

2014

Implementation and Outcome Evaluation of the City of Cape Town's World Design Capital Initiatives



Executive Summary May 2015

**LIVE DESIGN.
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LIFE.**

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Executive Summary

Urban-Econ was appointed by City of Cape Town (CCT) to undertake an Evaluation of the Implementation and Outcome of the World Design Capital Initiatives. In October 2011, Cape Town was designated World Design Capital 2014 (WDC2014) by the International Council of Societies of Industrial Design (Icsid). The aim of this evaluation study was to determine to what extent the WDC2014 initiatives have achieved their desired objectives. This report will also provide a framework for the longer-term outcome and cost-benefit/cost effectiveness of the WDC2014. The objectives of the study are outlined as follows:

- Understanding the short-term impact of WDC2014 i.e. during the year in which Cape Town hosted the event
- Developing a model that can inform allocation of resources to future projects
- Developing a model of outcome monitoring that will be able to inform a longer-term impact assessment i.e. possible implications going forward once the year was completed

The implementation and outcome evaluation was designed to determine the effectiveness of the intervention in bringing about WDC2014 to the targeted community. The analysis of all the resulting information through statistical, econometric analysis was undertaken to generate understanding of the outcomes of the WDC2014 programme. The result outlines a clear picture of the the WDC2014 programme and activities based on economic, social, environmental and design outcomes.

WDC2014 in Context:

WDC2014 took place in the year 2014, but there were two years planning prior to the event, namely 2012 and 2013. The CCT's budget cycle runs from July to June. Therefore the WDC2014 budget is for this three-year period. Cape Town won the WDC title in October 2011 based on the Bid submitted to Icsid by the CoCT and Cape Town Partnership (CTP). The city then had from 2012 till the end of 2013 to prepare for WDC2014, implemented in a year-long programme in 2014. Cape Town's bid has gained widespread public and private sector support and provided the opportunity and platform to embed design thinking into urban development planning for social and economic growth. WDC2014's budget was R60 million over a three-year period (CCT had R20 million and CTD had R40 million).

Key stakeholders in WDC2014 include:

Key Stakeholder	Description
Icsid	<p>The objectives of Icsid are:</p> <ul style="list-style-type: none">▪ To facilitate collaboration between the membership pillars of Icsid▪ To support and protect the professional practice of industrial design at regional and international levels▪ To contribute to the advancement of the study of design, in theory, research and practice at all levels of education▪ To collaborate with stakeholders in design and other international organisations to foster a global understanding of design▪ Awarded a global designation that recognises effective use of design and a

Key Stakeholder	Description
	<p>commitment for future development</p> <ul style="list-style-type: none"> Encourage designated cities to invest in design-related events for a period of one year Engage cities to collaborate together with Icsid to develop a city promotion initiative celebrating the merits of design Share best practices and act as a platform to encourage other cities to do the same Attract design-minded individuals and experts from a diverse cross-section of industries
CCT	<p>CCT appointed an inward-looking team to focus attention on CCT's capacity and potential for using design-led thinking to improve the way it as a public sector organisation executes its mandate. Being a first for WDC – a CCT innovation. The objectives of CCT during WDC include:</p> <ul style="list-style-type: none"> To support Tourism, Events and Marketing's (TEAM)¹ objectives of stimulating economic growth and development, and attracting investment through events, tourism, art and culture and targeted marketing actions For every one of Cape Town's 111 wards to be touched by design during 2014 To catalyse a broad transformation concerning how the City embraces design-led thinking and design-led innovation to improve the way it operates To thus catalyse a City that makes better, smarter decisions that help improve the quality of life for all its citizens To access local and international leading design thinkers to work together with the City to re-examine key challenges facing the city and develop innovative solutions To engage on a design platform with the private sector, academia, the creative industries and our citizens to make a real difference in their lives
CTP	<p>CTP is a collaboration between the public and private sectors working together to develop, promote and manage Cape Town Central City as a place for all citizens. CCT mandated the CTP to coordinate Cape Town's successful World Design Capital 2014 bid by:</p> <ul style="list-style-type: none"> Establishing a voluntary Bid Committee comprising design and city development experts from the private and public sectors to prepare the theme and content Sourcing and developing content for the Bid Book Submitting the Bid Book to Icsid, together with supporting material to strengthen the case Mobilizing widespread public and media support (for the bid) through public education initiatives, including events, PR, social media and online communication Designing and coordinating the itinerary and hosting Icsid in the city for a 3-day site inspection in mid-2011, after Cape Town being short-listed with Dublin and Bilbao Coordination of the selection process and appointment of the Board of the Cape Town Design Non-Profit Company (CTD)
CTD	<p>CTD was responsible for the planning, coordination and execution of Cape Town's WDC2014 programme. The objectives of CTD during WDC included:</p> <ul style="list-style-type: none"> Support the local design and innovation ecosystem through developing capacity and building networks and collaborative partnerships Build a greater appreciation and understanding of the value of design to increase demand for design-led products, services and systems in the future Educate and inspire a new generation of design practitioners and thinkers Expand local and international awareness of Cape Town beyond its context as a tourist destination Facilitate inclusive relationships and bridge divides between communities, institutions, industry

