National Urban Renewal Programme

Implementation framework

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MDANTSANE MOTHERWELL

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REPUBLIC OF SOUTH AFRICA
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The Urban Renewal Programme (URP), which focuses on eight urban nodes of poverty, is aimed at focussing the resources of government in an integrated manner towards breaking the cycle of underdevelopment in cities.

Much has been learnt in the past five-years of implementing this programme since 2001. These include the government response to breaking the legacy of apartheid in communities living in urban townships and on how to create favourable conditions for previously excluded urban communities to access growth and development opportunities.

The purpose of this Implementation Framework for the Urban Renewal Programme is to translate the vision of the Urban Renewal Programme into tangible ways that will guide all role-players in achieving this vision.

This framework offers a systematic guide to the policy, the purpose and objectives of the URP and the financial and institutional arrangements that exist for this programme. It also offers guidance on management arrangements as well as varied approaches on mobilising appropriate human resources and capacities.

The dplg is also providing two supporting documents, which offer practical guidance for improving and scaling up the implementation of urban renewal initiatives. These are the Lessons Learnt in the implementation of the URP, which highlights some good practices and the Toolkit for URP Programme Managers which builds on the roles, function and processes set out in the Implementation Framework.

The implementation of the Urban Renewal Programme in the last five-years has shown that the principle of a deliberate approach of, all-of-government, area-based focus on urban poverty has produced some encouraging results. This Implementation Framework, together with the Lessons Learnt study and the Management Toolkit guides will go a long way towards assisting all stakeholders to intensify and roll-out programmes to address urban poverty and exclusion.
# Abbreviations and acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Name</th>
</tr>
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<tbody>
<tr>
<td>BEE</td>
<td>Black Economic Empowerment</td>
</tr>
<tr>
<td>CBO</td>
<td>Community based organisation</td>
</tr>
<tr>
<td>DBSA</td>
<td>Development Bank of Southern Africa</td>
</tr>
<tr>
<td>DoRA</td>
<td>Division of Revenue Act</td>
</tr>
<tr>
<td>dplg</td>
<td>Department of Provincial and Local Government</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
</tr>
<tr>
<td>GTZ</td>
<td>Deutsche Gesellschaft Für Technische Zusammenarbeit</td>
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<tr>
<td>IDP</td>
<td>Integrated Development Plan</td>
</tr>
<tr>
<td>IGR</td>
<td>Intergovernmental relations</td>
</tr>
<tr>
<td>INK</td>
<td>Inanda, Ntuzuma, KwaMashu</td>
</tr>
<tr>
<td>IWPs</td>
<td>Implementation Work Plans</td>
</tr>
<tr>
<td>HCBC</td>
<td>Home and Community Based Care</td>
</tr>
<tr>
<td>HSRP</td>
<td>Human Settlement Redevelopment Programme</td>
</tr>
<tr>
<td>LED</td>
<td>Local Economic Development</td>
</tr>
<tr>
<td>MFMA</td>
<td>Municipal Finance Management Act</td>
</tr>
<tr>
<td>MIG</td>
<td>Municipal Infrastructure Grant / Programme</td>
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<tr>
<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
</tr>
<tr>
<td>MURP</td>
<td>Mdantsane Urban Renewal Programme</td>
</tr>
<tr>
<td>MYIP</td>
<td>Multi-Year Indicative Plan</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organisation</td>
</tr>
<tr>
<td>NMM</td>
<td>Nelson Mandela Metro</td>
</tr>
<tr>
<td>OMU</td>
<td>Outcomes Management Unit</td>
</tr>
<tr>
<td>PMU</td>
<td>Programme Management Unit</td>
</tr>
<tr>
<td>RDP</td>
<td>Reconstruction and Development Programme</td>
</tr>
<tr>
<td>SACN</td>
<td>South African Cities Network</td>
</tr>
<tr>
<td>SIDA</td>
<td>Swedish International Development Agency</td>
</tr>
<tr>
<td>SIPP</td>
<td>Special Integrated Presidential Project</td>
</tr>
<tr>
<td>SLGP</td>
<td>Strengthening Local Government Programme</td>
</tr>
<tr>
<td>SMIF</td>
<td>Special Municipal Infrastructure Fund</td>
</tr>
<tr>
<td>SMME</td>
<td>Small-, Micro-, Medium Enterprise</td>
</tr>
<tr>
<td>SOV</td>
<td>Sources of Verification</td>
</tr>
<tr>
<td>UR</td>
<td>Urban Renewal (generic)</td>
</tr>
<tr>
<td>URP</td>
<td>Urban Renewal Programme</td>
</tr>
<tr>
<td>URZ</td>
<td>Urban Regeneration Zone</td>
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Overview

PART A
1.1 Background to the establishment of the programme

Prior to 1994, the conditions of rural underdevelopment and urban exclusion and degeneration were underpinned and managed by a complex apartheid bureaucracy. This bureaucracy consisted of a central government, four administrations, ten Bantustan administrations, and over 1,200 racially segregated local government administrations.

In 2001, informed by six years of developmental interventions, the Urban Renewal Programme URP and Integrated Sustainable Rural Development Programme ISRDP were launched during the State of the Nation Address of President Mbeki. With the launch of these programmes, it was the intention of government to “conduct a sustained campaign against rural and urban poverty and underdevelopment, bringing in the resources of all three spheres of government in a co-ordinated manner’ (State of the Nation Address, 2001).

At the inception of the URP, the democratic local government system as it exists today had been in existence for two months. The intention was that these new structures of local government would be the focal institution of government to ensure the co-ordinated implementation of the programmes (State of the Nation Address, 2001). The dplg was tasked as the national co-ordinating Ministry for the ISRDP and URP.

The basic vision and principles as set out in the ISRPDP also applied to the URP, namely:

To attain socially cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people who are equipped to contribute to growth and development.
The central focus of the URP and the ISRDP programmes is therefore to intensify the offensive on poverty and underdevelopment throughout the country. Common features of the programmes include:

- Poverty targeting and alleviation as an explicit objective. The nodal localities identified very deliberately correspond with the landscape of under-development and poverty in South Africa.
- Focus on addressing the micro- and local economic development imperatives that seek to complement and sustain the macro-economic stability that has been achieved as a country.
- Improved co-ordination and integration of service delivery across government, with a particular focus at a local level.
- The decentralisation of decision-making and setting of priorities at a local level, aimed directly at building robust and sustainable municipalities and a strong local government sphere.
- The need for a demand-driven approach to development, where local projects are identified through the municipal integrated development planning process.
- Recognition that various partnerships will be necessary to ensure the success of each of the programmes.

Understanding the complexity of addressing the challenges in these poverty pockets, the URP was conceived as a 10-year initiative.

The SoNA of 2004 recognised that redressing poverty, underdevelopment and marginalisation is a national task that calls for the mobilization of the whole nation into a united people’s action, into a partnership with government for progressive change and a better life for all, for a common effort to build a winning nation.

A focus by the entire government on shared areas of impact (in this case urban nodal communities) is central to the success of the URP – based on the principle that in government we all share one client, and that client resides in a municipality.

Although progress has been made, it appears that a more deliberate targeting of financial and technical resources to the rural and urban nodal areas will be required by sector departments if we are to address the historical backlogs in service delivery as well as new growth in services needs.

Now that the infrastructure platform is generally in place in the nodes, it is opportune to start putting more focus on growing the human capital of the communities (skills development) and economic potential of the nodal regions to ensure that nodal communities benefit from the expected economic growth of the country. Therefore, the next 5 years will focus on aspects of quality and sustainability in order to consolidate the progress made, and build on this through strengthening the hands-on support aspects of capacity-building.
1.2 A focus on urban development and urban poverty

The focus on urban nodal areas is based on a recognition that poverty is increasingly urbanising. The population of South Africa is now predominantly urban, with 58% of people residing in urban areas. This is projected to increase to 64% in 2030. The three major metropolitan areas of the country, Cape Town, eThekwini (Durban) and Johannesburg, which also have the three biggest Urban Renewal Programmes, account for around 30% of the national population.

Furthermore, the six metropolitan areas in the country produced 56% of the Gross Domestic Product in 2001, with Johannesburg alone accounting for 15%. Despite the crucial role of these major cities in national economic development, some studies suggest that the absolute number of urban poor people in South Africa has been steadily increasing. These studies indicate that at least 40% of those residing in urban areas are defined as poor.

The eight urban renewal nodes are located within municipalities that contribute significantly to the national economy. The six metros alone contribute 55.4% to the national Gross Value Add (GVA) of the country. The table below shows the top 20 contributors to the national economy, with nodal municipalities highlighted. The nodal municipalities, excluding Sol Plaatjie, contribute 39.5% to the national GVA.

It is estimated that the majority of South Africans live in towns or cities, and as many as 16.5 million people (some 37% of the country’s total population), live in the 9 largest cities on less than 2% of the country’s land area. The 9 largest cities account for 63% of the total Gross Domestic Product (GDP) of the country. Current estimates of 55% of the population as ‘urban’ are projected to reach at least 68% over the next decade. Many urban-based municipalities

<table>
<thead>
<tr>
<th>Rank</th>
<th>Municipality</th>
<th>Major City or Town</th>
<th>Percentage of national GVA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>City of Johannesburg</td>
<td>Johannesburg</td>
<td>17.0</td>
</tr>
<tr>
<td>2.</td>
<td>City of Cape Town</td>
<td>Cape Town</td>
<td>11.0</td>
</tr>
<tr>
<td>3.</td>
<td>City of Tshwane</td>
<td>Tshwane</td>
<td>9.5</td>
</tr>
<tr>
<td>4.</td>
<td>Ekurhuleni</td>
<td>Ten major East Rand cities</td>
<td>8.0</td>
</tr>
<tr>
<td>5.</td>
<td>eThekwini</td>
<td>Durban</td>
<td>7.5</td>
</tr>
<tr>
<td>6.</td>
<td>Bojanala DM</td>
<td>Rustenburg</td>
<td>3.7</td>
</tr>
<tr>
<td>7.</td>
<td>Nkangala DM</td>
<td>Witbank &amp; Middelburg</td>
<td>3.4</td>
</tr>
<tr>
<td>8.</td>
<td>Nelson Mandela</td>
<td>Port Elizabeth</td>
<td>2.4</td>
</tr>
<tr>
<td>9.</td>
<td>SediBeng DM</td>
<td>Vereeniging &amp; Vanderbilpark</td>
<td>2.3</td>
</tr>
<tr>
<td>10.</td>
<td>West Rand DM</td>
<td>Mogale City</td>
<td>2.2</td>
</tr>
<tr>
<td>11.</td>
<td>Gert Sibande DM</td>
<td>Secunda &amp; Evander</td>
<td>2.2</td>
</tr>
<tr>
<td>12.</td>
<td>Boland DM</td>
<td>Stellenbosch</td>
<td>1.9</td>
</tr>
<tr>
<td>13.</td>
<td>Northern Free State DM</td>
<td>Sasolburg</td>
<td>1.6</td>
</tr>
<tr>
<td>14.</td>
<td>Motheo DM</td>
<td>Bloemfontein</td>
<td>1.6</td>
</tr>
<tr>
<td>15.</td>
<td>Amatole DM</td>
<td>Buffalo City/East London</td>
<td>1.6</td>
</tr>
<tr>
<td>16.</td>
<td>Umphungundlovu DM</td>
<td>Pietermaritzburg</td>
<td>1.5</td>
</tr>
<tr>
<td>17.</td>
<td>Ehlanzeni DM</td>
<td>Nelspruit</td>
<td>1.3</td>
</tr>
<tr>
<td>18.</td>
<td>Southern DM</td>
<td>Klerksdorp &amp; Potchefstroom</td>
<td>1.3</td>
</tr>
<tr>
<td>19.</td>
<td>Waterberg DM</td>
<td>Thabazimbi</td>
<td>1.3</td>
</tr>
</tbody>
</table>

Total percentage for the twenty municipalities: 82.8%

Total % of the 5 Urban Nodal Municipalities (excluding Sol Plaatjie): 39.5%
are struggling to manage the impact of increasing urbanisation and the concomitant challenges of promoting economic development and addressing poverty.

