A successful local economic development-urban renewal initiative: A case study of the Mandela Bay Development Agency

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Abstract
Despite the urgent need for local economic development in South Africa, Local Economic Development (LED) as area of professional endeavour/activity has largely failed to live up to this need. In this article, an alternative approach to local economic development, which involved a ‘bottom-up’ approach to urban renewal is explored.

The urban renewal work of the Mandela Bay Development Agency (MBDA) in the Nelson Mandela Bay Metropolitan Municipality is used as a case study of a ‘successful example of an LED-initiative’. By taking into account the needs of the customer (or local community), a respect for difference, a conscious drive to ensure participation of, and benefit for all affected parties, keeping the eye on the ball, a desire to learn and innovate, and a pragmatic action-orientation, the MBDA achieved success in its local economic development initiatives.

The value of this article lies in the experience of lessons learned, the overall understanding of urban planning, and the necessity for urban planning to respond to the local economy of a particular city.

‘N SUKSESVOLLE PLAASLIKE EKONOMIESE ONTWIKKELING-STEDELIKE HERNUWING INISIATIEF: DIE MANDELA-BAAI-ONTWIKKELINGSAGENTSKAHP GEVALLESTUDIE

Ten spyte van die dringende behoeftes aan plaaslike ekonomiese ontwikkeling in Suid-Afrika, het Plaaslike Ekonomiese Ontwikkeling (LED) as area van professionele strewe/aktiviteit grootliks misluk om aan hierdie behoeftes te voldoen. In hierdie artikel word’n alternatiewe benadering tot plaaslike ekonomiese ontwikkeling, wat’n ‘bottom-up’ benadering tot stedelike hernuwing behels het, ondersoek.

Die stedelike vernuwingswerk van die Mandela-Baai Ontwikkelingsagentskap (MBDA) in die Nelson Mandela-Baai Metropolitaanse Munisipaliteit is gebruik as’n gevallestudie vir’n voorbeeld van’n ‘suksesvolle LED-inisiatief’. Met inagning van die behoeftes van die klant (of plaaslike gemeenskap), ’n respek vir verskil, ’n bewusse om die gevolgs van en voordeel vir alle betrokke partye te verseker, die hou van die oog op die bal, ’n begeerte om te leer en te innoveer en ’n pragmatiese aksie-oriëntasie, het die MBDA sukses behaal in sy plaaslike ekonomiese ontwikkelingsinisiatiewe.

Die waarde van hierdie artikel lê in die ervaring van lesse wat geleer is, die algemeen begrip van stedelike beplanning, en die noodsaaklikheid vir stedelike ontwikkelingsagentskappe om op die plaaslike ekonomie van ’n bepaalde stad te reageer.

HO TLISA HA KHÖEBO HO BATHO BAS A KHONENG KA MOKHOA OO ATLEHANG: PATLISISO ENTSOENG MANDELA BAY AGENCY

Ntle le ho hlokahala ha tselopolele ya dikhoabo ts'a batho bas a khoneng Afrika Borwa, local Economic Development (LED) e hloehileho hi fihlela thokong ena. Serapa sena se bontsha mokhao o mohlo a ho tobana le merero ya tero po ho sebedisa mokhao aa ‘bottom up’ hape le nchafatsa ya tero po e ya shejoo sarepeng sena.

Mosebetso ai ntlatfatsa ya tero po ya Mandela Development Agency (MBDA) ka hara Nelson Mandela Bay Metropolitan Municipality ke ona o sebediseitseng dipatlisiso tsena ho bontsha kateho ya LED- inisiatie. Ka ho sheba dithhoko ts'a moreki, diphapang ts'a batho, ho bona hore tsebedisano mooho e teng ho tsoa ho bohole ba amehang, ho se lahole hlooo, le ho batla ho ithuta ho ya pele hore katleho e phethahale, MBDA e phethile katleho ka hara tswediso pele ya moruo ca sebako se. Bohlokoa ba serapa sena bo hlaa dithunong tse fumanong dipatlisisong tsena hammohlo le kutloisiso ys merero ya tero po le ho hlokahala ha merero ya tero ho atlehsa tswesido pele ya meruo teropong tse ding.

1. INTRODUCTION

There has been an abundance of literature on the topic of Local Economic Development (LED) in South Africa over the past two decades. A key theme in these writings is that, despite the prospects it offers, LED has, by and large, failed to deliver on its promise and is in urgent need of a major overhaul (see Rogerson, 2009; 2012; Patterson, 2008; Cohe, 2010; Nel & Rogerson, 2005; Koma, 2012; Hindson & Vicente, 2005; Oranje, 2012; DPLG, 2005; 2006).

