



30th March 2012

The NPC Administrator

The Office of the Presidency
National Planning Commission: Secretariat
National Planning Commission
Private Bag X1000,
PRETORIA, 0001,
By email: comments@npconline.co.za

CC: **Bea Drost** - Bea@po.gov.za

CC: **Philip Harrison** - Philip.Harrison@wits.ac.za

Summary PPT Submission to the National Planning Commission: Chapter 8 - Human Settlements

Contents

0. Introduction
1. Issue 1: Project Preparation and MTEF Project 'Pipelines'
2. Issue 2: Participative Local Area Planning and Governance
3. Issue 3: Getting Informal Settlement Traction through Rapid Rollout of Basic Services
4. Issue 4: Densification and Related Funding
5. Issue 5: Accommodating State Capacity Limitations
6. Key Strategic Thrusts for NDP Chapter 8

Annexures

Annexure 1: National Housing Policy / Programme Rethink Project - Key Issues Arising from Draft Inception Report

0. Introduction

PPT commends the National Planning Commission for the work it has undertaken. The feedback contained in this submission is intended to assist the Commission in refining and strengthening the National Development Plan and in particular Chapter 8. The feedback provided by PPT in this submission is summary in nature and focusses on a few selected issues which are regarded as being most critical and ‘catalytic’ in their ability to produce meaningful change at scale. It is also practical in orientation and is provided within the context of our extensive experience in preparing and planning a wide range of developmental projects at scale in various parts of South Africa and in working closely with a wide range of government, private sector and civil society stakeholders.

PPT has a proven track record of more than 17 years and that its programme focus includes informal settlements, infrastructure, low income housing, special needs housing, pro-poor local economic development, selected policy and strategy work, and training and capacity building. To date, PPT has successfully leveraged R1.45 billion in capital funding for 148 pro-poor projects benefiting 93,850 disadvantaged households and is currently preparing 118 projects with a capital value of R1.77billion benefiting 125,664 disadvantaged households. The overall capital gearing on PPT’s preparation funding is 68:1 and on its operating overheads 61:1. For more information on PPT please refer to www.pptrust.co.za.

It is noted that PPT, in collaboration with Urban LandMark, have recently been appointed by the National Department of Human Settlement’s Research Directorate to assist in ‘rethinking’ the National Housing Policy / Programme. The contents of the draft Inception Report for this research project have direct relevance to Chapter 8 and to this submission and excerpts from it are therefore contained in **Annexure 1**. The preliminary ‘diagnostic’ in respect of causal problems as well as the philosophical ‘organising centres’ for human settlements policy are noted. The full report is available upon request.

1. Issue 1: Project Preparation and MTEF Project ‘Pipelines’

1.1. Commentary:

The importance of more effective and systematic project preparation and its crucial role in bringing about improved service delivery, better planning, greater citizen participation, better integration and stronger local governance in South Africa does not receive sufficient attention in the Chapter.

A lack of effective and systematic project preparation (including thorough pre-feasibility and feasibility work) is a major driver of service delivery backlogs, poorly conceptualized projects, weak participation and failures to spend allocated capital budgets. There is a growing recognition and consensus in this regard, for example: a) Treasury guidelines have clearly linked effective budgeting and expenditure with systematic project preparation (‘project appraisal cycle’ consisting of ‘project identification’, ‘pre-feasibility’ and ‘feasibility’)¹; b) the CIDB’s 2011 practice notes and ‘gateway processes’ place a high

¹Treasury Guidelines Preparation of Expenditure Estimates for the 2011 Medium Term Expenditure Framework’ June 2010.

priority on project preparation and how it relates to government procurement; c) evaluative work undertaken by the Support Programme for Accelerated Infrastructure Delivery (SPAID) in 2007² also confirmed this.

