

MANDELA BAY DEVELOPMENT AGENCY

BUSINESS PLAN

2018/19

(01 July 2018 to 30 June 2019)



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1. INTRODUCTION

The Mandela Bay Development Agency (**MBDA**) was formed in 2004 with its initial objective, i.e. the urban regeneration of the Central Business District (**CBD**). It commenced with its work through the development of an Inner-city Local Spatial Development Framework Plan (LSDF) in 2006. During this period, the company evolved from an inner city Mandate Area focus, extending to other emerging and developing nodes and precincts which now includes township areas.

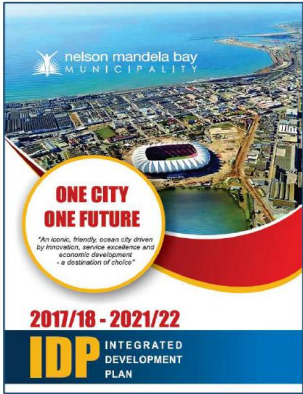
The MBDA has over the past 12 months undergone a challenging transition period that has seen the strategic direction of the organization being reviewed with a view to becoming a forward looking agency dealing with the complexities that are associated with development work.

The Mandela Bay Development Agency (MBDA) was mandated by the Nelson Mandela Bay Metropolitan Municipality (NMBM) as a trans-disciplinary implementing agent for programmes, projects and events which have a number of defined objectives which include inter alia:

- Enabling *social, spatial and economic* transformation;
- Implementing existing and identify new projects, programmes and events within its mandated areas referred to as “*designated localities, nodes and precincts* (of different scales)” which are to be aligned to the various plans of the NMBM which include the following:
- To leverage existing or acquired resources such as assets, property and provide for skills development to ensure the successful implementation.
- To deliver *catalytic programmes, special defined projects and events* with reference to:
 - Physical Infrastructure;
 - Social Infrastructure (i.e. services, social, psycho-social, creativity, heritage, sport and tourism);
 - Economic Transformation of the City;
 - Pioneering new development models, testing or piloting of innovative ideas exploring alternative approaches, methods or concepts which could be up-scaled to a city-wide level;
 - Identification and designation of stakeholders and undertaking work in partnership with the private sector, government agencies and civil society organisations;
 - Undertaking relevant research as required and to define and implement collaboration with key research institutions;
 - Ensuring compliance with all relevant legislation concerning Local Authorities including the Municipal Finance Management Act (MFMA), the Municipal Structures Act and the Municipal Systems Act (MSA) in terms of which all projects are to be subject to a pre-screening process in collaboration with the NMBM processes; and

- Having signed Service Level Agreements prior to execution.

Development and implementation of programmes and projects were firmly implanted within the ambit of the various layers of planning documents which as it stands today refers to the various documents in mentioned in the table below:

	<ul style="list-style-type: none"> ○ Integrated Development Plan(IDP), previous and current 2017/18 – 2021/22; ○ Built Environment Performance Plan (BEPP) – previous and current 2017/18; ○ Metropolitan Spatial Development Framework plan (MSDF), 2015 and its revisions; ○ Local Spatial Development Framework Plans (LSDF) and ○ Precinct and policy plans as developed by the various Departments of the NMBM; either existing or determined by the MBDA in the form of Strategic Spatial Implementation Framework Plans all related to an alignment to the NMBM IDP, SDF and/or BEPP, or identified through its own research and consultation.
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NOTE: It is of the utmost importance that the projects within the Mandate/Designated Areas of MBDA have to align to the above mentioned as enablers to socio-economic transformation which allows for renewal and social cohesion in specific and designated areas.

It is important to note that the desired outcome of all projects today are to be aligned with the NMBM's mission, vision and brand promise as well as ensure that the six (6) pillars; foundations on which the development priorities are hinged:

Mission - *To create Freedom, Fairness and Opportunity for all in NMBM; stop corruption; create jobs and improve service delivery.*

Vision – *An iconic, friendly, ocean city driven by innovation, service excellence and economic development – a destination of choice and*

Brand Promise – *One City One Future.*

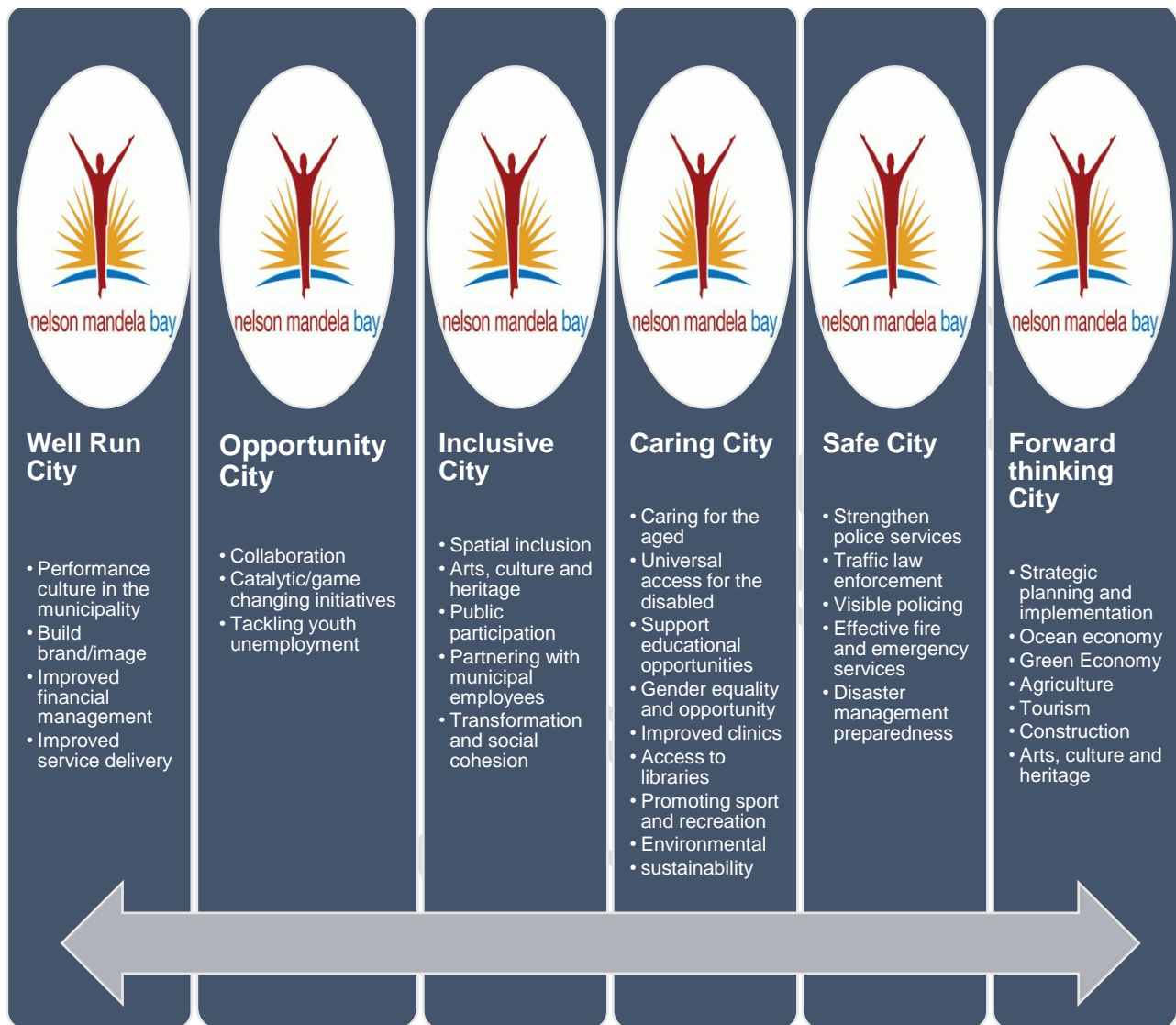


Figure 1: NMBM IDP 6 Pillars

The six pillars as indicated above is further linked to the National Development Plan, 2030, the Eastern Cape Provincial Development Plan and Medium Term Strategic Framework Outcome as per the figures below extracted from the latest NMBM IDP which is self-explanatory and of which is important towards achievement of the NMBM mission and vision in the context of the various layers of planning and the actual implementation of delivery of the desired.