In this article, an overview of the urban renewal work undertaken by the Mandela Bay Development Agency (MBDA) in Port Elizabeth in the Nelson Mandela Bay Metropolitan Municipality (NMBMM) is presented as an example of a success story of LED. While this article is focused on telling a ‘good LED story’, it also tells a story of ‘LED through urban renewal’ in the form of the revival of the Port Elizabeth Central Business District (CBD). As such, it also adds to the scant body of local knowledge on ‘LED as urban renewal’, which is, strangely so, under-exploited (see Engelbrecht, 2003; Cape Town Partnership, 2014; City of Johannesburg,
2014 and Bushbuckridge Local Municipality, 2010, for some of the scarce reflections and publications on this topic). This is particularly odd, as South African CBDs are often the primary sources of rates-incomes for municipalities and key hubs in wider functional economic regions. Furthermore, given the financial constraints in which many municipalities find themselves, spatially focused CBD-based urban renewal (i.e., the restoration of a dormant economic asset) could not only be of assistance in creating significant economic value, but also contribute ‘far more’ and ‘far more rapidly’ to local economic development than a spatially scattered, outlandish series of LED projects with questionable economic merits potentially could.

This article shows that (and how) urban renewal through a different approach to urban planning in the city of Port Elizabeth contributed to competitive LED by using implementation mechanisms to achieve true ‘bottom-up’ urban renewal.

2. LOCAL ECONOMIC DEVELOPMENT

2.1 LED background

Local Economic Development, as the formal name for a mindset and mechanism whereby local government, the private and not-for-profit sectors, and ‘the community’ work together to improve the competitiveness, economic growth rate, job creation and retention ability as well as inclusiveness of a local area/economy, has been part of development thinking in more developed economies for over four decades (see Rücker & Trah, 2007; Voges, 2013; World Bank, 2014; Nel, 2005; Cohe, 2010; McCann, 2001; Roberts & Sykes, 2000; Storper, 1997; Patterson, 2008; Richardson, 1978). Locally, elements thereof, but not going by this name/label and without the progressive, socially inclusive components, can be traced back to the work of colonial and apartheid governments in the setting up of steel- and coal-based heavy industries and associated new towns, notably Vanderbijlpark and Sasolburg (Freund, 2013a: 2; 2013b: 6; Oranje, 1998; 1996). It is, however, only over the past two decades that LED, as conceived and implemented in more developed economies, has been actively discussed and attempts at rolling it out in South Africa been made (Cohe, 2010; Rogerson, 2009; 2012; Patterson, 2008; Meyer-Stamer, 2006).

2.2 LED and ‘developmental local government’

The Reconstruction and Development Programme (RDP), adopted by the ANC in 1994, proposed that local government should be a key catalyst for locally led social and economic development (ANC, 1994: 12; Davis, 2006; Patterson, 2008). As such, the document, with its strong focus on community-based planning and development, linkage development, human-capital development, infrastructure and municipal services provision and retaining/expanding local economic activity, introduced a solid foundation for LED (see Bond, 2001; Davis, 2006). However, the document lacked an implementation strategy, did not make provision for mutually reinforcing and overlapping organisational structures, and did not allocate duties, responsibilities or tasks to stakeholders and government bodies. Essentially, the strategy was based on local government becoming an agent for facilitating market expansion and thus playing a key role in stimulating private sector economic development through investment and infrastructure, i.e., boosting short-term economic performance (Voges, 2013: 38). This idea of ‘developmental local government’ was carried forward into the Constitution (South Africa, 1996a) and reinforced in the White Paper on Local Government (South Africa, 1998). While hailed as in step with a major international drive towards decentralisation at the time (see Stockmayer, 1999), the White Paper, in its pursuit of local government as “a sphere of government in its own right” (South Africa, 1998: 37), may have unintentionally begun a process of isolating local government from its crucial (and, in most instances, much better funded and capacitated) partners in government, i.e., the provincial and national spheres.

The pursuit of ‘local developmentalism’ was given a strong push forward with the passing of the Development Facilitation Act (South Africa, 1995a), the Local Government Transition Act (Second Amendment Act) (South Africa, 1996b), and the Municipal Systems Act (South Africa, 2000a), which mandated all municipalities to embark upon “integrated development planning”, defined as “a participatory approach to integrate economic, spatial, social, institutional, environmental and physical strategies, in order to support the optimal allocation of scarce resources between sectors and geographical areas and across the population in a manner that provides sustainable growth, equity and empowerment of the poor and marginalised” (South Africa, 2000b: 15; Nel, 2005; Harrison, 2001; 2005; Patterson, 2008). The lasting planning outcome of these three Acts, the Integrated Development Plan (IDP) has, despite being widely regarded as ‘a good idea’, not delivered on its promise, largely due to over-inflated promises and unmanaged expectations, the absence of a strategic focus, municipalities lacking the human and financial capacity to practically implement the plan, and a lack of intergovernmental collaboration, integration and support in plan preparation, budgeting and implementation (Harrison, 2006; Harrison, Todes & Watson, 2008; Merrifield, Oranje & Fourie, 2008; Oranje, 2012; Coetzee, 2012).

