Johannesburg Development Agency
Johannesburg, South Africa

Organisation type

The Johannesburg Development Agency (JDA) is a wholly-owned agency of the City of Johannesburg Metropolitan Municipality (CoJ). The JDA stimulates and supports area-based economic regeneration and development initiatives throughout the Johannesburg metropolitan area.

Mission statement

The JDA vision

The JDA aims to be "a world-class, area-based development agency for the City of Johannesburg, constantly striving towards developing best practice in its projects and operations" (JDA, 2009a).

The JDA mission

"The JDA is an agency of the City of Johannesburg, which stimulates and supports area-based development initiatives throughout the Johannesburg metropolitan area in support of the City's Growth and Development Strategy. As development manager of these initiatives, JDA co-ordinates and manages capital investment and other programmes involving both public and private sector stakeholders." (JDA, 2009a)

The JDA's objectives are to:

- promote economic growth through the development and promotion of efficient business environments in defined geographic areas;
- regenerate decaying areas of the city;
- unlock public and private sector investment in marginalised areas;
- undertake area-based regeneration projects in areas in the city not meeting their potential;
- promote economic empowerment through the structuring and procurement of JDA developments;

- promote productive partnerships and co-operation between all relevant stakeholders on area-based initiatives;
- develop and implement best practice and organisational expertise in respect of area-based development management (JDA, 2009a).

History, origins and ownership

Following the analysis of economic development and urban problems and the apartheid spatial form, along the recommendations made by an international delegation of urban experts, and in response to acute challenges of disinvestment in the inner city of Johannesburg towards the late 1990s, it was decided that a development agency was needed in the city. The JDA was established in April 2001 to facilitate area-based economic development in Johannesburg. Since then, the JDA has successfully undertaken a range of capital-based projects throughout the city and the organisation's development can be split into three distinct stages (JDA, 2009a).

Phase 1 (2001-06)

Overview

The intervention of the JDA began the process of the transformation of the inner city from a dangerous and decaying area with little hope of success or investment opportunity to a safe, clean and vibrant place with huge potential.

Interventions during this period were big, bold and symbolic. They were characterised by iconic area-based regeneration projects, many organised and financed on a public/private partnership basis, such as Constitution Hill, Newtown and the Fashion District as well as flagship projects such as the Nelson Mandela Bridge. The JDA also led a number of major public space upgrades over the decade, in particular: Gandhi Square, the Main Street Upgrade, Metro Mall, Mary Fitzgerald Square, Faraday Taxi Rank, and the *Braamfontein* retail district.

Many of these initiatives were planned and implemented in conjunction with stakeholders and partners from other spheres of government, business or civil society. Many other regeneration achievements have been realised because private sector players took the lead and established the conditions for further private investment through upgrading and improving the management of urban spaces. The creation of management arrangements through city improvement districts (CIDs) has been critical to the ongoing maintenance of these spaces (Bethlehem, 2009).

Inner City policy framework

This phase of intervention built on a series of policy frameworks developed in relation to the Johannesburg Inner City. Some highlights include:

- Vision for the Inner City (1997): in mid-1997, (then Deputy President) Thabo Mbeki launched a new vision for the inner city – "The Golden Heartbeat of Africa." The vision was the product of months of intensive dialogue between representatives of provincial and local government, business, the community and other stakeholders.

- An Inner City Economic Development Strategy (1999).
- An Inner City Spatial Framework (1999): it focused on 12 parallel strategies.
- A City Centre Development Framework (2000): it focused on precinct development plans (Bethlehem, 2009).

The Inner City Office (1998-2001)

These strategies and plans guided the work of the City of Johannesburg Inner City Office (ICO), established in 1998, which reported to an Inner City Committee, comprising the representatives of government, business and community who had formulated the vision. The ICO initiated a wide range of interventions and projects aimed at halting and reversing the decline that had become apparent over the previous decade. Upgrading initiatives included Constitutional Hill, Newtown, Joubert Park Precinct Pilot Project and the Better Building Programme. This work prepared the ground for the establishment of the JDA (Bethlehem, 2009).

A continued focus on the Inner City

A new five-year mayoral term starting in December 2000 saw increased importance and urgency given to the regeneration of the Inner City. Inner City renewal was declared one of six mayoral priorities. Key strategies and actions included:

- Creation of the JDA and incorporation of ICO Inner City functions (2001): much of the preliminary work of the ICO was institutionalised in the JDA, established in 2001 by the City of Johannesburg as its implementation authority.
- An Inner City Regeneration Strategy (February 2003): it interpreted the aims of the metropolitan-wide long-term economic strategy "Joburg 2030" into a five-pillar Inner City strategy that would "raise and sustain private investment leading to a steady rise in property values." The five pillars were: address sinkholes; intensify urban management; maintain and upgrade infrastructure; pursue ripple-pond investments; and support strategic economic sectors.
- An Inner City Regeneration Strategy Business Plan (March 2004): the business plan translated the strategy into concrete projects. This was a three-year business plan for the period July 2004 to June 2007.
- Urban Development Zone (2004): this tax incentive had a positive effect: property owners redeveloped their properties and new investors initiated new developments. The upswing in building refurbishments for middle and upper-income rental accommodation reflected this.
- City improvement districts: CIDs demonstrated physically what could be done when non-government stakeholders are also energised and are enabled to enter into collaboration with government. The city improvement district is a geographic focus area where property owners pay a levy to fund top-up services such as security, cleaning, and environmental upgrading to keep the area clean and safe (Bethlehem, 2009).

Phase 2 (2005 to present)

The Inner City

The executive mayor, on 13 November 2006, in reaction to concerns that the Inner City had appeared to have lost its priority status, announced a programme to "refocus and re-energise interventions and initiatives around the regeneration of the Inner City." This multi-dimensional intervention would be driven through an "Inner City Regeneration Charter" and Inner City Summit process.

The Inner City Regeneration Charter (2007–present)

The Inner City Regeneration Charter was agreed between public and private sectors at an Inner City Summit held in May 2007. The first meeting of the "Inner City Charter Partnership Forum" (ICCPF) was held on 7 November 2007. The ICCPF has been designed as the oversight platform for the examination, review, monitoring and measurement of the regeneration efforts of the City. It is a forum which holds the City accountable for ensuring that the commitments made in the Inner City Charter are met. To this end the charter sets out commitments that are to be pursued within a dedicated time frame in the following focus areas:

- urban management, safety and security,
- public spaces, arts, culture and heritage,
- economic development,
- social development,
- transportation,
- residential development.

