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South African Cities Network (SACN)
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PO Box 32160, Braamfontein 2017
Tel: 011 407 6471 Fax: 011 403 5230
www.sacities.net

Project Managers:
Astrid Wood & Sharon Lewis


Editor: Amanda de Lilly, Clarity Editorial
amanda@clarityeditorial.co.za

Designer: Karien van der Westhuizen
karien@theearthisround.co.za

Photographs (unless otherwise credited): Omar Dresel, Arndt Hutar,
Anthony Maturin, Thom Khosa, Jonah Agus & Bruce Sutherland

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This edition of the Well-governed Cities Report is dedicated to the memory of
Godfrey Mudau (1983-2009). Godfrey was an intern with the SACN in 2002/3,
and remained a loyal friend to the network when he worked at the City of
Johannesburg.

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foreword

A well-governed city is one that takes into account all the issues that impact on city development and the well-being of its citizens. Some of South Africa’s municipalities are plagued with poor governance and service delivery is a huge challenge due to a lack of funding and capacity.

This is the first edition of the Well-governed Cities Annual Report. It is a collection of articles and analysis on issues of governance in South African cities, designed to provoke dialogue and discussion, and inspire cities towards good governance.

SACN’s well-governed city programme develops tools and frameworks for the measurement of city performance. In South Africa, measurement of performance involves key outputs in cities’ Integrated Development Plans (IDP). Through a series of IDP hearings at provincial level, SACN continually reviews the effectiveness of the IDP as a planning tool. Additionally, SACN will continue with its work on the refinement of urban indicators, thereby strengthening the definitions and data sources used to measure city performance.

The SACN secretariat would like to thank those individuals who contributed articles, information, and photographs for this publication. We are grateful for the original articles Refugee management – the governance response, written by Loren Landau, Tara Polzer and Aurelia Wa Kabwe Segatti, and South African cities unprepared for disaster, written by Astrid Wood.

The articles, State of municipal finances in Southern Africa and Planning for infrastructure investment highlight a greater need for capital investment and asset management to support infrastructure service provision. City improvement districts are playing an increasingly important role within the context of limited municipal budgets, and we are pleased to profile the work of city development partnerships in this publication.
The last article features a critical SACN project - assessing the impact of the 2010 FIFA World Cup on city development. The article includes details on the indicators that SACN will use to measure the long term impact of the World Cup on South African cities. Please refer to SACN’s website (www.sacities.net) for the full reports.

SACN member cities are poised to play a significant role in achieving more responsible governance. Improved coordination, communication, and planning is critical to ensure good governance in South Africa’s cities. This will benefit the lives of over seventy per cent of South Africa’s citizens.

Sithole Mbanga, CEO
Well-governed Cities report 2009

state of municipal finances in Southern Africa

One of the key strategic challenges facing South African cities today is a lack of capital investment to support infrastructure service provision. This problem is not limited to the cities, nor is it limited to South Africa. Cities in the SADC region also face substantial challenges in financing the infrastructure required to provide services to their residents. While there are strong arguments that national governments should increase the capital and operating grants that they provide to city governments, municipalities should themselves be able to access capital markets to finance their infrastructure requirements.

South African Cities Network (SACN) has launched a project, supported by the Public-Private Infrastructure Advisory Facility (PPIAF), to assess and enhance the ability of cities in the SADC region to access capital markets to finance their infrastructure needs. To facilitate more responsible sub-national government borrowing to finance capital investment in Southern Africa, SACN – with the support of the World Bank Institute (WBI), and the PPIAF – will create a small demand-driven advisory facility that will provide technical assistance to improve the creditworthiness and borrowing capability of these cities.

The general objective of the project is to support the emergence of a sustainable municipal finance market in Southern Africa by promoting effective planning and management of financial activities, better credit ratings, and the ability to access capital for investment purposes from banks or capital markets. This will be achieved by providing knowledge, technical assistance and credit advice to sub-national government entities in southern Africa to build their capacity to better manage their financial affairs; facilitate the entry of creditworthy cities and sub-national entities into the regional municipal finance market, and assist other sub-national entities and local governments to achieve creditworthiness.
To provide a better understanding of the current state of city finances in the region, SACN commissioned an analytical report that assesses the state of finances, creditworthiness and borrowing of selected city municipalities in the SADC region. The report contains key findings and provides strategic analysis flowing from these findings. The cities covered in the report are Blantyre and Lilongwe in Malawi; Manzini and Mbabane in Swaziland; Maputo and Nampula in Mozambique; Lusaka, Zambia; Maseru, Lesotho; and Windhoek, Namibia. They were assessed on the following criteria:

- financial and credit management
- general management
- operational performance
- strategic planning and internal transformation
- human resources and the use of the private sector
- customer relations
- support from government
- governance
- external risks
- economic base

Overview of the cities

The cities under examination in the report are a diverse group. They constitute about half of the larger cities in Southern Africa, generally of the southern mainland. They are located in seven separate SADC countries, where national per capita GDP figures range from R5 962 up to eight times higher at R47 370 per annum in 2007. Their municipal populations vary from as little as 60 000 up to about 2.6 million. Four of the ten cities have populations exceeding 1 million, while another two reportedly have populations significantly lower than 100 000.

The municipal governments of these towns and cities spent anything from R31 million up to nearly R1.1 billion in 2007, as per Table 1 below. Per capita expenditure was also variable, but these figures are not wholly reliable as per capita data for Mbabane and Manzini are distorted by unduly low official population data, and the data for Lilongwe is anomalous and incomplete. Several of the cities where estimates are more reliable appeared to spend between R100 and R200 per person per year on municipal services in 2006/7.
Table 1: Municipal expenditure 2006/7 (R m)

<table>
<thead>
<tr>
<th>Municipal government</th>
<th>Operating expenditure (R m)</th>
<th>Capital expenditure (R m)</th>
<th>Total expenditure (R m)</th>
<th>Total expenditure per capita (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blantyre</td>
<td>44</td>
<td>2</td>
<td>46</td>
<td>48</td>
</tr>
<tr>
<td>Lilongwe</td>
<td>37</td>
<td>1</td>
<td>38</td>
<td>54</td>
</tr>
<tr>
<td>Lusaka</td>
<td>121</td>
<td>10</td>
<td>131</td>
<td>101</td>
</tr>
<tr>
<td>Manzini</td>
<td>44</td>
<td>18</td>
<td>62</td>
<td>778</td>
</tr>
<tr>
<td>Maputo</td>
<td>83</td>
<td>35</td>
<td>118</td>
<td>107</td>
</tr>
<tr>
<td>Maseru</td>
<td>29</td>
<td>2</td>
<td>31</td>
<td>135</td>
</tr>
<tr>
<td>Mbabane</td>
<td>47</td>
<td>10</td>
<td>58</td>
<td>965</td>
</tr>
<tr>
<td>Nampula</td>
<td>21</td>
<td>19</td>
<td>40</td>
<td>81</td>
</tr>
<tr>
<td>Windhoek (2006)</td>
<td>1 085</td>
<td>199</td>
<td>1 284</td>
<td>4 279</td>
</tr>
</tbody>
</table>

Table 2: Comparison of 2007 operating and capital expenditures (R m)

| Source: National Treasury local government database (2008) and project research. |

Windhoek is unique in the sample, as its annual budget is ten times larger than either of the next two cities, namely Lusaka and Maputo, with total annual expenditures of R131 million and R118 million respectively. The next group, which includes Manzini, Mbabane, Lilongwe and Blantyre have budgets from R84 million down to around R50 million. Finally, Nampula and Maseru each spend less than R40 million per year.

It is useful to compare such high-level data with reference points among South African municipalities. While the report does not aim to provide a detailed comparison with South African cities, the following tables provide comparable information for selected South African municipalities. In Table 2, the 2007 expenditures of the SADC sample cities are compared with South African municipalities, and in Table 3 a more detailed comparison is provided, in particular with South Africa’s largest municipalities.

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<th>Total expenditure per capita (R)</th>
</tr>
</thead>
<tbody>
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<td>2</td>
<td>46</td>
<td>48</td>
</tr>
<tr>
<td>Lilongwe</td>
<td>37</td>
<td>1</td>
<td>38</td>
<td>54</td>
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<td>101</td>
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<td>62</td>
<td>778</td>
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<tr>
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Table 2: Comparison of 2007 operating and capital expenditures (R m)

| Source: National Treasury local government database (2008) and project research. |

In financial terms it is clear that the South African municipalities spend far more per person. Many of the sample cities appear to operate at a per capita spending level closer to that of Port St Johns than any of the other reference points in Table 3. The only exception to the pattern is Windhoek, which in per capita spending terms would not look out of place among South Africa’s metropolitan city governments.
## Table 3: Comparable data for South African municipalities

