



**Annexures**  
**A to N**

of the

**HABITAT III**  
**NATIONAL REPORT**  
**BY THE REPUBLIC OF**  
**SOUTH AFRICA FOR**  
**THE THIRD UNITED**  
**NATIONS CONFERENCE**  
**ON HOUSING AND**  
**SUSTAINABLE URBAN**  
**DEVELOPMENT**

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# HABITAT III

**National Report by the  
Republic of South Africa  
for the Third  
United Nations Conference  
on Housing and Sustainable  
Urban Development**

## Annexure A

### Stakeholder Consultation



## Stakeholders Consulted for the South African National Report for Habitat III

The South African Habitat III National Report has been developed in consultation with key national departments, through an interdepartmental working group made up of all key national departments and local government representatives, the South African Local Government Association and the South African Cities Network.

Inputs were drawn from the *Twenty Year Review: South Africa 1994 -2014* and *South Africa's Millennium Development Goal 2013 Country Report*, as well as information sources from Statistics South Africa, as well as from the Departments of Human Settlements, Co-operative Governance, Social Development, Transport, National Treasury, Environmental Affairs, Energy, Rural Development and Land Reform, and the National Youth Development Agency.

Written inputs and comments were received from a number of sector stakeholders, including national government departments, provincial government departments, local government representatives, academics, researchers, sector associations, and civil society organisations. These were, as far as possible, incorporated into the report or included as Annexures to the report.

### 1. National Workshop on South Africa's National Report for Habitat III under the auspices of the National Forum on Human Settlements and Urban Development

The Department of Human Settlements in collaboration with the Department of Cooperative Governance hosted a National Workshop to inform South Africa's national report for Habitat III. The workshop took place under the auspices of the National Forum on Human Settlements and Urban Development on 26 June 2014. The workshop was attended by key stakeholders involved in human settlements and urban development. The aim of the workshop was to discuss challenges, and future issues for a New Urban Agenda, as well as to:

- Review current national plans and local plans of action and their implementation since 1996 and assess progress made, lessons learned and challenges encountered in implementing the Habitat Agenda
- Review information on indicators, best practices, case studies good policies, action plans and other information

Discussions from the workshop, as well as additional written inputs from participants were considered in the development of the National Report for Habitat III.

## Participants at the National Workshop:

Sector Category	Stakeholder
Civil Society Organisations and Private Sector	South African Women in Construction (and representatives from SCM Holdings and Saint Gobani) Habitat for Humanity Federation of the Urban Poor Utshani Fund Slum Dwellers International Socio-Economic Rights Institute South African Housing Co-operatives Association National Union of Mineworkers
University, Research and Think-tanks	Council for Scientific and Industrial Research Human Sciences Research Council Wits University University of Johannesburg
Sector Institutions	South African Planning Institute South African Geometrics Institute South African Institute of Architects Agriculture Development Agency Agribusiness Development Agency Banking Association of South Africa
Local Government	South African Local Government Association South African Cities Network Cities: Buffalo City Cape Town EThekweni Mangaung Steve Tshwete Tshwane

Provincial Government	Gauteng KwaZulu Natal Northern Cape North West Western Cape
Parliament	Chairperson of the Parliamentary Portfolio Committee on Human Settlements
Chapter 9 Institutions	National Youth Development Agency Commission for Gender Equality
National Government	Department of Human Settlements Department of Cooperative Governance Department of International Relations and Coordination Department of Performance Monitoring and Evaluation Department of Transport Department of Social Development Statistics South Africa National Treasury Department of Environmental Affairs Department of Rural Development and Land Reform Department of Water Affairs and Sanitation Department of Energy Department of Science and Technology Department of Women Department of Health Department of Basic Education Department of Public Works Department of Public Service and Administration
Government Institutions	Housing Development Agency (HDA) National Housing Finance Corporation (NHFC) Rural Housing Loan Fund (RHLF)



# HABITAT III

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## Annexure B

stepSA: Policy Brief 2

Light from Diepsloot?

Youth unemployment dynamics  
on the periphery

## Light from Diepsloot?

### Youth unemployment dynamics on the periphery

#### 1. Introduction

Youth employment is generally agreed to be among South Africa's two or three most urgent national undertakings (NDP 2011, NGP 2010). Debate is going back and forth over the kinds of policy approach that can reduce the rate of unemployment, and government is currently using spatially-targeted housing delivery under Cabinet's Outcome 8 to try to increase the chance for the rural-born unemployed to live at the metro core-zone labour market where jobs are most concentrated. Other views are pressing for different solutions (Chitiga-Mabugu 2013), and very important new research is emerging around the nature of job availability and job search.

New findings (Bhorat & Mayet 2013, Rankin 2013, Posel, Casale and Vermaak 2013, and Cross et al 2013) suggest that the spatial question of access to jobs for the South African youth cohorts is not straightforward. Seen in combination, emerging results can be read to indicate that urban migration itself as an employment strategy is in question. The relationship between spatial location and the job search strategies as used by youth may be pivotal, needing intensive review in the light of recent findings. This policy brief from StepSA (Spatial and Temporal Evidence for Planning in South Africa) a research project from HSRC and CSIR with funding from DST, takes a qualitative look at the youth labour market through the situation at Diepsloot, based on StepSA qualitative field study in 2009-2012, together with later spin-off work done for the World Bank in 2012/13.