The Inner City Fund Programme

The JDA has been mandated by the Department of Development Planning and Urban Management (DPUM) to implement projects under the Inner City Fund (ICF). The ICF is a ring-fenced fund specifically focussed on realising the objectives of the Inner City Regeneration Charter. In the 2009/10 financial year, a total of ZAR 100 million was initially anticipated, but owing to financial constraints in the City, a total of ZAR 43 million has been allocated through the ICF to undertake public environment upgrades in the Inner City. As such, the ICF is one of the JDA's core funding streams. Through this fund, the JDA will undertake a public environment upgrade of the core Inner City, redevelop the Ernest Oppenheimer Park and focus on rejuvenating the walkable core in Fordsburg, a historic mixed use area on the western side of the city.

The JDA's deliverables in the Inner City during this phase include the: core retail area upgrade; Fordsburg public environment upgrade; Bertrams/Greater Ellis Park public environment and housing intervention; preparations for the redevelopment of Chancellor House (which hosted Mandela and Tambo's offices in the 1960s); upgrades in old Chinatown; the development of taxi/bus facilities; as well as non-capital interventions.

Transit-oriented development and bus rapid transport

Johannesburg's urban form is influenced by the flat topography and the drive to build quickly and inexpensively. This has resulted in urban areas that spread widely across the landscape. In addition, the city has always had poor public transport, with a large percentage of transport being provided by mini-bus taxis. This has been overlaid by apartheid geography which has distorted development in ways that confine the poorest residents to areas furthest away from employment opportunities. In response, the City of Johannesburg has adopted an urban development policy which strongly focuses on the need to create compact cities and limit urban sprawl. The aim is to better utilise urban infrastructure and land, and connect different parts of the city. At present, the primary measure to support this policy is transport-orientated development. The principal project for the delivery of this policy is the Rea Vaya – Bus Rapid Transit (BRT) system.

Township and marginalised area development

The JDA has also developed a role in planning and implementing regeneration initiatives in developing townships and marginalised areas.

World Cup 2010 requirements

As part of the World Cup 2010 project, the JDA has been commissioned to implement a series of strategic public space upgrades, particularly around the two host stadiums and their gateway areas (Bethlehem, 2009).

Phase 3 (ongoing from present)

In response to progress made, to the future development requirements of the city and to changing operational and funding circumstances, the JDA has initiated, in conjunction with DPUM, a process of evaluating what its future role and functions should be within the city development system (Bethlehem, 2009).

What does the Johannesburg Development Agency do?

The JDA approaches development through capital investment. It works on the assumption that well-considered investments in public infrastructure will not only provide a direct service, but will also catalyse private investment in the built environment.

The 2006 Growth and Development Strategy (GDS) is "a long-term plan to ensure sustainable delivery of services, deal with social and economic development, involve residents in local government and promote a safe and healthy environment" (JDA, 2009b). The GDS is the City's long-term strategic blueprint for development. It sets out the visioning statement, charts the long-term perspective and maps the development path for achieving the long-term goals. As the development manager for the City's Growth and Development Strategy, the JDA's current focus areas include:

- Inner City regeneration,
- township and marginalised area development,
- transport systems (BRT) and facilities (transport hubs),
- World Cup 2010 requirements.

Beyond construction though, the JDA works in a number of other related areas. They include:

- Inner City investor liaison and mobilisation,
- joint work on Inner City co-ordination and charter,
- city and central business district (CBD) marketing,
- strategic planning projects,
- managing Constitution Hill as well as overseeing the management and development of Newtown with the Johannesburg Property Company (JPC),
- influencing owners of strategic buildings,
- land assembly within a precinct upgrade such as the Bertrams housing project.

In future, the JDA will continue to adjust its role, functions and finance mechanisms to meet the needs of its clients and operating environment (JDA, 2009a).

What is the spatial scale of operation and influence of the Johannesburg Development Agency?

The JDA operates across the Johannesburg metropolitan area, with particular concentrations of work regenerating the Inner City, developing transit areas in the city as well as working in townships.

How is the Johannesburg Development Agency financed?

JDA's finances are structured in terms of development (capital) financing and operating (non-capital) financing.

JDA draws its development-based capital budgets from:

- the City of Johannesburg (in respect of City-defined developments);
- other innovative (both public and private) options defined in respect of specific development initiatives such as the Inner City Fund.

Capital funding in 2009/10 broke down into: (1) City of Johannesburg capex allocation of ZAR 29.2 million; (2) Inner City Fund contribution of ZAR 42.3 million; (3) City of Johannesburg Transportation (BRT and non-BRT) of ZAR 998 million; (4) 2010 Office of ZAR 120 million; and (5) Neighbourhood Development Programme Grant (NDPG) of ZAR 23.7 million.

The JDA draws its operating budget from:

- a year-on-year operating grant;
- recovering a 5% development fee on the total capital spent and 4% on capital spent on BRT and transportation-related projects.

Operating funds in 2009/10 broke down into: (1) a City of Johannesburg operating grant of ZAR 20 million; (2) recovering a 5% development fee on the total capital spent; and (3) NDPG cost-recovery allowance of one salary per project per year.

Table A.35 sets out, by way of example, the JDA cash flow statement for 2007.

The JDA is currently pursuing a revenue diversification strategy. One option is for JDA to be financially self-sustainable in future, such that its management fees cover all operational expenses. This is dependent on the quantum of developments offered by the City to JDA to implement. Another option is for the JDA to follow a purchase-develop-sell model where the JDA acts as a public developer and can retain a proportion of surplus to cover operational costs (Bethlehem, 2009).

