



**Independent centre for Learning on LED
through Monitoring and Research**

**Cape Town Red Tape Reduction Case Study and
Local Economic Development:
Case Study**

Learning, Monitoring and Research Facility (LMRF)



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**Prepared by
Silimela Development Services for
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EXECUTIVE SUMMARY: RED TAPE LESSONS

The following key lessons can be identified from the Cape Town Red Tape experience:

- Municipalities tend to be sites of numerous change processes unfolding in parallel and which impact on how supportive top leadership is likely to be in terms of prioritising the relative importance of a change process to address a particular red tape issue. In other words, at any one point in time, municipal leadership is only able to give attention to a limited number of priority issues and red tape initiatives need to compete for attention in this context.
- In any given municipal context, there are likely to be a wide range of red tape issues. It is important to prioritise one or two critical issues and focus efforts on resolving those, as opposed to attempts to comprehensively solve a wide range of issues at any one time due to the limited spare capacity in municipalities and the time intensity of addressing red tape issues.
- The process of prioritising red tape problems is highly political and it is important to have clear criteria which guide the kinds of impacts and beneficiaries that are deemed most important when addressing red tape issues.
- Institutionalising responsibility for business improvement and change processes can be challenging where processes overlap and multiple responsibilities exist.
- The term “red tape reduction” can have negative perceptions amongst municipal officials. Using the term “business process improvement” may result in the initiative being favourably perceived and supported.
- The nature of the interface between councillors and officials impacts on the extent to which progress is achieved with red tape reduction in terms of the degree to which there is political pressure, or not, to address specific red tape issues.
- Red tape issues involve problems of inter-governmental coordination which in turn require high level political involvement if they are to be adequately addressed.
- Many red tape problems arise as a result of poor communication and mutual understanding between the public and private sectors as to expectations and requirements. The value of public-private dialogue processes cannot be underestimated.
- Public sector officials often have to be strongly incentivised – via their performance contracts (including measures related to the efficiencies of their business processes and service delivery) – in order to make the effort to reach out to the private sector and obtain inputs into business process improvement initiatives.
- The role of technology in supporting business process improvements can be

- substantial and municipalities need to obtain technology advice to identify innovative solutions to business process challenges.
- Red tape processes are subject to numerous vested and sometimes conflicting interests. For example, issues of corruption can be exposed as a result of investigations into detailed business processes. This shows that red tape reduction is above all a political process, which will succeed only with adequate political commitment.

INTRODUCTION

The purpose of this paper is to two-fold:

- To provide a summary project description of a Cape Town case study experience in addressing selected red tape (or regulatory framework) issues; and
- To provide a knowledge learning resource to Local Economic Development (LED) practitioners wanting to initiate processes to improve the local business environment through reducing red tape constraints to economic development.

The paper does *not* investigate theoretical debates about what red tape is and whether red tape is, or is not, a real constraint to economic development, and if so, what kinds of economic impacts different types of red tape can have.

The paper is structured as follows:

- i) Background to, and origin of, the Cape Town Regulatory Framework Review
- ii) Process followed
- iii) Project issues and outcomes in terms of two priority red tape issues addressed; building plan approvals and the township property market
- iv) Project lessons

BACKGROUND

The City of Cape Town Municipality delivers to services to a population of approximately 3.5 million people, and employs over 20,000 employees involved in service delivery. Cape Town generates approximately 12% of the country's economic output of about R120 billion. Against an unemployment level of over 355,000 people [expanded definition] (Community Survey, September 2007), the City has set itself a target of creating about 40,000 net new jobs a year.

Against this background, in 2007, the Provincial Trade and Investment Promotion Agency, Wesgro, at the request of the City of Cape Town, commissioned a research survey of 100 businesses in key sectors to identify the "top 10 constraints to investment" (the report is available at

<http://www.silimelafrica.com/CapeTownInvestmentConstraintsSurveyandReport>)

This report, completed in towards the end of 2006, and presented to the City's Mayoral Committee, identified a number of factors constraining new investment and growth amongst existing businesses, new inward investors, as well as sector-specific investment constraints facing a number of Cape Town's priority growth sectors.

