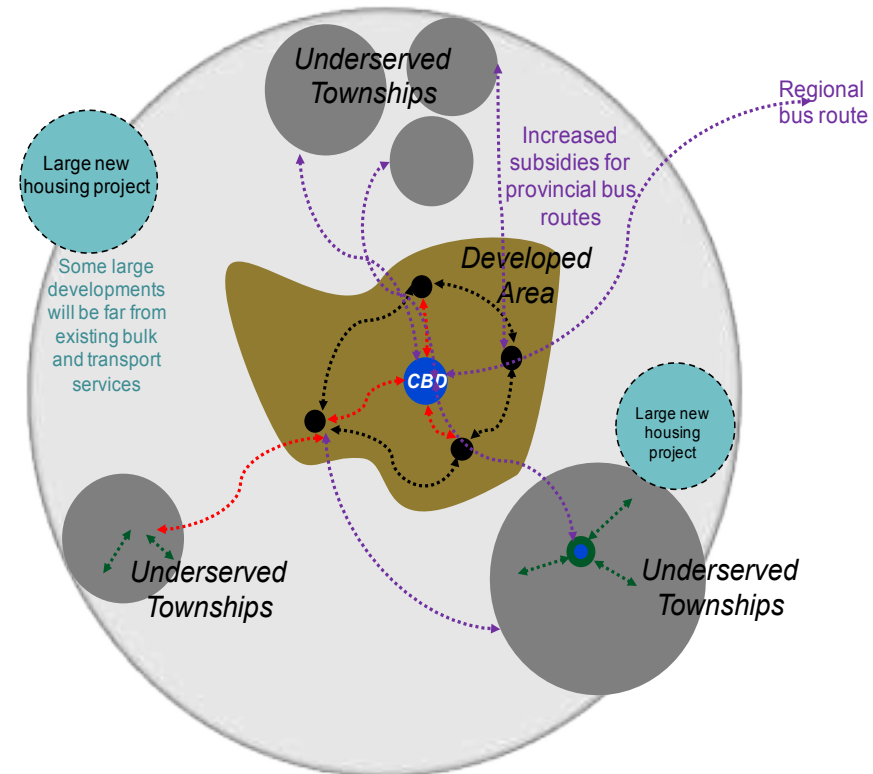


Metro GDP-R Growth Rates 2011 - 2020



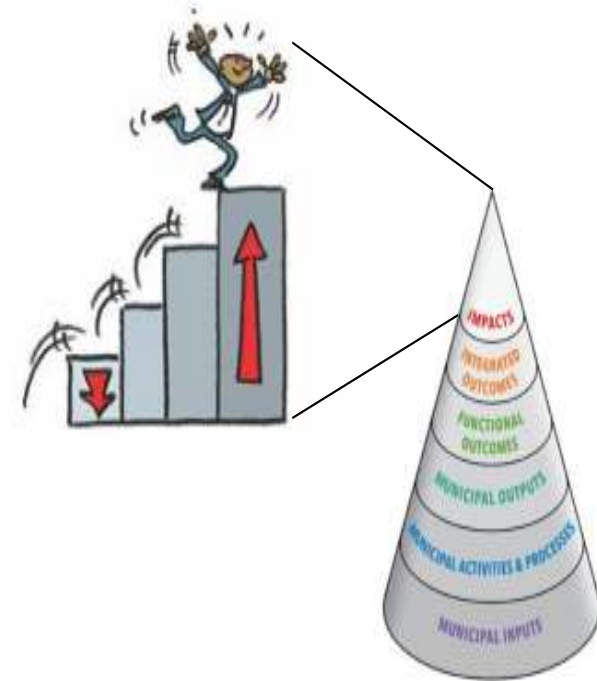
Structural constraints hinder South Africa's urban economies

- **Declining growth in large urban centres driven by fragmented, inefficient and inequitable urban spatial form**
 - Driven by **urbanisation patterns** – dislocation of people and jobs; jobless growth; high inequality
 - **Transfers costs** to poor households, the state and the economy, dampening growth and deepening inequality
 - Creates **inefficient and rising local expenditure pressures**
- **Government programmes have deepened the fiscal challenge by addressing symptoms not causes**
 - Low density, segregated cities reflect our infrastructure investment and land use choices
- **Challenges in city governance, service delivery and spatial form** deepen economic challenges in cities, and result in growing risks
- **This pattern is unsustainable:** it drives climate change; increases exposure of vulnerable groups to climate impacts



What is needed?

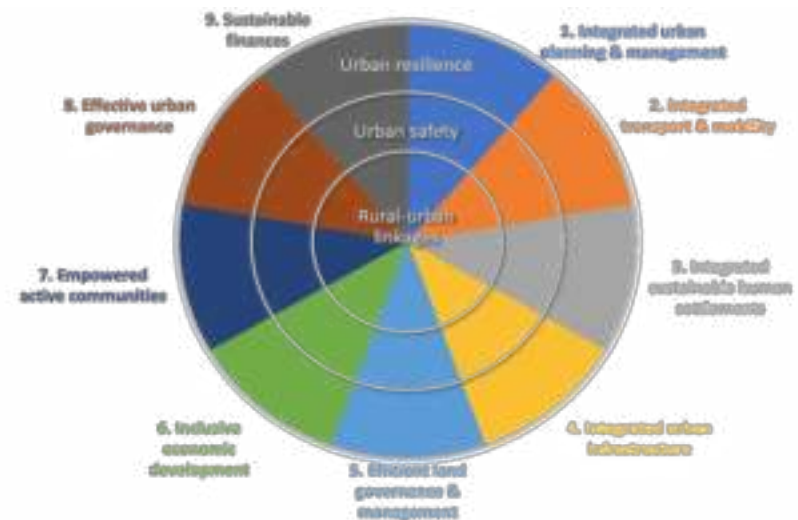
- **Spatial integration** for the urban dividend to:
 - Expand access to affordable housing, in well-located, integrated human settlements
 - Improved mobility, through investment in and integration of public transport systems
- **Expanded investment** in core infrastructure to:
 - Support inclusive densification in targeted urban integration zones, universal access to basic services, asset refurbishment and replacement
- **Deeper access to private financing** to expand resources available for investment through
 - longer tenure debt, broader participation (in more liquid markets) and innovation in financial instruments (eg TIF)
 - Less reliance on grants