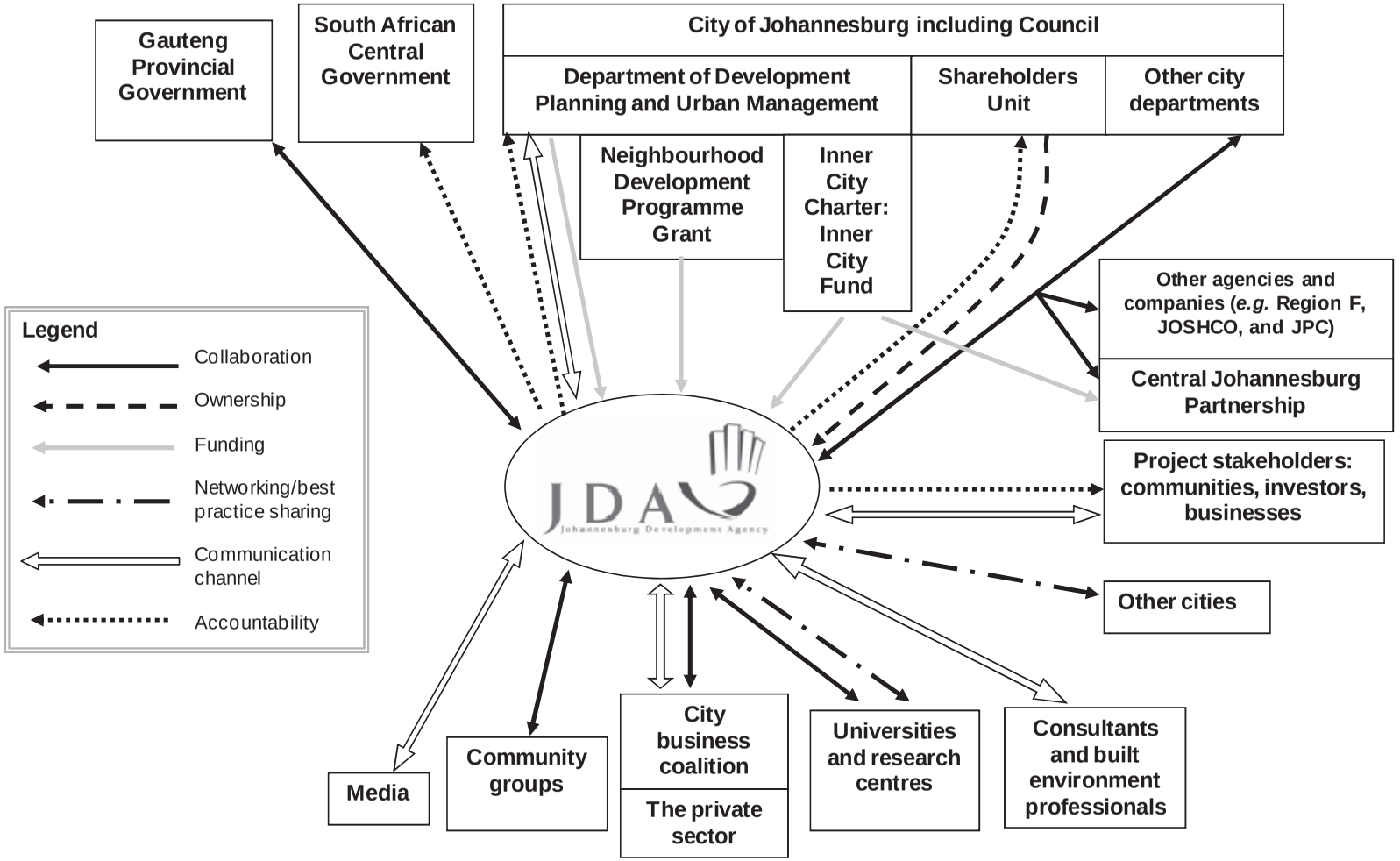
The organogram that follows (Figure A.39) reveals the local development system within which JDA operates.

Table A.35. **The Johannesburg Development Agency cash flow statement, 2007**

	2007 ZAR	2006 ZAR
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts		
Rendering of services	**-**	11 673 207
Government grants	**25 050 000**	10 028 947
Interest received	**4 448 558**	3 285 331
Other income	**593 964**	1 394 660
Payments		
Employee costs	**(17 164 765)**	(15 504 902)
Other payments	**(22 619 949)**	(11 503 288)
Net cash flows from operating activities	**(9 692 192)**	(626 045)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	**(1 290 406)**	(226 034)
Proceeds from sale of plant and equipment	**4 912**	-
Development of intangible asset	**(434 627)**	(354 175)
Increase in investment in associates	**-**	(7 500 000)
Net cash flows from investing activities	**(1 720 121)**	(8 080 209)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceedings from borrowings	**35 266 133**	36 797 693
Repayment of borrowings	**-**	(3 001 491)
Decrease/(increase) in project debtors	**(179 519 938)**	11 669 093
Increase/(decrease) in project creditors	**87 537 633**	13 898 533
Net cash flows from financing activities	**(56 716 172)**	59 363 828
Net increase/(decrease) in cash and cash equivalents	**(68 128 485)**	50 657 574
Cash at the beginning of the year	**68 968 527**	18 310 953
Total cash at the end of the year	**840 042**	68 968 527

Source: JDA (2007), "Annual Report, 2007", Johannesburg Development Agency.

Figure A.39. **The position of the Johannesburg Development Agency in the system of area-based regeneration and investment promotion in Johannesburg**



Who are the Johannesburg Development Agency's partners?

City of Johannesburg

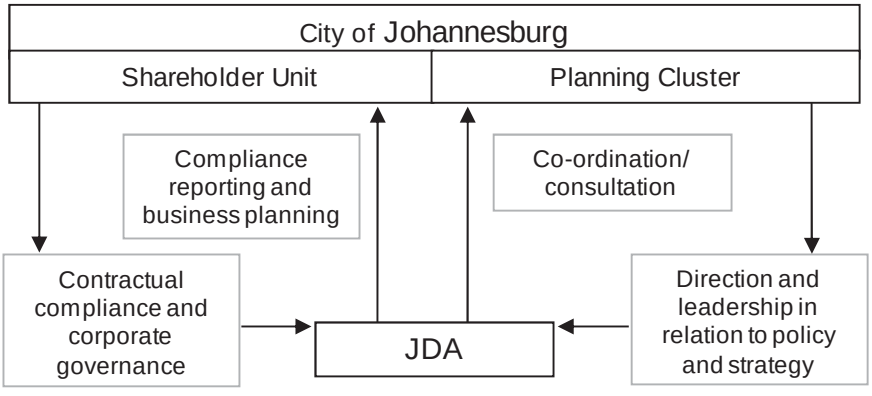
The JDA is 100% owned by the City of Johannesburg and is directly accountable the Department of Development Planning and Urban Management, insomuch as the JDA reports to it strategically. The JDA is accountable to the City through the Shareholders Unit which monitors the JDA's projects and budgets (Figure A.40).

As an agency of the City of Johannesburg, the JDA interacts closely with the City's various departments and municipal entities in respect of their functional interest in a development's activities. In this regard, the JDA:

- operates in line with the Growth and Development Strategy principles;
- operates within existing agreed plans and frameworks (for instance, in the case of Planning, the JDA operates within the overall Spatial Development Plan of the City and takes due diligence of Regional Spatial Development Framework's [RSDF's] and existing precinct plans);
- considers inputs from City departments in respect of development design;
- facilitates the development of a management plan in respect of the ongoing operations of the initiative once the development is completed;
- acts as an implementation agency for other departments including 2010, Transportation and the DPUM.

Where roles specifically overlap in respect of a particular aspect of a development, the JDA will consult with the relevant department or municipal entity accordingly. Given the intensive urban management focus of the City and the DPUM, the JDA partners work with regional offices to ensure close operational co-operation (JDA, 2009a).

Figure A.40. **The Johannesburg Development Agency's relationship with the City of Johannesburg**



Source: JDA (2009a), "Business Plan, 2009-10", Johannesburg Development Agency.

