

POSITION PAPER ON INFORMAL SETTLEMENTS UPGRADING

DRAFT

**PART OF A STRATEGY FOR THE SECOND ECONOMY
FOR THE OFFICE OF THE SOUTH AFRICAN PRESIDENCY**

Compiled for Urban LandMark

By

**Mark Misselhorn
(CEO Project Preparation Trust of KZN)**

April 2008

Contents

1. INTRODUCTION
2. PURPOSE
3. UNDERSTANDING INFORMAL SETTLEMENTS
4. WHAT IS IN-SITU UPGRADING?
5. APPROACHES TO INFORMAL SETTLEMENT UPGRADING
6. STATUS QUO OF INFORMAL SETTLEMENTS AND THEIR UPGRADING
7. PROBLEM STATEMENT (CHALLENGES)
8. THE ETHEKWINI EXPERIENCE
9. BREAKING THE MOULD - THE IMPOSSIBILITY OF THE CURRENT PARADIGM
10. RELATIONSHIP BETWEEN INFORMAL SETTLEMENT UPGRADING AND THE SECOND ECONOMY
11. RECOMMENDATIONS

REFERENCES

Acknowledgements & thanks for interviews and direct inputs:

Warren Smit
Anton Aiello
Clive Foster
Sarah Charlton
Dave Pay
Robert Mann
Mark Byerley (eThekwini)
Faizal Seedat (eThekwini)
David Gardner

1 INTRODUCTION

There is a growing realisation that the current approaches to addressing the complex issue of informal settlements in South Africa are proving relatively ineffective. There is also a growing realisation that the current situation constitutes a political and developmental 'powder-keg' given that promises of housing and other forms of development have been widely made, often to garner political support ahead of elections, yet there has been limited delivery against these promises. The volatility of the situation is likely to intensify ahead of national elections in 2009 and the Soccer World Cup in 2010. In the face of the increasing pressure and community dissatisfaction, it is critical that well informed decisions are made in respect of addressing the issue of informal settlements. Whilst the temptation will be to make further and increased promises of conventional housing delivery, care needs to be taken before such pronouncements are made, both in the light of the overwhelming practical constraints to such delivery (as outlined in more detail below), as well as the pressing need to introduce new responses which are more flexible, incremental, participative and situationally responsive. A key factor in such responses will be for the state to be more proactive in managing and planning for informal settlements, instead of seeking mainly to eradicate or replace them. Whilst the principles of alternative upgrade approaches which are more participative, flexible and integrated are enshrined in key policies such as the Chapter 13 of the National Housing Code and 'Breaking New Ground', the reality is that these principles have not been put into practice to any meaningful extent. It is therefore highly problematic that pronouncements and promises premised on models of conventional housing delivery continue to be made (both by provincial departments and municipalities), despite the obvious impossibility of delivering on most of them.

Because of the constraints in rolling out conventional housing, the reality is that the majority of informal settlements have still not received significant development attention whether in the form of full upgrading, relocation to green-fields housing projects, or the provision of significant interim interventions to mitigate living conditions. In real terms, the residents in such settlements thus remain substantially outside of new South African democracy because in many respects they continue to receive limited tangible benefits from government programmes and policies. The causes for discontent are therefore not only about lack of housing and service provision, but also in respect of a strong perception by residents of informal settlements that the state does not care about their predicament and that they are somehow inferior and ineligible due to their 'informal' or 'shack' status. This perception has been exacerbated by unhelpful concepts such as 'slums clearance' and 'slums eradication' which have unfortunate connotations and create the perception that informal settlements (and their occupants) are some sort of scourge.

However, whilst both the challenges and the risks of continuing in the current modes of delivery are great, there is on the other hand significant potential to turn the current situation around and bring about positive impacts at scale, provided there is something of a paradigm shift in the way the informal settlement issue is being approached. A range of practical steps can be readily taken, usually with limited or no significant policy change, but which can have material impacts. Such a change in approach will not only improve the situation from the perspective of the millions of residents of informal settlements themselves but will also greatly assist those within

various spheres of government who are under increasing pressure on a day to day basis to address the situation on the ground.

2 PURPOSE

2.1 Practical focus

The main purposes of this paper are therefore to unpack some of the most critical issues relating to informal settlements and informal housing, to extract key lessons from historical projects, and on the basis of these, to generate practical recommendations which can guide policy and decision makers in formulating more effective responses to the challenge. Whilst theoretical issues and recent research work have been taken into consideration, this paper thus has a more practical focus and is heavily informed by the actual experiences of municipalities, communities, NGOs and development practitioners at a project and settlement level. The personal experiences of the writer in dealing with large numbers of informal settlement projects in his capacity as CEO of Project Preparation Trust of KZN have also been a significant input.

2.2 'Narrow' informal settlement focus

Whilst the concept of informal settlement is a broad one, which can potentially include rural communities, backyard shacks and the illegal occupants of inner city buildings, the main focus of this paper is on 'conventional' informal settlements (often referred to as 'slums' or 'shack settlements') which are typically located within or adjacent to urban areas and major cities, it being noted that the nature and dynamics of such settlements may vary considerably and that care should be taken in formulating responses that are appropriate to specific local circumstances. Whilst many of the insights and conclusions of this paper might have relevance for other types of informal settlement, they are thus not the primary focus here.

3 UNDERSTANDING INFORMAL SETTLEMENTS

3.1 Misconceptions

Assumptions and misconceptions about informal settlements abound. Many of those in decision making or policy making positions have limited or no direct experience of ever having worked at the coalface. Few have had the opportunity of working directly with the residents of informal settlements or of battling to match essentially mechanistic and inflexible funding programmes with actual issues and needs on the ground. There is thus generally limited understanding of the actual dynamics within informal settlements, the complex social and survival networks that characterise them, and of the significant technical and social challenges in effecting housing and infrastructural development for them. As a result, development programmes such as the national housing programme tend to be premised mainly on theoretical assumptions of what is practical and desirable. They tend to be over-optimistic and over-ambitious because they are effectively out of step with the reality of settlement and delivery issues on the ground.

3.2 The value and functionality of informal settlements

It is important that any analysis of the current situation is premised on an appreciation for why informal settlements exist and what functionality they afford to those who reside in them. Whilst informal settlements are all different and sweeping generalisations are risky, one recurring factor in their formation is that they typically provide an initial point of access into the urban environment for incoming migrants, or for those moving from other parts of the city. More importantly, they afford such access at a very low financial cost and the barriers to entry are low (relative to other options such as being allocated a site in a subsidised housing project). The nature of this access can be further unpacked into a number of elements such as:

- Access to employment and other economic / livelihood opportunities (which are often modest or survivalist in nature);
- Access to social facilities (eg: education and health care);
- Access to the political system (access to ward councillors and the space to vote and lobby);
- Access to the legal system (or improved access to it);
- Potential access to housing and infrastructure (e.g. through waiting lists for housing projects or through rudimentary / illegal services and connections available).

Informal settlements thus serve a critical function as ‘holding places’ where people can access the urban environment at extremely low financial cost and piece together various livelihood strategies there. Some might remain permanently and even ultimately gain access to formal housing, whilst others might reside temporarily for specific purposes which, once fulfilled, result in them moving elsewhere in the city or returning from whence they came.

This does not mean that all informal settlements are well located, but in many cases they are, and where they are not, they typically still afford a better access opportunity than the next best option (e.g. continuing to remain at a traditional rural homestead or at a more peripheral location on an urban boundary).

<p><i>Advantages typically afforded by informal settlements for the residents themselves:</i></p> <ul style="list-style-type: none"> • Provides access to the city (economic opportunities, social amenities etc) at unrivalled low cost and a low barrier to entry • Represents to a significant extent, people’s choice about where they want to live (subject to a range of constraints) • Affords some security of tenure through informal contractual arrangements 	<p><i>Challenges presented by informal settlements for the residents themselves:</i></p> <ul style="list-style-type: none"> • Poor sanitation, water supply and internal vehicular access • Fire and health risks • Poor top-structures / building materials • Often poorly serviced with social facilities such as clinics and schools (not always) • Full title is not available (although it can be argued that this is not
--	---

<ul style="list-style-type: none"> • Where proof of residency can be provided (e.g. letter from councillor) - can induce employers to hire. 	<p>necessarily a disadvantage and is in fact part and parcel of the informality and flexibility which characterises informal settlements and enables them to function)</p> <ul style="list-style-type: none"> • Lack of full title means that the property asset cannot be used as collateral for raising bond and other finance (although there is abundant evidence that in fact, in low income communities in South Africa, title is in any event ineffective in this regard as discussed later).
<p><i>Advantages for non-residents and the state:</i></p> <ul style="list-style-type: none"> • Requires limited public administration - largely self regulated • Low cost accommodation provided for a labour pool (e.g. for retail, industry, private homes etc). 	<p><i>Challenges for non-residents and the state:</i></p> <ul style="list-style-type: none"> • Unsightly (mainly in the eyes of the privileged) • May create the impression that the state is not 'delivering' • May represent a leftist power base in opposition to the state should the state continue to be unable to provide meaningful development relief • May adversely affect property values in neighbouring areas, plus other concerns / perceptions like health, water pollution, crime. • Perceptions of negative impacts on tourism (e.g. 2010).

3.3 Recent Urban LandMark studies

Urban LandMark has undertaken a number of recent studies which have highlighted the issue of informal settlements: a quantitative survey of 643 households in nine settlements in Ekurhuleni, eThekweni and Cape Town, a qualitative survey of 74 in-depth household interviews in the same nine settlements, and a series of workshops across the country for community-based organisations¹.

The quantitative survey showed that 53% of informal settlement residents had moved there from backyard shacks, 20% had moved from other informal settlements and 7% from domestic workers' quarters². The quantitative survey showed that the primary reason cited by

¹ Urban LandMark, 2007a; Urban LandMark, 2007b; Urban LandMark, 2008

² Urban LandMark, 2007a

respondents for moving to informal settlements was, in terms of frequency: (1) proximity to jobs, (2) proximity to transport, (3) cheaper living costs and (4) proximity to schools³. From the qualitative survey, it is clear that the reasons why people moved to informal settlements are a mixture of “push factors”, which encouraged people to leave their previous places of residence, and “pull factors”, which attracted people to that specific area, and these factors usually differ between rural-urban and inter-urban moves (see Table 4). It should be noted that in one informal settlement in the survey, the desire to get a RDP house was an important reason for people moving from the backyard shacks where they previously lived to the informal settlement⁴.

Table 4: Reasons for moving to informal settlements

Reasons for moving from rural area to informal settlement in urban area	Reasons for moving within urban area to an informal settlement
Push factors: <ul style="list-style-type: none"> • Rural poverty and unemployment • Political/personal conflict 	Push factors: <ul style="list-style-type: none"> • Unaffordability of rent • Lack of privacy/ independence (in rented/shared accommodation) • Loss of employer-provided accommodation • Displacement by informal settlement redevelopment/ relocations • Political/personal conflict
Pull factors: <ul style="list-style-type: none"> • Availability of jobs • Relatives/friends in urban area who are able to provide temporary accommodation 	Pull factors: <ul style="list-style-type: none"> • Good location - close to jobs, shops, facilities and/or transport • Cheaper living expenses • Can get a place of one’s own • Lack of control of land access • Possibility of getting RDP housing • Availability of customer base (for informal business)

Source: Urban LandMark, 2008

The respondents in informal settlements usually made conscious choices about where to live. The reasons why respondents chose to live in specific informal settlements were usually closely linked to livelihoods (for example, proximity to jobs, cost of transport and costs of living). Many informal settlement residents said that it was through moving to those particular settlements that they were able to get jobs or earn incomes⁵. The cheaper cost of living in one’s own shack in an informal settlement (i.e. not having to pay rent, and usually not having to pay for water) is also extremely important, and this is often one of the reasons why people who previously lived in backyard shacks have moved to informal settlements⁶. Similarly, in the series of community workshops, community representatives overwhelmingly saw the importance of the link between

³ Urban LandMark, 2007a

⁴ Urban LandMark, 2008

⁵ Urban LandMark, 2008

⁶ Urban LandMark, 2008

urban land and livelihoods, and repeatedly emphasized the importance of proximity to jobs and facilities such as schools. In numerous cases, informal settlement communities were fighting for their right to stay close to jobs and facilities and were resisting relocation by the state to peripheral relocations where there were no jobs or facilities⁷.

Tenure arrangements in informal settlements are often well-developed and work well in practice. Local community-based organisations typically regulate tenure arrangements. The establishment of an informal settlement generally occurs before there is an organisation in place, but once there is a local residents' committee in the area they are generally regarded as the authority from whom permission needs to be obtained when moving into the area (and people requesting permission to occupy a site or purchase a shack sometimes even have to bring testimonial letters from their previous place of residence). Some form of "registration" with the committee is often required in order to have a claim that is recognised by the committee and community, and the committee is usually responsible for resolving conflicts about claims to land⁸. The series of community workshops backed up this finding; informal tenure arrangements were generally seen as being quick and flexible, and some community representatives agreed that informal tenure arrangements can work well if there are strong community organisations which can monitor and control access⁹.

The quantitative survey showed that moving to an informal settlement can often be a positive step for households; 47% of respondents in informal settlements said that their situation had improved as a result of moving to an informal settlement, 30% said it had stayed the same, and only 20% said that it had worsened¹⁰. The qualitative survey confirmed that through living in informal settlements, many people have been able to get a place of their own with a reasonable *de facto* security of tenure¹¹. On the other hand, of course, perceptions of informal tenure arrangements were closely linked to perceptions about life in informal settlements, for example, uncertainty regarding the future, a lack of access to services and unsafe living conditions. One community representative summed up the negative feeling about life in informal settlements: "People don't know when they will be moved or what the conditions at the place they will be relocated to are like. There is no sanitation. There is no water. There is no electricity. People's health and safety are at risk"¹².

With regards to state intervention in informal settlements, representatives of informal settlement communities strongly felt that decision-makers do not understand their real problems and their real issues. Representatives saw increased participation by and consultation with communities in decision-making regarding upgrading or relocation as crucial, in order to ensure that decisions take communities' real needs and issues into account. There was also a call for greater space for the proactive involvement of communities in addressing their own development needs¹³.

⁷ Urban LandMark, 2007b

⁸ Urban LandMark, 2008

⁹ Urban LandMark, 2007b

¹⁰ Urban LandMark, 2007a

¹¹ Urban LandMark, 2008

¹² Urban LandMark, 2007b

¹³ Urban LandMark, 2007b

3.4 Competitive advantage

The above-mentioned recent research via Urban LandMark into nine RDP and informal settlements in different parts of South Africa indicates that most informal settlements provided real locational advantages to residents and there were a range of complex but compelling reasons which caused them to locate to the settlements in question. A key finding was that the urban poor make conscious and informed decisions about where they want to live. By contrast, the two Greenfield RDP housing projects profiled in the research were an exception to the trend and indications were that people had in fact often been disadvantaged by being relocated¹⁴.