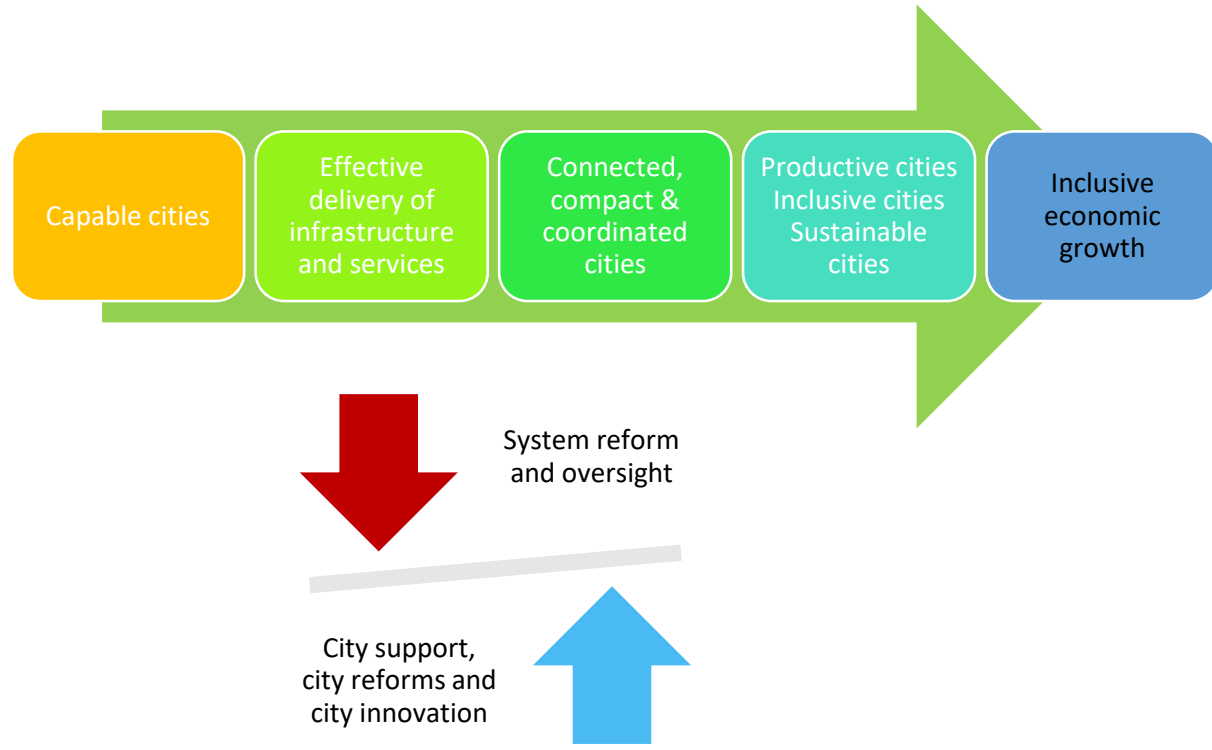
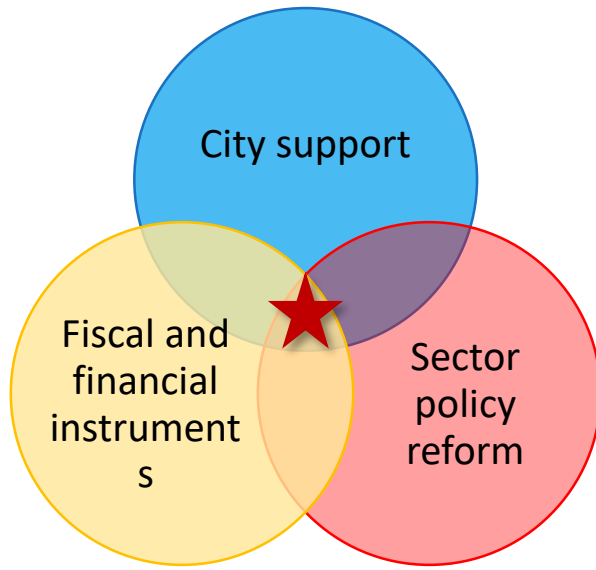


**Achieving outcomes
requires leadership
and partnership, but
also delivery!**

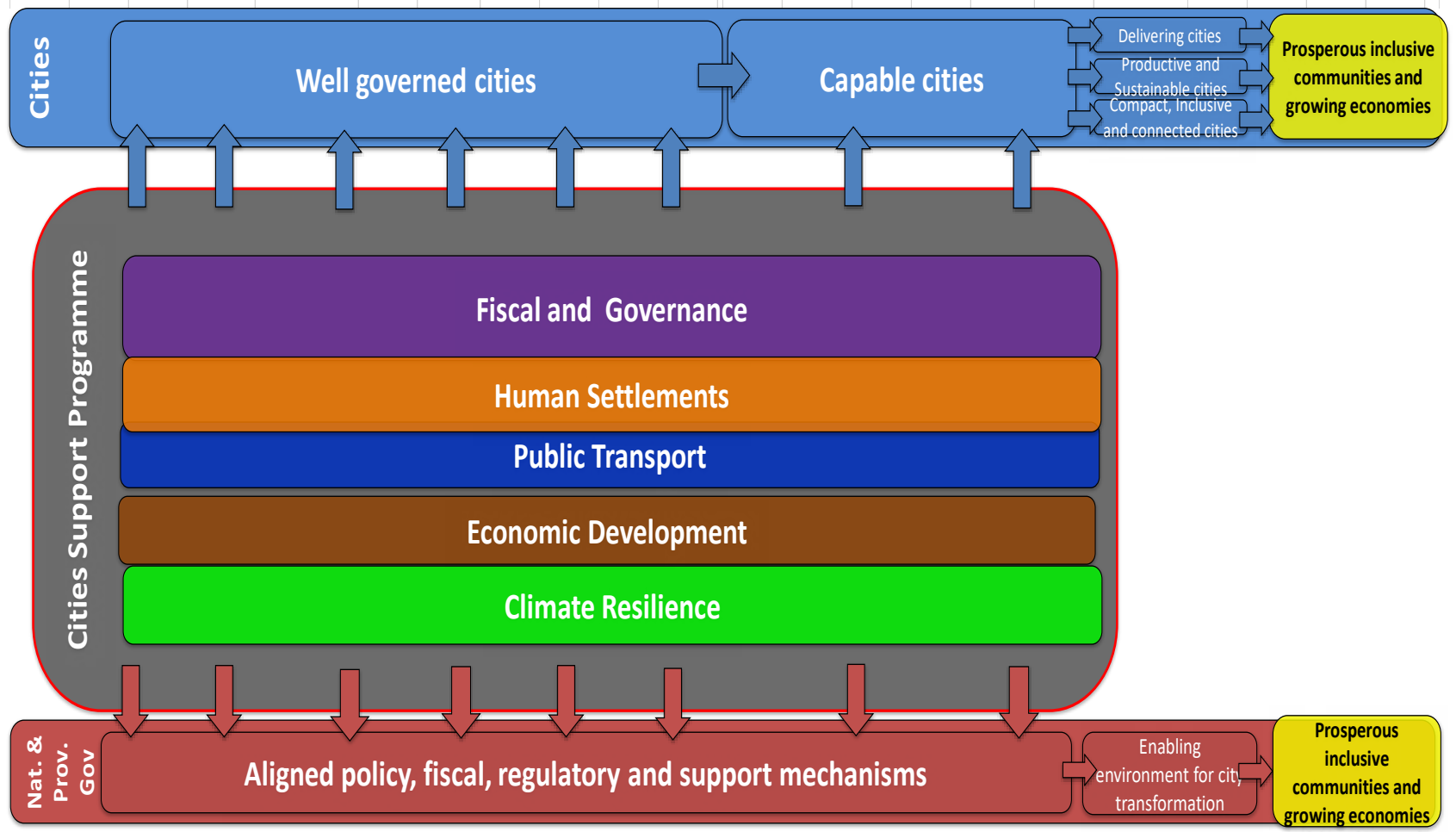
Implementing the integrated urban development framework (IUDF)

- **Enabling urban policies:** Policy now recognizes the important role of cities as places of inclusion and growth
 - National policy: National Development Plan (NDP) and the IUDF
 - Underpinned by emerging global agenda in SDGs and New Urban Agenda (NUA)
- National Treasury (NT) has an important - and widely acknowledged - transversal role in managing risks and assisting to position cities as engines of growth
- **NT Programmes: The Neighbourhood Development programme and the Cities Support Programmes are implementing the levers of the IUDF**