The Central Johannesburg Partnership

The JDA collaborates with the Central Johannesburg Partnership (CJP) and shares experiences and best practice around projects and visions of the Inner City.

Universities, research centres and other cities

The JDA shares its experiences and best practice with universities, research centres and other cities through its staff and via consultants and urban development experts.

Central government

The JDA is also partially funded and accountable to central government, insofar as the JDA is a recipient of funding from National Treasury's Neighbourhood Partnership Development Grant. Under normal circumstances the JDA does not directly receive funding from national government.

Gauteng provincial government

The JDA collaborates with the Gauteng Government on projects of mutual interest. Currently, the JDA does not receive funding for activities from the Gauteng Government although it has done in the past.

The media, the private sector and other stakeholders

The JDA is in constant communication with the media regarding its projects. The JDA also communicates with its stakeholders in each area through a proactive and participatory process and the JDA is accountable to them in terms of the product. An example of a communication platform might be the City Business Coalition.

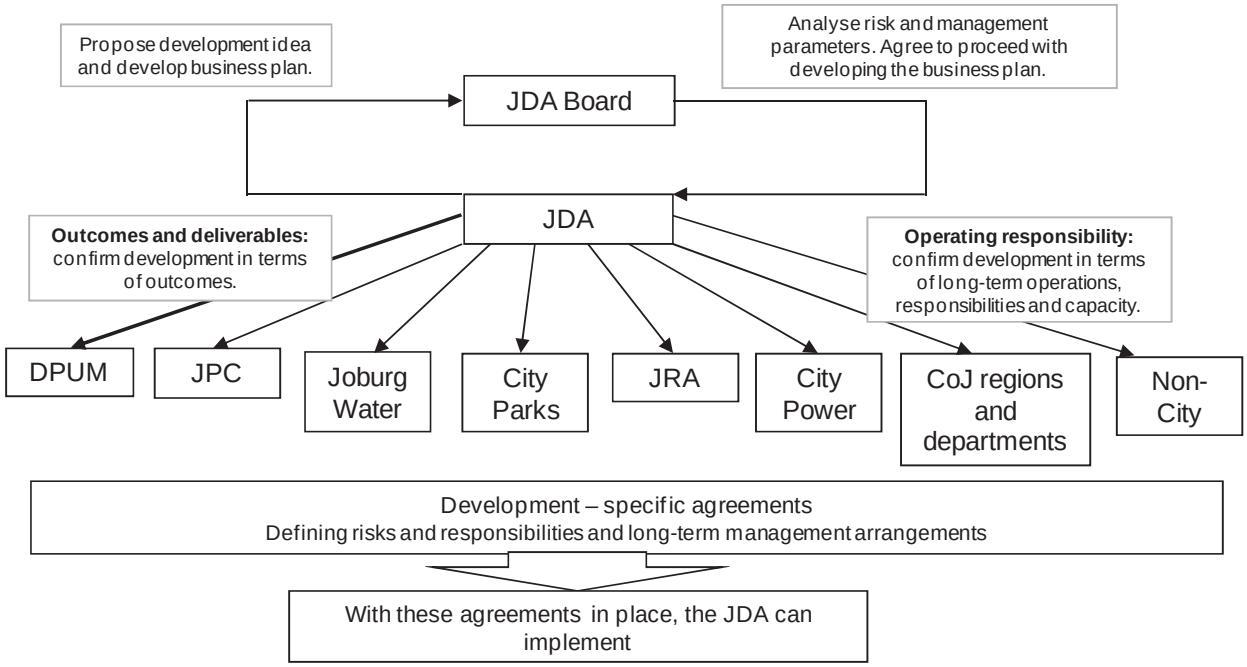
How is the Johannesburg Development Agency led?

Board

According to the JDA's Annual Report, "The Board of Directors is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the board supports the highest standards of corporate governance and the development of best practice" (JDA, 2007).

Moreover, the board "retains full control over the JDA, its plans and strategy; acknowledges its responsibilities as to strategy, compliance with internal policies, external laws and regulations, effective risk management and performance measurement, transparency and effective communication both internally and externally by the company" (JDA, 2007) (Figure A.41).

Figure A.41. **The relationships between the Johannesburg Development Agency, its board and key stakeholders**



JDA: Johannesburg Development Agency
DPUM: Department of Planning and Urban Management
JPC: Johannesburg Property Company
JRA: Johannesburg Roads Agency
CoJ: City of Johannesburg

Source: JDA (2009), "Business Plan, 2009-10", Johannesburg Development Agency.

Chief executive officer

Lael Bethlehem is chief executive officer (CEO) of the JDA.

Organisational style

The JDA has been described as pragmatic, effective, professional, entrepreneurial and technical.

How is the Johannesburg Development Agency governed?

Staff and organisational structure

The JDA currently employs 57 staff of whom:

- 20 are directly involved in developments as development managers and administrators.

- 30 are corporate (CEO, finance, risk and compliance, human resources, information and communications technology (ICT), procurement, marketing, planning and so on).
- 7 are cleaners or drivers.
- (2 additional contractors: construction specialist and facilities manager).

The JDA has grown as an organisation in the last few years in line with the exponential increase of its capital budget. This trend will remain stable for the next financial year because of the implementation requirements of the hosting of the FIFA 2010 Soccer World Cup and the completion of Phase 1B of the BRT.