The specific factors which result in a failure to adequately plan and prepare projects include:

- **Insufficient appreciation within the State of the importance of project preparation** and what it entails.
- **A lack of (accessible) funding for project preparation** which is consequently typically done at risk.
- **Poor project selection and prioritisation** (often politically driven).
- **A lack of clearly defined, consistent and enforced specifications for project preparation** (feasibilities) for different types of projects (required to be met prior to the commitment of capital budget).
- A gross **under-estimation of the time-frames for all project processes** (preparation and implementation).
- An associated **lack of appreciation for the 'lead-in time-frames'** with projects often only assigned to budgets in the year in which the capital budget must be spend (with resultant failure to spend).

Closely related to the above, is a general failure to **link MTEF and other budgets to reliable and 'bankable' project pipelines** which are informed by systematic preparation. This in turn results in a common failure to spend budgets and a related lack of delivery. In addition, the **project pipelines tend to be very 'thin'** due amongst other things unrealistic timeframe expectations and last minute planning (usually linked to the pressure to expend budgets). The reality is that **project pipelines move more slowly than the political expectation and therefore need to be 'fatter'** (consisting of a greater number of projects at various stages, including in the planning and preparation stages).

Project preparation relates directly to and substantially addresses a wide range of issues raised in the Chapter 8 of the NDP including:

- development not responsive to specific local conditions,
- uniform responses,
- resource inefficient development,
- weak participation,
- institutional capacity constraints,
- under-emphasis on the public realm,

²SPAID 'Report # 04': ' Investigating the Need & Basis for a Capital Projects Expediting Facility for the Infrastructure Sector in South Africa'

In addition, systematic project preparation has **many other important benefits** including that it:

- **Ensures that projects are appropriately selected and conceptualised;**
- **Ensures sufficient community participation;**
- **Identifies and eliminates risks as early as possible;**
- **Reduces the costs of implementation** by preventing non-ready projects from moving into the implementation phase, by mitigating risks earlier and more cheaply, or by ensuring more appropriate concepts;
- **Promotes better integrated and more sustainable projects;**
- **Reduces the potential for corruption** as project concepts, costs and scopes of work are clearly defined prior to implementation and there is thus a clear framework within which to procure service providers and hold them accountable.

1.2. Recommendations:

- **Project preparation should be budgeted for** and funding made available for the preparation of a range of project types (e.g. informal settlement upgrading, low income housing, urban reconstruction and densification etc.).
- **Clear specifications** for the preparation of different types of projects should be put in place including for the **requirements at the budgetary 'gates'** at conditional and full capital approval stages.
- **Capital budgets should only be firmly committed once full and conclusive feasibility work has been completed** demonstrated project viability and appropriateness.
- **MTEF budgets and associated project pipelines cannot be static and need to be reviewed and revised** as feasibility and even design work on pipeline projects is completed.

Ideally:

- Projects should only be confirmed on an MTEF on the basis of a pre-feasibility (principally focusing on project risk factors) and this should then be regarded as a **'conditional' capital approval** (subject to completion of feasibility).
- The **final capital approval / allocation of the capital** for the project should only occur once a full feasibility report which meets defined specifications is submitted and approved.
- Projects nominated onto MTEF's based only on political prioritization should be regarded only as **preliminary budget allocations**.
- **In order to acquire the requisite number of deliverable projects, more projects need to be subjected to preparatory / feasibility work than can be funded with available capital budgets** (since some projects may prove unviable or need to be put onto a slow track). *For example, a pipeline of 20 housing preliminary assessments may yield 10 pre-feasibilities which may in turn yield 7 feasibilities which may in turn yield 5 bank-able projects.*
- **Budgeting cycles longer than 3 year MTEF period are necessary** for many projects which have a life-cycle which exceeds three years such as low income housing, informal settlement upgrading and urban densification. In the case of urban housing, projects typically take between 8-10 years from inception to close out).