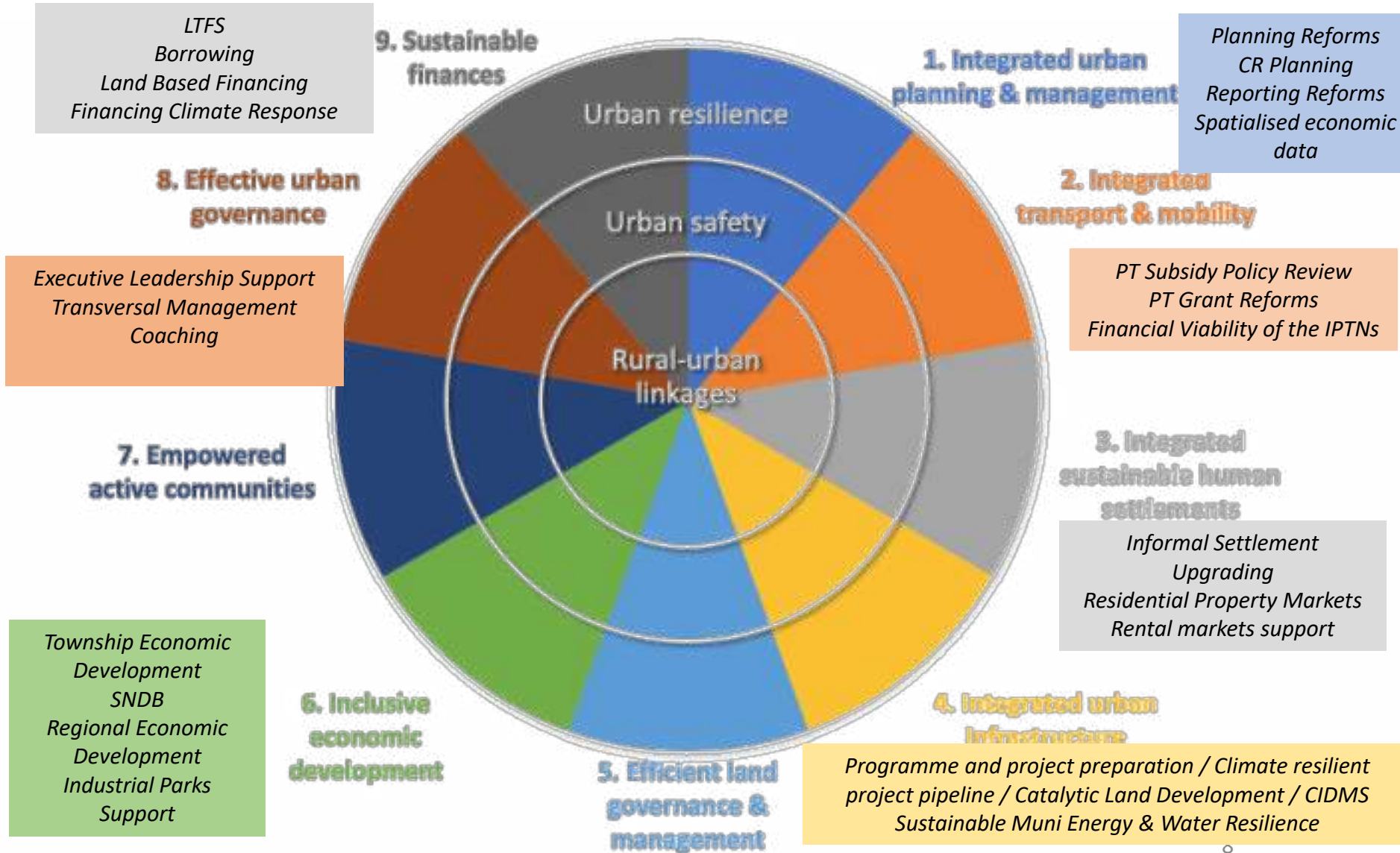




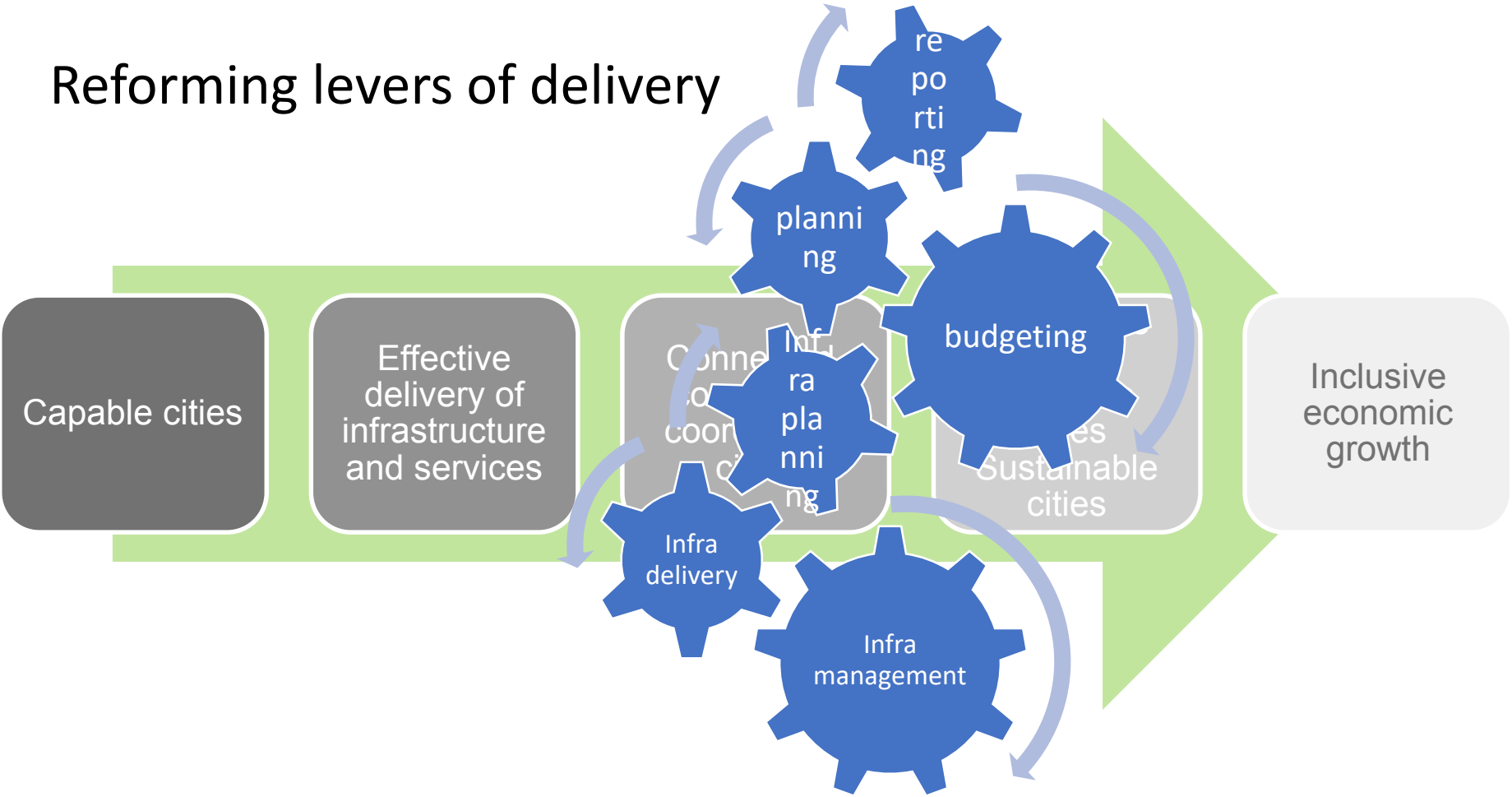
CSP Theory of Change




THE IUDF POLICY LEVERS AND CSP SUPPORT OFFERINGS





Reforming levers of delivery



Levers of change in the built environment value chain

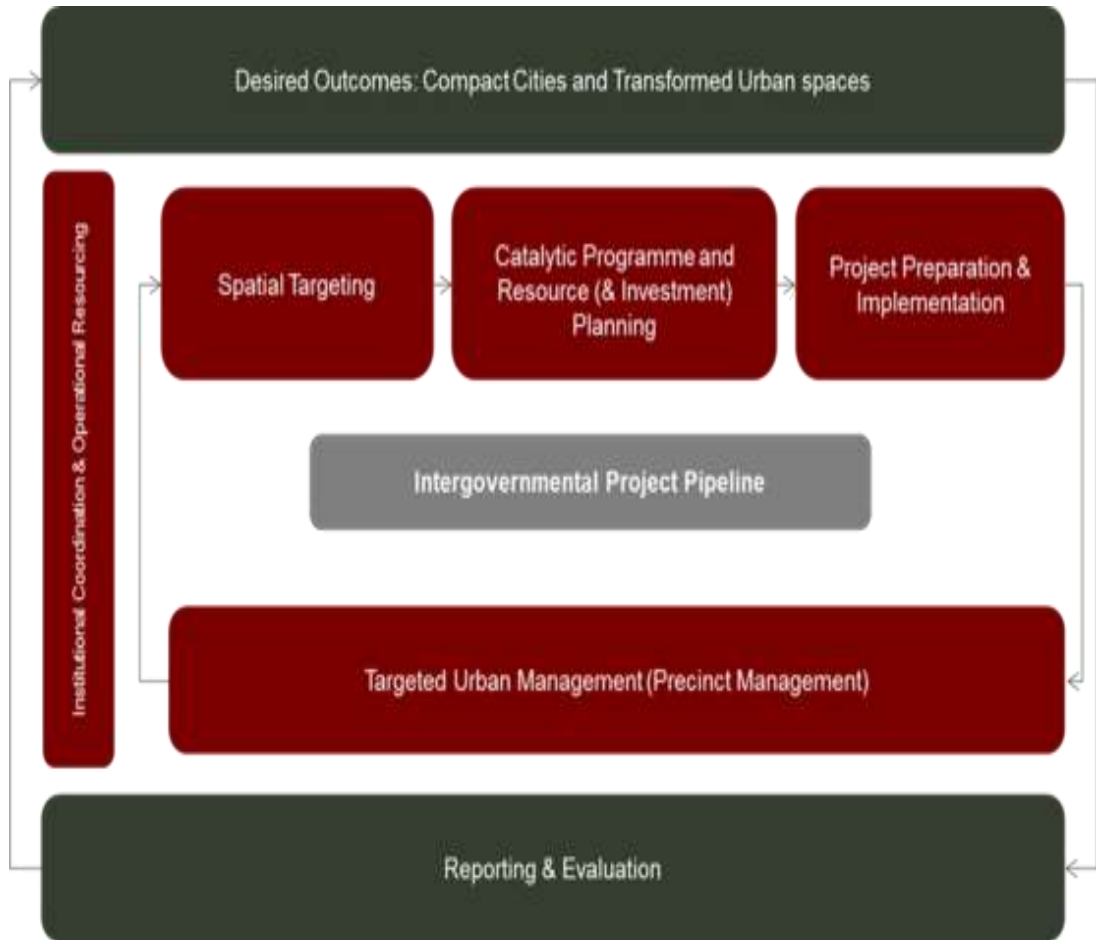


Supplementary Guidance Note for the Built Environment Performance Plan (BEPP) 2019/20 – 2020/21: Integrating Climate Response Priorities into the BEPP

Title:	Supplementary Guidance Note for the Built Environment Performance Plan (BEPP) 2019/20 – 2020/21: Integrating Climate Response Priorities into the BEPP
Purpose:	<p>To guide metropolitan municipalities in the preparation of their BEPPs 2019/20 – 2021/22 in terms of the annual Division of Revenue Act (DORA) as it relates to:</p> <ol style="list-style-type: none"> Integrating Climate Response Priorities into the BEPP; Providing the revised weightings in the BEPP Progression Model for the evaluation of the BEPPs for the 2019/20 – 2021/22 MTRSP; Providing access to new tools and/or support developed in 2018/19, and Timeframes for the formulation of the BEPPs. <p>Spatial planning and land use management is primarily a municipal function in terms of SPLUMA and the precedent-setting ruling of the Constitutional Court (2016). The BEPP Guidelines do not usurp the municipal function of spatial planning and land use management. They seek to work collaboratively with metropolitan municipalities to share good practice, within the context of efforts by the national government to introduce a more enabling policy and regulatory environment to achieve more compact metropolitan municipalities. The planning alignment and reforms advocated by the BEPP Guidelines (and its inherent approach, tools and instruments) are part of package of reforms complemented by national regulatory, fiscal, monitoring and reporting reforms.</p>