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Population</th>
<th>Total 2004 GVA (R m)</th>
<th>Operating expenditure (2006/7) (R'000)</th>
<th>Capital expenditure (2006/7) (R'000)</th>
<th>GVA per person (R)</th>
<th>Total expenditure per person (R)</th>
</tr>
</thead>
<tbody>
<tr>
<td>eThekwini</td>
<td>3244381</td>
<td>123146</td>
<td>10499839</td>
<td>2551414</td>
<td>37957</td>
<td>4023</td>
</tr>
<tr>
<td>City of Johannesburg</td>
<td>3083896</td>
<td>194334</td>
<td>14569015</td>
<td>3284392</td>
<td>63016</td>
<td>5789</td>
</tr>
<tr>
<td>City of Cape Town</td>
<td>3012370</td>
<td>147390</td>
<td>9434901</td>
<td>1969407</td>
<td>48928</td>
<td>3786</td>
</tr>
<tr>
<td>Ekurhuleni</td>
<td>2431360</td>
<td>110250</td>
<td>8827058</td>
<td>1191132</td>
<td>45345</td>
<td>4120</td>
</tr>
<tr>
<td>City of Tshwane</td>
<td>1775583</td>
<td>114252</td>
<td>8547157</td>
<td>2315840</td>
<td>64346</td>
<td>6118</td>
</tr>
<tr>
<td>Nelson Mandela</td>
<td>1122455</td>
<td>36168</td>
<td>4290642</td>
<td>887971</td>
<td>32223</td>
<td>4614</td>
</tr>
<tr>
<td>Emfuleni</td>
<td>830416</td>
<td>16231</td>
<td>1766842</td>
<td>127367</td>
<td>19545</td>
<td>2281</td>
</tr>
<tr>
<td>Buffalo City</td>
<td>803448</td>
<td>15443</td>
<td>1625602</td>
<td>719216</td>
<td>19221</td>
<td>2918</td>
</tr>
<tr>
<td>Mangaung</td>
<td>703203</td>
<td>18311</td>
<td>1098592</td>
<td>292726</td>
<td>26040</td>
<td>1979</td>
</tr>
<tr>
<td>Msunduzi</td>
<td>631121</td>
<td>12687</td>
<td>1380761</td>
<td>145881</td>
<td>20102</td>
<td>2419</td>
</tr>
<tr>
<td>Mbombela</td>
<td>523685</td>
<td>10337</td>
<td>835994</td>
<td>335050</td>
<td>19739</td>
<td>2236</td>
</tr>
<tr>
<td>Polokwane</td>
<td>517398</td>
<td>7149</td>
<td>587923</td>
<td>150000</td>
<td>13818</td>
<td>1426</td>
</tr>
<tr>
<td>King Sabata Dalindyebo</td>
<td>444310</td>
<td>4884</td>
<td>275410</td>
<td>64844</td>
<td>10993</td>
<td>766</td>
</tr>
<tr>
<td>Emalahleni</td>
<td>289303</td>
<td>18375</td>
<td>741763</td>
<td>60411</td>
<td>63513</td>
<td>2773</td>
</tr>
<tr>
<td>Mogale City</td>
<td>244013</td>
<td>8359</td>
<td>607604</td>
<td>44478</td>
<td>34256</td>
<td>2672</td>
</tr>
<tr>
<td>Sol Plaatje</td>
<td>235722</td>
<td>6751</td>
<td>529189</td>
<td>43523</td>
<td>28639</td>
<td>2430</td>
</tr>
<tr>
<td>Mafikeng</td>
<td>208441</td>
<td>4910</td>
<td>170000</td>
<td>50000</td>
<td>23554</td>
<td>1055</td>
</tr>
<tr>
<td>Port St Johns</td>
<td>154342</td>
<td>261</td>
<td>42145</td>
<td>652</td>
<td>1693</td>
<td>277</td>
</tr>
<tr>
<td>Westonaria</td>
<td>104072</td>
<td>2029</td>
<td>138021</td>
<td>31189</td>
<td>19498</td>
<td>1626</td>
</tr>
<tr>
<td>Lephalale</td>
<td>93864</td>
<td>2535</td>
<td>109486</td>
<td>20304</td>
<td>27007</td>
<td>1383</td>
</tr>
</tbody>
</table>

Municipal functions

There is perhaps less variety in the functions assigned to municipal authorities for this diverse group of cities. There is of course a spectrum, from Windhoek on the one end with the most comprehensive range of built environment functions, to Maseru on the other end, with an apparently very limited range of functions. Generally speaking, the major expenditure responsibilities of city governments in Southern Africa relate to:

- roads and storm-water drainage
- refuse collection and disposal
- cemeteries, markets, and parks
- traffic lights and street lights (but not traffic police)
- bus and taxi ranks

Municipal revenues

The municipalities all levy some form of property tax. Lusaka, Maputo and Nampula also impose a personal levy on working age adults. Service charges are significant only for Windhoek. All the cities except Windhoek receive operating grants in some form. Table 4 indicates the major revenue sources of the municipalities, as reported by the interviewees.

Table 4: Major sources of operating revenues

<table>
<thead>
<tr>
<th>City</th>
<th>Major revenue sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blantyre</td>
<td>- Property taxes&lt;br&gt;- Government operating grants&lt;br&gt;- Business taxes (license fees, commercial rentals, market fees)&lt;br&gt;- Taxes on goods produced, sold or exported&lt;br&gt;- Sewer charges</td>
</tr>
<tr>
<td>Lilongwe</td>
<td>- Property taxes&lt;br&gt;- Government operating grants&lt;br&gt;- Business taxes (market fees, development charges, scrutiny fees for plans, etc)</td>
</tr>
<tr>
<td>Lusaka</td>
<td>- Property taxes&lt;br&gt;- Government operating grants&lt;br&gt;- Business license fees&lt;br&gt;- Personal levy</td>
</tr>
<tr>
<td>Manzini</td>
<td>- Property taxes&lt;br&gt;- Government operating grants&lt;br&gt;- Refuse removal fees&lt;br&gt;- Abattoir, advertising, market, burial, toilet, inspection and other fees</td>
</tr>
<tr>
<td>Maputo</td>
<td>- Property tax&lt;br&gt;- Business tax (taxi licenses etc)&lt;br&gt;- Government operating grants&lt;br&gt;- Waste collection charges&lt;br&gt;- Citizens personal tax&lt;br&gt;- Share of vehicle license fees (to be devolved at some stage)</td>
</tr>
<tr>
<td>Maseru</td>
<td>- Property tax&lt;br&gt;- Government operating grants (grant in-lieu-of-rates)&lt;br&gt;- Refuse collection charges</td>
</tr>
<tr>
<td>Mbabane</td>
<td>- Property taxes&lt;br&gt;- Government operating grants&lt;br&gt;- Refuse removal fees&lt;br&gt;- Abattoir, market, bus station, burial, toilet, inspection and other fees</td>
</tr>
<tr>
<td>Nampula</td>
<td>- Property tax&lt;br&gt;- Business taxes (market fees, licences to build, billboard taxes etc)&lt;br&gt;- Government operating grants&lt;br&gt;- Waste collection charges&lt;br&gt;- Citizens personal tax&lt;br&gt;- Share of vehicle license fees (to be devolved)</td>
</tr>
<tr>
<td>Windhoek</td>
<td>- Property tax&lt;br&gt;- Water, electricity and refuse service charges&lt;br&gt;- Business registration fees</td>
</tr>
</tbody>
</table>
The financial statements and management information supplied by the various cities indicates the following overall revenue collection data (i.e. including capital funds) for 2007:

**Table 5: Municipal revenues 2007 (R m)**

<table>
<thead>
<tr>
<th>City</th>
<th>Personal tax</th>
<th>Property tax</th>
<th>Business taxes, service charges &amp; license fees</th>
<th>Operating grants</th>
<th>Capital grants</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blantyre</td>
<td>38.5</td>
<td>5.7</td>
<td>1.4</td>
<td>1.7</td>
<td>7.3</td>
<td></td>
<td>54.7</td>
</tr>
<tr>
<td>Lilongwe</td>
<td>39.8</td>
<td>0.0</td>
<td>1.1</td>
<td>0.7</td>
<td>10.0</td>
<td></td>
<td>51.6</td>
</tr>
<tr>
<td>Lusaka</td>
<td>4.0</td>
<td>33.9</td>
<td>61.8</td>
<td>4.7</td>
<td>0.0</td>
<td>30.2</td>
<td>134.6</td>
</tr>
<tr>
<td>Manzini</td>
<td>0.0</td>
<td>35.4</td>
<td>1.6</td>
<td>4.5</td>
<td>0.0</td>
<td>1.6</td>
<td>43.1</td>
</tr>
<tr>
<td>Maputo</td>
<td>2.1</td>
<td>9.3</td>
<td>23.0</td>
<td>21.2</td>
<td>38.5</td>
<td>27.4</td>
<td>121.3</td>
</tr>
<tr>
<td>Maseru</td>
<td>8.9</td>
<td>2.1</td>
<td>16.4</td>
<td>17.5</td>
<td>1.6</td>
<td></td>
<td>46.5</td>
</tr>
<tr>
<td>Mbabane</td>
<td>36.3</td>
<td>3.1</td>
<td>3.3</td>
<td>11.6</td>
<td>2.3</td>
<td></td>
<td>56.7</td>
</tr>
<tr>
<td>Nampula</td>
<td>0.1</td>
<td>0.1</td>
<td>3.0</td>
<td>6.9</td>
<td>16.5</td>
<td>10.0</td>
<td>36.6</td>
</tr>
<tr>
<td>Windhoek</td>
<td>104.1</td>
<td>710.0</td>
<td>0.0</td>
<td>0.0</td>
<td>99.0</td>
<td></td>
<td>913.1</td>
</tr>
</tbody>
</table>

**Municipal infrastructure finance**

Most of the cities indicate that capital grants comprise a significant portion of their infrastructure financing. Table 6 indicates that all the cities, except for Windhoek, generally received capital grants for infrastructure finance.

**Table 6: Major sources of infrastructure finance**

<table>
<thead>
<tr>
<th>City</th>
<th>Major revenue sources</th>
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<tbody>
<tr>
<td>Blantyre</td>
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</tr>
<tr>
<td></td>
<td>• Government loans</td>
</tr>
<tr>
<td></td>
<td>• Operating revenues</td>
</tr>
<tr>
<td>Lilongwe</td>
<td>• Government capital grants</td>
</tr>
<tr>
<td>Lusaka</td>
<td>• Government capital grants</td>
</tr>
<tr>
<td></td>
<td>• Donor capital grants</td>
</tr>
<tr>
<td></td>
<td>• Commercial bank loans</td>
</tr>
<tr>
<td></td>
<td>• Operating revenues</td>
</tr>
<tr>
<td>Manzini</td>
<td>• Government capital grants</td>
</tr>
<tr>
<td></td>
<td>• Donor capital grants (indirectly via government)</td>
</tr>
<tr>
<td></td>
<td>• Commercial bank loans</td>
</tr>
<tr>
<td></td>
<td>• Operating revenues</td>
</tr>
<tr>
<td>Maputo</td>
<td>• Government capital grants</td>
</tr>
<tr>
<td></td>
<td>• Donor capital grants (indirectly via government)</td>
</tr>
<tr>
<td></td>
<td>• Operating revenues</td>
</tr>
<tr>
<td>Maseru</td>
<td>• Government capital grants</td>
</tr>
<tr>
<td></td>
<td>• Donor capital grants (specific projects only)</td>
</tr>
<tr>
<td></td>
<td>• Commercial bank loans</td>
</tr>
<tr>
<td></td>
<td>• Operating revenues</td>
</tr>
<tr>
<td>Mbabane</td>
<td>• Government capital grants</td>
</tr>
<tr>
<td></td>
<td>• Donor capital grants (indirectly via government)</td>
</tr>
<tr>
<td></td>
<td>• Commercial bank loans</td>
</tr>
<tr>
<td>Nampula</td>
<td>• Government capital grants</td>
</tr>
<tr>
<td></td>
<td>• Donor capital grants</td>
</tr>
<tr>
<td></td>
<td>• Operating revenues</td>
</tr>
<tr>
<td>Windhoek</td>
<td>• Commercial bank loans</td>
</tr>
<tr>
<td></td>
<td>• Government/development bank loans</td>
</tr>
<tr>
<td></td>
<td>• Operating revenues (internal funds)</td>
</tr>
</tbody>
</table>
It is clear that borrowing is not foreign to these municipalities. In fact only Maseru, Nampula and Maputo hold no long term liabilities at all. Municipal debt in Swaziland and Malawi tends to be higher than in other countries, hovering around 5 per cent. Windhoek’s stock of debt dwarfs the debt held by other municipalities, but it is not high when compared to its annual operating expenditure.