2.3 IDP and LED

At the same time as IDPs were being popularised, guides being developed for their preparation and implementation, training programmes being prepared and rolled out throughout the country, and actual plans being prepared and reviewed, LED was being developed as a key partner of this new instrument (Davis, 2006; Nel, 2005; Oranje, 2012; Rogerson, 2009; Harrison,
2.4 LED-failure

Despite the good intentions, the urgent need for economic development, and the high hopes, LED has, with some exceptions, not lived up to the expectations. The key reasons for this failure have been identified, in a wide-ranging body of work, as primarily the following:

- A lack of human capacity and financial resources in municipalities, often leading to a focus and dependency on social transfers and grants;
- A lack of a joined-up, supportive, intergovernmental approach, planning system and funding regime;
- A prevalence of temporal and not long-term community-private sector-municipality partnerships;
- A lack of market responsiveness in strategy formulation, programme development and project design;
- An absence of adequate, sustained capital investment to back up and enable the economic growth and job creation plans, programmes and projects;
- A lack of marketing of programmes and projects and the establishment of markets for products;
- The absence of established community development instruments to address economic and social needs and challenges;
- The prevailing dominance of large private sector players in the local, regional and national economy;
- A short-term, often three to six months, project-driven pursuit and not a long-term true local economic development and livelihood creation focus;
- The politicization of LED, and the lack of a shared, bridging ideal between different schools of thought as to what it was, should achieve and (hence) be focused on;
- A failure to adequately conceptualise and mainstream LED in the work of municipalities, coupled with the sidelining of generally small, powerless LED units in municipalities;
- A failure to create and sustain viable economic development anchors and clusters in areas that were either purposefully underdeveloped during colonial and apartheid times, or lost their erstwhile ‘developed’ status through changes in the global economy, new technologies and/or consumer tastes and preferences, and
- A prevalence of rhetoric and myth that has not been matched by actual economic development and social change (Voges, 2013; Merrifield et al., 2008; Cohe, 2010; Patterson, 2008; Koma, 2012; Meyer-Stamer: 2003; Voges, 2013; DPLG, 2005; 2006; Nel, 2001; Cohe, 2010; Patterson, 2008; Hindson & Vicente, 2005; Todes, 2006).
LED has, therefore, become a deeply questioned, failure-tainted economic approach that leaves the necessity and opportunity for a fundamental change in its wake. Urban renewal and the city’s economic contribution to LED require a completely new conceptualisation of urban renewal in its narrow sense, and urban design and planning in its broader sense.

3. THE MANDELA BAY DEVELOPMENT AGENCY CASE STUDY

In this section, the need for urban renewal in Port Elizabeth, the shortcomings of urban planning to achieve economically sound urban renewal, and the mechanisms through which such development was achieved by the MBDA, are presented in a narrative format.

The MBDA case study is a ‘story’ of urban redevelopment/renovation within an economic cluster of retail, residential, office and tourism/leisure/entertainment. The MBDA uses new development to complement urban renewal and systems of innovation that endeavour to meet customer needs. The development case aims to focus on its customer (or ‘local community’) needs in an all-encompassing approach. Specifically, this includes ‘guided development’ – a process using well-defined urban design briefs that ensures urban designs are complementary in their overall impact and culminate in a ‘dynamic place initiative’.

3.1 The Port of Ngqura as Trigger

Over the past forty years, Port Elizabeth has had, as its industrial backbone, a vibrant motor-manufacturing industry that gave rise to related industries, all utilising the port for export purposes (Voges, 2013: 45). While beneficial from a regional economic perspective, the industrial and harbour-related activities crammed out other uses and did little to contribute to non-industrial development in the surrounding area, or ensure its maintenance. With the construction of the industrial Port of Ngqura, the possibility/opportunity for a more diverse and globally competitive economic life in the metro, not only in the CBD of Port Elizabeth, but also in the southern part of the original port, was opened up. In spatial terms, an expanded industry-based economy in and around the new port could now be complemented with a non-industrial CBD and former city-port cluster (Voges, 2013: 53). Through an approach to LED and spatial development planning that not only catered for the existing manufacturing sector (motor-manufacturing and related industries), but also made allowances for the potential rich tourism, real estate and retail sectors in the area through the redevelopment and regeneration of the CBD, the economy of the entire metro could (and would) be rapidly diversified and strengthened.

3.2 The establishment of the MBDA

The Mandela Bay Development Agency (MBDA) was established by the Nelson Mandela Bay Municipality (NMBM) and the Industrial Development Corporation (IDC) in 2003, and commenced with operations in 2004 (Voges, 2013: 78). The key objective with the establishment of the agency was to stop urban decay and embark on capital projects to bring investment back into, first, a clearly demarcated ‘Mandate Area’ in the CBD of Port Elizabeth and, after that, other nodes in the metro (see Figure 1 indicating the location of the original “Mandate Area” in the wider Port Elizabeth CBD area).