Linkage between National Development Plan 2030 and the 6 Pillars

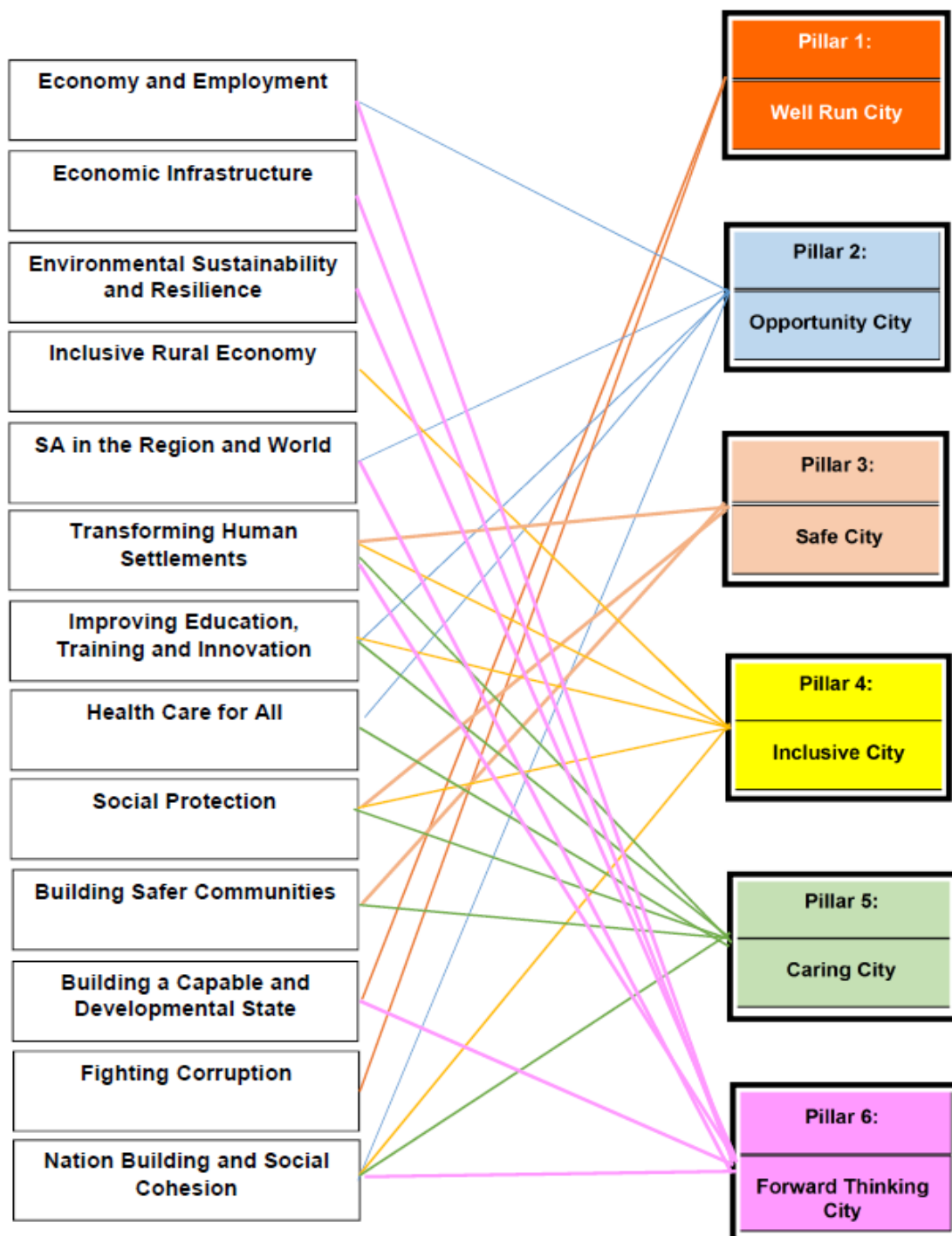


Figure 2: Linkage between National Development Plan, 2030. Source NMBM IDP.

Linkage between Provincial Development Plan and the 6 Pillars

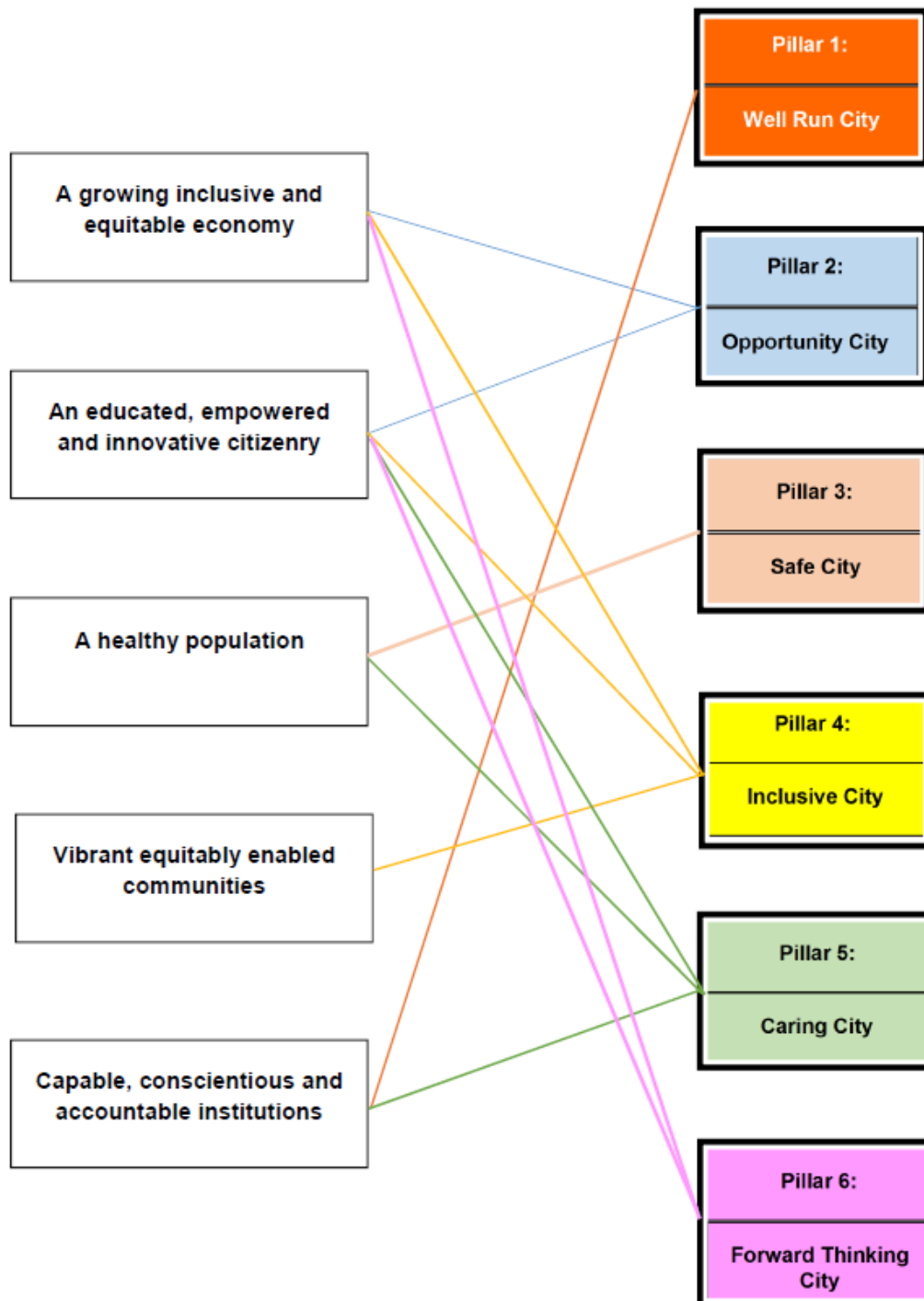


Figure 3: Linkage between Provincial Development Plans. Source NMBM IDP.