Further analysis of the national space economy shows a correspondence between the 'core economic growth areas' of the country and the spatial location of poverty. The core economic growth areas contribute 81.2% to the national GVA, while at the same time they are home to 36.6% of the country's poor. The estimated 2 million people who reside in the urban nodes thus represent a large percentage of the urban poor population of the country.

These challenges require a targeted range of interventions that will arrest urban poverty and maximise the potential of urban economic and social development for the country as a whole.

The Urban Renewal Programme is expected to respond to this challenge and, importantly, contribute to an improved understanding by all of government of the conditions of urban poverty and how to address these with appropriate policies, programmes and systems.
1.3 A profile of the eight urban renewal nodes

In February 2001, President Mbeki announced the launch of the Urban Renewal Programme (URP) to be implemented in eight nodes in six cities:

- **Alexandra** in the City of Johannesburg
- **Mitchell’s Plain** and **Khayelitsha** in the City of Cape Town
- **Inanda** and **KwaMashu** (INK) in the eThekwini Municipality
- **Mdantsane** in the Buffalo City Municipality (East London)
- **Motherwell** in the Nelson Mandela Bay (Port Elizabeth)
- **Galeshewe** in the Sol Plaatje Municipality (Kimberley).

The URP nodes selected all displayed a set of common features that established a relatively similar developmental agenda for the 8 nodes, such as:

- Apartheid townships
- Poverty and high levels of crime
- Depleted formal engineering infrastructure that needed rehabilitation/upgrading
- Shortage of formal housing stock, including the informal housing component
- Inadequate operational and maintenance budgets
- Low internal economic opportunities (Alexandra less so)
- Low education and skills levels of resident population
- Poorly connected to surrounding neighborhoods.

In summary, in all the areas where the nodes are currently located, economic growth is very weak, and poverty and inequality persist. In addition, the asset base of the communities residing in these geographical spaces is very low. It is therefore to be expected that returns on factors of production will be low.

Urban renewal nodes furthermore have limited access to financial markets or other necessary complements such as the property rights and infrastructure so critical to the accumulation of physical and knowledge capital, and participation in the growth processes. Because poor people face more labour market risks and are less able to hedge against these, entrepreneurship activities are seldom embarked on. Some people have gone further to call these nodal areas ‘non-functional/non-working zones’. This is despite the fact that Government spends about R240 billion annually in these ‘marginalised’ areas, albeit generating very little economic activity.

The nodal areas depend on the adjacent previously ‘Whites only’ areas for almost all their jobs, goods and services. As a result, money does not ‘stay to work’, to stimulate new economic activities in the nodal areas. Incomes are almost ‘spent back’ in the previously ‘Whites only’ adjacent areas. As an example, it has often being argued that an amount of R100 that enters Sandton in Johannesburg, changes hands 7 to 10 times before it leaves the area, and R800 or more of additional economic activity is generated from it.

On the other hand, for every R100 (from remittances, social assistance grants, etc) that enters a township, rural area or an informal settlement – the site of the nodes – only R30 of additional economic activity is generated. The money hardly changes hands before it leaves the area. The nodes are thus essentially cash deserts for 20 or more days in each month.
Alexandra

Alexandra forms part of the City of Johannesburg, the largest city in South Africa with 3.2 million people living in 1 million households. At the current growth rate, it is estimated that the City of Johannesburg population will double in the next 17 years. With the high rate of migration into the province and the city expected to continue, this has implications for all aspects of service delivery. Alexandra is predominantly residential and accommodates people working in Johannesburg, Sandton and Wynberg. Because the area is relatively well-located, it attracts legal and illegal migrants seeking work in Johannesburg. Census 2001 records a population of 166 969 although surveys done by the city in 2001 estimate a population size closer to 360 000 in Greater Alexandra.

The City of Johannesburg is estimated to have a housing backlog of 240 000 units, with 160 informal settlements, which includes parts of Alexandra. Alexandra is predominantly residential and has about 4 060 formal houses and 34 000 shacks, as well as various types of accommodation including flats, hostels and warehouses. One in every 3 households lives in an informal dwelling, one of the highest densities recorded in South Africa.

It is estimated that in 2001 there were 16 470 households (27.4%) without access to piped water inside the yard or dwelling. These backlogs are significantly higher than the total backlogs for the City of Johannesburg of 15.3%.

<table>
<thead>
<tr>
<th>Area</th>
<th>7.3km²</th>
</tr>
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<tbody>
<tr>
<td>Population</td>
<td>166 968</td>
</tr>
<tr>
<td>Population density</td>
<td>22 895/km²</td>
</tr>
<tr>
<td>Unemployment</td>
<td>45%</td>
</tr>
<tr>
<td>HIV infection rate</td>
<td>16.8%</td>
</tr>
</tbody>
</table>
Galeshewe

Galeshewe has a population of 103,228 people (26,045 households), with 40.6% of the population in the age group 0-19, contributing to a high level of dependency. Half the population of the Sol Plaatjie local municipality lives in Galeshewe. Sol Plaatjie Municipality was once a thriving diamond mining centre, but after the decline of that industry, its major employer has become the public sector.

The area has a poor economic base, with unemployment estimated at 32.2% of the economically active population; 69.2% of households earn less than R19,200 per annum (R1,600/month). Skills levels are low, with 12% of people over the age of 20 having had no formal schooling and only 5% of the population having some tertiary education.

In general, the area is characterised by infrastructure backlogs, environmental degradation, drug and substance abuse, inadequate recreational facilities and a lack of community facilities. As an area with a declining population, some public facilities exist that are under-utilised and poorly maintained.
Inanda, Ntuzuma, KwaMashu

The Inanda, Ntuzuma, KwaMashu (INK) Area Based Management and Development area houses 487 406 people, representing about 18% of eThekwini Municipality’s population. With almost half a million residents on 9 423 hectares, it is one of the largest conglomerations of low-income residential areas in South Africa. Its closest boundary is over 20 km from the City CBD. The area consists of 15 wards, with a large number of informal settlements, limited basic service infrastructure, inadequate recreational facilities, and a shortage of social facilities. Although only Inanda and KwaMashu were declared as presidential urban nodes, the City sees these two settlements as a functional unit together with the adjoining Ntuzuma settlement.

Inanda has an unemployment rate of 42.2%, with 80.2% of households earning below R19 200/year (R1 600/month). KwaMashu has an unemployment rate of 40.5% with 71.5% of households earning below R19 200 per annum. Ntuzuma has an unemployment rate of 34.8% with 75.8% households earning below R1 600/month. One in every 5 unemployed people in the EMA resides in INK.

Approximately 48 164 households in INK live in informal dwellings, representing close to 45% of the total population. Housing backlogs in Inanda and Ntuzuma are particularly severe, representing almost one-quarter of the backlog of the EMA.
Mitchell’s Plain and Khayelitsha

The City of Cape Town has a population of 2.9 million people, representing 64% of the population of the Western Cape province. Almost 22% of the city’s population lives in Khayelitsha/Mitchell’s Plain. Local surveys suggest a population much higher than Census figures, closer to 1 million people. The population of the two Cape Town urban nodes is relatively youthful, with about 30% under the age of 14.

For the City, the current delivery of houses is outstripped by the increase in demand as a result of new household growth. The current backlog is 245 000 units, with 16 000 new households requiring houses per year. The current delivery rate is only 11 000 units per year, which does not begin to address even the existing backlogs in the city. In Khayelitsha, 64.4% of households live in informal dwellings, while Mitchell’s Plain is predominantly developed with formal housing but with 21.6% of households living in informal dwellings.

In the City of Cape Town, 33% of households are estimated to earn below the Household Subsistence Level/HSL (<R1 600/month), which limits their access to basic needs such as food, transport, shelter and energy. These conditions are of an extreme nature in the two urban nodal areas: in Khayelitsha 71.8% of households earn below the HSL and in Mitchell’s Plain 48.2%.

<table>
<thead>
<tr>
<th>Area</th>
<th>110.2km²</th>
</tr>
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<tbody>
<tr>
<td>Population</td>
<td>398 650</td>
</tr>
<tr>
<td>Population density</td>
<td>3 617.44/km²</td>
</tr>
<tr>
<td>Unemployment</td>
<td>36%</td>
</tr>
<tr>
<td>HIV infection rate</td>
<td>4.4%</td>
</tr>
</tbody>
</table>
The location and design of the two urban nodes deliberately isolated them from the economy of the city. Mitchell’s Plain is located 20 kms from the CBD. The built environment is characterised by an excess of high order freeway-type roads with low densities (11.65 units/ha) and an excess of open space. Historically, all manufacturing and industrial activities were excluded from the planning for the area, to promote Atlantis, 45 kms to north of the city, as a Coloured decentralisation point.

The Mitchell’s Plain CBD is today a thriving economic centre with a significant informal trading sector. However, a large proportion of the economically active population uses public transport (bus, train and taxi) to access work outside of the areas, with Mitchell’s Plain being the third busiest modal interchange in the Metropolitan Area (75 000 commuters in morning and evening peak hours).
Mdantsane accommodates a population of 175 790 people (45 384 households) within a complex of urban and peri-urban components. City surveys indicate an actual population that is close to 350 000 people. Between 25 and 30% of the population of the Buffalo City Municipality lives in Mdantsane.

The area is located 20 km from the East London CBD, situated along the N2 highway between East London and King Williams Town. 27% of the population is under the age of 15, reflecting a high level of dependency. More than 53% of the population in Buffalo City Municipality is female, while in Mdantsane 53.2% of households are female-headed; and 27% of the population is under the age of 15, reflecting a high level of dependency.

The Mdantsane CBD (Highway Shopping Centre) is a regional transport hub for taxis and buses, but poor linkages to the railway stations limit the potential for an integrated public transport system. It also functions as a lower order service centre.

Of the economically active population, 37.9% is unemployed, with 73.6% of households earning below R19 200 per annum. The Municipality has a population of just over 1 million, of which 52% is female. The population is youthful, with 26% under the age of 15.
Motherwell

A similar situation prevails in Motherwell, where over 29% of the population is under the age of 15. Females head more than 52% of households in the NMM and Motherwell; this is higher than the national average. The settlement type in Motherwell ranges from built-up formal to the informal and densely shack-populated. More than 71 000 households in the NMM do not have access to a formal dwelling, while in Motherwell, one in every 3 households (32%) live in informal dwellings.

Situated 18 kms outside the City of Port Elizabeth, Motherwell was established in 1982 to accommodate people illegally occupying areas located in the flood plain in Soweto-on-Sea, as well as the normal influx into the City area. Designed as a purely residential area for about 120 000 people, it now consists of 15 neighbourhood units (NUs), which house an estimated 117 000 people (although local studies show a population of close to 450 000 people).

More than 76% of households in Motherwell earn less than R19 200/annum (R1 600/month), which is significantly higher than the national average and higher than that for the NMM (57.8%). An estimated 51% of the community does not have the skills that the labour market requires.

The context within which the URP has been conceptualised and is being implemented as well as the difficulties identified above, sketch out the constraints that a sound Implementation Framework should address, either in whole or in part.

Accordingly, the next section of this document will sketch out a framework within which these constraints are addressed systematically and sequentially.
The Implementation Framework

PART B
The Implementation Framework is a living document that draws together current thinking and practice regarding the Urban Renewal Programme.

The purpose of the Implementation Framework is to translate the vision of the URP into implementable actions that will guide all role-players as to their particular contributions to achieving the vision.

This document provides a systematic guide to the policy grounding of the URP, its purpose and objectives, the financial and institutional arrangements, the suggested management arrangements and the approaches to mobilising appropriate human resources and capacities.

The Implementation Framework therefore comprises five distinct components:

i. A Policy and Strategic framework
ii. A Financing and Funding framework
iii. An Organisational and Institutional framework
iv. A Management Systems and Instruments framework
v. A framework for the mobilization of Human Resources and Capacities.
I. POLICY AND STRATEGIC FRAMEWORK

1.1 Background

When the Urban Renewal Programme (URP) was launched in 2001 it was announced as an intended programme of action rather than as a policy framework. A policy framework to guide its implementation did not accompany the statement of intent.

