UIPC

URBAN INVESTMENT PARTNERSHIP CONFERENCE

27 & 28 AUGUST 2015 • JOHANNESBURG

RECORD OF DISCUSSIONS

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

DBSA
Development Bank of Southern Africa

cooperative governance
Department:
Cooperative Governance
REPUBLIC OF SOUTH AFRICA

Executive Summary: Towards a structured partnership

Participants confirmed the appropriateness of the conference objective of initiating results focussed partnerships between cities, government and the private sector to effectively facilitate inclusive urban growth. Three commitments were made to follow through on the momentum achieved at the event:

1. ***Setting up regular engagements on urban financing.*** A commitment was made for continued regular engagement on urban investment between government, cities and investors to develop joint solutions and build a strong foundation for collaborative initiatives. These engagements will be linked to the existing Task Team on Private Financing of Infrastructure, led by the National Treasury. The aim is to generate a common understanding of issues hindering active participation in urban investment and to establish a sincere level of trust and partnership between the public and private sector. Areas of cooperation will be structured around will include the following:
   - Policy and regulatory environment for public-private collaboration on urban investment
   - Deepening a suite of municipal infrastructure funding
   - Expanding opportunities for private finance in urban development programme.

2. ***Improving project preparation support.*** Opportunities for collaboration on project preparation will be explored, including:
   - Showcasing of good practices in cities; and
   - Joint governance of available project preparation facilities between the public and private sector as well as development finance institutions.

3. ***Promoting city-level engagements.*** Specific engagements on a city-level were desired by all participants and it became clear that these engagements should be driven by cities and be supported by National Treasury and the DBSA. These engagements should focus on the cities’ long-term development and urban transformation strategies as well as on specific projects and their “bankability”.

RECORD OF DISCUSSIONS

1. Introduction

The Ministers of Finance and Co-operative Governance jointly hosted a Conference on Urban Investment Partnerships, in cooperation with the Development Bank of Southern Africa (DBSA), on 27 & 28 August 2015 at Gallagher Convention Centre in Johannesburg.

The objective of the Conference was to renew and strengthen the dialogue between public and private sectors on the urban investment needs and opportunities faced by large South African cities as they rise to the challenge of urban population and economic growth.

Discussions focused on practical solutions to accelerate investment that promotes inclusive growth and spatial transformation, through looking at three themes:

- **Strategies and key issues for effective urban investment**, highlighting existing challenges for different stakeholders in urban investment for growth and key issues that require collaboration to unlock more inclusive growth.
- **New approaches to urban investment**, identifying practical solutions and innovative approaches to expand investment in urban infrastructure and land development, while catalysing inclusive economic growth and spatial transformation.
- **Cities' urban development strategies**, showcasing municipal strategies, programmes and projects for urban development and transformation that provide opportunities for partnership.

The conference provided a forum for dialogue between public and private sectors, and was attended by **over 200 participants**, drawn from:

- The national government, including the National Treasury and the Departments of Cooperative Governance, Human Settlements, Transport and Trade and Industry, and Energy,
- Business associations, including the Banking Council of South Africa and the Association for Savings and Investment in South Africa,
- Commercial banks, pension funds, asset managers and insurance companies,
- The South African Property Owners Association and urban development companies as well as property developers and the construction sector,
- National and international development finance institutions, including the DBSA, and the donor community,
- Eight metropolitan municipalities and the South African Local Government Association.

This record of discussions summarises the main discussion points and outcomes of the conference and records agreements reached in order to sustain the momentum of the dialogue. The conference was moderated by **Mr Vusi Mandonsela**, Director-General of the Department of Cooperative Governance (Day 1), and **Ms Malijeng Ngqaleni**, Deputy Director-General of Intergovernmental Relations, National Treasury (Day 2).

Copies of all speeches and presentations delivered at the conference are available online at: **http://www.treasury.gov.za/comm_media/presentations/Urban/**

2. Rising to the challenge of urban development in South Africa

The Minister of Cooperative Governance, Mr Pravin Gordhan, noted the opportunity presented by ongoing urbanisation in South Africa and the critical role that cities play in facilitating faster and more inclusive economic growth. He emphasised that a sustained and effective dialogue between cities, investors and government is necessary to address urban development challenges, and particularly to address the ongoing challenge of apartheid city forms that lowers growth prospects and traps people in poverty. The challenge of spatial transformation is essential to unlock growth potential in cities, including addressing the issue of long commuting distances and travel costs that are imposed on poor households in particular. Greater urban density, improved public transport and the development of township economies are of particular priority for safer, more sustainable and resilient cities.