As a first step, the MBDA, using a team consisting of architects, urban economists and consulting engineers, developed a ‘Master Plan’ with a series of very detailed projects to be implemented over a fifteen-year period (Voges, 2013: 134). These projects were conceived, developed and researched from a market-demand, political, and social point of view, and with due cognisance of financial considerations. It was not only infrastructure that was considered and included in the plan, but also private sector-driven contracts (with service providers procured and managed by the MBDA) in areas such as security, cleansing, the regulation of informal trading, and the establishment of Special Rating Areas (SRAs). The resulting, overarching MBDA Master Plan was an approved City blueprint for urban renewal with local economic development benefits (Voges, 2013: 146). The overall objective was to conceptualise catalytic urban renewal infrastructure projects that would improve the quality of decayed public areas, and provide a platform for private-sector investment.

Figure 1: The MBDA’s original ‘Mandate Area’ in the wider Port Elizabeth CBD area
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in private properties, creating an economic multiplier effect, and making a sizeable and sustainable contribution to the Gross Geographic Product (GGP), employment, the local rates base and new business sales (Voges, 2013: 149).

3.3 The projects

Sustainability was a crucial consideration in the selection of infrastructure projects, the underlying ethos being that, "if a public investment does not lead to downstream private sector investment, to sustain and deepen its role in the economic and social life of the area/city, then one cannot call it a successful public sector investment" (Voges, 2013: 154). The first of the MBDA's public infrastructure-led projects, the pedestrianisation of what was then a very decayed area, the one-kilometre long former Main Street in the Central Business District (CBD), now called Govan Mbeki Avenue, in 2006 at a cost of R95 million, is a good example of this approach (see Figures 2 and 3 indicating the work on, and result of the pedestrianisation of the street).

Since the early 1990s, the Port Elizabeth CBD has experienced large-scale capital flight. Whereas the area was a bustling shopping and office node prior to this time, a number of suburban retail, office and entertainment developments, urban decay and an increase in crime resulted in the CBD losing most of its former middle-class clientele and many of the buildings from the first floor upwards becoming vacant. This, in turn, led to a downward spiral, with crime and grime as its key drivers (see Voges, 2013: 203).

The design of the revamped street (Govan Mbeki Avenue) had to take the present and projected economic situation into account to ensure the sustainability of any capital investment to be made. As had become the norm with all MBDA-projects, two key elements preceded the project plan, i.e., public participation and market research. The latter had shown that 80% of all the people that enter the street on a daily basis make use of public transport to get to the area from townships in the wider metropolitan area (Voges, 2013: 229). Responsive urban design had to take this key statistic into account. As such, the design included informal trading kiosks, each with a potable water and electrical power point, against a semi-pedestrianised backdrop, and giving the street an African theme and feel (Voges, 2013: 232). The sustainability of the street was further enhanced by security and cleaning, all managed by the MBDA through private-sector contracts. Although the design was aesthetically pleasing, it was also functional in ensuring a good flow of pedestrians and easy access to the central train station and bus terminus (Voges, 2013: 235). The design and plan for the street used the 'getting-the-basics-right approach' to return the street back to a high-quality public space that entices and attracts private-sector investment and activity, i.e., viable and sustainable local economic development (Voges, 2013: 236).

The project was further enhanced with the redevelopment of Jetty Street, which was a hive of leisure activity until 1990. However, the construction of an office block, the ten-floor Kwantu Towers, led to a complete closure of the street and reduced access from Govan Mbeki Avenue to the train station and bus terminus. After the semi-pedestrianisation of Govan Mbeki Avenue, Jetty Street was recreated and now not only provides easy access to the train station and bus terminus, but is also part of an art route, which was subsequently developed by the MBDA (Voges, 2013: 254). The route brought back the life and pride to the CBD, transforming it into an aesthetically pleasing, functional, secure and safe area for shoppers and office dwellers.

Further urban renewal projects, totalling R700 million by December 2013, and implemented as part of the overall Master Plan, followed the same viability and sustainability rationale (Voges, 2013: 257). These projects include the:

- redevelopment of Parliament Street (see Figure 4);
- redevelopment of the Donkin Reserve (see Figure 5);
- upgrading of Strand Street;
- redevelopment of Kings Beach;
- redevelopment of the Athenaeum, and
- redevelopment of the Tramways Building as part of a broader Baakens Valley redevelopment initiative.

In 2008, the NMB Municipal Council also extended the MBDA mandate to other emerging nodes, including townships. This resulted in new infrastructure investment in townships such as New Brighton and Helenvale. The underlying urban renewal approach of the MBDA remains the same throughout all these projects: To identify latent municipal properties with potential and to transfer these to the MBDA's balance sheet, who then plans for, invests in, and initiates private-sector development on such land on a lease base, to ensure that urban renewal takes place, businesses flourish, jobs are created and a bigger pool of rates and taxes is developed. The MBDA thus takes on the task of developing and leasing latent municipality-owned properties, creating not only revenue streams to
Contribute to urban renewal, but also serving as a catalyst and facilitator for further private-sector investment on privately owned land, i.e., acting as a catalyst for generative factor creation. This model of ‘product development in urban space’ is regarded as a key component of everything that the MBDA does.