However, the Cabinet Memorandum of October 2000, a strategic approach to rural development, laid the basis of the partner programme, the Integrated Sustainable Rural Development Programme. Its key components included the following:

- A primary focus on generating rural economic activity, anchored in a LED-based approach
- The nodal approach
- Offering a ‘basket of services’ drawn from existing government programmes
- The need for ‘political champions’ to co-ordinate planning and budgeting
- Using the MTEF planning process to align and integrate budgetary planning.

Over the past five years, various aspects of the programmatic foundations of the URP have been articulated in policy and programme statements, and aspects of policy are implicit in the development of a range of practices, which are common to implementation in each of the nodes.

The purpose of this section is therefore to draw together and articulate a Policy Framework for the URP. It is an attempt to make current policy clear and coherent, which at present is found throughout a diverse range of policies and programmes. In the process of articulating current policy, a degree of policy interpretation is inevitable. Such development is a logical elaboration of existing policy, rather than the articulation of new directions.
1.2 The policy context

1.2.1 South Africa’s first and second economies

The URP draws inspiration from a variety of sources in the broader policy environment. The most important influence on its focus and trajectory has been government’s concern at a macro-level with the polarisation of the country into two separate ‘economies’. In 2003, the government study, entitled ‘Towards a Ten Year Review’, stated that South Africa has ‘two economies’. The First Economy is advanced, sophisticated, and based on skilled labour, which is becoming more globally competitive. The Second Economy, on the other hand, is mainly informal, marginalised, unskilled, and populated by the unemployed and those unemployable in the formal sector. The First Economy has accomplished impressive gains, but these benefits of growth are yet to reach the Second Economy.

The vast majority of South Africans are still ‘locked-in’ to the second economy, and changing this constitutes the main development challenge faced by the country. President Mbeki has himself written articulately about the divide between the first and second economies. In these writings, he makes reference to the need for decisive government interventions – for example, he refers to the Marshall Plan and the more recent EU regional development interventions.

There is little doubt that addressing the first economy/second economy divide is a high priority of government and that the URP is one of several government programmes which have been designed to achieve this.

Second economy and informal ‘lock-in’

The Second Economy in South Africa is characterised by what the Economics Nobel Laureate, Professor Amartya Sen terms ‘unfreedoms’, namely economic poverty, as well as the lack of public amenities, social services, health care, educational facilities, and effective institutions for the maintenance of peace and order. Due to these self-perpetuating conditions that are difficult to break out of, the Second Economy is inherently positioned to remain on the periphery of the First Economy’s activities. The levels of poverty and underdevelopment in the Second Economy make it impossible for it to attract significant volumes of private capital, and to generate savings. The Second Economy is thus locked-in or caught in a poverty trap.

In addition to the abovementioned ‘unfreedoms’, problems of informality and illegality pervade the South African urban economy, land market and services. The poor are able to survive in the urban areas, by learning to navigate these hidden and marginalised spaces, where undefined property rights and the lack of proper regulation leads to an increasing number of urban slums and a growing informal business sector. While this informality helps the poor survive, it also contributes to locking them into a cycle of poverty and to excluding them from the mainstream. The challenge is indeed to bring these excluded residents into the economic and social mainstream.
1.2.2 Urban Development Frameworks

In addition to the Second/First Economy policy thrust, the URP needs to be located in relation to, and draws content from, two overarching areas of policy development. These policy frameworks are: The National Spatial Development Perspective (1995); The Department of Housing National Urban Framework (1997).

It should be noted that, while these policy documents are the most important of the urban national policy frameworks, none of them explicitly address urban renewal in any detail.

National Spatial Development Perspective

The primary objective of the programmes outlined in this framework is to facilitate economic growth and job creation by promoting investment in South Africa’s internationally competitive industries. It also aims to improve the functioning of government in targeted areas of the country. The programmes are characterised by strategies to fast-track private sector investment, to stimulate the growth of SMMEs and to enhance the empowerment of local communities. In pursuit of these objectives, the strategies proposed consist of four core themes:

• ‘Crowd-in’ and co-ordination of public and private sector investment in areas of proven, yet under-utilised potential
• Ensure political support, commitment and buy-in from the highest levels of government in order to facilitate a fast and focused planning approach
• Promote private and public sector partnerships, which are facilitated by the national government via building of infrastructure and removing investment obstacles
• Use well-planned and publicised opportunities for the private sector to obtain detailed information about the programmes and how they might invest in them.

Policy guidance from the NSDP and the UDF

The NSP themes

• ‘Crowd-in’ and co-ordination of public and private sector investment in areas of proven, yet under-utilised potential.

• Ensure political support, commitment and buy-in from the highest levels of government in order to facilitate a fast and focused planning approach.

• Promote private and public sector partnerships, which are facilitated by the national government via building of infrastructure and removing investment obstacles.

• Use well-planned and publicised opportunities for the private sector to obtain detailed information about the programmes and how they might invest in them.
While all of the above strategies have been partially utilised in the nodes, it should be noted that, for the most part, the nodes are located in the largest cities which are areas of opportunity as envisaged in the National Spatial Development Framework.

Department of Housing Urban Development Framework
Like the National Spatial Development Framework, the reference in this urban development framework to urban renewal is not detailed. However, the framework does highlight the importance of governance and more particularly the need for reconfiguring relationships between governments and other key development partners, namely the private sector and civil society. Such an emphasis on governance is highly relevant to strategies for breaking down second economy ‘lock-in’ insofar as it emphasises the mobilization of resources and actors beyond government itself.

The Urban Development Framework also emphasises the following: overcoming the separation between spatial and economic planning in South African cities; ensuring that integrated planning underpins urban development projects; successful land reform through land restitution, land distribution and tenure reform; and examining and clarifying inter-governmental relationships.

The framework also notes the ‘excluded’ nature of townships and informal settlements and stresses the need to ‘connect’ them to places of opportunity, which is, of course, highly relevant to the nodes and should be considered part of URP policy. Finally, the urban development framework places some emphasis on local economic development (LED) which is central to urban renewal processes.

The UDF
• Integrate the cities in order to negate apartheid-induced segregation, fragmentation and inequality. The focus is on upgrading informal settlements, reforming planning systems, and improving transportation and environmental management.
• Improve housing and infrastructure by encouraging investment, increasing access to finance, maintaining safety and security, and alleviating environmental hazards.
• Promote urban economic development to mainly enhance the capacity of urban areas, alleviate poverty, increase economic and employment opportunities, and maximise the multiplier effect from implementing development programmes.
• Create institutions for delivery which requires significant transformation and capacity-building of government at all levels, and clarity on the roles and responsibilities of the different government role-players.
There are four key programmes outlined in this framework, namely:

- **Integrate the cities** in order to negate apartheid-induced segregation, fragmentation and inequality. The focus is on upgrading informal settlements, reforming planning systems, and improving transportation and environmental management.

- **Improve housing and infrastructure** by encouraging investment, increasing access to finance, maintaining safety and security, and alleviating environmental hazards.

- **Promote urban economic development** to mainly enhance the capacity of urban areas, alleviate poverty, increase economic and employment opportunities, and maximise the multiplier effect from implementing development programmes.

- **Create institutions for delivery** which requires significant transformation and capacity-building of government at all levels, and clarity on the roles and responsibilities of the different government role-players.

All of these programmes can be considered relevant to the URP and have influenced the programme to some extent.

### 1.2.3 The Special Integrated Presidential Projects

The URP has an important predecessor in the Special Integrated Presidential Projects (SIPPs). In May 1994, President Nelson Mandela identified the SIPPs in his State of the Nation address.

The SIPPs were launched within the first 100 days of South Africa’s first democratic administration, as part of a broader set of lead programmes under the Reconstruction and Development Programme (RDP). Thirteen projects were selected, and were based on a multi-faceted and multi-sectoral approach. The political intent of these projects was to quickly and visibly demonstrate government’s commitment and capacity to improve the living conditions of its people. Moreover, the emphasis in all of these projects was on integrated development – itself a deliberate attempt to contrast a new government’s approach with that of the fragmented and segregated practices of the apartheid era.

It should be noted that the SIPPs were evaluated (in several independent evaluations) as being very successful. The URP responded to both positive and negative lessons of the SIPPs, with the following positive influences informing the URP:

- **The according of Presidential status to the initiative.** This was noted by evaluators as being a key success factor insofar as it brought a sense of importance, dignity and urgency to the projects. This heightened status encouraged government departments, communities and donor agencies to actively participate and contribute to the programme. The URP also has a clear Presidential status.

- **The focus on distinct, geographical priority areas.** This approach has meant that government departments and other agencies are able to focus on achieving their goals at a manageable scale and that the impact of concerted effort can be easily seen.

- **Emphasis on integration and the horizontal and vertical alignment of government activity.** This focus in the SIPPs has, without question, been carried over into the URP. In fact, in the URP even greater emphasis seems to have been given to using the projects in the nodes to test and improve such integration.
Implementation Framework

• The use of pilot projects to test policy and change government practices. Once again while this approach has its origins in the SIPPs, it is even more central in the URP

• The use of pilot projects to demonstrate and symbolise government’s commitment to development and transformation.

Turning to negative aspects of the SIPPs that the URP has tried to avoid, the following are worth noting:

• The URP has tried to avoid ‘the islands of privilege’ or replicability problem by not financing the nodes via large dedicated funds but rather relying on the budgets of the various line functions (of all areas of government)

• The URP has tried in principle to avoid the infrastructure-driven (overly physical) orientation of the SIPPs. Instead, there is much greater emphasis on local economic and social development. Such an emphasis is also more affordable and therefore more replicable.

1.2.4 The National Urban Renewal Programme

As noted in the introductory section, President Thabo Mbeki launched the Urban Renewal Programme, together with the Integrated Sustainable Rural Development Programme, in February 2001.

The purpose of the URP was, in the words of the President, to conduct a ‘sustained campaign against urban poverty and under-development, bringing in resources of all three spheres of government in a co-ordinated manner’.

Contained in this single sentence is the essence of the policy orientation of the URP. On the one hand, there is the concern with the urban poverty and under-development of those in the second economy.

On the other hand, there is a stated belief that something can be done in this regard through better inter-governmental relations. As will become evident, these two themes are central to the URP.

Urban renewal typologies

A scan of the characteristics of the 8 urban nodes suggests that what they have in common is that they are old townships designed in the apartheid era as dormitory townships and in a way that reinforced racial and social exclusion. They are certainly not areas of economic opportunity in themselves (such as those which are targeted in the National Spatial Development Framework), but they represent a large percentage of the population of the ‘richest’ cities and towns in the country.

It should be emphasised, however, that the URP does not address all types of urban renewal challenges. The South African Cities Network 2003 has produced a useful typology of urban renewal types/areas in South Africa. When one examines the kinds of settlements addressed by the URP, it is apparent that the programme predominantly focuses on one of the types in the typology-exclusion areas.
The SA Cities Network typology comprises the following three main categories for urban renewal:

- Urban Centre Upgrades
- Informal Settlement Upgrading
- Exclusion Areas.

Urban centre upgrades refer to inner city areas which have experienced capital flight and decline. Informal centre upgrades refer to large freestanding informal settlements often near the urban periphery. Exclusion areas in the South African context are areas which suffer high levels of economic, social and political exclusion from the mainstream. The Cities Network further divides the exclusion category into two sub-categories i.e. areas that have been excluded by design and areas that have been excluded by decline (areas like Hillbrow or Bertrams). The URP focuses on the first of these categories – areas that historically have been excluded by design. South Africa is, of course, one of the few areas in the world where, in the apartheid period, exclusion was engineered by design. The older townships are also areas which were excluded in this way and which today still suffer from the legacy of the past.

Exclusion areas (in the second category) in South Africa form part of the Second Economy and are characterised by high levels of poverty and crime. They are generally old formal townships, and while they may often include some informal settlements they are different from large freestanding informal settlements. They often accommodate populations with strong working class roots, but currently have high levels of unemployment, high levels of social frustration and alienation (which often takes the form of gangsterism and crime) and seriously decaying infrastructure that urgently needs rehabilitation and upgrading. Typically, the formal housing stock is overcrowded and informal settlement often takes the form of backyard shacks for rental. There are also urgent needs for access to health services, education facilities, better sanitation, and improved law enforcement.