Linkage between Medium-Term Strategic Framework Outcomes and the 6 Pillars

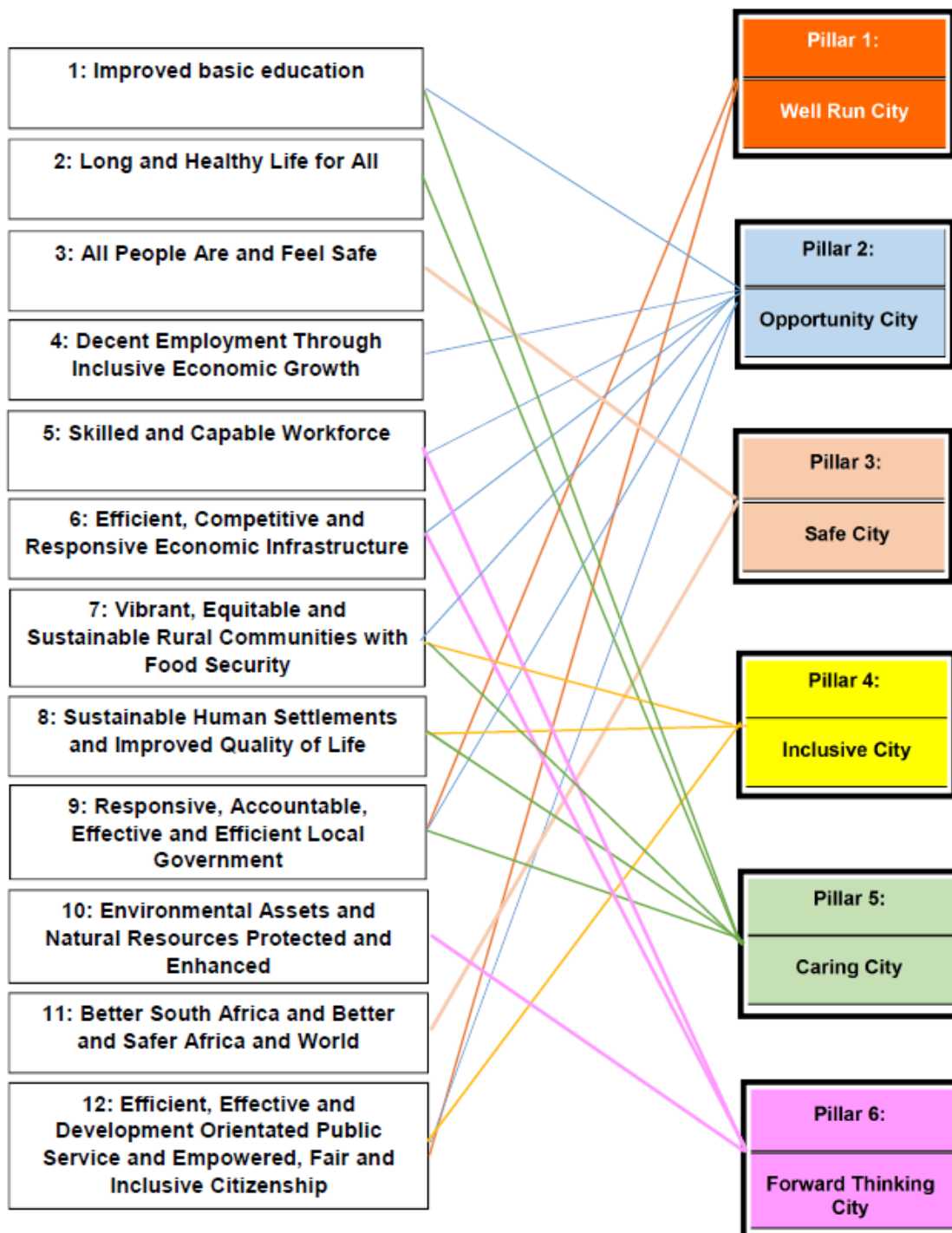


Figure 4: Linkage between Medium- Term Strategic Framework Outcomes. Source NMBM IDP.

2. VISION, MISSION AND STRATEGIC OBJECTIVES OF THE MBDA

The Board has initiated a process within the MBDA towards making the organization having a more strong development focus and which has resulted in the following revised vision, mission and strategic objectives:

VISION STATEMENT

“An iconic world class ocean city showcasing its diversity of people, culture, heritage and environment”.

MISSION STATEMENT

“To become a knowledge based development agency that seeks to achieve social, spatial and economic transformation in Nelson Mandela Bay”.

STRATEGIC OBJECTIVES

- i. To pioneer and implement people-centered catalytic programmes;*
- ii. To create spaces and places that inspire and transform Nelson Mandela Bay; and*
- iii. Develop and promote a creative culture in Nelson Mandela Bay.*

3. THE BUSINESS PLAN 2018/19

The Business Plan is informed by the MBDA Board of Directors vision of a developmental-oriented agency with key focus on projects and programmes that have a catalytic and transformational impact.

The annually approved Business Plan is therefore the implementation guide for the MBDA and also forms the Key Performance Indicators (**KPI'S**) for a specific financial year and are approved by the Board.

The projects planned for the 2018/19 financial year therefore responds to the new vision, mission and strategic objectives of the MBDA and are contained within the IDP of its parent municipality Nelson Mandela Bay Municipality.

The MBDA programmes and projects are further aligned to the NMBM Spatial Development Framework and Built Environment Performance Plan (BEPP). The projects are also detailed within the urban nodes that the MBDA is currently working in.

The following forms the basis of the proposed programmes and projects of the MBDA for the ensuing 5-year period, which has commenced partially in 2017/18 and forms the basis of the 2018/19 financial year.

They are categorized as follows:

- ***Catalytic programmes implementation***
 - Baakens River Valley;
 - Happy Valley;
 - Uitenhage.
- ***Targeted multi-sector development interventions***
 - Helenvale;
 - Korsten Schauderville ;
 - New Brighton; and
 - And/or other such areas.
- ***Area Based Management***
 - Port Elizabeth CBD – Govern Mbeki Avenue;
 - Central Special Rating Area (SRA) support; and
 - Uitenhage CBD.
- ***Facilities Management of impactful buildings***
 - NMB Stadium, Science Centre, Tramways, Campanile etc.
 - Other buildings possibly including Bay world
- ***Applied Partnerships and Research***
 - Composites Cluster – infrastructure projects;
 - NMU – Stadium, MBDA project support, e-mobility; and
 - Uitenhage Science Centre and Bay world.

The mandated/designated areas of responsibility of the MBDA are therefore clustered around six (6) clearly defined and active mandate/precinct areas with specific key programmes and projects for which the MBDA is responsible. It is important to note that the priority of the projects located within a specific mandate/precinct area should be clearly defined, linked to and aligned with the overall objectives of the NMBM and that of MBDA in terms of approved budget.

The proposal include existing and new projects for which MBDA will be responsible are to be clustered around the 5 (five) mandate/precinct areas with 1 (one) specific allocated to special intervention projects.

