



FIFA 2010 Football World Cup: Infrastructure Legacy

Briefing note to participants

Introduction

We confirm your attendance at the sixth Infrastructure Dialogue. The topic for this dialogue is FIFA 2010 Football World Cup: Infrastructure Legacy. The afternoon promises to be very exciting and interesting. The agenda is set out below. In addition we have two background documents for you to review prior to the dialogue and which will form the basis of the discussions. These are summarized below and attached separately.

We look forward to your attendance and to some stimulating and insightful debate.

Purpose of the Dialogue

The topic of this dialogue is ‘**FIFA 2010 Football World Cup: Infrastructure Legacy**’. The focus of this dialogue is on the anticipated legacy impacts of the infrastructure provided, both directly and indirectly, to support the hosting of the FIFA 2010 World Cup tournament.

Mega events do hold all sorts of connotations and clearly instil hope for host nations. For South Africa and the African continent at this historical juncture, it is particularly important. Succeed and the dividends are magnificent, but be seen to hesitate or stumble, and the international community will very quickly turn their backs. From the outset the South African dream was for FIFA 2010 World Cup to showcase as well as to leverage maximum social and economic benefit for the nation.

In global terms the 2010 World Cup is an extraordinary opportunity. However, it is not without enormous challenges. Simplistically, FIFA provides the “greatest show on earth” while South Africa ensures the availability of the required infrastructure and facilities together with the necessary services. In this regard two sets of sometimes contradictory or conflicting requirements need to be met – the South African developmental imperatives of sustained improvements in poverty reduction and economic growth versus FIFA’s business requirements of increasing profitability for itself, its shareholders and sponsors.

The time-frames, scale and complexity placed serious demands on public capacity, in particular, funding. Admittedly much of the public funding has been brought forward in the form of accelerated

spend rather than being totally new allocations. For example big ticket items include the stadiums at R8,4 billion; transport at R9 billion; ICT at R2,5 billion with lesser amounts being allocated for items such as arts and culture related projects R150 million, and training of volunteers R25 million.

Although the stadiums and their immediate environments are directly important to the tournament and can be viewed as iconic and contributing to national pride; there are as well, many other facets of infrastructure which less directly ensure the overall success and which are of equal if not greater importance from a long term legacy perspective. Clearly the cities and the host cities in particular will benefit from new and refurbished assets; be it, for example, through improved energy security, modern public transport or state of the art ICT which undoubtedly will impact a wider community of beneficiaries or conversely from a narrower perspective, particular communities which will benefit from improvements to city precincts, the provision of housing and the resultant enhanced quality of life.

Never the less, the real defining factor for success will be the ability to ensure that the manner by which these programmes are executed is appropriate and that all stakeholders including the public, private, non-governmental and community sectors all have a better understanding of what they in a democratic developmental state can both expect as well as need to contribute. It is, in short, how, through what means these billions are invested and used which will ensure that legacy outcomes meet the dream expectations.

Consequently, if the legacy is to match the dream it is crucial that public funding be used effectively, efficiently and equitably in attaining public value. Thus, to be reasonably assured that the impacts will be real, four dimensions of legacy should be used in the interrogation of investments. First, to what degree, can and will the provision of infrastructure create and sustain economic and employment opportunities. Second, are host cities likely to disproportionately benefit from the investments and with what implications. Three, even if infrastructure spend is accelerated to ensure and sustain services like public transport, can the same be said for the stadiums. Four, although government guaranteed the FIFA requirements would be met, it does not reduce the potentially important roles and responsibilities of other stakeholders but rather suggests opportunities for co-operation, collaboration and partnerships.

In conclusion, in addressing these issues, this dialogue will open up to scrutiny, and tackle in an accessible manner, the delivery of both tangible impacts as well as the intangible and frequently more obscure impacts flowing from infrastructure provision.

Agenda

The agenda for the day is set out below:

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| 14h00 – 14h15 | Welcome
Glynn Davies, DBSA - Host
Dr. Dumisani Magadlela, DBSA - Facilitator |
| 14h15 – 14h45 | 2010 – Infrastructure Legacy
Will the boost to infrastructure provide a legacy or is it only a dream?
Dr Udesch Pillay, HSRC |
| 14h45 – 15h30 | Panel perspectives
National: Malcolm Simpson, National Treasury
Municipal: Sibongile Mazibuko, City of Johannesburg
Private: Barry Polke, Stadium Management |
| 15h30 – 16h40 | Plenary discussion focusing on key issues pertaining to 2010 Infrastructure Legacy

Tea will be available during the plenary discussion |
| 16h40 – 17h00 | The panelists and the facilitator will provide closing remarks that identify key themes and issues going forward. |
| 17h00 | Closure
Glynn Davies, DBSA

Cocktails |

Input documents

Two input documents are provided for the dialogue:

- **Development and Dreams, The urban legacy of the 2010 Football World Cup**, Chapter 1, R Tomlinson, O Bass and U Pillay, 2009
- **World Cup 2010: South African economic perspectives and policy challenges informed by the experience of Germany 2006**, W Maennig and S du Plessis, Contemporary Economic Policy, Oct 2007

The documents are attached under separate cover. A brief overview of each is set out below.

Development and Dreams, The urban legacy of the 2010 Football World Cup, Chapter 1

The article is the first chapter of a book that considers the effects of South Africa's hosting the 2010 FIFA World Cup. The contributors to this volume, both academics and practitioners, provide an interdisciplinary perspective on the probable consequences of the World Cup for the economy of South Africa and its cities, on infrastructure development, and on the projection of African culture and identity.