The main results from this survey were as follows:

	Priority Constraints from Investment Constraints Survey (in order from most severe constraint)
5 Main Obstacles to Starting a Business	<ol style="list-style-type: none"> 1. Red tape (local government) 2. Labour regulations (starting a businesses) 3. Red tape (national government) 4. Telecommunications cost 5. Electricity reliability
5 Main Obstacles to Operating a Business	<ol style="list-style-type: none"> 1. Violent crime 2. Inadequate roads 3. Property crime 4. Electricity reliability 5. Telecommunications cost
5 Main Weaknesses of the Business Environment	<ol style="list-style-type: none"> 1. Lack of skilled workers 2. Poor safety 3. Lack of public transport 4. Reliability of electricity 5. Parking problems/ availability
Priority Municipal processes seen as having unfavourable/ unreasonable impact on business	<ul style="list-style-type: none"> • Time to respond to queries • Time to approve building plans • Time to approve re-zonings • Building regulations • Filming and linked environmental regulations • Signage regulations

The survey report made the following recommendations to address issues within the municipal sphere of control:

Investment Constraints Within COCT Sphere of Control	Recommendation
<ul style="list-style-type: none"> • COCT culture and systems not supportive of investment promotion, including infrastructure constraints and access to land 	<ul style="list-style-type: none"> • Develop Services Charter which specifies clear time-frames within which service will be delivered and decisions will be made, for example for land purchases, building plan approval etc. • Refine management performance system aligned to Services Charter • Develop spatial map of existing and expected economic infrastructure constraints and medium term requirements.

<ul style="list-style-type: none"> • COCT regulatory impacts, particularly for the Film Sector regarding environmental regulations and Film Office billing problems (due to SAP), as well as the construction sector regarding building plan approval time-frames; 	<ul style="list-style-type: none"> • Initiate Regulatory Framework Review and Red Tape Reduction Process with the private sector to identify specific problem areas or business processes and develop solutions • Develop Services Charter which specifies clear time-frames within which service will be delivered and decisions will be made, for example for land purchases, building plan approval etc. • Explore e-government solutions to business processes to reduce bureaucratic burdens
<ul style="list-style-type: none"> • Development facilitation of strategic investment projects including co-ordination of development process, provision of incentives, and aligned investor after care and development facilitation processes between Wesgro and COCT 	<ul style="list-style-type: none"> • Wesgro and the COCT need to enter into a Service Level Agreement specifying agreed processes and service delivery performance standards to address service delivery constraints faced by investors • COCT to design Investment Development Facilitation Unit with appropriate delegations and level of authority and expertise to coordinate and fast track COCT processes, and act as COCT's investor point of entry and one stop shop to facilitate both major expansions of domestic business as well as new foreign investments • Refine management performance system incl. KPIs to reflect fast-tracking of investment process • Approve draft COCT investment incentives policy and implement and monitor for one year pilot period and review and refine there-after.

In parallel to this process, the City's Economic and Human Development Directorate initiated a Regulatory Review process (otherwise known as the Red Tape Reduction Process) in late 2006. Consultants were appointed to facilitate a process, with the original purpose as contained in the Terms of Reference (City of Cape Town: September 2006) as follows:

- review the existing regulatory framework impacting upon private sector businesses operating within and outside the City of Cape Town.
- identify barriers to economic development - with particular reference to the development of the local economy, especially for traditional LED target groups such as SMMEs and emerging entrepreneurs and companies in the 2nd economy.
- make recommendations regarding reforms which Council, and other spheres of government, could embark on to facilitate better framework conditions for doing business in and with the City.

The consultant team proposed a public-private partnership methodology of reducing red tape closely modelled on an approach outlined in GTZ training materials, and which involved both public and private sector representatives working together to develop a shared understanding of regulatory constraints, prioritise these, and jointly develop solutions which may require actions by both the public and private sectors.

