

NEIGHBOURHOOD DEVELOPMENT PROGRAMME

Business Plan Update and Annual Performance Plan 2013 - 2018

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OFFICIAL SIGN-OFF

It is hereby certified that this document:

- Was developed by the management of the Unit under the guidance of DDG: IGR
- Was prepared in line with the current Strategic Plan of the National Treasury and the Unit Business Plan
- Accurately reflects the performance targets which the Unit will endeavour to achieve given the resources made available in the budget for 2013/14 to 2018/19

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EXECUTIVE SUMMARY

The Neighbourhood Development Programme (NDP) was established in 2006 as a Chief Directorate within the National Treasury and is operating within the framework of a 10-year business plan (NDP Business Plan 2006 – 2016) approved by the Minister of Finance. It was always anticipated that this Business Plan would be updated as the Unit unfolded and matured. In the past 18 months, many changes have taken place. Of note are: (i) the Cabinet endorsement of the objectives and the 18 key targets set out in the National Development Plan 2030 prepared by the National Planning Commission in September last year – of relevance to the Unit is the Commission’s call to reshape South Africa’s cities; (ii) the Finance Minister’s intention to support municipalities¹ “to better govern, co-ordinate and integrate public investment programmes to overcome spatial divides and to build new platforms for economic activity that can provide more opportunities for all”; and (iii) the need to incorporate and align the NDP into a new organisational structure within IGR which will result in in the Unit’s current employees be made permanent (to National Treasury) as opposed to the current additional to establishment employment and may also result in the Unit in adopting a new name (and to also avoid further confusion with National Development Plan which shares the same acronym) and to also identify the Unit employees to be made permanent (to National Treasury) as opposed to the current additional to establishment employment or as technical support to the core teams

This Unit Performance Plan and Business Plan Update 2013 – 2018 therefore serves as an updated five-year plan for the Unit. It takes into account a number of challenges and opportunities the Unit must respond to during the MTEF period and beyond it to improve relevance, efficiency and impact.

In Part A of this document, the service delivery environment is assessed and the implications for the strategic and operational model of the Unit set out. In some cases, this assessment confirms that the Unit’s strategic and operational model is appropriate. However, in others, assessment points to a need for the Unit to adjust its strategy to respond to the changed environment. For example, the Unit has put forward an urban planning strategy (urban network strategy) to help direct national urban spatial policy and funding programmes of public sector departments and private sector investment. The Unit is in the process of transition to become the spatial component of the City Support Programme in the National Treasury and help cities prioritise, plan and implement strategic capital investment as well as inform their Strategic Development Frameworks, Integrated Development Plans and Built Environment Performance Plans.

Part B sets out the work plan, targets, operation plan and risk assessment for the Unit, adjusted and refined to take into account the service delivery environment assessment. Where specific issues are identified for more attention, these are prioritised and listed as projects for implementation over this period. Of note is the new organisational structure, the setting up of a Project Preparation Facility and the relocation to IGR.

Part C concludes with a reference to the key governance frameworks of the Unit, the NDPG Framework and lists other policy and operational foundations.

The key challenge for the Unit remains to continually seek ways to be an efficient and effective partner in urban development. This document sets out the programme to achieve this. Sections of this plan will be updated, for example as a new organisational structure within IGR is finalised, or should major changes in the service delivery environment necessitate it.

¹ 2013 Budget Speech: <http://www.treasury.gov.za/documents/national%20budget/2013/speech/speech.pdf>

Terms and acronyms

Acronyms	Definition
CG	Capital Grant
CSP	City Support Programme
DORA	Division of Revenue Act
DRDLA	Department of Rural Development and Land Reform
EDD	Economic Development Department
ICDG	Integrated City Development Grant
IGR	Intergovernmental Relations
MTEF	Medium Term Expenditure Framework
NDP	Neighbourhood Development Programme – referred to as the “Unit”
NDP	National Development Plan
NDPG	The Neighbourhood Development Partnership Grant
USDG	Urban Settlements Development Grant
PESTLE	Political, Economic, Social, Technological, Legal and Environmental Analysis
PTIS	Public Transport Infrastructure and Systems Grant
TA	Technical Assistance Grant
UNS	Urban Network Strategy
Urban Network	The Urban Network is a city-wide interconnected hierarchy of strategic nodes and links between and within nodes.

PART A: STRATEGIC OVERVIEW

1 Mandate of the Neighbourhood Development Programme Unit

1.1 Unit overview and background

The Neighbourhood Development Partnership Grant (NDPG) was announced by the Minister of Finance in his Budget Speech of 15 February 2006. In this speech, the Minister stated that:

“We will introduce this year a new grant programme for local development projects – this will specifically target public-private partnerships to invest in infrastructure and community services in low-income residential neighbourhoods.”² This signaled the establishment of the NDPG as a conditional grant to incentivise township-focused partnerships in targeted municipalities.”

The Neighbourhood Development Programme (NDP) Unit, set up to administer the Neighbourhood Development Programme, is a Chief Directorate located within the NT’s Public Finance and Budget Management Group (Programme 3) sub-programme: Technical and Management Support. The grant component of the Unit is located under Programme 8: Technical Support and Development Finance.

In the NT’s Strategic Plan (2009 – 2012), the Unit’s role is set out as being to administer the NDPG of the same name, in other words, to:

Promote and mobilise public- and private-sector investment in community and economic infrastructure by supporting municipalities in planning and implementing integrated neighbourhood development programmes in townships over the medium term³.

A 10-year plan (2006 – 2016) for the Unit was approved by the Minister of Finance in 2007. This amended five-year plan (2013 – 2018) complements and updates the 10-year plan. The implementation of the Unit is guided by the following policy and strategic frameworks:

- The NT Strategic Plan (2013 – 2016), sub-programme: Technical and Management Support. The grant supports projects that provide community infrastructure, create platforms for private-sector development and improve the quality of life for residents in targeted areas⁴.
- The Division of Revenue Act and the NDPG conditional grant framework (attached as Annexure B).
- The Neighbourhood Development Programme Business Plan (2006 – 2016), as approved by the Minister of Finance in 2007. This Business Plan was seen as a living document to be reviewed regularly and refined as the programme evolves and key learnings take place⁵.
- The NDPG Toolkit and the related NDPG Operations Guide for municipalities.

The Unit uses the following instruments to fulfil its mandate:

² Budget Speech, 15 February 2006

³ Strategic Plan 2013 – 2016, page 102

⁴ NT Strategic Plan 2009 – 2012, page 27

⁵ NDP Business Plan 2006 – 2016, page 9

- 1) A Technical Assistance (TA) grant intended for strategic precinct and project planning and packaging;
- 2) A Capital Grant (CG) for investment into catalytic township projects; and
- 3) A good practice sharing, learning and capacity building function.

Below is a brief summary of the programme's key milestones:

Financial Year	Milestones
2006/07	Implementation starts mid-year with the establishment of the NDP Unit in the NT. 33 awards were made to 20 municipalities. Gazetted allocations R50 million, actually transferred nothing.
2007/08	The NDP Portfolio consists of 72 awards with a value of R7.8 billion. Gazetted allocations R295m. Actual transferred R45m.
2008/09	The Portfolio expands to 86 awards in 51 municipalities with a value of R8.75bn. More small towns and rural municipalities are added to the NDPG Portfolio. Gazetted allocations R374m. Actual transferred R254m.
2009/10	Awards made to 90. The benefit to the 57 municipalities over the planned 10-year life span of the grant is expected to be R8.75bn. The NDPG is currently not open to new applications as the MTEF allocations are intended to service the needs of the 57 municipalities with awards. Gazetted allocations R662m. Actual transferred R598m.
2010/11	NDPG commitment over the medium-long term of R8.8bn. R892m transferred to date. The NDP disbursed a record amount of funds to service providers and municipalities and started to focus on forecasting the projects that will spend for better budgeting. The NDP also started with an internal project to develop a management information system that will improve communication and data sharing between itself and its external stakeholders.
2011/12	At the end of the 2011/12 financial year, the NDP had business plan approvals to the value of R4.6bn and project plans to the value of R2.9bn. It disbursed funds to the value of R788m of the original budget. The Unit also completed its internal five-year assessment and realised the need to change the strategy of the grant to ensure long-term impact and value for money. There was a need to focus the NDP grant on larger scale (functional area) spatial interventions.
2012/13	The 2012/13 year saw a relocation of the Unit to the City Support Programme within the Intergovernmental Relations Branch of the NT to enable the Unit to play a more direct role in strategic infrastructure prioritisation and grant optimisation. To ensure alignment to Vision 2030 to address the urban and spatial components as highlighted in the National Development Plan, the Unit began working on a strategic planning and investment framework to support the transformation of the spatial form of SA's larger urban centres. This process culminated in the formulation of the Unit's Urban Network Strategy. The Unit had business plan approvals to the value of R4bn and project plans to the value of R3.9bn. 129 projects have been completed. It disbursed R615m to service providers and municipalities, 94% of its budget.
2013/14	The Neighbourhood Development Programme's (NDP) new strategy, known as the Urban Network Strategy, represents a targeted investment programme to transform the spatial form of SA's 18 larger