While these areas may have more developed social capital than large freestanding informal settlements, the resident population is generally poorly educated with a low level of skills. These areas do not represent economic opportunities, as their levels of poverty and underdevelopment make it difficult for them to attract significant volumes of private capital, and to generate savings; they are thus trapped in an under-development lock-in.

Making it clear that the focus of the URP is on areas of exclusion by design helps to distinguish the URP from other urban renewal initiatives such as Treasury’s Urban Regeneration Zones (URZs). URZs contribute largely to the Inner City Upgrades and not to the upgrading of excluded areas.

1.3 Outcomes to be achieved in the URP

The URP contains a mix of substantive and procedural elements. One way of helping to provide clarity is to differentiate between elements of policy that deal with outcomes; those that deal with inputs; and those that deal with outputs. Outcomes generally deal with the goals and objectives of a policy and are generally at a higher level of importance than inputs (which deal with the means or resources, such as money and human resources) and outputs (which are products arising from using inputs in a particular way and which should contribute to the achievement of desired outcomes).

**Outcomes:** goals and objectives of a policy

**Inputs:** the means or resources such as money and human resources

**Outputs:** products arising from using inputs in a particular way.
Clarification of the goals and objectives (outcomes and sub-outcomes) of the URP is essential in order to provide clear direction to those people or organisations who are involved in implementing the URP. Given the background sketched above, it is possible to express the main desired outcome (at a macro level) of the urban renewal policy as follows:

The majority of South African urban citizens, who are residents of South Africa’s excluded areas (the townships), are assisted to move from the ‘lock-in’ of the Second Economy to the opportunities of the First Economy.

In addition to this main overall outcome, it is possible to identify five core sub-outcomes and to further unpack these into a variety of components as follows:

### Integration

#### 1 Socio-political

- Citizenship and property rights of residents are communicated, recorded and formalised.
- Resident access to welfare entitlements is enhanced.
- Local residences and enterprises are easily located and accessed by visitors, and public and commercial service providers.
- Information barriers that restrict access to social opportunities/services available in the region are reduced.
- Linkages/partnerships with area institutions/organisations are enhanced.
- Anti-social leadership modes and structures of exploitation are eliminated/co-opted.
- Mobility, perceptual and operational barriers to resident utilisation of regional social opportunities are reduced.

#### URP Substantive Outcomes

1. Integration of the areas into the city — focusing on socio-political integration, economic integration and spatial integration
2. Enhancing the autonomy of the areas, by improving intra-area access to services, infrastructure and information
3. Enhancing human and social capital, focusing on crime and violence, education and skills, local economies and capacity of local institutions.
2 Economic

- The competitive position of work-seekers in the labour market is enhanced.
- Employers are assisted to establish contact with resident work-seekers.
- Access to relevant labour market information for work-seekers is enhanced.
- Work-seekers are assisted to acquire relevant skills and work experience.
- Improved SMME access to business services and information.
- Access to credit and financial services for emerging enterprises is enhanced.
- Access to relevant information and networks by resident enterprises is enhanced.
- Resident enterprises are better able to access business services available in the region.
- Resident enterprises are better able to access external markets.
- Market exclusion forces are reduced.
- Financial institutions advance property finance in the area.
- The regional industrial and commercial property market is able to operate within the area.
- Performance of the local property residential market is enhanced.

3 Spatial

- Public transportation cost to resident commuters is reduced.
- Travel times to main regional destinations are reduced.
- The number of significant regional destinations accessible by public transport is enhanced.
- The area integration into the regional movement system is enhanced.
- The separation of the area from adjoining neighbourhoods is reduced.
- The area is integrated into regional open space systems.
- Local facilities/attractions attract non-resident users.
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**Autonomy**
- The intra-area circulation of purchasing power is enhanced.
- Intra-area generation and capture of savings is increased.
- Enhanced range of governmental services that can be accessed locally by residents.
- Intra-area mobility and accessibility are enhanced.
- The qualitative deficit between public services and facilities available locally and those outside the area is reduced/eliminated.

**Human and social capital formation**
- Residents’ exposure to crime and violence is reduced.
- Education standards and levels of residents are improved.
- Vocational and life skills of residents are enhanced.
- The number and range of sustainable local community institutions is recorded and understood.
- The number and range of sustainable local community institutions is enhanced.
- The capacity and connectivity of local community institutions is enhanced.

**Enhanced returns from public sector capital invested in the area**
- Public capital invested in infrastructure within the area is maintained/preserved on a sustainable basis.
- Rates of use-value return from public infrastructure in the area are enhanced.
- Rates of financial/fiscal return from public infrastructure in the area are enhanced.
- Operating cost efficiencies are increased.
1.4 Focusing on inputs

In addition to the substantive outcomes mentioned above, the URP also has a set of procedural objectives. Particularly important is the URP concern with testing new forms of inter-governmental co-operation and co-ordination, with the ultimate aim of improving delivery on desired substantive outcomes.

In short, there is a component of the URP which focuses on the inputs available in order to achieve desired outcomes and seeks to test different and new ways of mobilising, aligning and utilising these inputs. More specifically, the URP seeks to:

- mobilise people to become active participants in the processes targeted at the upliftment of their own communities
- co-ordinate, integrate and focus the activities of the three levels of government
- Secure private sector co-operation and participation in the programme
- develop ways of prioritising and aligning budgets and expenditures of the three levels of government and associated line functions to better achieve desired outcomes
- ensure cluster and inter-cluster, as well as cross-level approaches to planning, budgeting and implementation
- improve the capacity in all levels of government to deliver outputs needed to achieve outcomes.

Inputs: the how is as important as the what – a focus on IGR co-operation and coordination:

- Mobilise people to become active participants in the processes targeted at the upliftment of their own communities.
- Co-ordinate, integrate and focus the activities of the three levels of government.
- Secure private sector co-operation and participation in the programme.
- Develop ways of prioritising and aligning budgets and expenditures of the three levels of government and associated line functions to better achieve desired outcomes.
- Ensure cluster and inter-cluster, as well as cross-level approaches to planning, budgeting and implementation.
- Improve the capacity in all levels of government to deliver outputs needed to achieve outcomes.

Formal policy has been articulated regarding the use of political and technical champions to drive the process and ensure that the programme has strong leadership.

The formalising and enhancement of inter-governmental relations around the URP nodes is beginning to establish a set of practices worth following in future. Establishing such inter-governmental partnerships allows for the co-ordination of both
vertical and horizontal government inputs into the urban renewal process. For these partnerships to work, high levels of goodwill, strong political clout, and commitment by all government departments are necessary. To achieve this, some projects have concluded memoranda of understanding between the three tiers of government in order to clarify their respective roles and responsibilities with regard to funding, political control, project management and communication.

One of the key aspects of current URP practices regarding input management relates to **funding arrangements**. As previously noted, the URP signals a move away from the provision of large dedicated budgets for urban renewal projects. Instead, the URP champions an approach in terms of which the various line functions of the three spheres of government co-ordinate their planning and make provision in their budgets for identified urban renewal projects. Moreover, the practice is to develop procedures where line functions prioritise the urban renewal nodes and co-ordinate expenditure within them. In January 2005, Cabinet approved that work on the nodes should be integral to departmental strategic plans and annual reports; that each national department must increase its technical support to the nodes; and that national Clusters should develop work on their proposed areas of focus in the nodes.

The practice to date has been to focus on the prioritization and commitment of capital budgets, although successful urban renewal also requires synchronization and prioritization of operating budgets. The development of arrangements and practices to achieve such synchronisation of operating budgets must, however, be considered integral to URP policy. It should be noted that, to the extent that special government funds are provided for the URP/nodes, this occurs via additional allocations to the equitable shares and conditional grant allocations to the provinces and local authorities. This funding is not specifically earmarked for the nodes and

### Inputs: Funding arrangements

- The URP champions an approach where the various line functions of the three spheres of government co-ordinate their planning and make provision in their budgets for identified urban renewal projects. The practice is to develop procedures where line functions prioritise the urban renewal nodes and co-ordinate expenditure within them.

### Inputs: Management functions

- Embed the urban renewal outcomes management function within the municipalities - the driving of multi-disciplinary co-ordination by local government.

### Inputs: Governance approach

- Partnerships with civil society and private sector interest groups, primarily to harness both financial and human resources.
- Community involvement and participation in terms of building social organisation, cohesion and participation, as well as a sense of community ownership.
is expected to find its way into the urban renewal budgets of line functions via provincial government, local government and nodal planning and budgetary processes. Three of the nodes do, however, have some form of dedicated funding, but in general these dedicated funds originate from donor support.

The learning from the SIPPs has been that the financing of entire urban renewal projects via dedicated funding has replication problems and also tends to dampen the gearing in of other resources. However, recent experience shows that the lack of dedicated funds reduces the ability of urban renewal managers on the ground to give impetus to the renewal process.

Turning to other aspects of improved management of complex multi-level, multi-actor, multi-sector urban renewal projects, current policy (as revealed in practice) is to embed the urban renewal outcomes management function within the municipalities. Certainly current government policy is strongly supportive of decentralisation and the driving of multi-disciplinary co-ordination by local government. Current practices in the nodes support this view with nodal management functions generally attached to the office of the city manager (although there is some variation in this regard). The only URP node that is managed at the provincial level is the Alexandra Renewal Project; there is, however, a shift towards moving the management of the programme to the City of Johannesburg. While policy is clearly to locate the outcomes management function at the municipal level, learning to date indicates that there is a need to more strongly empower the nodal managers (in this regard, the discussion above regarding leverage funding is pertinent). Again, further guidance regarding institutional arrangements for the URP is made in a later Section of this Implementation Framework.

Another important aspect of the URP regarding the mobilization and utilisation of inputs concerns the approach to governance. The policy prescribes that, wherever possible, partnerships with civil society and private sector interest groups should be established, primarily to harness both financial and human resources. Policy is clear, however, that leadership of urban renewal processes needs to come from government – hence the location of urban renewal within structures of government rather than outside of it. Finally, community involvement and participation is considered fundamental in terms of building social organisation, cohesion and participation, as well as a sense of community ownership. By involving the community, obstacles may be removed and resources may be deployed more effectively.

The implementation framework will distinguish below between what is referred to as external outcomes and internal outcomes of the URP. In essence, external outcomes refer to substantive goals and internal outcomes refer to process goals.

URP Outputs

Outputs are defined on a project by project basis (and are articulated in local IDPs and nodal business plans). The general approach is that second economy lock-in can be overcome by crowding-in a range of government programmes, each with their own outputs.

Note: The problems of excluded areas have their origins in wider structural processes and forces which area-based interventions cannot solve on their own. Thus area-based interventions are likely to be most successful when supported by a broad matrix of policy support. To this extent, the crowding-in of a full range of government programmes makes sense.
1.5 Focusing on outputs

Perhaps the least developed component of URP policy relates to theorisation of outputs which, in the specific circumstances of urban renewal areas, will achieve the desired outcome – namely assisting people in ‘excluded’ areas to move from second economy ‘lock-in’ to first economy opportunity. This is, of course, due in part to the fact that circumstances vary from one context to another, and that outputs are defined on a project by project basis (and are articulated in local IDPs and nodal business plans). To the extent that there is a general theorisation, it is that second economy lock-in can be overcome by crowding-in a range of government programmes each with their own outputs.

Particularly important in this regard are the programmes of government that are explicitly designed to address second-economy lock-in. There can be little doubt of the relevance of a programme such as the Expanded Public Works Programme, which on the one hand provides temporary work opportunities and on the other trains unemployed people to improve their chances of absorption in the labour market. The intended outputs of such programmes provide both temporary relief and a springboard out of unemployment. Similar comments can be made about many of the other government programmes that have been highlighted as primarily addressing second economy lock-in.

