



infrastructureDialogues

www.infrastructuredialogues.co.za

South African Conversations on **INFRASTRUCTURE**

HOW TO REAP THE URBAN DIVIDEND THROUGH INFRASTRUCTURE



2018
—
2019

A COMPENDIUM OF THE INFRASTRUCTURE DIALOGUES

2018
2019

A COMPENDIUM OF THE INFRASTRUCTURE DIALOGUES

South African Conversations on **INFRASTRUCTURE**

HOW TO REAP THE URBAN DIVIDEND THROUGH INFRASTRUCTURE



www.infrastructuredialogues.co.za



The Infrastructure Dialogues is a high-level platform for stakeholders in the infrastructure sector to discuss and share their views. The value of the Dialogues is enhanced when senior leaders and managers from government, the private sector and civil society continue the conversation once the event itself is over.

Each Dialogue is recorded so that interested people who have not been able to attend in person are able to read a report of the proceedings and join in the conversation. This Compendium of the Infrastructure Dialogues 2018–2019 is a distillation of those conversations, presenting the key themes and identifying issues that preoccupy all who are constructively involved in improving South Africa's infrastructure.

Find us online: www.infrastructuredialogues.co.za

Join our mailing list and events: info@infrastructuredialogues.co.za



Table of Contents

List of Acronyms	iv
Foreword	v
Introduction	1
Key Themes	2
Make the hard choices	2
Involve everyone	3
Give more space to local government	4
The Four Dialogues	5
1. Intermediate Cities as Destinations for Investment	5
2. “Failing Forward”: How we turn mistakes into stepping stones	9
3. Financing Municipal Infrastructure: How do we bridge the funding gap?	13
4. Spatial Transformation and the Inclusive Economy: A focus on inner-city housing	16
Conclusion	18
Annexure: 50 Infrastructure Dialogue Topics Since 2009	19
Speaker Biographies	21

List of Acronyms

AGSA	Auditor-General of South Africa
CIDB	Construction Industry Development Board
DBSA	Development Bank of Southern Africa
DFI	Development Finance Institute
DPME	Department of Planning, Monitoring and Evaluation in the Presidency
EDD	Economic Development Department
ICM	Intermediate City Municipality
IUDF	Integrated Urban Development Framework
IUDG	Integrated Urban Development Grant
NBI	National Business Initiative
PMU	Procurement Management Unit
SACN	South African Cities Network
SDF	Spatial Development Framework



Foreword

from the Steering Committee

Initiated in 2009, the Infrastructure Dialogues platform provides a forum for senior government, private sector and civil society stakeholders to share views and perspectives on critical issues affecting the infrastructure sector. Over the past 10 years, this platform has explored themes ranging from municipal infrastructure financing and asset management, to transport, electricity and water infrastructure, as well as innovation and transformation in the sector.

The Infrastructure Dialogues are hosted by the Development Bank of Southern Africa (DBSA), in partnership with the South African Cities Network (SACN), the National Business Initiative (NBI), the Economic Development Department (EDD) and the Department of Planning Monitoring and Evaluation (DPME) in the Presidency, with Engineering News as Media Partner. Topics for the dialogues are the result of suggestions from the partners, as well as input from participants in the dialogues and discussion forums on the website.

This is the sixth edition of our annual Compendium, which provides an overview of the themes that emerged from the four dialogues held between May 2018 and April 2019. The overall theme of the Compendium is “Reaping the Urban Dividend through Infrastructure”, which reflects the importance of cities to South Africa’s economy and development. And in this regard, it was fitting that for the 50th Dialogue, a significant milestone that took place in April 2019, the topic under discussion was “Spatial Transformation and the Inclusive Economy: A focus on inner-city housing”. Other dialogues during the year looked at supporting intermediate cities, tackling corruption and bridging the funding gap for municipal infrastructure.

Like the dialogues themselves, this Compendium’s intention is to contribute to an improved climate for policy and decision-making, and strengthened collaboration within the critical infrastructure sector.

The Steering Committee of the Infrastructure Dialogues hopes that this Compendium will inspire you to engage and participate in frank, constructive engagement on infrastructure issues. As always, we invite you to visit the Infrastructure Dialogues website where a report of each dialogue and all of the Compendiums are published: www.infrastructuredialogues.co.za



Introduction

For the past decade, the Infrastructure Dialogues have offered a space where robust discussions can take place among government, the private sector and civil society stakeholders, and provide momentum to the changes that are happening in the economy. The dialogues provide a forum for all of society to share views and perspectives on the infrastructure sector. They have evolved from describing problems to seeking solutions that support national growth and development, and continue to remain relevant and provoking – this year’s dialogues included the significant milestone of the 50th dialogue.