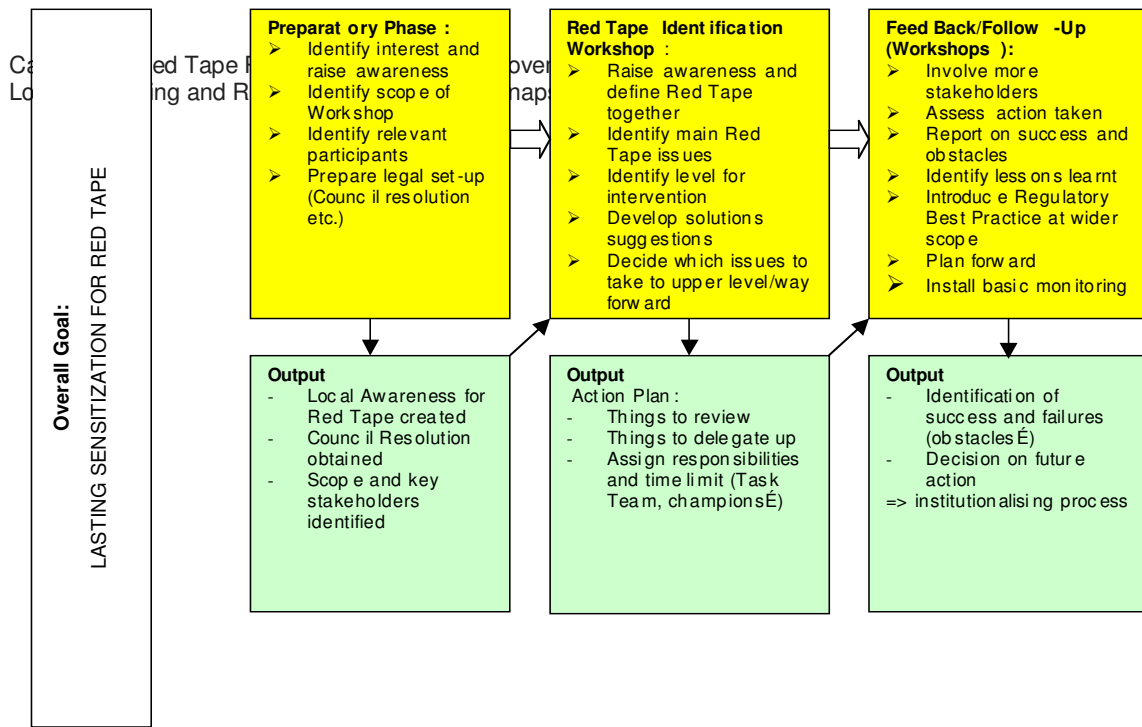
The Red Tape Facilitation process cycle as developed by GTZ comprises the following broad phases, with the scope of the Cape Town process covering the first three phases:

- 1) Scoping
- 2) Assessment
- 3) Action Planning and Recommendations
- 4) Institutionalisation
- 5) Evaluation

The process proposal was based on Three Key Principles of Red Tape Reduction:

- i) **Competitiveness:** Red Tape Reduction aims at increasing local municipal and business competitiveness, benefiting business retention / growth and attracting new business to the area.
- ii) **Process and action orientation:** Facilitation of Red Tape Reduction takes a clear, flexible and systemic approach, with early smaller successes, leading onto more ambitious and complex issues as the actors become more confident through visible results.
- iii) **Participation:** Red Tape Reduction is a multi-stakeholder process, which:
 - seeks to creatively and sensitively involve stakeholders in finding solutions to their issues
 - builds trust and networks between stakeholders, through the guidance of a facilitator.
 - builds capacity of local stakeholders to promote ownership and sustainability

The following diagram summarises the approach and the table details the actual process followed. As is often the case, planned methodologies require modification during the process of implementation.



Two core process priorities were to:

- Raise internal municipal understanding of red tape issues as a prelude to institutionalising business process improvements on an ongoing basis
- Strengthen public-private mutual communication and understanding given the need for the municipality to be more responsive to business needs, and for the private sector to better understand municipal objectives and processes

The initiative was based on establishing three structures to guide the project to a successful outcome:

Structure	Role	Representative(s)
Sponsor	<ul style="list-style-type: none"> • Champion the process at the highest level • Facilitate internal participation in Reference Group at the appropriate level from appropriate departments 	<ul style="list-style-type: none"> • Mayoral Committee Councillor for Economic and Social Development • Executive Director Economic and Social Development
Reference Group	<ul style="list-style-type: none"> • Strengthen internal (to administration) and external (with private sector) linkages, buy-in, and participation in process • Receive draft findings at key milestones and make high level 	<ul style="list-style-type: none"> • Directors from relevant Council departments (to be identified once priority focus areas agreed) • Representatives of key business bodies

	strategic input	
Project Team	<ul style="list-style-type: none">• Manage project process• Identify and address process issues	<ul style="list-style-type: none">• City Economic and Human Development officials• Clotex Consortium• Provincial Government representative