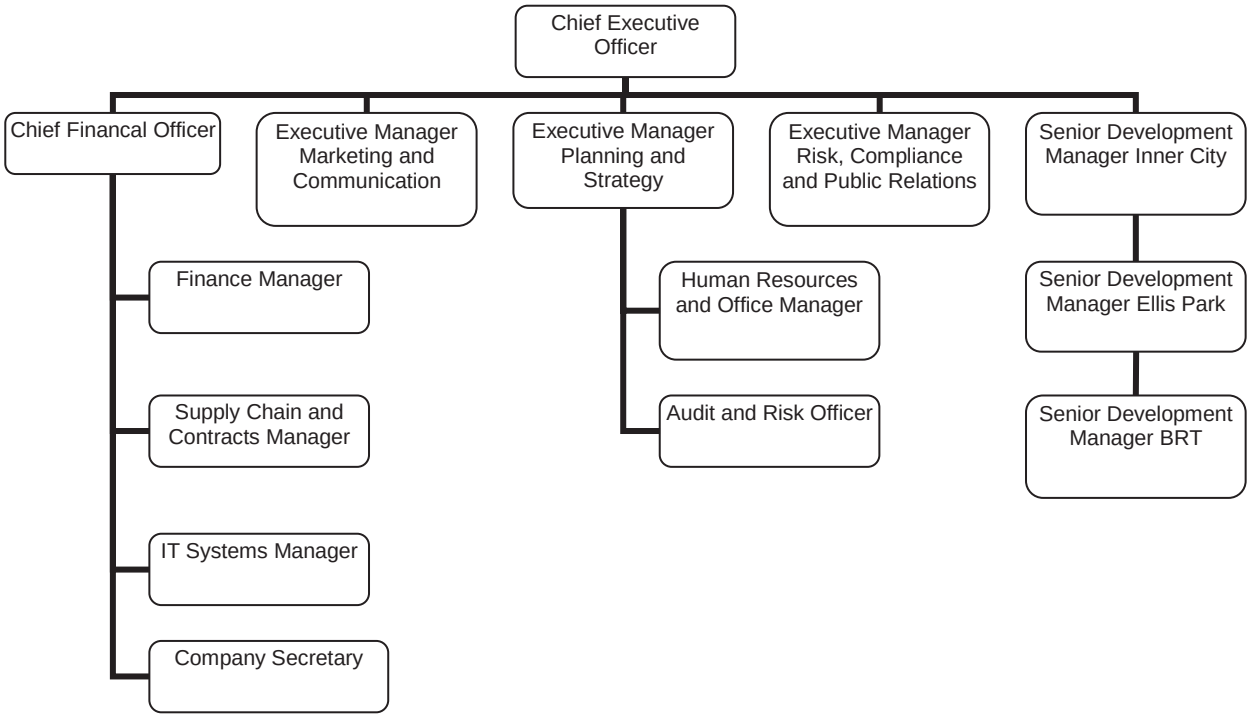
Beyond 2010 and the completion of the BRT, the JDA is well aware that its growth in relation to the implementation of current projects will be checked as these projects are completed. In addition, the JDA is impacted by financial stresses in the wider economy and in the finances of the City of Johannesburg. The JDA is being pro-active about planning for future changes in its functions and the knock-on effects this may have on the way its human resources are organised.

The JDA's organisational structure (Figure A.42) is largely based on the following principles:

- Small specialist teams focusing on developments in specific areas and various departments supporting the operations of the entity and the developments.
- Outsourcing of specific tasks and functions, such as internal audit. JDA, however, retains responsibility and full accountability for the outsourced functions.
- JDA has five departments interacting together in pursuit of both JDA and development-based objectives.
- JDA operates with a series of development-based teams each with a senior development manager (SDM) who is responsible for overseeing the development managers' (DMs) operational performance and securing strategic input from the CEO. The SDM is fully accountable for all aspects of the development.

The Board of Directors is made up of one executive director and seven non-executive directors, all of whom are independent. The board has three sub-committees: (1) Audit; (2) Development and Risk; and (3) Human Resources and Remuneration (JDA, 2009a).

Figure A.42. **The organisational structure of the Johannesburg Development Agency**



Source: JDA (2009a), "Business Plan, 2009-10", Johannesburg Development Agency.

What are the Johannesburg Development Agency's key services and programmes within the system of local development and investment promotion?

Services

As the development manager for the City's Growth and Development Strategy, the JDA's development management service involves:

- Development and project packaging: this involves identifying strategic opportunities for responding to the JDA's focus area by bringing together all the relevant stakeholders and parties to the initiative and developing a plan for implementation.
- Development and project facilitation and co-ordination: this involves working with the various stakeholders and parties involved in an initiative and ensuring they are undertaking their roles as expected and required.
- Overall development implementation: this involves ensuring the development is implemented as planned. In this regard, the JDA may outsource specific project management functions within a development, while retaining its overall development management role (JDA, 2007).

Specific focus areas and projects

The JDA's current focus areas include:

- Inner City regeneration, *e.g.* core area upgrade, shelter for homeless persons, Fordsburg, Bertrams/Greater Ellis Park, Chancellor House/Chinatown, proposed Skateboard Park, taxi/bus facilities, non-capital interventions;
- township and marginalised area development, *e.g.* Orlando East, Vilakazi Street, Stretford Station and Diepsloot;
- transport systems and facilities, *e.g.* Rea Vaya/ Bus Rapid Transit System (BRT) and transport hubs;
- World Cup 2010 requirements, *e.g.* public space upgrades to the north and south gateways of Ellis Park.

Beyond construction though, the JDA works in a number of other related areas. They include:

- Inner City investor liaison and mobilisation, *e.g.* Inner City Business Community coalition and Halala;
- joint work on Inner City co-ordination and Charter, *e.g.* collaboration with DPUM and Region F, Central Strategy Unit;
- city and CBD marketing, *e.g.* media walkabout, media comment, development launches, and public art;
- strategic planning projects, *e.g.* long distance transport facility near Park Station, decking over railway lines, Discovery : "Walking the City", and Metro Inner City Park;
- development management, *e.g.* Constitution Hill and Newtown with the Johannesburg Property Company;
- influencing owners of strategic buildings, *e.g.* the Barracks near Ghandi Square and the Barbican;
- land assembly within a precinct upgrade, *e.g.* the Bertrams Housing Project.

JDA marketing function

The JDA also runs a pro-active marketing programme. Its aims and objectives for 2009/10 are detailed below.

Five-point marketing lever programme

There are five areas around which the JDA marketing framework finds expression:

- Marketing of JDA developments: every development completed by the JDA is offered a high-profile launch event, media coverage, production of branded collateral and any other *ad hoc* marketing services required (*i.e.* social-consciousness campaigns, public meetings, press conferences, stakeholder engagement, etc.).

- Marketing the JDA as a whole: this strategy involves the positive positioning of the JDA brand and contextualising the JDA as a delivery agent of the City of Johannesburg. This includes the design, production and distribution of brand collateral and the hosting of events which are not necessarily linked to a specific development (*i.e.* tree planting, presentations and requested tours to specific sectors).
- Building confidence in the main development areas: here the strategy is to raise awareness of and confidence in JDA's major development areas, with special emphasis on Soweto and the Inner City. The aim here is to work beyond JDA's own specific developments and to market the areas as a whole, as well as any positive developments that may be taking place in these areas. This will include bringing audiences to the development areas through targeted activities and events.
- Giving recognition and injecting momentum into the City's regeneration effort: the JDA alone can clearly not rejuvenate all areas of decay, hence the need to identify those (private, non-governmental organisation) stakeholders who through their investments and effort are contributing to significant regeneration in the Inner City and elsewhere through the Halala Joburg Awards Programme.
- Public relations / communications management: the aim is to develop, maintain and project the JDA as an organisation that delivers innovative projects effectively and efficiently. This contributes to positive brand equity in the media, attracting talented staff as well as keeping morale high among staff. It also helps to ensure buy-in and support for work within the City and its entities. This work is split between internal and external communications in order to break it into manageable chunks.
  - Internal communications: this work targets JDA staff, the Mayoral Committee, Section 79 Committees, Shareholder Unit, other CoJ entities and the JDA Board. Delivery mechanisms include regular briefings, walkabouts, an internal newsletter and special events (*i.e.* monthly staff training day).
  - External communications: communication with stakeholders who may be directly affected by the developments, as well as residents of Johannesburg as a whole and the investment community, especially property investors. Delivery mechanisms include the JDA website, regular media briefings, walkabouts and tours, as well as pro-active and reactive media releases (JDA, 2009a).

