



**GAUTENG PARTNERSHIP FUND  
(GPF)  
REVISED STRATEGIC PLAN  
for  
2019 – 2024**

To obtain additional copies of this document please contact:

**Gauteng Partnership Fund**  
Office of the CEO  
82 Grayston Drive, Sandton  
Johannesburg  
Gauteng  
Tel: 011 685-6600

E-mail: [basanim@gpf.org.za](mailto:basanim@gpf.org.za)

Web: [www.gpf.org.za](http://www.gpf.org.za)

## ACCOUNTING AUTHORITY STATEMENT

On behalf of the Board of the Gauteng Partnership Fund (GPF), it is my pleasure to present the Gauteng Partnership Fund's (GPF's) Strategic Plan for the period 1 April 2020 to 31 March 2025. This is presented in terms of the Trust Deed (2016) that governs the GPF, the Public Finance Management Act (No. 1 of 1999, as amended) (PFMA), the principles of good governance outlined in the King Code for Corporate Governance in South Africa (2009) (King IV), and the Revised Framework for Strategic Plans and Annual Performance Plans issued by the Department of Planning, Monitoring and Evaluation.

The GPF's mandate is based on the strategic priorities of the Gauteng Department of Human Settlements (GDHS), to implement the Mega City projects. The mandate is to serve as the GDHS' capital-raising and implementing agent for identified mega projects and other key housing delivery programmes in the province. The capital-raising element involves raising the funds required for the overall mixed-use development of mega projects (i.e. for human settlements, as well as for social and economic amenities).

The vision of the organisation is *"To be a partner of choice in catalysing the funding and development of integrated and sustainable human settlements in Gauteng"*, encapsulates the mandate, which consists of the following core functions:

- 1) Raising and managing the capital required for the successful implementation of the core business areas of the GPF's mandate.
- 2) Serving as a developer of turnkey projects on strategic government-owned land.
- 3) Providing loans to private sector developers for the development of affordable rental, student accommodation, and social housing projects.
- 4) Providing project development, implementation and management services, including:
  - a) Implementing identified mega projects.
  - b) Implementing affordable rental, student accommodation, and social housing projects.
  - c) Implementing the Upgrading Informal Settlements Programme (UISP).
  - d) Implementing the Rapid Land Release Programme (RLRP).

The GPF's current legal and corporate form is not suited to effectively implement its mandate; therefore, a process is underway to enable it to operate as a legal persona and juristic person to allow for direct capital-raising. The process entails establishing the GPF as a statutory provincial government business enterprise by means of a Gauteng Provincial Government (GPG) statute or other enabling legislation.

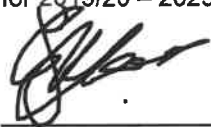
In addition to having to amend its legal and corporate form, the GPF's mandate has necessitated a review of the entity's strategic plan, as well as in the Annual Performance Plan (APP) for the 2021/22 financial year.

The GPF began implementing its revised mandate in the 2017/18 financial year, particularly in relation to assessing the implementation readiness of the Breaking New Ground (BNG), Finance-Linked Individual Subsidy Programme (FLISP), and serviced sites phases of identified mega

projects. This reflects the initial framing of the organisation's response to its new role as a property developer and manager of GPG strategic property assets and as a turnkey developer of identified mega projects on GPG land designated for this purpose.

The GPF is an essential contributor to the human settlement's outcomes and targets of the Medium-Term Strategic Framework (MTSF) 2019-2024, as well as the GPG's Growing Gauteng Together 2030 (GGT2030) Plan of Action. GPF's success will, therefore, be measured at an outcome level in terms of its foremost contribution to Priority 3 (Integration of Human Settlements) of GGT2030. We will assist in making the strategic shift of transforming Apartheid cities into more connected, liveable, smart, and green spaces by delivering on the Mega Projects Programme. Our efforts are aimed at realising the GPG's strategic commitment to spatial transformation, township economic revitalisation, and massive infrastructure investment.

I would like to take this opportunity to express the Board's commitment to supporting the GPF as it develops its capabilities and strengthens its capacity to upscale service delivery to our province and its people through the performance focus and intent outlined in this Revised Strategic Plan for 2019/20 – 2023/24.

A handwritten signature in black ink, appearing to be 'Hlengiwe Bhengu-Motsiri', written over a horizontal line.

PP

**Ms Hlengiwe Bhengu-Motsiri**  
Chairperson of the Board of Trustees

## CHIEF EXECUTIVE OFFICER STATEMENT

The Gauteng Partnership Fund (GPF) 5-year Strategic Plan 2019/20-2023/24 has been developed against the backdrop of South Africa's sixth successful and democratic elections. The sixth administration has set itself an agenda of continuity and change. Continuity with achievements and necessary programmes inherited from the Fifth Administration and change where the previous administration did not attain its stated objectives, programmes, and project achievements, and where there is a need for new priorities, find new way of doing things.

Over the past five years the GPF made great strides in achieving its targets and delivering on its mandate. At a high level these included the following:

- 1) Crafting and adoption of a new strategy and business model.
- 2) Development of a business case for conversion into a PFMA Schedule 3D entity to allow raising and borrowing of funds from the capital markets to fulfil funding requirements as per the new mandate.
- 3) Successful execution and management of various mega projects as per assignment by the Gauteng Department of Human Settlements.
- 4) Funding of various social housing, rental housing, and student accommodation projects and delivering on the much-needed accommodation needs of the province.
- 5) Fostering funding partnerships with various private sector companies.
- 6) Strategic partnerships with other sister state entities within the human settlements space to support human settlements projects.
- 7) Mobilising of resources to fund and execute bulk infrastructure projects.
- 8) Closer collaboration with municipalities in planning for bulk services and in the execution of human settlements projects.
- 9) Ensuring that GPF is a well-performing entity which received clean audit outcomes for the whole Fifth Administration term.

It is against the above premise that this 5-year strategy was developed. It is a product of consultations within the GPF, with the GDHS and with other stakeholders within the human settlements space. Our various engagements with private sector institutions have provided us with insights and business acumen on how best to mobilise funding and technical know-how. These, all together form the bedrock of this strategy and provide a long-term vision for accelerated development efforts and investments towards provision of housing, security, and comfort for all.

The GPF strategy is well-aligned with the National Government policy imperatives, the Medium-Term Strategic Framework 2019-2024, the Gauteng Ten Pillar Transformation, Modernisation and Reindustrialization Programme, the Growing Gauteng Together (GGT) 2030 Plan of Action and other such relevant documents. It cascades from and complements the Gauteng Department of Human Settlements strategy and the Gauteng Spatial Development Framework. GPF hopes to play a key role in the province in ensuring accelerated human settlements projects delivery and

will undertake this task in collaboration with other provincial entities. Some of the key strategic areas of focus over the next 5 years would be the following:

- 1) Execution of the Mega Projects Fund mandate through mobilisation of seed funding from various sources.
- 2) Explore possibilities of human settlements projects facilitation outside Gauteng.
- 3) Ensure greater efficiencies in the loan book management.
- 4) Foster strategic partnerships with other State entities.
- 5) Investigate alternative funding opportunities and capacity building mechanisms.
- 6) Execute a capital-raising mechanism in partnership with the private sector.

This strategy comes at a time when the government of Gauteng is facing increasing challenges in the provision of integrated human settlements because of inward migration patterns. This revised strategic plan reflects a strengthened alignment with the results-based planning approach to place the GPF on a clear strategic trajectory towards its intended impact and contribution to the priorities of MTSF 2019-2024 and GGT2030 Plan of Action. The following revised strategic outcomes have been set for the remainder of the period to March 2025:

- 1) Outcome 1: Efficient, effective, and sustainable organisation.
- 2) Outcome 2: Enhanced capital base to deliver core GPF mandate.
- 3) Outcome 3: Increased access to affordable rental and social housing in strategically located areas.
- 4) Outcome 4: Increased access to integrated, inclusive, and sustainable human settlements.
- 5) Outcome 5: Increased access to liveable settlements and secure tenure.
- 6) Outcome 6: Enhanced contribution of GPF's human settlements' developments to inclusive economic growth.

The outcomes define the results that the GPF seeks for its beneficiaries over the planning period and will serve as a general guide for realising the mandate of the GPF through the outputs delivered annually through iterations of annual performance and operational plans.

For the next 5 years, the GPF will strengthen its implementation capability, consolidate Board oversight, and accountability towards comprehensive compliance to the regulatory framework and best practice policy framework to ensure her sustainability.

The strategy will be managed through the prescripts designed in the Board Charter to ensure that the Board supports and oversees the executive management in implementing and executing the strategies developed herein for the achievement of the mandate of the GPF.



**Ms Lindiwe Kwele**  
Chief Executive Officer

## OFFICIAL SIGN-OFF

It is hereby confirmed that this Revised Strategic Plan for the Gauteng Partnership Fund:

- 1) Was developed by the management of the Gauteng Partnership Fund under the guidance of the Board of Trustees.
- 2) Takes into account all the relevant policies, legislation, and other mandates for which the Gauteng Partnership Fund is responsible.
- 3) Accurately reflects the Impact, Outcomes and Outputs, which the Gauteng Partnership Fund will endeavour to achieve over the period 2019/20–2023/24.



**Ms Amanda Clark**  
Corporate Services Executive

30/01/23

Date



**Mr Shiraaz Lorgat**  
Acting Chief Investment and Development Officer

30/01/23

Date



**Ms Nomfanelo Genuka**  
Chief Financial Officer

30/01/23

Date



**Ms Lindiwe Kwele**  
Chief Executive Officer

30/01/23

Date

**APPROVED BY:**

Signed by: Sello Enoch Morero  
Signed at: 2023-01-31 13:52:38 +02:00  
Reason: Witnessing Sello Enoch Morero

PP



**Ms Hlengiwe Bhengu**  
GPF Board Chairperson

30/01/2023

Date



**Ms Phindile Mbanjwa**  
Head of Department  
Gauteng Department of Human Settlements

30/01/2023

Date



**Mr Lebogang Maile, MPL**  
Executive Authority

30/01/2023

Date



## ABBREVIATIONS AND ACRONYMS

<b>AGSA</b>	Auditor-General of South Africa
<b>APP</b>	Annual Performance Plan
<b>ARC</b>	Audit and Risk Committee
<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>BNG</b>	Breaking New Ground
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>COE</b>	City of Ekurhuleni
<b>COJ</b>	City of Johannesburg
<b>COT</b>	City of Tshwane
<b>COVID-19</b>	Corona Virus Disease, 2019
<b>DBSA</b>	Development Bank of Southern Africa
<b>DDM</b>	District Development Model
<b>DFI</b>	Development Finance Institution
<b>DM</b>	District Municipality
<b>EEPF</b>	Entrepreneur Empowerment Property Fund
<b>EXCO</b>	Executive Committee / Executive Council
<b>FLISP</b>	Finance Linked Individual Subsidy Programme
<b>GCR</b>	Gauteng City Region
<b>GDHS</b>	Gauteng Department of Human Settlements
<b>GDP</b>	Gross Domestic Product
<b>GEYODI</b>	Gender, Youth and People with Disabilities
<b>GGT2030</b>	Growing Gauteng Together 2030
<b>GPF</b>	Gauteng Partnership Fund
<b>GPG</b>	Gauteng Provincial Government
<b>HDI</b>	Historically Disadvantaged Individual
<b>IGR</b>	Intergovernmental Relations
<b>IUDF</b>	Integrated Urban Development Framework
<b>MEC</b>	Member of the Executive Council
<b>MM</b>	Metropolitan Municipality
<b>MPL</b>	Member of the Provincial Legislature
<b>MTEF</b>	Medium-Term Expenditure Framework
<b>MTSF</b>	Medium-Term Strategic Framework
<b>NPO</b>	Non-profit Organisation
<b>PAIA</b>	Promotion of Access to Information Act

<b>PFMA</b>	Public Finance Management Act
<b>PHSHDA</b>	Priority Human Settlements and Housing Development Area
<b>PPE</b>	Provincial Public Entity
<b>PWD(s)</b>	People With Disability/ies
<b>RLRP</b>	Rapid Land Release Programme
<b>SCM</b>	Supply Chain Management
<b>StatsSA</b>	Statistics South Africa
<b>SWOT</b>	Strengths, Weaknesses, Opportunities, Threats
<b>TPN</b>	Registered Global Credit Bureau
<b>UISP</b>	Upgrading of Informal Settlements Programme

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## PART A: OUR MANDATE

### 1. CONSTITUTIONAL MANDATE

As the capital-raising and implementing agency of the Gauteng Department of Human Settlements (GDHS), the Gauteng Partnership Fund (GPF) derives its mandate from Chapter 2, Section 26 of the Constitution of the Republic of South Africa (Act No. 108 of 1996), which states:

- 1) Everyone has the right to have access to adequate housing.
- 2) The State must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right; and
- 3) No one can be evicted from their home, or have their home demolished, without an order of court made after considering all relevant circumstances. No legislation may permit arbitrary evictions.

The Constitution further provides that housing is a competency that is held concurrently by national and provincial governments.

### 2. LEGISLATIVE AND POLICY MANDATES

#### 2.1. LEGISLATIVE MANDATES

The GPF is a Schedule 3C Provincial Public Entity (PPE) that was founded in 2002 as a Benevolent Trust under the Trust Properties Control Act No. 57 (1988), by the Executive Authority of the GPF, the Member of the Provincial Legislature for the Gauteng Department of Human Settlements (GDHS).

The Schedule 3C PPE listing in terms of the Public Finance Management Act (No. 1 of 1999, as amended) (PFMA) confers on the GPF a limited degree of autonomy, as well as the fiduciary and other responsibilities reflected in Section 9 of the New Companies Act (Act No. 71 of 2008, as amended).

The key legislation directing how the GPF should give effect to its founding mandate, is highlighted below:

Legislative Framework	Relevance to and implications for the GPF
<b>Trust Property Control Act (No. 57 of 1988)</b>	<p>As the founding legislation for the GPF, the Act regulates the control of the Trust property and provides for matters relating thereto:</p> <ul style="list-style-type: none"> <li>▪ Being benevolent in nature, as “a <i>Trust with a clear social delivery mandate</i>”; as reflected in Clause 17 of the founding Trust Deed, the GPF’s purpose, object, and activities should be “<i>carried out in a non-profit manner, as the aim of GPF is to provide affordable housing</i>”.</li> </ul>

Legislative Framework	Relevance to and implications for the GPF
	<ul style="list-style-type: none"> <li>▪ Clause 17 further states that the Trust is restricted in the amount of profit that it can make during the normal course of its business activities.</li> <li>▪ Benevolent trusts, or those established for a public benefit, enjoy tax exemption; and on 3 October 2003, GPF was declared tax exempt in terms of Section 10(1) (cN) of the Income Tax Act.</li> <li>▪ It was also registered as a non-profit organisation with the registration number 030-671-NPO.</li> </ul>
<b>The Companies Act (No. 71 of 2008)</b>	<p>The Companies Act regulates the incorporation, registration, organisation, and management of companies, including state-owned companies (SOCs):</p> <ul style="list-style-type: none"> <li>▪ It encourages transparency and fiscal and fiduciary diligence on the part of company directors.</li> </ul>
<b>Public Finance Management Act (No. 1 of 1999), as amended</b>	<p>Provides the basis for the management of public funds by public entities listed in terms of the PFMA:</p> <ul style="list-style-type: none"> <li>▪ The GPF is listed as a Schedule 3C Provincial Public Entity and is obligated to adhere to the requirements and principles of the Act.</li> <li>▪ The Act also covers the management of funds held by provincial government who are GPF's sources of revenue.</li> <li>▪ The Act is critical to the functioning of the GPF, both internally and externally. It embodies the legislative reporting requirements and governs the supply chain management and audit functions of the GPF.</li> <li>▪ The Schedule 3C listing also imposes a restriction on the GPF, in terms of entering into transactions that access funds from the private sector, including through borrowing, in a manner that commits government to a "future financial commitment".</li> <li>▪ Over the longer term, the GPF would be looking to convert to a PFMA Schedule 3D listing.</li> </ul>
<b>Housing Act (No. 107 of 1997)</b>	<p>The Housing Act compels all 3 spheres of government to give priority to the needs of the poor in respect of housing development:</p> <ul style="list-style-type: none"> <li>▪ Section 4 of the Act outlines the National Housing Code. The Code defines the policy principles, guidelines, norms, and standards that apply to government's various housing assistance programmes.</li> </ul>
<b>Social Housing Act (No. 16 of 2008)</b>	<p>The Social Housing Act promotes the establishment of a sustainable social housing environment through the administration of social housing projects:</p> <ul style="list-style-type: none"> <li>▪ The Act also allows for the Social Housing Regulatory Authority (SHRA) to grant official accreditation to social housing institutions, and to invest in, capacitate, and regulate the sector.</li> </ul>
<b>Rental Housing Act (No.</b>	The Act defines government's responsibility for rental housing

Legislative Framework	Relevance to and implications for the GPF
<b>50 of 1999)</b>	<p>property and creates mechanisms to promote the provision of rental housing and the proper functioning of the rental housing market:</p> <ul style="list-style-type: none"> <li>▪ It also provides the mechanisms to facilitate sound relations between tenants and landlords, lays down general requirements for leases, and provides principles for conflict resolution in the rental housing sector.</li> </ul>
<b>Housing Consumers Protection Measures Act (No. 95 of 1998)</b>	<p>The Act provides for the establishment of a statutory regulating body for home builders:</p> <ul style="list-style-type: none"> <li>▪ The National Home Builders Registration Council (NHBRC) is tasked with registering every builder and regulating the home building industry by formulating and enforcing a code of conduct.</li> <li>▪ The Act provides for the protection of housing consumers by providing warranty protection against defects in new homes.</li> </ul>
<b>Housing Development Agency Act (No. 23 of 2008)</b>	<p>The Act establishes the Housing Development Agency (HDA) as the agency responsible for identifying, acquiring, and developing suitable land for the creation of sustainable human settlements:</p> <ul style="list-style-type: none"> <li>▪ The HDA plays a key role in implementing national catalytic projects, many of which overlap with mega projects in Gauteng.</li> <li>▪ Realising the need for cooperation and a shared vision, the GPF liaises with the HDA whenever necessary to ensure the efficient and effective implementation of its mega projects.</li> </ul>
<b>Spatial Planning and Land Use Management Act (No. 16 of 2013) (SPLUMA)</b>	<p>SPLUMA provides a framework for spatial planning, land use and land management, and provides for inclusive, development-focused, equitable and efficient spatial planning at all levels of government:</p> <ul style="list-style-type: none"> <li>▪ It also sets out the requirements for the development of national, provincial, and local spatial development frameworks to ensure the integration of services, infrastructure, and economic development.</li> </ul>
<b>Infrastructure Development Act (No. 23 of 2014)</b>	<p>The Act provides for the facilitation and coordination of public infrastructure development across all 3 levels of government, which is vital to South Africa's socio-economic development.</p>
<b>Intergovernmental Relations Framework Act (No. 13 of 2005) (IRFA)</b>	<p>Specific to the relationship between the GDHS and the GPF, Section 35(2)(a) of the IRFA specifies that an implementation protocol must apply whenever the implementation of a policy, the exercise of statutory power, the performance of a statutory function, or the provision of a service has been identified as a national priority:</p> <ul style="list-style-type: none"> <li>▪ Section 35(2)(b) of the Act specifies that an implementation protocol must be considered when it will materially assist national government or a provincial government in complying with its constitutional obligations to support the local sphere of government or to build capacity in that sphere.</li> <li>▪ The GDHS and the GPF have, therefore, entered an implementation protocol to ensure, through collaboration with each other, that operations are effective and efficient, and that housing</li> </ul>