3.4 The results

The results and economic impact of the Master Plan projects can be measured in two ways, i.e., the quantitative impact of the upgrades, and the qualitative impact on the private-sector investment environment. As the principal initiator of these projects, the MBDA has sought to quantify the impact that the capital-investment projects have had on the respective areas. This has resulted in the MBDA introducing an annual survey by means of questionnaires to assess the aforementioned. By their own analysis, the MBDA had, by December 2013, invested over R190 million in anchor projects in the CBD alone (Mandela Bay Development Agency, 2013). These projects include the environmental upgrading of Govan Mbeki Avenue, Jetty Street, Parliament Street and Strand Street, as referred to earlier.

An economic impact assessment of three of the MBDA projects (i.e., the Govan Mbeki Avenue, Parliament Street and Donkin Reserve), conducted in 2013 by the MBDA (see Table 1), indicated that these upgrades had, since 2006, generated the following benefits to the CBD/Central area and the greater NMBM:

- R185.2 million in new business sales;
- 825 new job opportunities, and
- R61.5 million in additional GGP (Voges, 2013: 135).

Table 1: Economic impact of capital expenditure in respective areas in the CBD/Central area

<table>
<thead>
<tr>
<th></th>
<th>New business sales (R mil)</th>
<th>Employment (new jobs)</th>
<th>GDP (R mil)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govan Mbeki</td>
<td>R58.9</td>
<td>293</td>
<td>R19.3</td>
</tr>
<tr>
<td>Parliament Street</td>
<td>R35.7</td>
<td>261</td>
<td>R11.9</td>
</tr>
<tr>
<td>Donkin Reserve</td>
<td>R90.6</td>
<td>271</td>
<td>R30.3</td>
</tr>
<tr>
<td>Total</td>
<td>R185.2</td>
<td>825</td>
<td>R61.5</td>
</tr>
</tbody>
</table>

Source: Mandela Bay Development Agency Annual Economic Impact Survey, 2013: 12

These new business sales, job opportunities, and increase in GGP all arose from the direct, indirect and induced effects of the upgrades. The result of the private-sector investment, as a response to the public-sector investment, was also significant. Data generated in the first of the annual surveys, conducted by a private firm of urban economists involving 2 800 business owners and residents in the affected CBD/Central areas, as well as in immediately surrounding areas, in 2011 (which was closest to the time of the major infrastructure investment of the MBDA in the area) and thereafter in the final quarter of each year (see Figure 6) into private-sector investment, job creation, improvements to properties and sentiment, revealed the following outcomes with regard to ‘property investment’:

- In 2011, 53.5% and in 2013, 39.1% of business within the CBD made improvements to their properties.
• In 2011, 75%, and in 2013, 50% of the residents who owned their properties made improvements to their properties. In 2011, 10%, and in 2013, 12.1% of the businesses that made such improvements indicated that their upgrades were as a direct result of the MBDA’s investments in the area in 2013. In 2011, 18.9%, and in 2013, 42.8% of the residents who made such improvements indicated that their upgrades were as a direct result of the MBDA’s investments in the area.

• In 2013, the average value of annual improvements that had been made by businesses was R 62 115, while for residents it was R 70 000.

A further important test is ‘business confidence’. Business owners were asked how they would rate their ‘confidence in the business environment in the CBD/Central area’ (i.e., prospects for growth, trading conditions, and so on) (see Figure 7 and Table 2). This revealed the following:

- Over half (56%) of the business owners surveyed indicated in 2013 that they were either extremely positive (18.2%) or positive (37.4%) about the current CBD-operating environment.
- The overwhelming majority (64.7%) of the business owners who had relocated to the affected areas in the CBD indicated that the primary reason for their relocation was to be in an aesthetically better environment.
- Of those surveyed, nearly two fifths (39.1%) of the business owners who owned the property from which they were running their business, indicated that their property had increased in value relative to other areas in the metro, as a result of the MBDA’s activities. In 2011, this figure was 28.2%.

