



NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA

Neighbourhood Development Programme

Neighbourhood Development Partnership Grant

Status Quo Report October 2008

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Glossary

CBD	Central Business District
CG	Capital Grant
DBSA	Development Bank of Southern Africa
DoRA	Division of Revenue Act
DPLG	Department of Provincial and Local Government
EC	Eastern Cape Province
FS	Free State Province
GT	Gauteng Province
INK	Inanda-Ntuzuma-Kwa Mashu
ISRDP	Integrated Sustainable Rural Development Programme
KZN	KwaZulu Natal Province
LM	Limpopo Province
MP	Mpumalanga province
MPCC	Multi Purpose Community Centre (see TSC)
NC	Northern Cape Province
NDP	Neighbourhood Development Programme (“the Programme”)
NDP Unit	Neighbourhood Development Programme Unit (National Treasury)
NDPG	Neighbourhood Development Partnership Grant
NT	National Treasury
NW	Norh-West Province
SA	South Africa
SACN	South African Cities Network
TA	Technical Assistance
TTRI	Training for Township Renewal Initiative
TSC	Thusong Service Centre (formerly known as MPCC)
URP	Urban Renewal Programme
WC	Western Cape Province

1 Purpose of Report

The purpose of this report is to inform stakeholders of the progress with implementation of the Neighbourhood Development Partnership Grant (NDPG).

2 Executive Summary

The NDPG is directed at municipalities and is made up of a Technical Assistance (TA) fund aimed at supporting township regeneration plans and a Capital Grant (CG) to support related projects that attract private sector investment.

The NDPG Portfolio currently consists of 86 awards made to 51 municipalities. These 86 awards represent an NDPG commitment to invest in 135 townships, to the value of R8.75bn over 10 years. The NDPG Portfolio has projects in all provinces.

Each award consists of a "funding envelope" which addresses the municipality's need for NDPG funds over the lifecycle of project planning and implementation. The average leverage effect of the NDP of public and private investment is conservatively estimated to be about 1: 2.2 at this stage.

Applications for Round 5 are to take place about mid-2009 thus allowing municipalities to take account of new priorities.

Operational progress is on track despite actual expenditure of the NDPG by municipalities being somewhat less than satisfactory to date.

3 Progress with the Implementation of the NDPG

3.1 Applications and Awards to Date

Four Rounds of Applications have been processed as indicated in the table below. A total of 729 applications have been received for Rounds 1, 2, 3 and 4, resulting in 86 awards being approved for a potential 135 townships in 51 municipalities.

<i>Application Statistics</i>	<i>Round 1</i>	<i>Round 2</i>	<i>Round 3</i>	<i>Round 4</i>	<i>Total</i>
No. of Applications Received	243	151	109	226	729
No. of Awards per Round	33	20	19	14	86
No. of Municipalities Awarded (Cumulative)	20	23	42	51	51
No. of Townships in Portfolio	34	24	48	29	135

An improvement in the quality of the applications and their alignment to the NDPG's goals are progressively evident from Round to Round.

3.2 Expenditure

The portfolio management approach to the NDPG is critical to its success, given the poor capacity of the municipalities in respect of absorption of the NDPG. This is indicated by, for example, the level of spend to date (as of end August 2008) indicated in the next table.