Despite the range of obvious challenges which informal settlements present, it must therefore be accepted that they usually afford to their residents a distinct competitive advantage over the 'next best' residential choice. In the final analysis, informal settlements provide a significant level of access to the urban environment at a very low financial cost (both the residents and to the state) which cannot be matched by formal or conventional housing (subsidised or not). Cost however is not the only competitive constraint on the provision of alternatives. As will be seen later, the additional factors of constraint include acute land scarcities, difficulties in upgrading conventionally without causing significant relocations, and funding and capacity constraints (amongst others). Informal settlements are also highly competitive in terms their relative ease of access to incoming migrants and their flexible self regulation. The exchange value of informal settlement sites (i.e effective market) is underscored by the relatively high levels of turnover and transactions within informal settlements when compared with other housing options such as 'RDP' housing and township housing¹⁵.

All alternative solutions will inevitably entail significantly increased costs (both financial and management) which will, by necessity, need to be borne by the state (e.g. via subsidies and free basic services), until such time as the affordability levels of the residents of informal settlements significantly increase. Such an affordability change is likely to be a slow process. Indeed, given that the poverty levels in informal settlements have remained high despite a recent and sustained economic boom in South Africa, and given the fact that economic growth is now rapidly slowing, the likelihood of such a change in the foreseeable future in fact remains slim. Notions that informal settlement residents can afford to significantly finance their own development (e.g. pay for such commodities as social (rental) housing) are therefore probably naive.

3.5 Informal settlements as an asset & opportunity

Whilst a range of appropriate responses by the state are certainly required (ranging from interim measures to full upgrade), it is also therefore critical that informal settlements are not viewed only as a challenge but also as an asset and an opportunity. Given the level of migration into urban centres, it could in fact be argued that in fact we cannot afford *not to have* informal settlements, for if they did not exist, then where would incoming migrants reside and how would they be provided for? The reality is that neither the state nor the private sector can provide

¹⁴ Urban LandMark, 2008

¹⁵ Shisaka, 2003

residential solutions which cater adequately for such influx of people with very low levels of affordability. On the other hand, informal settlements constitute a range of opportunities, not only for their residents and their extended families, but also for the cities of which they form part, *provided they are approached and managed differently*.

3.6 More than just housing

It is therefore critical that informal settlements are understood as being not only a housing issue (in the narrow 'shelter' sense of the word), but more importantly in terms of access to the urban environment as well as valuable social networks which develop over time and are generally localised and settlement specific. This suggests strongly that the responses to informal settlement should similarly be focussed more on the various issues of access and social capital / social networks outlined above, than on the provision of houses and tenure as first priorities.

4 WHAT IS IN-SITU INFORMAL SETTLEMENT UPGRADING?

At the outset it must be emphasised that in-situ informal settlement upgrading is without doubt a challenging and complex task, this being one of the reasons it is often neglected in favour of other more 'quick fix' approaches such as green-fields development combined with relocations. Some of the key characteristics which typify the in-situ approach are:

- It entails an effort to retain as many residents on site as possible and to eliminate or minimise relocations,
- It requires extensive and often challenging social engagement with local residents if it is to succeed,
- It is time consuming, typically taking between 7 and 12 years (or even longer) from concept to completion based on actual case histories (although it must be appreciated that the time-frames for all housing projects, including green-fields projects, are typically radically under-stated),
- Upgrading has become increasingly more complex with the passage of time as a result of the ongoing densification of informal settlements, increasing scarcity of alternative land, and growing dissatisfaction and political conscientisation of the urban poor (more challenging social processes).

5 APPROACHES TO INFORMAL SETTLEMENT UPGRADING

Before looking at the status quo with respect to informal settlement upgrading and some of the main challenges, it is important that the different approaches to informal settlement upgrading are properly understood. It is obvious that approaches and definitions vary from one place to another and that, whilst in some part of South Africa (eg: eThekweni) conventional upgrading is well understood to the extent that more innovative approaches are now being tested and implemented, in other parts, even basic upgrading is a more or less foreign approach which is either neglected or ineffectively and haphazardly implemented when it is undertaken.

5.1 Conventional informal settlement upgrading

Conventional informal settlement ('in-situ') upgrading entails the re-development of an informal settlement in a comprehensive and relatively complete fashion in respect of housing, tenure and infrastructural services. The full range of project fundamentals have to first be secured before such upgrading can be successfully achieved. This requires that, amongst others, the following activities are undertaken:

- Extensive community interactions and workshops and the acquisition of community buyin (preferably including a socio-economic survey / enumeration process, supplemented by focus group sessions to gain more qualitative information on settlement dynamics and livelihoods strategies)
- Land availability secured
- Bulk services availability secured with preliminary cost estimates
- Prelim. environmental assessment completed and no material constraints identified
- Geotechnical conditions assessment and confirmed as being adequate
- Preliminary town planning including preliminary layout, yield estimates, determination of possible relocation, and identification of relocations solutions
- Preliminary services layouts and services estimates
- Planning and environmental approvals confirmed as achievable.

A number of approaches have been adopted in dealing with logistical issues of re-developing a site which is already settled including:

- Rollover: This usually entails development of main service lanes with small scale relocations followed by a gradual rollover process where small phases of residents are temporarily relocated to a temporary relocation area.
- Temporary relocation: This usually entails the relocation of the entire settlement to a temporary relocation area to enable more rapid development of the site.

5.2 Self Help / Community driven

A variation of the above theme is that of self-help or community driven housing (previously known as 'people's housing process'). This is typically a slower delivery method but one which offers several advantages including mobilisation and realisation of local social capital, greater ownership and control of the housing process by local residents, greater participation by residents in the design process, and potentially the achievement of a bigger or more valuable housing product as a result of sweat equity and / or a more cost effective construction process.

5.3 Relocations

Relocations may affect only a portion of the settlement or the entire settlement and may be temporary (e.g to a temporary relocation area) or permanent (i.e to another green-fields project site). Whilst temporary relocations of portions of the settlement may be inevitable and permanent relocations of some residents might also be inevitable, the relocation of entire settlements, often to worse located land relative to livelihood opportunities and other

amenities, should be undertaken only as a last resort and in special circumstances (e.g. material health and safety risks to residents) given the significant negative impacts on residents that typically flow from such wholesale relocations.

It is emphasised that, in cases where relocations or temporary relocations are necessary, that they need to be planned for and scheduled as part of the project preparation process, as they have the potential to stall or terminate a project should they not be available and ready when construction commences. Given the competition around allocations of housing opportunities, there is every possibility that, when the time comes, a portion or even all of the targeted relocations destination has already been occupied, either legally due to competing political pressures or through invasion. Ensuring that there is both forward planning and adequate, high level political buyin in respect of relocation is therefore critical.

5.4 Non conventional in-situ upgrading

This approach is receiving increasing attention given the significant constraints in achieving conventional upgrading and identifying suitable relocations destinations for green-fields projects (as outlined in more detail later). Non conventional upgrading takes two main forms:

1. The provision of interim relief measures and / or the initiation of initial upgrading measures to address key needs such as fire protection, basic sanitation, access to potable water, solid waste removal, basic health care, and improved internal access ways (e.g. for emergency vehicles). This is discussed in more detail later.
2. The delivery of a full upgrade solution but utilising different methods and housing typologies. This could include a combination elements such as the following, most of which are aimed at increasing densities and minimising relocations. These will also be discussed in more detail later on:
 - Denser housing forms such as double storey units or attached units
 - Reduced levels of internal services (especially access roads)
 - Alternative forms of tenure.

5.5 Getting ahead of the problem - limiting future informal settlement growth

An important aspect of addressing the challenges of informal settlement is that of limiting their further expansion. Such strategies should not be seen as alternatives to upgrading, but as supplementary to it. They need to take place in parallel with conventional and non conventional upgrade approaches and can be considered as two-fold:

1. *Limiting the growth and densification of existing settlements:* Strategies to address this have included shack numbering, forceful evictions of new-comers and negotiation with communities (i.e. making the provision of development dependent on the community leadership preventing further influx). Levels of success have varied, but in most cases the measures to control have been introduced only once densities are already at very high levels. Perhaps the biggest challenge in achieving control of this nature is that it is most effective when it is negotiated with the community and where there is consequently a high level of community buyin and support. This can in turn only be realistically achieved

when that state has something to offer in terms of development delivery. Where upgrade programmes are on-dimensional (i.e. focussed only on full, conventional upgrading or relocations), the state has limited leverage and informal settlement residents will typically regard the state as an enemy as opposed to an ally.

2. *Identifying, acquiring and servicing alternative land:* A so-called 'twin-track' approach to addressing informal settlement is widely accepted, where upgrading is accompanied by the rapid provision of serviced land for settlement, or 'managed land settlement'¹⁶. These areas can be laid out and basic services provided so that health and safety can be considerably better than in informal settlements, and they are also considerably easier to upgrade than spontaneous, unplanned settlements. The key elements of such a strategy are that it must be simple and quick and it must replicate the key benefits of informal settlements as far as possible.

The case of the Hyderabad Incremental Development Scheme in Pakistan: This scheme provides a model of managed land settlement in order to avoid the growth of unplanned and un-serviced informal settlements¹⁷. The key to the project's success was that administration and allocation procedures were very simple and rapid: households applied for a plot by submitting a photocopy of their ID card, and they were allocated a plot within 12 days. A reception area was set up in the scheme where households could erect a temporary shelter or rent a room while they waited for their application for a site to be processed. Beneficiaries were required to complete construction of a house immediately (no building standards were applied in the project). This was a major departure from previous projects, where there had been periods of up to a year for beneficiaries to build a house on their plots, which had often resulted in plots being allocated to people who never occupied them. The legal transfer of tenure did not take place immediately (there were instalment sale agreements) - in this way, the Hyderabad Development Authority had a way of cancelling the allocation of beneficiaries who left the project (beneficiaries leaving the project could be paid a proportion of the money they had paid for the plot). The Hyderabad Incremental Development Scheme was successful in a number of ways: it was able to reach the poorest 10% of the population; the time lag in implementing projects was eliminated, because households were immediately allocated plots, which were then subsequently upgraded while the household was living there; and the continuous supply of plots ensured that there was never a shortage of land in the area, which could have resulted in speculation (people with housing elsewhere obtaining plots to rent out accommodation) or land invasions resulting in overcrowded informal settlements.

¹⁶ Payne, 2003

¹⁷ UNCHS, 1991; Walker et al., 1993

6 STATUS QUO OF INFORMAL SETTLEMENTS AND THEIR UPGRADING

6.1 Scale of the urban informal settlements challenge

“Close to half of South Africa’s 44 million people live in urban centres. A quarter of those in the major urban centres live in informal settlements. Despite considerable government efforts to transform urban environments and deal with developmental challenges such as education and health, many people continue to live in poverty and suffer a lack of access to basic services. This has been aggravated by unemployment at 50% or more within many of the largest urban informal settlements”.¹⁸

The actual informal settlement backlog in South Africa is hard to accurately determine but it is likely that the figure is in excess of 1.5 million households, with actual figures probably significantly exceeding official figures for a range of reasons outlined below.

Stats SA estimates that by 2007 there were approximately 1.2 million households (R9.7% of South Africa’s estimated 12.5million households) residing within informal settlements. This figure is supported by data from the 2007 State of the Cities Report which indicates that, by 2004, there were already 1.1million households without access to formal shelter within the 9 largest cities in South Africa (i.e. Johannesburg, eThekweni, Cape Town, Ekurhuleni, Tshwane, Nelson Mandela Bay, Buffalo City, Mangaung, Msunduzi).

Year	Estimated Number of Households in Informal Settlements
2007	1.20 million (initial estimate) ¹⁹
2001	1.38 million
1996	1.05 million

Table 1: Growth of Informal Settlements in South Africa 1996 - 2007²⁰

	No of households (2004)	Households without formal shelter (2004)		LFS unemployed (narrow definition) (2004)	
		%	No.	%	No.
Johannesburg	1,027,622	24	246,845	20	207,090
EThekwini	805,178	26	213,465	34	276,588
Cape Town	779,810	17	136,623	21	161,492
Ekurhuleni	760,236	26	200,177	28	209,441
Tshwane	577,839	21	124,662	20	115,155
Nelson Mandela Bay	285,298	23	66,416	31	87,807
Buffalo City	208,523	28	60,006	26	54,805

¹⁸ South African Cities Network, 2004

¹⁹ It is noted that, for a range of reasons outlined later in this report, the current Stats SA estimates are thought to be low (e.g. relative to more accurate municipal figures)

²⁰ Statistics South Africa, 1998, 2003

Mangaung	202,131	9	19,314	25	49,892
Msunduzi	133,223	27	35,994	24	32,081
Total/average	4,781,864	23	1,105,507	25	1,196,357

Table 2: Backlog and Poverty Indicators for South African Cities²¹

It is however noted that actual numbers of households residing in informal settlements is likely to be significantly higher than the recent estimates by Stats SA for the following reasons:

- Evidence from actual research and other work shows this to be the case. For example, whilst Stats SA estimated that there were 65,113 households in informal settlements in Cape Town in 2004, in the same year, the City of Cape Town estimated that there were 94,972 households²² (a difference of 46%). Whilst the Stats SA estimated that there were 65,113 households in informal settlements in Cape Town in 2004, in the same year, the City of Cape Town estimated that there were 94,972 households in informal settlements²³ (i.e. about 46% higher). Similarly, whilst Stats SA estimated that there were 213,465 households in informal housing in eThekweni in 2004 (i.e. all informal housing including informal settlements, backyards shacks, etc). In contrast to this, in 2006 eThekweni Municipality estimated that there were 254,031 households in informal housing (i.e. about 19% higher), based on GIS-based shack censuses, supplemented by counts off aerial photographs, and with verification by sample surveys on the ground. Housing officials in Durban were of the opinion that shack-counts are more reliable than census figures, if shack-counts off aerial surveys are supplemented by ground surveys. Furthermore, the informal settlement household data of eThekweni's Waste Water Department are significantly higher than the official informal settlement housing backlogs for the City by about 25%²⁴.
- The number of shacks are typically used as the basis for counting, and not the number of sub-households which might reside in a single shack;
- Official estimates such as those of Stats SA which work off total population counts do not factor in high levels of illegal migration into South Africa from neighbouring states such as Zimbabwe and Mozambique. Some anecdotal estimates puts this as high as an additional 4 million households²⁵. Housing officials in Durban were of the opinion that illegal immigrants would be likely to avoid form-based or interview-based surveys because they do not want to be counted for fear of deportation or other reprisals and the number is therefore hard to determine and that shack-counts are therefore more reliable than census figures.