Phase	Proposed Key Activities/ Tasks	Actual outputs and results
<p>Phase 1: Initiation and Scoping</p>	<ul style="list-style-type: none"> a) Refine and agree Terms of Reference and Contract with Client b) Identify, analyse and summarise existing Regulatory Review and Business Environment research, including: c) Scoping process to identify critical internal and external stakeholders to be involved in the process including establishment of a top-level Reference Group and a Technical Steering Committee (including legal expert) d) Presentation to top management and Mayor on process, key existing business environment issues, and benefits e) Internal awareness and motivation workshop to relevant City officials to introduce concepts, process, benefits and identify key departmental officials for ongoing involvement f) External awareness and motivation workshop to key business groups (e.g. business chambers, sector organisations, informal trading organisations etc.). 	<p>Project Steering Committee established containing Economic and Human Development Directorate officials.</p> <p>Attempted to nominate and engage with a senior Project Sponsor, however, lack of access stifled attempt.</p> <p>Attempted to establish a Reference Group to mobilise participation in the process at the appropriate leadership level from officials and the private sector. However, this was not established due to difficulties in accessing municipal leadership.</p> <p>Decision was made not to review Council documentation due to the volume and difficulty of ascertaining whether real red tape issue exist from the literature.</p> <p>Interviews were hold with about 10 key public and private representatives to inform a long list of potential regulatory framework issues</p>

<p>Phase 2: Assess- ment</p>	<p>a) Develop criteria to inform prioritisation of regulatory red tape issues, including high vs low impact on economic development objectives, low or high implementation complexity etc.</p> <p>b) Focus group workshops to prioritise regulatory/ red tape issues in key sectors and to identify public and private champions to take forward analysis of key issues. Sectors could include,, for example:</p> <ul style="list-style-type: none"> • Informal trading • Tourism • Construction • Procurement and SMMEs • Other (to be identified) <p>c) Verify and confirm that priority issues are real issues</p> <p>d) Report-back to Reference Group and technical committee on priority regulatory red tape issues and recommendations for action planning</p>	<p>The following criteria were agreed to prioritise red tape issues for intervention:</p> <ul style="list-style-type: none"> • Degree of control the City of Cape Town has over addressing the causes of the problem • Scale of impact that results from addressing the problem in terms of: <ul style="list-style-type: none"> ○ Enterprise establishment ○ Enterprise growth ○ Pro-poor and shared growth, and ○ Enhanced competitive advantage <p>The following preliminary red tape problem areas were identified:</p> <p>i) Film Sector and Delays in Location Permits related to shortage of, and lack of dedicated, traffic officers. Possible solution re dedicated unit of police reservists to service both film shoots and major events has been proposed. Proposal to City MAYCO re film requirements has been submitted-approval imminent. Assess way forward thereafter.</p> <p>ii) Township Property Market and Local Government Land Disposal and Development process (incl. Bulk Services)</p> <p>iii) Building plan approval, rezoning and land use approvals</p> <p>iv) Electricity and Large users costs when expanding capacity</p> <p>v) Fire services and risk ratings of parts of the City linked to high insurance costs but not necessarily informed by City's fire plan and broader fire-fighting capacity available to an area</p> <p>vi) City Debt Management policies and whether specific provisions for small businesses are required to minimise impacts on business closures/reductions</p> <p>Instead of focus groups, the PSC met on a number of occasions to discuss additional feedback received in the 1-1 interviews and applied the criteria in order to select two issues for focus group workshops:</p> <ul style="list-style-type: none"> • Building Plan approvals
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		<ul style="list-style-type: none"> • Township Property Market <p>March 2007: Red Tape Briefing Document is circulated to workshop participants prior to the workshops.</p> <p>Reference group was not established due to difficulty in accessing top leadership.</p>
<p>Phase 3. Action Planning and Recommendations</p>	<p>a) Guide and support Champions to involve key stakeholders in development of solutions</p> <p>b) Champions facilitate stakeholder involvement in focus group workshops (approximately 6) to road-map key processes, understand existing initiatives if any to improve key processes, and to develop action plans in terms of who needs to do what and with what resources</p> <p>c) Development of draft recommendations to address:</p> <ul style="list-style-type: none"> • Way forward for action plans • Linkages to existing continuous improvement processes • Mechanisms for sustaining regulatory review and continuous improvement processes and momentum • Communication strategy to put in place ongoing public-private dialogue mechanism, as well as to raise internal and external awareness of quick wins and successes and review progress against action plans • Integration of regulatory review 	<p>Two workshops were held (see Annexure for Workshop reports)</p> <p>Following workshops, two meetings held with senior officials of relevant departments as well as the responsible Councillor in June to discuss the way forward and institutionalisation issues.</p> <p>It was agreed that the establishment of a Developers Forum would address selected proposals made at the building plan workshop.</p> <p>Regarding the township market, it was agreed that further research was needed to understand the cultural issues impacting on the dynamics of property purchases and sales in township areas.</p>