Minister Gordhan noted that the National Development Plan (NDP) provided a solid basis for renewed dialogue on urban development, expanded on through the Integrated Urban Development Framework (IUDF) that promotes more integrated and competitive cities. He stressed the role of the private sector in poverty reduction and job creation and emphasised that while good relationships between government and private sector do exist, these need to be deepened based on a clear understanding of each other's roles.

The Minister of Finance, Mr Nhlanhla Nene, reiterated the importance of cities for national economic growth and development. He highlighted the important progress that has been made in establishing metropolitan municipalities as a robust platform on which the country can manage urban growth and highlighted the strong constitutional and legal foundations established for local government in South Africa. Progress made by cities include better governance systems, greater stability, more transparency in their operations and better service delivery and financial outcomes.

Minister Nene noted that the challenge facing metropolitan municipalities was no longer solely that of universalising access to basic services, but now largely one of making the investments in infrastructure expansion and maintenance that are required to support urban populations and economic growth. He noted that, to capture the economic dividends of urbanisation, South Africa must pay far closer attention to where we build cities, and how we physically integrate townships into the mainstream of social and economic life. He concluded by emphasising the need to work together to build vibrant cities, through regular, structured, results focused engagements.

The Director-General of the National Treasury, Mr Lungisa Fuzile, provided a further exposition of the needs and opportunities for urban investment. He noted that our metro economies must grow significantly faster than the national average. Enabling faster, more inclusive growth requires a complementary focus on universal access to basic services and investment in economic infrastructure. Large investments in urban infrastructure are needed to unlock growth potential in cities, with around R43 billion per annum required for infrastructure development in metros until 2025. He emphasised that the location of this investment matters as much as its scale, as the "urbanisation dividend" arises from economies of agglomeration.

Mr Fuzile also noted that metro municipalities now provide a strong institutional platform to support faster, more inclusive growth and that their performance has been consistently improving, with respect to governance outcomes, expenditure and revenue management, and service delivery. He emphasised the scope for additional borrowing by municipalities over the medium to long term and the opportunities for long-term investment for the private sector. The Director-General noted that government has consistently sought to play its roles in creating an enabling environment and support metropolitan municipalities. He emphasised that the conference was the start of this conversation, and needed to result in practical steps to increase investment in urban development in South Africa.

3. Perspectives: Strategies and key issues for effective urban investment

Mr Adre Smit, representing the Association for Savings and Investment South Africa (ASISA), provided an input on the private-sector perspective to the urban development challenge. He highlighted the current global phenomena of tight central government budgets and banks facing stricter constraints. As a result, many countries are considering mechanisms to enable long-term investment portfolios to play a larger role in infrastructure investment, especially given the lifespans of infrastructure assets. In pursuit of these opportunities, public-private partnerships are critical. A conducive environment in the form of a national long-term policy framework for infrastructure investment, a clear alignment of policies, a national infrastructure pipeline of projects, regulatory reform, and an appropriate sharing of risk are needed. The private sector must improve trustee knowledge to accommodate investments into infrastructure, support the pooling of funds to accommodate the size of infrastructure transactions and create new products and instruments that support financial partnerships.

Mr Sibusiso Sithole, City Manager of eThekwini Metropolitan Municipality, presented on behalf of the eight metropolitan municipalities in South Africa, outlining their perspective on urban investment challenges. He emphasised the importance of transformative investments that have a catalytic effect on improving access and mobility, achieving an inclusive economy, providing sustainable urban infrastructure, sustaining city revenues and improving urban governance and spatial transformation. He highlighted the significant progress made in delivering services over the past 20 years but emphasised spatial and institutional externalities that cities face. He argued that a conducive environment to enable public-private partnerships is key, including reviewing the regulatory framework and streamlining and consolidating funding flows. The envisioned role for the private sector included, among others, forging strategic partnerships, exploring alternative and customised financing options, and undertaking joint feasibility studies on some of the development proposals that cities are advancing.