It can therefore be argued that the actual number of households living in informal settlements in South Africa is probably substantially more than the official Stats SA estimate of approximately 1.2 million, and that, contrary to what official estimates suggest, there has probably not been a rapid decline in numbers of households living in informal settlements in recent years.

²¹ State of the Cities Report 2007

²² SACN, 2006; City of Cape Town, 2007

²³ SACN, 2006; City of Cape Town, 2006

²⁴ A Aiello, 2008

²⁵ A Aiello 2008

6.2 Existing policy approach to informal settlements

The response to informal settlements has largely been informed by national and provincial housing policies and programmes. Policies such as the Upgrading of Informal Settlements Programme (Chapter 13 of the National Housing Code) (2004) and Breaking New Ground (2004) (also known as the Sustainable Human Settlements Programme) indicate a significant policy shift in respect of the approach to informal settlements and their upgrading. In broad terms these policies entertain approaches which are more flexible, participative, and integrated. Importantly, the theoretical space for incremental approaches to settlement upgrading and alternative tenure forms is also created. Examples of some of the features contained in Chapter 13 are:

- an approach which is pragmatic and multi-sectoral;
- the principle of community partnership;
- the need for a 'paradigm shift ... from one of conflict and neglect to one of integration and co-operation';
- flexible tenure arrangements which 'protect residents against arbitrary eviction' whilst minimising the land administration costs and capacity requirement;
- an incremental / phased approach which envisages basic services and social amenities provision as the first phase;
- flexible and innovative funding consisting of:
 - a. HSRDP²⁶ funding for such elements as: surveying and registration of residents; land assessment and planning; temporary municipal services; social amenities; project management and professional fees;
 - b. SA Housing Fund funding for such elements as land acquisition; permanent municipal services; housing construction.

However, the above policy shifts, have not been adequately put in practice and translated into changed delivery on the ground. They have not been accompanied by the necessary changes in systems, mechanisms and regulations, nor has there been the requisite political will to enable real take-up on the alternative approaches at the provincial and local levels (it being noted that BNG envisaged that municipalities would become the champions of putting the new policy direction into practice by means of pilot projects).

The de-facto policy approach has therefore remained one which is focussed primarily on the provision of conventional housing (i.e. a house + related services + title as a fixed package). The space and flexibility arising from BNG and other policies has thus not been appropriated. Instead municipalities have typically utilised the BNG funding opportunity to fast-track subsidy budget for conventional projects with limited or no real exploration of innovative and new approaches.

The situation has been exacerbated by confusing and contradictory messages, including wide use of the terms 'slums clearance' and 'slums eradication', which are perceived as being anti-poor and as branding informal settlements as illegal. They also often create a perception (and perhaps also signal an intent) to rapidly expunge informal settlement by whatever means necessary. An example of this was the kwaZulu Natal Elimination and Prevention of Re-emergence of Slums Bill (2006), a proposed piece of legislation which "makes no reference to

²⁶ Human Settlement Redevelopment Programme

the cooperative and participatory approach to informal settlements contained in Breaking New Ground. The Slum Elimination Bill speaks of 'control and elimination of slums', language used in the 1951 Prevention of Squatting Act of the apartheid government. This was replaced by the Prevention of Illegal Eviction and Unlawful Occupation of Land Act of 1998, which instead focuses on establishing rights for informal occupiers, protecting them from forceful and undignified eviction.²⁷

6.3 Existing housing funding and subsidy quantum

The 2008/9 subsidy quantum released recently by the National Department of Housing are informative in understanding the intentions of the National Department in respect of subsidy funding as well as areas of disjuncture between the intention and implementation. According to the latest quantum for informal settlement upgrading the total housing budget allocated to informal settlement upgrading is R67,916 per household made up as follows:

- *Informal settlement upgrading programme* (allocations for incremental interventions and servicing) - *total budget of R24,410 per household* (excluding relocation grant):
 - Phase 1 (R5,830 per hh): Survey, registration, participation, facilitation, dispute resolution etc (@3%project cost); Geotechnical investigation; Land acquisition; Pre-Planning; Interim engineering services.
 - Phases 2 & 3 (R18,580 per hh): Detailed town planning; land surveying and pegging; Contour survey; Land survey examination fee; Civil engineer's fee; Site supervision fees; Permanent engineering services provision; Project management (@8%project cost)
 - Relocation grants (R938 per hh): Transportations and loading costs for people and household effects Social service support including support for the registration of social benefits, school registration and other welfare support Relocation food support to households

- *Top-structure construction* for a 40sqm house - *total budget of R43,506 per household* (including earthworks, house construction, P&G, overheads, and contractor's profit).

The above information strongly supports two important intentions which initially emerge from the BNG policy and from Chapter 13 of the Housing Code:

- A. The Department of Housing through the two main funding streams of the national housing fund (i.e. subsidies and HSRDP funding) would cover the costs not only of top-structures *but also* of incremental and final servicing and land acquisition through one streamlined funding mechanism.
- B. Incremental upgrading via, the provision of funding for an initial phase 1, is a built in principle.

²⁷ Huchzermeyer, 2007.

6.4 Overview of existing housing response April 1994 - March 2007

Province	Approved			Houses complete or under construction
	Projects	Subsidies	Beneficiaries	
Eastern Cape	480	302,729	256,092	288,231
Free State	724	169,350	150,414	161,250
Gauteng	1,188	1,191,754	483,166	592,457
KwaZulu-Natal	603	387,297	302,673	390,098
Limpopo	602	208,081	161,723	217,513
Mpumalanga	563	185,712	132,858	169,962
Northern Cape	277	54,949	41,714	49,145
North West	277	212,049	179,320	228,361
Western Cape	607	331,979	227,187	258,896
TOTAL	5,321	3,043,900	1,935,147	2,355,913

Table 3: Housing subsidy performance statistics March 2007²⁸

"As part of its continued drive to provide adequate housing, government has increased the integrated housing and human settlement grant by R2,7 billion over baseline in the 2007 MTEF. Total allocation for this grant over the MTEF period is currently R29,6 billion. Expenditure is expected to increase from R8,2 billion in 2007/08 to R11,5 billion in 2009/10, an average annual increase of 18,3 per cent."²⁹

Year	Conditional housing grant allocation to provinces (R millions)	Total government expenditure (R millions)	Housing expenditure as % of total expenditure	Number of subsidised housing units delivered ^a
2004/05	4 474	368 459	1.2%	217 348
2005/06	4 843	416 684	1.2%	252 834
2006/07	6 678	470 192	1.4%	271 219
2007/08 ^b	8 343	542 374	1.5%	220 204
2008/09 ^c	9 853	611 096	1.6%	226 471
2009/10 ^c	11 731	681 606	1.7%	242 916
2010/11 ^c	14 223	744 670	1.9%	265 330

a. Social/rental housing delivery and the individual credit-linked subsidy programme combined together form less than 2% of the projected delivery figures for 2008/09 - 2010/11.

b. Adjusted appropriations/ estimated delivery figure

c. Projected figures

Table 3: Overview of National Housing Expenditure³⁰

	Outcomes (R millions)				Medium-term estimates (R millions)		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
EasternCape	810	584	607	637	1,053	1,251	1,482
FreeState	327	464	370	528	653	772	893
Gauteng	993	1,121	1,357	1,760	2,197	2,580	2,959
KwaZulu-Natal	928	829	816	1,075	1,311	1,576	1,854
Limpopo	454	318	378	649	652	783	921

²⁸ Department of Housing website, March 2008

²⁹ National Treasury RSA, 2007. Intergovernmental Fiscal Reviews (IGFR) - 2007

³⁰ National Treasury, 2008

Mpumalanga	285	310	269	330	526	629	736
NorthernCape	110	94	103	105	131	161	195
NorthWest	364	381	615	697	767	896	1,022
WesternCape	292	527	552	769	949	1,204	1,469
Total	4,563	4,629	5,067	6,549	8,238	9,853	11,531

Table 4: Integrated housing and human settlement development grant expenditure 2003/04 - 2009/10³¹ (figures)

7 PROBLEM STATEMENT (CHALLENGES)

The challenge of informal settlement is obviously a complex one and there are thus a wide range of issues and contributing factors, many of which overlap or are mutually re-inforcing. In seeking more effective solutions and responses to the challenge, the following factors are considered those which are the most important in undermining current responses by the state.

7.1 In-situ upgrading is typically avoided

Although conventional informal settlement upgrading is quite possible, and is encouraged by the existing housing framework (notwithstanding various challenges and difficulties in putting it into effect), it is often simply avoided by some municipalities and Metros for a range of reason which include, amongst others:

- an unwillingness to trigger resistance from ratepayers in adjacent, more affluent suburbs,
- the complexities and challenges of working with the urban poor,
- the comparative ease of undertaking green-fields projects (typically coupled with relocations from informal settlements) instead of upgrading.

As a result, many informal settlements which are in fact suitable for upgrading, are not upgraded but are instead either left as is or residents are put under pressure to relocate. The typical factors which render informal settlements conducive for conventional upgrading usually include:

- settlement densities are not (yet) very high and most residents can be accommodated in-situ,
- there is an absence of technical constraints relating to such fundamental issues as geotech, bulk service availability, land availability, and environmental issues,
- residents want to remain where they are and are prepared to participate in an upgrade project.

Many of the (draft) provincial businesses plans and medium term housing expenditure frameworks of provinces currently under production by various Provincial Departments of Housing, clearly demonstrate the above-mentioned reluctance. Some specifically indicate that

³¹ National Treasury RSA, 2007. Intergovernmental Fiscal Reviews (IGFR) - 2007

they will not deal with the informal settlement issues, whilst others indicate that they intend to address it but don't allocate any budget to do so.

Allocations on the national provincial housing budget also support this trend. Despite informal settlement upgrading being touted as the primary and most important element of the national housing programme, the Upgrading of Informal Settlements Programme continues to receive a relatively small proportion of the overall housing budget. According to Table 26E of the Housing Chapter in the 2008 Estimates of National Expenditure, only 15% of total national housing subsidy allocations are intended for the "upgrading of informal settlements" in 2008/9, 2009/10 and 2010/11 (Ref: National Treasury, 2008b).

7.2 Conventional informal settlement upgrading is unworkable at scale

Notwithstanding the fact that many informal settlements can and should be conventionally upgraded without delay, there are also serious constraints in rolling out conventional in-situ upgrading at scale. Some of the most important constraints in this regard are as follows:

- The densities of many informal settlements preclude conventional upgrading because unacceptably high relocations would be required in order to do so.
- As a result of the above-mentioned densities and the loss of space for the provision of roads and other services, relocations are hard to avoid, either on a temporary basis, or permanently for some residents. The impacts are particularly acute where there is whole-sale site redevelopment (as opposed to incremental rollover) which requires the temporary relocation of the entire settlement (or large portions of it) to other destinations for the medium. Relocations, whether short or long term, typically have very negative and often unforeseen socio-economic implications as discussed elsewhere in this paper.
- The underlying land ownership issues are often complex (e.g. multiple deceased estates or landowners include state agencies who are unwilling to alienate the land).
- The way subsidy funding is tranching and released is problematic. Again, the potential flexibility of BNG has not been made significant use of and officials are typically unwilling to deviate from convention.
 - Ideally, a first tranche of preparation funding should be released early in the project process, once a broadly workable project concept has been demonstrated in order to enable proper preparation and feasibility work to commence. This work would include such elements as a community survey (as envisaged by Chapter 13 of the Housing Code) as well as a range of additional technical work.
 - Thereafter, a second tranche of funding is required for topographic work, detailed design, land acquisition and planning approvals. This second tranche is essential, not only to secure a viable project, but also to provide reliable and realistic estimates the release of subsequent tranches for the construction phases. The current position is that: a) this second tranche cannot be released until land is secured creating a chicken and egg predicament; b) the full subsidy quantum is release based on preliminary and therefore unreliable technical work.
- The in-situ upgrade process is a slow one, not only in respect of the initial upgrade process, but also in respect of the ongoing consolidation which occurs. Whilst the average

time-frame is between 7 and 12 years, many projects can take even longer than this. For example, at Besters in eThekweni, subsidies for top-structures are still flowing into the area for top-structures 20 years after the project was initiated by the Urban Foundation in the mid 80's. The upgrade process at the Cato Crest settlement in Cato Manor also demonstrates the principle.

- Some informal settlements are small in size (e.g. under 100 units) and are therefore considered by decision makers to have problematic economies of scale (i.e larger settlements receive priority);
- There is an undue pre-occupation with pushing for bigger and better top-structures, often at the cost of the provision of adequate services. This, combined with the trend to de-link service provision from housing, creates the risk that, in the future, we may be faced with settlements whose long term sustainability and viability is capped by inadequate service provision. Given the proven potential of the poor to upgrade and consolidate their top-structures, it can be argued that more attention should be paid to adequate service provision than is currently the case. It should also be realised that, in a conventional upgrade scenario, the services should ideally come first and not afterwards (and as correctly envisaged by Chapter 13 of the Housing Code).

7.3 Funding constraints

The cost side of the equation:

Addressing the entire informal backlog by means of conventional means, whether by means of in-situ upgrade or green-fields projects or a combination of them, will require massive financial resources. Even optimistically assuming an optimistic³² cost of R70,000 per unit (including top-structure, land acquisition costs, servicing of land, and bulk infrastructure provision), approximately R84 billion would be required for conventional upgrading of the estimated housing 1.2million households currently living in informal settlements. Assuming the current subsidy quantum for upgrading (R43,506 for top-structure + approximately R18,000 for HSRDP / servicing allowance), then approximately R76billion of this would come from the DoH (SA Housing Fund) and the balance of approximately R8 billion would need to come from MIG / municipalities (although this amount would increase if the HSRDP portion were reduced or total infrastructure costs increased).

The per annum financial implications in this optimistic scenario assuming the 2014 target for the 'eradication' of slums are R12.7billion in housing funding and R1.3 billion in additional infrastructure requirements (although the split between the two could vary if there were a change in HSRDP allowance or if additional DLA or MIG funding were put into the mix).

It is noted that this scenario is probably unrealistically optimistic for the following reasons: a) does not factor in any growth in informal settlements which is almost certain to occur; b) is at current values and does not factor in the costs of inflation; c) the actual informal settlement backlog figure of 1.2 million is probably understated (as discussed in section 6.1 above). In addition, the costs of free basic services have not been factored in. These are likely to be very significant and would need to be borne by the municipality.

³² Whilst the costs might vary from one urban centre to another, it is noted that in eThekweni, the current total costs per site are running at approximately R80,000 (for land, servicing, and housing)

The scenario also does not factor in the serious constraint of electricity supply shortages which would probably mean that few upgrade projects would be provided with electricity and that alternative energy solutions would therefore need to be explored at additional cost.