Table 7: Long-term debt 2007 (R m)

<table>
<thead>
<tr>
<th></th>
<th>Non-current liabilities</th>
<th>Interest and redemption</th>
<th>Debt servicing as % of cash operating income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blantyre</td>
<td>6.2</td>
<td>2.2</td>
<td>4.8%</td>
</tr>
<tr>
<td>Lilongwe</td>
<td>3.8</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Lusaka</td>
<td>0.8</td>
<td>2.3</td>
<td>1.9%</td>
</tr>
<tr>
<td>Manzini</td>
<td>11.1</td>
<td>2.0</td>
<td>2.5%</td>
</tr>
<tr>
<td>Maputo</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Maseru</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Mbabane</td>
<td>7.1</td>
<td>2.5</td>
<td>5.3%</td>
</tr>
<tr>
<td>Nampula</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>Windhoek</td>
<td>451.5</td>
<td>21.2</td>
<td>1.9%</td>
</tr>
</tbody>
</table>

Finally, it is worth comparing the accumulated cash reserves of the various municipalities. Table 8 provides the accumulated cash balances at the end of the financial years concerned. Evidently, most municipalities succeed in maintaining positive balances most of the time, although Windhoek’s 2007 figure is a dramatic exception, and Mbabane has been continuously in overdraft for the period in question.

Table 8: Accumulated cash reserves (R m)

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blantyre</td>
<td>3.6</td>
<td>0.9</td>
<td>-0.3</td>
<td>4.7</td>
</tr>
<tr>
<td>Lilongwe</td>
<td>5.1</td>
<td>15.1</td>
<td>18.7</td>
<td>20.4</td>
</tr>
<tr>
<td>Lusaka</td>
<td>9.0</td>
<td>11.7</td>
<td>12.9</td>
<td></td>
</tr>
<tr>
<td>Maputo</td>
<td>2.5</td>
<td>3.1</td>
<td>6.3</td>
<td></td>
</tr>
<tr>
<td>Maseru</td>
<td>1.3</td>
<td>17.7</td>
<td>31.7</td>
<td></td>
</tr>
<tr>
<td>Mbabane</td>
<td>-6.6</td>
<td>-1.8</td>
<td>-2.0</td>
<td></td>
</tr>
<tr>
<td>Nampula</td>
<td>2.0</td>
<td>3.2</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>Windhoek</td>
<td>43.2</td>
<td>38.2</td>
<td>95.1</td>
<td>-102.1</td>
</tr>
</tbody>
</table>

While there is considerable diversity in the financial profiles of the municipalities, the following generalisations do apply:

- They serve areas with weak economic bases and populations with low average incomes.
- Their local tax bases are weak, and also poorly administered, so that local revenue flows are poor.
- Central government grants would appear essential to sustain a reasonable level of service delivery, but such support is not universally provided.
- They have institutionally weak city administrations that are responsible for a limited range of built environment functions, and expenditure per resident is exceptionally low.
- They are subject to substantial government regulation and informal pressure, and cannot be said to exhibit ‘local autonomy’ to any significant degree.
- Windhoek is an exception to many of these points, with a much better tax base, higher average incomes, and no reliance upon central government grants.

This overview is an edited extract from a report commissioned by the SACN, entitled State of Finances, Creditworthiness and Borrowing of Municipalities in Southern Africa, written by Hunter van Ryneveld and Aficap Consulting. The draft report can be obtained from the SACN. Please e-mail your request to Sadhna Bhana on Sadhna@sacities.net.
refugee management — the governance response

South African cities are transformed by human mobility. As migration is a distinctly spatial process, city planning must be addressed by local authorities in response to local dynamics, resources and aspirations. For example, towns like Musina and Nelspruit are being reshaped by the movements of trans-national traders, refugees, and domestic migrants, while the cities and towns of the Eastern Cape are growing primarily through domestic migration. Other cities are losing their workforce to larger cities elsewhere. Each of these requires a different and pragmatic response.

Overlapping processes of urbanisation, intercity moves, transit migration, and international migration raise the spectre of marginalisation and conflict. If managed properly, they could lead to the creation of dynamic and prosperous urban centres. Despite the important role that migration plays in urban development, municipalities are only beginning to acknowledge these important population dynamics and to incorporate them into planning exercises and participatory forums.

Some of the challenges of planning for mobility are the absence of reliable demographic data, and budgeting processes unsuited for long-term investment in expanding populations. Despite these obstacles, a number of cities have made significant efforts to improve data collection on population dynamics on mobility, as well as on broader patterns of socio-economic and political marginalisation, land use, and transport. Gauteng has embarked on an ambitious planning exercise – Gauteng 2055 – that considers how human mobility may exaggerate or prevent poverty, conflict, and pressure on existing physical and social infrastructure. The exercise has already challenged many planning presumptions by highlighting the degree to which people move through and not only to cities; the relatively small number of international migrants; and the
acute vulnerabilities domestic migrants face when first arriving in urban areas. The data and the challenges they raise provide a basis for more effective and multi-sectoral planning that can promote municipalities’ economic and physical security.

Understanding a city population is only meaningful if these ideas can be translated into programmes that foster economic, social, and political inclusion. In many instances this has meant making small changes to integrated development planning processes in order to elicit the participation of citizens and non-South Africans. Some cities have also begun engaging directly with migrant associations or have opened offices explicitly designed to serve the needs of new arrivals – Johannesburg’s migrant help desk is one example of this. Gauteng’s work to develop an ‘integrated shelter’ programme is also valuable in meeting the short-term, emergency housing demands of both international and (primarily) domestic migrants. This kind of unified programming is a positive step, not only in addressing an immediate need but also in treating citizens and non-South Africans equally. The progressive moves made in some cities are an important step, but are far from universal. Certain policies and practices continue to discriminate against new arrivals. Policies that restrict informal trading and police harassment of informal traders effectively shut down some of the only options available for newly urbanised populations.

The Musina municipality attempted to dissuade new arrivals by actively preventing civil society from providing housing assistance to vulnerable Zimbabwean migrants and refugees, and it led to a public health crisis. While Johannesburg is now seeking housing options for refugees living in the Central Methodist Church, it too has long dodged the politically tricky issue of assisting foreigners. It has taken five years and a series of highly public court actions and protests by civil society for change to happen.

The xenophobic violence in 2008 taught municipalities a number of critical lessons. Many city officials realised that they can no longer ignore tensions that develop due to social and political diversity, particularly during an economic recession. The attacks also illustrate that many of the mechanisms intended to promote security and integration can be equally used for other purposes. It has now been extensively documented that street committees and community policing forums – critical components of

Certain policies and practices continue to discriminate against new arrivals
Municipalities must become advocates for their whole population, both present and future

Successful municipal governance – were hijacked by local authorities and groups and turned against unpopular residents. The gangsters, councillors, business owners or others responsible for organising the attacks have not been held accountable. In Diepsloot, Gugulethu and communities around the country, non-South Africans continue to be attacked and killed. Elsewhere, local leaders and police continue to deflect responsibility for their shortcomings by blaming non-South Africans. Unless such practices are outlawed and conflict resolution mechanisms are put in place to manage these tensions, the threat of violence will become a major stumbling block, preventing municipal authorities from implementing more progressive policies.

The displacement of more than 100 000 people following the xenophobic attacks illustrated the challenges cities face in managing humanitarian crises in ways that diminish rather than heighten the possibility of future conflict. While local government is legally mandated to manage crises, few municipalities or provinces have the skills, knowledge, or structures to do so. Those that have human capacity, often lack financial resources for a sustained relief and resettlement effort. In Gauteng, the Development Bank of Southern Africa provided much needed support. Cape Town fronted millions of Rand to assist people displaced by the xenophobic attacks, but was not repaid by national government. Such poor support makes it all the less likely that they will provide emergency services and reintegration programmes for people displaced by violence or natural disasters in the future. In Tshwane, the city refused to accept responsibility for one of the camps due to poor coordination and communication.

Cities can do little to prevent migration and urbanisation as these trends are driven by national economic policies and market vagaries, and it is generally not in their economic interests to do so. Global evidence suggests that investments in poor rural communities do not keep people out of cities. On the contrary, the additional resources and education feeds aspirations that will only be met in urban centres. Municipal authorities should therefore develop progressive and inclusive ways to govern dynamic and mobile urban populations. Domestic and international experiences offer some starting points. The first step is to develop a better understanding of the composition and aspiration of the existing population. Another step would be to predict who is likely to be arriving in cities in the near and distant future, even if it reveals contradictory and conflicting aspirations. Municipalities must become advocates for their whole population, both present and future. This may mean challenging political superiors and becoming more actively involved in migration policy-making at national level. Cities should also consider international organisations, NGOs, and neighbouring municipalities as potential allies in planning for human mobility. Closer collaboration with Statistics South Africa and research organisations can help provide the empirical basis to motivate for additional funds or resources for a growing and diversifying population.

More immediately, cities can begin investigating the real governance patterns in townships and informal settlements, and find ways to eradicate gangsterism and replace exclusive organisations with institutions that can bridge differences and resolve conflicts. Community policing forums, chambers of commerce, or any other bodies that practice exclusion of new arrivals, should be reformed. Cities could consider introducing housing tribunals and other ombudsman-like entities that work on behalf of all residents, regardless of origin or legal status. Cities may also benefit from following eThekwini’s lead in issuing trading licenses or other forms of documentation to foreign and local residents. This opens another income stream, and it also means that Metro police can undertake by-law enforcement without their needing to ask for immigration documents.

At a minimum, authorities need to build in early warning systems so that conflicts over land or jobs are resolved non-violently. Some of this may be accomplished by incorporating foreign language speakers or naturalised citizens into government bureaucracy or the police. This may not be politically popular in the short term, but it has worked well in Europe and North America by helping to build trust, improve services, and promote security.

This report was written by Loren Landau, Tara Polzer, and Aurelia Wa Kabwe Segatti for SACN, June 2009.

south african cities unprepared for disaster

Natural disasters such as droughts, epidemics, extreme temperatures, floods and fires have a negative impact on people and infrastructure, causing social and economic losses. According to the Department for Cooperative Governance and Traditional Affairs (formerly the Department of Provincial and Local Government), a severe disaster can cost South Africa up to 16 per cent of its GDP, exacerbating infrastructure backlogs and hampering future development. It is important for cities to be constantly prepared for a variety of disasters, and to ensure speedy and appropriate action.