Ms Sinazo Sibisi from the Development Bank of Southern Africa (DBSA) presented on the role the DBSA plays for urban investment in South Africa. She recognised the challenges of large scale infrastructure investments faced by cities globally and in South Africa. The presentation highlighted that many South African cities have limitations to their financial and technical capacity, and that meeting these challenges requires cooperation between the spheres of government, the DBSA, potential investors, cities, development finance institutions, project-originators and long-term investors. She suggested a more strategic approach to planning is necessary, including effective and impact orientated planning. Recognising that cities need help in making projects bankable, DBSA offers to work with cities on project preparation and to continue to explore innovative financing mechanisms and provide institutional support.

Mr Erky Wood represented the South African Property Owners Association (SAPOA) and offered the perspective of developers and the construction sector on urban investment. Mr Wood discussed the underpinnings of sustainable urbanism for compact, socially integrated, growth enhancing, smart and spatially integrated cities. The presentation highlighted examples of imperfect alignment and emphasised that the key to better cities is city leadership. This encompasses an incremental approach, focused on city-building infrastructure, delivered by a city vision, and underpinned by political will. He argued for openness to new and creative approaches.

Dr Oliver Weigel from the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety provided insights on the approach Germany takes for a partnership between the three spheres of government as well as between the private and public sector on urban transformation. German cities are or have been facing similar urban challenges as South Africa and he explained how national government established strong links with the private sector and consults with key players already in the policy-making process. The ultimate approval of all projects rests with the city council, giving cities the authority and responsibility to guide their own urban transformation processes.

Bringing together perspectives on urban investment

Presenters formed part of a panel discussion on urban investment and were joined by the **Director-General National Treasury Lungisa Fuzile**, **Michael Deighton from the South African Property Owners Association (SAPOA)** and **Cas Coovadia from the Banking Association of South Africa (BASA)** as respondents. The discussion focused on the following five issues:

- There is consensus on urban transformation but no new spatial pattern has been achieved over the last 20 years. Reasons for this must be analysed and the role of each stakeholder needs clarification to move forward.
- Excessive regulation and bureaucracy can present a challenge for cities and investors. A balance between compliance and flexibility must be struck. Approval processes for public-private partnerships are reported as long and cumbersome. Alignment of policy objectives and coordination between departments are necessary for a more coordinated approach to urban development.
- The uniqueness of each municipality requires differentiated approaches, which are "solution driven" rather than "approval driven".
- For the private and public sector to work together, private firms must understand themselves as city builders while public sector should put appropriate incentive schemes in place to reinforce this role.
- Information sharing is key for any partnership but is often jargon-based and prevents stakeholders from other sectors from fully comprehending what is communicated.

4. Solutions: Towards a new approach to urban investment

Group 1: Effective preparation and governance of bankable urban investment projects

Despite the current economic conditions, appetite exists for fixed interest investments in infrastructure. However, the cash flows and returns of specific projects need to be understood in order to structure these investments. Cities noted that some projects generate indirect revenue (e.g. increased property rates) and some are designed to unlock development, which will generate future income. Investors indicated that they would consider investing in such projects.

Perceived "institutional risk" was highlighted as a constraint for investors. A high degree of confidence that bulk services will be provided is required if a project is to be invested in. It is helpful if it is clear that the cities' projects form part of a larger plan, have the planning and implementation skills necessary to avoid wastage of resources, and operate within a clear system of intergovernmental relations to create a platform for different stakeholders to participate and share inputs.

Public and private sector partners bring different skills to project preparation and delivery, and the private sector could play a more active role in detailed design, financial structuring and risk sharing. The long lead times for project preparation and procurement were discussed. It was suggested that in some cases projects could be shared with the private sector in a pre-concept stage. Regarding the role of the DBSA in supporting project preparation, and as an intermediary, concerns were raised as to whether this may create conflicts in project financing.

Next steps:
The private sector indicated a strong interest on the metros' Built Environment Performance Plans and suggested that they be included in this planning process. In particular, cities need to define projects better and explain the type of returns available, so that projects can be matched to potential investors. Key information that is needed for every project includes land area, infrastructure, yield, and the institutional commitment to take projects forward.

Group 2: Policy and regulatory environment for public-private collaboration on urban investment

While no need for drastic reforms to existing regulatory frameworks was identified, and the existing fiscal framework was acknowledged as enabling, real challenges remained with the interpretation and implementation of these frameworks. The public sector as a whole must provide certainty and consistency to create an enabling environment for private investment.