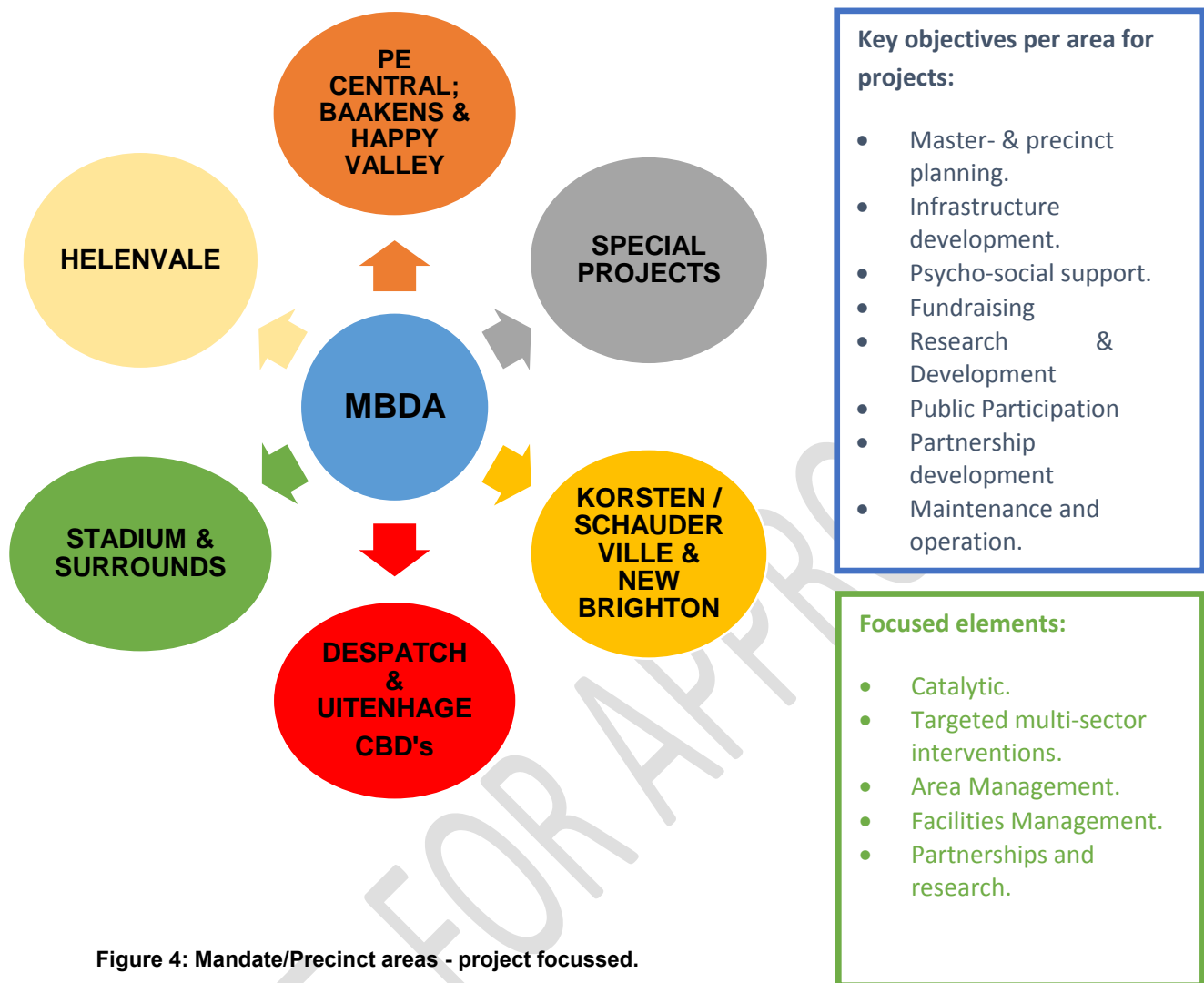


Figure 4: Mandate/Precinct areas - project focussed.

Each of the mandate/precinct areas as designated will involve identification of detailed key objectives related to specific existing and new projects being implemented by the MBDA team and a Project Leader, will aligned to the current and new allocated budgets. The layers of planning will have to include the following to ensure sustainability as such:

- Master and/or Precinct plan alignment forming an integrated planning layer as part of the approved NMBM planning policies, the Integrated Development Plan (IDP), Built Environment Performance Plan (BEPP) and the Metropolitan Spatial Development Framework Plan (MSDF) inclusive of Local Spatial Development Frameworks (LSDF) and implementation of Sustainable Community Units (SCU) principles of the specific area for development of all projects.
- Project research based on the outcomes of the precinct plan proposals and project implementation aligned to achieve the desired outcome to conform to the NMBM IDP six (6) pillars;
- A project specific framework which is linked to specific objectives and aligned to a masterplan which is focussed on catalytic infrastructure projects to be implemented, based on the development of the area together with and social cohesion alignments to the allocated budgets.

- Development of partnerships and stakeholder alignment with targeted multi-sector development interventions including specific project related Public Participation to ensure transparency, accountability and sustainability.
- Handover of completed projects to the relevant NMBM Departments for maintenance and operations going forward.
- Effective operation and planned maintenance to ensure sustainable development.
- Marketing and roll-out focussing on Economic Development of and Tourism for the area.

PROJECT IMPLEMENTATION PROCESS OF MBDA

The project implementation process of the MBDA as proposed by the Chief Executive Officer is a ten (10) Step flow chart which is designed to achieve the speedy implementation of projects that will enable the main mandate objective of the MBDA, which is to ensure social, spatial and economic transformation.

The steps proposed are as indicated below:

STEPS	ACTION REQUIRED	RESPONSIBLE PERSON
1	Pre-screening <ul style="list-style-type: none"> Complete assessment template pertaining to Corporate and Strategic. Complete assessment template pertaining to Institutional. 	CEO and Management team
2	Sign-off - This step may include a number of iterations - <ul style="list-style-type: none"> Project assessment and consideration Approve, or adjust and approve, or reject or reconsider Pre-screening sign-off if approved 	CEO
3	Drafting of Agreements between MBDA and NMBM including <ul style="list-style-type: none"> Funding allocation. Dates of transfer of funding as per allocated budgets Roles and responsibilities. Establishment of committees, team and stakeholders. Project implementation plan and milestones. Risk assessment and mitigation framework. Dates for project handover Post construction and implementation activities and requirements. Lifecycle maintenance and operation framework. Business Plan aligned to Key Performance Areas and Key Performance Indicators of MBDA Management. 	MBDA and NMBM
4	Presentation to the Corporate Portfolio Committee Submission to the CPC for consideration, assessment and recommendations.	MBDA

5	Business Plan sign-off <ul style="list-style-type: none"> • Submission to the MBDA Board for consideration and approval. • Agree and sign-off by NMBM and MBDA. • Sign off. 	MBDA and NMBM
6	Project Planning <ul style="list-style-type: none"> • Conceptualisation and Project Design. • Consideration • Decisions • Sign-off. 	CEO and Project Manager
7	Project Implementation <ul style="list-style-type: none"> • Implementation of project phases as planned. 	Project Manager
8	Project Monitoring and Evaluation <ul style="list-style-type: none"> • Ensure detailed project monitoring and evaluation of phases and mile-stones in report format. 	Project Manager
9	Project Close-out <ul style="list-style-type: none"> • Draft project close-out for consideration and sign-off by CEO and Board. 	Project Manager
10A	Project Handover <ul style="list-style-type: none"> • Project handover to responsible Directorate. 	MDBA and NMBM
10B	Maintenance and Operations <ul style="list-style-type: none"> • Project operations and maintenance • – NMBM or MBDA as per agreements in Step 3. 	NMBM or MBDA

THE LOGICAL FRAMEWORK APPROACH

The role of a logical framework approach is based on clear directives towards project implementation of which are linked to a measurable framework which can be evaluated. These are indicated as illustrated below:



Figure 5: Logical Framework Approach

In terms of this model it is therefore important to develop the logical framework plan for each project of the MBDA to achieve the desired overall business objectives and mandate of the MBDA which is specifically focussed on and including the following elements of such project:

- ✚ Relevance – the appropriateness of project objectives;
- ✚ Economy – acceptable levels of costs incurred and funding invested, in relation to desired outcomes
- ✚ Efficient – correct use of resources to achieve the desired outcomes;
- ✚ Effectiveness – ensuring that the outputs have achieved the desired specific objectives;
- ✚ Impact – the contribution of the project with its wider sectoral objectives;
- ✚ Economic and financial viability – the social cost and benefits of the project and
- ✚ Sustainability – the ability of the project created entities to continue operations and for the project to achieve the desired outcome in terms of lifecycle parameters.

It is further important to understand the key puzzle pieces which underpin a logical framework approach based on project design and management as illustrated in the figure below, to achieve such desired outcome going forward.

These include Teamwork and Communication, Planning and Monitoring, Budgeting and Financial Management, Log frame and Activity Schedules all of which are to be linked to the Project Analysis and that of Setting Objectives for each project which the MBDA is responsible for.



Figure 5: The puzzle pieces of a successful project

The abovementioned can only be achieved with a revised macro and micro structure organograms of the MBDA to be developed and for it to be approved by the Board to ensure that the Chief Executive Officer and Operations Executive with his/her team can successfully implement the programmes, projects and events as planned for the mandate/ precinct areas as determined and any other projects that will achieve area based renewal through sustainable socio-economic transformation initiatives.