	<p>process with annual budget planning cycle, corporate performance management system</p> <ul style="list-style-type: none">• Mechanisms for ongoing evaluation including annual customer satisfaction survey <ol style="list-style-type: none">a) Presentation of draft recommendations to Reference Group, Technical Committee, Standing Committee, and possibly Mayoral Committeeb) Receipt of comments on draft recommendations and refinement of recommendations	
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The heart of the process was two one day workshops to develop a shared understanding of the red tape problem, jointly develop proposed solutions and prioritise these, and agree on next steps.

The following questions were used to guide the development of solution proposals:

- Formulate the problem statement
- What precisely should the public or private sector do differently?
- Why? What are the expected benefits incl. economic impacts
- How in principle can it be done and what are the first steps?
- Who is the champion to drive change? Who needs to support and participate?
- What resources are required and where will these come from?

Three testing criteria were used to score the proposed solutions:

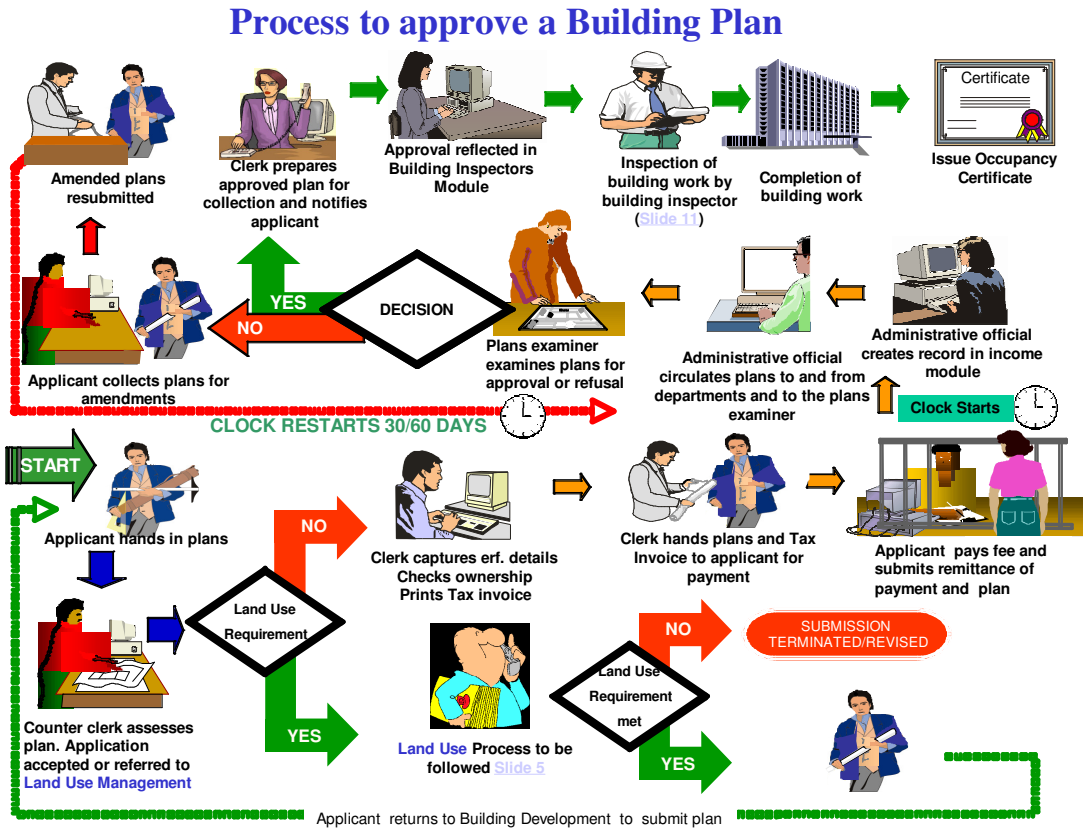
- Can it start immediately?
- Done with accessible resource?
- Tangible benefits 3-6 months?