Legislative Framework	Relevance to and implications for the GPF
	services are consistently and continuously rendered to communities in Gauteng.
<b>Broad-Based Black Economic Empowerment Act, 2003 (No. 53 of 2003), as amended</b>	<p>The Act establishes a legislative framework for the promotion of black economic empowerment and empowers the Minister to issue Codes of Good Practice and publish transformation charters, and establish the Black Economic Empowerment Advisory Council:</p> <ul style="list-style-type: none"> <li>▪ The GPF has an important role to play in driving the transformation of the property sector in Gauteng, and the affordable housing value chain.</li> </ul>
<b>Preferential Procurement Policy Framework Act (No. 5 of 2000), as amended</b>	<p>To ensure that government's preferential procurement procedures are aligned with the aims of the Broad-Based Black Economic Empowerment Act, 2003 and the associated Codes of Good Practice:</p> <ul style="list-style-type: none"> <li>▪ The Act provides the mechanism for ensuring procurement set asides benefit vulnerable/designated groups, including women, youth, persons with disabilities and military veterans.</li> </ul>
<b>Promotion of Access to Information Act (No. 2 of 2000) (PAIA)</b>	PAIA gives effect to the constitutional right of access to any information held by the State, and any information held by a private person that is required for the exercise or protection of any other right.
<b>Other sector-specific legislation of direct relevance to the GPF</b>	<ol style="list-style-type: none"> <li>1) <b>Financial Intelligence Centre Act (No. 38 of 2001)</b>, which provides the mechanisms for combating money laundering activities and the financing of terrorist and related activities.</li> <li>2) <b>Home Loan and Mortgage Disclosure Act (No. 63 of 2000)</b>, which regulates and monitors bank lending practices.</li> <li>3) <b>National Building Regulations and Building Standards Act (No. 103 of 1977)</b>, which provides for the promotion of uniformity in the law relating to the erection of buildings in the areas under the jurisdiction of local authorities and prescribes building standards.</li> <li>4) <b>Gauteng Land Administration Act (No. 11 of 1996)</b>, which provides for the acquisition and disposal of land owned by the Gauteng Provincial Government.</li> <li>5) <b>Financial Advisory and Intermediary Services Act (No. 37 of 2002)</b>, which regulates the activities of all financial service providers who give advice or provide intermediary services to clients relating to certain financial products. The Act requires that such providers be licensed, and that professional conduct be controlled through a code of conduct and specific enforcement measures.</li> </ol>

The following planned new legislation will affect the business of GPF:



Legislative Framework	Relevance to and implications for the GPF
<b>Inclusionary Housing Bill</b>	This Bill allows for affordable housing to become an integral part of commercially driven private developments aimed at higher-income groups and is designed to ensure racial and class integration in GCR settlements.
<b>Amendment to the Gauteng Housing Act (No. 6 of 1998).</b>	<p>The amendment seeks to:</p> <ul style="list-style-type: none"> <li>▪ Establish the necessity for the provincial legislation in the context of the transition from housing to human settlements development.</li> <li>▪ Align the new human settlements mandate of the department with the national policy and legislative discourse.</li> <li>▪ Determine the functionality with more relevance to the institutions of the department established in terms of the Act, including Housing Advisory Board, Gauteng Provincial Housing Fund, Housing Co-operatives, and Association.</li> <li>▪ The Act should also be aligned with the TMR and mega projects.</li> </ul> <p>The amendment will redefine the Housing Advisory Committee (HAC) to consider the new Programme Management Office (PMO) Steering Committee.</p>
<b>Amendment to the Gauteng Rental Housing Act (No. 50 of 1999)</b>	<p>The amendment will seek to address the following issues:</p> <ol style="list-style-type: none"> <li>1) Electronic filing,</li> <li>2) Service of documents,</li> <li>3) Rental determination, and</li> <li>4) Revenue generation.</li> </ol>
<b>Amendment to the Deeds Registries Act (No. 47 of 1937)</b>	<p>The amendment is meant to address the issue of 'family title deeds', where there have been concerns around protection of beneficiaries at the transfer and registration of houses allocated by the department, in most cases child-headed households.</p> <p>As an implementing agent of the department, the GPF will have to be cognisant of the amendment if implemented.</p>

## 2.2. POLICY MANDATES

The key policy and strategic frameworks that are relevant for the implementation of the mandate of the GPF include the following:

Policy	Relevance to and implications for the GPF
<b>Developmental Priorities</b>	
<b>National Development Plan</b>	Adopted by Cabinet in 2012, the NDP is the visionary blueprint of government, with business and society as collaborative partners – seeking to eliminate poverty and sharply reduce inequality and

Policy	Relevance to and implications for the GPF
<b>(NDP) 2030</b>	<p>unemployment by 2030.</p> <p><b>Chapter 8 – Transforming human settlements and the national space economy</b>, has the following objectives:</p> <ol style="list-style-type: none"> <li>1) To transform spatial arrangement and governance.</li> <li>2) To tackle inherited spatial division.</li> <li>3) To unlock development potential.</li> <li>4) To guide and inform infrastructure investment and prioritisation.</li> <li>5) To facilitate coordination between government and other agents.</li> </ol> <p>The strategic shift advocated by the NDP through the transformation of human settlements, the restructuring of Apartheid-built form and the achievement of spatial integration seeks to achieve the NDP’s vision that:</p> <p><i>“By 2050 visible outcomes from effectively coordinated spatial planning systems will have transformed human settlements in South Africa into equitable and efficient spaces, with citizens living in close proximity to work (and) with access to social facilities and essential infrastructure.”</i></p>
<b>National Spatial Development Framework (NSDF) 2050</b>	<p>The NSDF is a mechanism of government designed to reconfigure Apartheid spatial relations and implement spatial priorities in ways that meet the goal of providing basic services to all and to alleviate poverty and inequality.</p> <p>The NSDF recognises the burden that unequal and inefficient spatial arrangements place on communities, especially the poor who, for example, must bear significant transport costs to commute long distances to and from work.</p> <p>The 4 principles of the NSDF are:</p> <ol style="list-style-type: none"> <li>1) Rapid economic growth that is sustained and inclusive to achieve poverty alleviation.</li> <li>2) Fixed investment focused in localities of economic growth or economic potential.</li> <li>3) Programmes and projects that address poverty and provision of basic services in areas where there is low economic potential.</li> <li>4) Future settlement and economic development opportunities challenged into activity corridors and nodes that are adjacent to or link with main centres.</li> </ol>
<b>Integrated Urban Development Framework (IUDF) (2016)</b>	<p>The IUDF actualises the NDP’s directive for an urban development policy that is mindful of increasing urbanisation across the country. According to the IUDF, more than 60 percent of South Africa’s population live in urban areas, and it is projected that this number will increase to 71.3 percent in 2030 and to 80 percent by 2050:</p> <ul style="list-style-type: none"> <li>▪ The IUDF is responsive to the Goal 11 of the Sustainable Development Goals (SDGs), <i>“making cities and human settlements inclusive, safe, resilient and sustainable”</i>.</li> <li>▪ The key outcome of the IUDF is spatial transformation. Its objective is</li> </ul>

Policy	Relevance to and implications for the GPF
	<p>to ensure spatial integration, improve access to services, and promote social and economic inclusion through the achievement of 4 strategic goals: spatial integration, inclusion and access, growth, and governance.</p>
<p><b>Gauteng Spatial Development Framework (GSDF) 2030</b></p>	<p>The GSDF is a legislative requirement of SPLUMA and provides guidelines for provincial spatial development plans, programmes, and projects. The vision of GSP 2030 is to create:</p> <p><i>“A smart and spatially integrated city region with high mobility, where everyone enjoys equal access to quality basic services and resides in sustainable human settlements that are strategically located close to economic opportunities, and which offer a range of habitation options that enable choices to ensure quality living experience.”</i></p> <p>GPF’s strategic impact and outcomes are firmly located within this vision.</p>
<p><b>GPG’s Ten-Pillars Programme of Transformation, Modernisation and Reindustrialisation (TMR)</b></p>	<p>The TMR Programme is underpinned by ten pillars. Collectively, the pillars advocate equitable socio-economic development, good governance, and development across the Gauteng City Region. GPF’s core mandate responds most directly to 3 of the pillars:</p> <p><b>Pillar 2: Decisive spatial transformation</b></p> <ul style="list-style-type: none"> <li>▪ The GPF’s aim is to achieve this by taking radical steps to transform the spatial configuration and landscape of the province of Gauteng.</li> <li>▪ This will be done through public transport infrastructure development and the creation of new, integrated, and sustainable human settlements and post-Apartheid cities that are more connected, liveable, smart, and green.</li> <li>▪ Investment and development in the 5 development corridors within the GCR, with specific mega projects (and unit targets) for each corridor.</li> </ul> <p><b>Pillar 3: Accelerated social transformation</b></p> <ul style="list-style-type: none"> <li>▪ The GPF aims to achieve improved quality of life for HDIs through the provision of decent shelter that is close to transport, work, and other amenities, as well as through the upliftment and/or eradication of informal settlements and hostels and the eradication of urban poverty.</li> </ul> <p><b>Pillar 7: Modernisation of human settlements and urban development</b></p> <ul style="list-style-type: none"> <li>▪ The GPF aims to develop integrated human settlements in line with the Gauteng Spatial Development Framework and to ensure a radical shift towards housing provision in economic and mixed-use nodes that demonstrably make use of an improved mix of typologies.</li> </ul>
<p><b>District Development Model (DDM)</b></p>	<p>The District Development Model (DDM) consists of a process by which joint and collaborative planning is undertaken at local, district, and metropolitan by all 3 spheres of governance resulting in a single strategically focussed One Plan for each of the 44 districts and 8 metropolitan geographic spaces in the country, wherein the district is seen as the ‘landing strip’:</p> <ul style="list-style-type: none"> <li>▪ The DDM is a practical IGR mechanism to enable all 3 spheres of</li> </ul>

Policy	Relevance to and implications for the GPF
	<p>government to work together, with communities and stakeholders, to plan, budget, and implement in unison.</p> <ul style="list-style-type: none"> <li>▪ In so doing, the vexing service delivery challenges can also be turned into local level development opportunities, through localised procurement and job creation which “<i>promotes and supports local businesses, and that involves communities...</i>”</li> <li>▪ This will also require national and provincial departments to provide implementation plans and budgets, which address local challenges and developmental opportunities whilst aligning with national, regional, continental, and global goals and objectives.</li> </ul> <p><i>The inclusion of a DDM for GPF, as an annexure to this strategic plan, is a requirement of the DPME Revised Framework for Strategic Plans and Annual Performance Plans.</i></p>
<b>Government’s Priorities for the 2019-2024 Planning Period:</b>	
<p><b>Medium Term Strategic Framework (MTSF) 2019-2024</b></p>	<p><b>There are 7 national medium-term priorities for 2019-2024, of which GPF contributes most directly to:</b></p> <ol style="list-style-type: none"> <li>1) Priority 1: A capable, ethical, and developmental State</li> <li>2) Priority 2: Economic transformation and job creation</li> <li>3) Priority 5: Spatial integration, human settlements, and local government</li> </ol> <p>In terms of Priority 5:</p> <ul style="list-style-type: none"> <li>▪ The desired impact is spatial transformation through improved integrated settlement development and linking job opportunities and housing opportunities.</li> <li>▪ Housing settlements are to be developed in Priority Human Settlement and Housing Development Areas (PHSHDAs) – 136 have been declared by way of gazette by the Minister for Human Settlements in May 2020.</li> </ul>
<p><b>Growing Gauteng Together (GGT) 2030</b></p>	<p>In response to the global and domestic challenges, the GPG has committed to a plan of action – GGT2030:</p> <ul style="list-style-type: none"> <li>▪ The plan reflects a collective vision for the GCR in a decade. It is about the realisation of the NDP, the Manifesto, and it is buttressed on work carried out to date as part of Gauteng’s Transformation, Modernisation and Reindustrialisation (TMR) Programme.</li> <li>▪ With the adoption of the GGT2030 Plan of Action, the plan is to industrialise and reindustrialise the GCR and contribute towards the industrialisation agenda of the continent.</li> <li>▪ GGT2030 is to be delivered through 7 priorities. GPF contributes most directly to:             <ul style="list-style-type: none"> <li>- Priority 1: Economy, jobs, and infrastructure</li> <li>- Priority 3: Integrated human settlements, basic services, and land release.</li> </ul> </li> </ul>

Policy	Relevance to and implications for the GPF
	<p>- Priority 5: Building a capable, ethical and development State.</p> <p>Specific interventions and measures of success of GGT2030 that are applicable to GPF are discussed in a later section.</p>
<b>Sector and Other Informing Policies:</b>	
<p><b>Comprehensive Plan for the Development of Sustainable Human Settlements: Breaking New Ground (BNG), 2004</b></p>	<p>BNG notes the shift in emphasis from the provision of housing to the creation of sustainable human settlements in a manner that is responsive to the demands of segments of society and local situations:</p> <ul style="list-style-type: none"> <li>▪ This includes the promotion of more efficient cities, towns, and regions. In support of spatial restructuring, the plan highlights the need to <i>“integrate previously excluded groups into the city and the benefits it offers”</i>.</li> <li>▪ BNG flags the need to promote densification, including <i>“housing products, which provide adequate shelter to households whilst simultaneously enhancing flexibility and mobility”</i>.</li> </ul>
<p><b>National Housing Code, 2009</b></p>	<p>The National Housing Code sets the underlying policy principles, guidelines and norms and standards which apply to government's various housing assistance programmes introduced since 1994 and updated.</p>
<p><b>Social Housing Policy (2005)</b></p>	<p>The Social Housing Policy recognises the establishment of the Social Housing Regulatory Authority (SHRA) as Regulator and states that <i>“the Social Housing Programme has 2 primary objectives:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Firstly, to contribute to the national priority of restructuring South African society to address structural, economic, social, and spatial dysfunctionalities thereby contributing to government's vision of an economically empowered, non-racial, and integrated society living in sustainable human settlements.</i></li> <li>▪ <i>Secondly, to improve and contribute to the overall functioning of the housing sector and the rental subcomponent thereof, especially insofar as social housing is able to contribute to widening the range of housing options available to the poor”</i>.</li> </ul>
<p><b>Other informing policies and strategies</b></p>	<ul style="list-style-type: none"> <li>▪ South African Economic Reconstruction and Recovery Plan, 2020</li> <li>▪ National housing policy and subsidy programmes (2010)</li> <li>▪ National Youth Policy (2030)</li> <li>▪ Gauteng Township Economy Revitalisation Strategy</li> <li>▪ GCR Economic Development Plan</li> <li>▪ GCR Governance and Planning Roadmap</li> <li>▪ Accelerated Social Transformation Strategy</li> <li>▪ GCR Youth Development Strategy</li> <li>▪ Gauteng Mega Human Settlements Strategy</li> <li>▪ Gauteng Human Settlements Masterplan</li> </ul>

Policy	Relevance to and implications for the GPF
	<ul style="list-style-type: none"> <li>▪ Upgrading of Informal Settlements Programme</li> </ul>

### 3. INSTITUTIONAL POLICIES AND STRATEGIES GOVERNING THE 5-YEAR PLANNING PERIOD

The mandate of the GPF is directly informed by the relevant legislative frameworks described above at both national and provincial levels, the strategic position, and priorities of the GDHS, the key challenges the department must address to deliver on its mandate, and the value proposition that the GPF is able to offer to implement the mandate.

GPF institutional alignment and mandate is discussed in more detail below.

#### 3.1. BACKGROUND AND CONTEXT TO GPF'S MANDATE

The GPF was established in 2002 as an agency of the GDHS and was initially mandated to focus on social and affordable housing. Both the GPF and the GDHS have since undergone several transformation processes in response to changing socio-political and strategic imperatives related to the delivery of housing and the establishment of human settlements. As an agency of the GDHS, the GPF is accountable to the MEC who is also the Executive Authority of the GDHS. The mandate and strategic direction of the GPF is directly informed by the MEC and the GPG's Executive Council (EXCO).

Prior to the introduction of mega projects, GPF's mandate focused on the provision of financial solutions for social and affordable housing. This was successfully implemented, with over 20 000 social and affordable housing units having been delivered. In 2017/18, GPF was given the mandate to move beyond the affordable housing market to raising the capital needed for mega projects and overseeing its implementation. It is important to emphasise that the capital-raising element involves raising the funds required for the overall mixed-use development of mega projects (i.e., for human settlements as well as for social and economic amenities).

In 2019/20 (aligned with the priorities of the Sixth Administration of GPG), GPF's mandate was further extended to include the Upgrading of Informal Settlements Programme (UISP), and the implementation of the Rapid Land Release Programme (RLRP) in Gauteng.

In implementing its mandate, the organisation is bound to comply with and make a meaningful contribution to the strategic outcomes of the GDHS and thus to the GGT2030 Plan of Action and MTSF 2019-2024.

#### ALIGNMENT TO NATIONAL PRIORITIES

As a provincial public entity, the GPF contributes to the fulfilment of the Human Settlements' Medium Term Strategic Framework for the period 2019 –2024 that is championed by the National Department of Human Settlements. The Framework aims at achieving:

- 1) A spatially just and transformed national space economy that enables access to social services and economic opportunities in cities, regions, and rural areas:

- a) Spatial transformation,
  - b) Adequate housing and improved quality living environments,
  - c) Security of tenure.
- 2) Transformation of human settlements into liveable neighbourhoods by 2030.

The National Department of Human Settlements is also rolling out the implementation of the PSHDAs, which aim to:

- 1) Create opportunities for liveable, inclusive, and resilient towns and cities.
- 2) Reverse the unjust and dysfunctional spatial legacy of Apartheid.
- 3) Improve participation of the disadvantaged in the residential property market.
- 4) Increase the asset creation potential of the State's investments in human settlements.

Several areas within the 5 development corridors of the GCR are earmarked as PSHDAs, including, among others, Greater Alexandra and Lanseria/Diepsloot for improvement of the existing areas for smart cities, renewal, redevelopment, and consolidation; and Greater Mamelodi-Nellmapius Integrated Node, City of Tshwane Metropolitan Municipality.

Through its work, the GPF also contributes to MTSF 2019-2024 Priority 2 – Economic transformation and job creation. This is done by supporting SMME development, growth, and sustainability. GPF also needs to ensure that it builds an efficient, effective, and sustainable organisation through its alignment with MTSF 2019 - 2024 Priority 1 – Capable, ethical, and developmental State.

## **ALIGNMENT TO PROVINCIAL PRIORITIES**

The GGT2030 Plan of Action comprises several interventions and measures of success. The GGT2030 Priority 3 Impact is:

***“Access to social and economic opportunities through spatial transformation and prioritising well-located, inclusive communities, so that by 2030”:***

- 1) All the people can reside in well-built homes that are situated in safe, clean, and cared for environments, with all the conveniences and services they need being close at hand.
- 2) That they can live close to their places of work, without having to make long and expensive journeys twice a day.

The Plan of Action comprises 3 provincial outcomes, namely, adequate housing and improved living environments, security of tenure, and rapid land release. The measures of success relevant to GPF include the following:

- 1) **A total of 128 803 housing opportunities created in the GCR corridors, including:**
  - a) 77 314 new houses built by the mega housing settlement projects.

- b) Development of mega housing settlements across the province, namely, Vaal River City and Lanseria City.
- c) Developments in the following areas: Alexandra, Bekkersdal, Evaton, Kliptown, Winterveld.
- d) 7 986 housing opportunities created through the Social Housing Programme.
- e) 4 000 rental housing and student accommodation units.
- f) Offering accessible facilities for children with disabilities.

**2) Informal settlements upgraded:**

- a) 181 informal settlements upgraded in the West Rand and Sedibeng, in accordance with the Upgrading of Informal Settlements Programme (UISP) grant.

**3) Rapid land release:**

- a) Unused government buildings and land being released for development, economic growth, and job creation.
- b) 100 000 serviced sites released as part of the RLRP to beneficiaries and developers.

The GPF is directly connected to the above policy environment through the strategic framework and plans of its oversight department, the GDHS. The specific GDHS 2019- 2024 Strategic Plan outcome to which the GPF contributes is as follows:

- 1) Integrated, sustainable and spatially transformed human settlements and liveable neighbourhoods, with a 5-year target to realise spatially transformed human settlements developments. This is to be achieved in terms of the human settlements' spatial masterplan.
- 2) Key priorities include: 1) the phasing out of legacy projects, 2) the development of mega projects providing mixed-income housing typologies with social amenities, 3) beneficiary administration and the issuing of title deeds, and 4) the resuscitation of urban renewal and 5) the upgrading of informal settlements.