Financial Year	Milestones
	<p>urban centres. The Unit is to work in partnership with other strategic spatial, transit-orientated grants for projects in cities made available via the NDPG, PTIS (transport) and USDG (housing) grants. The Unit's technical assistance will assist in the planning side of the grant, with the capital being implemented in the MTEF. The roll-out of the new strategy will require internal changes, such as integration with the City Support Programme, a change in the Unit's structure and the change of the Unit's name.</p> <p>The five pillars of the Unit's focus will be:</p> <ul style="list-style-type: none"> • Strategic spatial planning (urban network identification and planning) • Intervention planning (precinct planning and hub) • Project planning and implementation management • Grant management • Life-cycle management (investment facilitation) <p>The sole urban focus will require an adjustment of the Unit role as the Grant Manager / Project Manager of the NDP Grant for rural (non-urban) Unit municipalities. A two-stage process has been proposed. The first stage being a handover of the rural NDP municipalities to a suitable Project Manager / Agency and second, the establishment of the rural NDP grant to be managed by a rural-development-focused Transferring National Officer.</p>
MTEF	<p>The Unit plans to implement the Urban Network Strategy. It estimates that spending will be about R1.96bn over the MTEF. It will focus on the establishment of external partnerships to leverage private sector investment in the urban network. Leverage is estimated at R2.54bn over the MTEF.</p>

PART A: SITUATIONAL ANALYSIS

2 Environmental Assessment

It is almost seven years since the approval of the 10-year NDP Business Plan and six years of expenditure against the grant. At the same time, there have been a number of changes in the external and internal environments. The intention of this updated Business Plan is to consider the possible impact of those changes and to confirm the scope and approach of the Unit for the next three to five years.

The Unit reviewed its strategy from July 2012 – November 2012. Various key trends and factors were analysed and the implications for the Unit assessed. From an analysis of the external, stakeholder and internal environment affecting the Unit, the following issues have been extracted and the implications for the programme highlighted in terms of the following:

- 1) Is the Unit's strategy appropriate?
- 2) Does it need to be refined, strengthened or amended?

The assessment below first describes the changes in each environment to be considered:

- External Environment
- Stakeholder Expectations
- Internal Business Planning

This is followed by an assessment of the possible impact of those changes on the Unit and a conclusion which extracts the key strategy implications for the Unit.

2.1 External Environment – “E”

There are external factors and elements of significance for the Unit operations and performance that need to be considered in developing the business plan.

2.1.1 The Outcomes Approach

The government has agreed on 14 outcomes as a key focus of work. Each outcome has a limited number of outputs measurable with targets. Each output is linked to a set of activities that will help achieve the targets and contribute to the outcome. Each of the 14 outcomes has a delivery agreement which, in most cases, involves all spheres of government and a range of partners outside the government. Combined, these agreements reflect the government’s delivery and implementation plans for its foremost priorities.

The outcomes apply to the whole of the government and are long term. While the delivery agreement may contain longer term outputs and targets, it also includes outputs and associated targets that are realisable in the next four years. In addition, it considers critical factors impacting on the achievement of Outcome 8, such as the legislative and regulatory regime, the institutional environment and decision-making processes and rights, the resources needed and the re-allocation of resources where appropriate.

The three priority outcomes that the Unit contributes to are outlined in the table below:

Ref.	Outcome	Implications for the Unit
E1	4 – Decent employment through inclusive economic growth	In addressing the unemployment challenge, the Unit contributes both directly and indirectly. It contributes directly through its investment in catalyst infrastructure and the labour used during construction; and, secondly, in employment generated in the operation of the infrastructure. Indirectly, the overall investment improves the public environment, with public sector investments catalysing larger private sector investment and economic development. Partnerships to provide a package of economic development services in strategic precincts will also create an environment that will enable job creation.
E2	8 – Create sustainable human settlements and improve the quality of household life	The Unit needs to play a role via both strategic planning support and catalytic investment in addressing the multidisciplinary challenge of restructuring the urban spatial form to build more sustainable, productive, liveable and inclusive cities. Toolkits have been developed that provide guidance on integrated planning, development and management of strategic precincts.
E3	9 – A responsive, accountable, effective and efficient local government system	Policies have already been introduced to give larger urban municipalities more authority to co-ordinate spatial planning and land-use management, to lead the housing delivery process and to co-ordinate and manage the provision of integrated urban public transport services. With these new powers, and the necessary leadership, support and funding larger municipalities will be able to govern better, co-ordinate and integrate public investment programmes to overcome spatial divides and build new platforms for economic activity that can provide more opportunities for all. The role of spatial planning and targeting as a strategic tool to guide investment plans and funding will be mainstreamed in municipalities.

2.1.2 The National Development Plan

Cabinet endorsed the objectives and the 18 key targets set out in the National Development Plan 2030 prepared by the National Planning Commission in September last year. The National Development Plan is a strategic framework that forms the basis of future government detailed planning. The following extracts are relevant to the Unit:

- Reshape SA's cities, towns and rural settlements given the enormous social, environmental and financial costs imposed by existing spatial divides
- Focus nationally on spatial transformation across all geographic scales
- Undertake strategic spatial planning
- Apply spatial targeting to public resources
- Leverage public infrastructure investments
- Use regulatory and investment tools
- Define new spatial norms and standards – densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps

The priority actions that relate to the mandate of the Unit are outlined in the table below:

Ref.	Critical action from the Unit ⁶	Implications / direction for the Unit
E4	Strong measures to prevent further development of housing in marginal places	Identification of future settlement areas closer to places of work
E5	Increased urban densities to support public transport and reduce sprawl	Incentives and programmes to shift jobs and investments towards the dense townships on the urban edge
E6	More reliable and affordable public transport and better co-ordination between various modes of transport	Policies, plans and instruments are needed to reduce travel distances and costs, especially for poor households
E7	Focused partnerships with the private sector to bridge the housing gap market	Developing neighbourhood spatial compacts to bring civil society, business and the state together to solve problems

2.1.3 The Urban/Rural Dynamic

Urban areas are the engine rooms of our economy. More than 60% of the country's population depends on social and economic services located in the eight metropolitan centres. Our cities, however, face a number of challenges. Marginalised geographies such as townships and informal settlements are far away from social and economic opportunities and amenities. Vast amounts of their disposable income and time are spent on transportation between their homes and the better-located centres of opportunity.

With these factors in mind, there is a need for an improved urban / rural balance and even interdependency. The concept of functional regions places a greater emphasis on spatial and economic, rather than political boundaries, i.e. areas defined by business and economic

⁶ Executive Summary – NDP 2030 (<http://www.npconline.co.za/MediaLib/Downloads/Downloads/Executive%20Summary-NDP%202030%20-%20Our%20future%20-%20make%20it%20work.pdf>)

activities. Functional regions are organised around a focal point (like a city), with the surrounding areas linked to that node through systems, associations and activities. The concept of functional regions provides a way to examine the links and flows that create interdependence among the individual parts.

Locally, the concept of Functional Regional Partnerships is being driven by the Economic Development Department with a focus on urban / rural regional growth (growing, lagging and intermediate regions).

In line with global trends, urbanisation is expected to continue. By 2030 about 70% of the population will live in urban areas. Gauteng and the cities of eThekweni and Cape Town are the fastest growing city-regions, with implications for the planning and delivery of basic services. The following challenges need to be addressed:

- Building low-income housing on the periphery of cities;
- Terminating spatially disparate and ad hoc projects;
- Creating an integrated and co-ordinated citywide / region-wide economic development strategy.

Ref.	Challenges	Implications / direction for the Unit
E8	Mass urbanisation	Increasing rates of urbanisation have resulted in highly concentrated levels of poverty. The scale of urbanisation raises the pressure on the government to supply basic services in cities and to understand and extend socio-economic benefits to the wider interdependent regions surrounding them. Spatial planning is required to optimise such benefits, especially for the urban poor.
E9	Inefficient urban form	The current spatial realities of towns and cities continue to reflect the scars of apartheid. The majority of the urban poor live in townships and informal settlements far away from social and economic opportunities and amenities. Various economic, social and institutional inefficiencies inhibit economic growth and development, global competitiveness and poverty alleviation. Key is the inefficient urban form. This is defined by urban planners as the lack of a well-developed hierarchy of nodes and transport links.
E10	Very large cities in particular are difficult to plan and manage, and they take time to change.	As the population continues to move, the shortcomings of these planning exercises and interventions have become increasingly evident in terms of limited access to critical services, physical and economic insecurity, marginalisation and social conflict.
E11	Sustainability	Focus on the promotion of sustainable urban policy including: <ul style="list-style-type: none"> - Planning, Governance and Effective Urban Management - Buildings and Construction - Energy and Power - Telecommunications - Mobility and Transport - Water and Sanitation - Waste Management

Ref.	Challenges	Implications / direction for the Unit
		<ul style="list-style-type: none"> - Safety and Security - Economic Development - Mega-events and Megaprojects

The government is responding to these challenges through the introduction of an Integrated Urban Development Framework (IUDF).

Ref.	Critical Actions	Implications / direction for the Unit
E12	Integrated Urban Development Framework (IUDF)	<p>Over a number of years, the national government has sought to develop an Urban Development Framework for the country. The National Planning Commission's release last year of the National Development Plan has given new impetus to and space for the initiative.</p> <p>Towards an Integrated Urban Development Framework (IYDF) promotes discussion on how we can meet these challenges based on the spatial transformation recommendations in the National Development Plan.</p>

Over a third of South Africa's population live in the former homelands, and a large proportion of this group is economically marginalised. Policies are required to bring households in these areas into the mainstream economy. There are rural areas, however, where transport links are good and where densification is taking place in the absence of effective land-use management and urban governance. These require urgent interventions.