Despite legislation designed to coordinate government and minimise the impacts of a disaster, department officials have historically been unprepared, with government often relying on civil society to manage the effects. South Africa has typically been overly focused on response and relief instead of on reduction of risk. To manage emergencies more effectively, local government must maintain primary responsibility for coordination within its departments and between the spheres of government. They should have effective management plans in place.

### Overview of South African disasters

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of events</td>
<td>70</td>
</tr>
<tr>
<td>Number of people killed</td>
<td>1,721</td>
</tr>
<tr>
<td>Average killed per year</td>
<td>59</td>
</tr>
<tr>
<td>Number of people affected</td>
<td>18,420,182</td>
</tr>
<tr>
<td>Average affected per year</td>
<td>635,179</td>
</tr>
<tr>
<td>Economic damage (US$ X 1,000)</td>
<td>2,949,070</td>
</tr>
<tr>
<td>Economic damage per year (US$ X 1,000)</td>
<td>101,692</td>
</tr>
</tbody>
</table>
### Average disaster per year

<table>
<thead>
<tr>
<th>Disaster Type</th>
<th>Average Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drought</td>
<td>0.24</td>
</tr>
<tr>
<td>Earthquake</td>
<td>0.21</td>
</tr>
<tr>
<td>Epidemic</td>
<td>0.21</td>
</tr>
<tr>
<td>Extreme temp</td>
<td>0.07</td>
</tr>
<tr>
<td>Flood</td>
<td>0.79</td>
</tr>
<tr>
<td>Insect infestation</td>
<td>N/A</td>
</tr>
<tr>
<td>Mass mov. dry</td>
<td>N/A</td>
</tr>
<tr>
<td>Mass mov. wet</td>
<td>0.03</td>
</tr>
<tr>
<td>Volcano</td>
<td>N/A</td>
</tr>
<tr>
<td>Storm</td>
<td>0.59</td>
</tr>
<tr>
<td>Wildfire</td>
<td>0.28</td>
</tr>
</tbody>
</table>

### Poverty – the greatest contributor to disasters

Although disasters are indiscriminate, the ability of an individual to manage a disaster is strongly linked to their vulnerability. The NDMC cites poverty as the greatest contributor to disasters in urban and rural areas. “In city areas, other causes of disasters may include rapid growth and inadequate planning, population density, ecological imbalances, and inappropriate construction. Informal settlement areas are thus particularly vulnerable to disaster events. In rural areas, the causes of disasters may be associated with poor land use management, erosion, deforestation, lack of employment and development.” People who live in precarious sites such as steep hillsides or flood prone areas are especially vulnerable during periods of intense rainfall. More vulnerable communities face greater physical, economic, and emotional impacts of a disaster, and municipalities should therefore identify the key vulnerable areas of the city, and ensure that those communities are properly prepared for a disaster.

### Disaster management legislation

The aim of the Disaster Management Act (2002) was to provide an integrated disaster management policy that focuses on preventing or reducing the risk of disasters, mitigating the severity of disasters, emergency preparedness, rapid and effective response to disasters and post-disaster recovery, and the establishment of national, provincial and municipal disaster management centres. The legislation put forward a holistic disaster management system featuring the Expand-Contract Model, in which disaster management is seen as a continuous process. The model identified four sets of actions to be taken simultaneously and constantly:

1. Prevention and Mitigation
2. Preparedness
3. Relief and Response

In this model, activities in one category can expand while efforts in another can contract.¹ This legislation marks a “paradigm shift from the old order of a reactive approach in dealing with disasters in South Africa to a proactive disaster management system.”²

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² Botha (2003)
The National Disaster Management Centre (NDMC) was established to provide information and awareness, and to coordinate and support comprehensive, integrated disaster management, with special emphasis on prevention and mitigation. The NDMC is responsible for coordinating the establishment of local disaster management centres, to promote prevention as a key risk management strategy, and to coordinate regional cooperation.

Effective disaster management includes administrative decisions and operational activities that cover prevention, preparedness, response, recovery and rehabilitation. All levels of government, especially local government, as well as non-governmental organisations and community-based organisations must play a vital role in these actions. The NDMC recommends the following actions be taken simultaneously:

- Development must be well-planned, including controlling growth, so that residences are well-built and not located in flood-prone areas
- Conduct risk assessment of vulnerable areas
- Organise a strategy to manage disasters
- Delegate responsibilities amongst agencies to ensure that appropriate and timely action is taken during an emergency
- Train personnel and volunteers
- Check emergency management equipment.

According to the Expand-Contract Model, when a disaster occurs, ‘normal’ activities are expanded to deal with the emergency. After the event these activities contract, but never cease, so that agencies are always prepared for future disasters.

Despite the principles outlined in the Disaster Management Act, and despite the frequency of disasters, South Africa is usually unprepared. Disasters are often managed in a crisis management way, and government action is typically reactive and uncoordinated. Disaster management tends to focus on emergency response instead of disaster mitigation. Dr. Krisno Nimpuno, Head of the Office of Disaster Preparedness in Africa based at Wits University, says that the emergency response has no time perspective. Officials react to the immediacy of the situation by simply

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Municipal failures exacerbate xenophobic violence

South Africa was embarrassingly unprepared for the xenophobic violence that began on 22 May 2008 in Johannesburg. Government was disorganised and therefore unable to provide an adequate response. In this instance, civil society acted, providing food, blankets, sanitation and safety to the thousands of displaced refugees.

In his article, Shattered Myths: The Xenophobic Violence in South Africa, Nathan Geffen describes how government failed to respond appropriately to the xenophobic violence:

“For the first few days, there was hardly any response by the provincial and national government …

… An enormous, urgent, and co-operative civil society effort ensured that thousands of people, who have turned Cape Town into a fledgling cosmopolitan city, were reasonably fed and warm after the worst pogrom in our country’s post-freedom history …

… [Various civil society agency offices] were nearly instantly converted from an activist centre into a disaster relief one …

…None of us had experience in what had to be done. Dozens of people were doing hundreds of tasks, some answered the endlessly ringing phones and recorded details of new refugee centers springing up all over the city, some put out calls anywhere and everywhere to get food, blankets, and other donations delivered to our offices, others raised money. I have a vague recollection of barking orders, shouting, ranting, and losing my temper non-stop for 19 hours. Despite the mess, we managed to fulfill nearly every critical demand that came our way. The city’s Disaster Management provided a little help but was clearly not prepared for such a disaster …” (Geffen, 2008)
pouring water on the fire without considering prevention and mitigation strategies. Emergency response officials are trained to immediate reaction instead of risk abatement, and they take shortcuts that often exacerbate the disaster. Dr. Nimpuno also says that there is often total confusion because nobody knows what the legislation says or what they should be doing. All too often, it is the disaster itself that highlights the lack of information on resources and actions. For example, the need for a database in drought periods when government is unable to identify and target those in need of relief, especially in rural and informal areas. The disaster usually also highlights the need to maintain basic infrastructure such as water supply systems, but only after it is too late to mitigate the crisis. Without a coordinated early-warning system, it is difficult to ensure a timely, responsible response.


Disaster management failures at the 2009 FIFA Confederations Cup

Nowhere were the failings of South Africa’s ability to respond effectively to emergencies more apparent than at the 2009 FIFA Confederations Cup (FCC). A debriefing workshop was held recently to reflect on the lessons learned during the 2009 FCC tournament and to develop an inclusive action plan for the 2010 FIFA World Cup (FWC). National, provincial, and local disaster management centres and agencies present at the workshop admitted that they are unprepared for 2010. Ineffective communication and planning was high-
lighted as one of the critical failures of disaster management at the 2009 FCC. Fragmentation between the various departments made it difficult for those on the ground level to communicate effectively with local government. Agencies did not properly brief and debrief security officials and likewise, top officials did not share information before, during, or after the FCC tournament.

Overall, the event was not properly planned. For example, the Organising Committee (OC) had not set aside enough rooms for the international teams, so players were staying on the same floor as regular hotel guests without adequate security guarding their rooms. There were “problems with private security at drop-off and pick-up points” as well as “VIPs attending parallel events” without informing the South African Police Service (SAPS).

A lack of human and material resources also presented major challenges. Jurisdictional disputes and lack of cooperation between agencies and spheres of government led to considerable problems. For example, disputes between the SAPS and the Fire Department resulted in several security breaches, such as spectators entering the stadium without being searched, and red-flagged individuals being hired as volunteers at the stadium. These disputes are exacerbated during an emergency and limit the effectiveness of the response.

General problems with security were also discussed at the workshop. Security personnel were cited as “not reliable”, leaving their post or sleeping on duty; some were not conversant in English; and they were poorly trained and supervised.

While more than a quarter of the country’s entire police strength was based at the event, incidents of crime increased in vulnerable areas. (It must be noted that no strategies to mitigate such a crime spree during the 2010 FWC were discussed at the workshop.)

One of the critical challenges with hosting a mega event is managing the crowds after the match. Near chaos ensued after several matches in the 2009 FCC. No strategies were put forward for how to alleviate congested passages in the stadium or to ensure rapid and safe distribution of spectators after the games.

Given the repeatedly poor performance of the disaster management units throughout the country, how should South Africa prepare for the 2010 FIFA World Cup? Problems with communication, planning, funding, capacity, jurisdiction and cooperation must be resolved immediately. Communication and planning problems can be resolved by procuring the necessary capital to ensure adequate security and emergency training. In terms of limited capacity, it can be possible to do more with less. Effective disaster management requires the effective

**Chaos upon departure at Ellis Park**

The game had just ended. Egypt beat Italy 2-0 at Ellis Park. Fans were excited at the outcome. As we pushed and were pushed to exit the stadium, I began to worry how we would ever find the shuttle back to the Wits Campus. It was so hectic inside the stadium; I could not have imagined the chaos outside the venue.

It was complete pandemonium outside the stadium. Everyone was confused and tired, and wanted to go home. There was nobody to direct the 50,000 spectators who had almost all come by shuttle bus from the various Park-and-Ride sites around Johannesburg. We were pushed by fellow fans to walk around the stadium. We were hopeful until we reached the place where we originally exited. In the meantime, minibus taxis were driving past us empty. As time passed, people began to get annoyed with the empty minibus taxis and started demanding to be let into the vacant vehicles. There were no metro police or stadium volunteers to direct us to the appropriate place to wait for minibuses and buses. It was madness around the stadium.