The main human settlements policy initiatives of the sixth term of GPG are:

- 1) Gauteng Human Settlements Masterplan.
- 2) Gauteng Mega Projects Strategic Framework.
- 3) Upgrading of Informal Settlements Programme (UISP).
- 4) Amendments to the National Housing Code to support the Rapid Land Release Programme.



### **3.1.1. PRIORITY HUMAN SETTLEMENTS DELIVERY PROGRAMMES OF GPF'S MANDATE**

#### **MEGA PROJECTS IN GAUTENG**

In 2014, the Premier of Gauteng launched a new human settlements paradigm which aimed to deliver a more transformed spatial and economic landscape in Gauteng. The new paradigm aimed to ensure that *“all new developments of Human Settlements and post-Apartheid cities should be in line with our vision to turn Gauteng into a seamlessly integrated, socially cohesive, and economically inclusive city region; a leading economy in the continent underpinned by sustainable, green and smart industries one which promotes a responsive, clean, and transparent government that works in partnership with an active citizenry”*<sup>1</sup>.

There are 5 strategic pillars to mega projects<sup>2</sup>:

- 1) Phasing out of legacy projects: This pillar entails both the winding down to completion of all legacy projects; and rapid land release, i.e., to facilitate the handover of serviced stands to qualifying beneficiaries who would in turn build their own houses over time.
- 2) Scaling up the delivery of mega projects towards the establishment of embryonic post-Apartheid new towns in Gauteng.
- 3) Beneficiary administration and issuing title deeds is aimed at optimising housing administration, the cleaning up of the housing waiting list, and updating the issuing of title deeds.
- 4) The upgrading of informal settlements and hostels: This has a short- and long-term focus on issues relating to water and sanitation. Other critical issues to be addressed include public lighting to curb acts of criminality, the development of a child-friendly environment, and providing infrastructure for individuals living with disability. The long-term objective outcome is to eventually phase out informal settlements and hostels; and
- 5) Resuscitating urban renewal: To rejuvenate the inner city through the Bad Buildings Programme.

At an implementation level, the 'mega project' paradigm entailed a move away from delivering separate housing projects which, in many instances, are located away from economic activity or transportation hubs and in effect reinforced Apartheid spatial planning to the delivery of environments of 15 000 units or more, with mixed housing types to cater for various housing market segments, including those that fall out of the government subsidy bracket and would include the provision of integrated primary (bulk) and secondary infrastructure. Mega projects are

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<sup>1</sup> Premier David Makhura: Launch of Mega Human Settlements and Post-Apartheid Cities, 7 April 2015

<sup>2</sup> <https://gpf.org.za/mega-projects-2/>

also viewed as the tool which would facilitate the eradication of informal settlements and the in-situ upgrading, decongestion and reorganisation of space<sup>3</sup>.

Mega projects are implemented in a manner designed to broaden the base within the infrastructure development sector, of black and female-owned enterprises, as well as small, medium, and micro enterprises (SMMEs). It is against this backdrop that at least 30 percent of the capital budget is spent on the SMMEs and, over time, to develop women-owned enterprises.

The GPF has been mandated by the Executive Authority to serve as its capital-raising and implementing agent for the roll out of the Mega Human Settlements Programme. The capital-raising function of the GPF is sourcing the funding from the private sector and other development finance institutions, as well as donors. GPF has in place an Implementation Protocol with the NDHS to deliver a minimum of 8 mega projects over the period of this strategic plan.

### THE RAPID LAND RELEASE PROGRAMME (RLRP)

The RLRP Programme aims to fast-track the release of serviced stands from state-owned land, to qualifying beneficiaries. To bring this to fruition, proposed amendments are required to the National Housing Code which would give the Minister of Human Settlements authority to permit the release of serviced land to people who do not necessarily qualify for a subsidy. In effect, the proposed amendment means that serviced sites, complete with minimum building design plans and standards, and title deeds, would be made available to the people of Gauteng who are willing and able to build for themselves<sup>4</sup>.

The GPF has been appointed by the GDHS as the implementation agent responsible to facilitate a process to acquire serviced stands on behalf of the department. These stands must be already serviced with all municipal engineering services (water reticulation, sewer reticulation, roads, storm water, and electrical reticulation); for allocation to qualifying beneficiaries.

It is envisaged that the site and service model will go a long way in eliminating the city's housing backlog and has been adopted by all 3 spheres of government as an easy alternative in the provision of housing opportunities. These serviced stands will be provided as an option for those who don't qualify for other National Housing Code programmes viz. Integrated Residential Development Programme (IRDP), Finance Linked Individual Subsidy Programme (FLISP), individual subsidies, as well as Informal Settlements Upgrading Programme (UISP)<sup>5</sup>.

In the 2020 SOPA, the Gauteng Provincial Government committed to providing 100 000 serviced stands to qualifying residents who *"want to and are able to build for themselves"*, with the further commitment to release 10 000 between April and June 2020, as part of the RLRP<sup>6</sup>.

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<sup>3</sup> Gauteng Human Settlements Kick-starts Mega Cities project. 19 June 2015

<sup>4</sup> Gauteng Department of Human Settlements. Strategic Plan 2019/21 – 2023/24

<sup>5</sup> City of Johannesburg (2021). City of Johannesburg moves ahead with serviced stands to allow people to build their own homes. Accessed from [https://www.joburg.org.za/media/Pages/Media/Media percent20Statements/2021 percent20Media percent20Statements/March/City-of-Joburg-moves-ahead-with-Service-Stands-to-allow-people-to-build-their-own-homes.aspx](https://www.joburg.org.za/media/Pages/Media/Media%20Statements/2021%20Media%20Statements/March/City-of-Joburg-moves-ahead-with-Service-Stands-to-allow-people-to-build-their-own-homes.aspx)

<sup>6</sup> Premier David Makhura, State of the Province Address. 25 February 2020

Unfortunately, handover of the identified 9 151 sites was not possible due to restrictions arising from COVID-19 regulations<sup>7</sup>.

### UPGRADING OF THE INFORMAL SETTLEMENTS PROGRAMME

The upgrading of informal settlements is one of the strategic pillars of the Mega Project paradigm and has both a short- and long-term focus on issues relating to water and sanitation. Other critical issues aimed at improving the environment are also addressed and include public lighting to curb acts of criminality, the development of a child-friendly environment, and providing infrastructure for individuals living with disability. The long-term objective is to eventually phase out informal settlements and hostels.

The Implementation Protocol for the Informal Settlement Programme (UIISP) was signed on 5<sup>th</sup> October 2020. The GPF was appointed for planning and implementation monitoring for the installation of water, electricity, sanitation, and access roads services for the upgrading of the identified 75 informal settlements within the metropolitan and district municipalities.

It should be noted that the focus on upgrading informal settlements is not new. Launched in 2009, the key objective of the Upgrading of Informal Settlements Programme<sup>8</sup> was to facilitate the structured in situ upgrading of informal settlements, as opposed to relocation. This aimed to achieve the following complex and interrelated policy objectives:

- 1) **Tenure security:** To enhance the concept of citizenship, incorporating both rights and obligations, by recognising and formalising the tenure rights of residents within informal settlements.
- 2) **Health and security:** To promote the development of healthy and secure living environments by facilitating the provision of affordable and sustainable basic municipal engineering infrastructure to the residents of informal settlements. This must allow for scaling-up in the future; and
- 3) **Empowerment:** To address social and economic exclusion by focusing on community empowerment and the promotion of social and economic integration, building social capital through participative processes, and addressing the broader social needs of communities.

### 3.1.2. CORE BUSINESS AREAS OF GPF'S MANDATE

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GPF's mandate is to raise the required capital and to serve as the preferred implementing agent of the GDHS in support of the achievement of the above priorities of government, in a sustainable and cost-effective manner. The core business areas of GPF's mandate for the term of the 6<sup>th</sup> Administration are as follows:

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<sup>7</sup> Premier David Makhura, State of the Province Address. 23 February 2021

<sup>8</sup> Department of Human Settlements (2009). *The National Housing Code, Part 3 – Upgrading Informal Settlements*.

- 1) Raising and managing the capital required for the successful implementation of the core business areas of the GPF's mandate.
- 2) Serving as a developer of turnkey projects on strategic government-owned land.
- 3) Providing loans to private sector developers for the development of affordable rental, student accommodation, and social housing projects.
- 4) Providing project development, implementation, and management services, including:
  - a) Implementing identified mega projects.
  - b) Implementing affordable rental, student accommodation, and social housing projects.
  - c) Implementing the Upgrading of Informal Settlements Programme (UISP).
  - d) Implementing the Rapid Land Release Programme (RLRP).

#### 4. RELEVANT COURT RULINGS

At the time of developing this 2020-2025 Strategic Plan there are no specific court rulings that have a significant, ongoing impact on the GPF's operations or business obligations.

**PART B: OUR STRATEGIC FOCUS**

**1. VISION**

To be a partner of choice in catalysing the funding and development of integrated and sustainable human settlements in Gauteng.

**2. MISSION**

**To facilitate the development of integrated, sustainable human settlements for communities in Gauteng by:**

- Raising and managing the capital required for the successful implementation of identified and sustainable human settlements.
- Serving as a turnkey property developer on strategic public land and providing management services.
- Enhancing the lives of people in communities, while also providing investors and partners with sound financial returns.

**3. VALUES**

**Our core values are embedded in our culture of professionalism and excellence and are expressed in the execution of its mandate, vision, mission, goals, and objectives**

<b>Teamwork</b>	We have a culture of excellence in the execution of our common goal. We work in unison and view our work as a collective.
<b>Innovation</b>	We continuously develop great products and services. We are agile and flexible to solve problems for our internal and external customers, while we continuously learn and grow.
<b>Integrity</b>	We uphold honesty and professionalism always We do our work in an ethical and transparent manner
<b>Customer Centricity</b>	We place our customer at the centre of all that we do We add value to our customer at all times through great experiences
<b>Respect</b>	We aim to minimise adverse environmental impacts across all our projects
<b>Accountability</b>	We take responsibility for the sustainability of our organisation in all that we do

## 4. SITUATIONAL ANALYSIS

### 4.1. EXTERNAL ENVIRONMENT ANALYSIS

#### 4.1.1. MACRO ENVIRONMENT

##### GLOBAL ECONOMIC OUTLOOK

A tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022 as risks began to materialise. Global output contracted in the second quarter of 2022, owing to downturns in China and Russia, while US consumer spending undershot expectations. Several shocks have hit a world economy already weakened by the pandemic: higher-than-expected inflation worldwide—especially in the United States and major European economies—triggering tighter financial conditions; a worse-than-anticipated slowdown in China, reflecting COVID-19 outbreaks and lockdowns; and further negative spill overs from the war in Ukraine.

The baseline forecast is for growth to slow from 6.1 percent last year to 3.2 percent in 2022, 0.4 percentage points lower than in the April 2022 World Economic Outlook. Lower growth earlier this year, reduced household purchasing power, and tighter monetary policy drove a downward revision of 1.4 percentage points in the United States. In China, further lockdowns and the deepening real estate crisis have led growth to be revised down by 1.1 percentage points, with major global spill overs. And in Europe, significant downgrades reflect spill overs from the war in Ukraine and tighter monetary policy. Global inflation has been revised up due to food and energy prices as well as lingering supply-demand imbalances and is anticipated to reach 6.6 percent in advanced economies and 9.5 percent in emerging market and developing economies this year—upward revisions of 0.9 and 0.8 percentage point, respectively. In 2023, disinflationary monetary policy is expected to bite, with global output growing by just 2.9 percent.

The risks to the outlook are overwhelmingly tilted to the downside. The war in Ukraine could lead to a sudden stop of European gas imports from Russia; inflation could be harder to bring down than anticipated either if labour markets are tighter than expected or inflation expectations unanchor; tighter global financial conditions could induce debt distress in emerging market and developing economies; renewed COVID-19 outbreaks and lockdowns as well as a further escalation of the property sector crisis might further suppress Chinese growth; and geopolitical fragmentation could impede global trade and cooperation. A plausible alternative scenario in which risks materialise, inflation rises further, and global growth declines to about 2.6 percent and 2.0 percent in 2022 and 2023, respectively, would put growth in the bottom 10 percent of outcomes since 1970.

With increasing prices continuing to squeeze living standards worldwide, taming inflation should be the priority for policy makers. Tighter monetary policy will inevitably have real economic costs, but delay will only exacerbate them. Targeted fiscal support can help cushion the impact on the most vulnerable, but with government budgets stretched by the pandemic and the need for a disinflationary overall macroeconomic policy stance, such policies will need to be offset by increased taxes or lower government spending. Tighter monetary conditions will also affect financial stability, requiring judicious use of macroprudential tools and making reforms to debt resolution frameworks all the more necessary. Policies to address specific impacts on energy and food prices should focus on those most affected without distorting prices. And as the

pandemic continues, vaccination rates must rise to guard against future variants. Finally, mitigating climate change continues to require urgent multilateral action to limit emissions and raise investments to hasten the green transition.

### **THE GLOBAL CONSTRUCTION INDUSTRY<sup>9</sup>**

Construction is typically much more volatile than the overall economy. Reduced economic activity results in less demand for new commercial or industrial facilities, and ambiguity further dampens investment. The loss of income and consequent lack of consumer confidence negatively affects demand for construction or refurbishment.

The impact of COVID-19 on the global construction industry has been profound, with construction sites in many countries forced to shut down and those who have re-opened have been faced with disrupted supply chains and operational restrictions. Beyond such short-term impact, the crisis is also expected to hit long-term supply and demand,

The pandemic also represents a shock to supply. Both migrant and domestic construction workers have been unable to reach jobsites and where they were able to, needed to adhere to new on-site protocols that has reduced productivity. Building-materials' supply chains have also been interrupted, suspending production and distribution.

### **AN AFRICAN PERSPECTIVE – MIGRATION INTO THE GAUTENG PROVINCE**

The theme of the 2022 African Economic Outlook according to the African Development Bank is "Supporting Climate Resilience and a Just Energy Transition in Africa". The theme highlights climate change as a growing threat to lives and livelihoods in Africa.

Despite having 17% of the current global population, Africa has accounted for a negligible 3% of cumulative worldwide CO2 emissions historically. However, climate change and extreme weather events disproportionately affect Africa, with severe economic, social, and environmental consequences for its people.

It is clear that the pandemic and the Russia-Ukraine war could leave a lasting impression over several years, if not as much as a decade. Meanwhile, around 30 million people in Africa were pushed into extreme poverty in 2021 and about 22 million jobs were lost in the same year because of the pandemic. And the trend is expected to continue through the second half of 2022 and on into 2023.

The economic disruptions stemming from the Russia-Ukraine war could push a further 1.8 million people across the African continent into extreme poverty in 2022. That number could swell with another 2.1 million in 2023.

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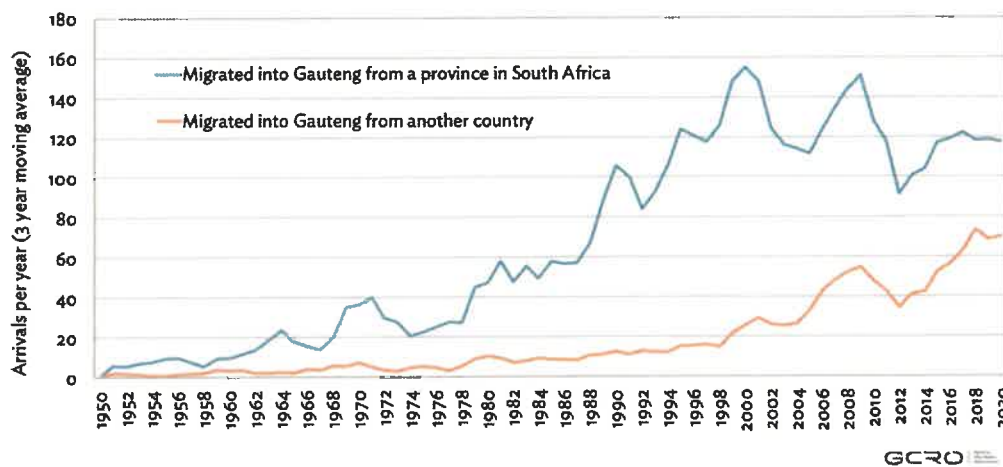
<sup>9</sup> McKinsey & Company (2020): *How Construction Can Emerge Stronger After Coronavirus*. 8 May 2020.

The continent’s additional financing needs for 2020-22 are estimated at \$432 billion. Financing African countries’ nationally determined contributions—public pledges from countries on how they plan to play a part in post-2020 collective action on climate change—will require up to 1.6 trillion between 2022 by 2030. The continent loses between 5% and 15% of gross domestic product to climate change. Collectively, African countries received only \$18.3 billion in climate finance between 2016 and 2019. This leaves a climate finance gap of up \$1288.2 billion annually from 2020 to 2030.

Poverty in Africa and migrants into the economic hub of South Africa, Gauteng, are inextricably linked. The next figure reflects that there is a reduction of the gap between migrants born in other provinces and migrants born in other countries amongst more recent arrivals.

More than one out of every 3 migrants to the province who arrived in 2020 was born in another country, while 2 out of every 3 were born in other provinces within South Africa. By contrast, only one out of every ten migrants to the province who arrived in 1998 was born outside South Africa, while nine out of ten migrants arriving in 1998 were born in other provinces within South Africa. This search for a better life has implications on the demand for quality, affordable housing.

**Figure 1: Source of migrants into the Gauteng Province**



Source: Gauteng City Region Observatory (GCRO) Quality of Life Survey VI, 2020/21<sup>10</sup>

**SOUTH AFRICAN OUTLOOK**

The COVID-19 crisis has weakened an already fragile economy. South Africa’s growth underperformed during the past decade: GDP per capita was already lower in 2019 than in 2008. Unemployment remains high, at around 35%, and youth unemployment even exceeds 50%. In the meantime, spending pressures are mounting to close the financing gap in health,

<sup>10</sup> Minister Tito Mboweni: 2021 Budget Speech



infrastructure and higher education. To finance those needs while putting public finances on a more sustainable path, which is key to restore confidence, spending efficiency should improve and be accompanied with increased government tax revenues.

After a strong rebound in 2021, GDP is projected to grow by 1.8% and 1.3% in 2023 and 2024 respectively. Household consumption and investment will remain the main drivers of growth. Household income will benefit from the continuation of the COVID-relief grant. The commodity prices boom will support exports. Investment will continue to strengthen over the projection horizon. Inflation reached close to 6% in early 2022 and is projected to increase further due to higher energy prices before starting to fall.

### **THE NATIONAL CONSTRUCTION INDUSTRY<sup>11</sup>**

Over the past few years, South Africa's construction sector has been plagued by a variety of challenges, including, declining government infrastructure spend – capital expenditure on infrastructure by the government has been on the decline since 2016, rising material input costs, increasing electricity costs, electricity supply disruptions, increasing transportation costs, reduced profit margins, and decreased profit margins arising from the above.