As in previous year’s dialogues, this year’s dialogues continued to ask hard questions about how infrastructure development can contribute to the spatial transformation of cities, which is essential for creating a productive, equitable and healthier society, and reaping the urban dividend.

The first dialogue (May 2018) looked at ways to support the development of intermediate city municipalities (ICMs). ICMs are home to 27% of South Africa’s population and 25% of the jobs, many of which are in heavy industries. Their success will determine whether or not South Africa reaps the urban dividend, which is crucial for future growth and development. A key aspect of enabling South Africa’s growth is tackling corruption, which was discussed at the August 2018 dialogue, as part of the broader topic of “Failing Forward” that refers to finding ethical, collective and sustainable solutions to challenges. If trust is to be restored in state institutions, individuals have to take responsibility, and the culture of indifference to corruption has to change. A change in focus is

needed in order to bridge the funding gap of municipal infrastructure, which was the theme of the third dialogue in November 2018. The discussions raised many questions about the current revenue model for metros and the contradictions between policy and practice. In April 2019, the 50th Infrastructure Dialogue (and last of the year) took place and examined what is needed to spatially transform South Africa’s cities. The two critical elements that emerged were research, in order to understand how people move around the city and what their needs are, and political will, committed to the spatial restructuring of South African cities.

This Compendium highlights the key themes that emerged and provides a summary of the infrastructure dialogues held in 2018/19.

Infrastructure Dialogues 2018/19

17 May 2018

Intermediate Cities as Destinations
for Investment

16 August 2018

“Failing Forward”: How we turn mistakes
into stepping stones

15 November 2018

Financing Municipal Infrastructure: How
do we bridge the funding gap?

11 April 2019

Spatial Transformation and the Inclusive
Economy: A focus on inner-city housing



Key Themes

In 2018/19, the common thread running through the dialogues was how to reap the urban dividend, given the challenges facing South Africa: the economic vulnerability of ICMs, pervasive corruption and collusion, the municipal infrastructure funding gap and the lack of spatial transformation. The emphasis was on finding solutions through the lens of infrastructure development. The main themes that became apparent across the dialogues were:

- Make the hard choices.
- Involve everyone.
- Give more space to local government.



Make the hard choices

If cities are to achieve spatial transformation that will result in inclusive, sustainable and productive cities, they will have to make hard choices. Instead of spreading the budget evenly across the city, which leads to money being spent in a way that just replicates the existing inequitable spatial structure, cities need to make bold investments aimed at densifying along activity corridors to produce the urban agglomeration effect. To achieve this will require strong political will, to ensure that land is made available and that long-term plans are insulated from the short-term fixes that fit in with the electoral cycle. The focus should be on maintaining and refurbishing existing infrastructure, not building new infrastructure because of political expediency. The planning and construction of large infrastructure projects, such as bulk water pipelines and sewerage works, may take up to 30 years and must be insulated from changes in officials or political parties. Such projects require capital, procurement and management expertise, and affect operating expenditures beyond the usual three-year budget cycle.

Strong political leadership also ensures that municipalities understand what their business is and the importance of repairs and maintenance. A municipality is a utility business that delivers infrastructure and services, and so needs to make its tax base willing to pay their municipal bills, by getting the basics right – fixing potholes, cutting grass etc..

At national level, government is looking at introducing measures to address gaps in legislation that are exploited by those involved in corruption. For instance, the introduction of criminal penalties applicable to individuals involved in collusion – historically the legislation focused on imposing administrative penalties on companies, not the individuals who facilitate collusive tendering. Another way to combat potential collusion is to have a centralised and transparent procurement system, which is accessible to the public. Corruption is less likely in a culture of openness and transparency, and a centralised procurement system makes the procurement process fairer.

Involve everyone

The past decade has seen a weakening of South Africa's governance system and the development of a trust deficit between the state and its citizens. To rebuild confidence in state institutions, an engaged citizenry needs to hold government to account, and whistle-blowers need to be protected through legislation.

The involvement of communities is part of the all-of-society approach called for in the Integrated Urban Development Framework (IUDF). Urban management is cross-cutting and requires all sectors of society to be involved. The academic community needs to be involved, to research housing and urban development issues – because currently, the demographics and lifecycle movements of people living in cities are not understood. This type of research

is needed to guide policy and practice. The private sector must also be an active participant that not only holds the municipality to account for achieving its outcomes-based plans, but also adheres to municipal spatial development plans. Similarly, the different sectors and spheres of government need to talk to each other, so that their policies and plans are aligned – national or provincial projects often work against the local government's planning frameworks aimed at building the urban agglomeration effect. And even within local government, departments continue to operate in silos, which leads to, among other things, insufficient budget for maintenance and out-of-date asset registers. It is difficult to prevent corruption when the cities do not know what their assets are.