Inconsistent bylaws (and variations in their application) between cities create confusion for investors. Studies to determine best practices must be encouraged for replication in other cities that are still experiencing challenges. Lengthy approval processes undermine the ability of municipalities to attract investment. Inadequate forward planning for the provision of bulk infrastructure and roads often creates lengthy delays. Municipalities also lack a common definition of high priority or "catalytic" projects and in some cases lack the capacity to contract effectively with the private sector and thus choose not to.

At a national level, the scope of regulations creates a high level of complexity, and often delays, project preparation and implementation. This ranges from water use licensing, environmental impact assessments, rules for public-private partnerships, and sometimes competing planning regimes in terms of the Spatial Planning and Land Use Management Act and the Municipal Systems Act. Weak coordination between the various stakeholders with regard to policy intent and implementation can create tensions in the municipal space. State owned enterprises can be disruptive to public private collaboration on urban development issues.

Next steps:
It was recommended that:
a) Government continue to ensure that cities have adequate powers and functions to perform their mandate in urban management while strengthening work relations between spheres of government, state owned enterprises and municipalities.
b) Opportunities for joint planning be considered, involving both cities and developers.
c) A regulatory review be conducted on regulatory impacts and timeframes for regulatory compliance, particularly with respect to infrastructure financing and implementation.
d) A review of existing land use management bylaws be undertaken to identify best practices and foster peer learning. This is particularly relevant with respect to development controls and opportunities for the introduction of land based financing instruments.

Group 3: Deepening the suite of funding instruments: Bonds, loans and land-based financing

Metropolitan municipalities access the bond market and loans through banks. Opportunities for expanding the market exist in customising financing to the assets but this would require participation beyond banks due to limits in maturities they can offer. An asset-management based approach could also enable a broader spectrum of municipal assets to be financed, including refurbishment of existing assets, and will determine the types of instruments needed. However, it was also noted that both the instrument and the credit must be solid for asset managers to consider an investment, which may make project-based bonds attractive in some instances. For example, given the differentiation across municipalities, it may be appropriate to finance projects that have direct returns, rather than a municipality in general. Inflation-linked financing may also be appropriate for post-project stage financing.

Whatever the appropriate solution, municipalities will require experienced independent advisors to negotiate with banks and a third party investor, particularly as many banks won't lend longer than seven years due to capital and liquidity issues, and so alternative sources of investment will be required for a further seven to 20 years.

The benefits of using a simple, limited set of lending instruments was acknowledged. It was noted, however, that bonds are expensive to launch, and pooled bonds may generate greater access and cost savings, while also enabling investors to feel more secure and thereby lend at a lower rate and higher volume. An alternative view was the systematic works needs to be done to develop long-term municipal financial plans, including developing an appropriate financing mix. It was agreed that further attention needed to be paid to new sources of finance, including land value capture, development charges, and potentially even a further local tax instruments.

It was suggested that the DBSA should play the role of an intermediary, taking the most risky portion of a transaction, to enable broader financial participation, as well as to support projects with mixed economic and social development objectives. Although the national government's policy framework for municipal borrowing excludes the use of central government guarantees, some participants felt these would be worthy of further exploration.

Finally, it was noted that asset managers need to develop a critical mass of skills and capacity to engage in the municipal sector, particularly with the pressures on the banking sector. Many currently struggle to understand risks.

Next steps:
It was recommended that:

a) A task tam is established to investigate blended finance solutions for urban investment projects, including the relative costs and benefits of different financing instruments, approaches to blending grant finance in mixed benefit projects, alignment with existing incentives schemes, and procedural and institutional approaches to a pipeline of financing partnerships.
b) Government take specific measures to ensure the proposed reforms to the regulation of development charges are well understood, user friendly and compatible with private finance.

Group 4: Expanding opportunities for private finance in urban development programmes

It was noted that adequate state capacity, good governance and political will are all necessary preconditions for effective partnerships with the private sector. Beyond this, a clear plan and robust project preparation are needed to develop a pipeline of projects on which private partners can engage. These instruments need to be underpinned by demonstrable political commitment (e.g. council resolutions) that provides transparency and stability. The final selection of financial instruments will reflect project needs, as well as available expertise, but the DBSA can play an important role in enabling new instruments to emerge and overall financial partnerships to expand. Cities need to learn from other jurisdictions about new models of infrastructure finance (such as tax increment financing), as well as what can be offered (within what limitations) by various components of the financial sector. It was agreed that risk averse behaviours by municipal officials, particularly with respect to audit issues, often dampened enthusiasm to explore viable alternatives.