#### 2. The youth unemployment challenge: debating the reasons

At present, the blocked state of the youth labour market in South Africa has led into a conflict of strategies, contradictory possible options relating to how to address youth unemployment. From different angles, the problem has been seen as *blocked spatial access* to the labour market, as *information asymmetry* in terms of blocked information flow to youth work seekers, or as *structural unemployment and the macro-economy*, and a resulting overall jobs shortfall: that is, as reaching jobs or as finding out about jobs, or otherwise as jobs being unavailable regardless of access or information. The uncertainty reflected in these and other differing proposed approaches draws attention to an underlying uncertainty around how the labour market actually works for youth work seekers.



Key questions start with: *How do rural-born youth get into the urban metro economy?* The results from Diepsloot then raise further possible queries:

1. Does the role of *rural-to-urban migration in relation to the labour market* need to be re-evaluated?
2. Is the key factor for youth at the most excluded end of the urban labour market access to *temporary work, rather than permanent employment* in the regulated job market?

### **3. Data: Using qualitative approaches to the spatial labour market**

This policy brief tackles youth unemployment from the qualitative standpoint, using Economic Performance and Development's research with spatial aspects of the labour market in relation to migration and urbanization, and based on listening to discussions and replies by the youth themselves: it does not attempt to address labour market economics in depth. The data for this policy brief is indicative only: the workshops and qualitative interviews at Diepsloot, and previously in other poor settlements nation-wide, raise important questions but do not yet offer quantitative proof or testing.

The StepSA qualitative interview material contains over 800 cases. However, the results from the Diepsloot qualitative study are limited in terms of numbers, with the focus groups representing 42 youth participants and the household case study interviews including 36 family households (World Bank 2013). Interpretations given here are supported at the level of informed perception by the more extensive StepSA qualitative interviews<sup>1</sup>.

#### **Policy debates: new research**

Debates around youth unemployment are beginning to question some fundamental assumptions. Research findings published in the last three years suggest new perspectives on at least two levels: first *internationally*, on the benefits from a spatial perspective of economic agglomeration and compact city interventions, and second *for South Africa*, on total job availability and how youth job search strategies in this country work in relation to tackling unemployment. New key research around the compact city principle is summarized in the text boxes on the right.

**Turok (2013 forthcoming):** increasing urban densities at the city core through agglomeration leads to higher economic productivity world-wide, but this does not occur in Africa as a whole, and barely works in South Africa as of now; this country is not yet capturing agglomeration benefits.

**Angel et al (2011):** in developing countries it is not possible to confine urban economic activity inside a delineated city edge – CBD core zones tend to be expensive and congested, so that business activity and settlement are pushed outward. As a result, high-migration developing cities need to accept continuing spatial expansion and to provide low-cost transport to their actively expanding periphery zones.

<sup>1</sup>For the StepSA multi-year spatial planning research project, implemented by HSRC and CSIR jointly for Department of Science and Technology, HSRC's StepSA work includes a series of 58 qualitative mini-studies at settlement level to back up the 6000-case statistical survey: these mini-studies drew attention

## The international spatial debate on the compact city

South Africa's current spatial policy focus in regard to unemployment and the labour market is Cabinet's Outcome 8, which calls for 400 000 shacks to be upgraded on 'well-located land' and for mobilisation for low-income housing of state-owned land which has location advantage; in addition, large quantities of rental housing are to be provided. A key objective of this policy is to enable the excluded population in informal housing on the metro peripheries to gain access to the country's central job markets in the metro CBDs, under the assumption that this kind of spatial proximity will reduce unemployment by increasing exposure to existing job openings (cf South Africa 2011, NDP 2011).

These spatial policy approaches are based on the widely accepted compact city theorem (Todes 2003). This spatial planning proposition holds that access to the central city metro core zone is critical for the poor for jobs and essential amenities. Working from this argument, it follows that city densification should be actively pursued, focusing on the commercial core. Research from Angel et al (2013; see box, above right) and from StepSA (below right) questions this view.

### **South Africa's labour market debate**

South African policy debates around youth employment have taken on board much of the spatial argument. Key approaches revolve around how to bring youth into close contact with the existing job concentrations, against the argument that current job

**Katz & Bradley (2013):** since the 2008-9 international crisis and with the present semi-paralysis of many national governments, job creation is devolving world-wide to city level: the cities are working to pull jobs back into core zones after a general flight of businesses to suburbs over the last 20 years, but cost and congestion constraints in central city zones have not disappeared, resulting in conflicts of incentives, strategies and policies.

**Tomlinson (2003):** the literature on economic displacement indicates that when city core zones are upgraded, the poor are excluded by economic processes.