¹ Tourism, Events and Marketing (TEAM) is now referred to as Tourism, Events and Economic Development (TEED)

Lessons from previous WDC cities:

Lessons learnt from previous WDC cities was that the WDC city; should start planning for implementation as soon as possible; have as few projects as possible and make sure these projects are high impact, low investment projects; the bidding and implementation team should be interconnected; WDC must focus on the citizens and not just the professional design industry; provide something tangible for people early on in the year; and ensure that the legacy of WDC continues beyond the WDC year.

Methodology:

While there are many methods of measuring outcomes, economic and social outcomes have been evaluated in this study using the Social Accounting Matrix Model (SAM Model). The SAM modelling approach has proven to be an especially effective method for evaluating the implications of introducing an exogenous change to the economy. The model quantifies direct and indirect economic impacts for a specific amount of time. Therefore, the estimates that are derived do not refer to gradual results over time. Three types of economic impacts can be measured, namely, direct, indirect and induced effects:

- **Direct Impacts** – changes in local business activity occurring as a direct result or consequence of public or private sector capital expenditure. Direct economic effects get generated when the new business creates new jobs and purchases goods and services to operate the new facility. Direct impacts result in an increase in employment creation, production, business sales, and household income.
- **Indirect Impacts** – occur when the suppliers of goods and services to the new company experience larger markets and potential to expand. Indirect effects result in an increase in job creation, GDP, and household income.
- **Induced Impacts** – represent further shifts in spending on food, clothing, shelter and other consumer goods and services as a consequence of the change in workers and payroll of directly and indirectly affected businesses. The above leads to further business growth/decline throughout the local economy. Examples include the income of employees and shareholders of the project as well as the income arising from the backward linkages of this spending in the economy. The impact is sometimes confused with the forward linkages of a project.

The results are separated into those observed during the capital phase and those experienced during the operational phase. The capital phase economic impacts are of a temporary nature, they have, therefore, a temporary effect. On the other hand, the operational stage of the proposed project would last decades; hence the impacts during this stage would be of a sustainable nature. Where economic, social, environmental and design outcomes was not measured in R-values or numbers, a description of these findings were discussed.

TAKE NOTE: These results are based on the findings from the **220 recognised projects that provided feedback, as well as findings from the other stakeholders**. If an initiative of WDC2014 existed before WDC2014 and would have happened regardless of WDC2014, then the initiative was only asked to provide information regarding what the WDC2014 brand had done for their initiative. Only

those outcomes were then taken into account. If a WDC2014 action was a new project and was taking place because of WDC2014, then all the results of this initiative were taken into account.