Give more space to local government

Local government needs to be given the space to drive the development of their cities and to innovate. Currently, functions are devolved but financing remains very centralised. This leads to, for example, municipalities having to deliver infrastructure based on decisions made by provincial or national government that are not linked to the municipal development plan.

For cities to drive economic development meaningfully will require decentralisation and a change in the way in which they are funded. For instance, the introduction of a local business tax would link municipal revenue and economic activity, which in turn would shift the thinking of business owners and of municipal managers. Related to this is the importance of appointing the right people to run municipalities, which would also help address the danger of political cabals controlling local government; it would also prevent duplication and unnecessary outsourcing. However, part of the problem is the lack of capacity within municipalities. One solution is for local governments to explore partnerships with TVET colleges aimed at closing the skills gap. Linked to capacity is the lack of innovation within municipalities – the current institutional bureaucracy is not conducive to innovation around partnering and experimenting. To deal with the many challenges and conundrums facing cities requires a change of perspective, as when people move from a local (often blinkered) focus, to a broader regional understanding, new ideas emerge.



The Four Dialogues

1. Intermediate Cities as Destinations for Investment

The 47th Infrastructure Dialogue focused on the infrastructure needs and investment opportunities present in intermediate city municipalities (ICMs). The 39 identified ICMs are home to 25% of South Africa's employment and 27% of its population. ICMs have much smaller populations than metros and economies that are vulnerable because of a narrow economic base or a dependency on declining industries. They have a massive infrastructure need, but only 43% is funded from grants. The discussion covered the national government's Integrated Urban Development Grant (IUDG), some lessons from one ICM (uMhlathuze Municipality) and ways in which the development of ICMs can be supported.

The IUDG

Infrastructure investment needs to be aligned to the spatial targeting of investments, based on a municipality's economic strategy, and located within a broader support plan that includes governance, financial management and infrastructure asset management. The IUDG is a new infrastructure grant that funds municipalities against a long-term (10-year) capital expenditure framework aligned to their spatial development framework (SDF). It was piloted in two ICMs: Polokwane and uMhulathuze, which were chosen because they met certain criteria, including: repeated clean audits, top management stability, the ability to finance capital programme from own revenues, no unauthorised or wasted expenditure, and a proper spatial plan covering long-term infrastructure budgeting.

Lessons from uMhlathuze

The municipality's main challenge is to diversify its economy, which means attracting private investment. The lessons that emerged from the pilot included:

- The municipality must have a clear spatial vision that is owned by all stakeholders, including the private sector, traditional leaders and other spheres of government.
- All municipal departments (planning, engineering, finances) need to understand and rally behind the municipality's spatial vision.
- The plans need to be updated and aligned to the municipality's spatial vision, as expressed in its SDF.



The role of big business

The economy of many ICMs is anchored in one industry and dominated by one corporation. Corporations need to be a partner of and co-create with municipalities. For example, Sasol works closely with local government in the Metsimaholo and Govan Mbeki municipalities, bringing its strengths in asset management to assist in improving municipal administrative systems. It also contributes to the upgrading of aging and poorly maintained infrastructure, as well as providing technical support (e.g. investing in firefighting facilities) and services to communities (e.g. mobile clinics and libraries). Challenges for corporations include municipal indebtedness, local government instability and a lack of continuity, as people rotate.

Supporting the development of ICMs

The challenge for South Africa is to manage the development of ICMs, so that the urban dividend can be reaped, instead of poverty being urbanised. Ways in which ICMs can be supported include:

- **Create a critical mass of winners.** The IUDG is designed to create a critical mass of winners – for weaker municipalities, support is provided through other national grants, such as the municipal support improvement grant. The IUDG is performance-based and designed to assist ICMs get to the level of metros. Its aim is to accelerate and reward municipalities that are working well, i.e. municipalities that understand that their business is to deliver infrastructure and services, and have a customer base that is willing to pay for these services.



- **Insulate long-term plans.** Long-term (30 years) plans for large infrastructure projects, such as bulk water pipelines, need to be insulated from the electoral cycle. The disruption of long-term plans can be prevented through adopting integrated logistics support planning and having end-users who are consulted and invested in the plan.
- **Get the basics right – it's not magic.** The two municipalities were chosen to be pilots because they are doing the basics right, which can be as simple as councillors reporting problems via WhatsApp. When the basics are done right, ratepayers are happy and willing to pay their municipal bills.