**Altman (2013):** jobs are being created, but the manufacturing jobs that were lost will not return

**Bhorat & Mayet (2013):** jobs are being created, but mainly in the security sector and not in manufacturing or finance, while employers are now resisting hiring permanent workers; the main constraints on successful job search are 1) *information access* 2) *labour dispute resolution procedures*, and 3) *spatial location and transport barriers*

**Rankin (2013):** there are not enough jobs in total, therefore door to door cold search does not work because the available job openings are flooded with applicants; as a result, applicants need networks of employed contacts who can recommend them personally to employers

**Posel, Casale & Vermaak (2013):** cold search does not work, and network contacts are needed; the chance of getting a job from *passive search*, by remaining in the rural home area and relying on social networks for job referrals, is statistically exactly the same as the chance of getting a job by *direct active search* inside the city.

numbers are too low to allow real improvement in employment levels for the unemployed. New key findings are summarized here.

StepSA project results (cf Cross 2013, Cross, Venter, Kok, Turok, Mafukidze, Olivier & Badenhorst 2013 forthcoming) show household economic outcomes for the in-migrant shack population on the metro periphery are better on average than core-zone outcomes, using Census-based employment, income and migration rates as indicators; results also point to the risks of localized labour market saturations, with Johannesburg's outer-core zone showing signs of being flooded by rural-to-urban in-migration, causing income and employment indicators for that zone to crash while adjacent in-migration zones remain viable.

Together, these inputs and commentaries may question *whether rural-to-urban migration is actually a rational strategy in dealing with the de facto youth labour market.*

### Youth voices at Diepsloot

Diepsloot is newer, poorer, and more informal than most of South Africa's historically established townships, and was first established as a removals area on the Johannesburg northern periphery about 20 kilometers from the CBD. The population is about 200 000 on roughly five square kilometers, at a density of about 40 000 per kilometer. Rural-to-urban migration levels and levels of unemployment are both very high. The area contains both extensions of formal subsidy housing and large areas of informal shack occupation, and is well known for its violent protest actions and high rates of crime.

The actively developing metro periphery operates its own local job market along the lines indicated by Angel et al (2011), and employed Diepsloot youth overwhelmingly work on the periphery itself (GCRO, 2013). Job search is difficult because jobs that are open to less-educated rural-born in-migrants are spatially widely spread out as well as oversupplied with candidates.

'Here at Diepsloot the population is growing all the time and there is so much competition for jobs, with so many young people coming from the rural areas in search of employment in the nearby factories.'

'For jobs, it's not easy to get there first – wherever you try there are just too many people ahead of you.'

'To get to the firms in Alexandra, it's R30 return.'

Jobs available to the Diepsloot population tend to be at entry level:

'Security and domestic work are the most prevalent kind of jobs for us here in Diepsloot, but there are a lot of people looking for those jobs.'

'Construction work is dominant around here.'

'Job experience is often required for an applicant – that's a disadvantage, because we don't have that.'

'Most of us rely on connections.'





Migrants' social networks tend to be poor quality in relation to job search, usually rooted in the rural home districts and likely to be marginal in terms of urban contacts who can provide job referrals, or offer temporary shelter for a spatially extended search. Respondent case histories reflect several cases like that of Lily M, who searched for work extensively and with determination before giving up:

'Since coming here I'm totally unemployed. Since I arrived in Diepsloot I've searched for jobs in all the surrounding suburbs, all over the northwestern part of Johannesburg, but I haven't been able to find a suitable position. And it costs R15 to go to Rosebank, and R11 to Randburg and to Halfway House... I always made successful attempts at finding work previously, but for jobs it's very competitive here. My husband and I are held back because we don't have qualifications, or even matric, and nowadays matric is the minimum requirement for employment.'

Lily M previously found temporary domestic jobs by the strategy of cultivating friends and networking among women domestic workers in the specific area, but did not succeed with this strategy once she moved to Diepsloot.

Funded by his working sister, Sipho R searched for two years, all over Gauteng. In the end, he found a low-paid unregistered job at a vegetable market, on an indefinite temporary employment basis: the woman proprietor saw him passing and called him over to ask if he was looking for a job.

Unless family members with income are prepared to keep on contributing, job searches can often be broken off because of the accumulating costs. If so, and if a subsequent passive search strategy is not successful, aspiring rural-born youth can be trapped in lifelong unemployment inside South Africa's main metro labour market, or obliged to return to the rural sector to wait indefinitely for a referral. The StepSA survey dataset from HSRC shows Gauteng with the South Africa's highest concentration of households living in African communities without an income, often a consequence of Gauteng's intense job-seeking in-migration flows arriving in a limited market.

## **Transparency and equity in the youth labour market**

Facing formidable barriers, Diepsloot youth tended to see the Gauteng labour market as skewed to give preferential access to insiders. The youth focus groups repeatedly brought up the need for bribes as well as referrals to obtain access to work:

‘In security jobs, it’s word of mouth and referrals.’

‘I heard from a friend, that the company needed a guard. You cannot go to a place to look for work without information.’

‘Though there are jobs, there is also nepotism and corruption around who is employed.’

‘I had to go to Johannesburg for a job interview, so I went there. Once I was there they said I was supposed to pay R 500 for an administration fee. I didn’t get that job.’

‘Job interviews are supposed to be 50/50 – fair and equal, but unfortunately there is bribery involved in who actually gets the job.’