Evaluation Framework & Outcomes Assessment

The seven signature events created exposure for Cape Town through the Design Week Forum in London, New Year's Eve Event, Design Gala, Design House Exhibition and the Policy Conference. Local and international media included insertions into newspapers, magazines, billboards, TV broadcasts, advertisements, brochures, booklets and social media. The Guardian (United Kingdom) mentioned Cape Town as a holiday hotspot to go to in 2014, the Huffington Post (United States) said Cape Town was one of the top 10 places to visit this fall, and the New York Times suggested Cape Town as the number one destination to visit in 2014. According to the Newsclip Report in 2014 there was R245 million in earned media and according to the Meltwater Report in 2014 there was R1.6 billion in earned media.

The R60 million budget that CCT aside for WDC2014 has yielded a considerable investment. For every R1 of the City of Cape Town's budget spent, it generated R2.46 in the economy in terms of production (new business sales) and R1.11 towards GGP (Gross Geographical Product). The above translates into a direct R59.2 million impact on production (new business sales), and indirectly almost R86.6 million. In terms of GGP, this translates into a direct investment of R25.2 million into the Western Cape economy and R40.6 million indirectly towards GGP. These returns are higher than projects in the agriculture industry² (average R2.26 in the economy in terms of production and average R0.91 towards GGP); projects in the trade industry (average R2.24 in the economy in terms of production and average R1.05 towards GGP); and projects in the printing and publishing industry (average R2.17 in the economy in terms of production and average R0.92 towards GGP). The expenditure of the R60 million budget also resulted in an increase in household incomes to the value of R41 million for the year.

Four hundred and sixty projects during World Design Capital were recognised. Some of these projects were projects that existed before World Design Capital but still received support through the WDC2014 brand. Some of these 460 projects were started as a direct result of WDC2014. Twenty seven **of these new projects that provided feedback to the consultants**, indicated a total capital investment of R17.4 million and a total operational investment of R3.1 million. The investment translates into indirect impacts on production (new business sales) of R51 million and R22 million towards GGP of the Western Cape during the capital expenditure. During the operational phase this resulted in, R5.6 million in new business sales annually and R3.8 million towards GGP. This direct investment was leveraged from projects' funds and sponsorships raised. It also resulted in an increase in household incomes to the value of R8 million during capital expenditure and an increase in household incomes to the value of R1.4 million during operational costs.

² The agriculture industry is one of the biggest economic sectors in the Western Cape

A collaboration between WDC2014 and Thundafund (who assisted 37 projects) has created a crowd-funding investment of R1.2 million, creating an indirect R2.2 million impact on production (new business sales) and a direct R1.4 million impact on GGP. The Dutch involved in #cocreateSA and the Department of Design, leveraged an investment of R10.5 million into Cape Town, translating into a direct R19.6 million impact on production (new business sales), and in terms of GGP into a direct investment of R13.1 million into the Western Cape economy.

Additional social outcomes included the many projects that focused on education and skills development. WDC2014 had an influence on many different stakeholders from school children, to scholars, to adults and public sector officials. WDC2014 had an impact on public sector projects and communities. The co-design workshops exposed communities and public sector officials to design-led thinking and public sector budgets were influenced by applying design-led thinking in the implementation of projects. WDC2014 projects focused on social and environmental development through food gardens, planting trees in communities, recycling and the re-use of materials. There were also many recognised projects that focused on the education of green technologies, conservation and sustainability issues.

Some of the WDC2014 projects focused on showing how design-led thinking could be used in the functional design, shaping the world and different communities. WDC2014 projects focused on educating the public about design-led thinking. From having a design career, to teaching various aspects of the design process and applying it to the real world, either in buildings or an expression such as dancing to solve social problems. All the initiatives, from events, to conferences, to collaborations, to projects, toward co-design workshops, and to the various media exposures created awareness of Cape Town and made the public and private sector aware of design-led thinking and social design. There is a legacy of WDC2014 to continue into the future. In addition to the outcomes achieved above there were many economic, social, environmental and design results that is hard to measure quantitatively but is highlighted. The above findings conclude that the objectives of WDC2014 were met.