- **Talk to each other.** As advocated by the Integrated Urban Development Framework, an all-of-society approach is needed that includes the private sector and different sectors/spheres of government. The private sector needs to participate more actively and hold municipalities to account, while government sectors/spheres need to communicate and coordinate. In particular, urban planning policy and industrial policy need to be aligned.
- **Make hard choices.** Under the current system, the municipal budget is spread evenly across wards, replicating the existing fragmented and inequitable spatial

structure. What is needed to achieve spatial distribution and equity is to make hard choices, and to be as bold in the spatial restructuring of cities as the apartheid planners were in ripping them apart.

The challenge for South Africa is to manage the development of ICMs in order to reap the urban dividend. Although cities may not be making all the necessary hard choices, the IUDG is a step in the right direction, as it aligns incentives to performance. Participants agreed on the importance of continuing to have robust discussions, such as those at the dialogue.



INTERMEDIATE CITIES AS DESTINATIONS FOR INVESTMENT

IN SOUTH AFRICA, INTERMEDIATE CITIES ARE HOME TO



25% jobs



27% population

DEVELOPING THESE CITIES



REAPING THE URBAN DIVIDEND



WHAT IS NEEDED



WINNERS



Create a critical mass of winners



STABILITY



COMMUNICATION



ACTION



2. “Failing Forward”: How we turn mistakes into stepping stones

The 48th Infrastructure Dialogue explored how corruption has manifested between the private sector and local government, and what has been done to address this. “Failing forward” refers to finding ethical, collective and sustainable solutions to problems and challenges within the procurement and tendering process. It can only work when all stakeholders are in it together for a common purpose. During the open and frank discussion, participants at the dialogue shared examples of corruption and ways in which stakeholders can learn from their mistakes in this “failing forward” process.

The case of the construction industry

The Competition Commission has investigated many sectors, such as food and agri-processing, ICT, energy, banking and construction. The investigation into the construction industry revealed extensive collusive tendering related to the 2010 FIFA World Cup stadiums, which resulted in the state paying far more than it should have for the World Cup infrastructure. The investigation raised questions about the role of the industry body (the Construction Industry Development Board, CIDB) and its grading system, the effectiveness of legislation to prevent collusion, the lack of regulatory and supervisory capacity within local government, the role of consultants, and the attachment of conditions to tender adverts. Subsequent to the investigation, various legislative and regulatory weaknesses are being addressed, to prevent collusive tendering from happening before the fact. Steps taken include:

- A review of the CIDB regulations.
- A procurement amendment bill.
- An advocacy drive by the Competition Commission, to build capacity among procurement officials from local, provincial and national government, so that they are able to identify anti-competitive conduct and collusive tendering at the evaluation and adjudication stage.
- The introduction of a Certificate of Independent Determination (SBD9) by National Treasury that bidders have to complete, stating that they have not communicated with each other before submitting their bids.



The water and sanitation sector

Widespread corruption is hampering the development of infrastructure that is needed to build South Africa's economy, create employment and lift people out of poverty. The water and sanitation situation is a case in point: currently, 46% of water service authorities are in crisis, and 56% of wastewater treatment facilities are in critical or very poor state; a third of engineering posts are vacant at the Department of Water Services and Sanitation, while some municipalities do not even employ a water engineer. The average water loss in municipalities stands at 36%, and the water sector has a funding shortfall of R33-billion.

Coalitions of greed

Corruption is not complex; it is simply stealing and pilferage. It manifests in legal but overpriced public contracts (e.g. importing buses with overly high specifications) that put pressure on taxpayers and the fiscus. Coalitions of greed know how to work the system and are not scared because the Auditor-General of South Africa (AGSA) does not have enforcement powers. There are certain red flags that indicate possible corruption:

- The departure of founding project leader/officials.
- The establishment of a procurement management unit (PMU) – although PMUs have their place, they can result in contracts that have inflated budgets.
- Unusual financial transactions (“follow the money”).
- Officials who don't take leave (they don't want to lose control over what's happening).



Fighting corruption: individuals or society?

Participants agreed that corruption is a complex topic that cannot be reduced to a “us versus them” discussion, as this creates the impression that others somehow perpetuate the problem of corruption. The general consensus was that it starts with the individual. Therefore, people need to ask themselves how they can behave with excellence and integrity in their sphere of influence. Overcoming a culture of corruption will require deep reflection and a return to basic values, as well as leaders with personal integrity, and institutions and systems that enforce the law.