Table 2: Business confidence in 2014 in MBDA redevelopment areas in the NMBM

<table>
<thead>
<tr>
<th>Overall business confidence</th>
<th>Negative</th>
<th>Neutral</th>
<th>Positive</th>
<th>Extremely positive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central</td>
<td>10.1%</td>
<td>34.3%</td>
<td>37.4%</td>
<td>18.2%</td>
</tr>
<tr>
<td>Kings Beach</td>
<td>0.0%</td>
<td>10.0%</td>
<td>36.7%</td>
<td>53.3%</td>
</tr>
<tr>
<td>North End</td>
<td>11.7%</td>
<td>8.3%</td>
<td>61.7%</td>
<td>18.3%</td>
</tr>
<tr>
<td>Uitenhage</td>
<td>10.1%</td>
<td>11.4%</td>
<td>60.8%</td>
<td>17.7%</td>
</tr>
</tbody>
</table>

Source: Mandela Bay Development Agency Annual Economic Impact Survey, 2013: 24

4. **SUCCESSES SO FAR**

In order to fulfil its mandate, the MBDA developed a tailor-made, institutional-and-action- focused process entailing:

- extensive research into retail, residential, office and tourism/leisure/entertainment opportunities;
- conceptualisation and the generation of new development through infrastructure investment, and
- privatisation and private-sector investment.
The philosophy that ‘public-sector investment has to be followed by private-sector investment’ was adopted as guide. The MBDA facilitated a range of interests in a structure of co-operation between the political system, the government functions of the City, and corporations/businesses with related systems of production. The following six ‘aspects’ of the ‘approach’ and ‘way of working of the MBDA’ can be regarded as key to its subsequent successes (thus far).

4.1 The creation of a ‘development forum’ and using it as an ‘urban ideas cluster factory’

The combination of urban decay, a fragile political system and economic dependency on motor-manufacturing and related industry meant that Port Elizabeth required more than simply a ‘brick-and-mortar’ approach. A far more inclusive, innovative and integrated approach to urban renewal was called for. General levels of scepticism and negativity in the community were high and provided significant hurdles to the much-needed urban renewal. At the same time, and as is generally the case in the local economic development environment, the list of important stakeholders to take projects to fruition, was very long. These long lists add enormously to the risk profile of a project, given that a lack of trust or confidence by only one stakeholder can completely derail a process, with the project never seeing the light. In order to overcome these concerns and constraints, the MBDA used an ‘ideas forum concept’, setting up a special vehicle body, the “Development Forum” (Voges, 2013: 185). This forum, with its open, ‘idea-generating nature’, made politicians, officials, business owners, workers and community members, including young people, feel part of the local economic development agenda through public participation processes. While the ‘forum and ideas factory model’ may take longer to reach a decision and to break soil on site, the cost of a longer planning timeframe is much less than that of the projects failing or not even commenced with.

In order to do justice to the thinking behind the concept, representatives from the private sector, government and other public stakeholders were appointed to the forum along with Board members of the MBDA, with the MBDA acting as secretariat and facilitator of deliberations in the forum. In order to widen inclusivity and deepen capacity, group members were drawn from a range of interest groups and areas of expertise, including engineering, market assessment, quantity surveying, architecture, urban design, finance and property development, and included the Housing and Land Directorate of the NMBMM. For the latter, access to such a range of local expertise within a task force was unique.

Initially, there was a low level of trust between municipal planners and developers within the forum. This was largely due to developers being of the view that the City’s response to development and zoning applications was slow, and the planners in the City did neither understand, nor appreciate, the entrepreneurial spirit of developers (Voges, 2013: 190). Differences between professions also made for interesting discussions and delays, with the built-environment professionals, i.e., the architects, engineers and urban designers, often engaging on issues in a particular way and with a particular set of words and constructs, and economists, financiers and business owners observing it from a completely different perspective and with a very different professional vocabulary, but also proved to be valuable learning grounds for both the members of the forum and the MBDA. Over time, the Development Forum and the MBDA succeeded in building a series of bridges between them, taking into account political mandates, professional areas of interest and concern, social needs, consumer preferences and market dynamics. The result of these deliberations in the forum and the MBDA was not only a vigorously deliberated and eventually shared view on urban renewal and local economic development in the Mandate Area, but also the development of an overall vision for urban renewal in the metro, in which social needs, consumer preferences and market dynamics took centre stage.

4.2 An all-in, ‘from-concept-to-completion’ approach

The integrative, multi-stakeholder approach followed by the MBDA meant that new ideas, perspectives and fields of knowledge continued to arise as new actors appeared (and joined the forum), and existing actors changed their points of view as a result of engagement in the group. Innovative proposals and actual development on the ground, based on ideas generated in the group, also assisted in further eliciting interaction between actors. Again, the Development Forum provided the platform for the initiation of such dialogical processes and the conceptualisation and realisation of shared, desired outcomes in the development of a specific area or project. In the process of doing so, the MBDA’s ‘Request for Proposal, “from concept to completion”, which became a collaborative effort in overcoming opposing interests and different points of view and in producing results on the ground, was developed (Voges, 2013: 217). A key component in this regard was the preparation of a dynamic Local Spatial Development Framework (LSDF) that clearly represented these drivers, and from which the MBDA extracted and drew up planning design briefs for its respective area-based infrastructure projects, which were then undertaken and completed (Voges, 2013: 228). At present, the Development Forum’s combined knowledge and opinions are used in MBDA’s ‘Request for Proposal mechanism’, whereby it seeks to attract the best area-based business plans and urban designs for urban renewal projects.