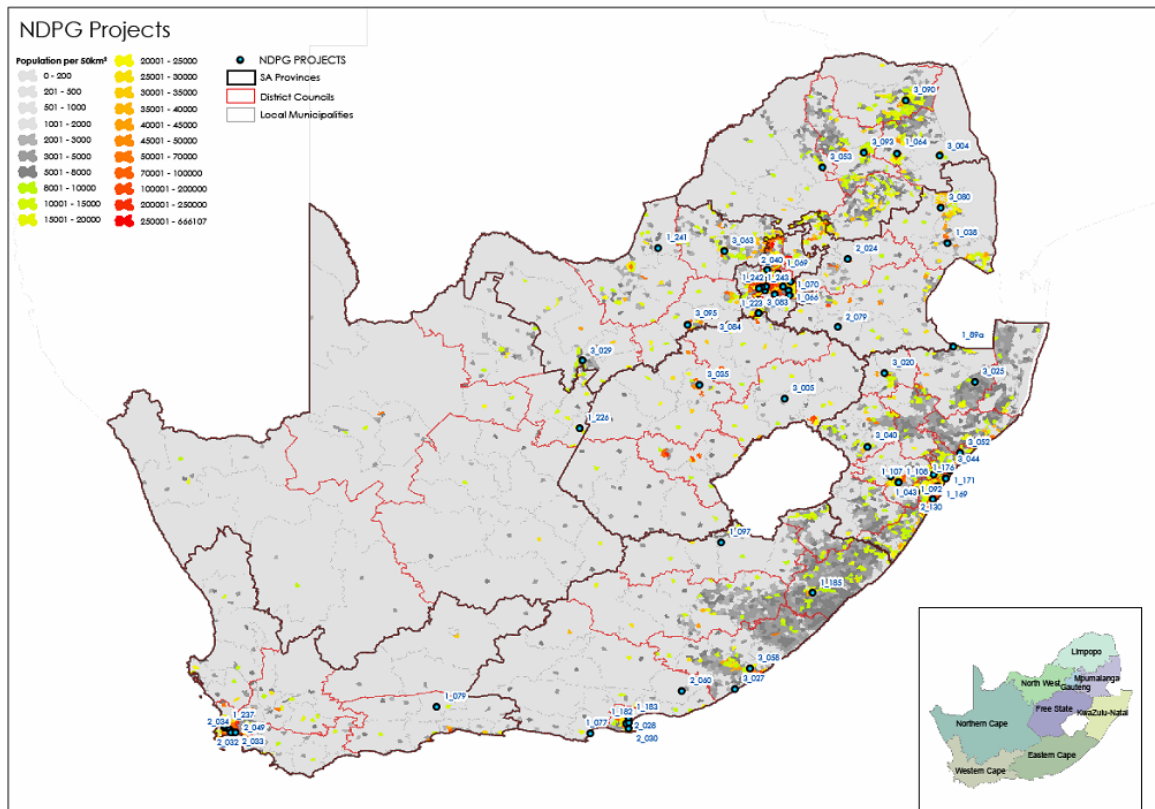
Expenditure	2006-07		2007-08		2008-09	
	Target	Actual	Target	Actual	Target	Actual To Date
TA	R50m	-	R64m	R4m	R 111m	R11m
CG	-	-	R231m	R41m	R 255m	R49m
Total NDPG	R50m	-	R295m	R45m	R 366m	R60m

The less than optimal level of spend could be attributed to challenges at municipal level with planning for strategic and targeted investment in townships – in many cases the focus to date has been on meeting the basic services targets. For the first two years of the NDPG, Gazetted allocations were based on Milestone Payment Schedules submitted by municipalities, but because of the less than optimal state of readiness of municipalities, these have proved to be unrealistically ambitious – especially if a municipality is at the project inception and preparation stages - and have accordingly been adjusted downwards through the course of each year.

The NDP Unit has exceeded targets substantially, i.e. 135 townships stand to benefit from the NDPG with an operational target of 145 townships by 2011-12 (thus this target is 95.86% met).

3.3 NDPG Portfolio of Projects to Date

The following map notes all awards up to September 2008.



All projects are noted next, listing the NDPG indicative allocations (Technical Assistance and Capital Grant components), as well as non-NDPG contributions (made up of estimated forecast contributions from the municipality, other levels of government and the private sector), forming part of the Total Project Cost.¹

*When reading the financial information below, it is very important to note that the NDPG award to a municipality is **an indicative envelope of funding**. The actual NDPG award to each project is agreed and gazetted on a yearly basis based on a number of conditions being met.*

*To illustrate: the table below reflects an NDPG award of R37.7m to Mbombela Municipality for technical assistance and capital investment linked to specific projects in the townships of Kanyamazane and Swalala. Special conditions and milestones related to the project are agreed on in a Funding Agreement between the NDPG of the National Treasury and the Mbombela Municipality. During the lifecycle of this funding agreement, regular assessments are made about the performance of the project and allocations (out of the R37.7m envelope) are then gazetted yearly. **In some cases, during the life cycle of the project, assessments of performance against agreed targets may lead to the suspension of the award OR the downscaling of the NDPG funding envelop OR the funding envelope for that project may warrant an increase.***