In the first chapter (the Introduction) it is noted that the South African's government intention is to leverage the World Cup to assist in promoting economic development and halving unemployment by 2014. Taking into account that the World Cup is projected to amount to spend by the South African Government of R30 billion the benefits derived are of some consequence.

The chapter outlines the topics covered in the remainder of the book and the key points made by the different authors. The chapter concludes that four main viewpoints emerge:

- The contribution of the 2010 World Cup to economic development, including tourism and reducing unemployment and poverty, has almost certainly been overstated. There is even the possibility that it may retard economic development and exacerbate inequality between and within cities and regions. It is noted that this is worrisome in that many South Africans expect to personally benefit from the 2010 World Cup.
- Taking into account the distinction between capital investment in the stadiums and associated infrastructure, and capital investment that was already planned for and was expedited for 2010, the host cities and the economy generally may benefit considerably from expedited investment in transport and information and communication technology. The chapter notes that statements regarding the benefits and costs of the 2010 World Cup should therefore always consider the different types of expenditure undertaken. It notes that the economic and social costs of expedited investment may lie mostly in the increase in the prices of materials and labour throughout the construction sector.
- There is doubt regarding the value of the investment in the stadiums and their subsequent financial sustainability. This is a common problem for mega-event throughout the world.
- The event itself is the legacy. If the 2010 World Cup is viewed as a success, then the impact on reducing Afro-pessimism may be significant. If it is not a success the damage will be immense.

The chapter concludes by saying that it is important to keep sight of the notion that the 2010 World Cup presents an opportunity to rethink the manner in which African culture, gender and identity are experienced and represented. For Africa, the measure of success will lie not only in being seen to manage the 2010 World Cup to world class standards, but also the ability to assert and embrace a contemporary African culture and identity both at home and on a global stage.

The chapter contends therefore that the significant opportunity for South Africa lies in contradicting commonly held representations of Africa by utilizing the mega-event to project a contemporary, reinvigorated image of Africa, and through celebrating African culture and identity. Moreover, there is much potential to destabilize notions of Afro-pessimism through demonstrating that Africans can successfully manage the World Cup.

World Cup 2010: South African economic perspectives and policy challenges informed by the experience of Germany 2006, W Maennig and

The paper provides an analysis of the financial burden and economic benefits of the World Cup in Germany in 2006. The lessons from Germany provide a context for analyzing the potential risks and benefits for South Africa when hosting the World Cup 2010.

In this regard the paper makes the following points:

- The basis on which the Federation Internationale de Football Association (FIFA) allocates the right to host the World Cup is through competitive bidding. Through this process FIFA is able to extract much of the financial benefit of hosting the tournament from the bidding countries. In the Germany 2006 World Cup FIFA earned a profit of US\$ 1,9 billion. The German Organising Committee (OC) had a surplus of US\$80 million in comparison. This profit was partly due to the near capacity sales of match tickets sold at relatively high prices. The paper notes a concern that given the high levels of unemployment in South Africa it is not certain if it will be successful in achieving the same rate of ticket sales.
- In respect of the stadiums, 60% of the expenditure in Germany was financed by the clubs and other private investors. This low share of public contribution stands in sharp contrast to the South African financing situation where the stadiums are being financed predominantly by public funds.
- Around the world while expectations for economic growth and job creation are generally high prior to major sporting events, studies after the events have found that these expectations are not met. The majority of studies have found that sporting events have little or no significant impact on regional income and employment. The paper indicates that while at the time of writing the paper it is still too early for a complete ex post evaluation of Germany 2006, preliminary data seem to support this somber view.

The paper notes that ex post studies on large sports events often neglect the feel good effect on the population of the host country. The paper notes that this effect and its impact on the economy was significant in Germany 2006.

The Infrastructure Dialogues comprises a series of monthly dialogues dealing with relevant topics and issues within the infrastructure sector to create a high level platform for discussion and a sharing of views and perspectives between senior government, private sector and civil society stakeholders in the sector. While the number of participants attending the dialogue has been targeted at about thirty, a wider group of interested stakeholders will be able to engage indirectly by receiving the input documents and summaries of the dialogues electronically.

The Infrastructure Dialogues are hosted jointly by the Business Trust Support Programme for Accelerated Development (SPAID) and the Development Bank of Southern Africa (DBSA) and will be covered by Engineering News.



The **Development Bank of Southern Africa** (DBSA) is one of several development finance institutions in South and Southern Africa. Its purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure. DBSA's goal is to improve the quality of life of the people of the region. For more details see www.dbsa.org.



The **Support Programme for Accelerated Infrastructure Development** (SPAID) combines the resources of business and government to accelerate the achievement of the government's infrastructure development targets. In addition SPAID provides a platform to improve understanding and dialogue between senior public and private sector stakeholders in the infrastructure sector. SPAID is an initiative of the Business Trust in partnership with the Presidency of the South African government. For more details see www.spaid.co.za.



The **Business Trust** combines the resources of business and government in areas of common interest to accelerate the achievement of national objectives. It focuses on creating jobs, building capacity and combating poverty. For more details see www.btrust.org.za



In conducting its work, the **South African Cities Network** secretariat is guided by a programme framework that encourages cities to define city development strategies that adopt a long term view on urban challenges. SACN promotes an inter-governmental approach to planning; and a strategic focus on mobilizing city partners. The objective of any city development strategy is to ensure an integrated approach to development and economic growth in SA cities. For more details see www.sacities.net

Each Infrastructure Dialogue will produce a topic based report of the seminar, available electronically to all participants and any other interested stakeholders. An online forum is available whereby individuals can make comment and input into the discussions.



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