The crowd was frustrated and became violent. People started jumping on the bonnets of the taxis and forcing windows open. People were screaming and pushing; there was not enough space to stand on the sidewalk and the streets were packed with spectators. Minibus drivers tried to drive through the crowd but were blocked by angry crowds. Frightened, some drivers opened the doors, only to be bombarded with too many passengers and forced to push people out in order to close the door. There were so many people on one bus that it physically could not move. The crowd was scared; the drivers were scared, and nobody knew what to do. Where were metro police? Where were the event organisers?

After almost two hours of anarchy, we crammed into a bus like sardines in a can and after a fairly painful ride, arrived back at the Wits Campus. The 2010 Organising Committee had promised that everything would run smoothly and Johannesburg Metro had assured spectators that safe, reliable transport would be provided. But without proper crowd control, it was chaos. It was nearly a disaster. My friend asked me if I would like to come to the finals with him. I said, “After that experience, no way! I’m never going to another game!”

* Astrid Wood
allocation of human and financial resources, and does not necessarily require a large budget.

Disaster management can be successful if jurisdiction and coordination are properly managed. Jurisdiction problems will most certainly obstruct management during the 2010 FIFA World Cup. To remedy this, responsibility for appropriate disaster mitigation should sit with the local disaster management centre. The National Disaster Management Centre (NDMC) is currently the agency responsible for managing emergency procedures, sending directives to the provincial agency, and finally to the local centre. This chain of command should be reversed since emergencies begin at the local level and escalate to national. Disaster management activities must be managed by a disaster manager who is trained to provide instructions to mitigate a crisis. The SAPS and Fire Department are not the appropriate agents to manage the situation, and such inefficiencies exacerbate disasters.

Not all disasters have to be tragedies

South Africa is overly focused on response and relief instead of risk reduction. Although it is impossible to prevent disasters, municipalities can take certain precautions to prevent the outbreak of a disaster.

Local government must be the primary agency responsible for supervising disaster management strategies. It must be responsible for activating crisis procedures and providing immediate emergency response, as well as mitigating the disaster and reducing vulnerability.

Government needs to differentiate between emergency response and mitigation. Emergency response is action taken at the event in reaction to an urgent situation. These actions include preventing an escalation of the emergency, saving lives, fulfilling critical needs for food, shelter and medical care, protecting infrastructure, and assisting with subsequent recovery efforts. By contrast, mitigation involves risk reduction, which include structural and institutional policies to reduce vulnerability. Risk reduction initiatives include proper management of veld fires to minimise the destruction of property through controlled-burning programmes; building effective water management systems that control floods; and restricting housing developments in flood-prone areas or too close to the coast. Mitigating the impact of a disaster is critical to effective disaster management.

Disaster management must be managed by a single agency at local government level to ensure an appropriate response. Officials must be trained to manage crisis situations and to properly anticipate and avoid disasters. Emergency personnel are therefore not the best disaster management agents. An effective disaster manager is able to anticipate disasters, reduce vulnerability, mitigate emergencies, develop an effective emergency response, and be held responsible for their staff. The NDMC believes that a well-managed team of local government players should be prepared...

Effective disaster management involves both emergency response and mitigation in order to anticipate, manage, and assuage a potential disaster.

Disaster management is a daily process. The Expand-Contract Model whereby local governments conduct disaster management efforts within their daily activities, and then expand those actions when necessary, is the best way to prevent a disaster.

Community involvement is critical for effective disaster management. Local knowledge is essential in difficult situations. The disaster management department will need help to effectively address the crisis and reduce vulnerability. These departments are often understaffed and undertrained, relying on police and fire personnel to provide support during crisis. Limited capacity constrains the effectiveness of life-saving programmes such as food distribution and shelter construction. During the xenophobic violence in 2008, disaster management centres were immediately overwhelmed, and municipal disaster management departments were unable to disseminate additional personnel or resources. Community mobilisation was needed to distribute critical resources. Working together with the community is crucial.

Although disasters cannot always be avoided, government can take steps to minimise the impacts of an emergency. Dr Nimpuno says, “To survive, we need to be proactive rather than reactive. We know that South Africa is vulnerable to tsunamis and cyclones, but the government has no plan in place to advise on how the country should be protected. We also know that South Africa is susceptible to floods, droughts, landslides, population displacements and technological disasters. The key question is whether we are in denial that this will not ever happen to us or whether we are prepared to deal with it?”

This article was written by Astrid Wood, Programmes Manager at the SACN.

planning for infrastructure investment

Government has committed itself to ensuring that all backlogs in the provision of infrastructure are removed by 2014 at the latest. This is to be done in a way that ensures municipalities, which are at the forefront of infrastructure delivery, remain financially viable and have the capacity to operate and maintain the infrastructure. The Department of Cooperative Governance and Traditional Affairs (DCGTA) and the Development Bank of Southern Africa (DBSA) have taken the lead in developing the Municipal Infrastructure Investment Framework (MIIF).

The MIIF aims to establish:

- The extent of infrastructure to be provided.
- The capital expenditure required to provide this infrastructure.
- The extent to which financing is available for this capital expenditure.
- The operating expenditure required to ensure that the infrastructure provided is properly operated and maintained.
- The extent to which revenue can be raised to cover this operating expenditure, within the provisions of the Municipal Fiscal Framework.

The MIIF also considers the monitoring systems required to assess progress on infrastructure delivery, as well as processes to ensure that systems and management capacity are in place to manage the infrastructure, with emphasis on a municipal infrastructure asset management strategy.
It is intended to serve all of government: national government departments responsible for infrastructure-intensive sectors that align with local government functions, National Treasury, provincial departments of local government, and municipalities themselves, including the South African Local Government Association (SALGA).

The MIIF is also of significance to the private sector, which has an interest in providing infrastructure through partnerships with local government. Private-sector capital finance is central to the success of the national municipal infrastructure programme.

The MIIF has been developed progressively since 1994. The rapidly changing municipal environment, the availability of improved information, and new government objectives has necessitated regular updates to the MIIF. In 2007, the fifth update of the MIIF (MIIF 5) produced a full analysis of national infrastructure investment requirements. A sixth update (MIIF 6) was completed in early 2009, with a focus on rolling out infrastructure investment planning tools to municipalities themselves. The municipal environment will continue to evolve and the MIIF will therefore continue to be updated on a regular basis.

Key features of the MIIF

The MIIF focuses on a long-term capital expenditure envelope for infrastructure delivery, and it therefore considers the total investment required over a period of ten years. It is currently in the first stage of infrastructure investment planning. Once the long term envelope has been established, master planning will be carried out for individual services, to determine more accurately the technical specifications for infrastructure, as well as the timing of investment. Individual projects will then be identified within these master plans. The overall capital expenditure envelope provides a guide to the approximate level of capital expenditure that can be sustainably incurred in each year, taking available capital financing and operating expenditure implications into account.

Although the MIIF is a municipal framework it does not only consider expenditure incurred by municipalities. For a particular municipal area, it includes expenditure incurred by local and district municipalities, as well as by non-municipal service providers. Most notable among the...
latter is Eskom, which has a significant role in delivering electricity distribution infrastructure in rural areas, and water boards. It also considers private agents such as farmers who provide infrastructure services.

The framework also takes the wide variety of circumstances in municipalities into account. South African municipalities vary from large cities to small rural municipalities. In the MIIF analysis, municipalities are divided into sub-categories, characterised largely by their urban form, and analysis is conducted per sub-category.

The sub-categories used for local municipalities are as follows:
- A: metros (six in total)
- B1: secondary cities (21 in total)
- B2: municipalities with a large town as core (29 in total)
- B3: municipalities with relatively small population, a significant proportion of which is urban, but with no large town as core (111 in total)
- B4: municipalities which are mainly rural with, at most, one or two small towns in their area (70 in total).

The six metros are all members of South African Cities Network (SACN; the other three members of SACN fall into category B1 at present.

MIIF 5 findings

MIIF 5 focused on the 2007/08 financial year and was the last round of MIIF that produced a full analysis of national infrastructure investment requirements. Its key findings are summarised below.

Capital account

Nationally, capital expenditure in the region of R473 billion is required over the next ten years to eliminate backlogs, provide for growth, and provide for the rehabilitation of infrastructure.

The curve above has a ‘humped’ shape because it is assumed that expenditures will be increased in order to meet backlog eradication targets, and will then decline. If expenditure is instead incurred steadily, the modelling implies annual expenditures of about R47 billion per annum over the next ten years. When compared to the combined municipal and parastatal budget of R34 billion in 2006/07, this indicates that a significant step up in capital expenditure is required from current budgeted expenditures.

The bulk of this capital expenditure is in the cities - the six metropolitan municipalities alone account for about 40 per cent of this capital expenditure, with the twenty-one secondary cities making up a further 20 per cent.

MIIF 4, conducted in 2004/05, predicted that capital expenditure in the region of R28 billion would be required in 2007/8. This was significantly less than the R47 billion per annum suggested by MIIF 5. This is mainly due to the fact that input costs to the construction industry have increased by more than 30 per cent in real terms. In addition, there has been much greater profit-taking by contractors, which could account for as much as a further 20 per cent real increase. The increases in infrastructure grants have been significantly lower than the increases in costs, and as a result there is an increasing inability to meet infrastructure targets.

The MIIF 5 analysis found that capital grants and subsidies will be sufficient to meet only 30 per cent of the capital expenditure requirements over the next ten years. Some funding will be available from service providers (Eskom and water boards) and municipalities do have reserves (internal funds) available for financing capital expenditure. However, about 50 per cent of the required capital expenditure will have to be funded out of borrowing. The consequence of this high level of borrowing will be a steady increase in interest payments as a share of operating revenue. This measure will reach 10 per cent by 2014, which is not considered viable.

On the capital account, MIIF 5 drew three key conclusions.

- Backlog eradication targets can only be met if more moderate service levels are provided. The scenario presented above assumes the provision of a mix of service levels which are considered close to those that are currently being provided by municipalities. A second scenario assumes lower service level provision. Under this second scenario total capital expenditure required over ten years is R339 billion, 28 per cent lower than that required under the mixed service level scenario.
Forty-two per cent of required capital expenditure can be met out of capital grants and subsidies and therefore less reliance on borrowing. Interest payments as a share of operating revenue reach only 6.4 per cent; this is considered to be a more manageable figure.