Recommendations

Insights	Recommendations
The Bid should include an implementation plan with a budget secured	<ul style="list-style-type: none">▪ Ensure the Bid contains an implementation plan/strategy for WDC▪ When planning the bid the implementation plan should already contain the projects that will be implemented during WDC▪ Ensure secured funding by the public sector for funding WDC during the bid▪ Create a well-designed communication strategy early on, cementing of linkages with other cities and entities▪ The organisation that does the Bid should run WDC
Ensure the strategy/implementation plan for WDC is clear and concise	<ul style="list-style-type: none">▪ Start preparing for WDC as soon as possible after winning the Bid▪ Establish who will be implementing WDC – if the budget is low, consider using an existing agency, SPV or organisation to implement WDC▪ Curate and approve fewer recognised projects (and curate project managers face-to-face)▪ Ensuring the introduction of smaller projects to each other in order to create synergies, joint support systems or cooperative style

Insights	Recommendations
	<p>implementation</p> <ul style="list-style-type: none"> Ensure the existing design community forms part of the WDC implementation team (possibly create entrepreneurial hubs) Research the needs, barriers and opportunities in the industry and build a strategy around this Ensure the role of the public sector does not overpower the balance of the implementation team Ensure that public sector initiatives do not hamper WDC initiatives (i.e. election processes, red tape and supply-chain management issues, etc.) Curators must be kept on board to be brand ambassadors The recognised projects that get rejected should have been kept involved in WDC by linking them with other people/projects, etc. Make those rejected projects feel like they are still part of the process Start securing sponsorships and private sector funding so that future budget plans are prepared which include WDC requirements (as listed companies' budgets are set a year in advance) To get schools involved you would need to start a year earlier than the WDC implementation year Ensure that some WDC initiatives or projects involve communities and that these initiatives are affordable to take part in Ensure aiming some of the support, or assistance, at larger projects or projects that are at a later stage within their development stage
Ensure funding and sponsorships are available for projects	<ul style="list-style-type: none"> 446 projects are many projects that compete for funding. Rather build bigger projects that have a collaboration of people that would leave a legacy, but also have space engaging citizens in something Establish collaborations where projects can source mentorship planning and implementation assistance Some types of projects would not be able to use Thundafund, especially if the amount of funding to raise is substantial Icsid should consider revising their sponsorship policies
More understandable marketing of WDC	<ul style="list-style-type: none"> The official WDC website should be more user-friendly Calendar of WDC, which could include monthly activities, and initiatives like "yellow Wednesday's" where citizens are encouraged to wear yellow every Wednesday; and so forth Place more visible advertising on the main routes in the city to ensure involving non-design community citizens in the hype of WDC A pop-up space or pavilion established (i.e. a "go-to place for WDC") at the beginning of the WDC implementation year To create "spirit" you need to offer experiences. Need a highlight every month. It is beyond reading an article News sites should have a daily page so that WDC is in people's faces all the time
The WDC team must support all WDC initiatives	<ul style="list-style-type: none"> The WDC team should ensure that all WDC projects are visited, marketed, supported and made to feel part of the process Need constant follow-up, feedback and communication between all stakeholders in WDC initiatives, from projects, to workshops, to events Send an SMS every day to all the projects and have them click the link to submit what their project is doing for the day
Legacy	<ul style="list-style-type: none"> Need to support and drive a few key projects into commercialisation Legacy running by an organisation that understands business and has strong connections within the corporate sector where projects can be commercialised

Insights	Recommendations
	<ul style="list-style-type: none"> ▪ Establish catch up sessions about a year down the line to see where all the projects are at and give feedback ▪ CCT should have a unit where one can raise very complex issues that require design-led thinking to unlock it. ▪ There was a lot of excitement and energy at the co-design workshops. It would be significant to give community members feedback in the months that follow the workshop on progress made ▪ Use the Design Strategy as a foundation and guideline for legacy actions ▪ A Communication Strategy should be the legacy and kept going ▪ Continue with creating partnerships ▪ Sustain the momentum, keep design on the agenda, build supply and demand to stimulate growth of design industry