For unemployed rural-born youth, the formal job market appears as highly exclusionary.

### **Accessing the central city zone**

Few of Diepsloot’s unemployed youth seemed to try the Johannesburg or Pretoria city centre, mainly because of the R 60 cost for a return trip and the lack of accommodation. Migrant jobs networks for the rural-origin population have eroded over time as oscillating rural-to-urban labour migration has become less common: only two respondents from the interviews and focus groups said they had a connection with a place to stay in the Johannesburg or Pretoria central city zone, and neither had found a job there.

‘I was able to try the city centre myself – I have a relative staying in the Johannesburg flats.

But I wasn’t able to find anything, and I’m still looking.’

In addition, youth respondents commented that jobs in the city centre zones were often out of their reach. Accounts suggest that the inner districts favour the well-educated, are likely to supply fewer entry level jobs, and are closely watched by better-educated, better-connected and more competitive job seekers from the townships and the foreign-born migrant population.

## **Serial temporary work as long-term household support**

For Diepsloot youth who do not obtain permanent jobs, the next question is, *What lies under the formal job market?* Under the impact of spreading labor casualization, the de facto key option appears to be *serial temporary employment*. Temporary jobs, or ‘piece work’ off the books, are based on verbal agreements or short-term written contracts, and represent unregistered and often clandestine or illegal jobs, usually in formal sector enterprises (Goldman 2004). Income levels therefore fluctuate. Sipho R comments,

‘Our household income is not always the same, because the other household members who are not employed permanently are contributing through doing temporary piece work or odd jobs during the year.’

These range from day work to successive short contracts, to recurrent temporary non-contract engagements, and to indefinite informal agreements for full-time work, including most domestic work. This type of employment exists in extra-legal space outside of formal labour protection, and usually carries wages only, at a low level and without benefits. Informal temporary work greatly reduces the employer’s risk, and increases his control over hiring and subsequent work tenure. For the worker it is precarious, with a high risk of income collapse. For the Diepsloot youth and others in the StepSA qualitative studies, labour brokers were not involved: instead, arrangements were informal, ad hoc and face to face, very widespread as a class of work but highly localized in each individual case.

Against a background of very high formal unemployment, labour casualization may result in many Diepsloot workers supporting themselves and their households on temporary work throughout their lives.

### **Frequency of temporary work**

Table 1 tabulates the percent of households in the qualitative case study that recorded the most common forms of earning: figures are not statistically representative. In the Diepsloot study, serial temporary work ranked 2<sup>nd</sup> after social grants. Registered formal jobs ranked 4<sup>th</sup>, after rental income.

**Table 1: Descriptive summary of qualitative interview sample**

*Percent case study households reporting major lines of income support*

Household sources of income	Woman head	Male head	Total frequency
Social grants income	69	70	70
Serial temporary work	31	65	50
Tenant rentals income	62	29	43
Formal permanent work	38	41	40
Informal business	23	18	20
Remittance income	3	3	6

If repeated widely, this type of distribution could potentially imply labour casualization at the low end of the labour market on a massive scale; on a local basis, it would raise questions as to whether lifelong streams of temporary work may actually represent the main earning economy of Diepsloot. It is also not clear to what extent temporary employment of this kind is being accurately reported in official labour market statistics.

### ***Toward conclusions: how does the labour market work for urbanizing youth?***

The Diepsloot youth raise the question of the potential scale and content of the informal temporary labour market. Serial temporary work now may be de facto reality for an in-migrant youth population that is excluded from formal work, but living inside the urban sector. As a long-term support option, it makes an unsatisfactory basis for urban migrant integration: true stabilization is very difficult, as is formal marriage.

In a labour market with too few jobs for the number of candidates, rational-economics decision criteria cannot differentiate large numbers of youth candidates with identical qualifications, requiring personal recommendations as noted by Rankin (2013) and by Posel, Casale and Vermaak (2013). If so, the next economically rational decision criterion may well be the individual gain of the formal decision makers. Meanwhile, in response to the rational interests of the employers, much of the de facto demand for hiring of new workers may be displaced into the informal temporary labour market.

Comprised of ad hoc individual deals involving small firms and individuals, this opaque informal market may not be well understood. Economics commentators may tend to stick with a registered and counted segment of the market that they can work with, and set aside informality as refractory material. While Kerr, Wittenberg and Arrow (2013) incisively show total job loss in South Africa to be linked to the smallest firms, in their posted summary they do not discuss possible casualization of these jobs.

- Increasing search coverage through information or transport measures is likely to multiply the problem, because it increases the number of competing candidates per job instead of increasing the number of jobs (cf Rankin 2013). Youth in the old townships appear to have better work chances, with better transport and information, and better network contacts, than youth from the rural sector.