A slightly more realistic scenario which factors in a 7.5% annual growth in informal settlements and a total product price including all servicing and land costs of R80,000 per unit (allowing for projected inflation) would require an annual budget of R27billion per annum over six years to 'eliminate' informal settlement by 2014, but even this does not by any means factor in all of the additional cost variables mentioned.

The funding availability side of the equation:

In contrast to the above financial requirements, the current *total* housing grant to provinces has ranged from R6.6billion in 2006/7 to R8.3billion in 2007/8 to a projected R9.8billion in 2008/9. It must be borne in mind that only a portion of this budget is set aside for informal settlement upgrading specifically. From the 2008 budget information (Table 26E of the Estimates of National Expenditure) it appears that only 15% of total housing subsidy allocations will be allocated specifically for informal settlement upgrading (although much of the rest will also be targeted at residents of informal settlements). Even this were dramatically increased and as much as half were allocated to informal settlement upgrading, (i.e. R4.1billion) this would still only constitute between 15% and 32% of the required funding based on the above scenarios.

7.4 Inability to activate and implement alternative upgrading strategies enabled by BNG - Inadequacy of the current frameworks

Notwithstanding the clear intentions contained in BNG, Chapter 13 of the Housing Code and the current subsidy quantum allocations (as outlined earlier in this paper), the reality remains that there has been no meaningful take up of the new principles in as far as they relate to informal settlement upgrading. At least two key principles emerge from the new policies and frameworks: A) Department of Housing funding covers not only the costs of top-structures *but also* of incremental and final servicing and of land acquisition through one streamlined funding mechanism; B) Incremental upgrading is a built-in principle (e.g. via the provision of funding for an initial settlement-stabilising phase 1).

Notwithstanding the above intentions, provincial Departments of Housing continue to prefer to fund only top-structures and request municipalities in the first instance to first obtain the necessary land acquisition and servicing costs from the DLA and MIG before approving subsidy funding. This was a National Department of Housing decision. In the housing chapter of the 2008 Estimates of National Expenditure, the National Department sums it up as follows: "In an attempt to maximise delivery through the annual housing funding allocation, a policy shift was introduced with effect from April 2007: the subsidy may only be used for the construction of houses and not for municipal infrastructure. Funding for municipal engineering services must be obtained from other sources such as the municipal infrastructure grant. The housing subsidy funding will only fund internal municipal engineering services for greenfield developments as a last resort"³³.

³³ National Treasury, 2008b: p. 528

This creates a classic chicken and egg situation and stifles upgrading initiatives. In addition, provincial Departments of Housing generally do not actively support incremental upgrading and may in fact discourage it. In addition, provincial Departments of Housing generally do not actively support incremental upgrading and may in fact discourage it.

Whilst the best intentions are therefore present at the national level, it is therefore apparent that there is an acute disjuncture when it comes to the implementation and activation of the new thinking at the provincial levels. As outlined later in this paper, there are a number of factors which tend to compound this situation, including capacity constraints, a lack of effective project preparation, tendencies to stick to conventional practices, a fear of the unknown, and a lack of specific provincial guidelines for officials to follow in activating BNG. Some of these constraints warrant further commentary:

- Notwithstanding the changes to the national housing framework since its inception, it nonetheless remains premised mainly on developmental principles which are originally derived from green-fields projects. This has been a key factor in provincial Departments of Housing failing to embrace new and innovative principles.
- Another critical problem is that the primary focus and mindset remains that of one site, one housing unit, with full title. Without having acquired the land, no development can thus occur and as a result, most development becomes stalled at the initial stages. The heavy pre-occupation with full tenure (title) is thus in many instances counter-productive to in-situ upgrading.
- A conventional approach typically does not achieve sufficient densities to cater for the bulk of those residing in informal settlements, especially once space for roads and other services is set aside. Making use of alternative and denser housing typologies (e.g row housing or double storey units) may assist in some cases, but additional funding is typically required. More dense housing typologies (eg: social housing) are generally unaffordable, both in respect of the available subsidy as well as the affordability of the residents of informal settlements themselves.
- Despite policy level intentions towards greater flexibility and responsiveness, officials and decision makers at the operational level remain constrained by their own working knowledge, past experience and to some extent by the existing systems and procedures which they operate within.

Whilst the theoretical space for alternative approaches has thus been created (e.g. for interim relief measures, alternative service levels, alternative forms of tenure, and alternative top-structure typologies) the reality is that such alternative approaches have not occurred to any significant degree (with the possible exception of aspects of the Alexandra Urban Renewal Project and the eThekweni Kenville and Abahlali pilots which are still in the preparatory stages).

A perspective provided by some practitioners is that, whilst the flexibility has been created within BNG, there is a lack of specific guidelines to assist municipalities, DoH officials and project implementing agents. They suggest that the flexibility inherent within the current BNG framework might need to be matched with a greater level of specific guidance on what sorts of interventions or activities are permissible. There will no doubt be differing opinions on this matter. On the one hand, many would argue for retaining the current level of flexibility and would point to lack of capacity and political will as the reasons why many BNG principles have

not been actualised. They would suggest that, with the deployment of the correct skills and capacity (both within state structures and via the private sector and NGO's), the current status can be overcome. On the other hand, others would argue that the inertia, conservatism and lack of capacity within state structures makes it overwhelmingly unlikely that they will be able to adapt, unless they are provided with fairly prescriptive frameworks, parameters and even cost norms.

It is suggested that a middle road can in fact be achieved, with the development over time of a range of somewhat standardised interventions, but retaining at the same time the space for innovation and creativity. A key factor within this is that any menu of standard interventions and cost norms needs to be informed by experience gained from actual BNG projects. It is thus not viable to develop these until the BNG programme has been put into effect (e.g. via a first phase of projects) and an evaluation of projects undertaken.

7.5 Lack of project preparation and the funding to undertake it

Most municipalities do not have the financial resources to bridge fund the preparation process for in-situ projects which can typically cost in the region of R250,000. As a result, most subsidy applications are either under-funded or professional teams are expected to work at risk. In both cases, quality preparation is difficult to achieve. This situation is compounded by a lack of understanding as to what work needs to be included in the preparation phase of an in-situ upgrade project (but which is outlined later in this paper).

7.6 Capacity and human resource constraints: The state

The conglomeration of a range of issues make up what is often sweepingly referred to as 'capacity constraints'. These constraints are so all-pervasive, that they cannot be sidestepped, least of all in the context of an issue as important and complex as informal settlement upgrading. Whilst there are performance variations between departments and municipalities and whilst there are undeniably many committed, skilled and hard working personnel, the trend is in the other direction. In essence, capacity constraints are made up of a combination of the following key elements, all of which massively and negatively impact on the performance of the state. The existence of these constraints can be demonstrated in any number of ways, not least of all by the failure to take effective action on either Chapter 13 of the Housing Code relating to informal settlements or on Breaking New Ground since their inception four years ago in 2004.

- Management: There are serious constraints within top and senior management, characterised by such issues as failures to delegate, failures for those in responsible positions be held accountable, tendencies to over-centralise decision making, failures to respond to written correspondence (including major funding applications), failures to hold regular management and committee meetings, and extremely slow turnaround times in terms of decision making.
- Skills: There are significant skills deficits in general management, project management and in specific technical spheres.

- Corruption: There are widespread reports of corruption including in relation to procurement, the taking of bribes and un-declared or inappropriate conflicts of interests / vested interests. The situation is counterproductive for delivery since competence and performance are seriously compromised and many contracts are consequently poorly performed. The situation is apparently now at critical levels and is made worse by a 'tyranny of silence'. At the project level, those disadvantaged by corrupt procurement are afraid to speak out for fear of discrimination and retribution, whilst those within the state structures are either implicated or they realise that the problem will be politically costly to address, since the heads of many strategically deployed cadres will need to roll and some level of political embarrassment will inevitably result. The consequences of not addressing the situation will however be catastrophic as corruption will become more and more embedded in the very fabric of state structures and the way it conducts its business.
- Low levels of motivation and low work ethic: Levels of motivation are generally low and many personnel barely perform their duties (dereliction of duty) or are apparently engaged on other income generating ventures. Level of motivation and work ethic are probably adversely affected by ongoing staffing changes and re-deployments which de-stabilise management structures and create uncertainty. It is unusual to encounter personnel with true passion and commitment to transformation of South Africa and to addressing the plight of the poor and disadvantaged. Personnel are more often concerned with either procurement and other regulations (e.g. PFMA, MFMA, DORA) or with ensuring their own financial advantage (e.g. by positioning themselves for promotion, pursuing parallel businesses interests, or by direct kick backs).
- A lack of predictable approval and decision making processes which are widely understood and adhered to, as well as a tendency for such processes to become personalised. Typically incoming senior management develops new methods, criteria and processes for approving projects and making other key decisions. These processes typically change with changing management regimes and are usually built around personal styles and aspirations as opposed to good practices. The failure to stick to standard processes which are predictably applied, creates uncertainty and un-predictability, making it difficult for other stakeholders such as other spheres of government, NGO's or the private sector, to engage effectively or establish effective partnerships. For example, the ongoing changes in the KZN Department of Housing over a period of more than ten years have had overall negative overall impacts and materially undermined the involvement of the private sector in housing delivery.

7.7 Capacity and human resource constraints: The private and NGO sectors

Compounding the above situation has been a serious erosion of capacity within the private and NGO sectors and declining levels of effective partnerships and collaborations between these sectors and the state. The demise of several NGOs in the past 5 years (e.g. the eThekweni office

of BESG and Khuphuka) has been sorely felt as has the flight of skills from the country to abroad. It is becoming increasingly difficult to identify people who have the requisite knowledge and experience of working with the urban poor, including social facilitators, project managers and town planners. In addition, private sector professionals, contractors and developers have found it increasingly difficult to maintain productive involvement in state housing programmes and have in many cases redefined their business models (e.g. sought private sector clients or other government contracts which are more lucrative and predictable). A range of key factors have contributed to this situation, some of which are outlined elsewhere in this report:

- Slow and unpredictable decision making and approval processes (e.g. of subsidy applications, development planning and environmental approvals etc).
- Signals from certain organs of the state during the late 1990s and early 2000s that it mistrusted the private sector and regarded it as being to blame for a range of problems relating to housing and other forms of service delivery (e.g. quality of product, speed of delivery, etc).
- A certain level of mistrust and suspicion towards NGO's and civil society organisations and a lack of a special framework in terms of which the state partners with such not-for-profit entities.
- Corruption in procurement.
- Slow payment processes impacting negatively on private sector cash flows (e.g. arising from tranching subsidy payment structures or simply due to delays in payment processing).
- Limited available budget for housing product resulting in small profit margins for private sector players. Project business models typically require a rapid and streamlined delivery at a significant scale in order to achieve the necessary economies of scale and resulting bottom line profit. Often however, these are not achieved or undue risk is created due to a range of other constraints already mentioned.

7.8 Acute scarcity of developable and well located land

There is an acute scarcity of well located, developable land for partial or full scale relocations. Most developable land has already been developed and the land which remains is typically located far away from urban centres and nodes which offer access to employment opportunities and other facilities.

Conversely, there are a range of problematic cost implications and other constraints relating to the development of more peripheral but more readily available land which include the following:

- The high costs of expanding the bulk services network of a city (e.g. extending bulk water, road and sewer connectors),
- The increased transport costs for residents in travelling to the localities where they pursue their livelihood strategies (it being noted that the ability of the urban poor to tolerate or absorb this additional financial stress is limited and the potential impacts can be catastrophic as became evident from the case of the Delft transitional relocation area in Cape Town³⁴).

³⁴ Development Action Group, March 2007.

- The social costs in terms of disrupted livelihood and other social networks.

7.9 Difficulties in co-ordinating the multiple sources of funding required and low levels of co-operative governance

A key constraint to upgrading (and one which also applies to a lesser degree to other types of housing) is that co-ordinating the multiple funding sources and government departments required. Ideally, the funding for upgrading should come from one budget so as to enable smooth and seamless delivery, whereas this is not the way that the funding flows have been arranged. Whilst BNG and the new (draft) housing code suggest flexibility, the reality is that provinces are increasing saying that they only want to pay for top-structures and that funding for other elements should be provided from other sources (in line with recent national intentions outlined earlier). Based on the somewhat optimistic concept of co-operative governance, it is entertained that various departments will seamlessly co-operate to provide the necessary funding (e.g. Dept. Housing provides funding for top-structures, Dept. Land Affairs provides funding for land acquisitions, MIG provides funding for infrastructure such as roads, water and sanitation etc).

In practice, this creates serious difficulties in upgrading. A good example is that of co-ordinating land and housing funding. In many projects (eg: Cottonlands, eThekwini), several years have gone by whilst land acquisition funding is being sought from the Dept. Land Affairs. During this time (which in the case of Cottonlands has amounted to over 8 years), land costs rise steeply and settlement densities typically increase rapidly, making upgrading more and more difficult.

It must be recognised that in-situ upgrading can be a highly politicised and contentious process and the extensive delays which result in attempting to co-ordinate the various different funding sources required, typically serve to undermine the working relationship and trust between the municipality and project team / NGO on the one hand, and the community on the other.

If rapid and well integrated development is to be achieved, it is thus critical that the different sources of funding required are available in a seamless and co-ordinated fashion and preferably off one budget and with one approval process.

7.10 Slow decision making and approval processes

An important factor which is closely related to the above issue, is that of excessively slow assessment and decision making processes (e.g. by provincial Departments of Housing and the Department of Land Affairs). It is not uncommon for the assessment and approval processes to take anywhere between a year and two years, and sometimes even longer than this, even when the underlying project does not have any significant problems. During this time, communications with the applicant municipality and its support agents is typically limited and there is insufficient feedback. In many cases, entire applications are mislaid and it is seldom that any formal acknowledgement of receipt is sent for an application submitted. The only way to move

applications forward is typically through a process of vigorous follow up and lobbying and sometimes recourse to higher level political intervention is sometimes necessitated.

The above problems are heightened when a project application deviates from those typically received and processed, thereby militating heavily against exactly the sort of innovation and flexibility envisaged by BNG.

7.11 Ongoing changes in government personnel and related processes

Linked closely to the issues of capacity constraints and slow approval processes, is the issue of ongoing human resource changes within government departments and municipalities due to such factors as re-deployment and restructuring. Ongoing changes within the higher echelons have negative impacts on the overall functioning of departments and demotivate staff further down the organogram. These ongoing human resource changes make it difficult to achieve continuity and the interval of the changes (quite often in a time frame of less than 5 years), mean that personnel (who are often senior or top management) do not have sufficient time to 'learn the new ropes'. More problematically, personnel sometimes resign or are re-deployed just when they are starting to develop a real understanding of how to get things done.