3.1 CATALYTIC PROJECTS – 2017/18 ROLLED OVER INTO 2018/19

The following key projects are to be rolled over into the 2018/19 financial period, having been committed and commencing in 2017/18:

3.1.1 BAAKENS RIVER VALLEY / VUYISILE MINI NODE - UPGRADE OF FLEMMING/ NORTH UNION AND LOWER VALLEY ROAD

Rationale:

The Baakens River Precinct has been conceptualised as an integral part of the Port Marina Precinct, which is concurrently being planned by Transnet. It is envisaged that the 23 km of pristine river frontage together with the sea water frontage, will be a catalytic project which will contribute to an alternative economy for the NMBM, based on Tourism Real Estate. A number of priority projects have been identified, as part of the Baakens River Precinct Plan, in order to maximise the success of the precinct. The Vuyisile Mini Square Precinct Upgrade is one of these with the aim of this project to remove the parking from this space and return it to the most important space in the city for its people.

Relevance to IDP:

The project contributes as one of several projects to addressing the challenge of poverty, unemployment and social inequality through the development of a diverse economy based on tourism real estate. It responds directly to the key performance area of Local Economic Development and Oceans Economy, through the provision of public sector investment into infrastructure, which will unlock private investment and tourism.

Project funding required for the 2018/19 financial year

A total amount of R12,5 million was budgeted for in 2017/18 financial year and it is anticipated that an amount of R 1,2 million will be rolled over into the 2018/19 financial year with no further extra funding required in 2018/19.

3.1.2 HAPPY VALLEY PRECINCT: DEMOLITION OF BOET ERASMUS (TELKOM PARK) STADIUM

Rationale:

It is anticipated that the development at Telkom Park could start within the next two years. The biggest challenge at the moment is the old stadium which is in a state of complete disrepair and is a safety hazard. There are more than 60 vagrants that live in the area and use the unsafe pavilion as a base. Various stakeholders have requested the NMBM intervenes to demolish and redevelop this prime site. A Council resolution has been taken, mandating the MBDA to demolish the stadium and ancillary buildings that are structurally unsound.

R5, 3 million has been secured and will be committed during the 2017/18 financial year with the demolition process commencing in May 2018. Delays experienced on the project were mainly due to an environmental basic assessment being done and permissions granted by DEDEAT to proceed.

Relevance to the IDP

The upgrade of the Telkom Park land is contained within the IDP as a Catalytic project and the demolition of the stadium will make it a more attractive opportunity for developers to be enticed to consider a catalytic development on what is considered one of the NMBM's prime development sites in Port Elizabeth.

Project funding required for the 2018/19 financial year

A total amount of R5, 3 million was budgeted for in the 2017/18 financial year and following a tender process a further amount of R 5, 7 million will be required in 2018/19 and which has been budgeted for under operational expenses due to the project being of a demolition nature and which effectively is an extraordinary item in the 2018/19 budget.

3.1.3 Ellis Street Housing Refurbishments / South End Mixed Use Town Planning

Rationale

The vision for the Baakens River Valley is to create a world class, vibrant back of port neighbourhood that enables upward mobility of the middle class in NMBM; a "cosmopolitan" residential area as it might have been, returning to a "history of Integration" and caring about one's neighbours. It is focuses on affordable housing and the establishment of micro-enterprise opportunities within close proximity of the proposed marina precinct. The nine Ellis Street homes that belong to NMBM are currently in a very poor state of repair and the refurbishment and rectification of these homes and the upliftment of the community living there is a start to such a process as outlined above but taking close consideration of the fact that no gentrification should be allowed to take place at the expense of the community and the development goals for the precinct.

Relevance to IDP:

The development of affordable housing within the Metro forms part of the service delivery Mandate and is contained within the IDP. The precinct can become a vibrant tourism destination for both domestic and international tourists.

Project funding required for the 2018/19 financial year

A total amount of R5,2 million was budgeted for in 2017/18 and it is anticipated that an amount of R 1,3 million will be rolled over into the 2018/19 financial year with no further extra funding required in 2018/19.

3.1.4 VUYISILE MINI NODE: ST PETERS LAND REMEDIAL WORK

Rationale:

The aim of the project is to create a special place of remembrance, a heritage resource and a visitor destination in remembrance of South End and the community who lived there.

This important heritage site consists of the ruins of St Peter's Church and is adjacent to St Mary's Cemetery, The Malay Cemetery and the Pauper Cemetery. The MBDA has purchased the land and is in the process of developing a precinct plan in order to refurbish the ruins and stabilise the site. A short term intervention consisting of landscaping and improved access will enable the site to be used as a multi-purpose outdoor events and recreation space. The MBDA will maintain and clean the cemetery and surrounding area including the Paupers Grave and the Black Steps. Pedestrian connections and lighting to the whole area, will be provided

Relevance to IDP

The project contributes directly to social transformation and the creation of a tourism product for the metro. An extension of Route 67 into the history of South End can form the basis of an additional route into the area. This in turn will provide further jobs for tour operators and encourage visitors from docking passenger liners to visit the site and spend a day of leisure in the Valley.

Project funding required for the 2018/19 financial year

A total amount of R7,1 million was budgeted for in 2017/18 and it is anticipated that an amount of R 1 million will be rolled over into the 2018/19 financial year with no further extra funding required in 2018/19.

3.2 CATALYTIC PROJECTS – 2018/19 FINANCIAL PERIOD

3.2.1 BAAKENS RIVER VALLEY / VUYISILE MINI NODE: PEDESTRIAN BRIDGE

Rationale:

The Baakens River Pedestrian Bridge will serve to connect pedestrian movement from Vuyisile Mini Square to the Baakens River Precinct and unlock parking potential on the north bank of the river. This will influence increased numbers of visitors to activities happening in the Tramways building and other urban regeneration and tourism events in the Valley.

Relevance to IDP:

The project contributes as one of several projects to addressing the challenge of poverty, unemployment and social inequality through the development of a diverse economy based on tourism real estate. It responds directly to the key performance area of Local Economic Development and Oceans Economy,

through the provision of public sector investment into infrastructure, which will unlock private investment and tourism.

Project funding required for the 2018/19 financial year

Funding of R1, 6 million has been budgeted for in the 2017/18 financial period being mainly for the appointment of consultants to undertake an EIA study given the close proximity of the project to the water line and coast.

A total amount of R9, 2 million has been budgeted for in 2018/19 financial year and it is anticipated that the construction of the bridge will be completed during this financial period.

3.2.2 South End / Baakens Valley Precinct Property acquisition

This project involves the purchase and acquisition by the MBDA of a property in the Baakens River Valley precinct that will act as a catalyst for further development in relation particularly to an affordable mixed use housing precinct being created.

The Baakens River Node of the Baakens Valley Precinct Plan identifies the development of up to 1000 housing units. The Market Gap Analysis indicates that there is a large demand for inner city rental housing in the area. The sites selected are outside the 100 year flood line and are available for housing development once rezoned. The sites selected include steep topography on the south side which cannot be developed. However there is considerable space adjacent to the Upper Valley Road for residential purposes. Housing in the inner city has local and provincial political support to ensure that the imbalances in planning of the past can be redressed with projects which ensure that people can live, work and play in close proximity of each other. The development of these sites is consistent with the IDP and other previous plans prepared for the Baakens Valley. The sites are owned by the NMBMM and jobs will be created during construction and after through security/maintenance etc. Residential development in the valley will increase the economy of the area. The identified sites were once part of South End and it is the intention to recreate the style of living that used to exist in South End where public spaces such as streets were used as recreational facilities.

Project funding required for the 2018/19 financial year

A potential property in the Baakens Valley has been identified for purchase and an amount of R3 million has been budgeted for in 2018/19. This purchase is subject to the property being independently valued and the purchase conforming to municipal supply chain management regulations and policy.

3.2.3 Uitenhage Rail Sheds Development

Rationale:

With the dissolution of the UDDI, the Uitenhage Science Centre has been incorporated into the MBDA from July 2017 and the NMBM is currently negotiating that the proceeds from the sale of railway sheds next to the Science & Technology Centre, be invested into upgrading of the last shed to house a

continued presence in Uitenhage as well as a fixed lease for an anchor tenant. The proceeds of the lease is anticipated to be utilized to support the Science & Technology Centre, a NMBM asset which is now under the management and control of the MBDA.