The question returns to *why youth continue to urbanize, given that the chance of registered formal work is the same whether they migrate to the cities or remain at home.*

- Does the cold search strategy, door to door, work for poor rural-born youth? No, all the data appear to agree this approach does not work, and the Diepsloot youth specifically confirm this
- Is job information adequate? No. But improved information cannot improve aggregate search outcomes without more jobs coming onto the job market (Rankin 2013) – the result would be 200 instead of 100 candidates per job opening and lower success chances per interview
- Are travel costs a barrier to job search? Yes. Costs restrict spatial scope and time duration for periphery searches, but the same limit regarding total job numbers applies to any intervention to increase the number of interviews each individual can attend
- Will increased access to the city centre zone give better results? Doubtful. Some improvement is possible up to the job availability limit determined by qualifications and competition, but once past that point a risk of localized flooding may increase
  - Central city zones have limited absorption capacity for unqualified candidates
  - Providing owned housing in the high-priced core zone to migrants unable to obtain jobs carries the risk of selling up and returning to the rural sector or the urban periphery

### ***Then why do rural youth continue to migrate into the city, if job chances are just as good from their rural home areas?***

- Moving to the urban sector offers chances to directly improve personal job-search networks, by building up the right contacts in strategic areas
- Serial temporary work provides the fallback or backstop support option – it may be the commonest outcome and it is proximity-driven, requiring migration in order to use it

### ***Is the youth unemployment policy question being framed effectively now?***

Possibly not – the StepSA and World Bank results raise the question of whether the job market for urbanizing youth is being defined accurately in regard to temporary employment dynamics.

- Are there clear policy options for dealing with the spread of labour market informality? Not really; it appears likely to continue spreading as long as current conditions in the labour market continue. Qualitative results suggest the temporary market is made up of widespread informal, ad hoc face-to-face transactions involving individuals and small firms, and is not a simple function of labour broker activities. It is inequitable, but would be difficult to eliminate without draconian measures that would close off present employment to a large percentage of poor households and could acutely affect numbers of small firms.

- **What are the policy risks?** To introduce large numbers of youth work seekers in the present state of the economy might be likely to flood these core-zone labour markets, with probable knock-on effects that would not be favourable either for unemployment or for business.
- **What are the limit factors?** Under existing conditions, the total number of jobs available appears as the key limit, while measures that result in more job interviews attended cannot raise the total level of paid employment, unless perhaps through the informal temporary labour market. The number of informal temporary jobs is not fixed: it appears to respond to demand, and may also be pulling work over from the formal registered sector as small firms seek out hiring options that will cost less in a harsh economy.

Although it is fundamentally exploitative and unjust, serial temporary work may be realistically the least-unfavourable outcome for the time being, preferable from the household standpoint to no work at all.

### **Recommendations**

The situation of unemployed youth affects the entire macro-economy, but considerations of labour market law and policy need to be left to public debate and the political process. On the side of improving spatial access conditions for excluded youth, neither core nor periphery alone is the issue: spatial relations between the outer and inner city may be critical. The key concern is to reduce isolation and better integrate the metro peripheries where most unemployed in-migrants live now:

- *To increase periphery integration with the central and middle-city zones:* Improve public transport with availability of bus service in all settlements: this requires improved road standards into and inside all low-income communities and may need subsidy
- *To improve horizontal spatial connectivity – economic access inside the periphery zone itself:* Take a fresh look at planned BRT routes, so as to bring in the priority goal of spatial integration for poor communities
- To increase central zone access:
  - Ultra-low-priced fast-access, short-stay central rental options, aimed at youth – existing government rental options are not able to allow fast entry and exit required for job search, but redevelopment of abandoned buildings as overnight facilities may be an option
  - Increased infrastructure support in the inner shacks to assist informal backyard rentals aimed at the work-seeking youth, promoting very modest quality instead of up-market options
- *To widen the small spatial envelope for temporary work searches:* Address transport costs on the metro periphery including possible subsidy to bus services, so as to increase the opportunities for face-to-face contact with temporary employment options.



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# HABITAT III

**National Report by the  
Republic of South Africa  
for the Third  
United Nations Conference  
on Housing and Sustainable  
Urban Development**

## Annexure C

**Commission for Gender Equality:  
Submission made to the  
UN-HABITAT Governing Council  
on gender related approaches to  
the implementation of the  
Habitat Agenda**

# **SUBMISSION MADE TO THE UN-HABITAT GOVERNING COUNCIL ON GENDER RELATED APPROACHES TO THE IMPLEMENTATION OF THE HABITAT AGENDA**

**3 JULY 2014**

**PARLIAMENTARY AND INTERNATIONAL LIAISON:  
CAPE TOWN SOUTH AFRICA**

## 1. INTRODUCTION

The Commission for Gender Equality ( CGE ) is a Chapter 9 Institution and in terms of Section 11 of its empowering legislation obliged to evaluate legislation and make recommendations to the relevant legislature. This responsibility is exercised with the primary aim of promoting, protecting and developing gender equality in South Africa.

## 2. INTERNATIONAL LAW

In terms of Resolution 24/4 adopted by the Governing Council of the United Nations Human Settlements Programme on 19 April 2013:

It has been recognised that:

“Persistent gender related inequalities and women’s lack of empowerment in human settlements, as evidenced by their inequitable access to land, property rights and other economic and financial assets, secure tenure, decent housing, essential infrastructure and basic services, and further aggravated by the vulnerability and lack of safety and security of women and girls in urban spaces and their unequal participation in urban governance, create challenges to achieving sustainable urban development.”