To make matters worse, it is common for incoming senior and top managers (e.g at the HOD, chief director and director levels) to make changes to decision making processes once they assume their position, often requesting that all decisions be routed directly across their desk. These ongoing changes to the decision making processes, often accompanied by changes in specific requirements for applications, make it extremely difficult to those municipalities and their support agents applying for subsidies for upgrading.

The above management scenario is also typically characterised by low levels of delegation and accountability. Without these two pillars of management functioning correctly, the overall functionality of many departments is highly compromised and sometimes near-paralysis is reached. Decision making tends to be over-centralised whilst, conversely, no-one is held accountable for failures in delivery or decision making.

7.12 Confusing messages about slums eradication

There have been some confusing messages from the South African state in respect of slums eradication and slums clearance. These messages, which appear to contradict in many respects the spirit of BNG and of many of the principles enshrined in South Africa's Constitutions (eg; that SA belongs to all who live in it) have typically been taken by many, including the urban poor, to mean that government's primary focus will be on removing and eradicating informal settlements as its primary response. These messages, exacerbated by events such as the KZN Slums Elimination Bill of 2004, have certainly played a part in bringing about a measure of polarisation between the state and the urban poor and a loss of understanding between the two.

7.13 Belief that informality represents a failure of the state

It is likely that some of the above-mentioned messages are rooted in a belief within state structures that informality represents a failure by the state and one that it must rapidly remedy by any means possible. If such a perception exists, then it must be immediately revisited, not only because the state cannot be held solely responsible for informality, but also because informality is in many senses functional and necessary within current socio-economic conditions and levels of inequality, which will in turn take long periods of time to address. This does not mean that the state should not be doing more to address issues of informality, but that it needs to be doing so in with a different orientation, especially in respect of the informal settlement issue.

7.14 The promise of housing inadvertently exacerbates informal settlement growth by creating an 'artificial' settlement demand

Ironically, the promise of 'RDP' type houses through the subsidy scheme and the perception that being a resident in an informal settlement will at some point entitle you to such a house, has in many instances accelerated the rate of informal settlements by creating an additional incentive and thereby increased the problem (eg: Enkanini settlement in Cape Town where neighbouring backyard shack dwellers joined the occupation only because they believed they might otherwise lose out on an 'RDP' house, even though in many cases their backyard shack accommodation was probably more functional to their needs.³⁵

It is contended that adding the 'magnet of RDP housing on top of the other access 'magnets' which cause people to take up occupation within informal settlements, is both problematic and unhelpful because it: a) adds volatile and undesirable fuel to an issue which is already complex and contested; b) is a promise which is not easily delivered upon; c) serves to obscure and confuse some of the other access drivers outlined earlier making it more difficult to understand informal settlement dynamics from a livelihoods perspective.

7.15 Housing is more than a house with title

There are striking inconsistencies in the current approach to housing. The national aspiration is for a housing opportunity to include the provision of an appropriate living environment which is integrated and sustainable. This means that housing is not in the final analysis a top-structure, but more importantly a 'place to call home' which affords key access to access to education, health care, transport, security, energy and other key amenities.

However, despite the pronouncements of integration and flexibility contained in BNG, Chapter 13 of the Housing Code and the new housing code, the current trend is for the Department of Housing to fund only top-structures and for other organs of state to fund other aspects (eg; Land affairs to fund land acquisitions, MIG to fund infrastructure etc). This trend stands out in stark contrast to the latest subsidy quantum information from the National Department of Housing for 2008/9, which clearly indicates that funding for both servicing and top-structures for BNG should

³⁵ Urban LandMark, 2008

be made available by the Department of Housing, with funding for initial servicing of informal settlements made available from the HSRDP component of the national housing fund (refer to sections 6.2 and 6.3 above for more information).

As already indicated, the hard reality is that effective co-operative governance and interdepartmental co-operations are not being achieved and for those undertaking projects or initiating area based development, co-ordinating different funding sources is highly problematic with extended delays and lack of co-operation being the order of the day.

There is thus a striking disjuncture between the aspiration for housing to be seen in a holistic way and the reality where the funding sources to realise this are available only in a fragmented fashion and where the Department of Housing has recently been signalling its desire to fund only the top-structure (mainly because it desires a better quality top-structure product).

7.16 Development planning approvals (difficulties and delays)

Difficulties in obtaining planning and environmental approvals for informal settlement responses pose a material constraint to all forms of housing delivery, including upgrading. These constraints apply not only to full upgrading but also to interim relief measures (e.g. a city fire department unwilling to install fire protection measures until such approvals have been obtained). The constraints relate partially to the need for the necessary legislative authorisations and partially to the desire to protect the ownership and value of assets which might be located on land which is not owned by the municipality in question. Given the imperative of rapidly addressing the informal settlement challenge, urgent attention needs to be given so that these constraints can be rapidly overcome.

7.17 Subsidy finance is insufficient to provide the desired quality product

Many of the problems of upgrading (and other types of housing delivery) are closely related to the issues of costs and affordability and in particular, the actual versus desired costs of the total housing product. Current estimates by government (i.e. the cost for elements such as top-structure subsidies, infrastructure and land acquisition) tend to be significantly under-estimated. Whilst a top quality product is desired, the funding provided is usually inadequate to meet this aspiration.

Whereas lower middle-income housing developments (i.e. the bottom end of what the private sector offer on an open market basis) are costing between R5,000 to R7,000 per square metre (including top-structure, land and all servicing costs) funding for low income housing developments are benchmarked on gross per square metre costs of R1,534 (according to the DoH's 2007/2008 subsidy quantum³⁶), with certain municipalities such as eThekweni running at a higher figure of around R2,000 due to higher infrastructure top-ups provided. This figure is clearly radically out of step with current market forces and constitutes a real problem for the

³⁶ The 2007/2008 subsidy quantum for greenfields projects is a total of R61,353 (R43,506 for topstructure and R17,847 for services).

national rollout of the subsidised housing programme, both in terms of achieving a reasonable balance between cost and quality, as well as involving the private sector in order to speed up the delivery process (as per the DoH's current intentions).

Cost factors, together with land scarcity and the flight of developers from the low income housing sector, have in fact been largely responsible for the widespread collapse of green-fields housing provision. The fact that fast-tracked housing initiatives such as the N2 Gateway project have reportedly exceeded their initial cost projections by several fold, is evidence of the this disjuncture. It is also noted that the problem is not a new one, and has pertained since the inception of the national housing programme in 1994, with the tendency always being to try and stretch out the available funding as thinly as possible at the inevitable expense of quality and rate of delivery.

8 THE ETHEKWINI EXPERIENCE

8.1 Proactive Approach to Informal Settlement Upgrading Taken

The experience of eThekweni Municipality is instructive in understanding the real issues and constraints relating to informal settlement. The city faces an informal settlement housing backlog of approximately 190,000³⁷ units. eThekweni Municipality have been pro-active in addressing the issue of informal settlement upgrading in a number of respects:

1. They have a large number of successful upgrade projects completed and underway - a delivery track record that has been enhanced by the role of other support agencies and NGOs in the city (eg: CMDA, PPT, BESG etc).
2. They have multi-year effective forward planning both in respect of prioritising projects and in budgeting for them.
3. They have introduced a range of temporary relief measures for informal settlements.
4. In partnership with PPT and with funding from UN Habitat, they are exploring the potential for alternative approaches and strategies for upgrading informal settlements (via the Kenville pilot project).

8.2 Constraints and challenges facing the City

However, notwithstanding eThekweni's pro-activeness and relatively high levels of capacity, there are nonetheless serious constraints in rapidly addressing the entire informal settlement backlog via conventional housing delivery. eThekweni's current projections, based on a continued rate of delivery of 16,000units per annum and a population growth rate of 1.5% per annum, the current backlog of 190,000 units will only be eradicated by approximately 2021.

³⁷ According to housing and development specialist Anton Aiello, it is possible that the actual figure may in fact be significantly higher than this, possibly by approximately 25%, based on the noted differential between estimates by the City's Housing Department and those by the City's Water & Sanitation Department for certain settlements.

City officials cite the following constraints being amongst the most important they face in addressing the backlog by maintaining current levels of delivery, not to mention achieving any acceleration. These constraining factors include the following:

1. Available funding (both in respect of housing subsidies as well as top up funding for infrastructure and funding for land acquisition):
 - a. Lack of funding for land acquisitions and slow processes of funding release from the Department of Land Affairs.
 - b. Absence of additional housing subsidy funding to cover the costs of alternative and higher density housing typologies to reduce / eliminate relocations in upgrade projects (e.g. for double storey units).
 - c. High costs of infrastructure top up for servicing of sites (currently running at approximately R20,000 per site) and exacerbated by the DoH's desire to use the housing subsidy to fund only the top-structure, combined with the hilly terrain in the City.
2. Slow processes for EIA and planning approvals, as well as rezonings and approvals of subsidy applications.
3. An acute scarcity of well located land.
4. A range of critical capacity constraints:
 - a. Capacity constraints within the KZN Department of Housing in respect of expediting subsidy approvals and funding release.
 - b. Capacity constraints within the building and construction industry.
 - c. Capacity constraints within the City itself (eg: project management capacity).
5. Shortages of building materials including cement (and exacerbated by competition from ongoing 2010 related construction)
6. Complexity of social processes consisting mainly of the extensive consultation, workshopping and negotiation required in order to obtain and sustain participation and co-operation of informal settlement residents.

Whilst the city has intentions to accelerate and fast-track their informal settlement upgrading (and other housing) programmes, it is likely that they will therefore experience challenges in doing so, given the above constraints. In fact, the peak rate of delivery of approximately 16,000 units per annum reached in 2005/6 was being sustained largely on the momentum of historical projects and prior township planning. In addition, it must be borne in mind that there are a number of additional factors which now make the housing delivery environment in the City more challenging than it has been historically. These factors include:

1. Land which is relatively developable and easy to obtain has already been obtained and utilised. The remaining land is more marginal in nature, more difficult to develop and typically burdened with complex land legal issues.
2. The bulk infrastructure of the city is already heavily loaded and it is considered financially unviable to extend this infrastructure (eg: bulk sewers) beyond a currently defined 'urban edge'.
3. There is evidence that informal settlement residents are becoming increasingly dissatisfied and more vocal in their dissatisfaction, as evidenced by the emergence in recent years by confrontations with grassroots rights-based lobby groups such as Abahlali BaseMjondolo.

4. Increasing intra-Africa migration, the extent of which it believed to be significant, although it has not been quantified, such quantification being difficult given the fact that many immigrants are illegal and do not want their presence officially recorded.

Taking into account the above constraints, it is therefore unlikely if not impossible that either 2014 (national) or 2021 (City) targets will be met for the 'eradication' of informal settlements within eThekweni by current, conventional upgrading methods. At a more realistic average rate of delivery of 10,000 units per annum (which is still considered optimistic), the backlog would take at least another 19 years to eradicate (i.e. by 2027), and importantly this still does not take into account further growth of informal settlement over time, inflationary impacts and the potential for any of the above-mentioned constraints intensifying.

8.3 Cost Implications

The cost implications of eThekweni's projected slums upgrade strategy are significant. The City estimates that it will require R23.8 billion in order to eliminate the informal settlement housing backlog (assuming conventional housing delivery methods, current cost parameters, and that a range of developmental constraints such as land scarcity can be overcome). Assuming that the backlog is eradicated over a 13 year period by 2021 (as per the City's current intentions), this implies an annual budget allocation of R1.8billion. If the timeframes are reduced to meet the national target of 2014, then the annual figure would dramatically increase to R3.9 billion rand per annum. In reality however, the required costs will be greater than those outlined above: firstly because these figures are current values and do not factor in future inflationary escalations and secondly because they do not factor in any future growth in informal settlement over time. The estimated figure of R23.8 billion can be broken down as follows:

- R13.8 billion cost to eThekweni (at an average of approximately R41,000 per unit / R1billion per annum) of which:
 - R9.8 billion is for providing for internal services reticulation - mainly water, sanitation and electrification
 - R3.4 billion is for bulk sewer provision
 - R0.6 billion for project preparation, planning and design (this amount being recoverable once housing subsidies are released to the City).
- R10.0 billion in housing subsidies from the KZN Department of Housing (at an average of approximately R40,000 per unit / R0.8billion per annum).

8.4 Interim relief interventions

In the light of the inevitable delays in the delivery of housing to cater for all informal settlements, eThekweni has put in place a range of special interventions in the form of interim relief measures for many informal settlements. These have historically included the following:

- Communal ablution blocks
- Emergency access roads
- High mast lighting.

In addition, in cases where incidents such as shack fires have occurred, emergency relief measures such as the provision of tents, chemical toilets and the provision of improved building materials (e.g. corrugated iron and treated poles) are sometimes provided as additional stabilising measures.

8.5 Alternative Upgrade Strategies

In addition to the above relief measures, eThekweni, together with PPT and with funding from UN Habitat, are currently investigating the potential for additional alternative upgrade strategies by means of the Kenville Pilot Project. The area consists of 6 settlements and a total of at least 2,573 households. Settlement sizes range from 140 to 913 households in size³⁸. The preliminary assessment phase of the project has been completed and have been based and included such elements as: an enumeration / socio-survey data; focus group data; desktop technical assessments into core issues including land ownership, bulk service availability, and existing and potentially achievable densities, relocations implications. The initial recommendations in the process of being formally adopted by the City for further action consist mainly of the following:

1. Acquisition of the bulk of the underlying land as a top priority.
2. Initiation of a range of interim relief measures including
 - a. Solid waste removal for 6 settlements
 - b. Connection of 1 existing sanitation block to the sewer mains
 - c. Installation of fire-fighting water supply under concrete fire-fighting access pathway to four of the settlements
3. Upgrading and housing delivery on two of the settlements³⁹ where underlying land availability and densities are conducive and focussed on the delivery of an alternative delivery model characterised by a reduced level of services, alternative housing typologies and a range of supportive stabilising measures. The following specific elements are planned for inclusion:
 - a. Terraces (stabilised earth, retaining blocks, labour-based methods)
 - b. Prevention of landslides (reinforcing of foot of slopes, storm-water control over whole slope)
 - c. Pedestrian circulation (contour paths, cross-contour ramps & stairs, enlarged intersections of contour and cross-contour paths for social and local economic activities)
 - d. Provision for vehicular movement only along roads
 - e. Double-storey attached cluster houses (reinforced strip foundations with corner piles alternatively pile and ground-beams, cross-wall construction, lightweight ash or foam-impregnated blocks, ground slab, suspended timber floor, short rows of up to 6 units, modulated facades, 70 dwellings per hectare)
 - f. Piped water supply and waterborne sewerage
 - g. Transport facilities on road frontage (taxi zones, social, service, retail & light manufacturing activities)
 - h. Prepaid electricity
 - i. Community gardens at foot of slope where foot falls within flood-lines.