Failing forward, or learning from our mistakes

The discussion highlighted four areas for failing forward:

- **Centralised and transparent procurement.** Corruption does not flourish easily in a culture of openness and transparency. A centralised system increases the fairness of the procurement process and can be supported by mechanisms that reduce risk, such as using a special purpose vehicle.
- **Skills and capacity.** A way needs to be found to use SETAs and TVET colleges to close the skills gap within municipalities, and to appoint the right people to run municipalities. Municipalities also need to focus on asset management and prioritise repairs and maintenance, rather than building new infrastructure.
- **Legislation.** The construction industry collusion investigation found gaps in the legislation and industry regulations that made it difficult to blacklist firms engaged in collusion. The legislation also tends to focus on imposing penalties on companies rather than individuals.
- **Trust between citizens and state institutions.** The trust deficit and culture of impunity do not encourage whistleblowing, especially given the lack of support for whistle-blowers. What is needed is legislation that protects whistle-blowers and an engaged citizenry that holds government to account.

Participants at the dialogue agreed that tackling corruption and restoring trust in state institutions will require individuals taking responsibility and action, and an environment where whistle-blowers are safe. It is imperative to change the culture of indifference and tolerance to disobeying the law.

FAILING FORWARD

HOW WE TURN MISTAKES INTO STEPPING STONES



A CULTURE OF

Accountability, renewed trust in state institutions and an engaged citizenry

RECOGNISE THE PROBLEM



Coalitions of greed



Culture of tolerance & indifference

START WITH PEOPLE



Leaders with integrity



Individuals taking responsibility

IMPROVE PROCESSES



Centralised, transparent procurement



Legislative consequences (criminal penalties)

BUILD INSTITUTIONS



Professionalised civil service



Cross-pollination of SETAs and TVET colleges

STEPS TO RECOVERY

3. Financing Municipal Infrastructure: How do we bridge the funding gap?

Discussions at the 49th Infrastructure Dialogue were situated within the context of the SACN's State of City Finances report that was published in October 2018, in particular the financing of infrastructure required for spatial transformation of cities.

The challenges and changes for cities

Spatial transformation is about social cohesion, access to basic services and sustainability. The challenge is reconciling the short-term agenda of infrastructure backlogs and accessibility with long-term financial and systemic sustainability, within an ever-changing environment that is neither linear nor certain. Development finance institutions (DFIs) play several roles, including:

- A strategic partner of creditworthy municipalities, to assist with long-term planning and risk-cost analysis.
- A market-enabler for other municipalities, which means de-risking a municipality's investment so that it has better access to banks and lower rates.

The infrastructure required for spatial transformation is not only related to the built environment but goes beyond traditional infrastructures, to include telecommunication and internet access. Municipalities can encourage investments in the broader infrastructure, such as social and student housing.

The State of City Finances

The State of City Finances 2018 report starts to ask questions about municipal financing and how it links to creating inclusive, sustainable and spatially transformed cities. The report shows how a municipality derives revenue from services provided through new infrastructure, but infrastructure backlogs are mostly in areas where households cannot afford to pay for municipal services. The conundrum is that South Africa's urban policy is for compact cities, but city revenue is primarily from property rates – and the quickest way to drive this revenue is to rezone agricultural land on the periphery than to develop brownfield sites.



Cities tend to focus on revenue maximisation (which comes from greenfield developments) instead of revenue efficiency (which is greater for brownfield sites). Revenue from property rates enables municipalities to borrow off their balance sheets for infrastructure development, but developments on the periphery of cities have to be serviced, which comes with high short- and long-term costs – developers may pay to put in the infrastructure, but municipalities bear the long-term costs of maintaining it.

Bankability of projects

The problem is not a shortage of money but a shortage of bankable projects. The other problem is that retirement funds factor in financial returns but ignore economic and social returns. Yet disruption in the economy and society can destabilise the financing environment and affect retirement funds. Therefore, it would make sense to include social and economic rates of return in discussions about the bankability of projects. To deal with the spatial conundrum facing cities, the current notion of bankability needs to be challenged. Financiers need to look at softening financial conditions and accepting more risk in cases where there is a high return for society but low return on investment. This will require new ways of partnering, with financial institutions bringing the financial acumen and supporting municipalities, which bring the sustainability and inclusive policy agenda. The mainstream capital markets need to be involved and to incorporate into their processes strong metrics on social and economic returns.





Shift focus and change perceptions

Examples of areas where focus needs to shift and perceptions need to change were highlighted:

- **From infrastructure to economic development.** Without an economic base, the infrastructure system can collapse, and so the focus should be less on backlogs and more on infrastructure needed for economic development.
- **From centralised control to devolved financing.** Financing needs to be devolved to support the already devolved functions, and municipal revenue should be linked to economic activity. Municipalities also need to have more space to innovate and experiment.

What emerged from the Dialogue was a consensus that infrastructure is an important enabler of economic growth and that the revenue model for metros needs rethinking. The notion of bankability also needs to be challenged, to include social and economic returns as well as financial returns, and new ways of partnering are required, to harness the capacity and knowledge of all urban actors. The dialogue illustrated the type of robust discussions that will be required if cities are to achieve their developmental mandate.