Relevance to IDP

The project is not included in the IDP at this stage, but it is anticipated that the project will become a priority of the MBDA and included once the UDDI has fully wound down and its functions incorporated into the NMBM and MBDA. The inclusion of Uitenhage as a development node in Nelson Mandela Bay is also a critical factor that will attract support from key stakeholders in the Metro.

Project funding required for the 2018/19 financial year

An amount of R200, 000 has been budgeted in 2017/18 for a conditional assessment analysis of the rail shed in question and this work has now commenced.

It is estimated that the Railway Shed upgrade will cost R35 million over a multi-year period and a total amount of R11, 1 million has been budgeted for capital expenditure in the 2018/19 financial year.

3.3 TARGETED MULTI-SECTOR DEVELOPMENT INTERVENTIONS ROLLED OVER FROM 2017/18

3.3.1 SINGAPHI STREET UPGRADE PHASE 3

Rationale:

This road upgrade forms a gateway to the Red Location Apartheid Museum as well as upgrading a neglected precinct with a view to this area forming a tourism product in the mould of Vilakazi Street in Soweto where visitors to the museum would also be exposed to the culture and heritage of the area and its people. The original timeframe for the completion of Singaphi Street was 18 months but due to lack of budget, the project had to be phased over 3 years. The additional delays due to SMME and community stoppages and unforeseen additional expenditure on underground conditions, has resulted in a number of omissions on the original scope of work agreed on with the Community.

Project funding required for the 2018/19 financial year

A total amount of R12, 5 million was budgeted for in 2017/18 financial year and it is anticipated that an amount of R1 million will be rolled over into the 2018/19 financial year.

3.3.2 NEW BRIGHTON SWIMMING POOL

Rationale:

New Brighton, one of the oldest townships in Port Elizabeth and the country, does not have sufficient recreational facilities for the growing population. A previous swimming pool complex initiated by the NMBM has never been constructed despite plans been drawn up for same. The Councillor of Ward 17

thus requested the MBDA to assist to get this project off the ground with the support of the NMBM Sports Arts and Recreation who will take over the management and operation of this facility once completed. This project has had a chequered history with many delays being experienced over the past two years, but good progress has been made in 2017/18 with a construction tender having been advertised and recently awarded.

Project funding required for the 2018/19 financial year

A total amount of R10 million was budgeted for in 2017/18 financial year and it is anticipated that an amount of R 6,2 million will be rolled over into the 2018/19 financial year.

3.3.3 KORSTEN SCHAUDERVILLE NEAVE STREET PARK UPGRADE

Rationale:

In line with its mandate of upgrading areas that has seen some form of environmental decay, a development Master Plan has been drafted to ensure that the community of the area advise the MBDA on how they see the area redeveloped over the next 5 to 20 years. The aim of the Master Plan was to identify, through a broad public process, projects that are practicable and implementable and that are in tune with the context of the area and which will assist in addressing some of the socio-economic ills plaguing the community. The Implementation of the plan started in 2015 financial period.

How does the project relate to the IDP?

The Durban Road upgrading Plan is the precursor to the MBDA Master Plan which is based on requests that have been made in the IDP of the area spanning over the last five years. Although listed in the IDP several of the Precincts and projects have not been properly researched for the practicality of implementation. The MBDA Master Plan therefore expand on the various projects listed in the IDP but in a more structured and coherent manner.

Project funding required for the 2018/19 financial year

A total amount of R11, 9 million was budgeted for in 2017/18 financial year and it is anticipated that an amount of R 9,7 million will be rolled over into the 2018/19 financial year.

3.3.4 SINGAPHI STREET UPGRADE PHASE 3A (SIDEWALKS)

Rationale:

This road upgrade forms a gateway to the Red Location Apartheid Museum as well as upgrading a neglected precinct with a view to this area forming a tourism product in the mould of Vilakazi Street in Soweto where visitors to the museum would also be exposed to the culture and heritage of the area and its people. The project is a follow-on from Phase 3 and focuses primarily on the addition of sidewalks to the existing upgraded area to facilitate better pedestrian traffic flow and movement.

Project funding required for the 2018/19 financial year

A total amount of R4, 0 million was originally budgeted for in 2017/18 financial year and following a tender objection the tender has had to be re-advertised and the funds viremented. An amount of R3, 0 million has been budgeted for 2018/19 it is anticipated that an amount of R 840,000 will be rolled over into the 2018/19 financial year.

3.4 TARGETED MULTI-SECTOR DEVELOPMENT INTERVENTIONS FOR 2018/19

3.4.1 HELENVALE SPUU (SAFETY AND PEACE THROUGH URBAN UPGRADING)

Rationale:

The Governments of South Africa and Germany have agreed to cooperate in the area of socio-economic and political stability, by contributing to violence and crime prevention. Under the overall framework of this Development Cooperation, a Financial Cooperation (FC) Programme titled Safety and Peace through Urban Upgrading Programme (SPUU) for Helenvale has been approved, co-financed by Kreditanstalt für Wiederaufbau (KfW) and Nelson Mandela Bay Municipality (NMBM), through a Financing Agreement (FA) dated 5th September 2012. The Mandela Bay Development Agency (MBDA) has been appointed as the Project Executing Agency (PEA), and the details for implementation elaborated in a Separate Agreement (SA) between KfW and MBDA dated 5th December 2012.

How does the project relate to the IDP?

This programme emanates from the Helenvale Urban Renewal Programme (HURP) that was previously located under Special Programmes Directorate within the NMBM. Helenvale is an area urgently in need of upgrading, which led to the establishment of the Helenvale Urban Renewal Programme. This Programme has also adopted a multi-faceted approach to the upgrading of amenities and services in Helenvale and to fostering employment and community participation. As a result, national and provincial investment into the area in line with the NMBM IDP increased, with over R78 million invested between 2007 and 2012 specifically focused on infrastructure development, skills programmes and job creation. In 2011, management of the Helenvale Urban Renewal Programme (HURP) was moved to the Mandela Bay Development Agency (MBDA). Since the urban renewal pilot period ended in 2012, HURP has advanced into SPUU.

Phase 1 of the SPUU Programme is 48 months, beginning with commencement of Consultancy services, which has been agreed on between MBDA and SUM CONSULT in February 2014. The original Programme completion date was 31 January 2018 and is funded by KfW to an amount of €5 million which is inclusive of consulting fees.

Timelines:

Due to various disruptions, violence, crime, delays and other challenges experienced on construction sites in 2017, this has resulted in massive delays in meeting certain project deadlines with the MBDA putting on hold all infrastructure projects and terminating the Pedestrian Walkways construction

contract after consultants withdrew their staff from site due to safety concerns. After much discussions between all the role players namely KfW Bank, NMBM and MBDA it has been decided in principle that the original deadline of January 2018 be extended to 2019 and that the MBDA continues to be the implementing agent and the NMBM have agreed to ensure that their requisite counter funding commitments are met. It is further envisaged that NMBM will direct such counter funding through the MBDA who will in turn implement their portion of the project accordingly.

The situation on the ground has since calmed somewhat and the agency has commenced in 2018 with completing the pedestrian walkways project as well as planning for the street lighting contract.

NMBM Funding

In terms of the Financing Agreement the NMBM should have a counter funding element of 1:1 toward the KfW funding. The NMBM's total commitment is in the region of R30 million and thus needs to be committed by the NMBM for the next three year period being 2018/19 and 2020/21 financial periods. While an amount of R1,5 million has been provided for in 2017/18 for operational costs as counterfunding for certain community upliftment and social development projects, no capital budget has been provided for NMBM SPUU Counter funding and hence NMBM will need to ensure that additional funding is appropriated for during 2018/19 as such counter funding is a contractual liability for them in respect of the funding agreement with KfW Bank. Budget & Treasury have since advised that this matter will be addressed in the 2018/19 adjustments budget process.

Project funding required for the 2018/19 financial year

For the 2018/19 financial period it is envisaged that the following SPUU capital projects are implemented:

- | | |
|---|---------------|
| - Security Lighting for Safe Pedestrian Routes: | R 2,2 million |
| - Safe Parks and Sport fields | R 7,6 million |
| - Safer Schools | R 8,8 million |
| - Youth Training Facilities | R 1,4 million |

In addition to this are the SPUU community operational projects that are planned for the same period namely:

- | | |
|--|---------------|
| ○ Community Development Fund (CDF) | R 0,4 million |
| ○ Youth Employment Promotion | R 2,5 million |
| ○ Community Mobilisation & Participation | R 0,9 million |

It must be noted that these are all to be funded by KfW Bank and the budget also includes R6,5 million in respect of payment to the international consultants as appointed in line with KfW requirements and which are also funded by them.