2. Issue 2: Participative Local Area Planning and Governance

2.1. Commentary:

Whilst there is a significant and welcome focus on spatial planning, there needs to be a greater emphasis on local area level integrated participative planning and related governance (e.g. urban management in the urban context). Much focus in the Chapter is on 'high level' spatial planning and integration. Whilst this is important, historically the spatial planning at this 'higher level' has been less of a problem than the lack of such planning at the local area level. IDP's and SDF's tend to be broad and 'big picture' in nature and do not answer the challenge of local area-level integration. The main **pre-requisites** for this to be realized are:

- Clear **determination of the functional priority local areas** ('precincts' or 'sub-precincts') which require integrated planning and strengthened participation and governance (e.g. urban management).
- Recruitment or procurement of the necessary **professional facilitation capacity** to undertake initial multi-sectoral engagement and participative planning (focused on priority practical multi-sectoral responses) and to provide sustained follow through over time (this is not about once off projects or initiatives but multiple and mutually reinforcing responses over sustained periods of time). It is emphasized that ward councilors and ward development committees cannot effectively perform this role unsupported.
- **City / municipal level co-ordination structure** with programme management capacity to co-ordinate and enable multi-sectoral responses and to budget and plan accordingly (e.g. relating to basic services, health responses, early childhood development, local economy etc.).

It is noted that there is a close relationship between effective project preparation and community participation and that adequate time needs to be provided for this to occur. The benefits include:

- **situationally responsive project concepts;**
- **better integrated development** (e.g. multi-sectoral);
- sense of **local ownership of project concepts** (amongst other things reducing the risk of later conflicts during implementation);
- **more active citizenry;**
- potential **leverage of social capital** (e.g. community savings and community based maintenance);
- potential **leverage of local economy** (e.g. informal enterprise).

2.2. Recommendations:

Recognise and prioritise the accommodation of the above pre-requisites as part of City / municipal planning and governance processes (including budgetary provision for them to occur).

3. Issue 3: Getting Informal Settlement Traction through Rapid Rollout of Basic Services

3.1. Commentary:

The Chapter correctly identifies, that ‘despite the new focus on informal settlement regularization and upgrading at national level, there is still a high level of ambivalence towards informal settlements across spheres of government, and the capacity and implementation mechanisms to achieve the national objectives are still poorly developed locally’. Despite the appropriate objectives being enshrined in Outcome 8, most municipalities and provinces are continuing with business as usual (i.e. top-structure delivery focus along with title deeds and full services). In addition there are the following **key obstacles:**

- **A lack of adequate information (profile-level) about specific informal settlements,** sufficient to enable adequate developmental decision making. There is also a lack of funding to undertake such work and insufficient capacity within municipal and provincial spheres of government to expedite it in house.
- **A pre-occupation with making land acquisition a pre-requisite** for the delivery of basic services. Where land is not already owned by the State this will effectively block rapid responses, since land acquisition is an inherently slow and fraught process. For example, eThekweni’s innovative interim services programme is effective because it provides basic services independent of land acquisition (even on private land). This enables relatively rapid rollout at scale.
- **A pre-occupation with formal tenure (title deeds)** it being noted that such tenure is fundamentally incompatible with the rapid delivery basic services and situations of informality and that more basic forms of functional tenure such as administrative settlement recognition are more appropriate as a first step.
- Need to **increase budget for the USDG** since this is currently the only grant instrument which is work-able for the rapid rollout of basic services. This may entail making increased allocations from Housing Development Grant (HDG).
- **UISP grant instrument not work-able for rapid basic services delivery:** The Upgrading of Informal settlements Programme (UISP) is limited in that (in its current form) it is only suitable for an incremental upgrade which is moving in the near term towards a full upgrade (housing and tenure delivery). For example: a) it cannot separate basic services from top-structure delivery; b) it requires land acquisition too early in the process; c) it significantly under-budgets the ‘interim services’ stage (to a point where no meaningful basic services could typically be provided); d) it is premised upon formal tenure (title deeds) whereas more rapid and basic tenure forms such as administrative recognition are necessary.
- **Problematic concept of ‘interim’ services** since this implies a medium term transition to a full upgrade (top-structures and formal tenure) which in most instances will in fact not be achieve-able. The alternative concepts of ‘basic services’ or ‘emergency services’ are more appropriate and less likely to create unrealistic community expectations and associated pressures.

- **Problematic concept of ‘informal settlement regularisation’** since this implies control and formality. Informal settlements are by their nature ‘irregular’ and attempts at regularisation are likely to be challenging and not always accepted by local informal settlement residents. Alternative concepts are those of ‘informal settlement transformation’ or ‘proactive informal settlement management’.