Target Audience:	The primary target audience is metropolitan municipalities. A secondary target audience is relevant national and provincial departments and public entities with investment programmes in metropolitan areas.
<p>This BEPP Guidance Note for 2019/20 – 2021/22 must be read with:</p> <ol style="list-style-type: none"> The Guidance Note Framework for the Formulation of Built Environment Performance Plans (September 2017) and the Supplementary Guidance Note (September 2017) The Division of Revenue Act (DORA) and the Division of Revenue Bill (2018), including the grant frameworks, related policy documents or guidelines associated with the Integrated City Development Grant (ICDG), the Urban Settlements Development Grant (USDG), the Public Transport Infrastructure Grant (PTIG), the Neighbourhood Development Partnership Grant (NDPG), the Integrated National Electrification Grant (INEG) and the Human Settlements Development Grant (HSDG). The Annual Budget Circulars issued in terms of the MFMA (2007) Circular 88: Infrastructure Planning and Resource Requirements (2017) National Treasury, 2018. Integrating Climate Change Requirements into Built Environment Performance Plans (BEPPs) – Background Document, Round 1 – Phase 2. Cities Support Programme 	

3 | OCT 2018 | Supplementary Guidance for BEPP 2019/20 – MTRSP



Introduced a more enabling policy and regulatory environment

Planning alignment

- Improve project disclosure (IRM)
- Support development of Intergovernmental Project Pipeline by metros

Regulatory alignment

- Reviewing regulatory arrangements and obstacles
- Streamlining and improved guidance on regulatory requirements

Fiscal reform

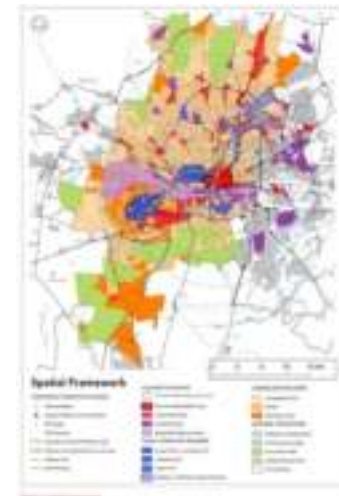
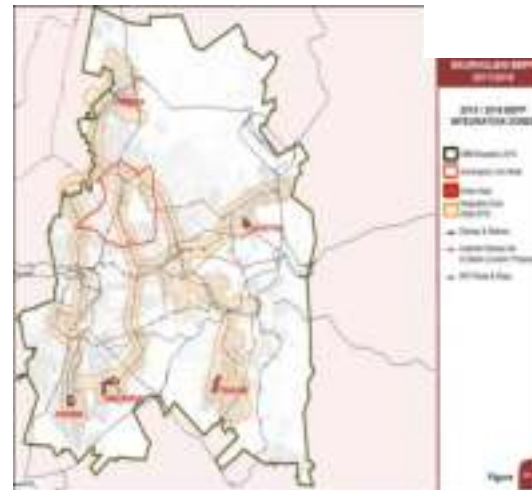
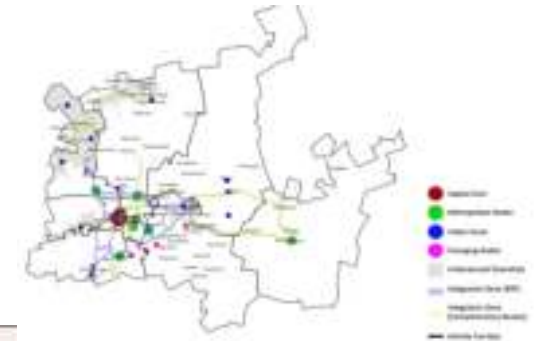
- Enable financial partnerships for development through borrowing, development charges
- Support ongoing performance-based grant reforms
- Housing and transport finance

