APPENDICES
A Inequality in post-Apartheid South Africa

Despite much regional progress in terms of addressing inequality in the sub-Saharan region of Africa, South Africa unfortunately still holds a place on the world’s inequality rankings at one of the most unequal nations in the world (Ortiz, Isabel and Cummins, Matthew, 2011).

The internationally used calculation known as the Gini coefficient places South Africa’s level of income inequality at around the 0.7 mark, coupled with a Gini consumption rating of 0.63. This situation is represented by the fact that the top decile of the population accounts for 58 percent of national income, whereas the bottom half of the population accounts for a mere 8 percent of overall national income (Ortiz, Isabel and Cummins, Matthew, 2011; World Bank, 2012). Despite some contention as to the way in which these figures are calculated, as variations in the methods of Gini coefficient calculation are in use, what is most important here is, as Leibbrandt & Finn (2010) show, the general trend depicting South Africa’s persistently high inequality rates can be deemed as representative of the country's rising inequality situation since the early 1990s.

In most, if not all, of South Africa’s largest urban agglomerations inequality is evident, not just by the numbers published in reports, but in the fact that one cannot fail to see the juxtaposed disparities of the cities’ poorest living side by side with the rich. The end of the Apartheid era naturally heralded much hope for vast improvements with respect to addressing both poverty and inequality in South Africa, something that has clearly not been recognised to the extent it could have been. Using calculations based on the aggregate amount by which the income of the poor are below the poverty line as a proportion of the total income of society, the measure, referred to as the “poverty gap”, Seekings (2010, 6) laments that “a targeted transfer of only 5 percent of national income from rich to poor would have sufficed to eliminate poverty... Given that the richest 10 percent of households, earned almost exactly one-half of the national income, they would only have to forsake one-tenth of their aggregate incomes to have eliminated poverty”.

Post-Apartheid development policy has been the focus of many a critical review as to why inequality remains so persistent within a relatively wealthy and economically successful country, something which is dealt with fully in chapter 4 of this dissertation.
B Participant Observation – VPUU Workshops

Workshop 1: Community Profile Workshop The Heights Informal Settlement Transformation Programme 29-30th September 2012

Workshop description:
The community profile workshop for The Heights informal settlement in Lavender Hill was undertaken as part of the ISTP programme, with The Heights being the fifth site of implementation for the ISTP pilot projects. As the name implies, the core focus of the workshop was the development of an in-depth community profile from which the community action plan and urban design elements would progress.

Key objectives:
The key objectives of the workshop included:

• the introduction of the VPUU programme, approach and methodology to The Heights community representatives

• the delivery of clarity on VPUU’s role as an intermediary implementing agent, its specific mandate and support from the CoCT

• community engagement on challenges and issues faced by The Heights community – challenge identification

• community assessment of resources present within The Heights community as part of the asset-based community development approach of VPUU

Photos:\footnote{All photos taken by the author.}:
Figure B.1.: The Heights Community representatives.

Figure B.2.: Ground rules and expectations for the workshop.
Figure B.3.: Community challenges – brainstorming exercise.

Figure B.4.: Community challenges – classification exercise.
Figure B.5.: Identifying community assets and resources.

Figure B.6.: First steps towards a community action plan (CAP) for The Heights.
Figure B.7.: Developing the community action plan.
Workshop 2: Inter-Governmental Programmes Workshop Nyanga-Gugulethu MURP VPUU
3rd October 2012

Workshop description: The focus of the inter-governmental programmes workshop was to bring together local and provincial government representatives as well as members of the SAPS to discuss VPUU supported MURP interventions being planned for the townships areas of Nyanga and Gugulethu. The primary focus was placed on defining boundaries and identifying existing projects within the target areas so as to establish a knowledge base and provide a platform from which to establish partnerships between the various local and provincial government departments.

Key objectives: The establishment of partnerships and improved interaction between local and provincial government departments as well as the SAPS.

Introduction of the status quo on safety and security issues in the areas being discussed through various presentations from local and provincial government departments concerning safety and social development projects being implemented.

Photos⁸⁹:

![Figure B.8.: Inter-governmental programmes workshop.](image_url)

⁸⁹ Photos taken by the author
Figure B.9.: VPUU and MURP - defining boundaries.
C German financial cooperation for violence prevention

Financial Cooperation (FC) programmes for what is broadly termed “slum upgrading” have been implemented as part of the KfW mandate since the early 1990s and a variety of experiences with interventions in some of the world’s most fragile urban contexts has resulted in the development of integrated multi-sectoral approaches that target violence prevention, recognised as a central barrier to sustainable development. These FC programmes are based on the principle that urban residents hold a fundamental right to environmental health, access to basic services, security, economic opportunity and political participation and thus aim to “strengthen activities that prevent, counter and control factors associated with crime and violence in urban areas” (Bauer, 2010, p.3).