Next Steps:

It was recommended that:

a) Cities be supported to develop long-term plans beyond the political terms of their councils, in order to share these with the private sector to build trust and relationships.
b) Greater use of global expertise and capacity be explored, particularly in providing dedicated city-specific development finance capacity to individual cities.
c) A cross-city platform for regular engagement between cities and the private sector would be useful. This would provide an opportunity to channel discussions, and share lessons from existing projects. This platform would benefit from institutional representation so each financier doesn't have to tackle each metro separately.
d) Work be commissioned to map potential public-private relationships throughout life-cycle of a project, as a guide to further discussions.

5. Cities' urban development strategies

Professor Jan Werner from the university of BITS Iserlohn in Germany presented an international perspective on municipal borrowing. His presentation highlighted approaches taken and lessons learned from countries facing similar challenges to South Africa. Examples included countries with severe restrictions and generally no independent local borrowing; pooled municipal government debt in a provincial government agency; municipal bond systems; commercial and private bank financing; and the setting up of a public savings bank. Illustrations of joint funding approaches to large-scale infrastructure projects and the effective use of land value capture mechanisms are relevant for the South African context and they inspired discussions among participants.

David van Niekerk from the National Treasury outlined the programme of national government support to metropolitan municipalities in preparing a pipeline of bankable investment projects that support spatial transformation for inclusive urban economic development. Government has recognised that returns on investment in urban areas remain unacceptably low, and that a strategy is required to coordinate planning, regulatory and investment approaches within a spatial targeting framework. This "Urban Network Strategy" focuses on strengthening the built environment value-chain, across planning, capital funding, implementation and urban management, combined with more effective institutional and operational arrangements and improved monitoring and evaluation systems.

Metropolitan municipalities have all made significant and steady progress with the adoption of this approach. It has taken shape in the form of Built Environment Performance Plans that are now produced annually, in accordance with the Division of Revenue Act, and seek to align plans with budgets towards predetermined outcomes. Interventions within targeted precincts lie at the core of the strategy, and all metros have commenced with the preparation of high priority catalytic investment projects. They are being provided with ongoing technical assistance and project preparation support by national government. The Minister of Finance has announced a new package of fiscal measures to support the implementation of these projects, including the re-regulation of development charges, a review of infrastructure grants to provide performance incentives to municipalities, and measures to improve financial partnerships. Additional reforms are underway to promote alignment with industrial and tax incentive programmes, to reduce regulatory risks to investment programmes, and to improve the quality and reliability of municipal reporting.

Each metropolitan municipality had an opportunity to showcase its own development strategy, programmes and plans to participants in parallel small-group sessions. Key questions and issues that arose from the discussions suggested areas cities can improve in to better leverage private sector interest and partnership potential. Frequently raised issues included:

1) **Confidence and trust:** One of the biggest challenges for cities has been confidence building among stakeholders (private sector, provincial and national government). Cities are putting efforts into improving their relationships with stakeholders through regular meetings or social media presence. These actions are encouraged by investors.

2) **Private sector participation in planning:** Investors expressed an interest in playing a role in the project planning process, particularly on the development of a project pipeline. They offered to assist cities in identifying opportunities and in return generate a commitment for prioritised areas as they invest in bulk infrastructure.

3) **Clarity on investment opportunities for private sector interest:** Cities should provide more clarity on the nature of specific investment projects as these can range from bulk infrastructure (public assets) to property development projects and both come with very different conditions attached. Investors asked cities how they define if a project is catalytic and what mechanisms are in place to prioritise projects in line with longer-term development and transformation strategies.

4) **Investment financing strategies**: Cities should demonstrate a rationale for the financing strategies and instruments they plan to use. Investors would like cities to present a well-structured funding mix based on grants, own revenue and borrowings.

5) **Readiness and bankability of projects:** Detailed project information was requested on the stage of preparation of individual projects, the financing mechanisms envisaged, readiness for investment and other opportunities for project-level involvement from investors. The cities offered to provide more detailed information on a project basis during individual consultations.

Summaries of city presentations

Mangaung Metropolitan Municipality promoted its abilities by showcasing its extensive land holdings that it intends to use as a key asset for investment. It also highlighted its financial turnaround (including greater collection of rates, unqualified audit reports; and a favourable credit rating) and its borrowing headroom as the least leveraged city of all the metros. The city has built confidence in its capacity and performance across government and the private sector through paying attention to its financial health, seeking a credit rating, and leading intergovernmental engagements around major catalytic projects planned (e.g. the Gariep pipeline).