## 3. CONSTITUTION OF SOUTH AFRICA

Section 26 provides the following rights in respect of housing:

- 26(1) Everyone has the right to have access to adequate housing.
- 26(2) The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right.
- 26(3) No one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances.  
No legislation may permit arbitrary evictions.

## 4. COMMON LAW

In the case of *Grootboom vs the President of the Republic of South Africa 2000* (CC) the Constitutional Court confirmed that the state has a responsibility to give effect to Section 26 of the Constitution by taking steps to progressively realise the right to adequate housing.

## 5. COMMENTS

### 5.1 South African Land Ownership

South Africa is characterised by land invasion by communities, mass evictions of disadvantaged groups, irregular land use and gender skewed land ownership.

Furthermore, the majority of South Africans continue to be landless or with insecure land rights. These include those who live in communal areas especially in the former homelands and Self Governing Territories. The aforementioned comprise of many communities who are economically destitute, welfare dependant, have access to limited resources, inhabit land of poor quality and located in municipalities that struggle to perform their mandatory function which results in a failure to deliver services and economic obligations to the relevant communities.

The above circumstances are associated with an inhumane and irrational land dispossession of land which resulted in an inequitable distribution of land ownership.

Currently, South Africa faces a situation where the majority of productive and valuable land is held by a minority racial group. In addition to this the indigenous groups in South Africa have become socially and economically dislocated because of the inequitable land distribution where many South Africans occupy land through tenancy, sharecropping and other slave –like relationships such as the “dop-system”.

The existing land ownership is untenable because millions are unable to access decent homes while a minority group holds vast tracts of prime land. This translates to accumulation by dispossession in favour of a minority and serves to undermine successful social and economic development in South Africa.

In order to reverse the debilitating effect of accumulation by dispossession the state has embarked on a land restitution programme since 1994. To date significant progress has been made where 77 610 land claims have been settled involving 3,07 million hectares and R29,3 billion in financial compensation land ownership in South Africa still reflects untenable gendered and economic

disparities which is not only causing deep social and economic divisions in society but is fuelling resentment and public outrage that is certain to harm economic and social stability.

The above circumstances demands meaningful reform to land ownership which should be aligned to the Habitat Agenda because this programme provides for the possibility of international best practices and benchmarks designed to promote a sustainable human settlement and urban development programme which South Africa needs to embrace.

## **5.2 Commission for Gender Equality Recommendations & Proposals**

In its Land Study report the Commission for Gender Equality found that land ownership was skewed unfavourably in terms of race and gender. Although government is committed to improving access to land and housing it is a daunting task due to the complexities relating to land ownership, expropriation and restitution. Therefore, a realistic and creative model needs to be identified which will allow South Africa to implement the Habitat Agenda successfully.

In terms of the above objectives identified by the CGE are as follows :

- i. There is a need to review current national, provincial and local plans of action since 1996 and to assess the progress made, lessons learnt as well as challenges encountered in implementing Habitat Agenda.
- ii. There must be a review and audit on indicators, benchmarks, best practices , case studies, implementations plans and other information relevant to Habitat Agenda.
- iii. Agreement must be reached on future challenges that can be addressed through Urban Agenda

The above objectives have been identified due to the following findings regarding the current National Country Report on Sustainable Housing and Urban Development submitted by South Africa:

- i. The report is gender blind.
- ii. Statistics on gender are unsubstantiated and fail to gender mainstream the policies , practices and programmes aimed at promoting the ideals of Habitat Agenda adequately.
- iii. Insufficient information is provided on beneficiaries of the numerous housing schemes in South Africa.

- iv. The needs and interests of the elderly and disabled are not addressed in the report.
- v. Significant issues relevant to housing and urban development such as sanitation and water resources are not addressed.
- vi. There is an overemphasis on urban development which is certain to compromise rural development.
- vii. The collective initiatives and responsibilities of other state departments aimed at addressing human settlement needs and priorities such as that by National Treasury, Department of Women, children and People with Disabilities, Social Development, Correctional Services and Public Works have not been incorporated or coordinated.

Accordingly our recommendations are as follows:

- i. A diligent audit of all foreign and local ownership of land be undertaken.
- ii. The deeds register be revised to reflect the nature of land ownership in terms of value, race, gender, economic level and nationality amongst others.
- iii. Regulations should be imposed to address skewed foreign ownership of land in South Africa. These should take the form of controlled transactions that address partnerships with foreign nationals , acquisitions of coastal , heritage , ecologically sensitive and agricultural and mineral rich land.
- iv. Foreign ownership regulation should address quantity, investment for tenancy and holiday home stock which has a tendency to impoverish and deprive South Africans of ownership.
- v. Coordination should take place between national, provincial and local spheres where policies on land reform and ownership are being implemented.
- vi. Regulatory limitation should be implemented on prime and high quality agricultural land based on gender equity and affirmative action but in a sustainable and economically viable manner.
- vii. Gender mainstreaming of land ownership should address restitution that benefits both men and women equitably by providing equitable support to both men and women in land ownership programmes and ring fencing land use including ownership that will address the needs of both men and women equitably.