Similarly, the conceptualisation of violence and crime as complex phenomena with a multiplicity of drivers, dimensions and manifestations supports the requirement for the involvement of a number of institutions working towards implementing a variety of measures based on the context within which an FC programme operates. For example, as KfW documentation points out, specific forms of social violence such as domestic violence or violence at schools can be tackled through local interventions by local authorities and the implementation of a package of urban upgrading and social prevention initiatives. Sophisticated, high-level organised crime on the other hand requires more widespread cooperation between local, national and often international authorities, agencies alongside skilled police forces.

In implementing FC programmes, local Municipalities (the CoCT in the case of the VPUU programme) are the main partners with whom the core responsibility of project execution, management and coordination ultimately lies. Within this context, urban planning is recognised as a key mechanism in violence prevention and also as one that extends beyond the infrastructure provision of the standard “state-driven planning exercise” and places key importance on the advocacy and mobilisation of community members and groups to actively participate and realise their rights within the city (Bauer, 2010). Therefore, FC propagates the recognition of complex urban dynamics and the challenges of violence and crime in implementing approaches that demand multi-sector approaches based on inter-institutional cooperation and coordination.

The specific role of the KfW Development Bank in the establishment and implementation of financial cooperation projects concerns,

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90 The information in this appendix is drawn from documentation on German Financial Cooperation supplied by the KfW in Frankfurt, formal presentations by senior KfW employees as well as personal correspondence on regular occasions during 2012 and 2013.
• The preparation of pre-feasibility and feasibility studies prior to the beginning of a programme.

• Analysis of the risks and potential of the programme concept.

• Analysis of potential Project Implementing Agencies (PIA) and key stakeholders.

• Completion of cost-benefit analyses for project viability.

• The preparation of the formal project appraisal documents prepared jointly with the partner municipality for submission to the German government department, the BMZ, so as to receive formal funding approval.

Once funding has been approved for a programme, the KfW then enters into the role of financial control, negotiates contracts with the Partner and PIA based on agreed financing modalities and draws up any required covenants or special conditions that regulates the conditions for the PIA. Finally, as the programme implementation progresses, the KfW is responsible for the monitoring of funding allocation and programme progression (Personal correspondence 2012).

Figure C.1.: Institutional Framework for German FC. Source: supplied by KfW, 2012.
D  VPUUU Western Cape institutional options

The objective of the feasibility study undertaken for the preparation of phase 4 of the VPUU programme was to “develop a conceptual approach required that enables the scaling up of the VPUU approach to target areas within the Province of the Western Cape” (Rudner and Boulle, 2011, p.4).

Alongside the establishment of criteria on which the selection process for the phase 4 implementation sites would be selected and the preparation of an outline of the envisaged programme expansion budget and timeline, the central focus of the study fell to assessing possible institutional set-ups that would allow for a scaling up process beyond the CoCT. As supplementary to the information discussed in the main body of text within this research, these institutional options are briefly outlined here so as to provide a general overview of the three main institutional options evaluated, their respective pros and cons and the specific recommendations for the progression of the VPUU programme which were made.

The three institutional set-up possibilities assessed included:

• A partnership or agency model

• A provincial department and

• The set-up of a Not-for-profit (Section 21) Non-Public Organisation (NPO) Figure D.1

These three institutional set-up options are rationalised in more detail below.

Scenario 1: Agency Agreement

This scenario was based on the recognition of the value of combining internal government capacity with external expertise. At the same time however, recognition was awarded to the experience that, in order to improve intervention implementation across the various situational, institutional and social spheres required, external capacity requires increased freedom “from the red tape experienced in government”. This kind of bureaucratic freedom would thus allow for timelier, “fluid” responsiveness to the needs of the project and its multiple stakeholders on the ground (Rudner and Boulle, 2011).

Four agencies were considered in terms of identifying a suitable entity to work in partnership with government. These included, the Cape Town Partnership (CTP), the Independent Development Trust (IDT); the Sustainable Communities Unit of the Development Bank of Southern Africa (DBSA) and the Housing Development Agency (HDA).

91 The information in this appendix is drawn from the Phase 4 feasibility report supplied by the KfW in Frankfurt. Particular information pertaining to the effect of the report’s findings on the transfer of the VPUU programme outside of the CoCT was confirmed through expert interviews and additional personal correspondence with experts between October 2012 and March 2013.
The assessed pros and cons of each of the above-mentioned agency are detailed in Figure D.2. The assessment of the various agencies, their respective pros and cons, resulted in the overall recommendation made by the feasibility study to pursue the agency model, led by the CT Partnership. The IDT and DBSA were considered as secondary options with the IDT having a slight advantage in preference due to its existing presence in the Western Cape. Finally, the HDA was disregarded as a suitable option.