Monitoring and Reporting

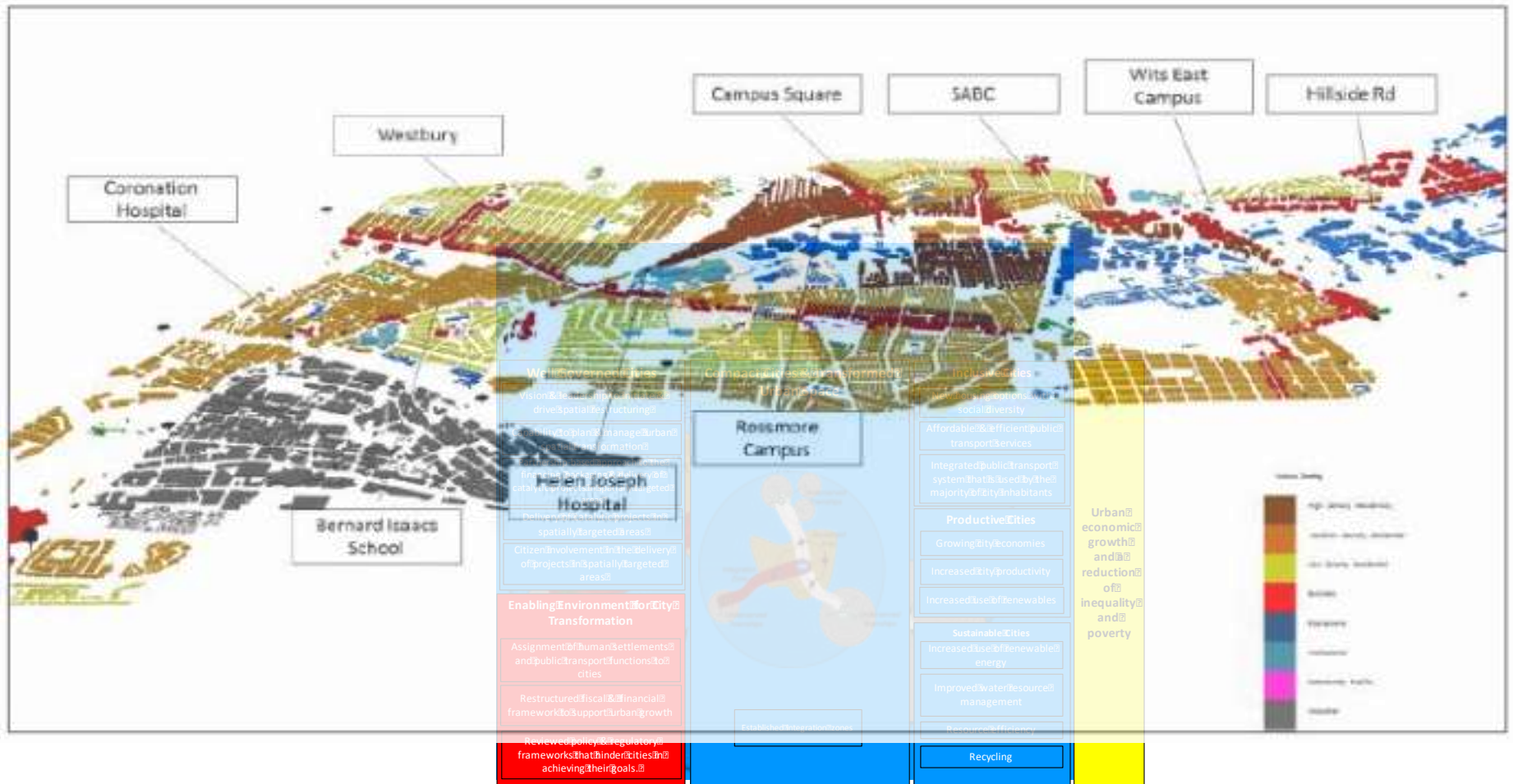
- Support outcomes-based rationalisation of indicators
- Review and rationalise departmental indicators within outcomes framework

1. Planning Alignment for spatial transformation is underway and includes:

- Improving of coordination and collaboration between stakeholders.
- Refocusing on key locations and timing of investments.
- Preparing property to ensure infrastructure investment is aligned to a spatial targeting approach



Government programmes can transform our cities over time ... *if we align ourselves to required results*



2. NT Regulatory Alignment

NT is working with municipalities on regulations, norms and standards that impact on urban development to enable:

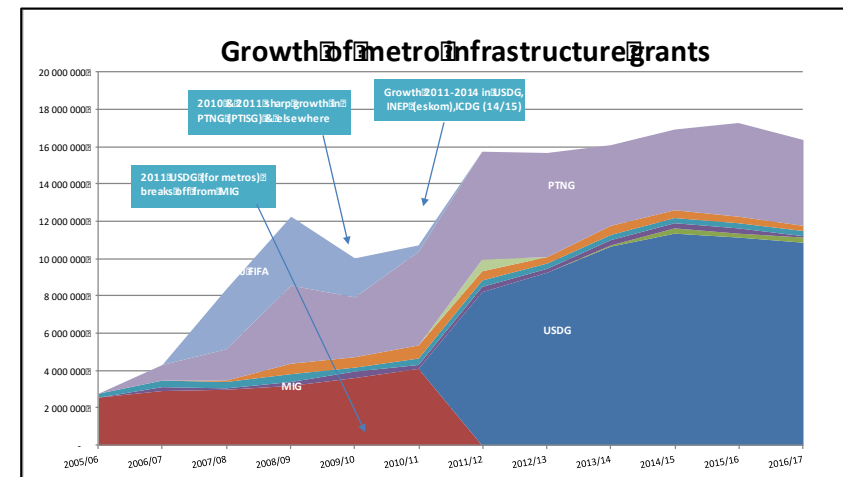
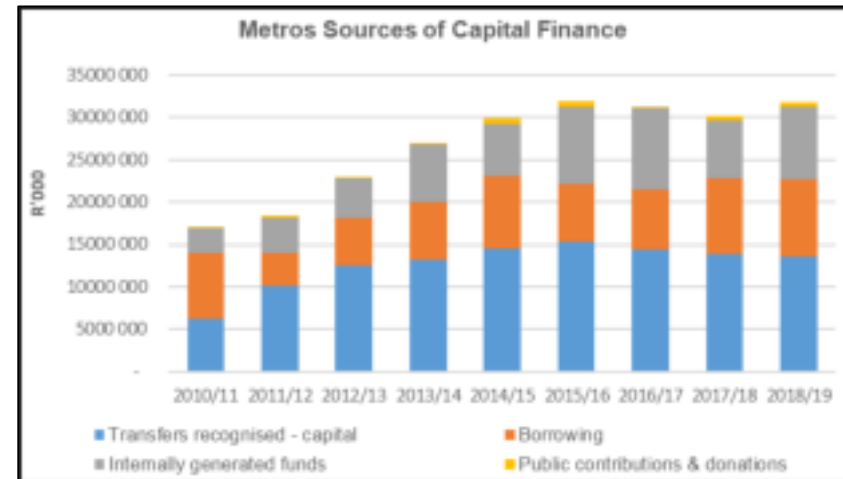
- Faster delivery
- Better outcomes

Red tape reduction programmes need to be expanded and accelerated by reviewing norms and standards and developing standards appropriate for compact urban areas.