3.5 AREA BASED MANAGEMENT

These activities will hinge around ensuring that MBDA targeted areas and nodes are maintained and managed with a view to ensuring that sound urban renewal practice is undertaken to the benefit and value of the stakeholders and community based in these areas, namely:

Port Elizabeth CBD

The following activities have been budgeted for under the 2018/19 operational budget:

- Cleansing R2,9 million.

Important to note that for budget purposes the CBD security services contract will terminate in August 2018 and will not be renewed until such time further funds have been found as this budget item has been sacrificed in favour of the new manpower requirements outlined below in the document.

Central Special Ratings Areas (SRA)

This relates to support services and activities to ensure the successful implementation of the Central SRA and is budgeted in the operational cost budget under Special Projects.

Uitenhage CBD

An amount of R 1, 9 million has been budgeted for cleansing costs in 2018/19.

3.6 FACILITIES MANAGEMENT

The MBDA has by default taken on the facilities management of many key and impactful buildings in the Metro and the following facilities have been budgeted for under the 2018/19 operational budget:

- Uitenhage Science Centre – the NMBM handed over the management of this facility to the MBDA effective 01 July 2017 and an amount of R5, 0 million has been budgeted for in the 2018/19 operational budget, though it must be borne in mind that this budget line is presently still being reported by the NMBM under the UDDI and which is controlled by the EDTA directorate of the NMBM.
- Tramways Building – this building was redeveloped by the MBDA as part of its strategy to reposition the Baakens River precinct and has become a key landmark in the area with the agency using the facility as its business headquarters whilst the event space is hired out to the public. There is a lease agreement in place between the NMBM and MBDA with a nominal rental in place whilst the MBDA is responsible for the electricity and water charges. The MBDA in turn has a sub-lease agreement

with the Wilderness Foundation who use the premises as a training facility for disadvantaged youth. Major expenses incurred for the facility are:

- Security;
- Utility costs; and
- Maintenance.

These are all budgeted for under the 2018/19 operational cost budget.

- Campanile – this tourism facility was renovated at a substantial cost by the MBDA and the NMBM has asked that the agency manage the facility on an interim basis until such time that the EDTA directorate is in a position to take over the management. Typical expenses related to this facility are:
 - Cleansing;
 - Communications; and
 - Marketing & Promotion.
- Helenvale Resource Centre – this municipal asset is the base from where the Helenvale SPUU unit staff operate from and where the community also utilize the facility as part of the various community empowerment and social / upskilling programmes that take place on a regular basis at the Centre. A private operator from the community manages the facility on behalf of the MBDA and these costs are budgeted under the 2018/19 operational costs at R1, 5 million with a R400,000 rollover anticipated from 2017/18.
- Athenaeum Building – this facility was also redeveloped by the MBDA and is an important arts and culture hub for young emerging artists. This NMBM owned building is managed by a Council comprising of members and there is a lease in perpetuity in place whereby the members of council will always manage the facility. The MBDA provides support services to the facility mainly in the form of repairs and maintenance and a nominal budget has been allocated for 2018/19.
- Various ablution facilities in the PE CBD are also managed by the MBDA and managed by emerging service providers who employ staff to keep the facility clean and functional. These costs are budgeted for under the 2018/19 operational costs budget at R1,0 million in addition to rollovers of approximately R500,000 from 2017/18.
- A maintenance budget is also provided for whereby various repairs and maintenance work is carried out by designated service providers with respect to the facilities that the MBDA has either built, redeveloped or has been tasked by the NMBM to manage on their behalf. An amount of R1,5 million has been budgeted for in 2018/19 in addition to rollovers of approximately R500,000 from 2017/18.

3.7 APPLIED PARTNERSHIPS AND RESEARCH

Applied partnerships and research is an initiative of the new CEO and will fall under his management and direction, with the following initiatives being or planned to be explored:

- Composites cluster re use of new materials in infrastructure projects.
- Nelson Mandela University partnership whereby an MOU has been signed for them to provide assistance in variance fields and disciplines such as the North End Stadium Lake rehabilitation, e-Mobility project and new innovation initiatives and projects.
- Various intergovernmental relations (IGR) collaborations

Certain special projects will also reside under the CEO and will be activated as and when required. A total amount of R250, 000 has been budgeted for in 2018/19 for this purpose.

The agency will also be collaborating with the NMBM Human Settlements directorate where a partnership will be forged with respect to the implementation of a new zoning / town planning scheme for Nelson Mandela Bay as well as an electronic building plan approval system. Such initiatives will be funded by the directorate and the partnership will also collaborate on projects such as the Summerstrand housing land parcel, a new International Conference Centre and NMBM Council Chambers.

Think tanks and conferences will also be encouraged where relevant and which promotes the concept of learning through partnerships and research. An amount of R250,000 has been budgeted for with a rollover of approximately R200,000 expected from 2017/18.

3.8 PRE-PLANNING AND FEASIBILITY STUDIES

This budget is a critical aspect of the agency's business as it forms the basis of future work to be carried out and will determine the planning and scoping methodology to be followed as well as allow for better and more accurate budgeting that also allows for more effective project management.

An amount of R2, 0 million has been budgeted for in 2018/19 and will also cover studies exploring ways and means that various new MBDA projects can be advanced in the form of feasibility studies being done that will provide a basis for the agency to lobby for further funds from various external sources in order for the NMBM to meet its long term development goals through such catalytic projects. Such funds could also be used for various activation and conceptual projects that will promote creative thinking and visioning for the many projects that are expected to unfold over the years ahead in this precinct.

The IDC has also provided certain funds for bankable studies that will need to be approved by them for the 2018/19 period, for which an amount of R1, 9 million has been budgeted.

Such studies will form the foundation of a pipeline of activities for the MBDA over the next 5 year period.

3.9 EMPLOYEE COSTS

A major organizational review has taken place by consultants and a new macro structure approved by the Board whereby a revised executive management layer has been added comprising of the CEO, CFO, and Operations, Compliance and Corporate Services executives. These positions will add value to the organization with more technical skills being brought in-house with a view to less reliance on external

service providers and consultants over time, particularly in the built environment fields. A micro structure is in the process of being finalized and will be tabled for approval before the Board during May 2018.

The costs to implement the new organization structure are high and will need to be responsibly managed and phased in, as presently there are insufficient budget funds available for such purposes and cognizance needs to also be taken of the National Treasury benchmark of employee costs not exceeding 30% of total operational costs.

However the CEOs strategy is to implement a revised organisation structure with a view to becoming an employer of choice and attracting employees of a high caliber into the organization that will in time also attract new mandates from the parent municipality as well as attracting funding from various external sources over and above from the parent municipality. Importantly over time there must be less reliance on external professional consultants on capital projects and the internal technical capacity developed.

In this regard manpower costs for 2018/19 are budgeted at R30,9 million which represents 38% of operational costs. This percentage increases for the outer years 2019/20 and 2020/21 to 54% as 2018/19 adopts a phased in approach. It must also be noted that two executive positions have presently not been budgeted for based on budget constraints and this will need to be reviewed in 2018/19, as part of the new strategy is that additional funding is sourced and that over the medium to long term such an enhances staff structure will result in more effective service delivery. Capital expenditure must also increase over time with a lesser dependence on external professional consultants.

Important to note is that the cost of implementing such a structure, albeit on a phased in basis will have to result in certain operational cost budgets needing to be sacrificed, one being the inner city security contract in the PE CBD valued at approximately R7 million where these services will not be continued once the existing SLA terminates in August 2018. The intention however is that these services will need to be replaced by the newly formed Metro Police and once additional funding is sourced by the MBDA that a reduced top-up private security contract is implemented to provide support to the Metro Police staff on the ground.

3.10 RISK MANAGEMENT

In order to achieve the objectives as defined in this business plan, the Agency will need to consider the risks which could affect the achievement of its strategic objectives. It is therefore imperative to identify, manage and mitigate risks on a continuous basis to ensure the successful achievement of the Agency's objectives.