Ref	Municipality	Prov	Township	Project	NDPG	Non-NDPG Contributions	Total Project Cost
1_038	Mbombela	MP	Kanyamazane & Swalala	Precinct Developments	37.7	94.0	131.7
1_043	uMngeni	KZN	Mpophomeni	Mpophomeni Nodal Development	18.0	35.0	53.0
1_064	Greater Tzaneen	LM	Nkownakowa & 4 MPCCs	NkownakowaTown Centre & MPCCs	84.8	115.0	199.8
1_065	Ekurhuleni	GT	Katorus (Katehong): Palmridge	High Street Development	10.5	53.0	63.5
1_066	Ekurhuleni	GT	Kwa-Thema	Development & Community Node	10.5	53.0	63.5
1_067	Ekurhuleni	GT	Kwatsaduza	Large area social facilities	51.8	135.0	186.8
1_068	Ekurhuleni	GT	Mayfield/ Daveyton/ Etwatwa	Economic & Community Node	21.3	10.0	31.3
1_069	Ekurhuleni	GT	Tswelopele/ Tembisa	Economic & Community Node	21.3	10.0	31.3
1_070	Ekurhuleni	GT	Tsakane/ Duduza (Blue Gum)	Community Node	21.3	10.0	31.3
1_071	Ekurhuleni	GT	Mining belt informal settlements	Upliftment of informal settlements & development	21.3	10.0	31.3
1_072	Ekurhuleni	GT	Katlehong, Tembisa, Wattville, Daveyton, Duduza	Rehabilitation & Renewal	21.3	10.0	31.3
1_077	Kouga	EC	Tokyo Sexwale, Jeffrey's Bay	Eyabantu Neighbourhood Centre	23.9	5.7	29.6
1_079	Oudtshoorn	WC	Bridgton	Business Centre Upgrading	35.8	45.0	80.8
1_092	Ndwedwe	KZN	Ndwedwe	Ndwedwe Village Development	255.4	81.0	336.4
1_097	Senqu	EC	Khwezi-Naledi	Sports Facility &	20.5	9.0	29.5

¹ Figures rounded to closest million, source: NDPG Database for Rounds 1, 2 and 3, with Round 4 (approved 30 September 2008) added, NDP Unit, National Treasury

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Ref	Municipality	Prov	Township	Project	NDPG	Non-NDPG Contributions	Total Project Cost
				Economic hub			
1_103	Knysna	WC	Masifunde	High Street Upgrading	52.0	18.0	70.0
1_106	City of Tshwane	GT	14 Townships	Tsosoloso Programme (Public Spaces)	730.0	400.0	1130.0
1_107	Msunduzi	KZN	Greater Edendale	Imbali Mixed use investment node	10.7	8.0	18.7
1_108	Msunduzi	KZN	Greater Edendale	Ekhrosini Livestock Market	27.0	14.0	41.0
1_169	eThekweni	KZN	Kwamashu	Town Centre Renewal	62.0	160.0	222.0
1_171	eThekweni	KZN	Inanda, Ntuzuma, Kwamashu	INK URP	224.0	0.0	224.0
1_176	eThekweni	KZN	Inanda, Ntuzuma, Kwamashu	Bridge City	81.1	0.0	81.1
1_182	Nelson Mandela	EC	KwaZakhele	Njoli Square Redevelopment	122.6	49.0	171.6
1_183	Nelson Mandela	EC	Motherwell	Sustainable Community Development	29.2	96.7	125.9
1_185	King Sabata Dalindyebo	EC	Ngangelizwe	Sustainable Community Development Nodes	58.9	390.0	448.9
1_189a	Zululand	KZN	Belgrade	MPCC/TSC (Uphongolo)	6.6	0.0	6.6
1_189b	Sisonke Council	KZN	Highflats	HIGHFLATS: MPCC/TSC	6.6	0.0	6.6
1_223	City of Johannesburg	GT	Soweto	Kliptown Parking & Other	36.1	24.2	60.3
1_226	Sol Plaatje	NC	Galeshewe	Urban Renewal Programme Redevelopment	169.9	143.8	313.7
1_237	City of Cape Town	WC	Maitland Garden Village	Oude Molen & Maitland Redevelopment	102.0	205.0	307.0
1_241	Ramotshere Moiloa	NW	Ikageleng	MPCC/TSC	10.3	19.0	29.4
1_242	City of Johannesburg	GT	Soweto	Bara Central Precinct (Baragwanath)	37.3	85.5	122.9
1_243	City of Johannesburg	GT	Soweto	Orlando eKhaya (Heroes Bridge & Link Road)	36.7	1616.7	1653.4
2_024	Steve Tshwete	MP	Mhluzi	Township Restructuring	80.0	20.0	100.0
2_028	Nelson Mandela	EC	Helenvale	Urban Renewal	76.0	137.7	213.7
2_029	Nelson Mandela	EC	New Brighton	Red Location Cultural Precinct	25.0	159.0	184.0
2_030	Nelson Mandela	EC	Gqebera	Fountain Road Redevelopment	53.5	68.0	121.5
2_031	City of Cape Town	WC	Nyanga	Nyanga Transport Interchange	22.0	0.0	22.0
2_032	City of Cape Town	WC	Langa & Athlone	Athlone Power Station Redevelopment	130.0	870.0	1000.0
2_033	City of Cape Town	WC	Khayelitsha	Monwabisi Coastal Node	103.0	250.0	353.0
2_034	City of Cape Town	WC	Mitchells Plain	Mitchells Plain & Lentegeur CBDs	304.0	0.0	304.0
2_040	City of Johannesburg	GT	Diepsloot	Diepsloot South	108.0	900.0	1008.0
2_044	City of Johannesburg	GT	Soweto	Zola Node	55.0	612.5	667.5
2_045	City of Johannesburg	GT	Soweto	New Canada Station Node (Orlando)	55.0	265.0	320.0
2_049	City of Cape Town	WC	Khayelitsha	Kuyasa & Other Nodes	310.0	0.0	310.0
2_060	Makana	EC	Rini	Townships Regeneration (Rhini & Others)	93.0	0.0	93.0