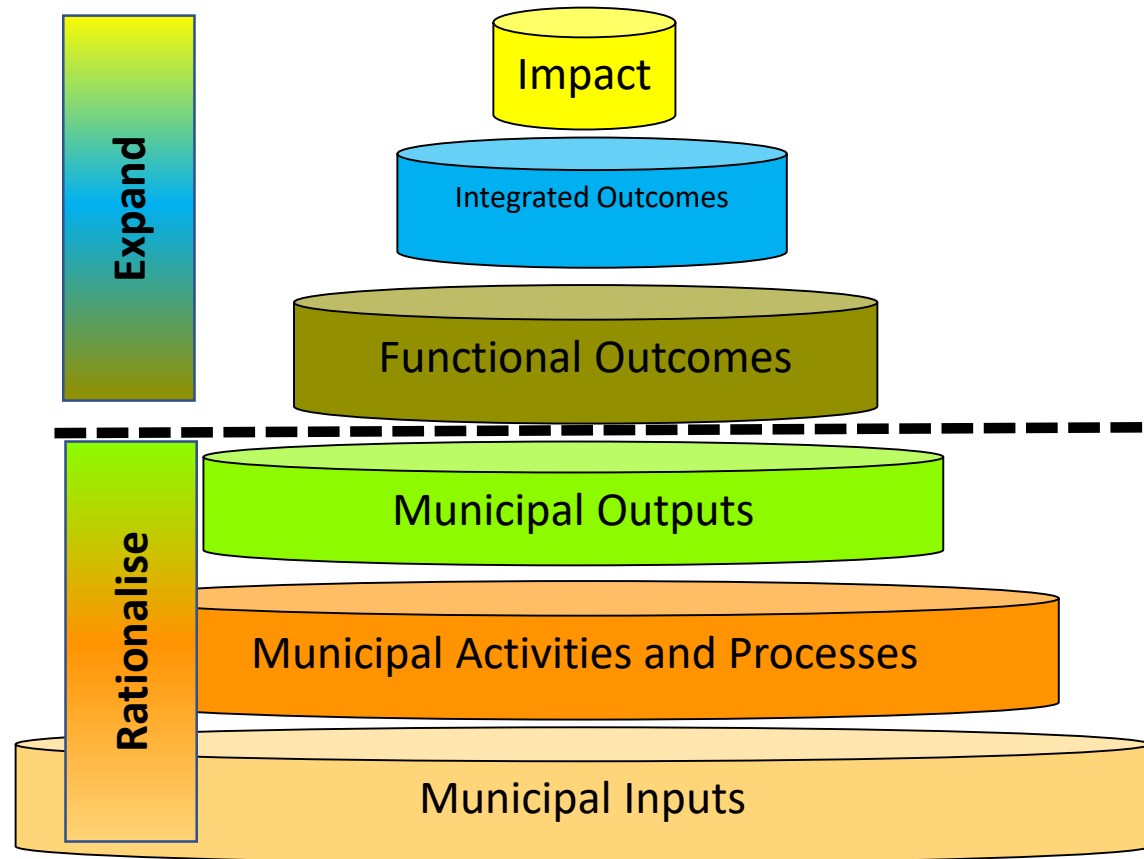
3. Fiscal reform and incentives

- **Spatial transformation for inclusive growth requires far greater leverage of private finance, aligned to metro balance sheets**
 - Grants cannot solve this issue - they must focus on:
 - Inclusion (redistribution)
 - Guaranteeing systemic stability & sustainability
 - Enabling performance
- **But growing problems with the grant framework for metros**
 - Grant dependence
 - Coordination (overlap and gaps)
 - Ongoing tensions over grant design
 - Expenditure performance
 - Weak grant administration (allocation, transfer, monitoring)



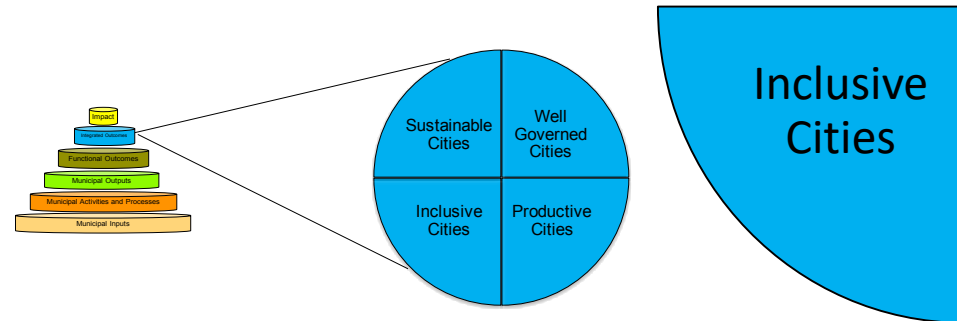
4. Monitoring and Reporting Reforms

- **Regular, credible reporting and monitoring of progress is essential**
 - “What you can’t measure, you can’t manage”
 - Key legal accountability requirement
- **BUT:**
 - We are measuring inputs, activities and outputs – but we don’t know whether we are making a difference.
- **The response:**
 - Expand targeted BE outcome indicators
 - Rationalising indicators at the input, activity and output level, with a line of sight to outcomes
 - *Gentle pressure, relentlessly applied, within a coherent results based framework*



Progress with Reporting Reforms

- Progress to date
 - Implementation of Circular 88
 - Common approach agreed (framework, principles and criteria)
 - Criteria applied to existing indicators from sector departments.
 - Rationalisation of indicators at the input, activity and output level linked to the SDBIP
 - Application to all municipalities