4. Spatial Transformation and the Inclusive Economy: A focus on inner-city housing

The 50th Infrastructure Dialogue used inner-city housing as a lens to view spatial transformation, inclusivity and participation in South Africa's economy.

TUHF's approach to inner-city housing

TUFH is not a housing finance company but an SME financing company with a housing outcome. It provides access to finance for entrepreneurs to purchase and then convert or refurbish buildings in the inner cities of South Africa. About two-thirds of its clients are previously disadvantaged individuals, and rents received are between R1500 and R6000 per month. TUFH has both commercial (60%) and developmental (40%) objectives, and has been in business for about 16 years. Inner cities are good place for investing because:

- Inner cities are multi-sector economies, so investors can derive rental from diverse sectors.
- Urbanisation is real and continuing.
- Energy prices will continue to rise, so people will want to live close to work opportunities.
- Inner cities provide access to technology and other infrastructure (education, social, health).



Massive–small is the answer

Massive–small refers to building (for example) 10 000 × 20 units instead of 5000 × 5 units. TUHF supports many ordinary people with local knowledge and skills, not a few large companies. About 70–80% of units financed by TUHF are conversions of industrial or office building into residential accommodation, with some new builds. Massive–small brings:

- Inclusive growth – the housing supplied is also a business.
- Cost effectiveness – TUHF receives no subsidy from government, whereas a RDP housing opportunity costs about R350 000.
- Urban land reform – the TUHF-financed projects are changing the complexion of ownership in cities.
- The economic multiplier and fiscal contribution from residents, which can far exceed the value of a grant.

Challenges to developing inclusive cities

All agreed on the need to develop inclusive cities and the benefit of the massive–small approach. However, many challenges need to be overcome.

- **Gap in the financing system.** Although micro-financing (loans for buying materials for a shack) and housing loans are available, what is missing is finance for housing entrepreneurs – the DBSA no longer funds this segment.
- **Policy contradictions.** The policy calls for densification and massive–small backyard units, but in practice mega projects on the periphery of cities are what is being built. Also, in Joburg, the City is no longer selling but offering long-term leases for problem downtown buildings – it’s hard to mortgage a lease.
- **Lack of research.** There is no housing and urban development research agenda at national level, and the existing research is not at sufficiently granular level – this can lead to sweeping policy statements that do not reflect the complexities of inner cities.
- **Public sector locks out the formal sector.** Delays in approving plans and zonings result in many entrepreneurs in the backyard accommodation market going ahead, disregarding building and zoning regulations – the problem is that once built, these developments are virtually impossible to reverse.

Research and political will are required

These two common threads emerged from the discussion:

- **Research is critical.** There is a fundamental lack of understanding of demographics and lifecycle movement and requirements of people living in urban space needed to answer questions such as: Where do young people go in cities? How price sensitive is the demand for housing?
- **Political will.** Cities can take actions to make their urban spaces more inclusive, but inclusionary housing projects are unlikely to succeed (or progress) without strong political will.

At the 50th Infrastructure Dialogue, participants agreed that inclusionary housing is necessary and identified certain challenges. These include the lack of financing for developers of affordable houses, the lack of research at a granular level, and the lack of regulations governing backyard development. These challenges will need to be overcome, and mixed-use development promoted in order for South Africa to spatially transform its cities into inclusive, equitable, sustainable and resilient urban spaces.

Conclusion

This year's dialogues highlighted the challenges and proposed solutions that would enable South Africa to reap the urban dividend and grow the economy. Hard questions were asked about the infrastructure development needed to spatially transform cities and thus create a productive, equitable and healthier society. Infrastructure investment is an important enabler for economic growth and job creation, but it will not have the necessary multiplier effect unless corruption and collusion are addressed. Other impediments to future economic growth through infrastructure development include the vulnerability of ICMS' economies and the gap in funding for municipal infrastructure.

Future growth will come from giving more space to local government and involving everyone. What will be required are hard choices and conversations, to ensure that cities are transformed into equitable, productive, inclusive and sustainable urban spaces. The Infrastructure Dialogues provide a space for such conversations, which not only identify the choices to be made, but also build the trust and partnerships that are needed for the way forward.