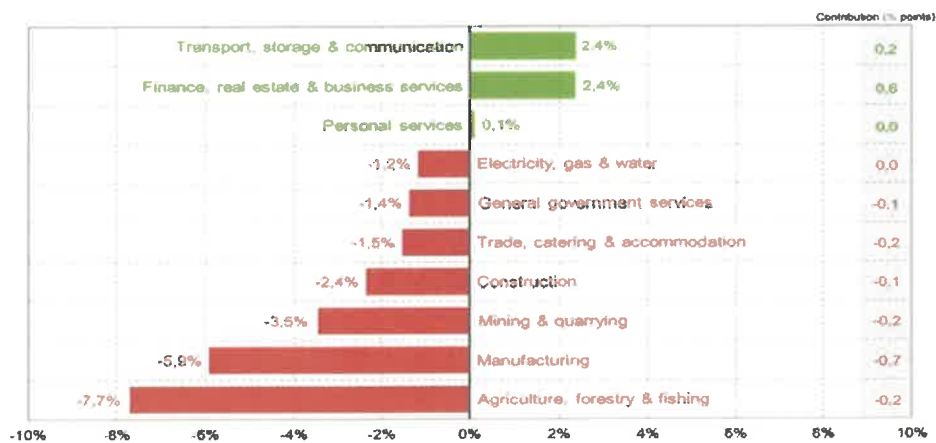
The negative impact of these have been worsened by the onset of the COVID-19 pandemic as depicted in the figure below:

**Figure 2: Industry growth rates and GDP**

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<sup>11</sup> StatsSA Gross Domestic Product. Second Quarter 2021

**Figure 1: Seven of the ten industries recorded a contraction in Q2: 2022**  
 Industry growth rates Q2 2022 compared with Q1 2022 (constant 2015 prices, seasonally adjusted)



Source: Gross domestic product (GDP) 2<sup>nd</sup> quarter 2022



The sector was hard-hit by lockdown regulations in 2020, with real value-added falling by approximately 20 percent in the first 3 quarters of 2020. Consequent disruptions to global construction supply chains have increasingly affected construction activities, with shortages of raw materials and other inputs, as well as delays and increasing costs for imported raw materials being reported across the sector.

Government has historically been viewed as the biggest spender on infrastructure in the construction industry. With the onset of the national lockdown, traditional infrastructure spend was diverted to alleviate the economic and social crisis facing the country thereby further crippling the sector.

Between Apr-Jun 2020, the industry shed 1 066 jobs, 32 percent (343) in Gauteng. Employment levels increased for the next 2 quarters and then dropped again between Jan-Mar 2021 with another drop of 1079. Gauteng appears to have borne the brunt of these job losses just construction industry jobs increasing in just 1 quarter (Oct-Dec 2020) since the onset of the pandemic.

Whilst government spending is expected to grow, the outlook remains muted in the context of weak infrastructure investment and continued low confidence.

### GAUTENG ECONOMY AND HOUSEHOLD INCOME

Although it is the smallest province geographically, Gauteng is the richest province as measured by its contribution to the national GDP. In 2011, Gauteng contributed 34.8 percent to the GDP of South Africa (R988 billion), and by 2015 this was 34.8 percent of the South African GDP (R1.07

trillion) – equating to a contribution of approximately 11 percent to the African GDP<sup>12</sup>. By 2017, the Gauteng contribution to national GDP had declined slightly to 34.64 percent (R1,080 billion)<sup>13</sup>.

Consistently, the GDP growth rate in Gauteng tracks and just exceeds the national growth rate and has gradually decelerated since 2013 growing roughly at 2.5 percent. Over the period 2000 to 2014, the average Gauteng economic growth rate was 3.6 percent (above that of South Africa at 3.1 percent), although it slowed to 1.2 percent in 2015, and further to 0.9 percent by 2018. The IHS Markit expects the Gauteng economy to recover to over 2 percent by 2021<sup>14</sup>.

While the manufacturing sector was once the prominent contributor to the Gauteng economy, it had almost halved its contribution by 2015 (only 14.9 percent of GVA-R). The construction, agriculture, and mining sectors were also only relatively minor contributors. Conversely, the finance and business services sector were the largest contributor in 2015 (26.5 percent). The government, social and personal services sector had also increased its contribution, alongside the wholesale and retail trade sector<sup>15</sup>.

A key concern is the sharp negative relationship between the growth of the finance sector and the decline of manufacturing and non-services sectors – implying that the financial sector is not serving the manufacturing productive base; and that there is a high probability that the relationship between growth in community services and manufacturing indicated that State interventions, such as procurement and public works programmes, are not linked to the development of the industrial/manufacturing base<sup>16</sup>.

While Gauteng is one of the most affluent regions in South Africa, the province has one of the highest levels of inequality, compared to other provinces. As of 2015, 16.5 percent of households in Gauteng have no annual household income, while 52.7 percent of households in Gauteng have an annual household income of less than R38,200.00, which makes them eligible for housing subsidies. The highest percentage of these households are found in the Sedibeng DM. This is important in deciding on the most suitable form of housing to provide in the different regions of the GCR.

## THE GAUTENG PROVINCE – POPULATION AND POPULATION GROWTH

Although it is the smallest province geographically, Gauteng is home to an estimated 15 055 000 people (approximately 26.3 percent of the South Africa population) in 2021, up from 13 399 725 people in 2016. For the period 2016–2020, Gauteng is estimated to have experienced the largest inflow of migrants of all provinces, at approximately 1 553 162<sup>17</sup>.

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<sup>12</sup> Gauteng Provincial Government, *Socio-economic Review and Outlook, 2016*

<sup>13</sup> Gauteng Provincial Government, *Socio-economic Review and Outlook, 2019*

<sup>14</sup> Gauteng Provincial Government, *Socio-economic Review and Outlook, 2019*

<sup>15</sup> Gauteng Provincial Government, *Socio-economic Review and Outlook, 2016*

<sup>16</sup> Gauteng Provincial Government, *GCR Economic Development Plan, June 2016*

<sup>17</sup> StatsSA, *Mid-Year Population Estimates 2020, 9 July 2020*

At 2021 estimates, Gauteng records an annual average population growth rate of 2.5 percent, higher than the national average of 1.4 percent<sup>18</sup>. The figure below reflects the population growth in Gauteng and for individual municipalities.

**Figure 3: Gauteng population growth<sup>19</sup>**



Growth rates were positive in all but the Sedibeng DM, which shrunk by 0.42 percent. Compared to 2011 - 2016 growth rates, the COJ MM and COE MM reflect the highest growth rates of 21.44 percent and 20.10 percent respectively.

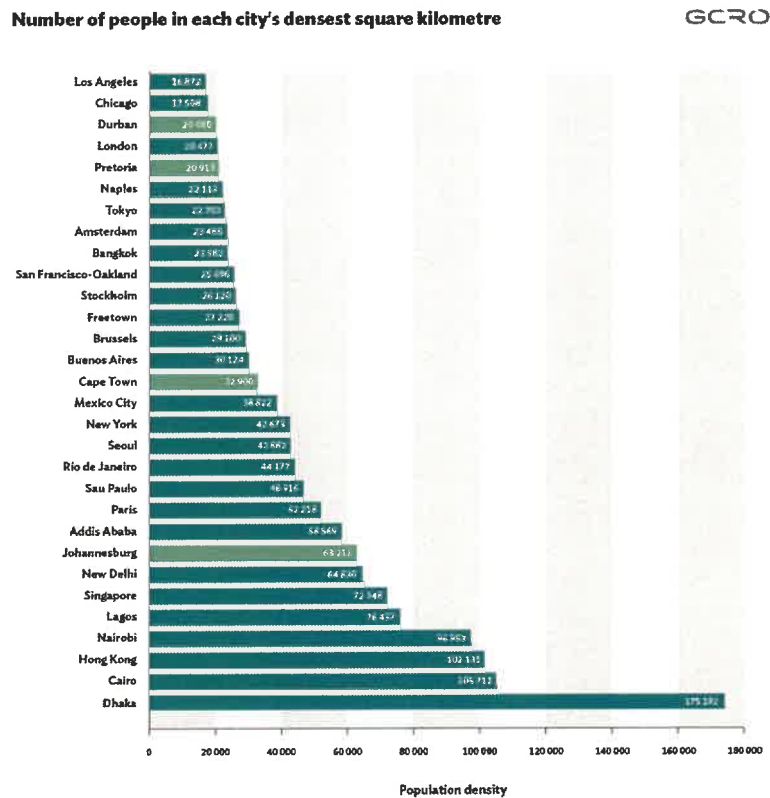
The overall population growth rate reflects the high levels of in-migration into the Gauteng Province, combined with natural population growth, mostly into the urban areas of the metropolitan municipalities and to a lesser extent into the economic hubs of the district municipalities. According to the GSDF, Gauteng has a population density roughly equivalent to the average across all 90 metropolitan regions in the OECD Metro Database (which is 672 per km<sup>2</sup>), and like cities, such as Barcelona, Brussels, and Copenhagen.

Using data from the GCRO, projecting forward at current growth rates, the province will have an estimated 859 persons per km<sup>2</sup> by 2020, which will give it a density matching that of current Los Angeles and New York. The densest square kilometre within Gauteng is Hillbrow and Berea (63 211 people), making it slightly less dense than New Delhi (64 830 people) but denser than Rio de Janeiro, Mexico City and New York, for example.

<sup>18</sup> StatsSA Mid-Year Population Estimates 2021

<sup>19</sup> StatsSA cited in GPG Medium Term Review of Performance 2019-2020. Policy Unit, 20 September 2021

Figure 4: Densest square kilometre comparison



Source: GCRO, QOL VI, 2020/21

The 3 metropolitan municipalities carry most of the Gauteng’s population, with the COJ MM at circa 36 percent, COE MM at 26 percent and the COT MM at 24 percent. The COJ MM and the COT MM are experiencing the most pressure in terms of population growth<sup>20</sup>.

On the one hand, the high level of in-migration has provided, particularly the municipalities, with the opportunity for revenue growth through an increased tax base. On the other hand, it has placed pressure on the province and municipalities to keep pace with the demand for services and infrastructure, particularly for those in need of free basic services, subsidised and affordable housing<sup>21</sup>.

<sup>20</sup> Gauteng Spatial Development Framework 2030, 2016

<sup>21</sup> Gauteng Provincial Government, Mid-Term Review of Performance 2014-2016, 17 May 2017

## DYNAMICS OF HOUSEHOLDS IN GAUTENG

When considering that the population of all but one of the Gauteng municipalities is projected to grow more than 15 percent, the potential impact on the number of additional households across the province that will require access to affordable housing and basic services needs to be understood.

The number of households in the province increased by 1.57 million between 2001 and 2016, an increase of 62.8 percent. StatsSA General Household Survey 2019<sup>22</sup> (GHS 2019) estimated that the total number of households in the province had increased to 5 072 000 in 2019. This represents an increase of 81.7 percent, or 2 280 730 households, since 2001.

The average household size in Gauteng in Census 2001 was 3.4 persons per household. In 2011 it decreased to 3.2 and then to 2.7 in 2016. As reported in the GHS 2019, there has been a noticeable increase in the number of single-headed households across the province with 25.5 percent of households comprising a single-person. The equivalent percentage for 2019 is 25.1 percent.

Households comprising 2-3 persons accounted for 41.1 percent in 2018 and decreased slightly to 39.8 percent in 2019. This is an important shift informing decisions on the norms and standards for the provision of social housing and affordable housing.

A high-level analysis of household growth and population growth data shows that the number of households is growing at a faster rate than population size, suggesting that there is a need for accommodation across the province. Rapid and uncontrolled household growth places additional burden on the provision of basic services.

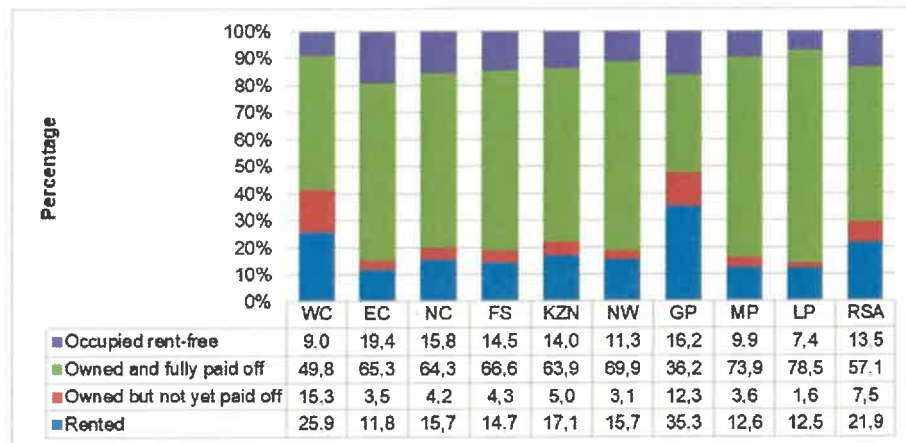
## HOUSEHOLD TENURE STATUS AND SIZE

In 2019, 81.9 percent of South African households lived in formal dwellings, a slight increase from 81.1 percent in 2018. Nationally, 12.7 percent lived in informal dwellings (a decrease from 13.1 percent). Northwest (18.4 percent), Western Cape (18.7 percent), Gauteng (18.7 percent), and Free State (17.9 percent) are the provinces with the highest proportions of households in informal dwellings.

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<sup>22</sup> StatsSA, *General Household Survey 2019*

**Figure 5: Tenure status by province, 2019**



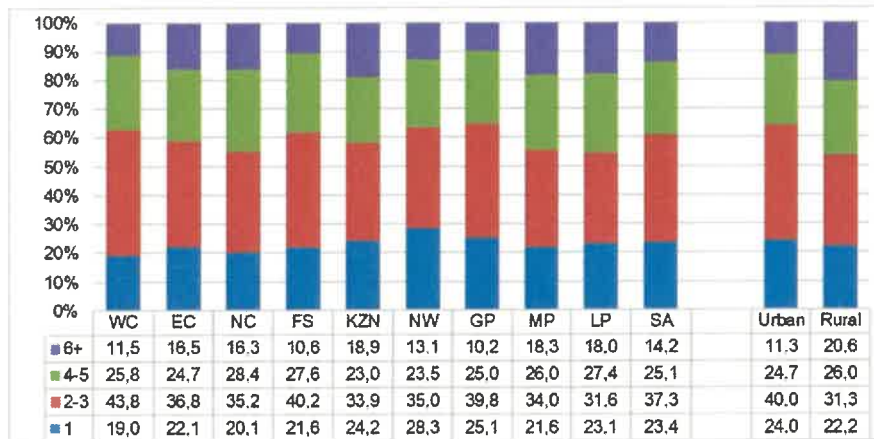
Source: GHS 2019

The figure above reflects that both the Gauteng Province (35.3 percent) and the Western Cape (25.9 percent) show much higher levels of rented accommodation, relative to other provinces. The average for the country is 21.9 percent. The demand for rented accommodation is, therefore, very high, suggesting that there is opportunity to be exploited.

*However, at the strategic planning session of GPF on 30 September 2021, a contextual presentation by First National Bank (FNB) reflected on their experience of a growing demand for home ownership as measured by increasing numbers of home loan applications. As compared to 2019, in this COVID-19 pandemic and low economic growth period of low interest rates, many more households are opting to buy rather than rent. The rental market is thus subdued when compared to 2 years ago. A growing proportion of the successful home loan applicants are single women.*

The figure below illustrates that 23.4 percent of South Africans reside in single-person households. Of these, the Northwest has the highest provincial proportion (28.3 percent), followed by Gauteng (21.6 percent) and KZN (24.2 percent). The next category with the highest proportional representation is the '2-3-person household' with the Western Cape recording 43.8 percent, Free State (40.2 percent) and Gauteng (39.8 percent). This dynamic suggests the need to review policy and focus to cater for smaller sized government provided housing units where most people live in 1 and 2 member households.

**Figure 6: Household size by province, 2019**



Source: GHS 2019

The percentage of households that received some form of government housing subsidy has progressively increased from 5.6 percent in 2002 to 18.7 percent in 2019 (13.6 percent in 2018) and accounting for 5.1 percent increase year on year. Female-headed households account for 17.4 percent and male-headed accounting for 11.0 percent. This aligns with government policies that give preference to households headed by individuals from vulnerable groups, including females and individuals with disabilities.<sup>23</sup>

### FORMAL VS. INFORMAL DWELLINGS

The high rate of growth in the number of households alludes to the impact of in-migration, which is most pronounced in the Gauteng Province, making the work of the Gauteng municipalities that more challenging. Migration creates sustainability pressures as it results in increased demands for services, such as water, land, energy, food, etc., and for housing and human settlements, access to public transport, educational, health and community facilities<sup>24</sup>. Compounding this challenge is that many of the in-migrants live in informal dwellings<sup>25</sup> (could be in a backyard or not) and many fall within the free basic services category.

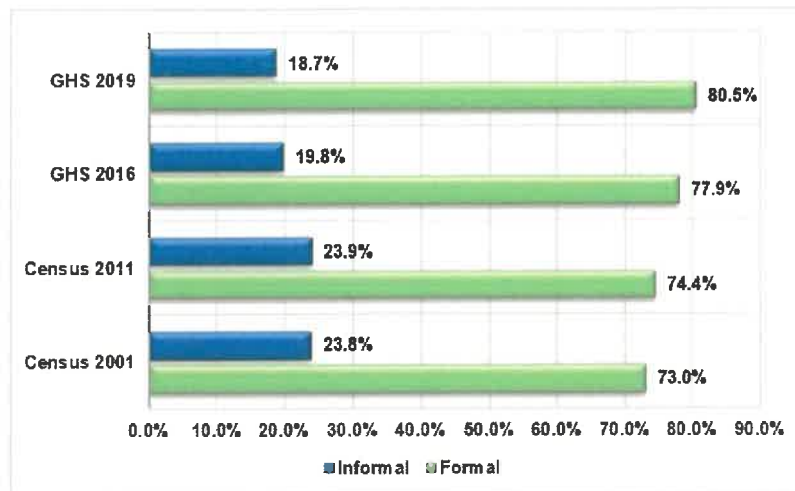
The figure below illustrates that the number of households in informal dwellings (informal settlements and backyards) as a percentage of total households had increased between 2001 and 2011 and has since steadily decreased. The number of households in informal dwellings was recorded at 23.8 percent in 2001 and at 18.7 percent in 2019.

<sup>23</sup> General Household Survey 2018

<sup>24</sup> State of South African Cities Report (2016)

<sup>25</sup> Informal dwelling is a makeshift structure not erected according to approved architectural plans, for example, shacks or shanties in informal settlements or in backyards



**Figure 7: Formal and informal household growth in Gauteng (2001 – 2019)**


Source: StatsSA – Census 2001, 2011; General Household Survey 2016 and 2019

The location of informal dwelling (backyard or not) represents different challenges in the provision of basic services. Dwellings not in backyard, for example, are typically located in areas without the necessary bulk infrastructure required to provide services. Dwellings in backyards on the other hand are part of already established infrastructure and thereby have access to services. However, backyard dwellings also add pressure on existing infrastructure which may not have been designed for the increased number of households.

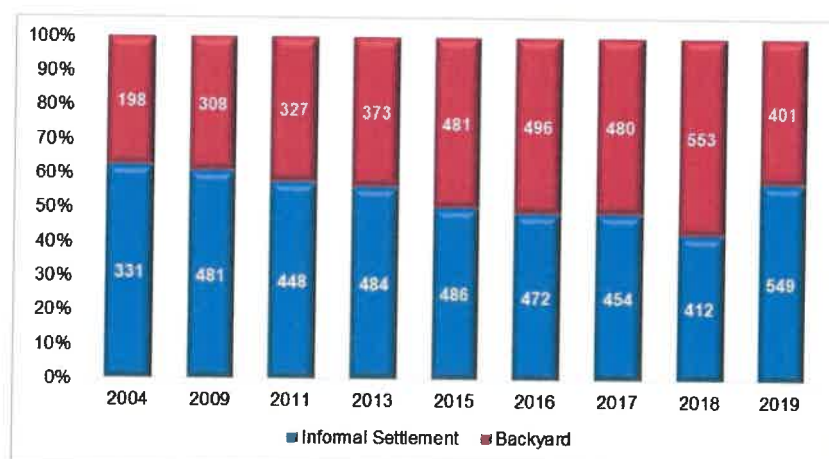
It is important to note that the dynamic of informal dwellings also appears to be changing. According to the GCRO, there has been a noticeable move to informal dwellings in the backyards of formal dwellings which, while considered 'technically illegal', does appear to have inherent benefits. These units are a form of densification, which is an important developmental aspect in Gauteng. Furthermore, these informal dwellings are more likely to have access to basic services than dwellings in informal settlements as they are, in effect, part of the formal housing infrastructure which is planned, well-laid-out and has the necessary bulk infrastructure to enable the provision of basic services<sup>26</sup>.