Ref.	Key Actions	Implications / direction for the Unit
E13	A comprehensive response towards rural development	Currently, the mandate and strategy to drive rural development sits with the Department of Rural Development and Land Reform. Its programmes support the planning and infrastructure delivery in rural municipalities. There needs to be renewed focus on basic service delivery, backlogs need to be addressed as do initiatives that provide direction and ensure meaningful impact – similar to the IUDF.
E14	Financial instruments to support and guide rural development	<p>A rural-focused grant (similar to the NDPG) could help rural development. Such an approach needs to take into account:</p> <ul style="list-style-type: none"> - Rural transport strategy - Related / existing fiscal arrangements - Mining settlements - Roads and housing
E15	Regional economic development and the functional region concept	The functional region concept of linking urban and rural municipalities is important and is being championed by the EDD. It consists of a focus on urban / rural regional growth (growing, lagging and intermediate regions). There needs to be greater commitment among the stakeholders to collaborate on geo-spatial information, lessons and common evidence-based planning.

2.2 Stakeholders' Expectations – “S”

Stakeholders are essential to the Unit's performance and operations. Therefore, the management of stakeholders' needs is a primary focus in the review of the Unit strategy.

The table below provides a summary of the Unit's stakeholders and their expectations:

Stakeholder	Example/s	Stakeholders' expectations (of Unit)	Implications / direction for the Unit	Ref.
Targeted Municipalities	City of Joburg	Strategic Planning Services Technical Support Catalytic Funding	Review for realignment of municipal infrastructure grants ⁷	S4
National Treasury Divisions	Public Finance City Support Programme (CSP)	Spatial Targeting Municipal Engagement Strategic Spatial Investment Framework and Well Located and Managed Precinct Developments Co-ordination and Alignment Grant Oversight	Realigning budgets and spending to achieve the goals of the National Development Plan ⁸	S1
Infrastructure Sector Departments and Agencies	Dept. of Housing Dept. of Transport / PRASA	Investment Co-ordination and Alignment	Improving planning and management of infrastructure to accelerate infrastructure delivery and get value for money ⁹	S3
Transport Operators and Agencies	Southern African Bus Operators Association Intersite	Strategic Planning Services Technical Support Catalytic Funding	Improving planning and management of infrastructure to accelerate infrastructure delivery and get value for money ¹⁰	S3
Service Providers	Urban Planners	Direction Co-ordination and Alignment Skills Development and Professional Practices	Process, quality and compliance focus ¹¹	S8
Private Sector Investors / Institutional Funders / Financial	Commercial Banks	Spatial Targeting Municipal Engagement Strategic Spatial Investment Framework	Well located, planned and regulated precinct business environments to attract responsible private sector investments that will create jobs	S7

⁷ 2013 Budget Speech: <http://www.treasury.gov.za/documents/national%20budget/2013/speech/speech.pdf>

⁸ 2013 Budget Speech: <http://www.treasury.gov.za/documents/national%20budget/2013/speech/speech.pdf>

⁹ National Treasury 2013 Budget Review (Chapter 7: Infrastructure)

<http://www.treasury.gov.za/documents/national%20budget/2013/review/chapter%207.pdf>

¹⁰ National Treasury 2013 Budget Review (Chapter 7: Infrastructure)

<http://www.treasury.gov.za/documents/national%20budget/2013/review/chapter%207.pdf>

¹¹ Public Finance Management Act – PFMA

Stakeholder	Example/s	Stakeholders' expectations (of Unit)	Implications / direction for the Unit	Ref.
Institutions		and Well Located and Managed Precinct Developments Co-ordination and Alignment Catalytic Funding	and spur economic growth	
Property Developers	Developers affiliated to SAPOA	Spatial Targeting Municipal Engagement Strategic Spatial Investment Framework and Well Located and Managed Precinct Developments Co-ordination and Alignment Catalytic Funding	Improved co-ordination of infrastructure funding flows to unlock delivery of services.	S9
Small Business	Informal Trade Associations	Municipal Engagement Strategic Spatial Investment Framework and Well Located and Managed Precinct Developments Co-ordination and Alignment Catalytic Funding	Self-reliance, sustainability and citizen involvement ¹²	S6
Larger Commercial Retail Chains	Checkers Spar	Municipal Engagement Strategic Spatial Investment Framework and Well Located and Managed Developments Co-ordination and Alignment Catalytic Funding	Well located, planned and regulated precinct business environments to attract responsible private sector investments that will create jobs and spur economic growth	S7
Communities / NGOs (civil society representation)	Green Build SA	Municipal Engagement Strategic Spatial Investment Framework and Well Located and Managed Developments Co-ordination and Alignment Catalytic Funding	Self-reliance, sustainability and citizen involvement ¹³	S6
Think tanks / universities	University of Pretoria Planning Department	Knowledge and Good Practice Development and Sharing Co-ordination and Alignment Skills Development and Professional Practices	Capacity of local government	S10

¹² National Development Plan

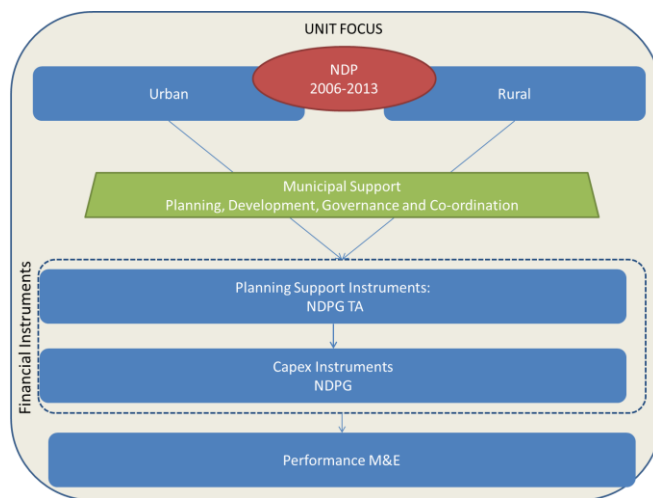
¹³ National Development Plan

Stakeholder	Example/s	Stakeholders' expectations (of Unit)	Implications / direction for the Unit	Ref.
Associations / lobby groups	SALGA SA Cities Network	Knowledge and Good Practice Development and Sharing Co-ordination and Alignment Skills Development and Professional Practices	Capacity of local government	S10
Spatial and Economic Public Policy	National Planning Commission EDD DTI	Knowledge Development and Sharing Co-ordination and Alignment Implementation	Strengthening national growth and employment creation depends on the transformation of urban and rural spaces ¹⁴ Renewed attention on spatial development at various scales	S2 S5

¹⁴ National Development Plan

2.3 Internal Business Planning – “B”

The diagram below elaborates on the Unit’s existing context (prior to 2013):



The existing operational factors included:

- The Unit supported urban and rural municipalities;
- All support for municipalities was managed in terms of demand (ad hoc) or needs; and
- The NDPG was one of numerous grants operating in parallel and uncoordinated in relation to other grants in both the urban and rural environments.

An internal Unit business review in 2012/13 identified key factors and elements requiring a particular focus in the review of the Unit’s strategy.

2.3.1 Urban/Rural Focus

Globally, urbanisation has proved an unstoppable and challenging process. It generates significant opportunities for growth, poverty alleviation and environmental sustainability. These challenges are magnified by the process of urban growth, but are often rooted in the history of deep structural inequalities in South African society. They are evident in high unemployment, significant backlogs in access to adequate housing, poorly performing public transport systems, environmental degradation and low levels of citizen satisfaction.

In addition to the National Development Plan’s recognition of addressing urban development, IGR’s Provincial and Local Government Infrastructure Chief Directorate has also embarked on a support initiative via its City Support Programme (CSP).

Ref.	Factors	Detail
B1	Launch Cities Support Programme ¹⁵ (CSP), an initiative of the National Treasury	The CSP proposes a systematic approach to create incentives for cities to address the issue of spatial form and specifically to weaken existing incentives that perpetuate the apartheid city, through co-ordinating funding programmes and linking these to national regulatory reforms in the built environment and specific capacity support measures to help cities.
B2	Strategic stakeholder-focused management approach	Similar to a client services / portfolio management to better co-ordinate urban planning and project implementation. This will result in targeted stakeholder engagements.

¹⁵ The CSP approach is detailed in a Framework Document that has been developed through extensive consultation with stakeholders. This expands on the specific regulatory reforms, capacity support measures and fiscal instruments required to induce spatial restructuring. It provides detailed strategies in four areas, namely: (i) Core City Governance Reforms (including spatial planning, infrastructure financing and management and urban economic development); (ii) Human Settlements; (iii) Public Transport; and (iv) Climate Resilience.