The inclusive and delivery-based “from-concept-to-completion” approach has also been critical in establishing and maintaining the MBDA’s reputation as ‘development agency’ and in retaining and growing its stakeholder body. The MBDA
case also demonstrates that a development agency, placed as a separate entity in a municipality, offers the opportunity of the “from-concept-to-completion” approach to literally be initiated and completed under one roof. With the participation of external stakeholders in a development forum that seeks to generate and execute novel ideas, an agency becomes an effective way to not only ensure broad-based and informed participation and focused product conceptualisation, but also final delivery.

4.3 Focused and facilitated developmental place-making

With its inception, a decision was taken to focus the work of the MBDA on local urban redevelopment through facilitated place-making within the regulatory framework provided by the NMBMM’s planning system, and complementary to government’s social and economic development objectives (Voges, 2013: 261). This tie-in to the local government’s planning system and development objectives from the outset of the planning process ensured that construction could immediately begin, once the planning process had run its course. The focus on specific nodes, one at a time, provided the opportunity to develop, implement and test ‘local economic development success recipes’ for amendment and/or replication in other areas. Attending to all decayed areas in the CBD at the outset could very likely have led to a lack of focus and not achieving a positive developmental outcome in any of the affected areas.

4.4 A ‘dynamic place initiative’ within a ‘reflexive forum-setting’

The MBDA recognised from the outset that it is part of a democratic state, located in the interface between the market, society and government; its jurisdiction is geographical, defined within its “Mandate Area”, and its instructions and tasks are carried out within this area, from strategic urban concept development and relationship-building to financing and implementation. In accordance with this understanding, the MBDA has the ‘developmental objective’ of promoting the renewal and development of its area, based on its capacity for inclusionary and dynamic plan-making, followed by strategic, well-targeted public-infrastructure investment and private-sector investment. In ‘institutional terms’, the MBDA acts as a broker between the government system, real estate and business activities and ‘the community’ by cooperation with business, universities, organised civic groups/associations, communities and other role players. As such, the MBDA can be viewed as a developmental tool complementing the actions of established government and governance structures.

With regard to its ‘place-based developmental actions’, the MBDA attends to the challenges facing an agency tied to an elected government structure of investing in developing an area by using a revenue stream consisting of lease income, advertising, and, to a lesser extent, funding received from other organisations, such as the NMBMM and the IDC. In order to deal with this challenge, the agency uses the limited capital in the company to initiate construction projects together with customers/businesses. Following on from the initiation (which comprises strategic urban action, revised comprehensive planning, detailed development planning, architectural design and construction of the building), the project is completed to meet consumer needs. From a ‘project execution perspective’, the MBDA oversees the entire business process, from planning, procurement, design and development to implementation, by making use of a process consisting of seven steps:

- Interpreting the problem by determining the focal actors and unique core values;
- Actor identification and actor analysis;
- Preparation of opportunity maps and developmental possibilities;
- Holding bilateral talks and round tables;
- Developing business cases and business plans;
- Constituting broad-based partnerships, and
- Preparing general plan outlines and project descriptions (see Boelens, 2009: 196).

In the course of the interactive planning and project-definition processes, two broad types of participants emerge, i.e. ‘pullers’ and ‘pushers’. ‘Pullers’ take initiative and are often more active and enthusiastic about elaborating an opportunity map according to their own and surrounding viewpoints, whereas ‘pushers’, partly in view of their status and/or orientation, take a more passive, ‘wait-and-see’ approach. In order to cater for these two groups, the MBDA, using a standardised process, implemented and managed its strategic urban development actions through different partnerships. As such, it can be regarded as a ‘dynamic place-making initiative’ located within a ‘reflexive forum setting’ (see Boelens, 2009: 197).

4.5 Learning by doing, with an emphasis on doing!

The MBDA acts from the principle that there is no pre-existing ‘answer’ to investigations and planning before the need has been identified in the MBDA’s seven-step iterative planning process. ‘Market need’ is gradually established by trial and error. This kind of planning makes it possible to consider wide-ranging and fluid societal demands and wishes. The participants all become reflective eyes and ears in the chain, from concept development phase to finance, construction and the identification of new consumers, new markets and new societal needs (Voges, 2013: 188). As such, the urban structure, fabric and space is created in an iterative fashion, moving between diverse and fluid strategic planning visions, framing and attention creation, urban designs and formal planning, culminating in construction and economic development activities. The latter is crucial to the agency, which holds that a good plan is a plan that works, and for a plan to work, it needs...
to be implemented, and lessons learnt for future improvements. By concentrating capacity, funding and energy on a specifically selected node or cluster of retail, residential, office and leisure development through public-sector investment, lessons learnt in one node can be used to improve on future projects in other nodes.