- There has to be a rapid increase in infrastructure grants to economically weak municipalities. MIIF 5 found that increases in levels of the Municipal Infrastructure Grant (MIG) have not kept pace with capital cost increases over the past three years. If the MIG is to have a substantial impact on infrastructure delivery it will need to increase rapidly over future years. In addition, the MIIF 5 modelling assumed that housing subsidies were available for the financing of internal infrastructure costs associated with housing developments. If this is not the case in future, MIG allocations will need to increase to fill this gap.

- Finally, a step change is required in willingness to borrow (and to lend). Even if municipalities start to provide lower service levels and if infrastructure grants increase rapidly, a large proportion of the capital expenditure that must be incurred over the next ten years will have to be funded out of borrowing. Some municipalities have no capacity to borrow. However, many municipalities, particularly cities, do have some borrowing capacity and they should be encouraged to take advantage of this. Increasing willingness to borrow by municipalities is only half of the picture. This must be met by an increased willingness to lend by lending institutions.

**Operating account**

As on previous rounds of the MIIF, it was found that the operating account differs significantly for different categories of municipality. Largely urban municipalities, such as metropolitan municipalities, and secondary cities are currently able to operate in a financially sustainable manner, and are likely to continue to do so in future. This will depend to some extent on whether the recent trend of rapid increases in equitable share allocations continues into the future.

The provision of high levels of service has significant implications for operational costs, as higher levels of service typically cost far more to operate and maintain. The modelling found that provision of high levels of service will place increasing pressure on the operating accounts of municipalities, including cities, over the next ten years. The concern is that, since municipalities must present
balanced budgets, maintenance expenditure will be cut back in order to accommodate rising operating costs, which will have negative implications in terms of deterioration and ultimately breakdown of infrastructure assets.

MIIF 6

MIIF 6 included an update of the national scale assessment of capital investment requirements, and their implications for capital financing and for the operating account. However, the emphasis of this round was on rolling out support for infrastructure investment planning to municipalities. This included:

• Conducting case studies of 18 municipalities to demonstrate the techniques for undertaking the analysis required for infrastructure investment planning.
• The development of training materials, including training on the use of the financial model.
• Piloting the training for municipalities in five districts and for a grouping of cities. The latter training session was conducted under the auspices of SACN.

Way forward

The DCGTA and the DBSA have now recognised the importance of moving the MIIF into a large scale initiative to support municipalities. Conceptualised as MIIF 7, it will be aimed at getting all municipalities to apply infrastructure investment planning techniques to improve their understanding of their capital requirements; how to finance these and how to ensure that the municipality remains viable as infrastructure provision is expanded. This is closely associated with the Comprehensive Infrastructure Programme (CIP) currently being rolled out by the DCGTA. There is not yet full agreement on the approach to be applied for MIIF 7 but the intention is that the infrastructure investment planning concept and a model should be set up for every municipality in the country. It is likely that a consulting team will be appointed to run training courses and support municipalities with the modelling.

This overview of the MIIF was prepared for the SACN by Kim Walsh of PDG (2009).
property asset management in cities

Municipalities typically own or control substantial amounts of real estate such as public buildings, clinics, housing etc. Although municipal governments generally attend to the day-to-day operational needs of their real estate holdings, few think of their holdings as a ‘portfolio’ that can be modified to better serve public and economic purposes. SACN’s member cities identified property asset management as a priority learning topic in 2009. SACN intends to promote shared learning on how to balance municipal service delivery objectives against compliance with the asset management prescriptions in the Municipal Finance Management Act (2003).

Internationally, over the last twenty to twenty-five years, there has been a shift towards the increased recognition of public real estate as a productive asset, and the adoption of private sector practices (specifically property asset management) within many governments.

In South Africa, there is currently a very limited focus on property asset management. Although the introduction of the Local Government Municipal Property Rates Act (2004) has to some extent compelled municipalities to introduce more comprehensive property management systems, the current focus appears to be on the creation of property valuation rolls rather than the development of strategic property asset management approaches.

It is widely recognised that property can be a vehicle for managed capital appreciation, particularly when governments themselves are the primary source of allocating development rights and construction of public infrastructure, such as:

- When government opens up new lands by building roads, providing infrastructure services, or reallocating public offices, they create incremental land values.
- When government owns the land in question, a sound infrastructure investment strategy coupled with changes in the land use designation, can capture large portions of the costs of capital investment for the land value appreciation and subsequent land sales.
Significant income or cost-savings can be obtained from public sector assets by changing management practices. Reforming property asset management approaches is therefore a necessity. The debate on property asset management must also consider the strategic and practical issues involved in establishing and managing a property asset register; and take into account different property asset classes and the key trade-offs that must be considered (for instance between social and economic and financial returns).

**Legislative and regulatory considerations**

Although the MFMA, the Municipal Asset Transfer Regulations (MATR, 2008), and the Property Rates Act (2004) all refer to components of property management, there is currently no specific legislation regulating property management as a whole. The existing legislation is primarily aimed at ensuring uniformity, transparency, fairness and good financial management. Its ability to introduce property asset management is limited. It does however introduce the concepts of different social, financial and economic values. It also allows for processes to be determined largely by the municipality, based on the required procedures outlined in the MFMA and MATR.

In most cases the ability to begin managing properties as part of an asset base will be limited to the requirements as stipulated in the legislation. It is therefore critical to begin defining asset management as a form of property management in policy terms, as opposed to legislation.

**Developing a property asset management approach**

Public property management has historically been a combination of maintaining properties used for core services and disposing of surplus properties, as either a public-sec-
Public properties are important as levers towards social and economic goals and objectives

tor service, or as part of social development. Property has also been used to address housing needs. It has not been viewed as an asset that can be used to leverage development, raise finance or address poverty. As such, property transactions have been limited to adhering to procedures and systems.

Municipalities usually locate property management within their legal or planning departments; the awarding and granting of rights is seen as a legal process. In the past, most of these departments operated with delegated authorities in respect of low value properties, and certain property rights such as servitudes. The introduction of the MFMA has introduced stricter and uniform procedural requirements in respect of land types and transactions. The MATR has also introduced numerous considerations that do allow for a more strategic viewing of the property portfolio.

Towards an asset orientated vision

Public property portfolios are only one part of the overall function, role and responsibilities of municipalities. As such there will always be a limitation on how to manage public portfolios, specifically in relation to asset management. These portfolios cannot be viewed outside of service delivery objectives. However, there are two important aspects that allow for a shift in perspective.

The first is the perspective that service delivery needs to be sustainable and viable. This has led to a review of revenue collection, and the viability of each service delivery in relation to the specific revenue collected for that service. This has been largely in the metropolitan areas, but signifies an important perspective on the business of each service. The second is the recognition of asset value and the importance of retaining this value. Both have arisen through the MFMA and the Municipal Systems Act - in part a response to the financial crisis in municipalities.

Viewing public property as an asset, and translating this into effective asset management are two different things. Public properties require valuation and need to be considered as part of the overall assets held by a council. Retaining this value is important as it differs from most other assets that depreciate in value.

Asset management requires a substantial shift in perspective and operations. The restrictive procedures required for property transactions means that decision-making on where and how to derive revenues and returns will be less efficient than in commercial asset management businesses. Holding costs or opportunity costs are not clearly defined in public financial accounting systems and are therefore not factors in asset management. However, this has a real bearing when the current financial status of most municipalities has been severely weakened by losses of national grants and revenue sources, and a reduction in growth (and therefore rates revenues). Revenues from alternative sources would provide a useful form of security.

An ‘asset orientated vision’ is dependent on the ability of municipalities to operate strategically. Such an approach would allow for each portion of the portfolio to be evaluated and used to achieve the required objectives of the council.

Public properties are important as levers towards social and economic goals and objectives. Determining the value of social and economic returns, referred to in the MATR, is an important part of public property asset management. The categorisation of property assets should include:

- Core service provision: The property management for these have to be efficient and effective, allowing for improved service delivery and an increase in the ‘value’ of the service.
- Commercial assets: These are primarily non-core properties (although there are instances where core properties can be used for commercial purposes). The prime aim of this asset is to provide financial returns to the municipality.
- Economic assets: This refers to property being used to lever economic returns (job creation, private investment, economic opportunities and activity). Although the actual financial return on the property can be compromised it should be against the achievement of economic indicators.
- Social assets: It is important to determine the social returns as these functions are usually conducted by a third party and the effects are often a subjective matter. Indicators to determine value should include the use of facilities, the number of beneficiaries, and alignment to the municipality’s social priorities.
Establishing and managing a property asset register

Establishing a property register is the most important aspect of developing an asset management approach. Several inputs are required to constitute a property asset register:

- A list of all existing municipality-owned properties. These will include property registers, properties transferred with the establishment of a single municipality, a valuations roll to identify all council properties, and the Deeds Register.

- Verification process: This involves the verification of each property registered with the valuation roll and the Deeds Register. This is a complex process which requires dedicated data capture processes.

- Property register maintenance: Once established, the property register has to be maintained and regularly updated. This function needs to have dedicated capacity.

Creating a valuable portfolio requires a strategic approach and an understanding of the significance of property in generating financial, economic and social values. The starting point is establishing the financial value of the portfolio and requires a direct link to the valuations roll. The next step is to establish potential or future value. This is far more complex and will require dedicated capacity and resources. It may need to be driven through a multi-disciplinary task team. The process will involve:

- Mapping the portfolio onto the GIS.
- Identifying property portions that are above a defined size (e.g. 10ha).
- Superimposing the Spatial Development Framework, Regional Spatial Frameworks and Precinct Plans onto the mapped GIS.
- Reviewing each property portion in relation to the spatial frameworks and policies, and identifying the most appropriate land uses for each of the significant property portions.
- Establishing the potential value in relation to social, economic or financial outputs.

A property asset register is a tool for municipalities to identify portions of property that can be converted to assets. In many instances, property management involves receiving applications from the public to lease or purchase properties. A management system is needed to receive the applications, to review them against a set procedure and policy, and to determine
the release-mechanism. The opportunities for adding value to the portfolio is located in this process, and the management system needs to be able to identify these opportunities.

A property asset management policy is critical to providing an overall framework that can be applied to property management, and can assist in defining the most appropriate uses and mechanisms for property development and management. It also provides the link between the strategic assessment of property value and property management. A policy should include properties for sale and for lease, forms of lease most appropriate for social, economic or financial returns, and applicability of land availability agreements.

There are diverse approaches to managing public property, but the following core set of features have been identified as an integral part of any efficient and accountable government asset management system:

- Classification of property based on functional purposes and financial goals, and specification of a long-term strategy for each property class.
- Systematic inventories and records of property.
- Justification of real property demands of government agencies.
- Property management and accounting tracking for revenues and expenses for each property.
- Occupancy monitoring.
- Recording of property values and liens.
- Periodic evaluation of the financial performance of each property and the whole portfolios in each class, based on strategic criteria (such as cost efficiency, sufficient returns on investment, or accountable and controllable subsidies).
- Rational criteria and written rules for decision-making regarding public property acquisition, holding and disposition.