3.2. Recommendations:

- **The above obstacles should be responded to and accommodated.**
- **Rapid assessment and profiling of all informal settlements should be prioritized and expedited** as this is a pre-requisite to determining appropriate developmental responses and priorities (including basic services provision).

4. **Issue 4: Densification and Related Funding**

4.1. Commentary:

The Chapter correctly identifies the problem relating to the delivery of ‘uniform housing developments, which do not offer a range of housing and tenure types to support the needs of different households’ as well as the need to promote increased urban densities which accommodate the urban poor and promote more efficient settlement patterns which amongst other things enable greater public transport efficiency. The realization of this is however constrained by an **inadequacy of capital funding (current housing subsidies insufficient)**.

‘**Densified’ low income housing** is regarded as consisting of double story, attached units with a partially or completely pedestrianed layout and with care taken to ensure proper urban design and inter-connectedness to the precinct and City within which it is located (e.g. w.r.t public transport and key social services).

It is emphasized that there is a **fundamental challenge in providing rental housing to the poorest of the poor (whether through social housing or CRU’s)**, although this is often mooted as a solution. The challenges include a lack of capacity to own, operate and manage such stock (insufficient social housing institutions and state capacity); the inability (or at times unwillingness) of the urban poor to pay the rentals which are necessary; the inability of the State to adequately collect rentals on stock which it owns (e.g. hostels or CRU’s). Individual ownership of such stock is therefore considered more scale-able, the key imperative being to develop a built form which is more sustainable and appropriate, even if there may be uncertainty as to how this stock is traded within the housing market.

As far as **upgrading informal settlements using ‘densified’ housing typologies** is concerned (i.e. replacing informal settlements in such priority precincts with densified low income housing) it is emphasized that this cannot be done in a basic services-led incremental fashion. A complete rebuild is

required. It is noted that the densities achievable through a densified upgrade (e.g. 60-80 gross units per hectare) may not be as high as many dense informal settlements and some relocations may still be required.

4.2. Recommendations:

- The National Department of Human Settlements should consider either a **densification subsidy or a (significant) densification allowance** and 'ring-fence' subsidies or other finance for such strategic purposes.
- Cities / municipalities be required, as part of their housing sector plans, to **identify priority precincts where densification / urban restructuring should be pursued**.
- There needs to be a **clear determination of which informal settlements are located in such priority precincts** and a decision, based on rapid assessment and community engagement, of which should be prioritized for densified low income housing versus basic services.

5. **Issue 5: Accommodating State Capacity Limitations**

5.1. Commentary:

The prevailing capacity limitations within the State are noted in the Chapter 8 and are also generally well recognized. The limitations include: weak co-operation between different spheres of government, weak inter-departmental co-operation with specific spheres, low levels of delegation and accountability, skills shortages, and high staff turnover / 'redeployments' resulting in poor continuity at all levels (especially at the top level). Future strategies and plans need to take these constraints into consideration in a realistic fashion. Whilst current efforts to address these capacity limitations need to continue and be intensified, there is little doubt that the limitations are deeply entrenched and are unlikely to be rapidly resolved. New strategies and plans should therefore not be premised upon change in this regard nor should such change be assumed as a pre-requisite for them. In this context, some of the suggestions arising in the Chapter may not be realistic or easily achievable. For example, whilst the idea of a National Spatial Framework may have merit, it is unlikely that improved communication between national departments will be easily achieved nor that it will necessarily translate into improved co-operation at provincial and municipal levels as this presupposes 'capacity' levels which currently do not currently exist. It should therefore not be too heavily relied upon. It is also noted that the most critical point at which capacity needs to be available and developed is at the local level where development is planned and implemented and where participation and project-level engagement occurs.

5.2. Recommendations:

- **Project, planning and regulatory responses must be kept simple, streamlined and undemanding on the State** (i.e. for the short to medium term the capacity constraints in the state need to be 'navigated around' rather than 'through').