BUILDING PLAN APPROVAL AND TOWNSHIP PROPERTY MARKET ISSUES AND OUTCOMES

The rationale for selecting each of the above issues was largely determined by the broader economic development, investment, and poverty reduction impacts of the issues.

For example, with respect to the township market, input had been received that these markets were dysfunctional in that normal demand and supply forces were not operating optimally resulting in limited capital growth for many of the city's 1 million poorer communities. Given that the value of the township property market runs into the billions of Rands, it was felt that improved property market functioning could result in increases in the capital value of township properties of many hundreds of millions of Rands, thus making a substantial impact on income levels of the poor. There was a strong feeling that improved dialogue between the public, private, and community sectors could address issues of land development, infrastructure expenditure, and a more vibrant property market.

The value of building plans approved by the City of Cape Town was R15 billion in 2007, comprising about 45,000 applications. Delays in building plan approvals impose large time-money costs on developers, sometimes impacting on certain developments and investments being cancelled due to changing market conditions and money holding costs undermining the profitability of developments. Building plan approval processes currently followed by the City of Cape Town are as follows:



The problem, opportunity, and solution proposals which emerged from the workshop were as follows:

Proposed Priority Projects: Township Property Markets:

Township Property Market	Property
Project Priorities	Proposal
Lack of availability of land for development due to red tape (inter-governmental)	<ul style="list-style-type: none"> • Create a lobby group to apply pressure to provincial and national govt, are up of municipal, private, community and other bodies. • Transfer of all land to local govt and budget and delivery mandate is needed • City needs to identify its suitable land for development • Govt to incentivise “brown field” redevelopment (eg Voortrekker road) • Public sector land being administered be private sector • Applications for land must be done through private sector? Criteria • No information from CoCT on 1/2

Township Market	Property	
Project Priorities		Proposal
Cultural factors: it may not be acceptable to sell a house because some communities see houses as “homes” and not investments.		<ul style="list-style-type: none"> • Education campaign • Information programme (re Title mechanics) • Market information, newspapers advertise township properties and marketing drive funded by govt drawing more attention and understanding about township • Training estate agents that understand the dynamics of township markets- govt and EAAB, CSI and banks • Aggressive marketing campaign to educate public and joint effort by banks, estate agents and city.
Lack of Knowledge about property tenure, bond regulations and the market		<ul style="list-style-type: none"> • Communities need to be educated on the issues surrounding property tenure, bond regulations and the market.
Rezoning of Land (informal settlements)		<ul style="list-style-type: none"> • Province should allow EIA exemptions or approvals to be extended.
Cost of servicing vacant land		<ul style="list-style-type: none"> • If internal (city) skills are lacking this needs to be outsourced to achieve goals previously set in place. • Govt to stop requiring development to pay bulk contribution in the low income area. • Cross subsidisation pay higher in more affluent areas
Quality of environment		<ul style="list-style-type: none"> • Fund “soft issues” (landscaping, urban design, ect), at the same time as “hard issues” are implemented (housing, roads, services) • Govt to assign profits from public land sales to upgrading environment linked with development on that land • Public/private partnerships for upgrading and cleaning of township districts
No limited ladder all houses between specific value or price...upgrades are impossible		<ul style="list-style-type: none"> • Reduce development land housing costs- govt to retain land until development complete • Incentives for developers to develop 1 , 2, 3, 4 bedroom houses in same development • Persuade govt not to assign all land to subsidy housing in township • More creative finance developers-longer term part equity, banks-softer loans to developers • Govt should ensure that all developments are mixed income (residential) • Create forum to innovatively reduce building and development costs
Limited access to		<ul style="list-style-type: none"> • Govt needs to help subsidise costs, therefore subsidies