The figure below shows that there has been a steady increase in the number of informal dwellings in a backyard and a corresponding decrease in informal dwellings in informal settlements. In 2004, dwellings in informal settlements accounted for 62.6 percent, whilst dwellings in backyards accounted for 37.4 percent of all informal settlements. By 2016, the ratio had shifted with dwellings in backyards accounting for 51.2 percent and dwellings in informal settlements 48.8 percent. This trend continued to 2018, with dwellings in backyards accounting for 57.3 percent of all informal settlements. However, in 2019, the composition of informal

<sup>26</sup> GCRO - "Settlements". Access from [https://gcro.ac.za/documents/332/We\\_are\\_here\\_-\\_Settlements.pdf](https://gcro.ac.za/documents/332/We_are_here_-_Settlements.pdf). 2016

settlements showed a marked turnaround with dwellings in backyards accounting for a reduced 42.2 percent of informal settlements.

**Figure 8: Gauteng – number of informal settlements and backyards, 2004 to 2019**



Source: StatsSA – General Household Surveys

This data suggests that there is demand for accommodation that is not within informal settlements, possibly driven by the need for improved access to basic services and the conveniences these services provide. This might also confirm a need for ‘honestly affordable rental housing in the context of high rate of urbanisation’<sup>27</sup>.

### HOUSING BACKLOG

Current data on the housing backlog in Gauteng is not readily available and the available data is reflected here to highlight the challenge faced.

The data in the table below is drawn from the Gauteng Housing Demand Database<sup>28</sup> and reflects the following demand/backlog, as at 2012/13. At this point, demand for suitable accommodation in Gauteng far exceeded supply.

Municipality	Demand /Backlog
COJ MM	256 480
COE MM	203 361
COT MM	120 498

<sup>27</sup> GDHS (2021). Presentation by DDG Leshabane at the SHRA Strategic Session, Sep 2021.

<sup>28</sup> Gauteng Department of Human Settlements, Mega Projects: Clusters and New Cities, 2015

Municipality	Demand /Backlog
West Rand DM	44 186
Sedibeng DM	62 490
<b>TOTAL</b>	<b>687 015</b>

An updated backlog total was presented by the Gauteng Department of Human Settlements at its budget vote in 2019, in which it reaffirmed its commitment in addressing the massive 1 000 000 (1 million) housing backlog in the province. This backlog persists despite the significant progress made by the provincial government in delivering subsidised housing to Gauteng residents<sup>29</sup>.

### IMPACT OF COVID-19 ON THE CONSTRUCTION INDUSTRY<sup>30</sup>

*“With the onset of our national lockdown, government diverted infrastructure spending to alleviate the economic and social crisis facing the country, cutting traditional expenditure by 80 percent. This brought a large portion of the country’s economy, including the construction industry, to a grinding halt. At the same time, restrictions on construction activity under lockdown regulations added further pain. Projects were left standing, deadlines were missed – the consequences of which are enormous.”*

Just as their international counterparts, South African construction companies are facing a tough and uncertain reality. In a bid to contain costs, many construction companies have cut capex by 50 percent to 60 percent, jobs, and work hours. Some companies have opted not to renew their insurance policies due to cost-cutting, which could be detrimental to their operations on projects that are still in progress and may further prejudice them should market conditions become more favourable.

There are signs of change with commitment from Government to infrastructure spending, and positive signs on the energy front with a determination by Mineral Resources and Energy Minister Gwede Mantashe to procure 11.8GW of additional electricity in the coming years from independent power producers. Government has also committed to expedite the implementation of at least 50 infrastructure projects with a total investment value of more than R340 billion in the coming months as part of South Africa’s economic recovery plan.

### IMPACT OF COVID-19 ON RENTAL GOOD STANDING

One of the direct consequences of the COVID-19 pandemic and the consequent lockdowns has been the immediate loss of income experienced by many, which has led to an increase in the number of people unable to meet rental and/or bond repayments and having to find refuge with

<sup>29</sup>Gauteng Department of Human Settlements, MEC Budget Vote 2019. Accessed from <https://www.gauteng.gov.za/News/NewsDetails/ce869e00-87ee-452f-b7ea-b0e681d745c4>

<sup>30</sup>Viterenwa, M. (undated). Construction sector is critical to SA’s post-COVID economic recovery. Accessed from: <https://aon.co.za/insights/construction-sector-is-critical-to-sa-s-post-covid-economic-recovery/>

family or friends. This created additional pressure along the property and construction value chains with developers finding themselves cash strapped and facing fewer options to access finance. Property owners have also carried the brunt of the consequences through missed rental payments, and a substantial drop in demand for rental space. In essence, a perfect storm made up of rising house prices and negative escalation set upon the market<sup>31</sup>.

According to the TPN Residential Retail Monitoring Report, at the end of Q2, Gauteng recorded 78.67 percent of tenants in good standing, lower than the national average of 80.06 percent. Whilst vacancy levels have improved quarter-on-quarter from 13.8 percent to 12.4 percent in the second quarter, demand is still weak and negative escalation continued for the third consecutive quarter at -0.55 percent.

Approximately 70 percent (market share) of tenants rent for less than R7 000.00 per month. The most popular properties compete in the R4 500.00 to R7 000.00 segment, making up 35 percent of all lease agreements. At the 'low end' of the market (monthly rent below R3 000.00), landlords are still struggling with 16.08 percent of tenants unable to pay rent and a further 15.72 percent of tenants making only a partial payment. The 'in-demand' segment, with monthly rentals between R4,500.00 – R7,000.00 experienced only 4.94 percent of non-payment by tenants. Although 82.76 percent of these tenants are in good standing, they were slower to pay with 67.67 percent paid on time and 10.58 percent paid late, indicating that cashflow management is important. The 'sweet-spot' segment, with monthly rentals between R7,000.00 – R12,000.00 performed well, with 86.32 percent of tenants in good standing, and nearly 3-in-4 tenants paid on time. Nevertheless, affordability remains a key constraint<sup>32</sup>.

#### IMPACT OF COVID-19 ON VACANCY RATES

According to the TPN Vacancy Survey (Q2: 2021), vacancy rates across South Africa have stabilised at 13.15 percent. There is some demand for rentals as evidenced by the Demand Rating at 53.01 percent, but this is muted. The current Supply Rating of 68.76 percent suggests oversupply and that landlords are competing for this limited tenant attention. Stated differently, it is a tenant's market and prices are being driven downwards.

Within Gauteng, the Demand Rating has dipped below 50 percent to 48.15 percent, coupled with persistently strong Supply Rating of 73.90 percent. This is significant as Gauteng accounts for approximately half of all rentals in the country. Across the province, vacancy rates in the second quarter have improved from 13.8 percent to 12.4 percent quarter- on-quarter. Sandton, however, remains a concern with a vacancy rate of 26.7 percent, most likely the impact of office-to-residential conversions providing quality new units and enticing incentives. Vacancy rates across the province are presented in the figure below.

The vacancy report further notes that<sup>33</sup>:

<sup>31</sup> Gauteng Department of Human Settlements – Strategic Plan 2021/22 – 2024/25

<sup>32</sup> TPN Residential Rental Monitor. Q2, 2021.

<sup>33</sup> TPN Vacancy Survey - Q2 2021

- 1) Tenant payment recovery has been slow. Landlords can, however, take comfort in the fact that 78.38 percent of tenants are back in good standing for the first quarter of 2021.
- 2) Tenants in arrears with a salary are still recovering from their partial, full, or temporary loss of earnings during the hard lockdown from a year ago as evidenced by the 13.9 percent of tenants in the partial payment status category.
- 3) The biggest threat to the recovery of the residential rental market remains the persistently high and increasing rate of unemployment.
- 4) Household size is expected to increase as co-living becomes a solution for affordability while tenants get back on their feet financially.

### **WOMEN, YOUTH AND PEOPLE WITH DISABILITIES**

Prioritised by the MTSF 2019-2024 and GGT2030, GPF takes the lead from the GDHS and intends to step up its efforts to address the challenges faced by the designated groups in participating meaningfully in the value chain of human settlements' developments. As highlighted in the strategic plan of the GDHS, the challenges include:

- 1) Lack of transformation in the construction sector, which contributes to the designated groups experiencing difficulties in accessing participation opportunities.
- 2) The set supply chain management (SCM) targets are not met, which results in the designated groups remaining marginalized economically.
- 3) Building material suppliers: The area of manufacturing and supplying building materials must be able to transform ownership patterns and pave a way for participation of the designated groups.
- 4) Universal access and design: Special attention needs to be paid to the universal access to design principles.
- 5) Spatial integration: Spatial injustice perpetuates inequality, particularly for the designated groups. Human settlements' developments therefore need to be on suitable, well-located land with people residing closer to their places of work, with access to quality transport.

A concerted effort will be made by the GPF to contribute to transforming the sector by building on past contributions and having more targeted programmes to increase the participation of women, youth and people with disabilities at the various touch points of the sector value chain that GPF impacts. Currently:

- The GPF, through the entrepreneur empowerment property fund (EPPF) has funded HDI companies, with 42% of the participating companies being women owned and 31% youth owned.
- The GPF has a campaign running to bring in more female developers and a similar campaign for youth will be introduced to reach the GEYODI targets, in various areas of the value chain, that have been set in this Strategic Plan and aligned APP.

In the 2022/23 financial year, the GPF will work on strengthening its data collection, monitoring and reporting framework to ensure future decisions, programmes and targets for this priority are evidence-based.

#### 4.1.2. CONSOLIDATED EXTERNAL ENVIRONMENT ANALYSIS – PESTEL ANALYSIS

<b>P</b>	<b>Political</b>	<ul style="list-style-type: none"> <li>▪ The global trading landscape is being altered by growing tensions between large economic powers.</li> <li>▪ Credibility and negative perceptions of public institutions and policies arising from policy uncertainty, delays in realising the new dawn, lack of clarity on economic recovery plans, and looming inefficiencies in decision-making driven by coalition management of municipalities.</li> <li>▪ This is most prominent in the Gauteng province where human settlement projects with local government dependencies experience prolonged delays. The risk is that coalition governments in the three metros may amplify the challenge, and slowdown delivery.</li> <li>▪ Perceived lack of strong political will to deal decisively with corruption and economic transformation and lack of performance by government is manifesting in growing despondency and impatience amongst the majority populace.</li> <li>▪ However, the prioritisation of infrastructure delivery, including human settlements, is being driven from the highest office in the country, The Presidency, creating opportunities for investment and partnerships to support government's economic reconstruction and recovery plan (ERRP).</li> </ul>
<b>E</b>	<b>Economic</b>	<ul style="list-style-type: none"> <li>▪ There is intensifying competition between countries to attract FDI, using incentives and structural changes to raise domestic attractiveness.</li> <li>▪ Disruptions to global shipping operations have temporarily resulted in higher transport costs, backlogs at ports, and container shortages, directly impacting the construction sector. Building materials' supply chains continue to be affected, slowing down project implementation.</li> <li>▪ Intense pressure along the property and construction value chains with developers finding themselves cash strapped and facing fewer options to access finance. Property owners have also carried the brunt of the consequences through missed rental payments, and a substantial drop in demand for rental space.</li> <li>▪ The geo-political conflict between Russia and Ukraine has, among other factors, contributed to unprecedented inflation levels in the global economy. Central banks authorities have responded with interest hikes thus slowing down the demand for home ownership and stimulating the rental market.</li> </ul>
<b>S</b>	<b>Social</b>	<ul style="list-style-type: none"> <li>▪ Socio-economic and structural inequality continues to widen. Increasing unemployment due to a sluggish economy, particularly among women, youth and people with disabilities continues to test government's ability to reduce inequality and provide access to adequate housing, as</li> </ul>

	<p>entrenched in the Constitution.</p> <ul style="list-style-type: none"> <li>▪ High levels of population growth and in-migration, increasingly from African nations seeking economic opportunities and a better life, continue to increase the demand for housing, basic services and access to social amenities.</li> <li>▪ In the absence of an adequate supply of free, social rental and affordable housing a high proportion of Gauteng’s residents find themselves in below standard informal settlements and backyard rentals, thus deepening societal inequality.</li> <li>▪ The demand for housing and housing development backlogs creates the risk of land invasions and the further expansion of informal settlements.</li> <li>▪ Access to strategic government owned land for development by infrastructure implementing agencies has not proceeded with the required speed and intent, slowing down delivery. Leveraging IGR platforms and the District Development Model (One Plans) is a recent government intervention to strengthen inter-governmental coherence and collaboration.</li> <li>▪ Spatial inequality, a core tenet of the Apartheid regime, persists, with many poor communities living in areas far from economic nodes, and social amenities, entrenching exclusion, high travelling costs, and the limited participation of designated groups in the mainstream economy.</li> <li>▪ A direct consequence of the COVID-19 pandemic lockdowns has been the immediate loss of income experienced by many, which has led to an increase in the number of people unable to meet rental and/or bond repayments, being evicted, losing their homes and having to find refuge with family and friends.</li> <li>▪ Social injustices persist, including the differential in education standards between public and private schools, public and private healthcare, and access to basic services.</li> <li>▪ Gender-based violence is prevalent and gender mainstreaming is yet to deliver results, this is particularly important in the housing sector where most single parent households are headed by women.</li> </ul>
<p><b>T Technological</b></p>	<ul style="list-style-type: none"> <li>▪ Technological advances are rapidly altering production structures and the balance of economic power - characterised by US leadership, China’s ascendancy, Europe’s relative complacency, and Africa’s lethargy.</li> <li>▪ Rapid technological change underpinning the dominance of corporate giants in specific areas (tech, fintech), but also reducing entry-barriers and leading the proliferation of start-ups in many areas.</li> <li>▪ In South Africa specifically, access to technology mirrors the structural inequality - lack of access and high data costs undermine the emergence of Fourth Industrial Revolution (4IR) technologies and skills requirements.</li> <li>▪ In the construction industry, particularly housing development, the use of alternative building technologies is yet to take hold in South Africa, notwithstanding the opportunities for speeding up delivery and reducing</li> </ul>

<b>E</b>	<b>Environmental</b>	<p>costs.</p> <ul style="list-style-type: none"> <li>▪ The real impact of climate change is becoming increasingly evident, disproportionately affecting the most vulnerable - who for their very existence 'live off the land', especially in Sub-Saharan Africa, Asia, South America, and the Pacific</li> <li>▪ Corporate investment decisions are increasingly being influenced and/or driven by climate change mitigation and environmental, social, and governance (ESG) considerations</li> <li>▪ While China and Russia are reluctant participants in the global agenda on climate change, South Africa has secured funding for a move away from coal at COP26. However, mixed messages from government and the clear conflict with current generation investment and clean energy requires clarity.</li> <li>▪ Fixed investment in infrastructure and the green economy (including renewable energy and climate-friendly industrial and construction processes) is expected to accelerate, supporting the emergence of 'green' industries, occupations and buildings (human settlements included).</li> </ul>
	<b>L</b>	<b>Legal/ Regulatory</b>

From the above, within GPF's context, the core problems requiring a response in planning include (1) high demand for housing (various tenures), (2) lack of an inclusionary environment, particularly for women, youth and people with disabilities, (3) lack of vertical and horizontal coherence and collaboration across the spheres of government, particularly in relation to leveraging well-located government land for development, (4) high unemployment and affordability of GPF developments for the target groups, and (5) inefficiencies and lack of innovation and adoption of new technologies in construction.

#### 4.1.3. STAKEHOLDER ANALYSIS

Stakeholders of the GPF are individuals or groups who can affect or are affected by the programme or its outcomes. They are both internal and external and may hold varying needs and concerns.

The GPF Stakeholder Management Plan addresses the significance of planning and implementing actions designed to influence and satisfy these stakeholders. It seeks to ensure that key stakeholders - including their interests - are identified, and that appropriate strategies are developed to engage with them consistently.



Initial analysis of the stakeholders' list of the GPF was undertaken based on the following criteria:

- Interest of stakeholders in the GPF
- Influence of stakeholder on the GPF
- Current level of support for the GPF
- Communication needs of the stakeholder

GPF's stakeholder analysis is summarised in the table below

Stakeholders	Stakeholder Needs	GPF Response
<b>External Stakeholders</b>		
<b>Gauteng Department of Human Settlements</b>	<ul style="list-style-type: none"> <li>▪ To contribute to the transformation of Gauteng through the delivery of integrated sustainable human settlements</li> <li>▪ Spatial transformation</li> </ul>	Sustainable budget allocations and facilitation of bulk infrastructure
<b>Executive Authority/ Shareholder</b>	<ul style="list-style-type: none"> <li>▪ To contribute to the transformation of Gauteng through the delivery of integrated sustainable human settlements</li> <li>▪ Spatial transformation</li> </ul>	Sustainable budget allocations and facilitation of bulk infrastructure
<b>Municipalities</b>	<ul style="list-style-type: none"> <li>▪ Delivery of mega cities</li> <li>▪ Spatial transformation</li> </ul>	Coordination with municipalities for alignment of plans and resources
<b>Private sector developers</b>	Funding and mentorship	<ul style="list-style-type: none"> <li>▪ Funding solutions</li> <li>▪ Delivery of completed units</li> </ul>
<b>Mega projects developers</b>	<ul style="list-style-type: none"> <li>▪ Quick turnover payment process</li> <li>▪ Facilitate funding for other components of mega projects</li> <li>▪ Involvement of other stakeholders during the planning</li> <li>▪ Unlocking bottlenecks</li> </ul>	Delivery of mega projects
<b>Financial institutions/ Senior Funders</b>	<ul style="list-style-type: none"> <li>▪ Risk sharing (security and co-funding)</li> <li>▪ Maximising return on investment</li> </ul>	Long term and development finance

Stakeholders	Stakeholder Needs	GPF Response
<b>Other government departments</b>	Coordinating role within the mega projects, property, management services, and consulting services	Align their business plans to accommodate the mega cities amenities
<b>Regulators</b>	Compliance.	Proactively manage compliance with laws and regulations
<b>Auditors</b>	Accountability and sound governance	Ensuring that systems of internal control are effective and reliable
<b>Rand Water</b>	Partnership	Collaborate in the upgrading of informal settlement programme (UISP).
<b>Housing development agencies/social housing institutions</b>	Partnerships and Collaborations	Delivery of integrated sustainable human settlements.
<b>Communities</b>	Investments in and the delivery of sustainable human settlements	Partnership and collaboration in the delivery of sustainable human settlements
<b>Media</b>	Accurate, relevant, and newsworthy information	<ul style="list-style-type: none"> <li>▪ Building trust</li> <li>▪ Delivery of quality content via targeted communication platforms</li> </ul>
<b>Service Providers</b>	<ul style="list-style-type: none"> <li>▪ Looking for business opportunities</li> <li>▪ Consistent payment cycles</li> </ul>	<ul style="list-style-type: none"> <li>▪ Creating business opportunities</li> <li>▪ Improvement in the turnaround times for payments</li> </ul>
<b>Professional associations</b>	Partnership	Building strategic relationships - collaborations on industry events, including webinars and thought leadership
<b>Internal Stakeholders</b>		
<b>GPF internal departments</b>	Career path and life growth - confidence and a vision into a progressive future	Competent high performing staff
<b>GPF Board of Trustees</b>	<ul style="list-style-type: none"> <li>▪ Governance and delivery of mandate</li> <li>▪ Reputation and stakeholder management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strategic Leadership</li> <li>▪ Ensuring risk management is properly implemented</li> </ul>

## STAKEHOLDER REVIEW

GPF’s relationship with stakeholders is dynamic and evolving. Thus, proactive management is required. GPF commits to review of the Stakeholder Management Plan on a quarterly basis to determine the following:

- 1) Whether the interest in or influence over the programme has changed.
- 2) Whether new stakeholders have been introduced to the programme.
- 3) The current level of support each stakeholder has for the programme.
- 4) Whether there are any significant future events or impacts from the stakeholder’s business areas.