Annexure

50 Infrastructure Dialogue Topics Since 2009

Date	Event name
Jun-09	Municipal Infrastructure Investment Framework
Aug-09	Municipal Infrastructure Asset Management
Sep-09	Municipal Infrastructure Capacity
Oct-09	Public Transport
Jan-10	Climate Change and the Effect on Municipal Infrastructure
Feb-10	Infrastructure Legacy
Mar-10	Infrastructure Sector Procurement
Jun-10	The Role of Public Infrastructure in Urban Regeneration
Aug-10	Road Infrastructure
Oct-10	Municipal Water Services
Nov-10	Infrastructure Stimulus Package – Development Outcomes
Jan-11	Municipal Infrastructure Investment Framework – Planning until 2019
Mar-11	Economic Infrastructure – Outcomes
Apr-11	State of Electricity Distribution
Sep-11	Infrastructure Inputs Monitoring Project (IIMP) III
Nov-11	Infrastructure and Greening the Future
Mar-12	Large-scale Public Infrastructure Projects
May-12	Planning for Infrastructure: Partnerships for the future, with reference to affordable housing
Aug-12	Matching SIPS to Skills: Can our infrastructure programme better leverage our skills reality?
Oct-12	Listening, Reflecting and Acting: Seeking lessons from our infrastructure sector performance
Dec-12	Municipal Service Delivery – Improving Quality and Quantity: How do we square the circle?
Mar-13	The State of South Africa within the Global Economy: Implications for infrastructure sector decision-making
Aug-13	Regenerative Cities
Oct-13	Maintenance of Public Infrastructure
Feb-14	Infrastructure Development Bill

Date	Event name
Mar-14	Infrastructure Capacity Support
May-14	Infrastructure after 20 Years of Democracy
Jul-14	Integrated Urban Development Framework
Sep-14	Funding Infrastructure: the Case of Student Accommodation
Nov-14	Localisation: Driving Industrialisation through the National Infrastructure Plan
Feb-15	Municipal Water and Sanitation Infrastructure
Mar-15	Pricing and Paying for Municipal Rates and Charges
Jun-15	Securing our Energy Future and Tapping Energy Efficiency as the "First Fuel"
Jul-15	Towards Sustainable African Cities: Pan-African conversations, processes, experiences, opportunities
Sep-15	Township Economies: What is the role of infrastructure in government's strategy to revitalise township economies
Dec-15	Africa's Infrastructure Build Programme
Mar-16	Financing Government's Capital Programme: Towards sustainable municipal financing for the future
Jun-16	Catalytic Infrastructure: Are our interventions multiplying economic impacts?
Sep-16	Innovative Partnerships for the Future: Water services
Nov-16	Safety in Public Spaces: Can infrastructural, social or technological interventions save us, and in what balance?
Feb-17	Seizing Opportunities: Employment in and through infrastructure in the context of South Africa's job crisis
May-17	Crowding in Infrastructure Investment – how can we be "smart catalysers"?
Aug-17	Industry, Innovation and Infrastructure
Nov-17	Black Participation and Transformation in the Infrastructure Sector
Feb-18	Building for the Future in South Africa's Cities
May-18	Intermediate Cities as Destinations for Investment
Aug-18	"Failing Forward": How we turn mistakes into stepping stones
Nov-18	Financing Municipal Infrastructure: How do we bridge the funding gap?
Apr-19	Spatial Transformation and the Inclusive Economy: A focus on inner-city housing

Speaker Biographies

Carl Bernadac

Carl is a Deputy Director of the Southern African Regional Office, Agence Française de Développement (AFD) and has held the urban portfolio since 2017. He is a graduate of the French business school Neoma. After working for six years for a Spanish non-governmental organisation supporting refugees, he undertook a Master's degree in Public Administration in International Development at Harvard University's Kennedy School of Government. He subsequently joined AFD as a sectoral economist and worked for six years as a climate/energy sector senior project officer. Prior to his current position, he was AFD Deputy Director in Bogota, Colombia, for four years.

Geoffrey Bickford

Geoffrey is a programme manager at the SACN, managing integrated research and knowledge sharing in the built environment thematic areas of land, spatial planning, human settlements and transport. He previously managed the municipal finance research portfolio. He holds a Master's degree in transport studies and a BSc in urban and regional planning. Combining his experience as a transport planning consultant with his experience working with metropolitan municipalities in South Africa, he has a particularly strong appreciation of the integrated and institutional developmental challenges facing urban areas.

Paul Jackson

Paul has been TUHF's CEO since its inception in 2003 and has been involved in development finance since 1987. Prior to being appointed as CEO at TUHF, Paul was senior operations manager at the Johannesburg Housing Company, general manager for the Transitional National Development Trust (TNDT) and divisional manager for Southern Africa at the DBSA. While he was at the TNDT, the company was awarded first prize by the JSE/Deloitte & Touche for corporate governance with a special acknowledgement for excellent achievement. Paul has held board directorships on the Mvula Trust, Alexander Social Housing Company, Brickfields Housing Company, Johannesburg Social Housing Company and the Centre for Affordable Housing Finance.