Township Market	Property
Project Priorities	Proposal
finance by end user (buyers)	<ul style="list-style-type: none"> not only to consumer but to developer as well. Increase access to micro financing support Kuyasa fund Govt subsidy should be demand side and not supply side
Plan approvals too slow	<ul style="list-style-type: none"> Alignment of legislation to ensure process managed by ONE level of govt Make available to developers to process flow of plan approval, details of responsible officials, checklist or guideline from the city. Make approval process simpler in township areas Establish performance measures for planning approvals and spread awareness of these. Online tracking of planning applications

Building Plan and Land use approval processes

Building Plan & Land Use approval Process	
Project Priorities	Proposal
City Official's Accountability: <ul style="list-style-type: none"> Timeline certainty-NB distinction between land use and building plan Appropriate delegations (officials and committees) Standardised process 	<ul style="list-style-type: none"> Identify legislative time-frames. Service agreements between departments.(performance bonuses-KPI's) Identify accountable role players. Process manager is responsible for a process. Separate applications: minor works to be processed swiftly Develop process maps Finalise IZS (standard documentation) Make decisions based on defined policy or principles Empower officials to make decisions based on meaningful, refined delegation.
Legislation and policy: outdated and unclear <ul style="list-style-type: none"> LUPO outdated since 1984 Cancel double appeal process and increase accountability 	<ul style="list-style-type: none"> Lobby for review of LUPO and MSA Audit the economic impact of the duplication between the 2 Acts, as part of the lobbying process. Key outcomes of the process would be to eliminate double appeals Possibly LUPO to be replaced by DFA and this would result in an economic case for the reviewing of legislation which will

Building Plan & Land Use approval Process	
Project Priorities	Proposal
	<p>benefit in the decrease in corruption and decrease rent-seeking behaviour.</p> <ul style="list-style-type: none"> • Business Environment that is conducive to investment i.t.o. the consistency between national and international environment. (if there is consistency between what happens here in Cape Town and the rest of the country, then that national and international consistency is something which provides the fertile environment for an investment conducive environment. • To clarify on the audit, the group would like to review an audit which is quantifiable on the current interaction between LUPO and the MSA which produces these adverse opportunities for things like double appeals.
<p>Intergovernmental alignment and parallel processes</p> <ul style="list-style-type: none"> • Environmental issues/ heritage / NBR (EIA, NEMA, ROT) lack of clarity and alignment, rezoning 	<p>Single joint authority agency and appeal body for:</p> <ul style="list-style-type: none"> • Heritage • Environment • Zoning • Roads <p>Abolish dual system and establish joint authority agencies for each issues:</p> <ul style="list-style-type: none"> • Heritage • Environment • Zoning • Roads <p>Establish task team to align local and provincial systems, while integration being initiated.</p>
<p>Lack of expertise and capacity Council</p> <ul style="list-style-type: none"> • Inconsistent application policies and procedures 	<p>No comment</p>
<p>Council inter-departmental processes and internal-external communication</p> <ul style="list-style-type: none"> • Integrate workflow processes and communication • Online tracking system publicly accessible 	<ul style="list-style-type: none"> • Electronic building plan submission / scrutiny/ tracking/ approval/ archiving system and pilot project. • Department to focus on their specific area of competence / jurisdiction. • Differential process for complex application situations. • Inter-departmental service level agreements.

Building Plan & Land Use approval Process	
Project Priorities	Proposal
	<ul style="list-style-type: none"> Appropriate expertise for the complexity of the application (staff skill).

Key recommendations which were submitted to senior management were as follows:

Planning Processes:

- Abolish the Land Use Planning Ordinance (double appeal process with MSA deters investment) by taking Province to the Constitutional Court (EHD do economic impact on cost to economy). Political engagement is required with the Mayor re LUPO and Constitutional Court and EIA/ Rezoning legislative changes
- Amend legislation to establish single entity to coordinate City and Province and replace dual re-zoning processes (parallel EIA, Heritage and re-zoning processes)
- Re-engineer building plan approval processes and increase official's accountability including electronic e-government system to allow electronic plan submission and tracking
- Property Developer Forum Task Team meetings should develop detailed joint solutions to submission and approval processes.