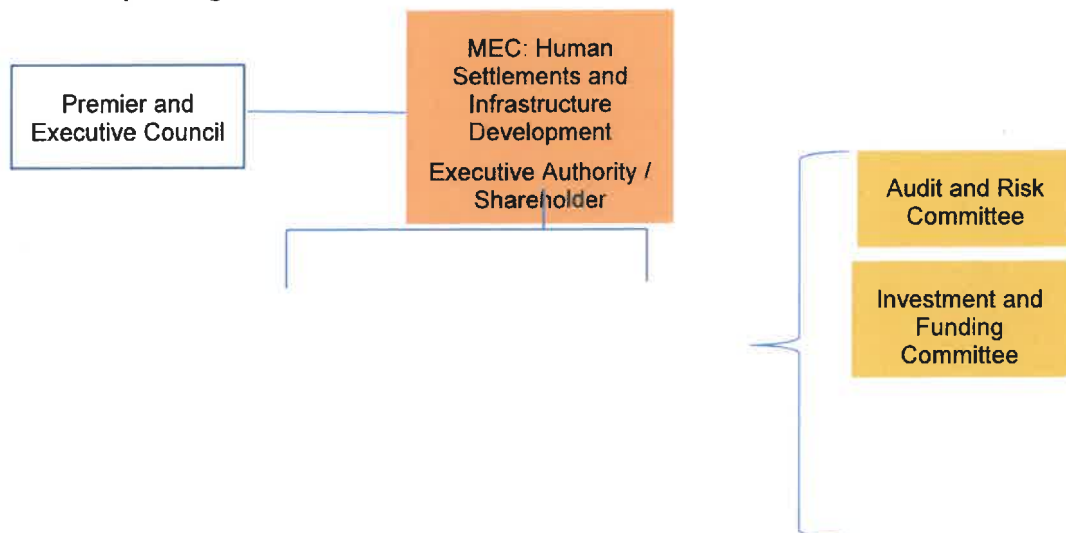
Stakeholders will be managed by the individual or groups best placed to address the stakeholders. The benefits and outcomes of the programme should be reiterated to remind stakeholders of the end goals, particularly during challenging times.

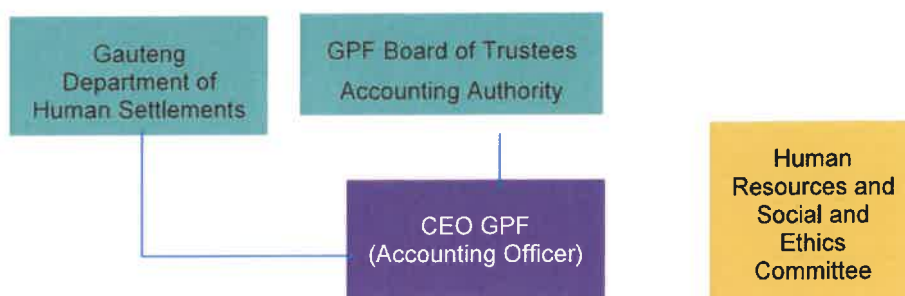
## 4.2. INTERNAL ENVIRONMENT ANALYSIS

### 4.2.1. GOVERNANCE ARRANGEMENTS

The GPF is governed by a Board of Trustees, which is responsible for governance, oversight, and monitoring; and directs the Entity in the exercise of its powers, the performance of its functions, and the carrying out of its duties in accordance with the Trust Deed, the PFMA and the principles of good governance.

**Figure 9: Corporate governance structure of the GPF**





As reflected in this figure, the MEC of the GDHS is the Executive Authority (Shareholder) of the GPF. The Board of Trustees is the Accounting Authority of the GPF and is accountable to the MEC. GPF's board members are appointed in terms of their overall capacity to effectively fulfil their governance and oversight functions, with the requisite competence and experience to represent and advise on the wide range of human settlements issues, including on mega projects, capital-raising, and investments.

The governance structure is aligned with the needs of the GPF's mandate and with the principles of the King IV Code of Corporate Governance. The Board has 3 subcommittees, namely, Audit and Risk Committee, Investment and Funding Committee, and Human Resources and Social and Ethics Committee.

An annual board review is performed to assess the performance of both the Board as a whole and of individual Trustees. The evaluation of the board members is overseen by the Board Chairperson, assisted by the Company Secretary. The feedback arising from the evaluation of individual members is consolidated and reported to the Board. This enables the Board to determine whether it is performing its functions and fiduciary responsibilities effectively, as well as to identify areas that may require improvement. The Board, in turn, appraises the performance of the Chairperson on an annual basis or on any other basis that may be determined by the Board.

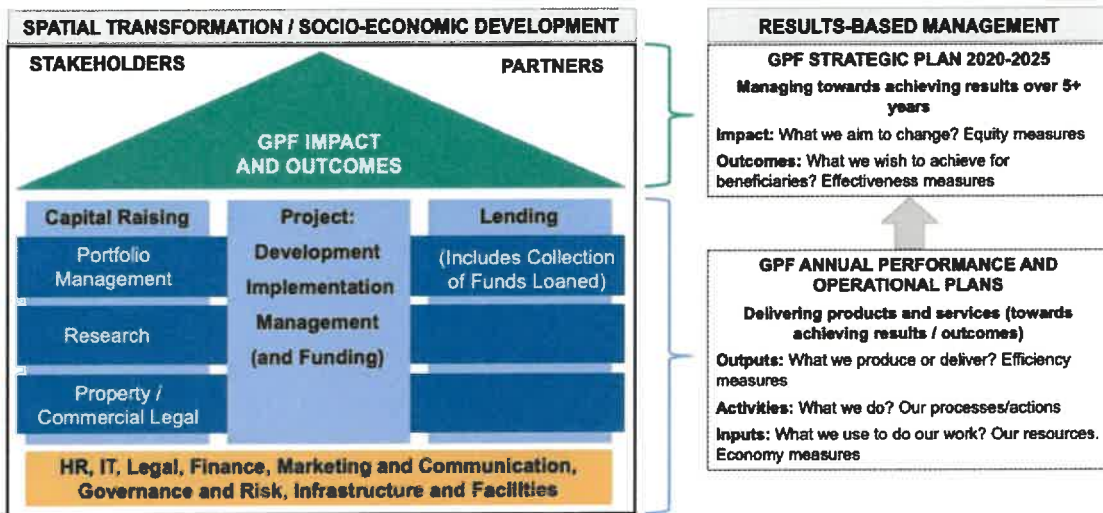
The CEO is the Head of the Administration and the Accounting Officer of the GPF. The CEO is directly accountable to the GPF Board of Trustees, while also keeping the Head of the GDHS informed of the performance of the GPF and of any key developments in its strategy and operations.

The GPF's senior management team are accountable to the CEO for performance against divisional and organisational objectives and targets. Management will be responsible for the identification, evaluation, and management of the significant risks applicable to each of the different areas of business. These risks are assessed on a regular basis (at least annually) and may be associated with a variety of internal and external factors.

#### 4.2.2. GPF OPERATING MODEL

Under the ambit of the vision of the GPF, *"to be a partner of choice in catalysing the funding and development of integrated and sustainable human settlements in Gauteng"*, and the public sector results-based management approach, the GPF has conceptualised its operating model as follows.

Figure 10: GPF operating model



The operating model reflects that the long-range intended impact of the GPF, and medium-term results (outcomes) will be pursued through the core business functions of GPF's mandate:

- 1) Raising and managing the capital required for the successful implementation of the core business areas of the GPF's mandate.
- 2) Serving as a developer of turnkey projects on strategic government-owned land.
- 3) Providing loans to private sector developers for the development of affordable rental, student accommodation, and social housing projects.
- 4) Providing project development, implementation, and management services, including:
  - a) Implementing identified mega projects.
  - b) Implementing affordable rental, student accommodation, and social housing projects.
  - c) Implementing the Upgrading of Informal Settlements Programme (UISP).
  - d) Implementing the Rapid Land Release Programme (RLRP).

Supporting the core business functions (vertical pillars) are the following cross-cutting, mission critical support functions:

- 1) Portfolio management (including the collection of funds loaned).
- 2) Research, to inform decision-making.
- 3) Property/commercial and legal, to secure GPF's investment.

The support/enabling functions include:

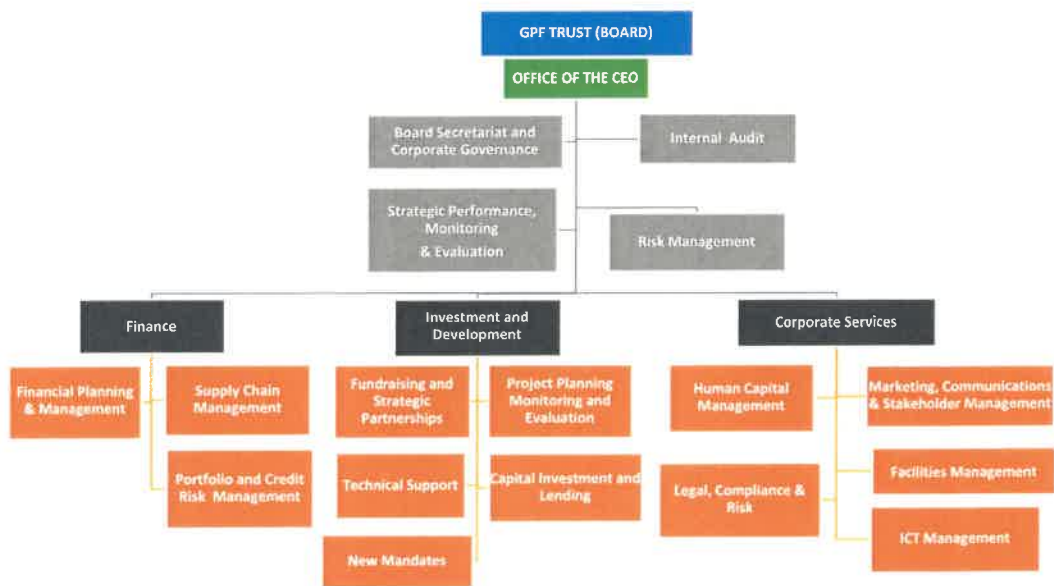
Human Capital Management (HR) | Information and Communications Technology | Corporate Legal | Finance | Marketing and Communications | Governance and Risk | Infrastructure and Facilities.

### 4.2.3. GPF’S APPROVED ORGANISATIONAL STRUCTURE

The Board of Trustees approved the review of the structure in May 2021. This enabled GPF to align the structure to the additional mandates that were assigned by the Shareholder.

The review entailed collapsing some of the functions and abolishing certain posts in order to strengthen the effectiveness of functions and positions that are critical to the execution of the mandate within the allocated funding. GPF is in the process of evaluating the revised positions to ensuring that the positions are graded at the appropriate level. A concurrent process is also underway to populate the vacant positions.

**Figure 11: GPF organisation structure**



*NOTE: The Treasury function has been moved to the Investment and Development Business Unit and has been renamed Fundraising & Strategic Partnerships*

### GPF CORPORATE FORM

At a strategy session held in October 2017, the GPF’s Board, executive management, and senior managers reviewed the strategic framework of the organisation. The Board resolved that an important aspect of the GPF’s ability to deliver on its mandate was its legal and corporate structure.

To quote: *“The most critical implication lies in the corporate form (structure) of the GPF. The GPF’s mandate requires the organisation to raise money and leverage capital from the private sector and other funding institutions, as well as to operate as a legal persona to attract funding*

partners. To implement the capital-raising element of its mandate, the current form of the GPF is to be converted from a Trust to a Statutory entity with its own founding legislation. Thereafter the current PFMA Schedule 3C listing of the GPF must be changed to a Schedule 3D listing”.

Processes are underway to give effect to this resolution. This requires the consideration of the executive memorandum for enabling legislation by provincial EXCO, an update of the Business Case to consider current developments, an approval of enabling legislation and finalisation of the conversion; and to obtain National Treasury Approval for the PFMA 3D listing.

**HOWEVER, the premise of this Strategic Plan is that the GPF should not be hamstrung by its current corporate form and should pursue its mandate to the best of its ability, by exploring all available options and actively establishing strategic partnerships to augment its investment role, and thus to deliver in full on its mandate.**

#### 4.2.4. SWOT ANALYSIS

The external and internal environmental analysis has been consolidated into an updated SWOT analysis, discussed below.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>▪ Proven track record in deploying public risk capital to leverage investment in social rental and affordable housing.</li> <li>▪ Management fee income has been received through implementation of the Mega Projects Programme, the Upgrading of Informal Settlements Programme, and the Rapid Land Release Programme.</li> <li>▪ GPF has been successful in the role of pay master and should strive to maintain or even improve on this.</li> <li>▪ New leadership team in place, with most senior positions filled, bringing stability and renewed energy to the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Low investment capital base requires recapitalisation – GPF is currently under-capitalised.</li> <li>▪ Non-performing loan book negatively influences attraction of investment capital.</li> <li>▪ As a PFMA Schedule 3C entity, GPF cannot borrow, issue guarantees, indemnities, securities or transact to bind itself/ government to any future financial commitment.</li> <li>▪ The absence of a coherent strategic partnerships, capital-raising and long-term sustainability strategy and plan.</li> <li>▪ Reliance on a walk-in, word of mouth approach to soliciting property development deals as compared to a systematic approach of proactively sourcing land and/or inviting property developers to invest.</li> <li>▪ Capacity challenges in the technical areas of the extended mandate and some discrepancies in the placement of certain functions in the organisational structure.</li> <li>▪ Low levels of stakeholder satisfaction – external and internal (employees).</li> <li>▪ Disconnect between support services and the core business, and below par</li> </ul>

STRENGTHS	WEAKNESSES
	<p>performance culture and accountability.</p> <ul style="list-style-type: none"> <li>▪ Lack of automated, integrated ICT systems for critical investment and development functions.</li> <li>▪ Cost-to-income ratio has been increasing.</li> </ul>

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>▪ Implementation of a coherent capital raising and strategic partnership strategy, including the establishment of a senior loan funding facility, best practice transactional advisory capabilities, to include environmental, social and governance (ESG) principles, the expansion of the current senior loan facility partnership base, and sourcing of alternative grant funding.</li> <li>▪ Build trust and develop relationships with key strategic partners to accelerate the implementation of GPF's extended mandate and to support institutional sustainability.</li> <li>▪ Strengthen the loan book, dispose of non-performing assets, and aggressively monitor loan book performance in order to yield the cash needed to finance new projects – supported by an integrated loan management system.</li> <li>▪ Create top-of-mind brand awareness and visibility by showcasing GPF's value proposition through implementation of a targeted marketing, communication and stakeholder management strategy.</li> <li>▪ Leverage IGR and DDM platforms to foster collaborative inter-governmental partnerships to advance the development of government-owned strategic land parcels.</li> <li>▪ To support government's priority to reverse the spatial inequities of the past by aligning developments with the priority human settlement and housing development areas (PHSHDAs) in the GCR development corridors.</li> <li>▪ Develop and implement a long-term sustainability and recapitalisation plan, including, securing an agreement with</li> </ul>	<ul style="list-style-type: none"> <li>▪ In-migration and urbanisation, increasing the housing backlog, and the inability to respond effectively to the extended mandate due to lack of implementation of critical structural and resourcing requirements.</li> <li>▪ Continued ineffective stakeholder management and participation in IGR forums, limiting the required collaborative approach to implementing GPF's mandate.</li> <li>▪ The subdued economy and weak market conditions presents an unfavourable landscape for attracting investment capital, requiring a clear and coherent value proposition and market positioning of GPF.</li> <li>▪ Inability to secure new strategic funding partnerships, with the existing two partnerships coming up for expiry.</li> <li>▪ Continued negative perception of government and mixed messages on policy and economic recovery implementation may stifle investment appetite.</li> <li>▪ The effects of COVID-19 and disruptions in supply chains will continue to slowdown project implementation in the short-term.</li> <li>▪ Community unrest, especially the disruptions to projects by construction mafia and community business forums, threatens project delivery, requiring a significantly improvement in GHDS/GPF social facilitation.</li> <li>▪ Lengthy and costly public private partnership (PPP) approval process resulting in non-performance by the GPF and failure to deliver projects.</li> <li>▪ Failure to increase loan recovery levels to a sustainable level threatens GPF's value</li> </ul>



OPPORTUNITIES	THREATS
<p>provincial treasury and the transferring department for surplus fund retention, and the implementation of various revenue generation and capital raising strategies.</p> <ul style="list-style-type: none"> <li>▪ Lobby for the change in GPF corporate form to be more suitable to the operating environment, to allow for borrowing and a strengthened capital base to leverage high impact strategic partnerships.</li> <li>▪ Assess and demonstrate the socio-economic impact of the work of GPF, particularly in relation to women, youth and people with disabilities.</li> <li>▪ Promote the implementation of alternative building technologies by developers – building of smart cities.</li> <li>▪ Wide range of potential investment partners as GPF's programmes carry a low investment risk.</li> <li>▪ Strong working relationships between developers, municipalities and GDHS/GPF.</li> <li>▪ Established relationships with current capital providers – a good platform for attracting further investment capital.</li> </ul>	<p>proposition of being a partner of choice.</p> <ul style="list-style-type: none"> <li>▪ Ongoing delays in converting GPF to a PFMA schedule 3D listed business enterprise, combined with the inability to retain surplus funds, is a major limitation on GPF's effectiveness as a capital raising and implementing agent of the GDHS.</li> <li>▪ Ongoing limited participation of women, youth and people with disabilities in the value chains of the various areas of GPF's mandate, impacting GPF's reputation as a contributor to developmental.</li> <li>▪ Misalignment of developments with the PSHSDAs thus entrenching the lack of spatial transformation, which Priority 5 of the MTSF aims to address.</li> </ul>

#### 4.2.5. STRATEGIC PRIORITIES FOR THE PLANNING PERIOD

The analysis of the external and internal environment has informed the following strategic priorities of this revised Strategic Plan for 2020-2025:

Figure 12: GPF Strategic Priorities



The priorities have informed the outcome-level performance measures of this Strategic Plan and the output-level performance metrics of the iterations of annual performance plans over the planning period, to 2024/25.

The detail of the strategic priorities is discussed in the explanation of planned performance in Part C below.