Ref.	Factors	Detail
B3	Alignment between City Support Programme and Unit	<p>Both the CSP and the Unit require extensive and intensive engagement with the relevant municipalities. It is imperative from an IGR perspective that the management of these programmes are consistent and reflect similar messages and expectations around leadership, management and the performance of municipalities.</p> <p>The alignment of the Urban Network Strategy and the City Support Programme will enable the Unit to play a more direct role in strategic infrastructure prioritisation. This refers to putting in place a spatial planning framework to optimise project prioritisation of infrastructure across sectors, spheres and public entities to enable the necessary conditions for sustained economic growth and development.</p>

2.3.2 Co-ordination of Financial Instruments / Programmes

Cities require assistance in co-ordinating and focusing their efforts at spatial transformation. This requires greater co-ordination of catalytic land development, housing, transport and infrastructure investments.

Ref.	Factors	Detail
B4	Urban planning instruments	<p>The Neighbourhood Development Partnership Grant provides funding for technical assistance to help cities develop Urban Network Plans and Urban Hub precinct designs.</p> <p>An Integrated City Development Grant (ICDG) rewards metropolitan municipalities that can demonstrate a measurable change in targeted areas that support improved urban economic performance and citizens' ability to access opportunities.</p>
B5	Urban infrastructure instruments	<p>The Neighbourhood Development Partnership Programme – capital will provide funding for catalytic infrastructure investment in urban hubs in township communities.</p> <p>The Urban Settlements Development Grant emerged as a dedicated human settlements programme for metros out of the Municipal Infrastructure Grant.</p> <p>The Public Transport Infrastructure and Systems Grant, which was introduced as part of the package of funding for the 2010 World Cup.</p> <p>An Integrated City Development Grant (ICDG) will help cities identify spatially defined areas for integrated development or intervention from 2013/14.</p> <p>A series of tax incentives, such as for regeneration in specified urban development zones, social housing restructuring zones. SEZ's and DTI incentives.</p>
B6	Efficient Grant Management	<p>Defined grant management business procedures and a focus on quality management, customer focus and continuous improvement will ensure:</p> <ul style="list-style-type: none"> - A common understanding of what is required and the practical impact for municipalities: conclude the operations road map and guidance notes; - Quality forms part of a performance assessment; and - Necessary credibility and trust with external (and internal) stakeholders is built.

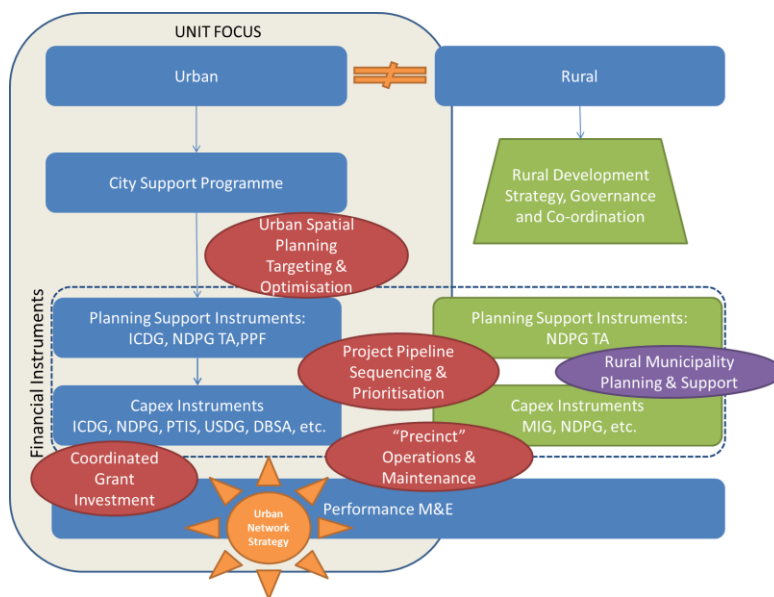
2.3.3 Spatial Planning

NDPG allocations have historically been made to municipalities in a demand or application-led approach. While this has resulted in significant neighbourhood development in townships, a more strategic and spatially targeted investment programme is required to transform the spatial form of SA's larger urban centres and increase access to amenities, especially for the poor in marginalised settlement areas.

Ref.	Factors	Detail
B7	Approach for city-wide (spatial) planning	There is a need to improve city-wide spatial planning and mainstream the approach into city planning instruments, such as Integrated Development Plans, Municipal Spatial Development Frameworks, Medium-term Revenue and Expenditure Frameworks, and Service Delivery and Budget Implementation Plans.
B8	Ability of the government to successfully attract and unlock private investment	The aim of spatially targeting catalytic infrastructure is to better leverage third party public and private sector development.

2.4 Summary of implications for the Unit

The diagram below identifies and highlights an analysis of the external environment, stakeholder expectations and the need for internal business planning affecting the Unit, as well as the key strategy implications for the Unit:



The Unit will focus on the urban agenda to support the spatial transformation of the urban form in SA's larger urban centres.

This will ensure the grant instruments will focus on areas of greatest need and impact, specifically on larger scale (functional regional) spatial interventions to work in partnership with other strategic spatial, transit-orientated grants.

2.4.1 Focus on the urban agenda

This approach is similar to the National Treasury's direct oversight of the 17 non-delegated municipalities (whereas the remaining 261 municipalities are delegated to the provincial treasuries). A primary motivation for such oversight is that the 17 non-delegated municipalities constitute 85% of municipal budgets¹⁶.

The Unit will support and align with the City Support Programme within the IGR to enable the Unit to play a more direct role in strategic urban infrastructure prioritisation.

¹⁶ Municipal Budget Circular 66 for the 2013/14 MTREF

Implications for the Unit:

- A focus on 18 metro and secondary cities, have now been identified in which to implement the Urban Network Strategy.

The particular nature of rural development requires different, but equally important support in planning and infrastructure delivery. The Department of Rural Development and Land Reform (DRDLR), was only established after the NDPG, which means that a lead national department to champion rural development now exists.

In terms of the implications for the Unit:

- A new rural NDPG is to be established and managed by a rural development focused Transferring National Officer (possibly the Department of Rural Development and Land Reform).
- In terms of a possible handover process, the Unit needs to commit to providing the necessary support and resources to help ensure continuity until the ultimate transition.

2.4.2 New Urban Strategic Planning and Investment Framework

The most obvious manifestation of urban challenges is evident in the spatial form of urban areas. Sprawling and highly segregated land-use patterns impose significant costs on poor households and the environment and divert public resources from poor to rich households (for example, through investments required to sustain existing urban infrastructure). Most grant programmes have recognised these problems, resulting in attempts to introduce higher order objectives in each grant alongside a focus on specific outputs.

Individual grant programmes have had limited impact on spatial form. Individual grant programmes are: (i) comparatively small relative to the size of total public and private investment in the urban built environment; (ii) under pressure to deliver specific and measurable outputs that correlate with the resources provided in each financial year (the numbers game); and (iii) unable to directly address regulatory and planning weaknesses that continue to perpetuate the current spatial development trajectory.

Moreover, these programmes are individually unable to shift the powerful incentives to focus on the short-term delivery of infrastructure faced by city leadership, national departments, developers, financiers and communities. This is despite the consensus that the outcomes of this approach are exclusionary, inefficient and ultimately unsustainable. The complex, multidisciplinary challenge of restructuring the urban spatial form to build more sustainable, productive, liveable and inclusive cities has thus been delayed into the long term.

Implications for the Unit:

- Need for a city-wide spatial planning approach to increase access to amenities, especially for the poor in marginalised settlement areas, such as townships.
- Need for a strategy that directs the spatial targeting of investment. The aim is to work towards a more efficient urban form that creates an environment that enables economic growth and development and catalyses private sector investment.
- Need for efforts to focus on spatial transformation through co-ordinating the implementation of a catalytic pipeline of projects, i.e. land development, housing, transport and infrastructure investments (and other interventions). The Urban Network Plan will be used to identify and plan urban hubs, central business districts, transport links and activity corridors to ensure greater co-ordination with other sector programmes; crowd-in investment, scale up impact and, over time, build a more spatially inclusive and efficient city.