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<i>Ref</i>	<i>Municipality</i>	<i>Prov</i>	<i>Township</i>	<i>Project</i>	<i>NDPG</i>	<i>Non-NDPG Contributions</i>	<i>Total Project Cost</i>
2_079	Lekwa	MP	Rooskoppen	Taxi/Bus Hub & Recreation Precinct	44.0	14.1	58.1
2_097	City of Johannesburg	GT	All Townships	Johannesburg Secondary Property Market	109.0	60.0	169.0
2_102	City of Johannesburg	GT	Orange Farm	Stretford Station Precinct	51.0	16.0	67.0
2_112	City of Johannesburg	GT	Soweto	Vilikazi Street Precinct	52.5	41.0	93.5
2_127	eThekweni	KZN	Umlazi, Malukazi & Others	Umlazi-Malukazi Nodal Redevelopment	207.0	0.0	207.0
2_128	eThekweni	KZN	KwaDabeka & Clermont	Clermont Urban Renewal	105.0	56.3	161.3
2_130	eThekweni	KZN	Mpumalanga	Urban Centre	30.6	0.0	30.6
3_004	Ba-Phalaborwa	LM	Namakgale & Lulekani	Ba-Phalaborwa Upgrading of Township	94.0	75.1	169.1
3_005	Dihlabeng	FS	Bohlokong and Vogelfontein	Vogelfontein Urban Centre	135.0	4.2	139.2
3_020	Newcastle	KZN	Madadeni, Osizweni and JBC	JBC Urban node	104.0	339.7	443.7
3_025	Nongoma	KZN	Nongoma	Nongoma Town Regeneration & Urban Development	103.0	178.0	281.0
3_027	Amatole	EC	Hamburg, Stutterheim, Butterworth, Alice and Dutywa	Township development of Amatole District Towns	273.5	0.0	273.5
3_029	Greater Taung	NW	Taung and villages	Greater Taung Regeneration Strategy	160.0	0.0	160.0
3_035	Matjhabeng	FS	Thabong, Hani Park, Bronville	Township Regeneration and Investment plan	230.0	0.8	230.8
3_040	Umtshezi	KZN	Wembezi A, B, C	Wembezi Urban Renewal	30.0	96.6	126.6
3_044	KwaDukuza	KZN	Shayamoya, Nkobongo, Dube Village, Melville, Ntshawini, Driefontein	Kwadukuza Priority Clusters	106.4	0.0	106.4
3_052	Mandeni	KZN	Sundumbili - Mandeni	Sundumbili Urban Node Regeneration	132.6	4.8	137.4
3_053	Mogalakwena	LM	Greater Mokopane/ Mahwelereng and other surrounding townships	Identification and Implementation of Appropriate Community Facilities/Infrastructure	127.0	0.0	127.0
3_058	Buffalo City	EC	Mdantsane and Duncan Village	Township Regeneration	230.0	16.6	246.6
3_063	Rustenburg	NW	Boitekong, Meriting, Freedom Park, Paardekraal	Development Planning	226.0	1.8	227.8
3_080	Bushbuckridge	MP	Bushbuckridge CBD, Mavijan, Acornhoek, Dwarsloop, Mkhuhlu, Thulamashe & Shatale	Bushbuckridge Urban Renewal and Regeneration	220.0	0.0	220.0
3_083	Emfuleni	GT	Sharpville, Sebokeng and others	Sharpville Precinct Development and Others	250.0	17.0	267.0
3_084	Tlokwe City Council	NW	Ikageng	Ikageng Neighbourhood Development Programme	162.0	55.3	217.3