In addition to the ‘crowding-in’ approach, the URP also stresses the importance of Local Economic Development (LED) strategies. Practicing LED requires building economic capacity, increasing the productive capacity, and prioritising the local economy. LED acknowledges that the Second Economy cannot achieve growth and development without significant and sustained human, financial, and technological resource transfers from the First Economy. The First Economy, on the other hand, cannot realise its full potential, nor guarantee social stability in the medium term, unless it achieves growth and ensures integration with the majority of South Africans imprisoned in the Second Economy.

There is a need to augment the ‘crowding-in’ and ‘LED’ approaches with strategies that are more specific to the realities of second economy lock-in in urban renewal areas.

What is needed firstly is to take each of the various sub-outcomes and to theorise the kinds of interventions/outputs that would contribute to achieving each of these sub-outcomes. Such theorisation needs to happen at both a general level and at a local / project level. The learning generated in specific projects should also be used to generate more general approaches to achieving the sub-outcomes.

It should be noted, of course, that the problems of excluded areas have their origins in wider structural processes and forces which area-based interventions cannot solve on their own. Thus area-based interventions are likely to be most successful when supported by a broad matrix of policy support. To this extent, the crowding-in of a full range of government programmes makes sense.
1.6 Planning for ‘integration’

As noted by the SA Cities Network (2003), internationally the object of policies, which seek to address exclusion, is captured by the concept of integration (hence the prominence accorded to integration sub-outcomes in an earlier section).

Such integration is considered further in its economic, political, social, and physical dimensions.

**Economic integration**

Access to labour markets, for example, promotes economic integration. Economic integration interventions usually take the form of trying to register and link labour supply in the renewal area to labour demand in the wider urban context. In addition, there is often emphasis on policies which attempt to create employment opportunities within the areas (either long-term sustainable jobs or shorter term jobs in public works-type programmes). Attempts are often made to attract firms into renewal areas via tax and other financial incentives.

*Also important as far as economic integration is concerned, is the linking of excluded areas to the finance sector. Internationally excluded areas are often ‘red-lined’ and re-connecting them to flows of loan finance is seen as central to integration.*

Increasingly important in the international context is the linking of economic integration to local economic development strategies. In this regard, there is also a growing tendency to differentiate between three types of LED. Firstly, there is Locality LED which focuses on creating the platform for local economic growth and improved distribution (better infrastructure, better image). Secondly, there is Enterprise LED which focuses on promoting the growth and development of firms in the excluded areas. Thirdly, there is Community LED which focuses on promoting the livelihood strategies of low-income households in excluded areas. Finally, economic integration initiatives in the international context also often focus on improving physical linkages between excluded areas and areas with job opportunities via better transport infrastructure/services.

The summary here of the types of interventions aimed at achieving integration of excluded areas that are typical in an international context is far from complete.

The URP in its implementation has contributed to developing a generic set of intervention activities for South Africa’s excluded areas – this will continue as the programmes of government mature.

Of course, the aim of such generic sets should be to provide guidance and orientation for the URP and other area-based interventions, not to act as a blueprint to be applied in every instance, since circumstances in the nodes vary substantially from one context to another.
Political integration
In the international context, political exclusion is typically addressed through improving access to formal and participatory democratic systems and processes. In its most basic forms, this involves a variety of programmes aimed at ensuring that residents of excluded areas are able to exercise basic democratic rights such as voting or approaching elected local politicians to represent their interests. In its most advanced forms, it involves the mobilization and operationalising of inclusive governance structures at area level. Such governance structures allow local citizens, in partnership with government and business, to more actively chart the development trajectory of their areas.

Social integration
As noted by the SA Cities Network (2003, p.68), the concept of social exclusion has ‘emerged as a way of describing poverty-related problems arising out of fundamental changes in the nature of society including urbanization, political and economic transition, unemployment and insecurity, social transformation and social disintegration.’ Consequently, interventions aimed at promoting social integration can take a wide diversity of forms depending on local circumstances. In some instances, social exclusion may be a consequence of distributional issues arising from the fact that some elements of the population are denied access to, for example, welfare support. Interventions would then take the form of establishing, or re-establishing such connections (for example, ensuring that the elderly receive their pensions). In other instances, exclusion may be related to relational problems which arise out of complex patterns of disadvantage and vulnerability. Low self-esteem at individual, household and community levels is one example and is often one of the biggest barriers to re-integration. In such instances ‘image boosting’ and governance interventions are often seen as one way of responding to at least the community-level esteem issues. Interventions to address crime also feature very prominently internationally, since such crime is often considered to contribute substantially to ‘under-development lock-in’.

Physical integration
As previously noted, physical integration initiatives are often focused on improving the physical connectivity of the excluded area to the rest of the city. This generally takes the form of improved transport infrastructure and services. Physical integration initiatives may also take the form of attempts to change public perceptions of the area by improving the physical ‘presentation’ of the area. This might involve community clean-ups, community art or other physical improvement interventions. Improvements in housing and physical infrastructure may also feature prominently.
2. FUNDING AND FINANCIAL FRAMEWORK

2.1 Background

No substantial dedicated funding source has been allocated to the URP programme. The URP has, instead, sought to ensure the funding of URP nodal projects and programmes through a process of funding alignment and budget reprioritization linked to Integrated Development Plan (IDP) processes and the national budgeting and planning processes, in order to enhance linkages and create synergies between budgets and outputs of the three spheres of government.

Investment incentives in the nodes for the private sector and parastatal organisations have to date not been explicitly stated, and this has resulted in opportunity losses. Public budgets are also seldom structured to leverage private investment, to the detriment of the URP.

Given that funding sources would be fragmented, a strong co-ordination and integration role for nodal municipalities is envisaged, using inter-governmental co-ordination mechanisms.

Thus far, the potentially pivotal role that the private sector and parastatal organisations could play in assisting the URP has been limited. This is partly due to inadequate information about available private and parastatal funds, but is also due to limited nodal capacity to engage in marketing nodes to the private sector, and restricted capacity to engage and make deals with these external organisations.

Funding Approach:

A focus on funding alignment and budget reprioritization linked to Integrated Development Plan (IDP) processes and the national budgeting and planning processes, in order to enhance linkages and create synergies between budgets and outputs of the three spheres of government.

Given that funding sources would be fragmented, a strong co-ordination and integration role for nodal municipalities is envisaged, using inter-governmental co-ordination mechanisms.
2.2 Approaches used to date to target funding for the nodes

There have been some successes in providing dedicated funding for the nodes. Starting in the 2002/2003 financial years, an element was introduced to the Local Government Equitable Share (LGES) formula to allow for the prioritization of development in the nodes. This N-component to the grant was aimed at kick-starting the institutional and project implementation aspects of the nodal programmes.

The Equitable Share consists of unconditional transfers made to provinces and municipalities. Section 227(1) of the Constitution spells out the right of each province and local government to its equitable share to enable it to provide basic services and perform functions allocated to it. The formula used to allocate the equitable share is intended to be re-distributive. Up to the 2004/05 financial year, a total of R225.4 million was allocated through the ESF to the urban nodes; and in some of the nodes these funds were successfully used as project match funding and to leverage additional funds from line function departments.

Other sources of funding have been through targeting of Conditional Grants. There are currently three types of conditional grants to local government, being Recurrent Grants (Municipal Systems Improvement Grant), Infrastructure Grants (Municipal Infrastructure Grant) and Allocations-in-Kind and Indirect Grants (Local Government Financial Management Grant). Provinces receive conditional grants for general and nationally assigned functions (the Provincial Infrastructure Grant) and for specific purpose functions (Housing Subsidy Grant). Some national sector departments and provinces have made attempts to target the nodes, using a variety of methodologies. For example, some used DoRA to gazette their policy intentions to support the nodes (for example, CMIP and the MIG allocated R193 million in additional allocations to the urban nodes over 4 years); and the Gauteng Province ring-fenced all its sector grants in support of the Alexandra Node. The DEAT developed a MTEF strategic plan for support to the nodes, and ring-fenced its poverty alleviation funds to specifically target the urban and rural nodes.

Donors have, since 2001, targeted the urban nodes for support – funders such as GTZ and SIDA in the form of technical advisors and project funding, and more recently dedicated programme funds have been secured for some of the URP nodes (INK, Mdantsane and Motherwell) from the European Commission.

The nodal assessments identified a range of challenges experienced at the nodal level with respect to the financing and funding of the URP. These challenges can broadly be categorised as falling into four spheres:

- **Firstly**, a difficulty in identifying funding programmes of potential relevance to nodal strategies and executing the planning and packaging processes necessary to access those funding programmes. This problem can be typified as an information and communications constraint.
- **Secondly**, an ongoing systemic problem of connecting nodal plans and programmes to the planning and budgeting processes of line departments of municipal, provincial and national departments, a systems integration problem.
- **Thirdly**, a set of problems exists in respect of specific resources needed to fund implementation in those areas where mainstream funding does not exist but urgent
implementation is nonetheless required, a ‘gap filling’ funding incapacity. This limitation is further compounded by the fact that nodal URP units in most cases do not have the funding resources necessary to incentivise or lever changes in development practice, within both governmental and private sector initiatives. This constraint may be conceptualised as a leverage or ‘top up’ limitation.

**Finally**, the URP current financial frameworks have largely been unsuccessful in mobilising flows of private sector resources into the nodes, notwithstanding the potentials existing in the macro economy and the nodes themselves. Initial successes such as the Cape Town urban nodes and the INK node are, however, encouraging.

The financing framework described alongside addresses these four spheres sequentially in the sub-sections.

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The funding framework addresses 4 challenges:

* Identifying funding that has relevance for the nodes: information and communication
* Connecting nodal plans and programmes to the planning and budgeting processes of line departments of government agencies: systems integration
* Funding for areas where mainstream funding does not exist (gap filling) and funding to incentivise or lever changes in development practices
* Mobilising inflows of private sector resources.
2.3 Addressing the information and communication constraints on programme fund mobilization

The range of financing and funding initiatives within the public, private and donor sectors is extensive, and is rapidly evolving and modifying.

While many of these initiatives potentially connect directly with the types of outcomes being pursued under the URP, the OMUs at the nodal level are frequently unable to realise their full potential due to:

- inadequate communication of the information about fund availability arising from systems bottlenecks, the ‘they told us about it the day before submissions closed’, syndrome
- the fact that, frequently, the communication is channelled sectorally down to line departments at the various tiers, resulting in the OMU being unaware or unable to source these funds.

A framework for addressing this problem needs to take into consideration that these funding programmes change rapidly and hence information systems need to be continuously updated.

What is required in the short term is a ‘live’ funding monitoring instrument designed to keep OMUs fully informed and able to access funding instruments of relevance to the outcomes targeted under the programme.

The funding framework envisages the assembly and maintenance of this instrument as being a core function of the national level support unit in the dplg. This task involves monitoring all potentially relevant programmes, connecting them to common URP outcomes and capturing the information necessary for the nodal OMUs to access the programme themselves.

The fund monitoring function will include information assembly and maintenance of information such as:

- Programme name
- Institutional host
- Programme description
- Criteria
- Fund amount
- Contact details
- Outcomes covered
- Value
- Cycles of funding application.

This information should be circulated to OMUs on a regular basis and be accessible on a live programme web site.
Example of a Funding Information Monitoring Instrument

**Integration**

1. **Socio-political**
   - Citizenship and property rights of residents are communicated, recorded and formalised.
   - Resident access to welfare entitlements is enhanced.
   - Local residences and enterprises are easily located and accessed by visitors, and public and commercial service providers.
   - Information barriers that restrict access to social opportunities/services available in the region are reduced.
   - Linkages/partnerships with area institutions/organisations are enhanced.
   - Anti-social leadership modes and structures of exploitation are eliminated/co-opted.
   - Mobility, perceptual and operational barriers to resident utilisation of regional social opportunities are reduced.

2. **Economic**
   - The competitive position of work-seekers in the labour market is enhanced.
   - Employers are assisted to establish contact with resident work-seekers.
   - Access to relevant labour market information for work-seekers is enhanced.
   - Work-seekers are assisted to acquire relevant skills and work experience.
   - Improved SMME access to business services and information.
   - Access to credit and financial services for emerging enterprises is enhanced.
   - Access to relevant information and networks by resident enterprises is enhanced.
   - Resident enterprises are better able to access business services available in the region.
   - Resident enterprises are better able to access external markets.
   - Market exclusion forces are reduced.
   - Financial institutions advance property finance in the area.
   - The regional industrial and commercial property market is able to operate within the area.
   - Performance of the local property residential market is enhanced.