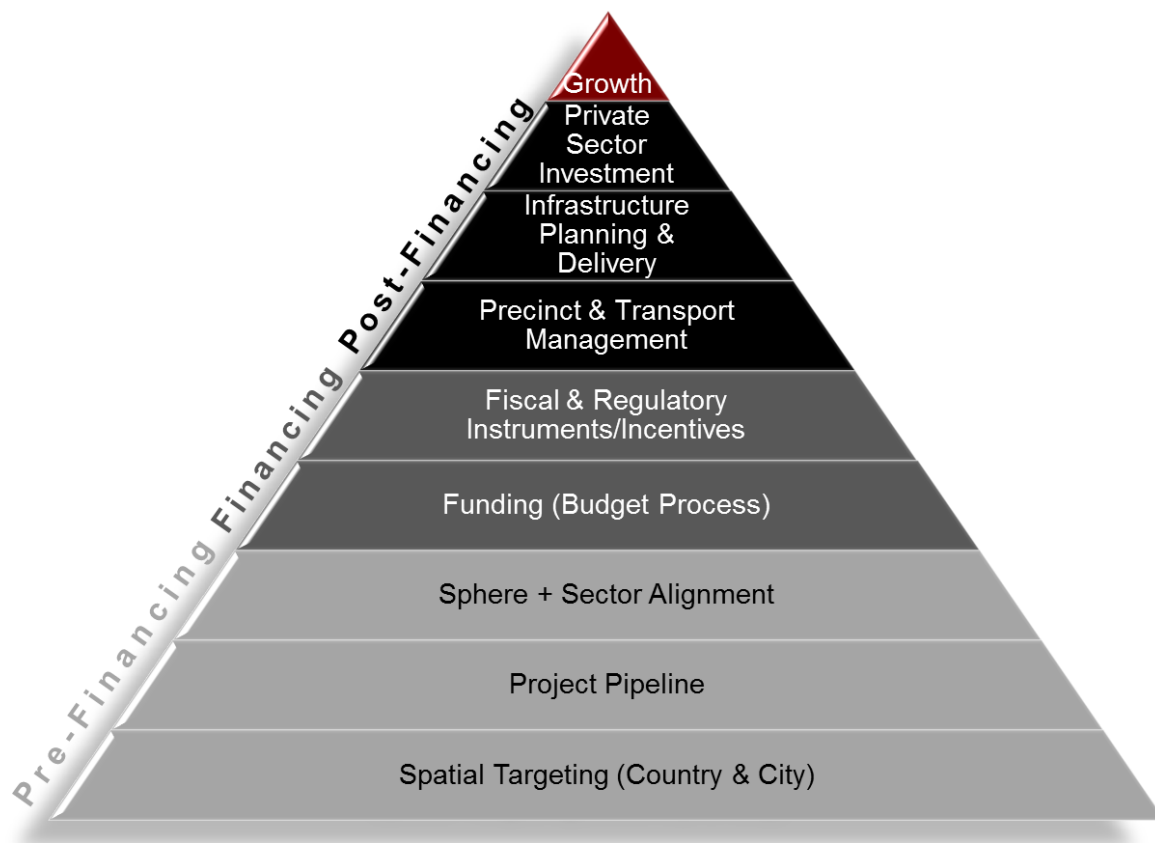
- Need for focused urban management in targeted areas that attracts and retains investment and provides economic development services and facilities to local communities and especially the youth.
- Need to better leverage this co-ordination and address the requirements for complementary regulatory reforms and fiscal instruments; the enhancement of city capabilities and the co-ordination of programmes that collectively provide the incentive for co-ordinated action to pursue desired spatial restructuring.

The Unit's Urban Strategic Planning and Investment Framework are referred to as the Urban Network Strategy. The Urban Network is a city-wide interconnected hierarchy of strategic nodes and public transport links between and within nodes. It consists of primary and secondary networks that interconnect at strategic nodes known as urban hubs, which are located within marginalised areas, typically townships.

The Urban Network Strategy (UNS) is an investment planning, development and management approach based on network, systems and fractal theory, transit-oriented development good practice and precinct management principles. It focuses on strategic spatial targeting that is aimed at creating a post-apartheid city-wide hierarchical coherence of a range of nodes and the optimisation of public transport connectivity across all scales of the urban network, i.e. pedestrian, non-motorised and public transport movement to nodes, between nodes and within strategic, equitably located nodes.

The UNS is directed towards creating a more efficient urban environment that enables economic growth and development and increases access to social and economic opportunities for especially the poor.

It provides strategic direction for the allocation of public resources and is based on spatial targeting, prior to sector and sphere allocations. This is depicted in the causal chain below:



2.4.3 New name for the NDP Unit

The motivation for a name change includes:

- NDP refers to the Neighbourhood Development Programme but it causes confusion with the National Development Plan (NDP).
- Secondly, the NDP is to be incorporated and aligned into or within a new IGR organisational structure.
- Finally with a change of focus, the grant has moved towards strategic spatial planning via the introduction of the Urban Network Strategy (UNS) to assist with the spatial integration and spatial targeting of investments.

Hence a new name of the Unit needs to highlight the importance of co-ordinated public intervention in defined spatial locations within the city. A new name will be decided only after the NDP is to be incorporated and aligned into or within a new IGR organisational structure.

2.5 The On-going and Change Agendas of the Unit

In the review of its strategy, the Unit has identified the need to balance its actions over the next five years.

Using the Situational Analysis from Part A, the external environment, stakeholder expectations and internal business planning factors were mapped to the On-going and Change Agendas of the Unit (see Annexure C).

#	ONGOING AGENDA HEADLINES
I	Targeted investment in township areas
II	Pipeline of well-conceived, spatially located and funded capital projects
III	Use NDPG as private sector leveraging tool
IV	Encourage and foster partnerships for development
V	Efficient grant planning and budgeting, management (monitoring) and reporting
VI	Municipal guidance, support and capacity building
#	CHANGE AGENDA HEADLINES
A	Influence national urban spatial policies, programmes and grants
B	Focus solely on urban areas
C	Develop, advocate and apply a strategic urban planning approach (Urban Network Strategy)
D	Position the Unit as the spatial planning component (service) within the department
E	Support rural-urban development and help establish a rural NDPG grant
F	Prioritise proactive stakeholder management targeting large scale, national institutional investment
G	Promote, re-position and profile the programmes, lesson and good practices of the Unit widely
H	Establish a Project Preparation Facility

PART B: UNIT PLANS

This section sets the performance targets for the 2013/14 year as well as the MTEF.

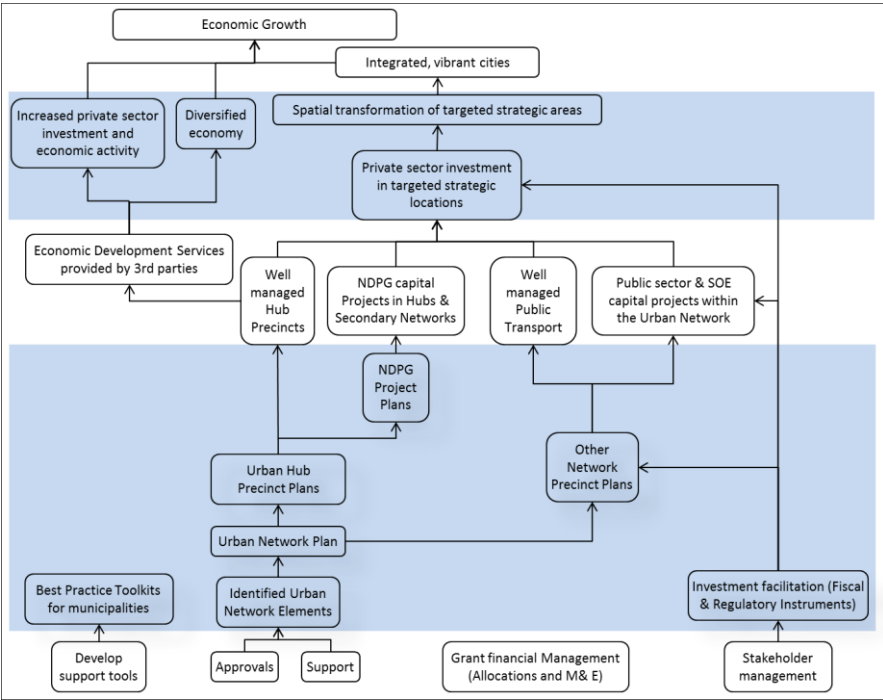
3 NDP Unit Three-Year Plan

3.1 Strategic Objectives

- i. Establish the Unit’s Urban Network Strategy in alignment with Vision 2030 and the urban and spatial focus of the National Development Plan.
- ii. Clarify and stabilise internal capacity aligned with the strategy, focusing on the Unit’s organisational structure and supporting processes and systems.
- iii. Develop and implement an external stakeholder strategy, leveraging public and private sector contribution and alignment to the Unit’s strategy, both financially and non-financially.
- iv. Provide institutional and developmental capacity specifically to municipalities to implement the new Urban Network Strategy (conditions, guidance, budgeting etc.).
- v. Direct capital investment into projects and attract private sector investment.
- vi. Consolidate and co-ordinate quality public sector infrastructure spending.
- vii. Promote knowledge, best practice, innovation and advocacy.

3.2 Action Plan: Programme Performance Indicators

The Unit’s Urban Network Strategy can be summarised through the logical framework (below), with the identified impact and outcomes:



3.3 Key Performance Indicators

The following indicators and targets were originally submitted as part of the Annual Performance Plan:

Impact	Outcome	Key Performance Area	Performance Indicator	Reporting Period	Quarterly Targets				Annual
					Q1	Q 2	Q3	Q4	2013/14
					Apr – Jun	Jul – Sep	Oct – Dec	Jan – Mar	
Integrated, vibrant cities	Spatial transformation of targeted strategic areas	Programme Planning	Total number of long-term townships regeneration programmes registered (cumulative)	Annual	5				5
		Project Implementation	Total number of neighbourhood development	Quarterly	285	290	295	300	300
		Project Implementation	Number of NDPG projects under construction	Quarterly	8	20	30	40	40
		Catalytic Leverage	Estimated third party investment leveraged (cumulative)	Annual	R2 000 m				R2 000 m

As a result of the new Urban Network Strategy and the transition of the management of NDPG portfolio of rural municipalities to the DRDLR, the Unit's Key Performance Areas and indicators have been amended as follows:

Impact	Outcome	Key Performance Area	Key Performance Indicator	Target		
				2013/14	2014/15	2015/16
Integrated, vibrant cities	Spatial transformation of targeted strategic areas	Establishment of Urban Networks Strategy	Total number of executive engagements completed (Council Res / MOA)	8	13	18
		Programme Planning	Total number of approved / revised Urban Network Plans	4	8	12
		Precinct Planning	Total number of approved Precinct Plans (Urban Hubs)	0	8	12
		Project Implementation	No of approved projects in construction (as % of gazette)	100%	120%	130%
		Well managed Urban Hubs	Total number of Precincts (Urban Hubs) operational	0	1	3
		Stakeholder engagements	Total number of Partnerships concluded	1	3	5
		Catalytic Leverage	Financial Leverage	1:1	1:1.2	1:1.5

Internal performance areas for the 2013/14 and 2014/15 year focus on establishing the new internal processes in the Unit, including the fit of the new organisational structure to optimally support the processes, the roll-out of amendments to the current Information System, development and implementation of toolkits and guidance notes that support the new UNS and related training for employees.