Efficient real property asset management at the local level is not possible without an enabling legal and institutional framework set up by national government. In particular, for transitional and developing economies, the implementation of asset management should be preceded by clarification of local governments’ property rights and fiscal autonomy.

This article is extracted from a report entitled Property Asset Management in the Cities, prepared for the SACN by Leila McKenna, Tanya van Schalkwyk, Andreas Bertoldi and Katherine Cox. A copy of the full report can be downloaded from the SACN’s website, www.sacities.net
city development partnerships

Partnerships are expected to play an increasingly important role within the context of limited municipal budgets. SACN member cities will find it necessary to enter into urban management partnerships in order to maintain service and infrastructure standards in some neighbourhoods. Cities will also benefit by considering urban regeneration partnerships that involve shared risk in large scale capital projects. This article explores partnership structure and objectives, highlights lessons from leading partnerships in Cape Town and Barcelona, and outlines lessons identified by urban regeneration partnership practitioners.

In 2008, Ralph Hamann and Fleur Boulogne, of the University of Cape Town, wrote a paper titled Towards a Typology for More Effective Evaluation and Implementation of Cross-sector Partnerships. In it they defined two broad categories of partnerships: implementation partnerships and innovation (or rule-setting) partnerships.

Implementation partnerships are focused on achieving relatively clearly defined, measurable objectives and have formal institutional arrangements. Innovation partnerships are comparatively informal collaborations that seek to address more open-ended social problems. Some partnerships are a combination of these types.

Many urban development or renewal projects involve complex, multi-stakeholder partnerships that are usually a hybrid of these types of partnerships. Project planning partnerships (PPP) that define project priorities and outcomes can be classified as rule-setting partnerships. On the other hand, project implementation partnerships, like city improvement district partnerships or infrastructure PPPs, need to be managed in a formal way with binding agreements, a clear definition of roles and responsibilities, assignment of risk, outputs with timeframes, and expected impacts.1

Rule-setting and innovation partnerships are often

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started in response to a crisis, while implementation partnerships are often about defining a common development vision. Crisis is a good galvanising force for partnerships, even reluctant partnerships. In the absence of crisis, partnerships can become dysfunctional. They may require either a lot of facilitation, administration and secretariat support, or have rules that require participation (PPPs or section 22 of the property act or property owners association or city improvement district).

According to Andrew Boraine, CEO of Cape Town Partnership (CTP), partnerships should create dynamic tensions that result in better solutions and more innovation. The key to holding partnerships together is the effective management of these tensions.

The urban decline and mismanagement crisis in the inner city of Cape Town was the driving force behind the formation of CTP. In August 2009, CTP celebrated its tenth anniversary with a conference and the publication of a review of lessons learnt during this time.

These lessons include the following:

- Partnerships should evolve over time: The CTP evolution can be categorised into an establishment phase (1996-1999), followed by an implementation phase (1999-2002) which was about improving the performance of the city centre and changing perceptions to restore confidence, stem the flight of capital, and rescue dwindling municipal revenues. Then there was an urban regeneration phase (2003-2005), which was about attracting private investment for building regeneration and upgrading public spaces. CTP broadened the partnership from 2005-2007 in order to establish a longer-term vision.
- Partnership managers must provide a translation service: Building and maintaining trust includes developing common perceptions, giving critical cooperative inputs, playing match-maker, and managing both cooperation and conflict.
- There are many roles for partnership managers to play: Rowing, steering, coaching and cheering are the metaphors used to describe CTP’s activities. The quality of people supporting the partnership can make or break the partnership. All players must be partnership oriented, and not driven by profit.

What is a City Improvement District?

A City Improvement District (CID) is a precisely defined geographical area, approved by the city council in terms of the Municipal Property Rates Act, Section 22 (Special Rates Area) and the CID bylaw – to provide complementary services in that area.

Cape Town Partnership

The exact roles and programmes of CTP can be usefully discussed using rowing, cheering, steering and coaching metaphors.

- **Rowing:** CTP’s direct delivery and implementation roles
- **Cheering:** CTP’s role encouraging and supporting the efforts of others
- **Steering:** CTP’s role shaping and facilitating city development with partners
- **Coaching:** CTP’s role in building capacity elsewhere in the city.

It is this core business of proactive urban management and strategic partnership/leadership facilitation which has prevented central city decay in Cape Town, and supported its revitalisation.

**Rowing: CTP’s direct delivery and implementation roles**
CTP’s main activities are associated with the Central City Improvement District (CCID) daily top-up activities or urban management services, which include keeping the city safe, secure and clean. In addition, the CCID also actively markets the central city and its large-scale events that attract visitors and locals alike. Other examples of projects and programmes that the CTP ‘rows’ include:

- Development projects such as the City Hall upgrade
- Creative Cape Town which recognises cultures’ intrinsic role in promoting an active, vibrant and diverse central city
- City public space interventions with the City of Cape Town
- Kerb-side parking management
- Ensuring that street children have access to care and support, and the homeless have access to shelter and employment
- Upgrading of informal traders storage and trading facilities.

**Cheering: CTP’s role in building capacity elsewhere in the city**
When involved in the enormous task of revitalising a challenged city core, it is important to recognise and praise the work of other organisations and individuals who support the end goal of making the city work for all. To this end, CTP often publicly acknowledges the good work of its partners.

CTP is increasingly involved in knowledge and information gathering activities. Recognition of exemplary work and the sharing of best practice help to facilitate key relationships in the central city, which are needed to maintain the momentum of the area’s development.

The newsletter Siyahluma is published on a regular basis and captures all the activities that CTP and others are involved in, from high profile infrastructure projects such as the impending BRTS to promoting non-motorised transport and walkability in the central city. Regular walking tours are an important tool to communicate how, why and where the central city is evolving and improving.

**Steering: CTP’s role in shaping and facilitating city development with partners**
The role of CTP as coordinator, mediator and facilitator has been fundamental in steering public-private, public-public and intra-public and private-sector relations related to the revitalisation of the central city.

Visioning and thought leadership represent important steering functions of CTP. They presently find expression mainly in the Central City Development Strategy (CCDS) which can be seen as the content driver for the work in the central city for the next ten years. The CTP has been involved in the development of the CCDS.

CTP also uses the local press and media to stimulate public debate and engagement in discourses relevant to promoting the ongoing well-being of Cape Town and its central city. For example, during the first half of 2008, CTP was party to a series of weekly media releases that covered Cape Town’s urban challenges at various levels. This stimulated public debate, among other things, around Cape Town’s ambition of achieving urban democracy, and how the socio-economic, cultural and other disparities in the city can be challenged effectively. Some high profile contributors such as the Minister of Finance participated in this series.

**Coaching: The CTP’s role in building capacity elsewhere in the city**
The coaching role played by CTP is evident in its training and mentoring activities.

Although direct skills training and development in programmes such as kerb-side parking attending and management only represent a small amount of CTP’s work, it has nevertheless been successful.

The main coaching role involves the mentoring of other City Improvement Districts (CIDS), of which there are 15 in Cape Town. A Business Areas Network (BAN) convenes at least four times a year to engage the CIDS and CTP in mutual information sharing, with a view to resolving urban management issues across Cape Town. Invitations to CTP to advise other CIDS extend into the region as far as Worcester and Knysna, where knowledge is consistently shared. Other organisations in the country such as Johannesburg Development Agency (JDA) also engage CTP in a mutually beneficial manner.

*Extracted from the Review of the Cape Town Partnership, October 2009*
At the CTP conference in August 2009, Mr Jordi Sacristan, Marketing and Communications Director for 22@ Barcelona delivered a presentation on lessons from Barcelona’s innovative 22@ urban regeneration partnership project.

The project started when the Barcelona city council identified a zone of almost 200 ha in the central city for regeneration from degraded industrial land uses to mixed-use knowledge economy uses. The key incentive was the trade of increased densities and development rights for the cession of 30 per cent of the privately owned properties for public amenities and services. Private land-owners thus gained value and the city council gained land for social and public land uses. 22@ also focused on developing business clusters in Barcelona’s priority sectors (energy, media, IT, medical technology, and design). As a result of these new industrial and commercial clusters there are now 2 000 new companies located in the urban regeneration zone, 44 per cent of which did not exist previously. It is estimated that 12 million jobs now exist in the regeneration zone; 44 000 of these are new jobs. The 22@ project team also played a role in the networking of venture capital and facilitating public financing. In particular, a society of business schools and other specialist academic fields was established.

Participants at the conference identified the following key lessons for urban regeneration partnerships:

- Get the basics right by focusing on core urban management functions to achieve an appropriate standard for services and spaces.
- Social development is a core principle of urban regeneration, and partnerships should not be limited to clean and safe outcomes.
- Urban regeneration is about people, not just buildings and infrastructure. Culture and creativity can be used to promote social cohesion and local investment.
- Public space is very important for public life.
- Communications, marketing and branding should also be an objective for urban regeneration partnerships.
- Individual champions are critical to the success of partnerships.
- It is important for partnerships to mature and evolve.
- Cities should build facilitation capacity and resources in order to play a role as equal partners with the private sector in driving urban regeneration.
assessing the impact of the 2010 fifa™ world cup on the development of south african cities

As part of its mandate to promote multi-faceted city development, South African Cities Network (SACN) recently embarked on a City Development Strategies project to develop and implement a framework to assess the long-term impact of the 2010 FIFA World Cup (FWC) on the development of South African cities. The resultant report outlines steps that must be taken to develop and refine the legacy assessment framework, and provides key performance indicators to measure the impact of the 2010 FWC on city development strategies.

Given the prominence and scale of mega-events and the increased levels of investment they attract, there has been much debate and research on the nature and content of their legacy. However, there is no clear definition of the legacy, nor is there consensus on which aspects to prioritise in impact appraisals. For the purposes of this review, legacy refers to both planned and unplanned, positive and negative, tangible and intangible structures or societal relations that are developed in the context of an event, and which persist for a significant period of time after the event has ended.

Many governments host mega-events to catalyse new forms of economic development, to regenerate dilapidated urban regions, to spur on tourism growth, and to help re-brand cities. Urban regeneration is a common objective for the majority of host cities in the developed world. Although many of the emergent aspiring hosts of the developing world also have urban regeneration as a goal, they tend to use mega-events to boost national and local development, and to serve political objectives.