Integration with DPUM plans

Table A.36 shows how JDA projects are integrated and aligned with the City's plans. As described below, the key programme areas and the delivery agenda for the JDA in 2009/10 in relation to DPUM sector planning are split into three plans: (1) the Spatial Form and Urban Management Sector Plan; (2) the Transportation Sector Plan; and (3) the Community Development Sector Plan (JDA, 2009a).

Table A.36. **Johannesburg Development Agency project alignment with the Department of Planning and Urban Management**

Five-year strategic objectives	IDP Programme	2009/10 delivery agenda
Spatial Form and Urban Management Sector Plan		
Corridors and mobility routes planned, developed and managed in the way that supports the overall development framework of high-intensity nodes on a lattice of connecting routes.	Mobility Routes Development Programme	Continued implementation of the BRT bus-ways and stations (JDA045)
Implementation of all public sector infrastructure investment to support priority nodal development, movement, urban renewal and other city priorities.	Integrated Public Investment Programme	JDA034/1: Vilakazi Street Precinct JDA048: Orlando East Phase 1
Increased investor confidence in declining and under-performing areas. Public investment in marginalised areas to facilitate crowding in of private sector spending.	Economic Area Regeneration Programme	JDA022/01: NASREC Precinct Development JDA052: Fordsburg Public Environment Upgrade JDA047: Bertrams Neighbourhood Development Programme
Increased investor confidence in declining and under-performing areas. Public investment in marginalised areas to facilitate crowding in of private sector spending.	Upgrading of Marginalised Areas Programme	JDA036: Stretford Station
Increased investor confidence in declining and under-performing areas. Public investment in marginalised areas to facilitate crowding in of private sector spending.	Inner City Regeneration Programme	JDA035 Inner City Fund Core Projects JDA035/6: Skateboarding Plaza JDA051: New Chancellor House design JDA035/7: Chinatown Precinct Upgrade (incorporated into JDA051)
Transportation Sector Plan		
Phase 1 of Rea Vaya BRT implemented. Reduced average public transport travel times on selected BRT routes as measured by a five-yearly survey or improvement on a mobility index to be finalised.	Bus Rapid Transit – Rea Vaya infrastructure Programme	Continued implementation of the BRT bus-ways and stations (JDA045)
All bid-book commitments in respect of transport services and times delivered in terms of the approved high-level 2010 Transport Plan. World Cup 2010 transport infrastructure and services designed so as to ensure lasting value for the City.	World Cup 2010 Transportation Programme	Continued implementation of the BRT bus-ways and stations (JDA045) JDA022/01: NASREC Precinct Development

Source: JDA (2009a), "Business Plan, 2009-10", Johannesburg Development Agency.

What enables the Johannesburg Development Agency to contribute to the local development and investment promotion system so effectively?

Arm's length implementation body

The JDA has a pro-active and entrepreneurial organisational culture, which is propagated because it is an agency; not a municipal department of the City of Johannesburg. It is less procedural and more nimble as a result. The JDA can, for instance, call a committee at 24 hours' notice if deemed necessary.

High-quality human capital

The JDA has built up a highly skilled and experienced team of strategists and practitioners over a number of years.

Robust relationships

Strong, long-term relationships with the private sector and community organisations, in particular, have ensured that the JDA is guided effectively and kept in touch with what is needed. Over a number of years, the JDA has nurtured an alliance of Inner City investors. The "City Business Coalition", for example, is an informal partnership between Inner City businesses with which the JDA liaises.

Strong analytical capacity

The JDA operates an effective intelligence-gathering project which allows it to report on project impact and highlight emerging trends in the city in such a way that they can be tackled or reinforced effectively.

Strong marketing capacity

The JDA generates positivity around given themes and agendas, building trust between relevant stakeholders and facilitating the urban development process. This marketing also indirectly promotes the work of the JDA, lending it credibility and presence, which could lead to more funding and responsibility.

Focused mandate

The JDA's limited mandate aids the delivery of its projects. It provides clarity, reduces bureaucracy and politics, and creates a sense of purpose behind delivery.

What constraints make the Johannesburg Development Agency less able to effectively contribute to the local development and investment promotion system?

Focused mandate

Though a simultaneous strength, the JDA's focused mandate also represents a challenge. The JDA approaches development through the built environment. Its involvement in management and social environment interventions are limited. This can skew approaches and sees the JDA tend towards more of an engineering consultancy and project management organisation than a pure development agency *per se*. There are also a number of other agencies working in the built environment within the city, which can constrain its role.

Project handover

On the completion of a development project, the JDA hands over assets to other agencies for their management and maintenance. The JDA has little influence over what happens afterwards. Sometimes the results are very poor.

Un-sustainability of funding mechanisms

Operational costs of the JDA are met predominantly by both a year-on-year City of Johannesburg operating grant and the retention of 5% of all capital spend. This is problematic for a number of reasons: (1) it is difficult to anticipate year-on-year staffing

fluctuations and therefore costs; (2) if capital funding (and thus spending) falls, then the operating budget falls, undermining the financial viability of the organisation; (3) to retain the necessary operating funding to cover costs, the JDA would be forced to take on more capital-intensive projects, narrowing the organisation's role. At the same time, the number of capital-intense projects in the city is likely to fall post-BRT and 2010 World Cup.

How have, or how is, the Johannesburg Development Agency approached/approaching these problems?

Focused mandate and project handover

The JDA understands that an integrated approach is critical to solving challenging urban problems. The JDA is discussing whether its role should extend more explicitly beyond project management and implementation, especially given the decreasing requirement for large and capital-intense interventions. It works hard to build relationships across the city to ensure the long-term sustainability of the projects it completes.

Tensions between funding mechanism and strategic objectives

To reduce the reliance on grant funding for capital projects and to re-establish more strategic projects and priorities, the JDA is seeking to diversify its income streams and minimise certain costs where possible. The organisation is exploring a number of avenues here including: (1) looking for other capital projects in the city; (2) the possibility of being leverage fees to share expertise gained over recent years; (3) better articulating the value of the JDA to the city to improve levels of grant funding; (4) undertaking a more entrepreneurial real estate development role where a proportion of any surplus created by the JDA is retained to support its operating budget; and (5) exploring funding options from higher tiers of government and international financial institutions.