- The **capacity of the private and NGO / civil society** sectors must be more effectively tapped into and the relationships strengthened. This includes:
 - Improving **procurement** (more rapid and appropriate selection of service providers against better terms of reference / tenders).
 - Improving **contract management**.
 - Resolving delays in the **processing of payments** to service providers (in many instances these delays and resultant cash-flow problems result in service providers moving away from working with government).
- This relationship strengthening needs to include the **early (critical) preparation and planning stages** of projects and planning initiatives.
- Consideration should be given as to **how the specialist capacity of the not for profit / NGO / civil society sector can be more effectively tapped**, given that there is currently no special provision for the state to partner with such actors and given that prevailing procurement regulations are typically not appropriate since they are designed for the for profit (private) sector.
- **Continuity in state programmes and approaches** should be encouraged to enable the private / NGO sector to 'gear up' their capacity to respond. The ongoing changes in approach are disruptive and make it difficult for the private sector to develop sustainable business models.
- **Prioritise participative local area planning and governance** and related grant / financial instruments to enable this capacity to be provided (refer to section 2 above).

7. Key Strategic Thrusts for NDP Chapter 8

5.3. Commentary:

Chapter 8 of the NDP would benefit significantly from having clearly defined strategic thrusts (i.e. key objectives or priorities). This would help focus attention on priority actions to which it will hopefully give rise. Given the scale of the issues and prevailing capacity constraints, it is critical that the Chapter clearly defines and distills such priorities. In its current form the Chapter is relatively diffuse even if it provides a relatively sound situational analysis. High level spatial planning (including national spatial planning) tends to receive a disproportionate priority within the Chapter. Whilst it is important, there are also a range of other critical issues which tend to be overshadowed. High level spatial planning on its own does not ensure and enable the transformation of human settlements. Indeed, the track record of high level spatial plans being effectively implemented is poor and many of the current challenges related to human settlement transformation relate to more basic, local level and immediate challenges (e.g. a lack of participative local developmental planning, a lack of project preparation and planning, and grant instruments which are not responsive to local conditions).

5.4. Recommendations:

It is therefore suggested that a dedicated section be created within the Chapter related to key strategic thrusts and that the following be included there:

- **Informal settlements** (more rapid and effective responses including rapid basic services rollout).
- **Urban efficiency and densification** (including transportation and precinct restructuring).
- **Participative local-level planning** (spatial and project focused).
- **Improved grant instruments** (these being the most effective ‘lever’ available to the state which will not over-burden its limited capacity – by changing the conditionalities or requirements significant developmental change can be triggered and new space opened up³).
- **More strategic national budgeting** (e.g. ensure increased allocations to basic services for informal settlements and urban densification; reduce budget allocations for rural housing and instead allocate budget for more relevant rural priorities such as livelihoods, agriculture, health care and education).
- **Streamlined and simplified project, planning and regulatory processes** (this being a medium term objective which will require significant time and state capacity investment to address).

It is emphasized that strategic responses need to be carefully focused on those issues which are most critical and which are most likely to produce significant impact and change at scale. The responses also need to be kept simple and functional taking into consideration the scale of the challenges and the significant capacity constraints within the State to meet them.

Mark Misselhorn
Chief Executive Officer

³ E.g. 1) Make available up-front preparation grant funding to municipalities for a range of human settlement project types; 2) Increase USDG allocation and ensure that a portion is ring-fenced for basic services for informal settlements including for expediting up-front rapid profiling and community engagement; 3) Provide urban densification subsidy or significant special allowance on existing subsidy (see section 4); 4) Provide grant to undertake participative integrated local level planning (e.g. USDG or UISP ‘slice’).