The concept of creating a dedicated VPUU team as part of the CTP and/or separate entity structure was modelled on the basis of the current institutional set-up of the VPUU pilot programme, which implements an intermediary agency model.

As discussed in more detail in the core chapters of this thesis, despite the formal recommendation for the Cape Town Partnership as the preferred agency to undertake progressive phases of the VPUU programme in the Western Cape, the none of the preferred models outlined in the feasibility study are being taken forward in the preliminary stages of planning for VPUU Phase 4.

**Scenario 2: Provincial Department**

Due to the fact that the fourth phase of the VPUU programme would constitute work in at least two municipal areas within the province, the only viable public sector options include the programme being directed under the auspices of an existing provincial department or the set-up of a multi-jurisdictional municipal entity. The latter option was almost immediately excluded based on the cost and time requirements associated with the establishment of such an entity as well as a perceived lack of further benefit for this kind of institutional construct.
With regard to the option for a provincial government department to assume the lead role within the VPUU programme beyond the CoCT, reviews were undertaken of the possibility to establish a VPUU unit within the Department of Local Government (DLG), the Provincial Treasury or within the Office of the Premier. The core requirements for such a unit include the ability to a) work transversally across departments, b) work in synergy with existing provincial programmes that encompass “over-lapping mandates” and c) be flexible enough to enable the establishment of relationships with participating Municipalities according to the locally specific needs of planned interventions.

Post-assessment, the DLG was not favoured as a feasible option due to the fact that it is not currently the lead on any synergistic provincial programmes and has somewhat tenuous relationships existent with a number of Municipalities. Similarly, the Provincial Treasury was likewise excluded on the basis that in addition to not being the current lead on any synergistic provincial programmes, it also does not currently form any part of the established VPUU transversal task team. Therefore, under this scenario, the Office of the Premier was favoured as the most reasonable option. This is most significantly due to the fact that in the current VPUU task teams alignment with the CoCT Mayoral Office, the Office of the Premier is the current chair of the VPUU transversal task team and is thus able to coordinate all inter-departmental provincial programmes and directly benefits from an established working knowledge of VPUU and its “business unusual” approach. Under this scenario, the requirement would be the set-up of a dedicated team responsible for VPUU with a programme manager appointed to the Office of the Director General. The capacity requirements for this kind of set-up in terms of creating and filling at least five specialist posts, something that the Province deemed exceedingly difficult. One means by which to address this difficulty would for this scenario to be linked to the agency
model described in scenario 1 where an external capacity would support the programme. The embedding of the VPUU programme into government structures was viewed as this scenarios major point of advantage however this was coupled with the weakness of the division of contractual and oversight functions across two separate entities and the institutional vulnerability attached to increased exposure to budget cuts and changes in political agendas.

Scenario 3: Non-Public Organisation (Not-for-Profit Entity)

The final scenario explored during the phase for VPUU feasibility study concerned the establishment of a not-for-profit, non-public entity, with options including the establishment of a provincial entity founded on the basis of an Act of provincial parliament, a multi-jurisdictional municipal entity, a private sector organisation or a form of non-public special purpose entity set-up in the form on a Trust of not-for-profit company. A number of disadvantages exist within the realms of this scenario such as the fact that such an entity would be costly to set-up and maintain and would face similar constraints in terms of programme coordination that a provincial department unit may face. Most importantly from this scenario was the basis on which the establishment of a private company was ruled out. Despite the fact that it would offer an opportunity “to develop the market for VPUU type services”, this model is essentially the status quo with VPUU 1, 2 and 3 and is not seen as a sustainable solution largely due to the fact that current procurement regulations at the provincial and municipal levels do not provide any means for sustained engagement with a private firm outside the bounds of a public-private partnership.

Theoretically a trust or not-for-profit entity would be feasible however a not-for-profit company would be preferable due to increased accountability demands in comparison to a Trust. The fundamental benefit of this option concerns the development of a dedicated implementation agency, similar to the current SUN Development structure used by the VPUU programme. Some of the limitations however, concern the limitation on including government structures in decision-making processes; the relatively high cost associated with establishing a new entity and the lack of institutional history and possible reluctance of the KfW Bank and local governments to entrust funds to an additional, external agency.

Feasibility Study Final Recommendation

Scenario 1 – The Agency Model The final recommendation made by the Phase 4 feasibility report was to pursue Scenario one and establish an agency model, in the best-case scenario under the auspices of the CT Partnership.
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