<i>Ref</i>	<i>Municipality</i>	<i>Prov</i>	<i>Township</i>	<i>Project</i>	<i>NDPG</i>	<i>Non-NDPG Contributions</i>	<i>Total Project Cost</i>
3_090	Thulamela	LM	Thohoyandou, Sibasa and Malumele	Thulamela Gateway	275.0	125.0	400.0
3_093	Polokwane	LM	Mankweng, Moletjie, Seshego, Nobody, SDA 1, Westernburg and Sebayang	Polokwane Townships Urban Renewal	262.0	0.0	262.0
3_095	Matlosana	NW	Jouberton, Kanana, Khuma, Alabama & Tagane	Neighbourhood Revitalisation	210.0	0.0	210.0
4_010	Overstrand	WC	Zwelihle, Stanford, Gansbaai	Imvuselelo Developing Economic Spaces	16.5	3.4	19.9
4_012	Matzikama	WC	Vredendal North	Urban Nodal Development	10.0	2.2	12.2
4_018	Breede River/ Winelands	WC	Zolani, Nkqubela, Happy Valley	Robertson Township Initiative	12.0	16.7	28.7
4_025	Metsweding	GT	Refilwe ; Zithobeni ; Ekangala B	Metsweding Township Regeneration Programme	65.1	0.0	65.1
4_029	Beaufort West	WC	Kwamandlenkose and Rustdene	Urban Nodal Development	7.0	0.1	7.1
4_046	Knysna	WC	Nekkies and Hornlea	Eastern Gateway	64.7	100.2	164.9
4_069	Bitou	WC	Kwanokuthula	Bitou Coming Together	66.0	1086.9	1152.9
4_111	Mogale City	GT	Chief Mogale (Proper & Ext 1)	Integrated Development Project	163.9	828.8	992.7
4_120.1	Mogale City	GT	Munsieville	Urban Renewal	52.8	15.0	67.8
4_120.3	Mogale City	GT	Leratong	Leratong Intersection Commercial Development	39.6	0.0	39.6
4_127	Emnambithi/ Ladysmith	KZN	Ezakheni	Commercial Development	62.5	141.0	203.5
4_130	Various SA	SA	ISRDP Nodes	NDPG Coordination and ISRDP	300.0	0.0	300.0
4_135.2	West Rand	GT	Bekkersdal and Other Townships	Economic Development Node and Others	88.0	0.0	88.0

4 Implications of NDPG Portfolio

4.1 Funding Envelope

The estimated NDPG Funding Envelope for these projects is about R8.75 billion at current values to be disbursed over a decade, possibly catalysing a conservative total projects investment of R19.23 billion in township projects. This means that – without taking inflation into account – that the targeted extent of the approved NDPG Portfolio Envelope (i.e. R10 billion) is 88% attained, and that the leverage effect of the NDPG is at about 1: 2.2 of total project value. The average percentage of TA to CG is about 6.77% of the NDPG total allocations to date. This is a very low percentage, but also reflects the NDPG approach of encouraging municipalities to fund part of this cost themselves.

Note the break-down of the project funding sources relative to the NDPG² in the next table.

<i>Funding Component</i>	<i>Round 1</i>	<i>Round 2</i>	<i>Round 3</i>	<i>Round 4</i>	<i>Total</i>
<i>TA</i>	113,650,000	106,600,000	244,450,000	88,914,000	552,614,000
<i>CG</i>	2,343,671,000	1,907,000,000	3,111,000,000	862,140,000	8,221,811,000
<i>NDPG</i>	2,457,321,000	2,013,600,000	3,355,450,000	951,054,000	8,774,425,000
<i>Municipal Contribution</i>	500,250,067	603,850,000	215,704,470	123,882,335	1,443,686,872
<i>Other Government Contributions</i>	-	984,000,000	354,278,820	768,635,000	2,106,913,820
<i>All Other Contributions³</i>	6,405,478,000	7,639,200,000	1,657,550,000	1,301,700,000	17,003,928,000
<i>Total</i>	9,363,049,067	11,240,650,000	5,582,983,290	3,145,271,335	29,328,953,692