4 Operations Plan

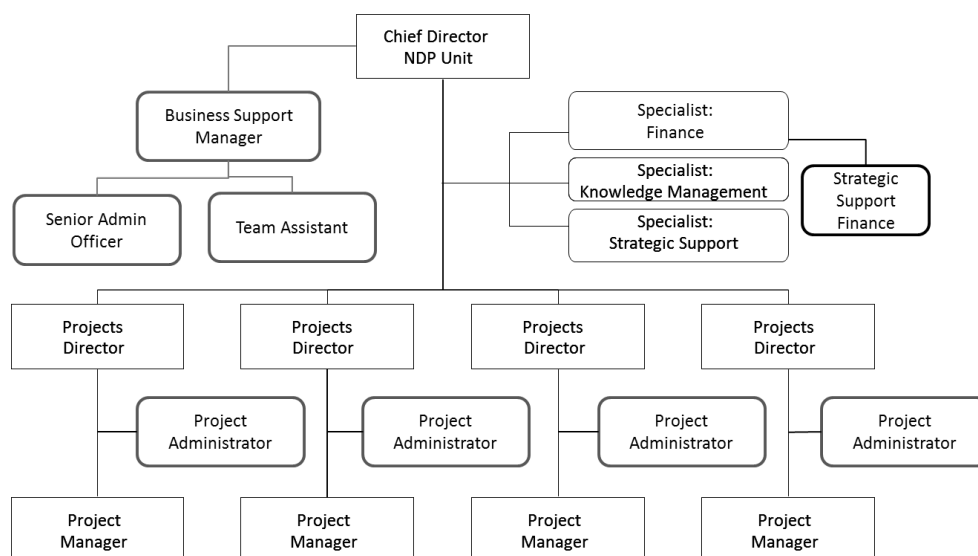
4.1 Relocation of the Unit from Budget Office to IGR

The Director-General approved the relocation of the Unit to the IGR department (the Unit was previously incorporated under the NT: Budget Office). The current focus areas of IGR are policy and planning, budget analysis (provincial and local government) and provincial and local government infrastructure reporting and implementation support.

The relocation of the Unit to IGR would ensure better alignment of infrastructure, budgetary, planning and reporting interventions for municipalities by the National Treasury, which the PLGI CD will continue to perform. The move will also improve the alignment of the Unit with the IGR's City Support Programme, integrating the CSP's focus on spatial planning with those of the Unit, which will ensure a strong drive from the National Treasury on spatial planning and implementation in the country's largest municipalities.

4.2 Human Resource Plan

The existing organogram, totalling 20 positions (15 currently filled), consists of project teams that are categorised by portfolios and a number of specialists (Finance and Strategic Support) that direct and support the portfolio teams. The portfolios of Planning and Implementation are supported by project managers and project administrators.



The NDP has the following available and filled staff establishment:

Category	Available Positions	Positions Filled / Head Count
Chief Director	1	1
Senior Management (Director)	7	4
Technical	9	7
Administrative(Shared)	3	3
Total	20	15

In terms of the Unit’s structure, the currently additional to establishment arrangement presents a number of challenges, these include:

- The need to clarify and stabilise the internal capacity of the NDP Unit.
- The retention of funded positions and negative staff morale resulting from a lack of employee security.
- The impact on the Unit’s budget process particularly when requesting additional funds for future positions.
- The fixed-term nature of the contracts impedes the Unit’s ability to attract the best skilled resources and creates uncertainty among employees during the extension periods.
- The need to fast-track the process of integrating the NDP Unit into the NT: IGR in a structured manner (as per the approved January 2013 memorandum).

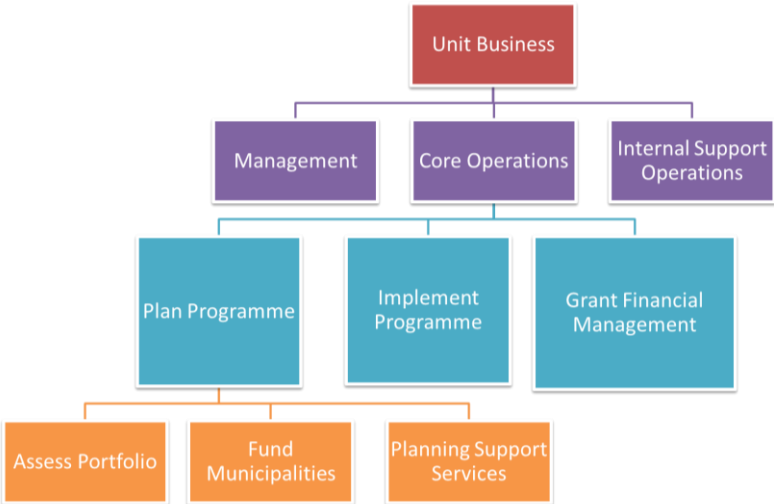
As part of finalisation of Unit’s incorporation and alignment into the overall IGR organisational structure will result in the Unit’s current employees be made permanent (to National Treasury) as opposed to the current additional to establishment employment.

5 Operational support processes and toolkits

The Unit has already developed a number of best practice toolkits and manuals to support infrastructure project pipelining and spatial planning. These products should not be limited to Unit interventions and by establishing links with the CSP and other infrastructure capacity interventions within IGR, it is envisaged that they can have far greater impact on municipal infrastructure planning and delivery.

Internally, the Unit used the ISO9001 standard for quality management systems to document its best practice policies, processes and procedures and mapped it to the applicable resources in the Unit.

The core internal processes are depicted below:



As part of the improving Unit’s efficiency and quality a number of operational policies have been developed. These policies serve as the governance model for business systems (leadership, people, strategy, policy, resources, partnerships, processes and results).

These operational policies include:

Operational Policy	Objectives
Plan Programme	<ul style="list-style-type: none"> • To formalise the principles guiding decision making within the Plan Programme process. • To regulate the Plan Programme process. • To regulate internal and external roles and responsibilities related to the Plan Programme process. • To regulate the mechanisms in support of the Plan Programme process. • To define process related risk and controls. • To regulate supporting procedures.
Implement Programme	<ul style="list-style-type: none"> • To formalise the principles guiding decision making within the Implement Programme process. • To regulate the Implement Programme process. • To regulate internal and external roles and responsibilities related to the Implement Programme process. • To regulate the mechanisms in support of the Implement Programme process. • To define process related risk and controls. • To regulate supporting procedures.
Grant Financial Management	<ul style="list-style-type: none"> • The primary purpose of financial management policies is to provide guidelines for the NDP Unit and staff to use in making financial decisions that ensure sound financial decision making towards the fiduciary duty of the unit. • In addition, financial policies provide a level of security for the community and external stakeholders by ensuring the principles in financial decision making is applied openly, legally, efficiently and effectively and in a manner that provides insulation from financial crisis and economic disruption. • To formalise the principles guiding decision making within the Grant Financial Management process. • To regulate the Grant Financial Management process. • To regulate internal and external roles and responsibilities related to the Grant Financial Management process. • To regulate the mechanisms in support of the Grant Financial Management process. • To define process related risk and controls. • To regulate supporting procedures.
Management Policy	<ul style="list-style-type: none"> • To formalise the principles guiding decision making within the NDP management process. • To regulate the NDP management process. • To regulate internal and external roles and responsibilities related to the NDP management process. • To regulate the mechanisms in support of the NDP management process. • To define process related risk and controls. • To regulate supporting procedures

6 Reconciling performance targets with the budget and MTEF

6.1 Expenditure estimates

The Unit operations budget and the NDPG grant fund are recorded under Programme 8 of the National Treasury. The operating budget of the Unit should be relocated to Programme 3, while the Neighbourhood Development Grant should be retained in Programme 8.

The audited outcomes as well as performance against the adjusted appropriation for 2013-14 and medium-term expenditure estimates are provided in Annexure A.

6.2 Incorporation of planning and infrastructure grants

In line with the amended strategy and priorities for the Unit, together with the Unit's move to the NT: IGR, it is foreseen that the NDPG: TA will be converted into a Project Preparation Facility. The NDPG: CG will be retained.

The Unit's direct transfer (capital grant) will be a catalytic fund only, being ring-fenced for infrastructure projects in townships, but leveraging funding from other departmental grants, the private sector and financial institutions towards the implementation of mega-infrastructure programmes across the urban network. To this end, comprehensive implementation plans, supported by funding plans will be managed for multiyear allocations.

