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## City Improvement Districts, Johannesburg, South Africa

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*On this page: A case study on City Improvement Districts, Johannesburg, South Africa. Find more at the [Municipal Public-Private Partnership Framework - Project Summaries](#) section for brief summaries of around 100 projects from around the world, examples of successes and challenges, as well as innovative ideas on solutions, or visit the [Guidelines on Innovative Revenues for Infrastructure](#) section.*

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### Project Summary:

#### Background

The City Improvement District (CID) structure used in Johannesburg City emerged from a voluntary pilot project initiated by business and property owners in Central Johannesburg in 1993. CID is a PPP comprising the local business community, the City of Johannesburg, and the local community. The CID concept arose in part in response to the high level of violence occurring in the City as a result of the lasting effects of the

apartheid regime and the fragmented municipal structure. Citizens recognized the need to join forces to overcome these issues by collectively ensuring the provision of essential services, including security, urban area upgrades, and the cleaning and maintenance of public spaces.

## **Project Structure**

First, the CIDs needed to be carried out separately in multiple Districts and, therefore, the geographic extent and boundaries of each District had to be established. Property owners and major tenants within a defined area were identified and informed of the proposed intervention, after which a referendum was conducted, with a pre-determined majority required to establish a District legally. Specifically, a CID can only be created if more than 50 percent of the property owners, representing over 50 percent of the total property value in the area, agree to the proposal. Once established, 100 percent of the property owners within the designated area are obliged to contribute financially – equally sharing the financial risk.

Subsequently, each District needs to create a Board, which consists of property owners, business owners, representatives of the residents' organization, and representatives of the local authority. This Board then selects a specialized urban management company to manage the day-to-day operations within the District and to effectively manage the district for a period of two to five years. By law, the cost of procuring CID services is divided among all property owners within the geographical area under a predefined formula. In practice, the costs are borne in proportion to the value of each owner's property.

However, it should be noted that the CID services are expected to be only supplementary, as opposed to a replacement for the services provided by the local authority. Consequently, the local authority is obliged to inform the Board of its current level of service and must maintain the same level of service within a newly formed CID.

A CID is meant to be implemented within three to five years and can continue indefinitely unless decided otherwise. The decision to dissolve a CID is subject to the same referendum process and requirements as its establishment. That means, more than 50 percent of property owners in the CID, representing over 50 percent of the total property value, must vote in favor of dissolution. A referendum on dissolution may be held at any time during a CID's lifetime.

## **Lessons Learned**

The first CID was established in 1994 in the Central Business District of Johannesburg and focused on security, cleaning, and maintenance, as well as upgrading the facilities for informal traders. Due to the success of this project in reducing crime, five other Districts in Johannesburg launched CID projects between 1995 and 1999, namely South- Western Improvement District, Retail Improvement District, the Legislature/City Hall Improvement District, the Gandhi Square Improvement District, and the Newton Improvement District. This idea has been replicated in other cities in South Africa, such as Cape Town and Pretoria due to its success. The services provided by CIDs have further expanded from security, cleaning, and maintenance to include physical improvements, the creation of associations for the homeless, and the development of incomegenerating activities.<sup>1</sup>

The success of the CID initiative can be largely attributed to: (i) alignment of needs and incentives; (ii) shared objectives; and (iii) shared responsibilities among key stakeholders. These three factors helped build a sense of ownership among the property owners, which in turn kept them more engaged during the project, even amidst challenges.

*Footnote 1: Source(s) accessed on February 15, 2019*

*[http://www.urbanimprovement-districts.de/files/File/Peyroux\\_CID\\_Johannesburg.pdf](http://www.urbanimprovement-districts.de/files/File/Peyroux_CID_Johannesburg.pdf)*

[https://www.researchgate.net/publication/265148761\\_City\\_Improvement\\_Districts\\_in\\_Johannesburg\\_An\\_examination\\_of\\_the\\_local\\_variations\\_of\\_the\\_BID\\_model](https://www.researchgate.net/publication/265148761_City_Improvement_Districts_in_Johannesburg_An_examination_of_the_local_variations_of_the_BID_model)

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*The [Guidelines on Innovative Revenues for Infrastructure \(IRI\)](#) is intended to be a living document and will be reviewed at regular intervals. They have not been prepared with any specific transaction in mind and are meant to serve only as general guidance. It is therefore critical that the Guidelines be reviewed and adapted for specific transactions.*

*To find more, visit the [Innovative Revenues for Infrastructure](#) section and the [Content Outline](#), or [Download the Full Report](#). For [feedback](#) on the content of this section of the website or suggestions for links or materials that could be included, please contact the Public-Private Partnership Resource Center at [ppp@worldbank.org](mailto:ppp@worldbank.org).*