Although contexts may differ, it is possible to identify a number of common urban legacies from mega-events. Five types of legacy can be differentiated: sporting legacy, urban legacy, infrastructural legacy, economic legacy, and social legacy. These include tangible and intangible impacts. They may be grouped into primary and secondary legacies in terms of the short-, medium-, and long-term impacts of aspects such as urban infrastructure, design, image and tourism, as well as governance structures in the city.

Sport is an important ideological instrument in post-apartheid South Africa. Like many other developing countries, South Africa has embraced the ideology of the sport-media-tourism complex, and is seeking to promote
an event-driven economy. The hosting of mega-events in developing countries is often contested and highly debated, especially in the political arena, given the high economic costs and infrastructural requirements associated with large-scale sports events like the FWC.

Hosting the FWC in South Africa will not only showcase the nine host cities as world-class tourist destinations, but there is also potential for non-host cities to benefit. Non-host locations are likely to benefit directly from being base camps for competing teams as well as benefiting from tourist travel during their stay in South Africa.

Since the initial bid process for the FWC, broad estimates of the potential impacts on the South African economy have been adjusted from R30 billion to R51 billion. National government undertook to spend more than R400 billion over a five year period between 2006 and 2010, in line with fashioning macro-economic policies around the 2010 event. A large portion of the spending has been designated for stadium construction or upgrading. Stadium development is a critical part of the legacy benefits associated with hosting mega-events.

The analyses on previous World Cups provide a context for estimating the potential risks and benefits for the FWC in South Africa. Government is investing heavily in stadium development and this public expenditure stands in strong contrast to the moderate possibilities of post-2010 use. Despite considerable local interest in football, attendance at premier league football matches (an average of 5 000 people per match) are considerably lower than in Germany (about 40 000 people per match) or France (about 20 000 people per match). If sustainable regeneration is to be achieved, it is important to plan for the effective use of facilities after the event, with an emphasis on developing multi-purpose venues.

Developing the assessment framework

To establish the framework, SACN embarked on a consultative process that links with the core themes of the 2010 State of the Cities Report. The framework adheres to the four quadrants of the SACN's analytical framework to promote productive, inclusive, sustainable, and well-governed, cities. The framework also includes national government’s 2010 objectives and key performance areas in the five-year Local Government Strategic Agenda, which are municipal transformation and organisational development, basic service delivery and infrastructure, 

Stadium development is a critical part of the legacy benefits associated with hosting mega-events
Well-governed Cities report 2009
Nelson Mandela Bay.
local economic development, municipal financial viability and management, social development, good governance and public participation, safety and security and disaster management, and African legacy.

The framework does not duplicate what other institutions are producing. As such, the focus is not on tracking progress towards 2010, but rather on understanding the legacy that the FWC will leave for the cities. The framework does not attempt to evaluate the impact that all integrated development plan (IDP) initiatives and projects will have on the cities, and so it is important to decide on the logic for including or excluding specific initiatives and projects.

Great care was taken to keep the number of objectives to a minimum. A number of key performance indicators (KPIs) were developed for each objective, and only objectives with a high likelihood of being realised through implementation of 2010 projects were included. Generic KPIs were developed for each objective in the score card. Common 2010 initiatives likely to impact on the objectives are outlined in the table below.

Table 1: Potential objectives for the 2010 scorecard

<table>
<thead>
<tr>
<th>Focus area</th>
<th>Productivity</th>
<th>Inclusivity</th>
<th>Sustainability</th>
<th>Good governance</th>
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| Municipal transformation and organisational development | • Improve the ability to retain and attract skills  
• Improve project management capabilities | • Measure new long-term employment created for women and foreign nationals  
• Assess efficiency of technical support deployed to cities to support 2010 FWC initiatives | • Improve land use planning and management  
• Review legislative requirements  
• Review litigation and dispute settlement |                                                                                                     |
| Basic service delivery and infrastructure improvement | • Accelerate existing transport plans  
• Accelerate infrastructure plans and maximise their use  
• Maximise the use of ICT | • Promote access to safe, efficient, convenient and affordable public transport  
• Improve access to housing, and better service delivery | • Ensure effective waste management and other environmental sustainability factors during and beyond the 2010 FWC | • Coordinate housing and transport subsidies  
• Improve contracting management capabilities, including service delivery arrangements |
| Economic development | • Harness tourism as a springboard for economic development  
• Decrease the costs of participation and of doing business in the economy  
• Reduce transport costs | • Ensure participation and access to economic assets by all South Africans  
• Grow and support existing and new businesses to increase employment and income opportunities through 2010 programmes  
• Ensure promotion of economic policies that enhance investment and economic development to stimulate job creation and income opportunities beyond 2010 | • Preserve selected land for conservation  
• Achieve higher land utilisation without damaging natural resources | • Ensure efficiency of land release  
• Facilitate incentive packages to stimulate economic growth  
• Develop frameworks and improve policies for doing business with cities (quicker and more efficient supply chain management systems and procurement frameworks) |
| Municipal financial viability | • Increase the value of land and properties  
• Expand the revenue base | • Ensure long-term sustainability of projects  
• Manage municipal resources in a financially sustainable manner through sound strategic budgeting, revenue maximisation, diversification and creating value for money | | • Demonstrate fiscal discipline  
• Review of clean/ unqualified audits received |
### Focus area | Productivity | Inclusivity | Sustainability | Good governance |
--- | --- | --- | --- | --- |
**Socio-political, good governance and public participation**<br>• Strengthen transparency and accountability of financial affairs and local government<br>• Maximise use of ports of entry<br>• Improve mechanisms for public participation in the development of 2010 programmes through the provision of political, technical and other support to host cities<br>• Address social exclusion and spatial segregation in land markets<br>• Develop support programmes to scale up the mobilisation of community resources as well as strengthen political championship, support and oversight<br>• Strengthen political championship, support and oversight by demonstrating strong intergovernmental and interdepartmental relationships<br>• Reduce unlawful land use | | | | |
**Safety and security**<br>• Improve access to and response time of police and emergency services<br>• Ensure access to security, safety, health and justice for all | | | | • Achieve cooperation between different law enforcement emergency agencies |
**African legacy**<br>• Encourage the involvement of African countries in 2010 programmes<br>• Ensure participation by private sector, public sector and civil society in the 2010 National Communications Partnership | | | | |
**Cross-cutting interventions**<br>• Optimise outputs from land | | | | • Profile and brand popular cities so as to project a strong image of each city and the country |

In the next stage of the project, SACN will collect baseline data from 2006, when South Africa’s preparations for the 2010 FWC started. Projects completed before 2006 will be used as the benchmark for measuring city development in 2010 and in 2016. This ten-year timeframe will provide comprehensive comparable data to measure projects completed before, during, and after the 2010 FWC.
Understanding the key performance indicators

The KPIs are divided into the four SACN themes – productive, inclusive, sustainable, and well-governed cities. The table below is an excerpt of the productivity objectives, detailing the KPIs, common initiatives, and the source of data for 2006, 2010 and 2016. Indicators like ‘number of new jobs created annually in the municipality’ and ‘amount of salary billed in Rand’ will provide insight into the number of new jobs created annually versus the additional jobs created through 2010, as well as the number of jobs retained in 2010.

Table 2: Productivity objectives, potential KPIs, baselines, targets and 2010 initiatives (excerpt)

<table>
<thead>
<tr>
<th>Focus area</th>
<th>Objectives</th>
<th>KPIs</th>
<th>Common initiatives</th>
<th>Methodology/source of information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal transformation and organisational development</td>
<td>Improve the ability to retain and attract skills, and improve project management capabilities</td>
<td>Number of training initiatives (workshops, seminars, etc.) undertaken to improve skills, including number of joint initiatives (i.e. international projects)</td>
<td>• SACN workshops • Host City Forum • Infrastructure programmes</td>
<td>• Host cities • Local organising committees • 2010 government unit • Economic development agencies within local and provincial structures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Number of new jobs created annually in the municipality in relation to 2010 initiatives • Amount of salary billed in Rand at the municipal level</td>
<td></td>
<td>• Host cities • Local organising committees</td>
</tr>
</tbody>
</table>

To further refine the KPIs, SACN extracted those that measure the impact of the FWC on the built environment. They were also selected for their impact on cities and city governance. In the excerpt in table 3, indicators like ‘hectares of new land developed’ and ‘amount of the city covered by bus service’ will provide insight into the changes the FWC had on city development patterns and public transportation options.
Table 3: Indicators assessing the built environment (excerpt)

<table>
<thead>
<tr>
<th>Focus area</th>
<th>Productivity</th>
<th>Inclusivity</th>
<th>Well-governed</th>
<th>Sustainability</th>
</tr>
</thead>
</table>
| Basic service delivery and infrastructure improvement (accelerated implementation of infrastructure projects) | Hectares of new land developed | • Amount of the city covered by bus service and distance between stations  
• Number and value of new subsidised housing units built per year | • Number of 2010 greening initiatives (i.e. number of trees planted for 2010 greening projects)  
• Amount of conservation land per municipality | Public expenditure on 2010 infrastructure per city per year, compared to total capital budget per city per year  
Number of community facilities built because of 2010  
Number of transport infrastructure projects  
Number of users of public transport and their demographic profile  
Number of criminal incidents reported when using public transport | • Number of 2010 infrastructure projects with energy-saving technologies  
• Number of 2010 infrastructure projects utilising renewable/alternate energy sources | Number of environmentally-linked conflicts |

The 2010 FWC represents a unique opportunity for South African cities to accelerate the pace of building and service delivery against their long-term development goals. The country is already buzzing with preparations for the event, and government is investing billions on new capital works projects and upgrades of existing infrastructure. The focus to date has been on ensuring that preparation for the event is successful, with little articulation of the legacy that will remain after 2010. Failure to identify and measure the long-term impact of the event could prevent the country from reaping the full benefits of hosting.

It is imperative that institutions mandated to foster sustainable development focus their attention on ensuring that the country is able to use the 2010 FWC as a springboard for future growth. Taking stock of the situation, SACN launched an initiative to ensure that the long-term objectives linked to the event are not swamped by the frenetic activity leading up to the event.

SACN has started the next stage of the project by collecting the baseline data for 2006. Data collection will continue after the 2010 FWC and into 2010. Once data has been collected, SACN will be able to assess the long-term legacy of the 2010 FWC on South African cities.
The following organisations and individuals are acknowledged for their assistance and/or contributions to this report:

State of municipal finances in Southern Africa

Refugee management – the governance response

South African cities unprepared for disaster

Planning for infrastructure investment

Property asset management in the cities

City development partnerships

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