Nontsundu (Mihali) Ndonga

Nontsundu is Deputy Municipal Manager responsible for City Development in uMhlathuze Municipality. She is a professional planner, registered with the South African Council for Planners (SACPLAN), and has worked in provincial and local government in various capacities. Her portfolio at uMhlathuze includes planning, human settlements, public transport planning and local economic development. Nontsundu holds a Master's in City and Regional Planning (University of Cape Town), a Bachelor of Social Science (Hons) and a Bachelor of Social Science (University of KwaZulu-Natal). She served as the Chairperson of SACPLAN from 2008 to 2016.

Steve Nicholls

Steve leads the Climate Change, Water and Green Economy programmes at the National Business Initiative (NBI), with an emphasis on harnessing the collective effort of business across these thematic areas. His key focus areas include the strategic business case for environmental management and the impacts of ill treatment of the environment on society and the economy. Steve has worked mainly in the consulting industry in the United Kingdom and South Africa, on projects based in Europe and Southern and East Africa and across a number of sectors including mining, energy, telecoms, government, oil and gas, financial services and retail. Prior to joining the NBI, Steve headed the sustainability services function for Accenture across Africa, and he has also worked within KPMG's advisory and assurance team. His speciality is the integration of sustainability issues into governance, risk management and strategy. Steve holds an MSc from Stellenbosch University and has completed an executive education programme at WITS Business School. He has lectured on sustainability and business at a variety of universities including GIBS, WITS, Stellenbosch and the University of Pretoria.

Dr Crispian Olver

Crispian is the IUDF Manager for Cogta. He is a public policy and management expert with extensive experience at senior management level of local government, environment and development issues. Since 1994, he has held various senior management positions within the South African government, including Director General for the Department of Environmental Affairs and Tourism, coordinating the hosting of the 2002 World Summit on Sustainable Development in Johannesburg. He has led South Africa's international negotiations on a host of environmental treaties and conventions. He was the architect of South Africa's local government and environmental legislation and oversaw the establishment of several key institutions, including the Municipal Demarcation Board, the National Biodiversity Institute and the SA Weather Services. Since 2005 he has focused on public sector consulting in the fields of local government and sustainable development and has led a number of multidisciplinary teams managing large and complex multi-donor programmes at international, African and local levels.

Mziwodumo Rubushe

Mziwodumo is a Principal Analyst at the Competition Commission of South Africa. Before joining the Commission, he worked as a researcher for the South African Human Rights Commission in the Promotion of Access to Information Unit. He co-drafted the Section 10 Guide of the Promotion of Access to Information Act of 2000, and he drafted the Certificate of Independent Bid Determination (SBD9) used in public procurement in South Africa as a tool to deter bid rigging or collusive tendering. Mziwodumo has a Bachelor of Commerce degree majoring in commercial law from the University of Transkei. He also studied competition law at the University of Pretoria and, in 2007, attended the EU Competition Law Summer School at Cambridge University (UK). In 2013, he won the International Competition Network (ICN) Competition Advocacy Award. Mziwodumo is member of the Compliance Institute of South Africa.

Ibrahim Seedat

Ibrahim is the Director: Public Transport Network Development at the National Department of Transport where he has worked for 21 years. Over the past 13 years, Ibrahim has worked with the 13 cities that receive the Public Transport Network Grant to implement integrated public transport networks. This close encounter with municipal implementation – especially in the past five years – has underlined the absolute need for ethical political and bureaucratic leadership that needs to answer the “What if this were my personal money” question at all times.

Wrenelle Stander

Wrenelle is Senior Vice President: Corporate Affairs and Real Estate Services at Sasol, having previously held the position of Managing Director: Sasol Gas. She has worked for 25 years in the aviation and energy industries, including 15 years at executive leadership level. Prior to joining Saso in 2008, she held a range of executive leadership positions within the South African civil aviation industry, including Managing Director: Air Traffic and Navigation Services Company and Deputy Chief Executive Officer: South African Civil Aviation Authority. She was part of the team that privatised the Airports Company South Africa (ACSA) and the team that established the South Africa Civil Aviation Authority (SACAA) on a user-pay basis. Wrenelle served as a Non-Executive Director on the Comair Limited Board (JSE listed) for over eight years and currently serves as a Director for the Sishen Iron Ore Company Pty Ltd, as well as on several Executive Boards within the Sasol Group. She holds an MBA from Oxford Brookes University (UK) and a BA (Hons) degree from the University of Cape Town.



Tel: + 27 11 407 6471 • Fax: + 27 11 403 5230
P.O. Box 32160 • Braamfontein 2017
www.sacities.net