3. **Spatial**
   - Public transportation cost to resident commuters is reduced.
   - Travel times to main regional destinations are reduced.
   - The number of significant regional destinations accessible by public transport is enhanced.
   - The area integration into the regional movement system is enhanced.
   - The separation of the area from adjoining neighbourhoods is reduced.
   - The area is integrated into regional open space systems.
   - Local facilities/attractions attract non-resident users.

**Autonomy**

- The intra-area circulation of purchasing power is enhanced.
- Intra-area generation and capture of savings is increased.
- Enhanced range of government services that can be accessed locally by residents.
- Intra-area mobility and accessibility are enhanced.
- The qualitative deficit between public services and facilities available locally and those outside the area is reduced/eliminated.

**Human and social capital formation**

- Residents’ exposure to crime and violence is reduced.
- Education standards and levels of residents are improved.
- Vocational and life skills of residents are enhanced.
- The number and range of sustainable local community institutions is recorded and understood.
- The number and range of sustainable local community institutions is enhanced.
- The capacity and connectivity of local community institutions is enhanced.

**Enhanced returns from public sector capital invested in the area**

- Public capital invested in infrastructure within the area is maintained/preserved on a sustainable basis.
- Rates of use-value return from public infrastructure in the area are enhanced.
- Rates of financial/fiscal return from public infrastructure in the area are enhanced.
- Operating cost efficiencies are increased.

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### National & provincial programmes with funds and other

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<tr>
<th>National &amp; provincial programmes with funds and other</th>
<th>Housing subsidy programme</th>
<th>MIG</th>
<th>SMIF</th>
<th>Equitable share</th>
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<td>Housing subsidy programme</td>
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2.4 Addressing the systems integration problems experienced by the URP in respect of funding and financing

The nodal assessments identified considerable problems with the synchronisation of municipal, provincial and national departmental planning and budgeting for the URP nodes.

In the starkest of situations, many line departments proceed within budget planning with little or no reference to nodal plans and the OMUs themselves. The result is often that key nodal projects are not considered for funding, or that projects that are not priorities in respect of URP are funded.

The challenges being experienced include:

- URP nodes not being fully successful in integrating with the budgeting cycles and timetables of line departments at the different levels of government (with projects being submitted too early or too late to insert appropriately within departmental systems)
- Provincial Technical champions not being fully conversant with their allocated functions in respect of fund mobilization at the provincial level
- Accountability for ensuring funding support to the URP not reaching the top levels within municipal and provincial government.

2.5 Addressing funding ‘gaps’ and the absence of leverage funds within nodal implementation programme

Whereas the resolution of the problems described in Section 2.3 will do much to ensure the funding of the nodal interventions necessary to achieve the targeted outcomes, there will continue to be, albeit to a lesser extent, situations where:

- funding programmes simply do not exist to address the specific outcome being targeted within a node, and/or
- additional or top-up funds are necessary to incentivise different and integrated approaches to implementation within the node.

In the case of those nodes that have donor funding, resources exist which permit, within parameters, the requisite gap-filling and incentivising ‘top-ups’, but this is not the case with all nodes. It is also not sustainable to rely on donor funds for this purpose.

Lessons from the SIPPs have been that dedicated funds are crucial for successful implementation of projects of this nature as the nodes have to compete for a limited pool of funds with all the other poverty areas, and accelerated and high impact in the node needs special measures to achieve this.
At present, such a fund does not exist at national level, but funds such as the N-allocation in the Equitable Share, the new Neighbourhood Partnership Development Grant (2006) and budget-support from donors for the nodes are aimed at fulfilling the same functions. Such funds should be utilised for:

- **IDP Top-Up**: Municipalities that have already been allocated funds through their IDP should be eligible to receive additional ‘top-up’ funding to increase the quantity and quality of a specific deliverable output and outcome in the nodes.

- **IDP Gap-Filling**: This refers to an obvious gap between the envisaged output, and the extent to which that output can practically achieve its intended outcome. Additional resources should be allocated to the output, in order for it to contribute appropriately to its stated outcome.

- **Joint Venture Partnerships**: Partnerships should be actively sought and formalised between the nodes, NGOs, the private sector and parastatals. If Outcomes Managers become responsible for leveraging the funds they receive from the government, then this could yield outputs that are more effective and efficient.

- **Knowledge management**: No funds are readily allocated for knowledge management within line budgets and other public funds. Institutional memory and lessons learnt in implementation need to be documented and packaged into information for sharing. The dedicated funds need to be used for this purpose.

- **Specialist capacity procurement**: There are many instances where projects have been delayed or abandoned because of a lack of funding to procure specialist capacity whose need was not anticipated during budgeting.

Dedicated funds could come in useful in such situations:

- **Troubleshooting**: Unanticipated and unbudgeted for problems arise during implementation which need funding in order to be resolved within the project cycle. Without dedicated funds, the Outcomes Manager cannot intervene, leading to delays and sometimes cancellation of projects.

- **Deal-making**: Striking deals with other players requires capacity and funding.

- **Project packaging**: The need for rapid packaging of projects in the middle of the budget cycle is not unusual. The availability of dedicated funds can ensure that such opportunities are not missed.

- **Rapid business planning**: Opportunities for capital funding usually present themselves with requirements for submission of business plan in the middle of a budget year. The availability of dedicated funds could rescue the situation and act as leverage for substantial amounts of capital funds.

- **Private sector mobilization**: The need for mobilising private sector involvement and investment cannot be over-emphasised. Dedicated funds at the discretion of the Outcomes Manager need to be applied to finance the co-ordination of local partnership forums for that purpose. The new Neighbourhood Redevelopment Grant (a conditional grant from National Treasury) will also greatly assist in fulfilling this role.
2.6 Involving the private sector and parastatals

The issues associated with the mobilization of private investment within the URP nodes are complex. Cities such as Johannesburg, City of Cape Town and eThekwini have started to see some successes in their efforts to attract private sector investment into the nodes. The recently introduced NPDG (National Treasury 2006) has allocated R3 billion over 3 years to invest in large townships and to leverage private sector investment.

2.7 Conclusion

This section has focused on identifying the funding platform on which the URP Implementation Framework is to be positioned.

At the Provincial level, the nodal technical champions must perform their allocated functions and should account for the sound performance of the financial planning systems within the province, to the benefit of the nodes.

At the national level, the dplg will support the mobilization of the capacity necessary to assist the nodes in adopting improved systems; populating the funding programme information system; pursuing the mobilization of special funds for the nodes; and driving forward the initiatives to strengthen the platform for the mobilization of private sector investment within the nodes.

A tool to incentivise township renewal

Neighbourhood Development Partnership Grant

The Neighbourhood Development Partnership Grant (NDPG) was announced by the Minister of Finance in his budget speech on 15 February 2006. The primary focus of the grant is to stimulate and accelerate investment in poor, under-served residential neighbourhoods by providing technical assistance and grant financing for municipal projects that have a distinct private sector element in the project.

The NDPG will be rolled out in the form of a conditional grant to municipalities through the Division of Revenue Act (DORA). It is envisaged that an amount of R2.5bn will be allocated for this initiative over the next three years with allocations of R50m, R950m and R1.5bn planned for the next three years respectively.

The NDPG is driven by the notion that public investment and funding can be used creatively to attract private and community investment to unlock the social and economic potential within neglected townships and neighbourhoods and that this in turn will contribute to South Africa’s macro-economic performance and improve quality of life among its citizens.
3. ORGANISATIONAL AND INSTITUTIONAL FRAMEWORK

3.1 Background

The URP is, in the first instance, a government programme with elements of government/private sector and government/community partnerships.

The URP has therefore, from its inception, sought to embed itself as far as possible within governmental structures and processes and avoid the generation of extra-governmental structures and institutions, as was the case with a number of the SIPPS projects.

In line with the central principle of the URP as being an ‘all-of-government’ programme, OMUs (nodal units) were established within the host municipalities, provincial co-ordinators were identified within all provinces, and the Urban Renewal Forum was established as the national co-ordinating structure for all areas of government. At a political level, the President seconded national ministers and deputy ministers to act as political champions for each of the nodes.

This section of the Implementation Framework has been arranged in three sub-sections, each sub-section dealing with a sphere of government. The sub-sections commence with a brief description of the organisational set-up presently in operation, proceed to review the generic problems being experienced within these arrangements, and thereafter move to the tabling of specific actions necessary to improve the Organisational and Institutional Platform.

3.2 The municipal level

3.2.1 Current arrangements

All the nodes are arranged differently, but the following central elements are present in all cases:

- A structure at the strategic level co-ordinates contributions from different areas of government, with the municipal manager accountable for the successful execution of the URP preferably forming part of the performance contracts of municipal managers. This also applies in most cases in respect of
Implementation Framework

senior management

• An administrative unit exists at a high level within the municipal hierarchy, and has co-ordinating functions. The mandate/role of this nodal OMU has to be clarified, codified and communicated, either within municipal structures or beyond

• The relevant municipal and provincial line departments implement the majority of projects in the nodes, with some projects being implemented by the urban renewal units themselves

• Formal agreements have thus far not played an important role in the URP. However, in some of the nodes this is being negotiated to improve co-operation with line departments and provincial departments. The IGRFA (Intergovernmental Framework Act of 2005) envisages implementation protocols as a tool for formalising co-ordination

• The community sometimes participates at the strategic level, and there are one or more structures for community participation at the operational level.

3.2.2 Strengthening the organisational framework at the municipal level

The following suggested interventions recognise the significant differences that exist between the different municipal environments and priorities. They also take cognisance of the legal frameworks that set out the relationship between the municipality and a national department. This guidance should not, however, be read as a blueprint to be executed by all nodal municipalities, but as suggested systems for improving the administration of the URP.

• Firstly, the role of the municipality in managing the URP must be documented and clarified between the national co-ordinating department (the dplg) and the relevant host municipality

• Secondly, the role and accountability of the Municipal Manager in respect of the URP is to be clarified and the host municipalities requested to entrench this information within their

Draft Mandate Specification

This OMU is the specific URP management capacity of the municipality, mandated by the municipality to guide all tiers of government towards the achievement of the selected IDP and URP outcomes within the particular URP node.

This OMU is the extension and deepening of the host municipality’s IDP management capacity to assist it to achieve the URP developmental objectives for the URP node.

The four core roles of this municipality’s URP OMU are:

Strategic and programme planning for the node

• Compile, maintain and communicate the vision, strategies and programmes for the node.

• Compile and maintain multi-agency multi-year and annual indicative frameworks and programmes and report on these.

• Identify and prioritise programmes and projects necessary to secure the outcomes targeted under the URP.

Identify, mobilise and institutionalise implementation partnerships

• Identify and mobilise core implementing role-players for projects within the node.
accountability and performance management systems

- **Thirdly**, the role and function of the URP OMUs within municipal structures and systems is to be codified. The host municipality can use the following Draft Role Specification and put a process in place to negotiate and clarify these roles within municipal structures. If signed off by the municipal management, this can become the mandate statement of the URP OMUs.

- **Fourthly**, all host municipalities could improve their accountability structures to secure a direct accountability and reporting link between the nodal OMUs and the Municipal Manager or a specifically nominated and empowered delegate.

- **Fifth**, at the local political implementation level, the mayor and other local councillors, as champions appointed by the mayor, should lead the programme. To enhance governance, business and civil society champions should be identified for each URP area.

- **Sixth**, meaningful community involvement in the URP at local level should be pursued through the establishment of a URP-Civil Society forum through which consultations take place, information is shared and NGO and beneficiary contributions are negotiated.

- **Finally**, a local private sector-driven catalytic structure is to be promoted to catalyse private sector investment into the nodes. Under the umbrella of existing City- Business Forums, this sub-group should comprise local city-wide organised business, small business organisations at the nodal level, representatives of civil society, the mayor, the City Manager and the Outcomes Manager. It is important to include financial institutions, especially those who are signatories to the financial charter to enable them to realise their charter obligations through innovative...
funding mechanisms.