- viii. A uniform land ownership policy be implemented across South Africa so that it can be applied fairly.
- ix. Initiatives be taken to stimulate land ownership and security of tenure for all South Africans where all stakeholders comply with a national programme aimed at sustainable development and ownership being applied in other countries such as the People's Republic of South Africa.
- x. The prices of land, costs associated with taking ownership ( transfer and registration ) as well as commissions by estate agents are exorbitant. These costs are obstacles that impede land ownership because of the tendency to inflate costs regarding land and home ownerships. This must be addressed urgently by capping costs associated with land and home ownership.

## **6. CONCLUSION**

The Commission for Gender Equality believes that housing and urban development have significant gender related implications because men and women may have different needs in respect of shelter, basic services and amenities. Furthermore, the South African government has a constitutional obligation to ensure that everyone has access to affordable , healthy, safe, accessible and a secure living environment (habitat). Therefore, a duty exists on the state to take cognisance of the gendered nature of South Africa's human settlement, urban development and basic services if it wishes to achieve sustainable development in terms of human settlement and urban development in South Africa.

## HABITAT III

**National Report by the  
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## Annexure D

**SOUTH AFRICAN PLANNING  
INSTITUTE (SAPI):  
The new urban agenda  
for land and urban planning**

## National Forum on Human Settlement and Urban Development: Comments for the preparation of the South African National Country Report for the third national conference on Sustainable Housing and Urban Development (HABITAT III)

### 1. Lessons learned and future challenges to be addressed through the New Urban Agenda for Land and Urban Planning

President Zuma made the following statement on 3 February 2013 about the new National Development Plan (NDP):

“The Plan has been adopted as a National Plan for the whole country. It is our roadmap for the next 20 years. All the work we do in government is now part of the comprehensive National Development Plan, including all operational plans be they social, economic or political”.

With the publication of the SPLUMA Regulations on 4 July 2014, SAPI is more than ever committed to its members and every individual town planner. It is our goal to equip town planners to be more competent, professional, ethical and efficient planners. As an independent organisation with members across the whole planning continuum, we are strategically positioned between the government, private and corporate sectors to identify the gaps in capacity and receive feedback from the different fields of planning.

Professional Development is the most effective (though not the only) way to encourage and empower individuals to be better planners. We believe that technical capacity to plan and manage cities and rural areas will improve through a combination of the following and will lead to a positive impact in the spatial landscape of the country:

- Mentoring programs for young planners from graduation to registration.
- Continues Professional Development of Planning professionals in the Public as well as Private Sector to strengthen the following skills:
  - Ethics, norms and standards.
  - Training to empower planners to implement SPLUMA as envisaged.
  - Capability to advise the public and communities regarding land use matters, investment and development potential of land.
  - Utilization of new technologies to assist with spatial planning
- Support to Town Planners in smaller municipalities where needed.

SAPI is available to engage with the Department should additional information be required.



# HABITAT III

**National Report by the  
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## Annexure E

**CASE STUDY OF  
A SUCCESSFUL NATIONAL  
ATMOSPHERE/AIR POLLUTION  
PROGRAMME/STRATEGY**

## CASE STUDY OF A SUCCESSFUL NATIONAL ATMOSPHERE/AIR POLLUTION PROGRAMME/STRATEGY

### 1. The problem or issue addressed:

The South Industrial Basin is the economic heartland of the Durban Metropolitan Area (DMA). It contributes over 40% of Durban's gross geographic product and occupies over 50% of the industrial land in the city. It is also environmentally degraded, experiencing air pollution and waste disposal problems, and the loss of important natural resources. The South Durban Basin is a heavily industrialized area with some significant air pollution problems. There are more than 100 factories in the area, many of which emit significant volumes of emissions. South Durban has the largest concentration of petrochemical industries in the country, and it refines approximately 60 percent of South Africa's petroleum. Apart from being overwhelmed with petrochemical companies, the South Durban industrial basin is also home to waste water treatment works, an airport, a paper manufacturing plant and a number of chemical process industries. This situation has undermined the quality of life of residential communities in the area. It has also negatively impacted on the competitiveness of the business environment. The close interface between residential and industrial activities in the area has also created tensions between residential communities, local government and industry regarding future development in the area.

#### **Name of the programme:**

South Durban Basin Multi-point Plan

The plan is aimed at monitoring the concentration of air pollution largely in the South Durban industrial basin. When the plan was first implemented in 2000, just four monitoring stations were put up and presently there are 16 that cover not only the refinery valley in south Durban, but other industrial areas, the city centre and a few outlying areas.

#### **Timeframe**

Year started: 2000

#### **Status**

Ongoing, since October 2000

#### **Main objectives**

The main objectives of the Durban Multi-Point Plan are to resolve the air quality issues in the basin through:

- Developing a comprehensive air quality monitoring system in the basin, a health study and an air quality management plan to inform the planning and development approval process and help to resolve some of the air quality problems in the area.