The city announced that is it is issuing a Domestic Medium Term Note (DMTN) for R5 billion, with a debut issuance amount of up to R1 billion. This is part of a programme to reduce reliance on bank debt, enable cost savings and longer maturities offered by a bond issuance. The city has already established a sinking fund for redemption for the DMTN debt to provide greater confidence to lenders. The fund is financed through savings and revenue increases gained through building collection efficiencies. ***The city has scheduled road shows to support the DMTN issuance process in September and October 2015.***

Tshwane Metropolitan Municipality demonstrated its competitive advantage as the gateway to most of Southern Africa through three strategic and commercial corridors, the executive capital of South Africa, the Research & Development hub, and the pre-eminent metro in terms of the country's heritage. The presentation highlighted rapid urbanisation, fragmented settlements and urban sprawl and outlined the strategy to address these issues. The strategy includes future development concentrating on densification and intensification of mixed use schemes; creating a predominant middle-class; effective planning along public transport nodes and corridors to encourage private investment; releasing municipal-owned land to stimulate mixed use development; providing development incentives; providing bulk infrastructure; and consulting with residents on planning and development policies.

Tshwane presented their strategic Built Environment Performance Plan (BEPP) and Spatial Investment Targeting Map, explaining priorities and integration concerns. The strategy for catalytic projects focuses on the revitalisation of the inner city and the creation of viable commercial nodes. Financially, the city places increased emphasis on corporate governance and better fiscal control through improved operating and reporting procedures. Tshwane has maintained an unqualified audit opinion on their consolidated financial statements for four consecutive years. It achieved a credit rating of A3 from Moody's in March 2015 based on strong revenue growth and a large and diversified local economy. The debt to total revenue ratio is 40% and the city has put a strategy in place to reduce debt. The Mayor takes concerns of citizens and the investment community seriously by speaking to them every Wednesday through the use of social media.

Nelson Mandela Bay Metropolitan Municipality provided an overview of recent developments and challenges that the city is experiencing. Councillor Riordan noted that many changes have taken place and continue to take place under the leadership of the new Executive Mayor, Cllr Jordaan. He noted that the city is currently under-borrowed according to DBSA standards and opportunities exist in this regard. He highlighted the performance of the municipality as the leading metro in the delivery of housing and the eradication of services backlogs. He also noted that the metro performed the best in terms of the recent Moody's rating.

The presentation provided an overview of a number of exciting investment opportunities in the city, including (i) the Port of Ngqurha and IDZ of Coega; (ii) the "old harbour", parts of which are being vacated and provide huge opportunities for the development of a waterfront within walking distance of the CBD, world class beaches and the Lower Baakens River Nature Reserve; (iii) The new Baywest Mall providing 95000m^2 of retail space, with potential for middle class development and office space around this area.; and (iv) magnificent natural assets within the city, and associated significant municipal land holdings. ***NMB will be hosting their own investor conference on 18 September 2015 and Cllr Riordaan invited all to attend.***

EKurhuleni Metropolitan Municipality highlighted the strategic regional position of the city, the economic development strategy of the city and the development trajectory and catalytic projects that are being planned and implemented. Over the past years, the city has grappled with a number of administrative, governance and planning challenges as a result of the amalgamation of nine cities. This challenge will continue with the incorporation of Lesedi Local Municipality in line with the new municipal demarcations. The city is looking to ensure that their infrastructure financing reflects a mixture of municipal bonds, development contributions, grants and other own revenues. The city leadership has been proactive in meeting with the relevant business chambers to ensure that city stakeholders (both households and businesses) are aware of the development priorities of the city.

Recent work undertaken by the Gauteng urban observatory and the Subnational Doing Business Report reflects the opportunities for doing business in the eKurhuleni, as the city was ranked number one on the starting a business indicator. The spatial focus of eKurhuleni's economic strategy is on the Aerotropolis in the Gauteng Eastern Development Corridor, based on the proximity to the airport. Additional strategic geographic areas, including industrial townships, transport links and integration zones, have been identified. The city's catalytic projects are in line with their updated spatial development frameworks and investments by the various departments in the city are being aligned. The city wants to engage with the private sector to influence investment in the prioritised corridors. An investment centre has been established and a city investment committee meets regularly to fast track development applications. ***Going forward, eKurhuleni wants to establish***

appropriate institutional arrangements and structures for engagements with the private sector.