Annexure 1: National Housing Policy / Programme Rethink Project - Key Issues Arising from Draft Inception Report

PPT, in collaboration with Urban LandMark, have recently been appointed by the National Department of Human Settlement's Research Directorate to assist in 'rethinking' the National Housing Policy / Programme. The following are key excerpts / issues arising from the Inception Report which are potentially relevant to the Chapter 8 of the NDP. For more information please refer to the full Draft Inception Report which is available upon request from PPT or the NDHS Policy Directorates:

A. Key Drivers / Performance Criteria

The following four key drivers or performance criteria have emerged as being critical informants of any housing and human settlement policy or programme in South Africa:

- **Poverty reduction** (*responding to the need to: address basic constitutional rights; more rapidly and effectively respond to unmet basic needs and growing pressure at grass-roots; maintain socio-political stability by protecting the interests of the poor within a mixed economy*)
- **Economic growth** (*responding to the need to: sustainably strengthen and grow the economy; make South Africa more competitive regionally and globally; increase the size of the economic 'cake' and ensure that economic growth addresses poverty and contributes to maintaining socio-political stability*)
- **Equality** (*responding to the need to: achieve a more equal and socially just society in which the interests of the poor are more effectively promoted; maintain socio-political stability*)
- **Urban efficiency** (*responding to the need to: create more spatially efficient, energy efficient and economically competitive cities which provide better for the interests and livelihoods of the urban poor and are more inclusive of them*).

B. Two Philosophical 'Organising Centres'

It is apparent that there are two distinct, 'organising centres' or broad philosophical imperatives related to housing and human settlement policy: **poverty reduction and equality on the one hand and economic growth and urban efficiency on the other** (the first tending to be more 'breadth' focussed and the latter tending to be more 'depth' focussed).

Both of these organising centres are regarded as necessary for effective and acceptable housing policy and programmes, yet whilst they in some instances reinforce and support each other, in other instances they compete or even contradict each other. It is therefore not possible to conflate them without the one subsuming, over-shadowing or eroding the other. Instead they both need to be recognised as distinct and both need to be equally prioritised and provided for, at times in different ways.

The differing priority afforded to these two organising centres is at times reflected in the political landscape of South Africa and in the differing perspectives of different actors within and outside

the state. Reconciling and balancing them (but not conflating them) is therefore regarded as a critical success factor in any future housing policy or programme.

C. Underlying Causes of Problems

The following issues are regarded as the most important underlying, 'foundational' *causes* which in turn give rise to a range of subsidiary problems. More adequately addressing or accommodating, these underlying causes is likely to produce productive change in any future course. The extent to which different causal factors can be influenced by housing policy will vary and will be further assessed during the course of the research project. Those causal factors which are both susceptible to such impact *and* relate most closely to the desired future are likely to be focussed on most in the strategy framework phase:

- **Conflation of the dual imperatives ('organising centres') of: 1) poverty reduction / equality and 2) economic growth / urban efficiency:** Both are regarded as necessary organising centres for housing / human settlement policy and programmes, yet at times they are in conflict or competition with each other. Their conflation typically results in both being 'watered down' to the point where they are no longer effective. An example of this is unrealistic expectations of what mixed income residential housing projects can achieve in terms of poverty reduction. Whilst in some instances the imperatives re-inforce and support each other, in others they do not. It is therefore important that both the structure of programmes and the financing allows for setting priorities appropriate to circumstances.
- **Insufficient focus on urban efficiency and sustainability:** It is critical that South Africa's cities and major town become more efficient and sustainable in respect of factors such as urban form, public transport, social facilities access, water use, energy use and carbon footprint. Greater public realm investment is also required. This is closely related to South Africa's medium term economic competitiveness and its ability to strengthen its human capital. More strategic housing investments can play a crucial role in leveraging such positive change.
- **Insufficient understanding and accommodation of informality (tendency to work against and not with it):** Historically, there has been a relatively low level of understanding and accommodation of informality including: informal economic / enterprise activity, informal property transactions, the drivers of settlement patterns, household survival and livelihood strategies, and issues of location. There has also been a tendency to utilise only formal developmental approaches and thinking, a fear of working incrementally with informality and a lack of effective community engagement and participation.
- **A homogenous, poorly differentiated approach:** Despite the flexibility and proactive thinking inherent in 'BNG', in practice there has tended to be a 'one size fits all' approach to housing delivery. This includes a tendency to regard both the 'beneficiary' and housing product in a homogenous fashion. This tends to reduce the effectiveness of the national housing programme in meeting the dual overarching strategic imperatives outlined previously. For example, historically the sole pre-occupation with top-structures has largely contributed to a slow rate of delivery of (incremental) basic or emergency services to the urban poor.
- **Lack of defined strategic objectives and related impact evaluation:** The national housing programme does not clearly set forth clearly defined and cogent strategic objectives nor link

these to outcomes which are then subjected to impact evaluation. Performance tends to be measured crudely in terms of expenditure and houses built. There is limited qualitative impact evaluation. This relates closely to the poorly differentiated approach outlined above.