4.2 Public and Private Investment Leverage

The average leverage effect of the NDP is about 1: 2.2. This means that for every R1 invested by the NDPG, it is projected that this would leverage R2.20 from other government and private sources. It has become clear that after the award is made, many municipalities are indicating reduced public and private sector contributions (compared to their applications). This is likely due to the high level of uncertainty around the outcome of planning processes and a lack of skills to package urban development projects. See the next diagram summarising the projected contribution from each partner.

4.3 Breakdown of NDPG by Province

The next diagram provides a breakdown of the share of each province of the NDPG Portfolio by value. A provincial-level analysis of the complete NDPG Portfolio⁴ reveals that Gauteng, Kwa-Zulu Natal, the Western Cape and the Eastern Cape share a significant portion of the Grant at a total of R5.93 billion, or 67.6%, of the total NDPG Portfolio.

NDPG Project Portfolio		
Province	No. of Projects	⁵NDPG Contribution
Gauteng	24	2,128,309,000
KwaZulu Natal	18	1,572,360,000
Mpumalanga	4	381,665,000
North West	5	773,330,000
Eastern Cape	11	1,006,081,000
Western Cape	14	1,231,000,000
Northern Cape	2	176,880,000
Limpopo	5	842,800,000
Free State	2	365,000,000
Various SA ⁶	1	300,000,000
Total	72	8,774,425,000

The spread of the NDPG portfolio per province strives where possible to be in line with the provincial contribution to the economy and the high-density concentrations of poor people near economic opportunities.

² Latest allocations, adjusted slightly for Rounds 1 and 2, hence some mismatch with totals

³ Including private sector contributions

⁴ Data derived from original allocations data for Rounds 1, 2 and 3, with Round 4 added, and requires updating

⁵ NDPG Contribution: this amount represents an in-principle NDPG commitment to a project. Actual NDPG commitment per year per project is based on performance against agreed milestones and gazetted yearly.

⁶ The R300m allocation is a block award for ISRDP municipalities – the actual ISRDP municipalities to benefit will be determined through an agreement between the NDPG and the DPLG.

5 Conclusion

5.1.1 Expanding the NDGP Portfolio

Applications for Round 5 are to take place about mid-2009. For 2009, the approach will be to allow for:

- The incorporation of additional projects arising from Round 5 (likely mid-2009).
- The increase in funding envelopes where required for existing NDGP projects.
- Conservative budgeting to allow for cost overruns on existing initiatives.
- Smaller projects are now likely to be awarded, given that the larger municipalities have been awarded the NDGP. Careful consideration of transaction costs relative to population served is to be considered.
- Allocations could be reviewed to assess whether each city or town is over or under-represented in respect of NDGP awards, this is especially important where there are large numbers of beneficiaries and/or residents in these areas.
- The National Treasury will still attempt to target the NDGP at economic growth potential areas, to support the logic of the NDGP in drawing in other public and private sector investment. Any initiatives outside the target areas should not be supported unless a very strong motivation is provided indicating the likelihood that the project could attain the NDGP's private sector leverage goal.

5.1.2 Strengthening Municipal Capacity

The limited capacity of municipalities to plan and implement township neighbourhood projects was identified as a risk by the NDP. In response to this, the Training for Township Renewal Initiative (TTRI) was established in April 2007 as a partnership between the National Treasury, South African Cities Network, the national Department of Provincial and Local Government, the Development Bank of Southern Africa (Vulindlela Academy) and others. The objective of the TTRI is to provide high-quality structured peer-learning opportunities and events for township renewal practitioners.

Two successful learning events were hosted by the NDP unit (a 5-day overview course and a half-day financial and economic analysis session). The initiatives were highly rated by participants and the unit intends to continue driving targeted learning events for officials and consultants. In addition to providing exposure to learning opportunities to over 60 township practitioners, quality course material was developed and has been placed on the NDP web site⁷.

The NDP will continue to provide learning opportunities for all municipalities with NDGP awards and will continue to do this in partnership with the dplg, the SACN and the DBSA.

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⁷ www.treasury.gov.za/ndp, go to TTRI

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NDP Web Site: www.treasury.gov.za/ndp

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