**PART C: MEASURING OUR PERFORMANCE**

**1. INSTITUTIONAL PERFORMANCE INFORMATION**

**1.1. MEASURING THE IMPACT**

<b>Impact Statement</b>	<b>Improved quality of life through the development of sustainable, integrated and spatially transformed human settlements in Gauteng</b>
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**1.2. MEASURING THE OUTCOMES**

Aligned to the strategic focus areas of the GPF mandate, 6 outcomes have been developed to direct the effort and focus of the organisation towards achieving its intended impact over the period to 2025, as follows:

Outcome	Outcome Indicator	Baseline	5-Year Target (March 2025)
<b>MTSF 2019-2024: Priority 1 – A capable, ethical, and developmental State</b>			
<b>GGT2030: Priority 5 – Building a capable, ethical, and developmental State</b>			
<b>Outcome 1:</b> Efficient, effective, and sustainable organisation	1.1. External Audit Outcome	Unqualified, with material findings	Unqualified, with no material findings
	1.2. Stakeholder satisfaction rating	38% stakeholder satisfaction rating (2016)	70% stakeholder satisfaction rating
	1.3. Cost to income ratio	0.9 to 1 Cost to Income ratio	0.9 to 1 Cost to Income ratio
<b>Outcome 2:</b> Enhanced capital base to deliver core GPF mandate	2.1. Percentage of funding shortfalls leveraged to fully deliver core GPF mandate	New indicator	80% of funding shortfalls leveraged to fully deliver core GPF mandate
<b>MTSF 2019-2024: Priority 5 – Spatial integration, human settlements, and local government</b>			
<b>GGT2030: Priority 3 – Integrated human settlements, basic services, and land release</b>			
<b>Outcome 3:</b> Increased access to affordable rental and social housing in	3.1. Percentage GPF contribution to provincial** targets for affordable rental housing and student	New indicator <i>Units completed:</i> - 2014/15 – 2018/19:	100 percent contribution to provincial** targets for affordable rental housing and student

Outcome	Outcome Indicator	Baseline	5-Year Target (March 2025)
strategically located areas*	accommodation units completed	4924 units - 19/20: 636 units - 20/21: 262 units <i>(Not measured against provincial target)</i>	accommodation units completed, <i>i.e., 100 percent of GGT2030 target of 4000 units completed</i>
	3.2. Percentage GPF contribution to provincial** targets for social housing units completed	New indicator <i>Social housing was not part of GPF mandate in the last term</i>	25 percent GPF contribution to provincial** targets for social housing units completed <i>i.e., 2000 of 7986 social housing units completed</i>
<b>Outcome 4:</b> Increased access to integrated, inclusive, and sustainable human settlements	4.1. Percentage GPF contribution to provincial** targets for serviced sites and top structures	5 percent of provincial target for serviced sites and 8 percent provincial target for top structures	50 percent GPF contribution to provincial** targets for serviced sites and top structures <i>i.e., 50 percent of 34713 serviced sites and 50 percent of 30958 top structure (houses)</i>
<b>Outcome 5:</b> Increased access to liveable settlements and secure tenure	5.1. Percentage GPF contribution to provincial targets for Upgrading of Informal Settlements Programme (UISP)	UISP baseline – 0	5 percent GPF contribution to provincial targets for UISP <i>(GGT2030 target is 181 formalized settlements, GPF contribution over the current MTSF is 10 formalized settlements)</i>
	5.2. Percentage GPF contribution to provincial targets for Rapid Land Release Programme (RLRP)	RLRP baseline - 0	4.5 percent GPF contribution to provincial targets for RLRP. <i>(RLRP, 100 000 provincial target, GPF contribution over the current MTSF is 4500)</i>
<b>MTSF 2019-2024: Priority 2 – Economic transformation and job creation</b>			
<b>GGT2030: Priority 1 – Economy, jobs, and infrastructure</b>			
<b>Outcome 6:</b> Enhanced contribution of GPF's human	6.1. Percentage of total project funding spent on the local	New indicator	30% of total project funding spent on the local economy

Outcome	Outcome Indicator	Baseline	5-Year Target (March 2025)
settlements' developments to inclusive economic growth	economy		<i>(Baseline to be established in 2022/23. If required, the target will be updated and reflected in an Annexure to the following year's APP)</i>
	6.2. Number of job opportunities created through GPF human settlements' developments	3 906	6 000 job opportunities created through GPF human settlements' developments
	6.3. Percentage contracting on finance deals with black-owned developers, contractors and professionals	New indicator	80% contracting on finance deals with black-owned developers, contractors and professionals

\* Strategically located areas include within Restructuring Zones for Social Housing and PSHSDAs for affordable rental housing and student accommodation

\*\* Provincial targets are what is stated in the GGT2030 Plan of Action

### 1.3. EXPLANATION OF PLANNED PERFORMANCE OVER THE 5-YEAR PLANNING PERIOD

Both the MTSF 2019-2024 and GGT2030 have prioritised the creation of a capable, ethical, and developmental State. The first 2 outcomes of GPF's strategic plan are aimed at contributing to this apex priority of government. Planned performance over the 5-year period for these 2 outcomes is as follows:

#### **Outcome 1 – Efficient, effective, and sustainable organisation:**

- 1) Sustainability will be enhanced by implementing the loan book analysis report. The intention is to increase collections to 90 percent over the planning period.
- 2) Costs containment – ensuring that austerity measures as instructed by National Treasury are complied with and that procurement is done in a fair, equitable, transparent, cost-effective, and competitive manner to achieve value for money.
- 3) The organisation aims to regain an external audit outcome with no material findings within the first 3 years of this strategic plan, and to retain the outcome in subsequent years. Focus will be given to addressing all findings of the AGSA post audit remedial action plan, as well as to ensuring the payment of suppliers with compliant invoices are made within 30 days.
- 4) Focus will be given to ensuring that controls, policies, and procedures are in place to comply with the PFMA and relevant legislation and to support the GPF in the achievement of its outcomes.

- 5) Assessing and managing stakeholder perceptions and satisfaction with the GPF, as proxy for GPF's ongoing relevance, will be take prominence. Stakeholder satisfaction will be measured every 2 years and managed through the annually approved stakeholder management plan.
- 6) GPF will enhance its corporate citizenship practices, through committed environmental protection and creating a code of ethics. GPF will ensure compliance with all applicable legislation and ensure that the core business is supported with contracts that protect the interest of the organisation.
- 7) Organisational capacitation in terms of the approved organisational structure will be prioritised to ensure the core business functions have the right skills and capacity to deliver on the expanded mandate, and that the support functions have adequate capacity and skills to enable the core business.
- 8) Focus will be given to addressing the findings of the employee engagement survey, and to ensure that the organisation improves its rating in the next survey, from the current 39 percent to the entry level benchmark of 55 percent
- 9) Rollout of the business processes automation and digitalisation programme to ensure efficiencies in the organisation.

***Outcome 2 – Enhanced capital base to deliver core GPF mandate:***

The challenge is that the GPF is not adequately capitalised and does not have a strong capital base and sufficient investment funding to achieve the core business Implementing Agent delivery targets. More innovative financing and collaboration between the private and public sector is required to bridge the funding gap and address the infrastructure backlog, especially considering the limitations of the PFMA Schedule 3C listing. The organisation will seek to leverage on existing relationships to continue seeking new funding partners to further minimize counterparty concentration risk within its funding base.

- 1) Table a recapitalisation plan, to strengthen GPF's investment capital base (balance sheet).
- 2) Develop and implement a commercialisation plan to increase the investment fund base by at least 50 percent over the medium-term.
- 3) Leverage funding through strategic partnerships for affordable housing.
- 4) Develop and implement a revised capital-raising strategy, inclusive of options for the establishment of a private equity fund, social fund, and the consolidation of all non-interest (management) fee income.
- 5) Serve effectively as the development agent and property manager for turnkey projects on strategically owned GPG land.

**THE IMPLEMENTATION OF THIS STRATEGIC PLAN IS UNDERPINNED BY THE GPF MAKING A SIGNIFICANT CONTRIBUTION TO THE FOLLOWING PRIORITIES OF GOVERNMENT**

- 1) MTSF 2019-2024: Priority 5 – Spatial integration, human settlements, and local government. The desired impact is spatial transformation through improved integrated settlement development and linking job opportunities and housing opportunities.
- 2) GGT2030 Plan of Action: Priority 3 – Integrated human settlements, basic services, and land release. The desired impact is access to social and economic opportunities through spatial transformation and prioritising well-located, inclusive communities.

The core business areas of GPF's mandate, as informed by the GDHS's strategic framework to provide integrated and sustainable human settlements within a smart Gauteng City Region, have been translated into the outcomes and outcome indicators that reflect the GPF's intent to increase access to the various forms of affordable housing and integrated, sustainable human settlements that underpin GPF's core mandate. The outcome indicators reflect the GPF's planned contribution to the measures of success of the GGT2030 Plan of Action. Planned performance over the 5-year period for the 3 applicable outcomes is as follows:

***Outcome 3 – Increased access to affordable rental and social housing in strategically located areas:***

The demand for housing in Gauteng far exceeds the supply and this may be primarily attributed to amongst others, in-migration as people generally migrate to Gauteng in search of employment opportunities and access to better facilities and amenities. Through the provision of affordable rental accommodation, including student accommodation, and social housing, the GPF will be responding to the growing need for quality and affordable rental accommodation in strategic locations, particularly urban centres and PSHHDAs. In this regard, the GPF intends to deliver 100 percent of the GGT2030 target of 4 000 affordable rental units and 25 percent of the GGT2030 target of 7 986 social housing units. Key interventions of the outcome include:

- 1) Securing a pipeline of projects that are aligned with the GDHS's priority housing development areas, per DDM One Plan and gazetted PSHHDAs.
- 2) Ensure alignment with provincial stakeholder needs to maximise the impact on urban restructuring of the developments.
- 3) Obtaining timeous approval for projects.
- 4) The developments must ensure maximum benefit is passed on to affordable and social housing beneficiaries.
- 5) Effective monitoring and delivery of projects.
- 6) Ensure appropriate risk sharing with GPF co-funding partners in a transaction.

***Outcome 4 – Increased access to integrated, inclusive, and sustainable human settlements:***

Gauteng's Mega projects currently under construction are responding to the growing need for a live, work, play lifestyle. Once completed, these projects will provide for inclusive human

settlements that enable low and high-income earners to live in and access the same social and economic amenities. The GDHS has a target to oversee the delivery of 34 713 serviced sites and 30 958 top structures (houses) in mega projects over the planning period.

As the GDHS's Implementing Agent, or currently primarily mega projects pay master, the GPF aims to contribute to at least 50 percent of the set targets. This is primarily done through the signed Implementation Protocol (IP) that the GPF has with the Department. The GPF would like to increase the number of units beyond the eight (8) that are currently in the IP. It is, however, critical that sufficient budget is allocated to the GPF to implement the projects. Key interventions of the outcome include:

- 1) Implementation Protocol signed and sufficient budget allocated to GPF – GPF full participation in preparation of the IP.
- 2) GPF to be partners with the GDHS – to be involved in the project from the approval phase/ planning).
- 3) GPF to be more involved in the BNG, Rental & Social Housing aspects of the mega projects (funding or facilitating funding).
- 4) GPF to have better contractual obligations with the developer and facilitate cashflow assistance for the developer.
- 5) Better assessment of contractors/developers' financial capacity to deliver the projects. Then, to effectively manage project delivery within time, budget, and quality objectives.
- 6) Facilitate the timeous delivery of bulk infrastructure by the municipalities.
- 7) Project implementation and development through formalized or conventional public, private partnerships.
- 8) Introduction of a portfolio management system – integrated online system that provides effective post investment monitoring.
- 9) Participation in the DDM One Plan Pilot Programme of Gauteng Human Settlement and Infrastructure Development

#### **OUTCOME 5 – INCREASED ACCESS TO LIVEABLE SETTLEMENTS AND SECURE TENURE**

The GPF aims to increase access to liveable settlements and secure tenure opportunities by being the GDHS's partner of choice in implementing the RLRP and the UISP programmes. Through the IP, the GPF plans to contribute to at least 5 percent (or 10 formalised settlements) and 4.5 percent (or 4 500 land releases) of the provincial target over the MTSF. Key interventions include:

- 1) Implementation Protocol signed and sufficient budget allocated to GPF.
- 2) Monitoring and delivery of projects.
- 3) Appointment of key specialists, including, IGR Specialist and PRT
- 4) Streamlined SCM process



- 5) Establishment of a collaboration platform
- 6) Required bulk delivered by the metro or municipality respectively

#### **PRIORITIES IN RELATION TO WOMEN, YOUTH, PEOPLE WITH DISABILITIES AND PROVINCIAL PRIORITIES**

***Through its infrastructure/human settlement's developments, the GPF contributes to the economic development and job creation priorities of government:***

- 1) MTSF 2019-2024: Priority 2 – Economic transformation and job creation.
- 2) GGT2030 Plan of Action: Priority 1 – Economy, jobs, and infrastructure.

To give focus and to make more visible the GPF's contribution to these apex priorities, the GPF has developed a sixth outcome that seeks to enhance the contribution of the organisation's developments to inclusive economic growth. The outcome indicators measure the economic impact of GPF's developments, jobs created, and importantly, the growth and sustainability of SMMEs participating in the human settlements' developments implemented by the GPF. Planned performance over the 5-year period for the outcome is as follows:

***Outcome 6: Enhanced contribution of GPF's human settlements' developments to inclusive economic growth:***

GPF's projects are to be implemented in a manner designed to broaden the base within the infrastructure development sector, of black and female-owned enterprises, as well as small, medium, and micro enterprises (SMMEs). GPF as the debt funder provider is actively affecting transformation through policy by way of ensuring shareholding of potential borrowers and professionals have majority HDI shareholding. Key interventions include:

- 1) Ensure the promotion of HDI and GEYODI companies, the GPF will set aside funds to prioritise, promote and empower HDI-driven projects, with a strong focus on women and youth owned enterprises.
- 2) At least 45 percent of the capital budget is spent on the SMMEs and over time increase the development of women owned enterprises. Importantly, to monitor and support the growth and sustainability of SMMEs participating in GPF's developments.
- 3) To ensure all contracts stipulate job creation requirements, terms, and conditions.
- 4) SCM will strive to ensure compliance with the Gauteng Provincial Government (GPG) Broad Based Black Economic Empowerment (B-BBEE) strategy and targets by measuring B-BBEE spend on Black women, township suppliers, and youth.
- 5) Local involvement in the UISP Programme is mandatory as the community is directly involved.
- 6) To scope and conduct a socio-economic impact assessment by the end-of term.

## 2. KEY RISKS AND MITIGATIONS

Risk No.	Outcome	Risk Description	Root Cause	Risk Mitigation
1	Outcome 1: Efficient, and sustainable organisation	Default and non-recoverability of loans	<ol style="list-style-type: none"> <li>1. Feasibility projections not robust enough to withstand adverse economic conditions</li> <li>2. Inadequate due diligence review</li> <li>3.1 Poor credit supervision</li> <li>3.2 Post-construction with debt collection process not optimally utilised</li> <li>4. Lack of property management skills by borrowers. (Mentors to appointed)</li> <li>5. Lack of aftercare support to provide early warning assistance</li> </ol>	<ol style="list-style-type: none"> <li>1.1. Formulation of Technical Credit Risk Committee</li> <li>1.2. Early warning and forward-looking through predictive data analysis</li> <li>3. Finalise the Draft Debtors Management Policy</li> <li>3.1. Proactive review, monitoring, and reporting on loan book portfolio</li> <li>3.2. Appointment of independent loan collection agency</li> <li>3.3. Review the human resources needs of the unit and capacitate as required</li> <li>4. Strategic liaison and motivation to other DFI to assist in funding mentorship fund</li> <li>5. Frequent site visits</li> </ol>
2		The maturity level of the organisational platforms, structures, systems, processes, and capacity to ensure the leveraging of resources, deliver on the growing mandate and Strategic Plan 2019/20–2023/24 in an effective, efficient, and sustainable matter	<ol style="list-style-type: none"> <li>1. Human resources and talent management strategic gap, as compared to best practice</li> <li>2. HR policies and procedures not comprehensively documented and integrated with key business delivery outputs</li> <li>3. Desired leadership style, attributes and organisational culture not articulated and embedded by proactive people management programmes</li> <li>4. Risk management strategic gap to best practice and lack of a risk awareness culture</li> <li>5. Legal compliance management well-documented but not integrated with all governance, business, and support services</li> <li>6. Marketing, communications programme strategic gap against best practice</li> <li>7. GPF facilities not proactively managed</li> </ol>	<p>Turnkey Development Management Services</p> <p>Provide turnkey development management services, which includes property management services for projects on identified strategic GPG land transferred</p>

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Risk No.	Outcome	Risk Description	Root Cause	Risk Mitigation
3		Inadequate partnerships with various stakeholders	<ol style="list-style-type: none"> <li>1. Stakeholder management strategic gap against best practice with haphazard communication to various stakeholders</li> <li>2. Visibility and agility of GPF</li> <li>3. Misalignment between GPF and municipality (Spatial Development Framework)</li> <li>4. Poorly defined and constituted partnership arrangements</li> </ol>	<ol style="list-style-type: none"> <li>1.3.4. Review old and conclude new strategic partnerships or collaborations and signing of MOAs</li> <li>2.1. Stakeholder universe to be documented and segmented on the basis of power interest matrix</li> <li>2.2. Stakeholder perception and attitude towards GPF assessed</li> <li>2.3. Stakeholder champions and Annual Implementation Plan developed</li> <li>2.4. Comprehensive stakeholder engagement monthly dashboard with quarterly EXCO and Board reporting Integrated Stakeholder Report</li> </ol>
4		Inadequate or poor oversight by the Board over the governance of the entity and implementation of its mandate	<ol style="list-style-type: none"> <li>1. Unclear/undefined and poor definition of governance roles between the MEC, Board and GPF management</li> <li>2. Inadequate or poor oversight by the Board over the development and implementation of the strategy</li> <li>3. Lack of/inadequate policies governing the organisation</li> <li>4. Inadequate fraud risk and ethics management</li> <li>5. Inadequate internal controls and ERM environment</li> <li>6. Inadequate systems to ensure Board effectiveness</li> <li>7. Poor business continuity preparedness</li> <li>8. Inadequate and restrictive legal structure and corporate form of the entity</li> <li>9. Poor or inadequate capitalisation of the GPF</li> <li>10. Inadequate implementation and follow-up of Board resolutions</li> </ol>	<ol style="list-style-type: none"> <li>1.1. Ensure all trustee letters of authority are in place</li> <li>1.2. Support the Board to perform according to best corporate governance principles (King IV)</li> <li>2. Board Appraisal Implementation Plan</li> <li>3. Communicate approved policies to staff</li> <li>4. Training and awareness of staff on fraud and ethics</li> <li>5. Co-source internal audit function</li> <li>6. Aligned charters to the Corporate Governance Protocol</li> <li>7. Development of a BCM Framework and Business Continuity Plan</li> <li>8. Follow up with the Shareholder on amended Trust Deed and Shareholders Compact</li> <li>9. Continue with existing controls</li> <li>10. Quarterly report/assessment on Board resolutions</li> <li>11. Risk management improvement road map towards combined assurance and integrated proactive risk management</li> </ol>
5		Volatile rapidly changing economic, financial, and construction segment landscape adversely impacting on the viability	<p>A prolonged, slow recovery to the economy due to COVID-19 and GPF might be faced with rising demand for expenditure, countered by a dramatic fall in funding and income - creating a potentially significant 'funding gap' and reduced institutional</p>	<ol style="list-style-type: none"> <li>1. Cashflow-based repayment structures in the first few years</li> <li>2. Improved coordination and stakeholder management</li> </ol>

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Risk No.	Outcome	Risk Description	Root Cause	Risk Mitigation
		and/or sustainability of GPF to meet its mandate	<p>capacity to deliver within the development sector</p> <ol style="list-style-type: none"> <li>1. Depressed economic conditions</li> <li>2. Less funding committed to new projects</li> <li>3. Operations of key stakeholders affect the sustainability of a GPF</li> <li>4. Increased construction cost due COVID-19 and delays in projects (staff is infected and have to self-isolate/less staff on site due to social distancing)</li> <li>5. Increase in defaults</li> <li>6. Value chain disruption</li> </ol>	
6	Outcome 2: Enhanced capital base to deliver core GPF mandate	The financial unsustainability of GPF leading to inability to carry out its mandate	<ol style="list-style-type: none"> <li>1. Inadequate diverse funding model that includes, i.e., project-based funding</li> <li>2. Lack of borrowing authority (as a Schedule 3C, GPF is unable to borrow)</li> <li>3. Quality of the loan book declining</li> <li>4. Limited bankable projects (commercial projects not ready for implementation)</li> <li>5. Limited capital funds by GPF to attract private funders/development fund</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop strategies for alternative funding models, which will include project finance and blended finance</li> <li>2. Follow-up with the shareholder on change in corporate form</li> <li>3.1. GPF to develop a turnaround plan for the loan book</li> <li>3.2. Appointment of transaction advisors to assist GPF with securitisation and advising on State properties</li> <li>4.1. Conclude agreement with identified DFIs (Infrastructure SA and DBSA)</li> </ol>
7	Loss of potential funds to augment facilities to deliver mandate	Loss of potential funds to augment facilities to deliver mandate	<ol style="list-style-type: none"> <li>1. Lack of diverse funding model that includes, i.e., project-based funding</li> <li>2. Lack of bankable projects (commercial projects not ready for implementation)</li> <li>3. Lack of balance between developmental and commercial lending</li> <li>4. No alignment between senior funder due diligence requirements/expectation (GPF's developmental mandate vs. senior funder's security/risk appetite)</li> </ol>	<ol style="list-style-type: none"> <li>1. Develop a Stakeholder Strategy (partner mapping – prioritise based on risk appetite/mandate)</li> <li>2. Board risk appetite (commercial/development)</li> <li>3. Enhance delivery capacity of GPF (to meet partner expectations – technical, monitoring, spending, etc.)</li> </ol>