6.3 Reconciling expenditure trends with strategic goals

The in-year and MTEF allocations contribute to the realisation of the Unit's strategic goals.

The Unit commenced grant administration activities in 2006-07 and the actual and projected budgets reflect the growth of the programme year-on-year.

The Unit approved MTEF operations budget is R14.727m for 2013/14, R16.071m for 2014/15 and R15.228m for 2015/16. The Unit has managed to contain operational spend and has a limited requirement for specialist services. This need may change over the MTEF due to the various specialist skills required to implement the new strategy. In order to strengthen the operations of the Unit to support the roll-out of the new strategy, the Unit will fund some of its specialist operational activities from ring-fenced interest in its indirect account (about R9m over the MTEF). The operations, funded through allocations to the Unit and through the PDF, are allocated as follows:

- 57% is made up of salaries
- 23% is payable to consultants
- 7% is set aside for travel
- 13% goes to other goods and services and capital expenditure

The Unit's conditional NDPG (indirect and direct) MTEF budget for 2013/14 is R653m, for 2014/15 is R649.4m and for 2015/16 is R665m. The growth over the MTEF period is capped at 1.8% to allow for detailed plans to be developed by the municipalities after which, an increase in the capital spend is projected.

The challenges for the MTEF will be:

- Ensuring that the revised organisational structure is implemented and funded during the MTEF period.
- Strengthening the Unit's ability to source specialist expertise to support it as it moves into the new strategy with anticipated pressure on its current bottom line.

- Extensive stakeholder engagements
- Strengthening its research and documentation capabilities to ensure that data is collected and analysed and lessons are extracted to feed into policy.
- Funding the institutionalisation of the Urban Network Strategy and the various mainstreaming events and related overhead cost which to date has been borne by the Unit.

The Unit has disbursed R3bn over the six years it has been operating. In terms of capital spending, a typical S-curve in expenditure growth has materialised. It is expected that this projection will also apply to the implementation of the new strategy, although a fast-tracked increase in capital spending is predicted, which may result in an increase in the anticipated MTEF spending.

The anticipated grant allocations until 2018 are as follows:

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	R' 000	R' 000	R' 000	R' 000	R' 000	R' 000
Neighbourhood Development Partnership Grant - Indirect	80 000	55 000	58 300	55 000	52 000	50 000
Neighbourhood Development Partnership Grant - Direct	578 132	598 041	591 179	800 000	1 035 000	1 430 000
Integrated Cities Development Grant		40 000	150 000	150 000		

The proposed increase in positions on the new organogram to help gear up and implement the new strategy will result in the Unit's employee total rising from 15 to 21 to the final end state of 27. This will put additional pressure on the operational funding requirements of the Unit over the MTEF. From a mainstreaming and stakeholder engagement perspective, the Unit anticipates an increase in goods and services spending to support this function.

The Unit also anticipates an increase in its request for central technical assistance during the first three years of implementing the new strategy.

7 Risk Management Plan

7.1 Risk Management Strategy

The Unit engages annually in conjunction with the National Treasury's Enterprise Risk and Security Management Unit as well as inputs from the financial service provider, Deloitte. The most recent risk assessment report was done in March last year. Processes and systems have been put in place to address the identified risks.

The Unit has an annual Risk Management Cycle where its risks are identified and assessed and strategies put in place to mitigate or nullify the risks. The two most common tools being used are the SWOT analysis and the PESTLE identification method. As part of the implementation of the Urban Network Strategy, the Unit has identified risks on three levels: Strategic, Operational and Financial.

Financial risks are also assessed through the annual audit engagement with the Auditor-General. These focus on both the direct and indirect transfers of the Unit.

7.2 Anticipated risks for management during the MTEF period

Managing risk is an ongoing initiative within the NT and the updating of the risk management strategy for the Unit aligns with this initiative. Initial assessments highlight the following risks as important for the Unit.

These are also risks for the NDPG-recipient municipalities:

RISK AREA	RISK DESCRIPTION	
	INTERNAL (Unit)	EXTERNAL
Strategic	The Unit's institutional move in the National Treasury from the Budget Office to the IGR	Poor understanding of the UNS in both the National Treasury as well as local government Complexities resulting from multiple stakeholders in the capital infrastructure planning environment on national level, with uncoordinated initiatives Municipalities not agreeing on aspects of the UNS
Operational	Common understanding of the new strategy among employees. Internal capacity to implement the new strategy	Capacity of municipalities to implement the new Urban Network Strategy
Financial	Unit's inclusion on GTAC for the management of its Indirect Grant Forecasting and budgeting for municipalities resulting from the uncertain nature of their funding sources and their ability to implement	Inability to attract other public and private sector funding Slower than predicted municipal spend

The management of these risks is mainly addressed in the Unit's five-year Business Plan. Refinement of the risk management strategies will be done with the support of the NT risk team as part of the broader Risk Register development process.

PART C: GOVERNANCE

This section highlights key documents that guide the implementation of the Unit – notably the NDPG and a number of documents that have influenced the development of this amended five-year Business Plan.

8 Statutory and legal implications

The delegation for Transferring National Officer of the NDP Grant will be transferred from the DDG: Budget Office to the DDG: IGR in alignment with the institutional move of the Unit.

9 The NDPG Grant Framework

9.1 2013 DORA Publication

The NDPG Grant Framework is published annually, as updated in the DORA – refer to Annexure B.

10 Key associated documents

These documents are available on the Unit website or from the Unit on request:

10.1 Background documents

- NDPG Grant Evaluation Reports 2007 – 2009

10.2 Key supporting documents

- NDP Business Plan: 2006 – 2018
- Business Plan 2010 – 2013, as amended
- Management and Financial Policy
- UNS Support Guide
- Unit Process and Procedure Manual
- Stakeholder Engagement Action Plan
- Communications Action Plan

END

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Annexure A: Unit Medium-term Expenditure Estimates

	Audited outcomes						Adjusted appropriation		Medium-term expenditure estimate		
	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Actual	2011-12 Actual	2012-13 Adjusted	2012-13 Actual	2013-14 Allocated	2014-15 Allocated	2015-16 Allocated
Economic classification											
Current payments	952 718.00	5 251 432.00	11 793 584.00	12 420 000.00	10 839 552.00	10 321 326.60	14 863 000.00	13 253 768.00	14 727 000.00	16 071 000.00	15 228 000.00
Employee compensation	952 718.00	3 199 060.00	5 889 716.00	7 786 000.00	8 773 696.00	8 063 665.00	9 319 000.00	7 851 382.00	8 908 000.00	9 451 000.00	9 865 000.00
Goods & services		1 940 807.00	5 846 873.00	4 591 000.00	1 936 000.00	2 181 500.00	5 329 000.00	5 329 000.00	5 609 000.00	6 360 000.00	5 103 000.00
Capital expenditure		111 565.00	56 995.00	43 000.00	129 856.00	76 161.60	215 000.00	73 386.00	210 000.00	260 000.00	260 000.00
Programme TA (PDF interest)	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies to municipalities	-	44 999 000.00	249 034 000.00	597 954 000.00	881 802 000.00	788 506 000.00	658 132 000.00	615 868 000.00	653 041 000.00	649 479 000.00	665 000 000.00
Schedule 6B: In-kind Technical Assistance (TA)	-	3 757 000.00	67 577 000.00	89 818 000.00	50 013 000.00	50 113 000.00	80 000 000.00	37 736 000.00	55 000 000.00	58 300 000.00	65 000 000.00
Schedule 6B: Direct Transfers (CG)	-	41 242 000.00	181 457 000.00	508 136 000.00	831 789 000.00	738 393 000.00	578 132 000.00	578 132 000.00	598 041 000.00	591 179 000.00	600 000 000.00
Change in funding levels											
Current payments		4 298 714.00	6 542 152.00	626 416.00	-1 580 448.00	-518 225.40	4 541 673.40	-1 609 232.00	1 473 232.00	1 344 000.00	-843 000.00
Transfers and subsidies to municipalities		44 999 000.00	204 035 000.00	348 920 000.00	283 848 000.00	-93 296 000.00	-130 374 000.00	-42 264 000.00	37 173 000.00	-3 562 000.00	15 521 000.00

Annexure B: Proposed NDPG Grant Framework, in terms of the Division of Revenue Bill, 2013