Key high-level risks associated with the successful achievement of the Agency's objectives are:

- ***Lack of financial sustainability for the Mandela Bay Development Agency (MBDA)***

The MBDA is an entity of the Nelson Mandela Bay Municipality which is the Agency's primary funding source. Chief among the root causes to this risk is the over-dependency on the NMBM for funding both the entities capital and operational requirements. The other causes which give rise to this risk are an inadequate focus on sourcing alternative funding sources and an inadequate sustainable funding model.

- ***Ineffective capital programme management***

The MBDA is responsible for delivering projects as identified in the IDP. As such the Agency functions as a project management house in order to successfully deliver projects as identified. The backbone of such an operation is effective capital programme management as it determines whether or not projects are ultimately delivered on time, within budget and at the required level of quality. The impact to the Agency in relation this risk are varied and include the following:

- Capital projects not completed within time, cost and quality;
- Misalignment between budgetary and performance reporting and
- Community protest action due to ineffective public participation processes.

- ***Inadequate human capital management***

The Mandela Bay Development Agency is currently undergoing an organizational redesign which will result in changes to the staff complement at both a macro and micro level which comes with many risks which require effective human capital management. The causes which give rise to inadequate human capital management have been identified as the following:

- Lack of a human capital strategy;
- Lack of relevant specialized skills within the current staff complement;
- Inadequate funding of human capital; and
- Inadequate human capital development.

- ***Sustainability uncertainty regarding the Uitenhage Science and Technology Centre***

The MBDA has with effect from 01 July 2017 been tasked with managing the Uitenhage Science and Technology Centre. The Science Centre was previously managed by the UDDI (Uitenhage Dispatch Development Initiative). The UDDI has since been dissolved. Due to the fact that the managing of such the Science Centre was not previously part of the Agency's plans, there are certain unknowns which come with risks. It is these unknowns which are the causes that give rise to the sustainability uncertainty in relation to the Uitenhage Science and Technology Centre. The following causes have been identified:

- Lack of a USTC strategic plan aligned to the Agency's strategic plan;
- Lack of capacity to implement programmes;
- Inadequate scientific and technological resources to achieve intended outcomes; and
- Lack of a marketing strategy.

- ***Lack of financial sustainability at the Nelson Mandela Bay Stadium (NMBS)***

The MBDA has been managing the Nelson Mandela Bay Stadium since 1 January 2017 as a result of a Council resolution which was taken on 1 December 2016. The NMBS will be managed by the Agency for at least 3 years up until 31 December 2019. The operation such as the stadium comes with many

challenges, chief amongst these challenges is the high cost burden of managing the stadium operations whilst also ensuring that the business becomes profitable. There are many causes which give rise to the risk of the lack of financial sustainability at the stadium. The primary causes as identified are the following:

- High operational cost burden causing insufficient profitable events
- Pre-determined commercial plan
- Pre-determined anchor tenants allocated to NMBS
- Political interference

• ***Inability to create a safer and peaceful community environment in Helenvale***

The MBDA is currently implementing projects of which vary from brick and mortar construction type projects to certain psycho-social initiatives in the Helenvale suburb of Port Elizabeth. The program seeks to create a safer and peaceful environment through urban upgrading. The biggest risk to this program has been identified as the inability to create a safer and peaceful program through urban upgrading as this is the ultimate objective of the program. The causes which give rise to this risk have been identified as the following:

1. Lack of the following:
 - A long-term area specific framework;
 - Adequate funding for psycho social development to address the root cause;
 - An Integrated SMME Development, Management and Support Plan to stimulate economic activity;
 - Collective stakeholder buy-in action and participation and
 - A company-wide integrated project management methodology and system.
2. Escalation in Gang Violence & community protest.
3. High volatility of the area.

Risk Management Approach

The Mandela Development Agency has adopted an ongoing risk management approach which seeks to reduce risks through formal processes and procedures. Through the implementation of these processes and procedures the Agency is able to understand and manage the key risks and the impacts on the Agency's objectives as detailed in this plan. The Agency bases its risk management approach on the following core aspects:

Risk Assessment Workshops

The Agency conducts risk assessment workshops of a quarterly basis in order to assess identified risks and mitigation strategies. The risk champion facilitates the identification of risks and appropriate mitigation plans through workshops and ongoing risk reviews with management. The Agency reports to the Risk Management Committee of the NMBM on a quarterly basis.

Over and above the report back to the NMBM's Risk Management Committee and Risk Assessment Workshops, action owners are required to report on progress with regards to actions taken to improve the management of identified risks on a monthly basis. In addition, risk management has been established as a standing item on the management meeting agenda as instructed by the Chief Executive Officer.

Risk Register

The Agency utilizes National Treasury's prescribed risk register template which integrates risk identification, assessment, management and mitigation status with the data and information on risks. It is an iterative and dynamic document which is updated to reflect through the risk assessment workshops and monthly report back sessions. The risk register is used as a communications tool, identifying and prioritizing the Agency's challenges, and acts as an action plan which specifies actions to be taken by identified managers to limit the Agency's risk exposure.

4. SPECIAL PROJECTS

NELSON MANDELA BAY STADIUM

The NMBM in October 2016 through MAYCO and Council mandated the MBDA to take over the operations and management of its key asset the NMB Stadium for a period of not less than 3 years during which the NMBM will determine whether this facility together with other similar entities can be transferred into a new special purpose vehicle.

In this regard the operating costs for the Stadium have been forecasted and which will be funded by the NMBM in lieu of the business model adopted. An SLA between the NMBM and MBDA is in the process of being finalised whereby the funding arrangements and statutory compliance issues are dealt with to avoid any confusion given the specific and complex requirements of this key catalytic City asset.

A critical element relating to the Stadium is the maximisation of the revenue generating potential and capacity and hence the appointment of new senior personnel in 2018 will be key to ensuring that this asset is leveraged to the maximum to ensure that the operating costs do not remain a continuous burden to the ratepayer as per the current status.

Such an element will involve the promotion of both bowl and non-bowl activities and making the stadium become a tourism / leisure and sporting destination and attraction through creative and innovative events and activities in co-operation and partnership with the private sector.

The Stadium budget resides with the NMBM and hence the agency acts as its agent in the management of the facility. The attached NMB Stadium budget schedule reflects the revised 2018/19 draft as advised by NMBM and where they have increased the stadium income from R11,6 million to R15 million for the period, resulting in the gross profit percentage increasing to 43%. Total overhead expenditure has also been reduced from R48,6 million to R46,2 million. Capital expenditure for the period has been increased from R13 million to R14,7 million relating mainly to CCTV cameras.

It must further be noted that various fixed assets were budgeted in the MBDA during 2017/18 for the stadium to the value of R4,1 million and these items are presently in the supply chain process where some items have been procured while others will be committed to and rolled over into 2018/19. Such rollovers are estimated at R2,1 million and relate mainly to CCTV cameras for the stadium and its precinct.

5. REVENUE, FUNDING AND COST CONTAINMENT

The agency does not presently have its own revenue stream other than investment income earned from its short term investments as well as income from activities such as the rental of the Tramways venue, RFP fees and other sundry income. With the planned improvement of its capital expenditure programmes investment income is expected to reduce considerably. For the 2018/19 period total revenue of R2 million is budgeted and is utilised as own funds towards funding the operational costs.

MBDA will in future lobby more aggressively for funding from the likes of ECDC, DAC, NAC, IDC, DBSA and various other funders in the form of supplementing the parent municipality funding so that the agency can become more financially sustainable and less dependent on NMBM and where it can subsidise some of its operational costs especially regarding pre-planning and feasibility studies in the quest to develop a strong pipeline of projects to deliver on. It will therefore need to engage with these entities in respect of funding for feasibility and planning projects such as Bayworld and Telkom Park. The agency has also contributed to the submission of an expression of interest to the Green Climate Fund which is in partnership with the NMBM and other stakeholders.

The agency will during the budget period also embark upon austerity measures in line with the cost containment measures as determined and introduced by National Treasury in line with the 2018 Budget speech with a view to maximising service delivery to the community in the most productive and efficient methods possible.