³⁸ 206 Smithfield; 913 Jamaica; 536 Johanna; 140 Siyasokola; 314 Temple; 402 Gumtree

³⁹ Gumtree and Smithfield settlements

8.6 Lessons from the eThekwini experience

City officials report the following as being amongst the key lessons learned from the eThekwini upgrade experience:

- Additional funding for alternative housing typologies is required to enable densification (e.g double storey and / or attached units). Currently there is no source for such funding, it being noted that very low income households cannot afford typical rental / social housing orientated housing.
- Infrastructure top up costs are high (even exceeding the total housing subsidy). The total effective subsidy value per unit in the city is thus over R80,000 (taking into consideration the infrastructure top ups required of over R40,000 per unit).
- For practical reasons, the number of shacks, not households, are counted, and this is the number used in determining allocations. Whilst this does create some tensions, it has proven to be a workable compromise which addresses both the issue of sub-tenancy within a single shack unit as well as the problem of ongoing invisible densification. The underlying principle is that sub-tenancy and sub-household arrangements must be addressed by the primary shack owner him / herself.
- Social processes are the key to success in upgrading and significant time must be invested in these processes.
- Significant bridging funding is required for project preparation, preliminary design, land acquisitions and infrastructural services given their high costs and the potential for them to handbrake housing delivery if they are not undertaken. This represents a serious constraint to the City in accelerating delivery.
- There is an acute scarcity of developable, well located land.

9 BREAKING THE CURRENT MOULD - THE IMPOSSIBILITY OF THE CURRENT PARADIGM

For headway to be made in respect of realistically addressing the pressing issues of informal settlement, it is imperative that the current approaches and paradigms are recognised as being unrealistic and why this is so. If this does not occur, then there is an overwhelming likelihood that decision makers will continue to cling to the outdated and outmoded paradigms and will fail to embrace new ones.

The current dominant paradigms which inform approaches to informal settlement are underpinned by, amongst others, the following core principles. Whilst there is already a desire through policies such as BNG and the new (draft) housing code to move away from some of these principles and introduce greater flexibility and situational responsiveness, in reality they remain in place:

- Housing comes as a fixed 'package' which consists of a site, full title, a house and certain minimum levels of service;

- Informal settlement must be eradicated as quickly as possible (even in the absence of workable alternatives);
- Top-structures and full title are the bedrock of informal settlement upgrading.

9.1 Informal settlements are here to stay!

Despite aspirations to the contrary, it is apparent that informal settlements are likely to be a feature of urban landscapes in South Africa for at least the medium term, if not the long term. As discussed previously, there are a range of factors which cause this to be the case (such as funding and capacity constraints and a lack of suitable alternative land). Any response built upon a denial of this principle is in effect a rejection of the status of hundreds of thousands who reside in informal settlements and will result in a failure to formulate appropriate responses. As outlined in section 3 above, there are a range of compelling factors which result in the formation and persistence of informal settlements as well as a range of serious constraints which prevent their rapid and wholesale 'eradication'.

9.2 Informal settlements are not an anomaly

Informal settlement should not be considered as an anomaly but rather as the necessary response they actually represent in terms of the desires and needs of the poor to access the urban environment. They are essentially a normal phenomenon for a country with the levels of poverty and inequalities that South Africa possesses. Attempts to eradicate them will thus fail until these underlying issues of poverty and inequality are addressed and the range of constraints outlined above are addressed.

9.3 Relocations should be avoided wherever possible

In most cases, relocations destinations are more poorly located than those where informal settlements located. As outlined under section 3 above, recent research via Urban LandMark indicates that trend that relocated communities tend to suffer additional challenges and locational disadvantages to those which are upgraded in situ.

9.4 The available funding and capacity is inadequate to rapidly eliminate the backlogs

Given the financial, capacity and other constraints outlined earlier in this paper, it is simply not realistic for the state to continue to work on the assumption that it can rapidly eliminate or otherwise address the informal settlement question in South Africa by the current planning horizon of 2014, especially by means of solely conventional upgrade or relocations methods. More realistic planning horizons need to be formulated (e.g. providing some level of development relief to all informal settlements by 2014; providing full housing solutions to 25% of informal settlements by 2020, etc).

9.5 Full title is not the cornerstone

The pre-occupation with full title as a primary building block and perhaps the cornerstone of housing delivery and settlement upgrading, is highly problematic. Whilst there is in many instances a need for informal settlement residents to gain enhanced land rights and security of tenure, the current system of full title is far too complicated and costly for the urban poor and is completely inappropriate to their circumstances. Not only is the system of title deed registration too burdensome in respect of its costs and institutional arrangements, but the system is also foreign to the urban poor who typically don't perceive its being relevant and value adding to their livelihood strategies. Even if tenure is provided through the deeds office, research indicates that people don't necessarily know how to extract the value afforded by the formal system and trade their properties utilising the system.

The argument for full title is often premised on the assumption that full title will open up the opportunity for people to leverage bond and other forms of finance with their registered housing asset. There are however problems with this position. The low levels of formal land transactions in South African township markets⁴⁰ and low income housing projects (i.e. the reversion from formal to informal title by choice) strongly suggests its limited value in the eyes of the poor as well as its limited effectiveness in leveraging bank finance. A key constraint in this regard are low levels of affordability amongst the urban poor to service financial borrowings coupled with real constraints faced by financial institutions in lending to the poor. More proven mechanisms of micro-finance for the poor are those which mobilise community savings in one form or another and where elements of social capital such as social cohesion and social networks come into play in order to make the micro-finance work. Such mechanisms can have many different forms but have worked successfully in many parts including South America, Asia and Africa.

An assessment of alternative extra legal land markets in KwaZulu Natal in 2003⁴¹ clearly indicated the problems and limitations of the current system of title and concluded, amongst other things, that:

- 'Tenure reform must allow people to choose the tenure system that is appropriate to their circumstances.
- All tenure systems must be consistent with the Constitution's commitment to basic human rights and equality.
- In order to delivery security of tenure, a rights based approach ... (be) adopted.
- New tenure systems and laws should be brought in line with reality, as it exists on the ground and in practice.'⁴²

It is therefore critical that the utilisation of full title as the primary form of tenure be reviewed in the light of its incompatibility with the South African poor. It is critical that a distinction is made between the concepts of 'formal tenure' and that of 'security of tenure'. The latter concept is undoubtedly of great importance, but it can be achieved more efficiently in most circumstances by mechanisms other than full title (and as outlined in more detail under the section on 'recommendations' below). The key question which must be asked is whether or there is adequate security of tenure and what value, if any, formalisation of such tenure will

⁴⁰ Shisaka, 2003

⁴¹ Rutsch, von Riesen, Ntseng, Gori et al, 2003

⁴² Rutsch, von Riesen, Ntseng, Gori et al, 2003

realistically achieve. Whatever alternative systems of tenure registration and formalisation are introduced they need to be closer to people on the ground, more accessible to them, and much more cost effective.

10 RELATIONSHIP BETWEEN INFORMAL SETTLEMENT UPGRADING AND THE INFORMAL / SECOND ECONOMY

It is assumed that the close relationship between informal settlements and the informal / second economy is both obvious and implicit, and it has therefore not been given special attention in this paper. The artificiality of creating a distinction between a so-called 'first economy' and 'second economy' has been widely observed, along with a range of potential risks relating to such simplistic, binary concepts. This extends also to the distinction between the concepts of 'formality' and 'informality'. The risks include: a) that of an implicit assumption that one is necessarily better than or superior to the other; b) that there is a natural and achievable progression or 'ladder' from the one to the other; c) the possible perception that they are somehow opposed to each other or mutually exclusive of each other, whereas in reality they merge and overlap and clear distinctions are difficult to make. Nonetheless, there is a broad understanding amongst most stakeholders as to what is meant by such concepts as 'informality' and 'the second economy' and for purposes of this and related position papers, they serve to focus our attention on a range of important issues that require rapid and heightened attention. A key factor in dealing with these concepts is to understand that, those affected by 'informality' and / or involved in the 'second economy' are typically vulnerable and have low levels of affordability. As a result they have very low abilities to accommodate, compensate for and tolerate external stresses and shocks such as relocations or new legislation. Their survival strategies can therefore be considered to be marginal in the sense that they have a low tolerance to stresses and changes, and this needs to be factored into any understanding of the interrelationship between the two spheres and policies and programmes aimed at closing the gap between the two.

11 RECOMMENDATIONS

11.1 PARADIGMS: Move towards a paradigm of incremental development relief and settlement change management

It is recommended that the National Department of Housing and other key policy and decision makers should advocate the following as a new paradigm for dealing with the challenge of informal settlements:

- Move away from a paradigm of slums eradication, slums clearance and rapid once off replacement with conventional housing stock as the primary mechanism for dealing with informal settlements (although this needs to remain part of the overall strategy)
- Instead adopt, as the primary paradigm, an approach which accepts that most informal settlements are here for at least the medium term and that what is required is a way of managing such settlements and working proactively with the urban poor who reside in them. This needs to include the provision of a range of interim

development relief measures appropriate to the settlements in question (see section 9.4 below). Full upgrading (i.e. the provision of conventional levels of service, full title and top-structures) might occur in time, but are unlikely to be the first line of intervention. More importantly the *acquisition of land should not be a pre-requisite* for the provision of interim relief measures, although many municipalities might elect to initiate a process of acquiring the underlying land on which informal settlements are located in cases where they feel that they would like to assume greater control or where they view full upgrade as a potential medium term outcome.

11.2 UPGRADING THE APPROACH OF PREFERENCE: Wherever possible, avoid relocations and maintain current settlement densities

It is recommended that upgrading be regarded as the preferred approach to the informal settlement and that the principle of minimising or eliminating relocations (i.e. maintaining current settlement densities wherever possible) be adopted as a guiding principle.

Given that informal settlements afford people spatial access in respect of a range of key issues and given that most are better located relative to prospective relocations destinations, all efforts should be made to maximise densities in the upgrading process by whatever means possible (e.g. reduced level of internal services, more dense housing typologies). In most instances residents will prefer to remain in-situ, even with some compromises such as higher densities, than to be relocated to bigger houses with larger sites which have a distinct locational disadvantage.

There are also other obvious problems with the relocations alternative, as indicated previously, including high bulk service extension costs and the challenges of more sprawling cities.

In pursuing upgrading, it is important that appropriate methods and approaches are utilised. Many of these important principles are outlined in some of the recommendations outlined below. However, in broad terms, there needs to be a mix of interim relief measures, incremental approaches and full upgrading. In pursuing these approaches it is important that creativity and flexibility be maintained in respect of issues such as levels of service, urban design, settlement layouts, and housing typologies.

11.3 INTERIM DEVELOPMENT RELIEF MEASURES: Fast-track their provision

As part of the above-mentioned incremental approach, it is recommended that a range of interim relief measures be rapidly introduced and funding made available for their implementation, either from the housing subsidy budget or from other sources.

It must be emphasised that the range of development relief measures suggested below should be informed by both a basic technical assessment of the area (e.g. underlying land ownership, slope conditions, geotechnical conditions etc) as well as a basic understanding of the livelihood strategies and social capital within the area. This requires some level of participative interaction

with residents through such interventions as workshops, socio-economic surveys / enumeration and focus groups.

It must also be emphasised that, whilst flexibility is theoretically advantageous, given the generally low capacity and skills levels within and outside government to responsibly innovate, unlimited flexibility might also come with some risk. Consideration should therefore be given to developing a basic menu of possible interventions with approximate scope and cost norms in order to guide and structure the process.

- Fire protection⁴³:
 - Local fire committees
 - Fire hydrants
 - Provision of fire proof safety deposit boxes / safes for valuables (e.g. ID books, marriage certificates, birth certificates, educational qualifications)
 - Reduce use of paraffin stoves and candles via a combination of: electrification, gel fuel stove provision, 12V battery recharging sites, provision of 12v CFL's
 - Provision / facilitation of replacement with more fire proof building materials (eg: replacing plastic, planks and cardboard with corrugated iron sheeting and treated poles)
- Access:
 - Vehicular access for emergency vehicles (e.g ambulances and fire protection) - it being noted that this also links with establishing a long term plan for potential future up-grading of housing and services and the need to obtain community buyin in order to 'protect' this space from further invasions.
 - Footpaths with basic storm-water controls.
- Water supply: standpipes
- Solid waste collection (e.g black rubbish bag provision and collection making use of local people as part of the collection process).
- Sanitation:
 - Communal sanitation / ablution blocks
 - Porta-loos
 - VIP latrines.
- Health care:
 - Mobile clinics (it being noted that a high proportion of health issues are probably related to poor sanitation - especially as this affects small children).
 - Ambulance or other transport for residents to and from hospitals in emergencies.
- Shelter: As outlined under 'fire protection' above, this might consist in the provision / facilitation of replacement of building materials with ones which are more waterproof, more fire proof and better insulating⁴⁴.

⁴³ Based on experience in Cape Town, it is evident that fire risks and the potential to effectively mitigate them, are linked to two main factors: a) settlement density; b) level of turnover within the settlement - with high levels of turnover resulting in lower levels of social cohesion and increased risks.

⁴⁴ E.g. erstwhile City of Tygerberg programme focussed on building material replacement - anecdotal reports indicate that the programme was successful but no formal review of the programme was obtained. It is noted that in some instances residents have reported that their so-called shacks had advantages over

- Energy:
 - Refer to 'fire protection' above
- Basic storm-water controls
- Education:
 - Transport for children to and from school
 - Adult basic education and training (ABET)
 - Life skills training
 - The planning and provision of new schools where the current ones are inadequate and where the settlements will be there for the long term (in either an informal or upgraded form) -
- Local economic development: Effective LED approaches for the urban poor need to be premised on people's livelihood strategies. There also needs to be an understanding that through upgrading or relocation, some livelihoods (legal and illegal) might in fact be disrupted or destroyed. Notwithstanding this, appropriate LED interventions might include the following:
 - Job placement services.
 - Business skills training and mentorship for emerging entrepreneurs.
 - Training and support for income generating activities (IGA's) which are more survivalist in nature.
 - Financial and economic literacy programmes.