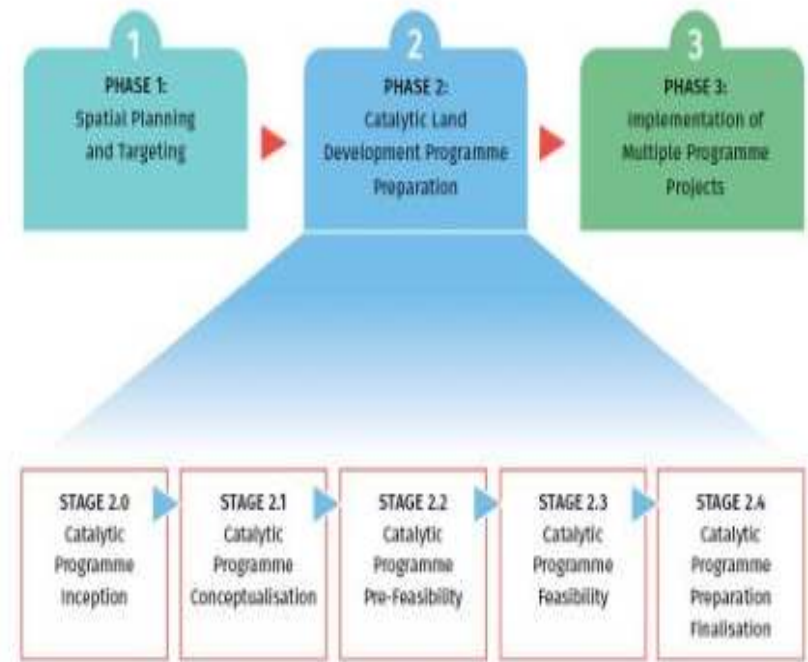
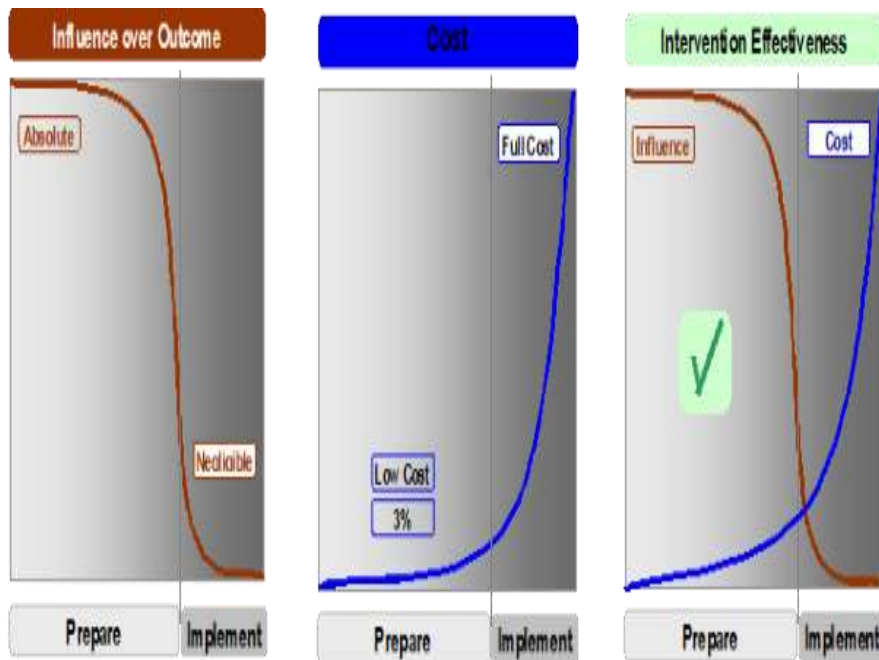
What we want to see	New code	Indicator
New housing options with social diversity	IC1	New job-based units developed in brownfield developments as a percentage of all new job-based units city-wide
	IC2	Ratio residential unit density per hectare within integration zones
	IC3	Ratio of housing types in integration zones
	IC4	Ratio of housing tenure status in integration zones
	IC5	Ratio of land use types (residential, commercial, retail, industrial) in integration zones
	IC6	Informal dwellings in integration zones that have been upgraded, as a percentage of all informal dwellings in integration zones
Affordable and efficient public transport services	IC7	Number of all dwelling units within integration zones that are within 500 metres of access points to the integrated public transport system as a percentage of all dwelling units within integration zones
	IC8	Percentage share of household income spent on transport costs for different household income quartiles city-wide
	IC9	Capital expenditure on integrated public transport networks as a percentage of the municipal capital expenditure
Integrated public transport system that is used by the majority of city inhabitants	IC10	Average weekday peak hour boarding time of passengers via the public transport system, city-wide
	IC11	Average weekday peak hour boarding time of passengers from home to work or educational institutions
	IC12	Percentage of commuters city-wide using private motorised transport
Social facilities and services	IC13	Percentage of all passenger flaps that use the same ticketing system
	IC14	Number of reported accidents involving cyclists and pedestrians city-wide per 100,000 population
	IC15	Percentage of city-wide population within a 10 km of a local library
	IC16	Percentage of city-wide population within a 5 km of a clinic
	IC17	Percentage of city-wide population within a 5 km of a primary school
	IC18	Percentage of city-wide population within a 10 km of a housing service centre
	IC19	Percentage of city-wide population within a 3 km of an Early Child Development centre
	IC20	Percentage of city-wide population within a 3 km of a secondary school
	IC21	Percentage of city-wide population within a 30 km of district hospital

Planning and packaging of projects

- Cities Investment Programme Project Preparation Facility
- Supporting cities to establish effective and efficient programme and project preparation practices

- Catalytic Land Development Programme

The Catalytic Land Development Life Cycle



Spatially targeting Catalytic Land Development

National Treasury is supporting catalytic development in cities through:

- **Improved investment management**
 - Faster project preparation & better portfolio management
 - More coordinated national transfers and incentives
 - Improved national capacity to manage & monitor performance
- **Deeper financial leverage**
 - Increased use of partnerships to prepare, finance and deliver investment programmes
 - Cost and tenure of private financing
 - Market participation (institutional investors)
 - Innovative Land based financing – Land Value Capture
- **Focused investment supporting spatial transformation and economic recovery**
 - Investment in integration zones and hubs
 - Industrial revitalization
 - Township economic development



GRANT FUNDING SUPPORT TO LOCAL GOVERNMENT

11 May 2022

PRESENTER:

Mbalenhle
McBrown

The Neighbourhood Development
Partnership Programme
Experience (NDPP)



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



**STAY
SAFE**

VACCINATE TO SAVE SOUTH AFRICA

DIAGNOSTIC WHEEL OF POVERTY AND INEQUALITY IN SOUTH AFRICA



Source: NPC, 2015

**COORDINATED
PLANNING AND
IMPLEMENTATION**

**JOBLESS
POPULATION
GROWTH**

**LACK OF
PRIVATE
INVESTMENT**

**HIGH LEVELS OF
INEQUALITY AND
POVERTY**

CONSTRAINTS FACING LOCAL GOVERNMENT

**LOW DENSITY
SEGREGATED
SPATIAL FORM**

**INVESTMENT IN
KEY
INFRASTRUCTURE**

**LACK OF
MAINTENANCE**

SOME KEY URBAN DEVELOPMENT PRIORITIES FOR LOCAL GOVERNMENT

SPATIAL INTEGRATION AND TARGETING OF INVESTMENT

- Access to affordable housing.
- Improving mobility and integration of public transport systems.



EXPANDED INVESTMENT IN CORE INFRASTRUCTURE

- Support of inclusive densification in targeted areas.



EFFECTIVE MANAGEMENT AND MAINTENANCE OF INFRASTRUCTURE

- Planning for maintenance.
- Budgeting to support maintenance of key infrastructure in targeted areas.

SUPPORT TO SMALL AND LOCAL BUSINESSES

- Township economic development.
- Local business/community involvement in terms of project implementation.



NDPP BACKGROUND



- NDPP established in **2006**.
- Responsible for managing Neighbourhood Development Partnership Grant (NDPG).
- The NDPP supports local government entities with the eradication of spatial inequality in terms of South Africa's National Development Plan by providing grant funding to leverage public and private sector investment in strategic locations around the country.
- In 2012/13 the NDPG programme was revised in accordance with a new strategy namely the Urban Network Strategy.
- The NDP Grant focuses on:
 - Assisting municipalities, through the **Technical Assistance (TA)** fund (Precinct Planning and Management).
 - Using the **Capital Grant (CG)** for Project Implementation.
- **Spread:** 57 precincts and 37 Municipalities across South Africa.



WHAT NDPP DOES:

The NDP supports municipalities to:

- Identify, prioritise and continuously improve urban networks
- Plan for urban hubs and compile intergovernmental project pipelines
- Prepare projects for implementation
- Implement projects identified within the precincts
- Manage precincts
- Attract private and household investment

WHAT WE AIM TO ACHIEVE:

- Integrated network of functional precincts
- Well located and planned mixed use precincts
- Well planned and prepared projects for implementation
- Coordinated and efficient implementation of projects
- Well managed precincts
- Increased private and household investment



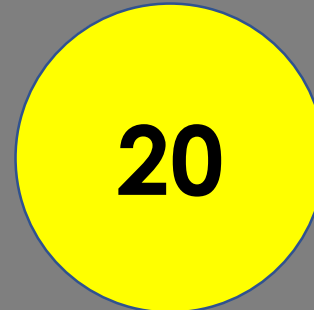
NDPP SPREAD:



TOTAL
HUBS



EXISTING
HUBS



NEW
HUBS



8 Metros

11 Intermediate Cities

18 Rural Municipalities

NDPP PLANNING APPROACH



URBAN AND REGIONAL NETWORKS

- City/Regional Scale
- Spatial Targeting and Prioritisation of Public Investment