4.6 Institutional innovation

Prior to the establishment of the MBDA, the term ‘urban renewal’ was not in common use in the NMBMM. As a result of this, there was no institutionally receptive setting for urban renewal and associated place development and value creation, such as that envisaged by the MBDA, nor was there an appropriate corporate strategy in support of this, or an institutional structure to back it up. In order to ensure the pursuit of an urban renewal agenda, and the accompanying construction and upgrading of infrastructure by the municipality in support of it, a receptive institutional culture and innovative environment, which included both the complex user-oriented perspectives of relationship-building, learning and innovative product development, and the rational instrumental aspects of territorial development, had to be instituted. The Development Forum, as established by the MBDA, was able to provide a space for innovative relationship-building and testing. A second institutional innovation entailed the introduction of new approaches to, and courses for state action, such as the process of leasing state property to the private sector on a long-term basis. This not only provided the City with lease income, but also assisted in growing jobs and generating a larger pool of rates and taxes, which meant that municipal infrastructure and services could be provided in the wider metro area. Notwithstanding novel ways of examining and giving expression to its local development mandate, the City maintains ownership of its assets, while allowing everyone to benefit from the development by the private sector it elicits (through its pro-active actions). The same

5. SUMMARY AND CONCLUDING THOUGHTS

In this article, the work of the MBDA, established by the NMBMM to pursue urban renewal through targeted infrastructure investment with the aim of acting as a catalyst for private sector investment, was discussed. Although the MBDA acts independently from the NMBMM, it is a municipal company with a specific urban renewal agenda within a specifically demarcated area. Its driving rationale is that LED projects need to be catalysts for downstream private-sector investment, and, if this economic multiplier is not at work in urban renewal projects, the project is bound to have a limited lifespan. As such, its urban regeneration approach leans towards private-sector investment being triggered by, and ensuing from specifically targeted and well-informed public-sector infrastructure investment. Financing of schemes is attended to by means of land value-creation in the CBD through public investment that precedes private-sector responses/actions. This assists in establishing private business operations that cater for the needs of local communities and that enable operators to create (more) jobs and pay rates and taxes.

The key benefit of the MBDA is that it allows the City to attend to viable and sustainable urban renewal in an inclusionary way that does not result in displacement of the poor; fits within progressive politically set strategies, and isolates financial risk from the municipal administration. In doing so, the MBDA acts as an institutional driver that initiates, energises, steers, moves along and oversees the implementation of an urban renewal-based local economic development project in a way that it most probably would not have gone, had it been conceived and managed by local government, or introduced and driven by the private sector. As such, it offers the experience of a crossover, boundary-breaking and hybrid type of thinking. Through a system of highly inclusionary public planning, which frames and clearly articulates long-term goals, commercial viability and public support are tested throughout the process, and amendments made as and where required. Sandercock (1998: 157) refers to this as “a socially transformative practice” that does not necessarily need to begin with large-scale interventions, but can instead be initiated through smaller actions, or as she calls it, “a thousand tiny empowerments”.

The MBDA has effectively taken over the risk and responsibilities in respect of urban renewal and other capital projects in the NMBMM. While the intention is to privatise the MBDA, it is likely to remain the special purpose vehicle of the municipality, because complete independence would prohibit the Agency from attaining the required capital injection and control from the municipality, and dilute its ability to implement catalytic capital projects. Being located within local government is also important because it provides easy access to political leadership; space to make decisions; fast-track implementation, and the ability to mobilise resources across municipal line departments and effectively engage other spheres of government.

Despite its successes, the MBDA has learnt some hard lessons along the way, the main lesson being its initial over-emphasis on the CBD and immediately surrounding areas (Voges, 2013: 244). Although the political leadership had mandated this spatial focus, it created the impression that infrastructure investment and funding of additional services complementary to the NMBM were only spent in the CBD and not in historically neglected township areas. This placed the MBDA at significant political risk and impacted negatively on fundraising and buy-in from the general public. This problem was overcome when the Municipal Council also allocated township urban renewal work to the...
MBDA. As a result of this, the MBDA has now taken full responsibility for the Helenvale Urban Renewal Programme (HURP) and urban renewal work in New Brighton, north of the city centre, and looks set to follow suit in other townships in the metro. Although this type of infrastructure work differs from that of the traditional ‘Mandate Area’ in the CBD and old port, the approach and methodology are similar: market research and community consultation, which leads to the identification of infrastructure projects and services that meet consumer needs, are catalytic, and are economically viable and sustainable.

Winkler (2009: 67) makes the point that the implementation of an urban renewal agenda “lies in-between the State and the economy”. This ‘in-between space’ can be occupied by an entity such as the MBDA, a vehicle created by the State. What is important for this in-between vehicle to realise what it could be and become, is the space to act with a large degree of independence, and the legitimacy to do so. The case of the MBDA shows that, should this opportunity be seized upon, and the allocated urban space be used in a creative, inclusionary, well-researched and ‘learning way’, small, catalytic projects can have a big impact in the form of a ‘doing-a-few-things exceptionally well’ approach.

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