11.4 PLANNING: Ensure rapid assessment and 'grading' of settlements

It is recommended that the National Department of Housing should require all municipalities and Metros with significant urban informal settlement problems to do a rapid assessment and grading of informal settlements along the following lines. In all cases basic technical and other settlement information will be required (based mainly on desktop analysis and site visits):

- Category A: Those settlements for which there are conventional upgrade and / or relocations options available in the short term (i.e. in the next year or so). This implies that the preparation of such projects has already been completed, that they are technically feasible, that there is community acceptance and that the capital funding (subsidies, infrastructure and land acquisition funding) is all in place. This assumes that municipalities understand the principles of informal settlement upgrading and are ready to embrace the concept (a situation which regrettably does not currently pertain). It is anticipated that settlements in this category will in effect constitute a relatively small proportion of all informal settlements (probably in the order of 10% of the total number of informal settlements).
- Category B: Those settlements which are neither in category A nor C (i.e. there is no short term housing solution for them, but there is also no immediate environmental or other threat, making it impractical and illogical to relocate them). These are

their RDP top-structures (eg: better insulated and more spacious such as those made of plastered wattle, stone and cement).

settlements for which interim relief measures or alternative / incremental upgrading processes are likely to be highly relevant. It is anticipated that settlements in this category will constitute an overwhelming majority of all informal settlements (probably in the order of 80% of the total), making this effectively the real '600 pound housing gorilla' which is currently being largely ignored, and inadvisably so. This category will consist of two main types of settlements:

- A) Those with some potential for conventional upgrading and which are technical viable but for which there is likely to be a delay in securing funding.
 - B) Those which are likely to be difficult or impossible to upgrade conventionally due to their being located on land which is marginal in many senses (eg: steep, lacks correct zoning, overcrowded, difficult to service, poorly drained etc), but where there is no significant immediate risk residents.
- Category C: Those settlements which are at immediate and significant risk (eg: of natural disasters such as flooding or slope slippage or toxic waste or the need to make the land available for highly strategic purposes such as a new airport) and which consequently need to be immediately relocated without delay. It is again anticipated that settlements in this category will constitute a small proportion of all informal settlements (perhaps in the order of 10% of the total).

Two key drivers underlie the above framework: A) Settlements in all categories need to be lined up for some form of developmental response, whether conventional or non-conventional, intensive or consisting only of selective interim relief measures. The working assumption is that is both developmentally and constitutionally unacceptable as well as politically foolhardy to sit back and do nothing about informal settlements. B) Upgrading in-situ and minimising relocations are key principles that should be adhered to whenever possible.

11.5 CUTTING A THOUGHT RIBBON: Launching new political currency

At its most basic level, the political process can be seen as a process of negotiation between the state and civil society. In this relationship, it is essential that the 'wares' with which the state negotiates bear some form of what I would term 'political currency'. This means that both parties perceive the 'wares' to have some value in the negotiating or political contracting process. With regard to informal settlements, the primary form of political currency up until now has been that of housing (in the narrow 'shelter' sense), which is highly problematic since its the one thing the state is poorly positioned to provide. Yet, ironically, the state continues to negotiate with this one outmoded form of currency, to both its own detriment and that of civil society.

It is therefore recommended that the state 'cuts a thought ribbon' and starts a process of launching or branding other forms of political currency which are more appropriate to the real conditions, issues and constraints of informal settlement upgrading. These forms of currency could include many of the alternative upgrade and interim relief interventions outlined above.

Based on interactions with the urban poor it is apparent that they are potentially receptive to considering the value of such alternative forms of currency, especially since many of the alternative forms bear direct relevance to key day to day challenges they face (e.g. shack fires which kill children and poor sanitation which causes disease). It is however imperative that, as part of this process of launching new and alternative political currency, that the brakes are put on the prior currency of housing (in its narrow sense) in one way or another. This essentially means that the state will need to 'come out of the closet' on the real constraints in respect of informal settlement upgrading. A new concept needs to be carefully 'sold' to the urban poor, that housing (in its narrow sense) is no longer the primary currency of exchange of relevance to them. Whilst it might be achieved in some cases or at some point in the future, housing is effectively a right which is conditional on a range of additional factors such as land availability, funding availability, planning and approval issues etc. This does not mean retracting on the promise of housing, but placing it within its appropriate place alongside other forms of development responses and development relief. The concept can also be argued from a perspective of achieving a balance between so-called 'breadth' and 'depth' development approaches.

If this could be achieved, then it would greatly reduce future political pressures and conflicts and would also serve to reduce the 'magnetic impulse' which the promise of housing is exerting in increasing influx into urban area and informal settlements.

11.6 PLANNING: Faster and more streamlined development planning approvals

It is recommended that solutions are rapidly formulated to address the planning and environmental approval constraints that affect both full upgrading and the provision of interim relief measures. Whatever measures are decided upon need to fulfil the following performance criteria:

- Municipalities should not perceive themselves to be constrained in providing interim relief measures (e.g. construction of communal ablution blocks or footpath access ways), even if the underlying land does not (yet) belong to them. There are two issues that affect this:
 - a) The issue of legislative development controls: This could perhaps be addressed by some form of special blanket zoning for all land which is informally settled, thereby giving the municipality the necessary authority to undertake a range of interim development control and relief measures without recourse to any particular planning approval process. Such a zoning would need to contain only basic planning controls and leave significant flexibility in the hands of the municipality. Devolving this planning approval authority to the municipal level would probably be an advantage. Although some municipalities such as eThekweni have already undertaken significant interim interventions, there remain instances where the issue of planning approvals constraints some actions.
 - b) The issue of who owns the underlying land: There appear to be two questions in this regard: 1) the fact that the registered owner owns any improvements made; 2) the possibility of the registered owner objecting to improvements made. In both cases, what is ultimately necessary, is confidence-giving measure which re-assure municipalities that the state will be prepared to act decisively, where

necessary and appropriate, in acquiring the land upon which informal settlements reside, by a combination of private treaty and expropriation. Whilst such acquisition might not be necessary as a precursor to some interim interventions, this would probably be a desirable outcome in the long run, but it does presuppose that some assessment has first been done which indicates that this is a viable route to follow.

- The planning and environmental approval processes relating to informal settlement upgrading (whether existing or new) need to be prioritised and fast-tracked instead of having to 'stand in line' along with all other development approval processes. This points to a lack of capacity within various organs of the state currently responsible for such approvals and the need to either bolster capacity or radically streamline the process as it relates to informal settlements.

11.7 MORE PARTICIPATIVE APPROACH: Working in partnership and collaboration with the urban poor

It is recommended that more participative approaches to informal settlement upgrading and relief measure provision be utilised, not only because development responses need to be informed by a proper understanding of settlement dynamics, but also because mobilising social capital is critical to success. This includes accessing the value that de-facto settlement management and leadership structures can play in planning and managing the development process.

In practical terms this implies that there needs to be extensive interaction with residents, typically through the de-facto leadership structures, but also at times including mass meetings. Workshops on social and technical issues are required. A socio-economic survey or settlement enumeration process is also highly desirable (preferably supplemented by focus groups) in order to better understand settlement dynamics, livelihood strategies, and existing assets and needs.

The approach needs to be one of partnership, without which neither full upgrades nor interim relief measures have realistic chances of success.

11.8 ONE POT OF FUNDING: The need for more streamlined funding

It is recommended that a single funding mechanism be put in place, both for full upgrading and for the provision of interim relief measures.

As previously indicated, the fact that funding is available from a range of different sources makes it very difficult, and sometimes impossible, to patch together the necessary funding to make informal settlement projects happen, whether they consist of full upgrading or interim relief measures.

There are probably a range of different ways that this could be arranged which might include the following, or a combination of them:

- The establishment of a special, flexible fund for informal settlement upgrading which is capitalised either directly by treasury or via provisions off the budgets of different departments. Funding would then need to be made available directly to municipalities based on proposals submitted. The portion relating to interim relief measures could potentially go through a mechanism similar to that for equitable share whilst the portion for full upgrading could conceivably still flow through provincial housing departments. However the approval process needs to be radically streamlined.
- The accreditation of municipalities and provision of funding in significant up front tranches based on up-front housing plans.
- The provision of bridging funding which is retrospectively recovered from line function departments.
- The transfer of annual blocks of funding from line function departments to municipalities based on up front plans.
- The establishment of a single mechanism for reporting back and accounting on how funding has been utilised (instead of multiple reports and accounts to different funding sources).

11.9 LAND ACQUISITION: Prioritise and fast-track

It is recommended that, as part of housing and informal settlement planning a range of critical steps relating to land acquisition be taken which should include the following:

- A. Priorities need to be set in respect of land acquisitions, both in respect of land already settled as well as vacant land for future development (in respect of which due consideration should be given to emerging / future economic nodes in order to anticipate areas which in future might be suitable from a locational perspective).
- B. Funding mechanisms need to be radically streamlined, given that the current mechanisms for accessing land funding are tortuously slow and often result in the collapse or compromise of projects (e.g. slow release of DLA funding).
- C. More streamlined mechanisms for rapid land acquisition need to be put in place, whether by private treaty or expropriation or a combination of the two. This requires a combination of the necessary funding as well the necessary skills and human resources. It is noted that the process can be considered as consisting of three phases: 1) project pre-feasibility including land audit and land acquisition viability assessment; 2) land valuations and land negotiations; 3) land acquisition via private treaty and / or expropriation. Pilot projects within eThekweni (eg: Cottonlands, Namibia Stop 8 / Haffajee's Land, and Amaoti are instructive in this regard).
- D. Expedite the release of suitable land already owned by the state but often blocked for a range of reasons including administrative inefficiencies, poor interdepartmental communications (e.g. with Public Works), or a failure to adequately finalise land use plans.

11.10 TENURE: Utilise alternative forms and limit full title

It is recommended that, as part of housing and informal settlement planning a range of critical steps relating to tenure be taken which should include the following, it being emphasised that certain forms of tenure require that the land first be acquired (see above):

- A. Priorities need to be set in respect of settlements requiring full title and those where full title is not necessary or appropriate (the latter would probably be the majority of settlements).
- B. Alternative tenure forms need to be considered which could include the following, and which can create the platform for future tenure upgrade if its is considered appropriate and functional:
 - Municipality holding ownership without any transfer to residents;
 - Local development committee continues to regulate occupational rights informally, as typically occurs;
 - Local development committee regulates occupational rights by means of a formal register, a copy of which might be provided at regular intervals to the municipality;
 - Local register maintained by the municipality (e.g. via a decentralised municipal office) in which case certificates of occupation could be issued (in this scenario, the municipality would probably first have to be the landowner). It is noted that such local registration can assist people in accessing welfare grants and can also facilitate the more effective resolution of disputes. It is further noted that other tenure advantages, such as accessing bond finance, occur much further down a notional progression of forms of title.
 - It is noted that the much touted concept of a communal property associations (CPAs) is regarded as probably being incompatible with most informal settlement environments.
- Additional tenure recommendations proposed to the Department of Housing in 2004⁴⁵ include:
 - Decriminalising 'explicitly and publicly informal land occupation, informal land use and informal construction';
 - Use of tenure forms such as 'common-law lease (regulated under the Rental Housing Act) or a *commadatum* (gratuitous loan for use) already available under South African common law'.
 - Creation of a new tenure form by means of repealing 'existing provisions of the Development Facilitation Act that are directly relevant to informal settlement upgrading...'

⁴⁵ University of Witwatersrand (M Huchzermeyer et al) (2004)

11.11 AREA BASED / LOCAL MANAGEMENT: More effective and responsive local level management and decision making and harnessing the necessary capacity

It is recommended that more effective local or area-based planning and decision making structures be put in place in order to address the issue of informal settlements. This is essential in order to ensure more streamlined, creative and situationally responsive planning and decision making, it being emphasised that the conditions and dynamics vary significantly from one informal settlement to another. The critical factor is that the current constraints to effective local planning and decision making are overcome. These constraints include the following:

- A lack of integration and co-ordination in the way development is undertaken at the local, area level.
- Problems with ward development committees and ward councillors: Many local decisions are currently channelled through ward development committees under the leadership of ward councillors. Such structures tend to be political in nature and in addition they typically lack the sort of technical project expertise that can be expected of officials. There are also recurrent problems with the roles of ward councillors who are sometimes not from the area itself and who are often only visible and active in and around election times. In many instances, those within settlements do not believe that ward councillors and their committees understand them or interact with them sufficiently.
- Existing spatial plans (such as SDFs and IDPs) are typically broad-brush and are not usually very useful in dealing with specific local areas or settlements.
- Many key decisions are made at a fairly high and central level within the municipality and are insufficiently informed by proper information in respect of local technical factors and, more importantly, local settlement dynamics.

There are a range of possible approaches that could be adopted in order to achieve the above objective which might include the following, or a combination of them:

- The deployment of dedicated municipal personnel (a small team) to deal with specific local areas where informal settlement is concentrated. In practical terms, this probably necessitates the allocation of between one and three people within the municipality who have sufficient time and who are tasked with the management, planning and oversight of an area (which might consist of one of several settlements). A mandated team leader is required and the team must be tasked with such matters as: a) acquiring basic technical and social information in order to broadly profile the settlement(s); b) categorising settlements as per the above-mentioned framework and developing basic action plans (either for full upgrading or interim relief measures); c) reporting back to Council and making recommendations on budget allocations. It would be highly beneficial if such a local structure has access to a budget and the mandate to manage such a project and implement local responses.
- The establishment of a special purpose vehicle (SPV) which could in turn take various forms such as:
 - The establishment of a small local SPV with a limited and clearly defined mandate in respect of addressing informal settlement in an integrated, flexible and holistic fashion. This could be in the form of a partnership with either NGOs, CBOs, the private sector, or a combination of these.

- The establishment of a significant and highly resourced area-based agency or mega-project such as the Cato Manor Development Association, Alexandra Renewal Project, or eThekweni ABM's with a broad developmental mandate. This option should be approached with caution and only where the scale of the local challenge warrants it (given the required overhead costs and lead-in time).

Critical success factors, irrespective of the approach taken will be:

- The requisite *human resources and capacity* need to be rapidly accessed. This is critical given the significant capacity constraints outlined earlier in this paper and because working with informal settlements requires specific skills, experience and competencies which are in scarce supply. Partnerships with the private sector and NGOs are considered as being essential, in which case a conducive environment must be created for their involvement.
- *Flexible development funding* needs to be rapidly available.
- *Key government departments need to participate and co-operate* (e.g. Education, Health, Economic Development).
- *A close and participative working relationship with the actual community leadership* for each settlement on the ground needs to be forged. It would also be advantageous if basic capacity building was provided to local structures, especially when there is potential funding becoming available to implement development interventions. It must however also be acknowledged that the leadership of some settlements might be problematic (e.g. run by mafia lords) and in such instances the initiation of development responses might require deferral or the responses might need to be limited in nature. The underlying concept must be one of partnership between state and local civil society structures, and in the absence of such partnership, effective development will be difficult to achieve.