How has the Johannesburg Development Agency performed in relation to its key performance indicators?

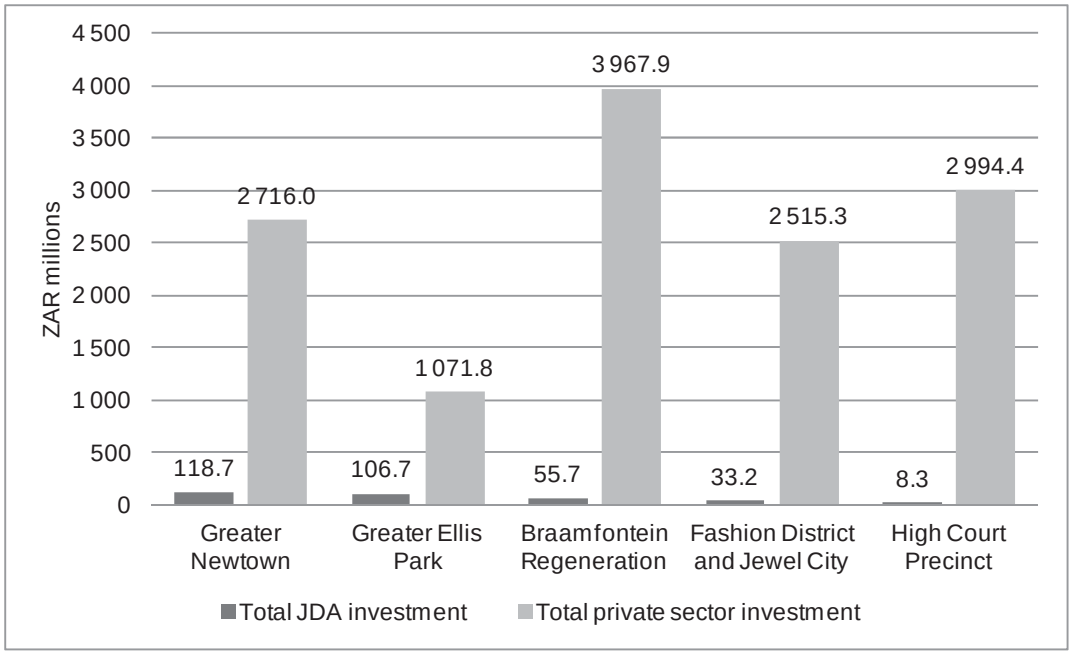
Table A.37 summarises how JDA has performed in relation to its key performance indicators.

Figures A.43 and A.44 detail the overall public and private sector investment in the JDA area between 2001-08 and present an assessment of the importance of the public sector investment to stimulate private sector investment.

Table A.37. **Key performance indicators of the Johannesburg Development Agency, 2007/08**

Theme (initiative)	Tangible impact	Intangible impact
Catalytic investments	• Between 2001-08, in the High Court Precinct, the JDA invested ZAR 8.3 million which was complemented by total private sector investment of ZAR 2 994.4 million. • 55% of investors thought that JDA interventions were "very important" in encouraging them to invest whilst 45% saw JDA interventions as "important" (see Figure A.44) (JDA, 2009c).	• The JDA has a continued leadership role in respect of the Inner City. In a number of intervention areas in the city, the JDA has made critical interventions which have catalysed further investment. • According to a recent impact review, "there is little doubt that JDA investments in the Inner City areas of Johannesburg have had a significant impact on the resurgence of specific development areas, and as a consequence on the reversal of fortunes of the Inner City as a whole" (JDA, 2007).
Job creation	• Short-term jobs created: target (2 650); total achieved (5 788) (JDA, 2009a).	
Economic development and empowerment	• Black Economic Empowerment spend as a percentage of capital expenditure target (70%); total achieved (68%) (JDA, 2009a).	• Creates confidence behind the equal opportunities agenda.
Project management	• City of Johannesburg funded projects: allocated spend ZAR 137 736 000 and total spend ZAR 138 598 000 (100%). • BRT allocated spend 556 453 000 and total spend ZAR 429 945 (77%). • Inner City Fund: allocated spend ZAR 171 500 000 and total spend ZAR 166 174 000 (97%). • Other funds: allocated spend ZAR 28 923 000 and total spend ZAR 27 000 000 (93%). • Project delivery against milestones in service delivery areas: overall Economic Area Regeneration Programme (90%). Constitution Hill (100%); Greater Newtown (87%); Greater Ellis Park (99%); Hillbrow Heath Precinct (55%); and Jewell City (100%) (JDA, 2009a).	• A sense of efficiency and reliability attaches itself to the JDA.
Human resources	• Proportion of female staff employed: target (45%); actual (61%). • Proportion of black staff employed: target (80%); actual (88%). • Proportion of payroll invested in training: target (3%); actual (2.7%) (JDA, 2009a).	• Confidence in equal opportunities and a commitment to staff development is created.

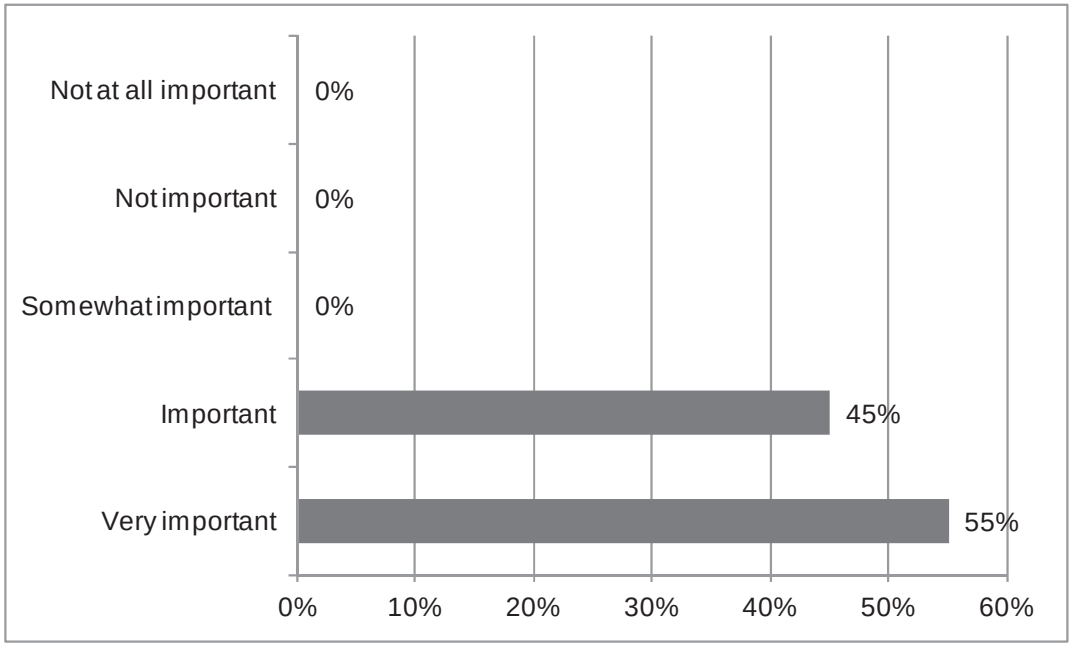
Figure A.43. **Total private *vs.* public investment expenditure per intervention area in Johannesburg, 2001-08**



Note: JDA DIMS data was only analysed to December 2007 and is not reflected for the 2008 period.