- **In-cohesive underlying philosophy and political position:** Related to the above factors is a lack of consensus within the State as to what the main housing / human settlement priorities are. Considering future 2030-scenarios may be a way to 'leap-frog' this lack of consensus and focus attention on what is most critical in order to achieve a desirable 'future state' (and to avert future negative scenarios and events).
- **Capacity constraints within the State:** This includes: a weak skills base, low level of delegation and accountability, slow administrative and decision making processes, confused or duplicated responsibilities between different spheres of government, weak co-operation and communication between spheres, corruption, and problems with procurement. This however is not specific to the housing sector nor is a rapid resolution likely - rather policies and programmes need to be designed with these constraints in mind (e.g. they should not necessitate high state capacity and may consider how resources external to the State can be more effectively brought into play).
- **Insufficient up-front planning / preparation and consequent lack of a reliable 'project pipeline':** Appropriate up-front planning and project preparation is critical to project success including achieving integration and participation. However projects are typically undertaken in a rushed and unplanned fashion, leading to negative outcomes. There is a lack of appreciation of the importance of this critical project phase. Timeframes for planning and delivering projects are usually significantly under-estimated. Budget is seldom provided for it. The commencement of planning / project preparation needs to commence well in advance of implementation and capital budget provision. There is a related failure to link MTEF budgets to project pipelines in a reliable fashion with budgets typically not being utilised in the expected timeframes.

D. Manifestations

The following are regarded as being amongst the most critical overall *manifestations* to which the above causal factors give rise and as reflected in the current concerns of various actors within the State and within Civil Society in recent years:

- **Insufficient socio-economic leverage from housing subsidy expenditure:** Irrespective of whether or not the fiscus can afford to sustain the current *level* of housing spend, there is significant consensus that current housing expenditure *patterns* are not optimal and that better prioritisation or configuration of the expenditure is necessary. This can be regarded as the main over-arching manifest problem and one which the State has already identified and to which it is committed to finding a positive response. Areas where re-focussing appears appropriate include: a) more rapid delivery at scale to those most vulnerable or in special need ('breadth' orientation) through such responses as basic services provision; b) better funding and other support for interventions which enable more spatially efficient cities / towns and associated planning and densification ('depth' orientation).
- **Rate of delivery of basic services to the urban poor too slow:** This is closely related to the historical trend of linking basic services to formal top-structure delivery. Although Outcome 8

now affords basic services appropriate priority there is as yet limited rapid response in respect of implementation.

- **Insufficient accommodation of the informal economy and the livelihoods of the poor:** Variable understanding and accommodation of informal economic / enterprise activity and the de-facto livelihoods of the poor is regarded as a critical factor. The relationship between where people live and how they survive has often been overlooked. Access to formal jobs is often prioritised over informal economic and livelihood activities which form the bedrock 'resilience' of the urban poor and secures their survival.
- **Urban inefficiency and unsustainability:** As outlined previously under 'causality' but also including a failure to adequately address inner city problems.
- **Problematic land access and property markets:** Including: inadequate access to land by the urban poor; a lack of pro-active and timeous land acquisitions; a lack of alternatives to formal title; high formal property transaction costs; a lack of accommodation of informal property transactions, informal tenure and informal rental.
- **Un-strategic housing investments:** For example: high levels of investments in poorly located rural housing or in small towns with limited economic prospects and inefficient traditional 'one house one plot' delivery on prime urban land more suitable for higher densities.
- **Poorly integrated development unresponsive to situational priorities:** There is broad recognition that most developmental responses tend to be one-dimensional and are often not adequately responsive the most critical needs or issues at grassroots level. This manifests several of the underlying causes outlined above.