INTEGRATION ZONES

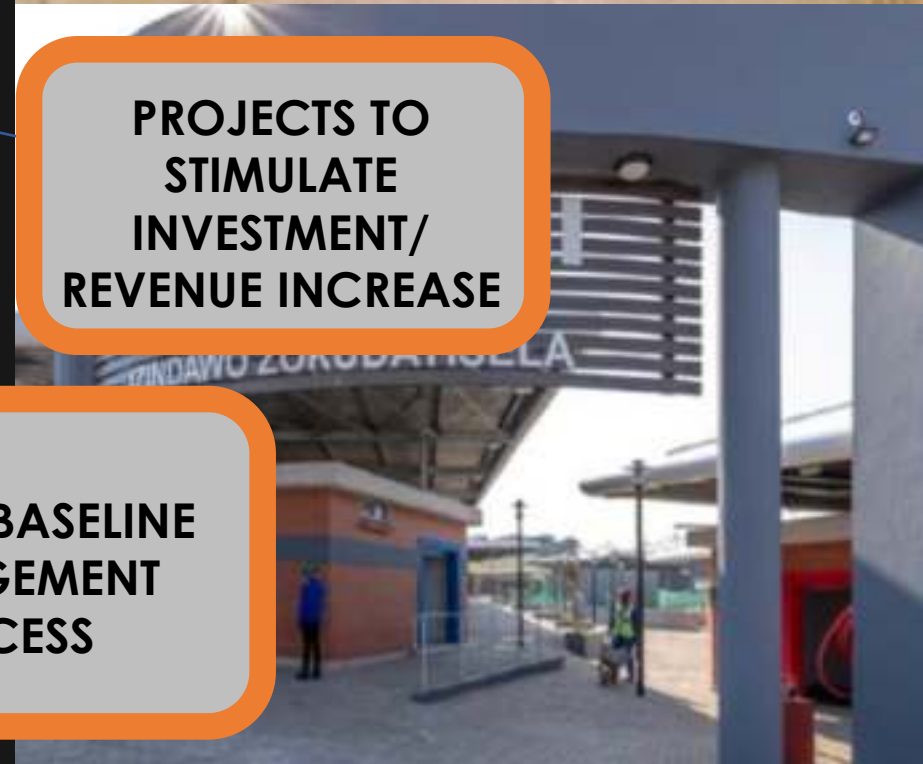
- Connecting CBDs to Townships via Public Transport Networks
- Link between City Wide and Local



URBAN HUBS/PRECINCTS

- Mixed use precincts
- Addressing marginalised areas
- Economic growth, jobs & public revenue

CAPITAL PROJECTS FOR PRECINCT DEVELOPMENT



GRANT FUNDING AND LOCAL GOVERNMENT SUPPORT: **CHALLENGES** and **LESSONS LEARNT**

An overarching vision supported by governance structures is essential.

Project implementation – challenged by procurement processes, capacity and skills levels, and coordination.

Support starts with key stakeholder collaboration and community engagements.

The good projects are not always the easiest to implement.

Extended timelines for project prep and pre-planning of projects.

Need for development champions within local government.

Creative approaches needed iro precinct management.

FLAGSHIP NDPP PROJECTS OVER THE YEARS

- 1. INVESTMENT PLAN: TEMBISA CIVIC SQUARE (CITY OF EKURHULENI)**
- 2. PRECINT MANAGEMENT PLAN: JABULANI URBAN HUB (CITY OF JOHANNESBURG)**

PROJECT 1: INVESTMENT PLAN TEMBISA CIVIC SQUARE (EKURHULENI)

CIVIC NODE INVESTMENT

NDPP FUNDED AN INVESTMENT PLAN FOR THE AREA

Some of the proposed uses include:

- 7,174 m² office block
- 6,654 m² public open space
- 35,985 m² structured parking garage;
- Upgrade of Civil Infrastructure (Water, Sewer and Stormwater.)

Construction Estimate (Approximate):

- Civil Infrastructure: R4m
- Offices: R102m
- Covered Parking: R130m
- Public Space: R8m

Total Cost including P&Gs:
R268m (excl. VAT)



IBAZELO PARK WITHIN THE TEMBISA CIVIC PRECINCT

BEFORE



AFTER





PROJECT 2: JABULANI URBAN HUB



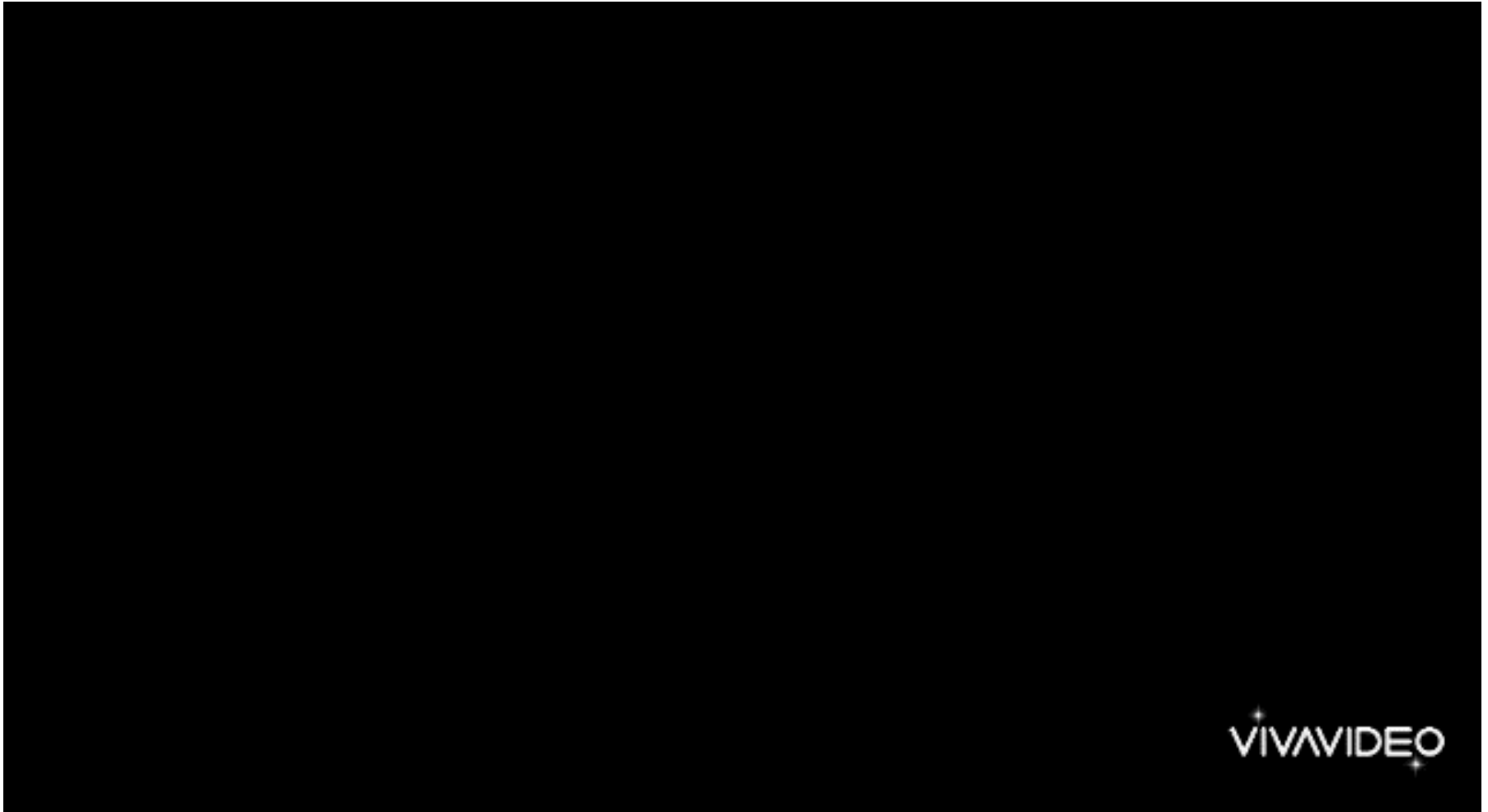


JABULANI STADIUM

JABULANI HOUSING DEVELOPMENTS



JABULANI URBAN HUB VIDEO CAPTION



THANK YOU

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"Ameseginalahu"