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Risk No.	Outcome	Risk Description	Root Cause	Risk Mitigation
8	<b>Outcome 3:</b> Increased access to affordable rental and social housing in strategically located areas*	Failure or partial failure to deliver on initiatives, particularly: <ul style="list-style-type: none"> <li>Attracting private funders into affordable housing market</li> <li>Development of housing stock</li> </ul>	<ol style="list-style-type: none"> <li>Limited senior funders</li> <li>Diminishing pipeline and poor quality of submissions (loans)</li> <li>Failure to deliver projects on time</li> <li>Project appetite is too high (stages of involvement by GPF are at early stages, where risk gets transferred to GPF). Clients not having funds to do own due diligence.</li> </ol>	<ol style="list-style-type: none"> <li>Develop strategies for alternative funding models, which will include project finance and blended finance</li> <li>Contribute to the review and implementation of the Stakeholder Management Strategy and Plan to assist the GPF to remain relevant and aligned with various stakeholder expectations</li> <li>Develop deals pipeline (in partnership with DFIs)</li> <li>Enhance marketing and awareness: roadshows, summits, engagements with developers/investors</li> <li>Effecting the implementation of contract clause "GPF control of project where the developer has failed to deliver". Develop a set of rules for step in rights to complete a project</li> <li>Technical Credit Risk Committee formulation</li> <li>Develop a draft risk appetite and tolerance levels for project funding and develop a Commercial Investment Plan, i.e., 70% Dev/30% Commercial</li> <li>Invest in handholding/COT of investment (review our role of developing clients and unpack the R2m Interest free loan - to ensure that clients are ready for lending)</li> <li>Review the Investment Policy to tighten DD</li> </ol>
9	<b>Outcome 4:</b> Increased access to integrated, inclusive, and sustainable human settlements	Failure to deliver on projects as per stakeholder expectations for mega projects	<ol style="list-style-type: none"> <li>Insufficient funding for commercial and social aspects of mega projects</li> <li>Non-performance by developers</li> <li>Lack of coordination between spheres of government (coordination with local government) and other role-players</li> <li>Non-achievement of transformation targets/failure by developers to subcontract work to SMMEs</li> <li>Unavailability of site and bulk project capacity/funding</li> </ol>	<ol style="list-style-type: none"> <li>Facilitate the funding for developer from Human Settlement Development Bank</li> <li>Formulate a tripartite approach where the GPF will facilitate engagements between the developer and the various sister departments</li> <li>Finalise annexure in conjunction with GDHS PMO that will assist in operationalism of the implementing role in the mega projects</li> <li>Develop a Stakeholder Strategy (partner mapping – prioritise based on risk appetite/mandate). Include collaboration with mining houses and Gauteng Infrastructure Finance Agency (GIFA)</li> </ol>

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Risk No.	Outcome	Risk Description	Root Cause	Risk Mitigation
10		Failure to deliver on turnkey projects as per stakeholder expectations	<ol style="list-style-type: none"> <li>Delays in issuing of development right and accessing development sites from GPG and municipalities</li> <li>Failure to raise funding for turnkey projects</li> <li>Delays in obtaining municipal approvals</li> <li>Inadequate project preparation funding</li> <li>No development rights in place</li> </ol>	<ol style="list-style-type: none"> <li>Develop strategies for alternative funding models, which will include project finance and blended finance</li> <li>Undertake a public process to request for proposals</li> </ol>
11	Outcome 5: Increased access to liveable settlements and secure tenure.	Failure to provide basic services support to informal settlements	<ol style="list-style-type: none"> <li>Unavailability of suitable developable land</li> <li>Delays in obtaining municipal approval</li> <li>Conflicting priorities of stakeholders, GPF projects do not form part of the Municipal Service Delivery and Budget Implementation Plan (SDBIP)</li> <li>Unavailability of site bulk infrastructure</li> <li>Planning disruptions due to large population movement, land invasion and community unrest</li> <li>Unavailability or reduction of funding allocated by client department</li> <li>Non-compliance with UISP framework</li> <li>No strategy for informal settlement in the province to guide GPF - User of choice/considering working with IGR</li> <li>Lack of capacity to deliver the UISP (internal capacity)</li> <li>Lack of clear and concise implementation model to ensure business continuity</li> <li>Unavailability of service providers for interim and planning services</li> <li>Multiple implementing agencies (Rand Water, HDA)</li> </ol>	<ol style="list-style-type: none"> <li>Pre-assessment of government-owned land. Deliberate procurement of land parcels from the market exclusively for UISP in collaboration with municipalities. Securing of land to be added as a pre-requirement for enrolment of projects in the Business Plan</li> <li>, 3., 4. Establishment of municipal steering committees to coordinate various stakeholders</li> <li>5.1. Use of civil society - Social facilitation and community engagement</li> <li>5.2. Monitoring and security of identified parcels through established programmes</li> <li>5.3. Continuous assessment of informal settlements to determine service needs given the frequency of movement based on the characteristics of informal settlements</li> <li>5.4 Collaborate with anti-land invasion groups</li> <li>5.5 Create a forum to collaborate with the municipality to implement bylaws to prevent land invasion</li> <li>, 10. Development of the Informal Settlement Strategy to guide prioritisation and goal setting for Gauteng-based informal settlements</li> <li>11. Establish a panel of service providers to deliver interim and planning services</li> <li>12. Develop MOU between HDA and GPF</li> </ol>

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Risk No.	Outcome	Risk Description	Root Cause	Risk Mitigation
12		Delay in providing suitable land/liveable settlements, secure tenure) and delivering on targets	<ol style="list-style-type: none"> <li>1. Availability of suitable land within Gauteng</li> <li>2. Lack of coordination between the municipalities and GDHS</li> <li>3. Non-performance by PRT/external resources</li> <li>4. Inadequate management of community expectations</li> <li>5. State of readiness of GPF to take on projects</li> <li>6. Delays with identification of qualifying beneficiaries leading to invasions</li> <li>7. Acquiring partially serviced stands</li> <li>8. Risk of double dipping</li> <li>9. Low response to the call for proposals for suitable land</li> </ol>	<ol style="list-style-type: none"> <li>1. Call for proposal to procure suitable land for and assessment of proposals received</li> <li>2., 7. Establishment of municipal steering committees to coordinate various stakeholders</li> <li>3. Conclude performance contracts</li> <li>4. Use of civil society - Social facilitation and community engagement</li> <li>5. Capacitation of body shop of valuers, conveyors, etc. (PRT) to assist GPF</li> <li>6. Monthly meetings with Beneficiary Allocation Unit within the regions and develop IGR Management Strategy</li> <li>7. Elevating to the members of the Executive Authority to engage municipalities for partially serviced stands</li> <li>8. Source a list of developers who received bulk funding from Housing and Infrastructure to ensure double-dipping is not taking place</li> <li>9. Marketing and awareness campaign</li> </ol>
13	Outcome 6: Enhanced contribution of GPF's human settlements' developments to inclusive economic growth	<ul style="list-style-type: none"> <li>Insufficient participation by GEYODI</li> <li>Insufficient deal flow to women-owned entities</li> </ul>	<ol style="list-style-type: none"> <li>1. Inadequate marketing/lack of focus to the GEYODI</li> <li>2. GPF funding parameters did not have funding ring-fenced for GEYODI</li> </ol>	<ol style="list-style-type: none"> <li>1.1. Regular interaction with stakeholders to monitor growth</li> <li>1.2. Target marketing on GEYODI</li> <li>2. Update the APP to make budget provision for GEYODI-based loans</li> <li>3. Increase the target to 50% for women in construction</li> <li>4. Secure partnerships with women in construction-based organisations</li> </ol>

### 3. PUBLIC ENTITIES

Not applicable



**PART D: TECHNICAL INDICATOR DESCRIPTIONS**
**1. OUTCOME 1: EFFICIENT, EFFECTIVE AND SUSTAINABLE ORGANISATION**

Indicator Title 1.1.	External Audit Outcome
<b>Definition</b>	The audit opinion of the Auditor-General of South Africa (AGSA) on the annual external audit of financial statements, performance objectives and compliance with legislation (for the previous financial year).
<b>Source of data</b>	Final signed Auditor's Report, reflecting the Audit Outcome.
<b>Method of Calculation / Assessment</b>	Document verification of the audit outcome for the previous financial year stated in the signed Audit Report.
<b>Assumptions</b>	None
<b>Disaggregation of Beneficiaries (where applicable)</b>	Not applicable
<b>Spatial Transformation (where applicable)</b>	Not applicable
<b>Desired Performance</b>	To achieve an unqualified audit outcome with no material findings from the AGSA in year 3 of the strategic plan and to maintain the same audit outcome in each subsequent year of the planning period.
<b>Indicator Responsibility</b>	Chief Financial Officer

Indicator Title 1.2.	Stakeholder satisfaction rating
<b>Definition</b>	Results of the stakeholder perception survey conducted every 2 years over the 5-year planning period.
<b>Source of data</b>	Biennial stakeholder satisfaction survey report.
<b>Method of Calculation / Assessment</b>	Document verification of the stakeholder perception survey undertaken biennially, reflecting a consolidated result, expressed as a percentage or score.
<b>Assumptions</b>	Budget available to conduct the survey on a biennial basis.
<b>Disaggregation of Beneficiaries (where applicable)</b>	Not applicable

<b>Spatial Transformation (where applicable)</b>	Not applicable
<b>Desired Performance</b>	Higher than targeted performance is desired
<b>Indicator Responsibility</b>	Corporate Services Executive

<b>Indicator Title 1.3.</b>	<b>Cost to income ratio</b>
<b>Definition</b>	The cost to income ratio is used to gauge the GPF's efficiency by comparing the operating expenses of the organisation to its operating income (actual cash generated).
<b>Source of data</b>	Management Accounts
<b>Method of Calculation / Assessment</b>	Expenditure / Actual cash generated, expressed as a ratio
<b>Assumptions</b>	Not applicable
<b>Disaggregation of Beneficiaries (where applicable)</b>	Not applicable
<b>Spatial Transformation (where applicable)</b>	Not applicable
<b>Desired Performance</b>	Achievement of the target
<b>Indicator Responsibility</b>	Chief Financial Officer

## 2. OUTCOME 2: ENHANCED CAPITAL BASE TO DELIVER CORE GPF MANDATE

<b>Indicator Title 2.1.</b>	<b>Percentage of funding shortfalls leveraged to fully deliver core GPF mandate</b>
<b>Definition</b>	The amount of funding sourced and facilitated for GPF programmes in relation to the total funding needed to fully deliver on GPF's mandate.
<b>Source of data</b>	Performance reports submitted by the unit
<b>Method of Calculation /</b>	Sum total of the rand value of funding raised/facilitated divided by the funding required, expressed as a percentage.

<b>Assessment</b>	
<b>Assumptions</b>	Available projects pipeline
<b>Disaggregation of Beneficiaries (where applicable)</b>	Not applicable
<b>Spatial Transformation (where applicable)</b>	Not applicable
<b>Desired Performance</b>	Higher than targeted performance is desired
<b>Indicator Responsibility</b>	Chief Investments and Development Officer

### 3. OUTCOME 3: INCREASED ACCESS TO AFFORDABLE RENTAL AND SOCIAL HOUSING IN STRATEGICALLY LOCATED AREAS

<b>Indicator Title 3.1.</b>	<b>Percentage GPF contribution to provincial targets for affordable rental housing and student accommodation units completed</b>
<b>Definition</b>	Percentage contribution of completed affordable rental and student accommodation units, to the provincial target.
<b>Source of data</b>	Practical Completion and Occupation Certificates
<b>Method of Calculation / Assessment</b>	The total number of affordable housing units completed by the GPF within the 5 year strategic period over/divided by the Provincial targets for affordable rental units as stated in the GGCT 2030 Plan Action
<b>Assumptions</b>	Not applicable
<b>Disaggregation of Beneficiaries (where applicable)</b>	Not applicable
<b>Spatial Transformation (where applicable)</b>	Primarily PSHDAs in the GCR development corridors
<b>Desired Performance</b>	Meeting target
<b>Indicator Responsibility</b>	Chief Investments and Development Officer

**Indicator Title 3.2. Percentage GPF contribution to provincial targets for social housing**

	units completed
<b>Definition</b>	Percentage contribution of completed social housing units, to the provincial target
<b>Source of data</b>	Practical Completion and Occupation Certificates
<b>Method of Calculation / Assessment</b>	The total number of social housing units completed by the GPF within the 5 year strategic period over/divided by the Provincial targets for social housing of 7986
<b>Assumptions</b>	Not applicable
<b>Disaggregation of Beneficiaries (where applicable)</b>	Not applicable
<b>Spatial Transformation (where applicable)</b>	Primarily PSHDAs in the GCR development corridors
<b>Desired Performance</b>	Meeting target
<b>Indicator Responsibility</b>	Chief Investments and Development Officer

#### 4. OUTCOME 4: INCREASED ACCESS TO INTEGRATED, INCLUSIVE AND SUSTAINABLE HUMAN SETTLEMENTS

Indicator Title 4.1.	Percentage GPF contribution to provincial targets for serviced sites and top structures
<b>Definition</b>	Percentage contribution of service sites and top structures unit to the provincial target
<b>Source of data</b>	Implementation protocol.
<b>Method of Calculation / Assessment</b>	The total number of tops completed by the GPF within the 5 year strategic period over/divided by the Provincial targets for top structures of 30958
<b>Assumptions</b>	Not applicable
<b>Disaggregation of Beneficiaries (where applicable)</b>	Not applicable
<b>Spatial Transformation (where applicable)</b>	Primarily PSHDAs in the GCR development corridors

<b>Desired Performance</b>	Meeting Target
<b>Indicator Responsibility</b>	Chief Investments and Development Officer

## 5. OUTCOME 5: INCREASED ACCESS TO LIVEABLE SETTLEMENTS AND SECURE TENURE

Indicator Title 5.1.	Percentage GPF contribution to provincial targets for Upgrading of Informal Settlements Programme (UISP)
<b>Definition</b>	Percentage contribution to the provincial target for UISP
<b>Source of data</b>	Implementation Protocol
<b>Method of Calculation / Assessment</b>	The total number of formalised settlements by the GPF over/ divided by the GGT2030 target of 181 formalized settlements,
<b>Assumptions</b>	Not applicable
<b>Disaggregation of Beneficiaries (where applicable)</b>	Not applicable
<b>Spatial Transformation (where applicable)</b>	Location of projects
<b>Desired Performance</b>	Meeting target
<b>Indicator Responsibility</b>	Chief Investments and Development Officer

Indicator Title 5.2.	Percentage GPF contribution to provincial targets for Rapid Land Release Programme (RLRP)
<b>Definition</b>	Percentage contribution to the provincial target for RLRP
<b>Source of data</b>	Service Level Agreements (SLAs) and off take agreements
<b>Method of Calculation / Assessment</b>	The total number of serviced stands acquired by the GPF over the RLRP, 100 000 provincial target
<b>Assumptions</b>	Not applicable
<b>Disaggregation of</b>	Not applicable

<b>Beneficiaries (where applicable)</b>	
<b>Spatial Transformation (where applicable)</b>	Primarily PSHDAs in the GCR development corridors
<b>Desired Performance</b>	Meeting target
<b>Indicator Responsibility</b>	Chief Investments and Development Officer

## 6. OUTCOME 6: ENHANCED CONTRIBUTION OF GPF'S HUMAN SETTLEMENTS' DEVELOPMENTS TO INCLUSIVE ECONOMIC GROWTH

<b>Indicator Title 6.1.</b>	<b>Percentage of total project funding spent on the local economy</b>
<b>Definition</b>	Percentage spent on the local economy for all projects implemented by the GPF
<b>Source of data</b>	Extend Public Works Programme (EPWP) reports and developer reports
<b>Method of Calculation / Assessment</b>	Total project funding spent on the local economy in the period under review as a percentage of total project funding for the same period.
<b>Assumptions</b>	N/A
<b>Disaggregation of Beneficiaries (where applicable)</b>	Youth male & female, Women, People with disabilities and military veterans. Adult male.
<b>Spatial Transformation (where applicable)</b>	N/A
<b>Desired Performance</b>	Higher than the set target is desired.
<b>Indicator Responsibility</b>	Chief Investments and Development Officer

<b>Indicator Title 6.2.</b>	<b>Number of job opportunities created through GPF's human settlements' developments</b>
<b>Definition</b>	Number of jobs created directly through the implementation of GPF's human settlement development projects

<b>Source of data</b>	Extend Public Works Programme (EPWP) reports and developer reports
<b>Method of Calculation / Assessment</b>	Total number of job opportunities created through GPF human settlements' developments. Job opportunities are defined as per the Expanded Public Works Programme.
<b>Assumptions</b>	Not applicable
<b>Disaggregation of Beneficiaries (where applicable)</b>	Youth male & female, Women, People with disabilities and military veterans. Adult male.
<b>Spatial Transformation (where applicable)</b>	Location of projects
<b>Desired Performance</b>	Meeting targets
<b>Indicator Responsibility</b>	Chief Investments and Development Officer

<b>Indicator Title 6.3.</b>	<b>Percentage contracting on finance deals with black-owned developers, contractors and professionals</b>
<b>Definition</b>	Percentage of projects financed by the GPF with black owned developers, contractors and professionals
<b>Source of data</b>	Approvals recorded in the Board minutes of the various committees
<b>Method of Calculation / Assessment</b>	Calculate the percentage of projects financed by GPF with black-owned developers, contractor, and professionals. The amount disbursed to the black-owned developers, contractor, and professionals over/ divided by the total amount disbursed by GPF to the various investment programmes
<b>Assumptions</b>	BBBEE definition applicable
<b>Disaggregation of Beneficiaries (where applicable)</b>	Black females, black youths and black males
<b>Spatial Transformation (where applicable)</b>	Location of projects
<b>Desired Performance</b>	Meeting targets
<b>Indicator Responsibility</b>	Chief Investments and Development Officer





## ANNEXURES TO THE STRATEGIC PLAN

## ANNEXURE A: DISTRICT DELIVERY MODEL (DDM)

AREAS OF INTERVENTION	FIVE-YEAR PLANNING PERIOD				
	Project description	District Municipality	Location: GPS coordinated	Project leader	Social partners
Spatial development (Human Settlements) Mega Projects	Elijah Barayi	Merafong	26 23 24.4 S 27 17 36.9 E	Calp Developments (Pty) Ltd	Department of Education & Health South African Police Services Merafong Municipality Mining Houses
	Affri Village Greenhills	Rand West	26 08 52.8 S 27 40 51.3 E	JV Mwalimu Holdings and Xanado (Pty) Ltd	Department of Education & Health Randwest Municipality
	Affri Village Magalies	Mogale	26 00 06.6 S 27 32 56.6 E	JV Mwalimu Holdings and Xanado (Pty) Ltd	Department of Education & Health South African Police Services Mogale City Municipality
	Dan Tloome	Rand West	26 20 12 170 S 27 63 22 340 E	Ariobex (Pty) Ltd	Department of Education & Health South African Police Services Randwest Municipality Mining Houses
	Montrose	Rand West	26 14 21.31 S 27 38 37.62 E	Resilient Rock (Pty) Ltd	Department of Education & Health South African Police Services Randwest Municipality Mining Houses
	Western Mega	Rand West	26 11 58.1 S 27 42 30.6 E	Western Mega (Pty) Ltd	Department of Education & Health South African Police Services Randwest Municipality Mining Houses
	Westonaria Borwa	Rand West	26 32 58 340 S 27 67 24 590 E	Crimson King (Pty) Ltd	Department of Education & Health South African Police Services Randwest Municipality Mining Houses
	Savanah City	Mid-Vaal	26°27'57.3"S 27°54'57.7"E	Savanah City Developments (Pty) Ltd	Department of Education & Health



AREAS OF	FIVE-YEAR PLANNING PERIOD				
					South African Police Services Emfuleni Municipality
	Rama City	Tshwane	25°37'30.9"S 28°01'28.1"E	Rama City Development Company (Pty) Ltd	Department of Education & Health South African Police Services Tshwane Metro