The function of this structure will include project preparation, proposing catalytic investment and anchor projects to attract private investment into the node. The establishment of conditions for private sector investment, and the creation of an enabling environment through a combination of incentives, should be a part of the business of the local development partnership structure. Mobilization and support of the local small business community at the nodal level should be part of the functions of this structure. Projects identified and prepared by this structure would then find their way into the nodal plans.

3.3 The provincial level

3.3.1 Current arrangements

It is clear from the nodal analysis conducted under this study and the Lessons Learnt Guide that, in almost all instances, the organisational and institutional arrangements in respect of the provincial tier of government are in need of strengthening. Challenges identified are:

- the Provincial Technical Champions, mostly located in the provincial units dealing with local government, often find it difficult to ensure the resolution of problems and the application of appropriate systems of prioritization and budgeting across the various provincial level departments
- provincial technical champions do not have the programme management capacity and resources that the municipal level OMUs command
- provincial line departments are prone to implement through, or in conjunction with, their line counterparts at the municipal level.

Provincial Level: organisation framework

- Since all provincial departments are required to contribute to the success of the URP, this responsibility must reside in the final instance with the Director General of the Province (or delegated HOD).
- The Municipal Manager and the Provincial Director-General execute their accountability jointly through a joint committee comprising the City Manager and the Director General of the province or their nominees.

National level: organisational framework

- The Social Sector Cluster (SSC): provides oversight and reports to Cabinet
- The Urban Renewal Forum: for cross-sphere co-ordination and sharing of lessons learnt
- The dplg: overall management, monitoring and evaluation of the programme
- National political champions: allocated to each node to mentor and support implementation, acting as champions for seamless government.
3.3.2 Strengthening the organisational framework at the provincial level

Arising from the abovementioned assessment, the following guidance for the organisational arrangements at the provincial level is provided in order to reinforce the Organisational and Institutional platform of the URP.

- **Firstly**, accountability for the achievement of the URP objectives must be clearly assigned and at the correct place within the Provincial tier of government. Since all provincial departments are required to contribute to the success of the URP, this responsibility must reside in the final instance with the Director General of the Province (or delegated head of department).

- **Secondly**, that the Municipal Manager and the Provincial Director-General execute their accountability jointly through a joint committee comprising the City Manager and the Director General of the province or their nominees. It is to this structure that the Outcomes Manager reports on a monthly or two-monthly basis on progress against programmes. This will ensure that local line departments who report to the City Manager are kept accountable for their contribution to the node through this structure. The Director General of the province, on receiving progress reports about progress or otherwise by provincial line departments, will then prevail upon provincial line department management. These types of intergovernmental (IGR) structures are in many cases in place, but simply need to be encouraged to include URP management as a standing agenda item.

3.4 The national level

3.4.1 Current arrangements

The programme is led by the Social Sector Cluster (co-chaired by Directors-General of Social Development and Health) with the Minister of Provincial and Local Government having overall responsibility for the URP.

The UR Forum is the main URP co-ordinating structure at the national level and acts as a task team of the SSC. It comprises representatives from the national line departments, provinces with UR nodes, and the nodes themselves. This Forum meets on a quarterly basis and focuses on the implementation and progress monitoring of the overall programme. In 2003, dedicated capacity was put in place within the **dplg**, responsible for managing, monitoring and evaluating the URP.

The **dplg**, through the URP dedicated unit, is also responsible for:

- mobilising support for the programme from national departments, the private sector, donors through networking, lobbying
- providing information and role clarification regarding inputs (funding, technical support) required by various role-players
- unblocking of problems experienced as a result of policy misalignment, capacity challenges, weak inter-governmental co-operation
- monitoring of progress on an ongoing basis and evaluation of outcomes and impact
- documenting lessons learnt with respect to policy application, management practices for implementing these complex transversal programmes, refinements required in government policy and programmes to achieve the desired outcomes.
The **dplg**, through its UR Unit, reports directly to the Social Cluster and Cabinet. A number of Ministers and Deputy Ministers have also been appointed as political champions for the UR nodes. The roles and responsibilities of these political champions are set out in the approved Cabinet Guidelines.

### 3.4.2 Strengthening the organisational framework at the national level

The issues related to the strengthening of **dplg** programme capacity are dealt with in some depth in Section 7 of this Implementation Framework. The coordination and monitoring functions of the national co-ordination office in the **dplg** are now being further strengthened through the ‘Project Consolidate’ programme – where practical attention will be given to providing hands-on technical support to the nodal municipalities to increase the pace of delivery.

With regard to the issue of organising and institutionalising the URP engagement with the private sector and organised civil society, the **dplg** will – through its current initiative with the Business Trust – give consideration to institutional mechanisms for addressing the mobilization of private sector investment into the URP at the national level.
4. MANAGEMENT SYSTEMS AND PROCEDURES

4.1 Introduction
As previously noted, the URP is, in the first instance, an ‘in-government’ programme. This implies the embedding of the URP systems and processes within government practice and securing the URP objectives through governmental systems and procedures.

The URP has sought to place the host municipality at the centre of the URP management systems since various legislative instruments, notably the Municipal Systems Act, make it clear that the Municipality has the function of planning and co-ordinating the activities of all tiers of government within the boundaries of the municipality.

Chapter 5 of the Municipal Systems Act seeks to establish the role of municipalities in intergovernmental co-operation; and Section 24(1) of the Act specifies that the planning undertaken by municipalities must be aligned with and complement that of other municipalities and agencies of government. Similarly, Section 23(4)a requires that organs of government align their activities with the municipalities’ planning. The Municipal Systems Act establishes the IDP as the planning, managing and

Management Systems and procedures

Nodal strategic plan:
- connects nodal strategies to the URP Outcomes, the PGDS and the host municipalities IDP
- focuses on short to medium term and realistically achievable strategies in the context of resource limitations
- forms the starting point for project identification and planning but does not seek to identify specific projects.
National Urban Renewal Programme

budgeting instrument for the achievement of the municipality’s developmental mandate, including the inter-governmental co-ordination function described above.

IDP instruments have been supplemented within the URP in a number of ways, most notably through the formulation of nodal ‘Business Plans’. This section of the Implementation Framework will clarify and systematise instruments currently in place and adapt the systemic framework, where necessary, to secure an improved platform.

An analysis of systems and procedural issues emerging from the nodal level assessments suggest the following core challenges with respect to management systems and processes:

- The IDP systems at municipal level should be supplemented with additional mechanisms at nodal level if they are to perform adequately in mobilising and co-ordinating inter-governmental planning and implementation within the URP nodes
- These supplementary mechanisms must be sufficiently defined and codified to ensure an even understanding and application of programme instruments such as Business Plans, Work Plans, SDBIPs (Service Delivery and Budget Implementation Plans as per MFMA) and the like
- These supplementary instruments must be mainstreamed into the instruments of governmental planning and management (such as IDPs) in both time series and structure
- Monitoring and reporting systems must be developed to ensure rapid responses to serious problems from appropriately positioned and accountable decision-makers.

Management Systems and procedures (cont.)

Multi-year indicative plans:
- strategies in formats designed to assist with the mobilization of the resources needed for these plans to be realised
- the first step in a process of identifying what resources are needed to do what. It does not serve as an implementation or business plan as, at this stage, resources have not yet been committed
- a live management instrument designed to interface and lobby for support within the municipal, provincial and national planning and budgeting systems and cycles.

Project plans:
- should be compiled for all projects where funding allocation has been secured
- connect projects to outcomes and strategies and plan down to the level of outputs, output indicators, programme milestones and cash flows
- form the basis of the reporting performance management accountability system
- to be compiled by the Implementing Agent (the nodal unit, the line function department or any other agency) with the support of the nodal OMUs.
4.2 Strengthening the systems and procedural platform for the URP

The framework described in this section sets out 5 management instruments that connect to one another, but which are also designed to integrate with the mainstream governmental instruments of planning and management (the government planning cycle). None of these five elements are new to the URP and have been attempted with varying degrees of success, under different labels and with some regularity within nodal management. The contribution of the IF in this respect is more to structure, codify, and systematise such practices and secure their connection to the other five components of the Implementation Framework. These instruments are:

1. Nodal strategic plans
2. Multi-year indicative plans
3. Individual project plans
4. Implementation work plans
5. Reporting frameworks.

Each of these component elements is described briefly in the following sections, and their insertion into the broader URP management framework introduced.

*The Operations Guide companion document to this Implementation Framework deals with the application of these instruments and provides guidance on the processes that can be adopted in formulating each of these instruments.*
Planning budgeting system elements

1. URP nodal outcomes targeted
   - National department’s forward planning and compilation of MTEF’s
   - Co-formulated municipal project plans
   - Revised Strategic plan and multi-year indicative plan
   - Municipal agency implementation work plan
   - Municipal budget and IDP adoption

2. URP outcome matching instrument
   - Formulate funding programme to URP outcome matching instrument
   - MTEF finalised
   - Revised Strategic plan and multi-year indicative plan
   - Municipal agency implementation work plan
   - Municipal budget and IDP adoption

3. National dept. project plans
   - National agency implementation workplan
   - Review of URP nodal outcomes to be targeted
   - Monthly variance reports
   - Revised Strategic plan and multi-year indicative plan
   - Municipal agency implementation work plan
   - Municipal budget and IDP adoption

4. Provincial project plans for forthcoming financial year
   - Provincial department’s forward planning and compilation of MTEF’s
   - Co-formulated municipal project plans
   - Provincial Strategic plan review
   - Multi year indicative plan
   - Nodal strategic plan review
   - Draft IDP and IDP

5. Municipal budget policy statement
   - Municipal SD+IBP
   - Monthly implementation agent SD+IBP report indicator and formats

6. National dept. project plans
   - National Department forward planning and compilation MTEF’s
   - Update funding programme to URP outcome matching instrument
   - Monthly variance reports
   - Revised Strategic plan and multi-year indicative plan
   - Municipal agency implementation work plan
   - Municipal budget and IDP adoption

7. Provincial project plans for forthcoming financial year
   - Provincial department’s forward planning and compilation of MTEF’s
   - Co-formulated municipal project plans
   - Provincial Strategic plan review
   - Multi year indicative plan
   - Nodal strategic plan review
   - Draft IDP and IDP

8. National dept. project plans
   - National Department forward planning and compilation MTEF’s
   - Update funding programme to URP outcome matching instrument
   - Monthly variance reports
   - Revised Strategic plan and multi-year indicative plan
   - Municipal agency implementation work plan
   - Municipal budget and IDP adoption

9. Provincial project plans for forthcoming financial year
   - Provincial department’s forward planning and compilation of MTEF’s
   - Co-formulated municipal project plans
   - Provincial Strategic plan review
   - Multi year indicative plan
   - Nodal strategic plan review
   - Draft IDP and IDP

10. National dept. project plans
    - National Department forward planning and compilation MTEF’s
    - Update funding programme to URP outcome matching instrument
    - Monthly variance reports
    - Revised Strategic plan and multi-year indicative plan
    - Municipal agency implementation work plan
    - Municipal budget and IDP adoption

11. Provincial project plans for forthcoming financial year
    - Provincial department’s forward planning and compilation of MTEF’s
    - Co-formulated municipal project plans
    - Provincial Strategic plan review
    - Multi year indicative plan
    - Nodal strategic plan review
    - Draft IDP and IDP
4.2.1 Nodal strategic plans

Most of the URP nodes have already formulated strategic plans at a greater or lesser degree of specificity and in different general formats. Some of these fit closely with the Policy and Strategic framework outlined in Section 3 of this Implementation Framework and the generic structure recommended below.

The envisaged Nodal Strategic Plan is a simple strategic document that connects nodal strategies to the URP Outcomes described in Section 3, the Provincial Growth and Development Strategy and the host municipalities IDP. Its focus is on short to medium term and realistically achievable strategies in the context of resource limitations. Nodal Strategic Plans form the starting point for project identification and planning but do not seek to identify specific projects. The may, however, provide the organising basis for multiple projects. The format and compilation of Nodal Strategic Plans is examined in the Operations Guide.