11.12 GET AHEAD OF THE GAME: Acquire, plan and service strategically located land to address future influx and thereby limit future informal settlement growth

It is important that strategically located land, suitable for low income settlement, be identified, acquired, planned and serviced in anticipation of future influxes and informal settlement growth. This also serves to anticipate future growth nodes, which will become well-located in respect of such factors as access to employment opportunities, in the future. This needs to consist of the following main elements:

- Rapid assessment and identification of suitable land relative to existing informal settlement, transport linkages, existing employment opportunities and future growth nodes (e.g. Dube Trade Port in eThekweni).
- Prioritisation of land parcels for acquisition and rapid assessment (pre-feasibility level) to determine development potential (e.g. bulk services, geotech, restrictive conditions, topography, housing yield etc).
- Rapid acquisition of prioritised land by private treaty and / or expropriation, it being noted that the availability of funding for such acquisitions and the related technical work that accompanies them, will be a key factor.
- Preliminary planning and service layouts for targeted land parcels and the acquisition of the necessary planning and environmental approvals (e.g. via the DFA). Such planning

would need to take into consideration the preference for more integrated, mixed suburbs, both in respect of mixed income levels (affordability) as well as provision for the appropriate social facilities and amenities (e.g. health, education, welfare, recreation, etc).

- Servicing of certain acquired land parcels (not necessarily all of them) in anticipation of:
a) future demand / influx; b) relocations arising from full upgrades; c) voluntary relocations of those currently residing in over-populated informal settlements.
- Provision of low income housing on certain land parcels (not necessarily all of them) depending on funding availability, projected demand / backlogs and other factors.

It is noted that the above process will in all likelihood have two major thrusts: A) The acquisition of land parcels to address immediate informal settlement demand issues, in which case a more rapid and less heavily planned process would be appropriate. B) The acquisition of land parcels on a more strategic basis to address medium term projected demand. In this case it is possible that the land parcels current location might not yet be ideal (e.g. Dube Tradeport area), but the desirability of the location is expected to improve in the near future (e.g. as occurred with the Waterloo green-fields project near Veralum in eThekweni, whose peripheral location ten years ago was not very favourable, but which is now considered well located with significant levels of housing consolidation being achieved by residents).

11.13 THE STATE'S CAPACITY PROBLEMS: Address acute management, skills, corruption and performance problems

It is recommended that so-called 'capacity constraints' within the state receive to priority given their all pervasive nature and the impossibility of effecting improved delivery methods if they are not addressed (refer to section 7.6 above for further details). A range of practical measures would greatly assist in addressing the situation including the following measures, which can be conceived of as a two-pronged approach:

A. Directly address the state's capacity issues by means of:

- Ensuring greater attention to skills and competencies when recruiting staff (especially at management and senior management levels).
- Encouraging personnel in key (top and senior) positions to remain in such positions for at least 7 to 12 years in order to facilitate continuity.
- Ensuring that authority is delegated down the management chain and that personnel are then also held accountable against delegated authorities (this includes holding top personnel such as HODs and MECs accountable for failures and non-delivery).
- Sticking to management and decision making systems instead of constantly changing them (and only make changes where essential and based on careful consideration - instead of forming processes around specific personalities who come and go).
- Having simple and standardised application packs and procedures can assist in streamlining decision making processes.
- Changing the mindset of working '9 to 5' on weekdays only, as working with informal settlements requires that some officials will need to put significant time in outside of normal work hours (i.e. evenings and weekends).

- More actively promoting values such as nation building, professionalism and delivery excellence with the civil service.

A. Harness private sector and NGO capacity via constructive partnerships and incentives by means of:

- Accepting that the state does not currently have the internal resources to address the challenge without significant assistance.
- Promoting a realisation that working with informal settlements requires a range of particular skills, competencies and experience across different skill areas which are in scarce supply (e.g. facilitators, planners, architects, project managers).
- Considering how such capacity can be built at a local, area level, where concentrations of informal settlement exist.
- Creating a more conducive procurement framework for not-for profit NGO and CBO partnerships, whose involvement is currently hampered by onerous procurement frameworks designed for the for-profit private sector.
- Decentralising decision making in general and in particular leaving local decision making structures (of whatever kind) with latitude and flexibility to access, allocate and spend funding without excessive red tape.

11.14 MONITORING AND EVALUATION: Evaluate programme effectiveness and hold municipalities / provinces accountable to deliver

It is critical that there is effective monitoring and evaluation of informal settlements programmes, especially to determine the qualitative impacts that they are achieving (or not achieving) over time and to ensure that there is continuous learning and improvement. It is inadequate to measure programme success merely on the number of housing subsidies approved and the number of houses built.

In particular, there needs to be ongoing performance evaluation of provincial housing departments and municipalities in implementing the programme to ensure that they are not continuing to bypass the informal settlement issue in favour of easier and more convenient projects.

It is recommended that municipalities and provincial governments who fail to meet specific targets in respect of both full upgrading and the provision of interim relief measures should face some form of penalty. Conversely, strong performance should be actively rewarded and encouraged. This would represent a material step forward, since at present there is limited pressure or incentive to tackle informal settlement issues, aside from the direct pressure from the grassroots.

11.15 TRANSPORT: Consider innovative approaches to various transport solutions in order to mitigate access and locational problems

Whilst a separate position paper has been compiled relating to the issue of transport, it needs to be emphasised that, since factors of access and location are the major drivers of informal settlement, that transport strategies and solutions which cater for the poor are a critical area which requires more attention. This would include the provision of subsidised or free transport to and from settlements in order to facilitate access to social amenities and employment opportunities elsewhere. This would apply equally to de facto informal settlements (to stabilise them) as it would to new green-fields developments or per-urban settlements (in order to reduce the push factors which might cause residents to take up informal settlement residency in the future).

11.16 BACKYARD SHACKS & RENTAL FOR THE POOR: Decriminalise backyard shacks and encourage extensions and consolidation of existing township houses to expand rental accommodation for the poor

It is recommended that rental and tenancy in backyard shacks and within townships and low income housing projects be decriminalised and rather seen as an opportunity to be supported where appropriate. Significant numbers of the urban poor reside in such forms of accommodation which are important, not only because they provide significant accommodation to the urban poor, but because they also generate significant income for the landlords, most of whom are themselves poor or relatively poor. Stats SA estimate that there were almost 600 000 households living in backyard shacks in South Africa in 2007⁴⁶. Recent research undertaken via Urban LandMark showed that the renting of backyard shacks and rooms can provide access to shelter and services in well-located areas at an affordable cost⁴⁷.

A range of proactive actions and interventions related to this phenomenon therefore need to be considered. One such intervention which is considered to hold significant potential is that of facilitating private sector / bank finance to township residents in order to enable them to consolidate / extend their homes, thereby creating additional rental accommodation. This might well represent a significant and as yet largely untapped housing opportunity for South Africa, and one which has the potential to significantly impact on current housing backlogs in general and demand for space within informal settlements in particular. It is likely that some initial intervention by the state would be beneficial to enable this to occur (e.g. in profiling the demand, providing some limited form of guarantee / first risk on initial pilot projects, funding additional project management and facilitator capacity, facilitating streamlined delivery and construction methods). Several pieces of research have been conducted in relation to this issue and there have also been some small pilot projects are currently underway.

⁴⁶ Statistics South Africa, 2007

⁴⁷ : Urban LandMark, 2008

REFERENCES

- Shisaka Development Management Services (M Nel and others)(2003): *Workings of Township and Residential Property Markets*
- University of Witwatersrand (M Huchzermeyer et al) (2004): *Study into supporting informal settlements* (prepared for the Department of Housing).
- M Huchzermeyer (2007): *KZN Slum Elimination Bill: A Step Back*.
- Hindson, D and J. McCarthy (eds), 1994. *Here to Stay ...Informal Settlements in KwaZulu-Natal*. First edition. Indicator Press, University of Natal, Durban
- DAG (Development Action Group) (2007): *Living on the Edge: A Study of the Delft Temporary relocation Area*. Cape Town: Development Action Group.
- Durand-Lasserve, A. (1999) *Benefits of regularizing informal settlements, Habitat Debate* 5(3): 13-15.
- Lanjouw, J.O. and Levy, P.I. (1998) *A Study of Formal and Informal Property Rights in Urban Ecuador*, Discussion Paper No. 788. New Haven, CT: Economic Growth Center, Yale University.
- Payne, Geoffrey (2003) *Getting Ahead of the Game: A Twin Track Approach to Improving Existing Slums and Reducing the Need for Future Slums*, paper presented at Urban Research Symposium 2003: "Urban Development for Economic Growth and Poverty Reduction", World Bank, Washington, D.C., 15-17 December 2003.
- Smit, W. (2005): *10 Things to Remember about Informal Settlement Upgrading*, presentation at Development Action Group seminar, Cape Town, 5 May 2005.
- Smit, W. (2006): "Understanding the complexities of informal settlements: Insights from Cape Town", in Huchzermeyer, M. and Karam, A. (eds): *Informal Settlements: A Perpetual Challenge?* Cape Town: Juta. pp. 103-125.
- SACN (South African Cities Network) (2006): *State of the Cities 2006*. Johannesburg: South African Cities Network.
- Statistics South Africa (2007): *Community Survey 2007: Municipal Data on Household Services*. Pretoria: Statistics South Africa.
- UNCESCR (United Nations Committee on Economic, Social and Cultural Rights) (1991): *General Comment No. 4*, United Nations, New York.
- UN-Habitat (2004) *Dialogue on the Urban Poor: Improving the Lives of Slum-Dwellers*, paper prepared for the World Urban Forum, Barcelona, 13-17 September 2004.
- Urban LandMark (2007a): *Do Informal Land Markets Work for Poor People? An Assessment of Three Metropolitan Cities in South Africa: Synthesis report*, report prepared by Isandla Institute, Stephen Berrisford Consulting and Progressus Research and Development for Urban LandMark. Pretoria: Urban LandMark. [available at <http://www.urbanlandmark.org.za>]
- Urban Landmark (2008): *Analysis of Qualitative Survey on Accessing, Holding and Trading Land: Synthesis Report*, draft report prepared by Warren Smit for Urban LandMark.
- Rutsch, von Riesen, Ntseng, Gori et al: *Alternative Extra Legal Land Market in KwaZulu Natal...Their Existence and Role in the Land Registration Process* (October 2003)
- RUSU and PPT: *A Case Study in the Durban Metropolitan Area: Informal Settlements in Sydenham & Clare Estate* by RUSU and PPT, Durban, 1999?
- City of Cape Town (2006): *State of Cape Town 2006: Development issues in Cape Town*. Cape Town: City of Cape Town.

- Fourie, C. (2001) "Land and property registration at the crossroads", *Habitat Debate* 7(3): 16.
- HLCLEP (High Level Commission on Legal Empowerment of the Poor) (2006): *Overview Paper*. New York: United Nations Development Programme.
- KwaZulu-Natal Provincial Government (2008): *Appropriation Bill, 2008*. Pietermaritzburg: KwaZulu-Natal Provincial Government
- Magni, P., Rutsch, P. & Von Riesen, A. (2002): *Informal Land Markets and Tenure Security in South Africa - The Experience of Folweni in KwaZulu-Natal*, paper presented at the Planning Africa 2002 Conference, Durban, 17-20 September 2002.
- National Department of Housing (2008): www.housing.gov.za [accessed 31 March 2008]
- National Treasury (2007): *Provincial Budgets and Expenditure Review 2003/04 - 2009/10*. Pretoria: National Treasury.
- National Treasury (2008): *2008 Estimates of National Expenditure*. Pretoria: National Treasury.
- Payne, Geoffrey (2003): *Getting Ahead of the Game: A Twin Track Approach to Improving Existing Slums and Reducing the Need for Future Slums*, paper presented at Urban Research Symposium 2003: "Urban Development for Economic Growth and Poverty Reduction", World Bank, Washington, D.C., 15-17 December 2003.
- SACN (South African Cities Network) (2006): *State of the Cities 2006*. Johannesburg: South African Cities Network.
- Smit, W. (2004): *International Trends and Good Practices in Housing: Lessons for South African Housing Policy*, paper presented at the Institute for Housing in South Africa International Conference on "Housing in the Next Decade: Quo Vadis?", Cape Town, 3 to 6 October 2004.
- Smit, W., Smith, H. & Samaai, S. (2000) *Investigation of the Various Types of Tenure Applicable to Affordable Housing in the Cape Metropolitan Area*, report prepared by the Development Action Group for the Cape Metropolitan Council Housing Department. Cape Town: Cape Metropolitan Council.
- Statistics South Africa (1998): *Census in Brief: The People of South Africa, Population Census, 1996*. Pretoria: Statistics South Africa
- Statistics South Africa (2003): *Census in Brief: Census 2001*. Pretoria: Statistics South Africa.
- Statistics South Africa (2007): *Community Survey 2007: Municipal Data on Household Services*. Pretoria: Statistics South Africa.
- UNCHS (United Nations Centre for Human Settlements) (1991): *The Incremental Development Scheme: A Case Study of Khuda-Ki-Basti in Hyderabad, Pakistan*. Nairobi: UNCHS.
- Urban LandMark (2007a): *Do Informal Land Markets Work for Poor People? An Assessment of Three Metropolitan Cities in South Africa: Synthesis report*, report prepared by Isandla Institute, Stephen Berrisford Consulting and Progressus Research and Development for Urban LandMark. Pretoria: Urban LandMark. [available at <http://www.urbanlandmark.org.za>]
- Urban LandMark (2007b): *Voices of the Poor: Synthesis and Recommendations*, report prepared by the Development Action Group for Urban LandMark. Pretoria: Urban LandMark. [available at <http://www.urbanlandmark.org.za>]
- Urban Landmark (2008): *Analysis of Qualitative Survey on Accessing, Holding and Trading Land: Synthesis Report*, draft report prepared by Warren Smit for Urban LandMark.

- Walker, N. (2004): *Towards a More Appropriate Approach to Tenure - the New Rest Case Study*, presentation at the University of the Witwatersrand Workshop on "The perpetuating challenge of informal settlements", Johannesburg, 8-10 November 2004.
- Walker, N. et al. (1993): *Overview of Housing Delivery Systems in South Africa and Selected International Case Studies*. Johannesburg: National Housing Forum.
- National Department of Housing (2008): www.housing.gov.za [accessed 31 March 2008]
- National Treasury (2004): *Trends in Intergovernmental Finances: 2000/01-2006/07*. Pretoria: National Treasury
- National Treasury (2008a): *Budget Review 2008*. Pretoria: National Treasury
- National Treasury (2008b): *Estimates of National Expenditure 2008*. Pretoria: National Treasury
- Statistics South Africa (1998): *Census in Brief: The People of South Africa, Population Census, 1996*. Pretoria: Statistics South Africa
- Statistics South Africa (2007): *Community Survey 2007: Municipal Data on Household Services*. Pretoria: Statistics South Africa.