Source: JDA (2009c), "Analysis of the Impact of the JDA's Area-Based Regeneration Projects on Private Sector Investments", *www.jda.org.za/2009/pdfs/impact_investments.pdf.*

Figure A.44. **The importance of Johannesburg Development Agency area-based interventions in encouraging investment in the Inner City according to relevant investors**



Source: JDA (2009c), "Analysis of the Impact of the JDA's Area-Based Regeneration Projects on Private Sector Investments", *www.jda.org.za/2009/pdfs/impact_investments.pdf.*

Accountabilities, performance review mechanisms and best-practice sharing

Accountabilities

The JDA receives its mandate from the City and is contractually accountable to the Department of Development Planning and Urban Management and the members of the Mayoral Council within the Planning Cluster, to whom it undertakes compliance reporting in respect of its key performance indicators. The JDA relies on the DPUM for support, in terms of its contractual obligations. In respect of operational matters, the JDA management is accountable to the JDA's Board of Directors. The JDA is strategically accountable to the Planning Cluster, with whom it co-ordinates its area-based development initiatives. The JDA relies on the Planning Cluster for direction and leadership in respect of development in Johannesburg (JDA, 2009a).

It is also accountable to central government insofar as the JDA is a recipient of funding from National Treasury's Neighbourhood Partnership Development Grant.

Performance review mechanisms

Individual performance

The JDA Performance Management System (PMS) is a communication link aimed to provide alignment between the strategies, goals and objectives of the organisation, and the work objectives of teams and individuals in the organisation. The PMS also focuses on the development of soft skills, whilst managing employees towards the achievement of team and individual goals and objectives. The JDA PMS is central to ensuring that every one of its people is competent, motivated and empowered.

During the 2007/08 financial year, the JDA reviewed its PMS to ensure that it was compatible with that of the CoJ in terms of content and implementation. The revised PMS informs the JDA's reward system to ensure that it is not only market-related, but that it will ensure the success of its retention strategy in line with the determinations and policies of the parent municipality.

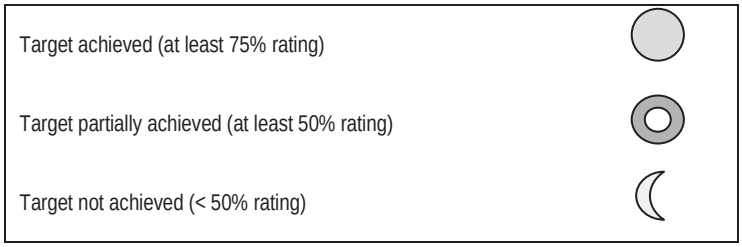
JDA has adopted a resolution to continue to spend about 3% of its payroll on training and development of staff (JDA, 2009a).

Company performance

At the organisational scale, the JDA gathers intelligence to evaluate its year-on-year performance. The JDA collects data against a series of key performance areas which include: (1) job creation; (2) economic development and empowerment; (3) project management and delivery; (4) human resource management and development; and (5) effective financial management and effective corporate governance. The theme of human resources stands out as a unique performance indicator and relates to South Africa's apartheid past.

Performance is measured against targets stated at the beginning of the year. A traffic light system is used for evaluation (Figure A.45). The results of the evaluation are published each year in the JDA's Annual Report.

Figure A. 45. **The Johannesburg Development Agency's traffic light evaluation system**



Source: JDA (2007), "Annual Report, 2007", Johannesburg Development Agency.

The City is also now implementing an integrated scorecard which will measure the performance of its affiliated department and agencies including the JDA against a set of predetermined standards.

Best-practice sharing

The JDA shares examples of best practice with universities and research centres, as well as other cities, through its staff members, conferences, consultants and built environment specialists.

What progress has the Johannesburg Development Agency made?

The JDA delivered several important phases of Inner City regeneration in the first phase of its mandate from 2001-06. Inner City regeneration in Johannesburg is not yet complete and there is more work to be done which the JDA could lead.

The current priority set for the JDA is to implement several key components of transport-oriented development intended to better connect Johannesburg internally and to provide a spur for further regeneration and development.

The current priorities associated with transport-orientated development, township renewal and the FIFA 2010 World Cup provide important deadlines which must be met. After 2010, there will be an opportunity to review and develop wider roles for JDA, to enable Johannesburg to better capture the value of current investments. This evolutionary step is being planned for now (Bethlehem, 2009).

What are the Johannesburg Development Agency's strengths, constraints, opportunities and challenges?

The Johannesburg Development Agency's strengths, constraints, opportunities and challenges are summarised in Table A.38.

Table A.38. **The Johannesburg Development Agency's strengths, constraints, opportunities and challenges**

Strengths	Constraints
• Focussed mandate. • Proven track record of delivery in regeneration. • Highly professional and experienced staff with key skills in development and project management. • Strong intelligence-gathering and marketing capacities. • Robust and long-term working relationships have been fostered over many years.	• Narrow current mandate focused on project management and implementation. • Pressure to take on a capital-intensive work load which stretches the capacity of the organisation to secure finance.
Opportunities	**Challenges**
• By the end of World Cup 2010 and the end of the Bus Rapid Transit project, the JDA will be better positioned to make the case for diversifying its mandate from that of hard infrastructure project delivery. • New funding mechanisms may be developed which allow the JDA to operate more strategically and to take on additional roles in the development system. • The JDA could play a role in the creation, delivery and management of Africa's first truly global city. • The JDA could develop world-class intervention programmes in townships which could be emulated globally. • The JDA could complete the transformation of the Inner City. • The JDA could collapse the town/township divide through transport-orientated developments. • The JDA could share its current and future expertise worldwide.	• Local elections at the beginning of 2011 could stall important restructuring and reorientation work. • The current CEO's contract expires on 31 July 2010. • A decline in capital intensive-projects could undermine the current financial model. • As the organisation re-orientates, staff morale could be impacted. • With the completion of the BRT and World Cup 2010, the JDA budget will get smaller and the JDA will be required to diversify its deliverables.

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