Township Project Market

- The elevation of the Township Property Market as Critical City Priority and formation of Task Team to detail key initiatives
- Ear-mark funds from sale of LG land for upgrading township public environment (make condition of land sale tender)
- Identify tools to develop Mixed Income Residential developments as well as fill the Gap housing market (nothing in R200,000 – R1 mil. / R3500-R10,000 month)
- City facilitate process to formalise legal transfer process and proper issuing of title deeds
- Speed of land release to be improved

- Brown-field redevelopment for housing to be incentivised *e.g. Voortrekker Rd) may need a by-law as well as LG purchasing land and entering into partnerships to re-develop land)
- Communication and marketing strategy with banks to educate township residents about property as well as estate agents

RED TAPE LESSONS

The following key lessons can be identified from the Cape Town Red Tape experience:

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- The process of prioritising red tape problems is highly political and it is important to have clear criteria which guide the kinds of impacts and beneficiaries that are deemed most important when addressing red tape issues.
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- The term “red tape reduction” can have negative perceptions amongst municipal officials. Using the term “business process improvement” may result in the initiative being favourably perceived and supported.
- The nature of the interface between councillors and officials impacts on the extent to which progress is achieved with red tape reduction in terms of the degree to which there is political pressure, or not, to address specific red tape issues.
- Red tape issues involve problems of inter-governmental coordination which in turn require high level political involvement in order to address.
- Many red tape problems arise as a result of poor communication and mutual understanding between the public and private sectors as to expectations and requirements. The value of public-private dialogue processes cannot be underestimated.
- Public sector officials often to be strongly incentivised via their performance

- contracts, including measures related to the efficiencies of their business processes and service delivery, in order to make the effort to reach out to the private sector and obtain inputs into business process improvement initiatives
- The role of technology in supporting business process improvements can be substantial and municipalities need to obtain technology advice to identify innovative solutions to business process challenges
 - Red tape processes are subject to numerous vested and sometimes conflicting interests. For example, issues of corruption can be exposed as a result of investigations into detailed business processes.

DEFINITIONS

Term	Definitions
Business Climate	Laws and regulations that directly impact on businesses
Business Environment	All those factors external to businesses which inhibit or favour their development
Governance	The structures and process adopted by society to enable its affairs to be managed, and its goals to be defined and achieved.
Investment	Investment is defined as any use of resources intended to increase future production output or income
Investment Climate	All elements of the business regulatory environment, as well as other location-specific factors which impact on opportunities and incentives for firms to invest productively, create jobs and expand (including the quality of infrastructure, health system, education system, rule of law, political stability and security, functioning financial markets, and international trade rules and standards) (World Bank 2004).
Land development process	The process and procedure of preparing the land mainly for purposes of the development project in terms of any appropriate legislation, i.e. rezoning, township establishment;
Local economic development	"local people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements for all in the community. The 'community' here can be defined as a sub-district, city, town, metropolitan area, or sub national region." (World Bank, 2004).
Red Tape	Red tape stands for rules and regulations and administrative procedures that impose unnecessary costs on business and/or government, or are not effective in achieving their policy goal, and therefore produce suboptimal and undesired social outcomes. Red tape exists in both the public and private sectors and arises as a result of rules and regulations, administrative procedures, and the nature of other government - business interactions.
Regulatory Business Environment	Regulations that immediately affect businesses through the costs (direct and indirect) of compliance.
Regulations	Regulations are rules and standards imposed by public authorities to control or influence human behaviour. Local regulations can be defined as rules and standards imposed and managed by municipalities to control the function and operation of business within an area of jurisdiction and can be economic or social, financial and non-financial <ul style="list-style-type: none"> • Economic regulation is designed to alter ways in which

	<p>markets work</p> <ul style="list-style-type: none">• Social regulation is intended to protect public interest such as health, safety, the environment, public order ad social cohesion <p>Regulations have both costs and benefits which must be balanced. Regulations can also impact differently on different sizes of business.</p>
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