EThekwini Metropolitan Municipality demonstrated its competitive advantage as being the gateway to Southern Africa; having an experienced management team; providing strong financial management; driving a focused approach to service delivery and infrastructure development; and running well-developed integrated and sustainable development programmes. The city highlighted its sound financial management with an unqualified Auditor General report since inception in 2000; the best collection rates in the country; available funding; an under-geared balance sheet due to controlled borrowings and careful management of expenditure; and an AA- credit rating in the long-term with positive watch and an A1+ rating in the short-term. The net debt to total income is at 19%.

EThekwini places an emphasis on innovation and technology, increasing broadband connectivity, fostering innovation and green technology and setting up a SmartXchange ICT Incubator. The infrastructure and transport logistics corridors lay a basis for growth in the city and the alignment of development plans, budgets and implementation across all spheres of government result in catalytic projects signalling enhanced investor confidence. The Durban Investment Dashboard is tracking big investments, and informs the city where to prioritise bulk infrastructure. Investors were pleased with the progress made by eThekwini. The city is unlocking industrial land to help deal with high market demand and actively working with investors and developers to ensure the vision is realised and investments are directed towards efficient growth corridors.

Buffalo City Metropolitan Municipality introduced their vision to become a centre of innovation, with inclusive and sustainable economic opportunities, and universally meeting basic needs in an environmentally friendly, safe and lifestyle-focussed environment. The city highlighted their competitive advantages as the availability of electricity and water, access to ports and airports, the focus on innovation and tertiary education, and the gateway to the Wild Coast and Mthatha. Financially, the city has achieved a credit rating of A; signalling a strong cash position with minimum exposure to long-term debt, demonstrating a credible, relevant and sustainable 2015/16 medium-term budget, and investing in the maintenance of its ageing infrastructure to improve service delivery.

Buffalo City emphasised the steady progress made in audit opinions; with the Auditor General having issued a qualified audit opinion on the city's consolidated financial statements for the 2013/14 financial year. Buffalo City's long-term funding strategy demonstrated borrowing capacity and the ability to repay loans. The city's Urban Network Strategy focuses on the Bhisho – KWT Corridor in the West and the MELD Corridor in the East. ***The city highlighted that a dedicated technical team is eager and available to work with investors to achieve mutual developmental goals.***

The **City of Johannesburg** presented its long term plan dating to 2040, emphasising the ten priorities for the first decade of implementing this plan. A key challenge was to address the inverted polycentric development form of the city, hence the focus on spatial development. This focused on six corridors with public transport as the backbone. Capital Investment Priority Areas directly impact on the city's capital budget. Top priorities for the city remained corridors of freedom, with over 1400 projects currently under preparation or implementation.

The ongoing performance improvements by the city in capital spending were noted, and the space to increase capital expenditure over the next decade was highlighted. The city is investigating greater financial diversification, including exploring the use of tax increment financing. The city is also actively taking measures to strengthen partnership opportunities, including focusing on addressing real risks such as development planning requirements, in order to effectively share risk with private partners.

The city stated its willingness to provide further project specific detail as needed, but also a willingness to work with partners to further develop and prepare projects. ***It highlighted the forthcoming Sandton Eco Festival in October that will emphasise linkages between Gautrain and the Rea Vaya Bus Rapid Transit System. It has also noted strong appetite from employers for partnerships, which will be pursued.***

The **City of Cape Town** presented its vision for urban planning, which is built on five pillars. In highlighting its priority of "Infrastructure for Growth", the city explained its delivery strategies to include leveraging city assets, integrated public transport, broadband and provision of basic infrastructure. Their current investment strategy emphasises a budgetary focus on existing built footprint of the city, promoting private investment in its priority corridors and a future emphasis on Transit Oriented Development. Spatially, investment is targeted in Integration Zones, Mayoral Urban Regeneration Programme Areas, the Integrated Public Transport Network and the existing built footprint. Cape Town's priority investments include public transport infrastructure, a fibre optic broadband network, incremental removal of infrastructure risks, the Voortrekker Road Corridor and the Athlone Power Station development. The city presented a picture of strong and stable financial performance, a strong balance sheet and credit ratings. In explaining their funding strategy, the city emphasised its preference for balance sheet funding as opposed to project funding. It is considering an amortised loan or issuing a municipal bond. ***Cape Town is going to market and will advertise in due time. If the council decides to pursue a bond, the city will go on roadshow.***