4.2.2 Multi-year indicative plans

The term, Multi-Year Indicative Plan (MYIP), describes a multi-year plan that is formulated to give the first level of management expression to the selected strategies.

A multi-year indicative plan represents the various strategies in formats designed to assist with the mobilization of the resources needed for these plans to be realised.

In the past, these documents were sometimes known as 'Business Plans' implying that the resources needed to implement them had indeed been allocated. This serves essentially as the first step in a process of identifying what resources are needed to do what. It does not serve as an implementation or business plan as, at this stage, resources have not yet been committed.

The MYIPs are live management instruments designed to interface and lobby for support within the municipal, provincial and national planning and budgeting systems and cycles, in particular the assembly of the Medium Term Indicative Budget and the Budget Implementation Plans.

As such, they are to be compiled/revised prior to the commencement of the municipal provincial and national budgeting cycles as illustrated in Figure 2.3 above. The MYIPs are introduced into municipal provincial and national budgeting systems through the institutional arrangements described in Part B Section 2 of this framework.

The Operations Guide provides detailed guidance on the assembly and application of this type of instrument.

4.2.3 Project plans

The various nodes undertake project planning against different conventions and at different levels of detail. Given the large number of projects and the range of implementing agents, this is a particularly complex task. This Implementation Framework envisages improvement in skill and capacities in this area, and an incremental shift towards standard conventions and terminology within the URP.

Project Plans should be compiled for all projects where funding allocation has been secured. Such plans connect projects to outcomes and strategies and plan down to the level of outputs, output indicators, programme milestones and cash flows.

These plans form the basis of the reporting performance management accountability system and are envisaged as being compiled by the Implementing Agent (the nodal unit, the line function department or any other agency) with the support of the nodal OMUs.

The formulation of project plans and recommended formats are examined in the Operational Guide.
4.2.4 Implementation work plans

Implementation Work Plans are compiled/updated annually after the completion of the various budget-planning cycles. Nodal IWPs combine the approved nodal projects together into agency-specific and nodal-specific three-year rolling work plans. As such, they represent the output, outcome, programme and cash flow commitments of the constituent implementers and sub-sections thereof. The IWPs therefore constitute the primary instrument by which the performance of the various Implementing Authorities within a URP node is planned and thereafter monitored.

The IF envisages the structures and accounting officers described in the previous section as receiving regular reports on progress in implementing the nodal IWP and assuming accountability for its successful implementation. The IWP thus provides the basis of the variance monitoring and reporting system. The Operational Guide deals with the formulation of IWPs.

4.2.5 Reporting systems and cycles

The monitoring of inputs is an ongoing process carried out by line departments and reported as per the reporting cycles of the municipal, provincial and national government.

Monitoring of outputs is more relevant to the Outcomes Manager and capacity to do this needs to be resident within the Outcomes Management Unit. Indicators in such monitoring are more quantitative than qualitative.

The management of outcomes, so central to the management of the URP, needs to encompass a system of monitoring which covers inputs, outputs and outcomes.

The Operational Guide deals extensively with the establishment of indicator-based monitoring and reporting systems. This framework anticipates the PSU described in Section 7 hereafter, working with the OMUs to establish the system envisaged.
5. HUMAN RESOURCES AND CAPACITIES

5.1 Background

The execution of the URP occurs against the backdrop of a critical shortage of high level skills within South Africa. It is therefore not surprising that the URP is similarly constrained.

The previous four sections of this framework have established a platform for improved URP performance, but these in themselves require a skilled and stable cadre of professionals in order for the recommended systems and processes to be executed. Addressing capacity challenges is a high priority of government, and is supported by a wide range of initiatives, the most recent being the joint skills initiative within the ASGISA programme. This framework suggests mechanisms whereby these capacity constraints can be resolved in the context of an integrated, area-based development programme such as the URP.

A twin stream approach to this challenge is suggested:

- a shorter term approach concerned with the rapid mobilization and deployment of high level skills into the URP, while simultaneously
- a medium to long term programme of building the professional capacity of urban renewal practitioners is pursued.

5.2 Short term capacity mobilisation

Within the context of Project Consolidate, supplementing URP capacity at all three governmental tiers through the contractual mobilization of technical assistance teams is a feasible short to medium response to the challenges being faced.

In the ISRDP, the Independent Development Trust (IDT) was appointed to act as a technical support facility in the rural nodes, on behalf of government. The IDT provides a hands-on support service on the ground in these rural nodes.

Drawing on the ISRDP approach and the ‘Project Consolidate’ programme, this Implementation Framework envisages a URP Programme Support Unit (PSU) or Technical Support Facility appointed by, and reporting to, the Department of Provincial and Local Government, while supporting the nodal OMUs and the provinces.

The functions of the national PSU would include support to the Outcomes Managers of all URP nodes in developing their capacity and providing other technical support such as monitoring and evaluation.
Implementation Framework

of the achievement of outcomes at the nodal level. The National PSU is proposed as a reservoir of technical capacity, appointed either through contract by the dplg, or through secondments from public and private sector partners in the Project Consolidate programme. The PSU would concentrate on the most under-capacitated nodes and provinces.

The national PSU would be concerned with:

- **networking and brokerage**: Assisting the National URP unit with the promotion of the URP as a programme to the national public development programmes and agencies and private sector formations. Every government department with, or formulating, pro-poor programmes needs to be lobbied to pilot development initiatives in the nodes.

- **funding information supply**: The collation of information (an up-to-date inventory) about public and private funding opportunities, and packaging these for access by the nodes. This inventory will target those programmes of government which have the potential to enhance the envisaged nodal outcomes. The inventory should not be limited to government line department programmes only, but extend to identify opportunities in the parastatal and private sectors.

- **fund brokerage**: Assist the national URP Unit to negotiate and influence the packaging of aid programmes by agencies in ways that benefit the nodes.

- **short-term expertise to the nodes**: Working with the programme units at nodal and provincial level to put in place, or refine, the systems needed to achieve improved implementation and innovation. The support will be in the form of mentoring and coaching of nodal and provincial officials in the context of a specific implementation challenge being experienced.

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**Short term capacity mobilization**

- Through Project Consolidate, supplement URP capacity at all three governmental tiers through the contractual mobilization of technical assistance teams.

- Support for networking and stakeholder mobilization, provide funding information, support funding brokerage, provide short-term experts to the nodes, problem-solving/unblocking, support knowledge management, secretariat support to national URF.

**Mobilising capacity in the medium term**

- Use the Operational Guide as the basis to transfer, test and apply practice with nodal management teams.

- Systematically research and document the URP.

- Knowledge-sharing platforms.

- On-the-job coaching and mentoring.
• **problem-solving**: solving problems encountered by the nodes should be a priority for the national URP unit, supported by the national PSU. Such problems could relate to issues of national government-owned land acquisition, problematic legislation, etc.

• **knowledge management**: this facility will assist with regular documenting and research about the programme.

• **Secretariat to the National Urban Renewal Forum**: providing secretarial and support services to the national UR Forum should be an added function of the national URP unit.

5.3 Medium term instruments for the development of the URP human capacities

To make urban renewal programmes sustainable in the long-run, as well as reduce the prevalence of institutional ‘memory loss’, government officials from all three tiers must be equipped with the skills and knowledge necessitated by the URP. This requires the implementation of short-, medium- and long-term capacity-building strategies.

*The Report and Recommendations to the Cities Network - ‘Supporting and Enlarging the Community of Urban Renewal Practitioners’ (November 2003) has accurately and comprehensively identified the elements of both the Substantive and Process knowledge that must be developed and deepened within the URP.*

The IF envisages the following component interventions being executed to secure the development of the necessary capacities.

5.3.1 Guidelines on core components of the process knowledge required within the URP to be formulated and transferred

Work has already commenced on this component with the formulation of the companion document to this IF, the Toolkit for Programme Managers. This Toolkit has been formulated in a modular format, orientated towards seminar-based transfer, testing and application of the process knowledge contained therein with the relevant practitioners within the URP programme. It is envisaged that the PSU described above will orchestrate this process in association with the dplg UR Unit and the Nodal Managers.

Additional process knowledge modules will be compiled and applied over the course of the programme and the IF anticipates these being added to the current Operational Guide as additional modules. Partnering with the SA Cities Network to plan and implement further training opportunities will be necessary.

5.3.2 Establishment and operation of a systematic research and documentation system for the URP

*Central to the development and deepening of the capacity of UR practitioners within the URP is the capturing and transfer of the learnings being acquired within the programme.*

A significant start has already been made in this regard with the compilation of the Lessons Learnt Resource Book.

This should be reinforced by the internalisation of systems and practices of documentation, ‘knowledge mining’ and exchange within the daily practices of the nodal OMUs. Funding to support these activities must be secured and deployed. It is envisaged that the PSU described above will provide technical support to the nodal OMUs with the establishment and operation of this function.
5.3.3 Establishment of the infrastructure for knowledge and information exchange

Two mechanisms are envisaged:

- Institutionalisation of knowledge-sharing through a ‘Best Practice Forum’
- The Best Practice forum will consist of Outcomes Managers and be organised by the national PSU. The forum will dedicate its time to sharing information and best practice amongst the nodes. Through support from the PSU, this forum needs to be exposed not only to local best practices, but to international and national successful Outcomes Management initiatives. It is at this level where information is packaged and lessons documented by the dplg to inform Cabinet and its structures. It is a forum where suggestions about policy impacts and improvements are made as informed by experience in managing outcomes at the nodal level. The current national URF performs this task to an extent
- Establishment of an electronic platform for knowledge exchange.

The IF envisages an URP website where all relevant documentation and allied information being acquired by the programme as a whole can be accessed and exchanged. This function will be overseen by the dplg.

5.3.5 ‘On the job’ coaching and mentoring of URP managers

The pressured nature of the URP dictates that URP managers have limited time to use on knowledge acquisition; the primary mode of learning will therefore be ‘learning by doing’. The ‘error’ component of ‘trial and error processes’ can be substantially reduced by having experienced practitioners available to work together with URP practitioners in executing selected components of their practices, thereby providing a combination of concrete logistical support, coaching and mentoring. The PSU will need to play a critical role in this respect.

5.4 Concluding comments on the human capacities section of the framework

The establishment of an effective human resources development components to complement the other five legs of the Implementation Framework is crucial to the success of the URP. Furthermore, Project Consolidate, the hands-on support programme to local government, provides an existing platform from which to launch these initiatives.

A solid start has already been made with the Operations Guide and the Emerging Practices Resources Work Book.
6. CONCLUDING COMMENTARY

This Implementation Framework is a living document that draws together current thinking and practice regarding the Urban Renewal Programme. The purpose of this Implementation Framework is to translate the vision of the URP into implementable actions that will guide all role-players on their particular contributions to achieving the vision. This document provides a systematic guide to the policy grounding of the URP, its purpose and objectives, the financial and institutional arrangements, the suggested management arrangements and the approaches to mobilising appropriate human resources and capacities.

The success of the URP implementation will depend on improved co-ordination of public investment, successful leveraging of private and parastatal investment into the nodes, and improved management of URP nodal outcomes.

This Implementation Framework should be utilised widely and extended through the adoption of clear practices, some of which are detailed in the ‘Toolkit for programme Managers’. In the implementation of this programme, the aim is to assist the majority of South African urban citizens, residing in peripheral townships, to move from the ‘lock-in’ of the Second Economy to the opportunities of the First Economy.

Although progress has been made, it appears that a more deliberate targeting of financial and technical resource to the rural and urban nodal areas will be required by sector departments if the historical backlogs in service delivery are to be addressed, as well as new growth in services needs assured.

Now that the infrastructure platform is generally in place in the nodes, it is opportune to place a greater emphasis on growing the human capital of the communities (skills development) and economic potential of the nodal regions to ensure that nodal communities benefit from the expected economic growth of the country. In the next five years, therefore, the focus will be on aspects of quality and sustainability; consolidating the progress made and building on this through strengthening the hands-on support aspects of capacity-building.