Neighbourhood Development Partnership Grant	
Transferring department	<ul style="list-style-type: none"> National Treasury (Vote 10)
Strategic goal	<ul style="list-style-type: none"> Eradicating spatial inequality towards the creation of liveable, sustainable, resilient, efficient and integrated human settlements
Grant purpose	<ul style="list-style-type: none"> To support and facilitate the planning and development of neighbourhood development programmes and projects that provide catalytic infrastructure to leverage 3rd party public and private sector development towards improving the quality of life of residents in targeted underserved neighbourhoods (townships generally)
Outcome statements	<ul style="list-style-type: none"> Targeted and sustainable capital improvements in strategic areas Leveraged private and public investments in strategic areas Spatial transformation of human settlements Increase municipal/local capacity for on-going township development
Outputs	<ul style="list-style-type: none"> Catalytic township development projects in primary and secondary nodes and links Leveraged 3rd party partnership development in primary and secondary nodes and links Long term regeneration programme plans Human settlement planning and development knowledge is generated and disseminated
Priority outcome(s) of government that this grant contributes to	<ul style="list-style-type: none"> Outcome 4: Decent employment through inclusive economic growth Outcome 8: Create sustainable human settlements and improve the quality of household life Outcome 9: A responsive, accountable, effective and efficient local government system
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Key activities Inputs
Conditions	<ul style="list-style-type: none"> Compliance with terms of funding agreement signed between municipality and national department Approval by the transferring national officer of programme plans and project plans which are aligned with Neighbourhood Development Partnership Grant (NDPG) objectives and guides Programmes are aligned to municipal Integrated Development Plans (IDPs), and there is council resolution supporting the award and/or programme to be implemented Receiving officer must submit a cash flow schedule with budgets and timeframes for programme implementation as requested by the National Transferring Officer Submission and approval of required monthly and quarterly reports Evidence of partnerships and leveraged funding into programme/target area Prioritisation of projects and approaches which align with the municipal segmentation categories of the grant and demonstrate explicit response to government-wide priorities, including the promotion of labour-absorbing investments, green technology and youth development
Allocation criteria	<ul style="list-style-type: none"> Allocations have been made to 60 qualifying municipalities that demonstrated the need for townships developments that catalyse commercial and social upliftment. The grant is currently not open for new applications
Reason not incorporated in equitable share	<ul style="list-style-type: none"> To directly facilitate neighbourhood/township development in selected municipal areas. This grant has a strong focus on nodal and link development as well as the catalytic role of public and private funding for spatially targeted development which is not the focus of the equitable share

Past performance	<p>2011/12 audited financial outcomes</p> <ul style="list-style-type: none"> • R750 million allocated in Schedule 6 direct transfers to municipalities, R738 million transferred, with R468 million spent by the end of the municipal financial year (63.4 per cent) • R100 million allocated in Schedule 7 indirect transfers to municipalities, R50 million transferred and spent. <p>2011/12 service delivery performance</p> <ul style="list-style-type: none"> • 60 municipalities granted award status, 40 of which are in receipt of technical assistance funding for programme planning and preparation (Schedule 7 grant), and 36 have embarked on construction or implementation (Schedule 6 grant) to date • 222 townships directly targeted by NDPG investment • 18 municipalities meeting township regeneration strategy requirements • 66 Business Plans approved for NDPG programme implementation • 43 projects under construction • 4 projects in completion (exit & review) stage • 7 programmes with identified partnerships and funding leveraged • 1 learning/training event delivered to township development stakeholders through the Training for Township Renewal Initiative • Formulation of a new model for the Training for Townships Renewal Initiative
Projected life	<ul style="list-style-type: none"> • The projected life of the programme is being reviewed subject to the approval of the NDP's revised Business Plan.
MTEF allocations	<ul style="list-style-type: none"> • Direct transfers (Schedule 6) 2013/14: R 598 million, 2014/15: R 591 million and 2015/16: R 600 million • Allocation-in-kind (Schedule 7) 2013/14: R 55 million, 2014/15: R 58 million and 2015/16: R65 million
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring national officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Determine the criteria for evaluating requests for grants from municipalities • Appropriate allocations for the grant and reporting in terms of the Division of Revenue Act (DORA) • Determine the grant allocations for future MTEF periods • Monitor, manage and evaluate financial and non-financial performance • Oversee and enforce objectives and conditions of this grant <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Compile and submit monthly and quarterly expenditure and progress reports in line with NDPG requirements and as stipulated in the DORA • Provide adequate human resources capacity for the successful coordination and implementation of NDPG • Coordinate the development of programmes and plans aligned with the grant objectives against which performance will be assessed • Establish additional clear indicators for outputs and outcomes intended by the municipality against which performance may be further assessed • Manage and monitor implementation of programmes according to the approved business and project plans, and ensuring sound financial management and value for money • Maintain accurate and current grant and performance information as specified in NDPG management information formats and systems • Engage stakeholders so as to develop partnerships and mainstream the township development agenda in municipal and other relevant growth and development plans
Process for approval of 2014/15 business plans	<ul style="list-style-type: none"> • NDPG business plans are typically approved on a multi-year basis. The process for approval of business plans and annual allocations against these plans are based on: <ul style="list-style-type: none"> – alignment with NDPG criteria for sustainable neighbourhoods, focusing on leveraged funds and job creation – ongoing progress reporting and performance reviews where necessary • Municipal provisional allocations will be finalised by the National Transferring Officer by 31 October 2013

Annexure C: Summary of external environment, stakeholder expectation and internal business planning factors mapped to the ongoing and change agendas of the Unit.

#	ONGOING AGENDA	External Environment	Stakeholder expectations	Int. Business Planning
I	Support government priorities of spatial transformation, acceleration of economic and social infrastructure investment and employment creation in targeted and townships areas.	E1, E2, E4	S3, S7	B2, B8
II	Ensure rigorous strategic spatial planning for precinct and project plans as a basis to motivate for targeted investment decisions for on building an appropriate (and integrated) pipeline of well-conceived, located and funded capital projects.	E1, E2, E3, E4	S3, S7	B2, B8
III	Encourage municipalities to commit to using the grant as a public and private sector leveraging tool.	E3, E4	S10	B2, B8
IV	Encourage and foster partnerships at all levels (project level, municipal, provincial, regional and national and between key stakeholders in the public and the private sectors).	E3, E4	S3, S7	B2, B8
V	Determine appropriate grant allocations and reporting requirements for future Medium Term Expenditure Framework periods in terms of the Division of Revenue Act (DORA). Oversee and enforce objectives and conditions of this grant (i.e. monitor, manage and evaluate financial and non-financial performance) Use the Unit information management system and defined business processes to improve evidence-based in-year analysis for purpose of early warning interventions as well as improved planning-budgeting fit.	E2, E4	S8, S10	B6
VI	Provide clear and predictable processes and systems for municipalities including operations road map, toolkits and guidance notes.	E3	S10	B6

#	CHANGE AGENDA	External Environment	Stakeholder expectations	Int. Business Planning
A	Strengthen the Unit's ability to influence national urban spatial policy and funding programmes of public sector departments and private sector to invest informed by defined urban network strategy and project pipeline. Improve the ability (e.g. through IGR) of the Unit to lobby for greater internal NT collaboration with regards to the urban special agenda (for example in improve municipal "spatial planning grant" performance oversight)	E6, E7, E8, E9, E10, E12, E14, E15	S2, S4, S5, S9, S15	B1, B3, B4, B5, B7
B	Focus on the urban areas based on a set of prioritisation criteria (population densities, levels and diversity of economic activity, ability to attract private sector investment, concentration of poverty and	E5, E6, E7, E8, E9, E10, E11, E12, E15	S2, S4, S5, S9, S15	B1, B3, B4, B5, B7

#	CHANGE AGENDA	External Environment	Stakeholder expectations	Int. Business Planning
	presence of connectivity networks i.e. transport)			
C	Develop a strategic urban planning strategy (spatial planning logic) for urban areas to create a platform to assess how to optimise the network, to ensure that there are greater efficiencies in the utilisation of the government funds and that the investment of capital funding for projects impact of all government investments into defined urban networks (such as the NDPG, PTIS and USDG) and to mitigate the current risks inherent in ad-hoc and uncoordinated urban public investment.	E5, E6, E7, E8, E9, E10, E11, E12, E15	S2, S4, S5, S9, S15	B1, B3, B4, B5, B7
D	Position the Unit as spatial component of the City Support Programme in National Treasury and assist cities with; strategic capital investment prioritisation, planning and implementation guidance and inform their Strategic Development Frameworks and Integrated Development Plans.	E6, E8, E10, E11, E12	S4, S5, S9, S15	B1, B3, B4, B5, B7
E	Ensure a managed hand-over of the rural NDP municipalities to a suitable Project Manager / Agency and second, the establishment of the rural NDP grant to be managed by a rural development focused Transferring National Officer.	E8, E13, E14, E15	S2, S4, S5, S9, S15	B3
F	Prioritise stakeholder management, and build the Unit's capacity to engage and influence institutional investors to encourage co-investment, delivery and precinct management through and with key partners (example municipalities, banks, developers, PRASA). Have a focus on partners who can assist with: (i) improving leverage and cluster investment in precinct / projects across the urban network (ii) partners who can provide solutions related to land and bulk infrastructure blockages; (iii) partners who are in a position to use the lessons from the Unit to improve spatial planning outcomes and policy (iv) partners to will assist in raising profile and skills of spatial planning practitioners	E6, E7, E9, E11, E12, E13, 15	S2, S4, S5, S9, S15	B1, B3, B4, B5, B7
G	Mainstream and promotion Unit lessons from evidence-based case studies from the portfolio of projects. including: (i) the clustering of significant investments around identified urban network elements a range of government investments such as public transport interchanges; government offices and health precincts. (ii) focus on "sustainability" through efficient city network design; transit orientated development, energy efficiency and green technologies in any public investment.	E6, E7, E8, E11, E13, E14, E15	S2, S4, S5, S9, S15	B1, B3, B4, B5, B7
H	Establish a Project Preparation Facility to provide access to grant funding for technical assistance to metropolitan and secondary city municipalities for the project preparation of a pipeline of projects located in the Urban Network.	E10, E12	S4, S9	B1, B3, B4, B5, B7