- To provide an improved and integrated decision making framework for air pollution management at local government level.
- To achieve improved quality of life for the local communities and move towards reduction in air pollution to meet health based air quality standards.
- A health risk analysis and epidemiological study to assess extend of impact of air pollution on human health;
- Phasing out dirty fuel by reducing the usage of coal and heavy furnace oil;
- Improve measurement and control of fugitive emissions from tank farms and develop guidelines for local implementation;
- Revision of national sulphur dioxide (SO<sub>2</sub>) guidelines with the aim of striving towards World Health Organisation standards to be also applied at local level;
- Identify gaps and improve the ambient and source emission monitoring of sulphur dioxide (SO<sub>2</sub>), oxides of nitrogen (Nox) and volatile organic compounds (VOC's) in the area; and
- Strengthening of the enforcement capabilities.

### ***Lead institution***

eThekuni Municipality

### ***Other implementation arrangements and stakeholders involved***

The CSIR has been commissioned by the eThekuni Municipality to investigate National and International best practices in Air Pollution Management. This will be used for the development of local by –laws on Air Pollution Management.

- Community and Industry Stakeholders participate in capacity building initiatives.
- DEAT has developed legislation (AQA) meant to set air pollution standards .It is also establishing the National Framework for Air Pollution Management as well as standards for vehicle tail pipe emissions.
- DEAT is involved with the South African National Standards Body to propose limit values for the priority air pollutants.
- Norwegian Institute for Air Research, the Norwegian Pollution Control Authority and the Canadian Sustainable Cities Initiative

### ***The results achieved***

The South Durban Basin, located on the eastern seaboard of South Africa, has a mix of heavy industrial activity and residential settlements in close proximity. In response to many decades of struggle for cleaner air, an inter-governmental process established the air quality monitoring network as one of many strategic projects within the Multi-point Plan for the basin. The plan is aimed at improving air quality to meet health based criteria. The main objective of the network is to provide a quantitative measure of

air quality and provide a means of verification for the dispersion modelling system. The network was designed by an expert team from the eThekini Health Department under the technical guidance of NILU, the Norwegian Institute for Air Research.

The thrust of the Multi-Point Plan (MPP) is the development of the Air Quality Management System (AQMS) which ultimately will show the linkages between emissions and ambient concentrations (ie pollution levels on the ground). This is being achieved by an air-dispersion modelling system and an air quality monitoring network. Once the linkages have been established, the AQMS can be used as a planning tool to manage air quality. A successful air quality management plan constitutes two

essential elements: adequate quality controlled data to represent air quality trends and an enforceable regulatory system. If the air quality levels are above the air quality objective or standard, then it would be imperative to establish an AQMS as in the case of the South Durban Basin. Through a system of target-setting, measurements and reporting, it is intended to drive down pollution levels within the framework of an environmental management system and using a continuous improvement approach.

The eThekini Municipality now has a functioning air quality monitoring network as a concrete outcome of the Multi-point Plan. The network began generating data in December 2003. Since March 2004, real-time data access has been possible in the eThekini Health Department through dedicated data lines and the Envidas data acquisition system. This development represents a four-fold increase in monitoring capacity. Further, the availability of data to government in real time is a significant improvement as it facilitates efficient decision-making. Raw data is subjected to various levels of quality control to ensure accuracy is maintained and the system operates optimally. Durban has now become a learning centre in the development of an integrated air quality network, and ideas are now being conceptualized to link the air quality information system to the regulatory system such as in the design of permits and directives. The total project budget for the MPP is R29.8 million, the contributors being industry (R10 million, proposed) and three tiers of government (R17.7 million). Over the six months to November 2004, about two-thirds of industry's funding was secured. However, 24 companies have agreed to contribute R9.4 million, with the remaining R0.6 million expected to be sourced from various small to medium emitters in the basin. Each company's contribution was in proportion to the amount of priority pollutants that they are emitting, and the extent that this could have a health impact. Getting local industries to co-fund the implementation of the plan and the process of engaging with top management in industry are seen as important breakthroughs for the plan.

## ***Locations of air monitoring and meteorological stations***

In terms of capacity building, a dedicated team of people within the eThekini Health Department is working on the various aspects of the air quality management system. Work areas include building up emission inventories, sampling for benzene and hydrogen sulphide, operating the AirQUIS software, providing IT support and developing model permits. These developments have been possible due to collaboration with the Norwegian Institute for Air Research, the Norwegian Pollution Control Authority and the Canadian Sustainable Cities Initiative. The intention within government is to have this knowledge base applied to other air pollution hot spots in the eThekini Municipality and to share it with other municipalities in South Africa. An emerging focus in building capacity to improve environmental quality is to look to cleaner production methods to reduce emissions and costs, and improve environmental performance. Monitoring schools: Seven primary schools, four in the South Durban Basin and three in the northern suburbs of Durban, have been selected for intensive pollutant and bio-medical monitoring. Until November 2004, there had been three intensive data collection runs at each of the schools; each run runs for a period of two weeks.

In addition to the monitoring, there are pupil and parent interviews, indoor air monitoring and specialized monitoring for toxics such as dioxins, furans and a range of volatile organic compounds. A new internet-based reporting system has been developed to facilitate public access to information about air quality. Designed by eThekini Health and the Norwegian Institute for Air Research, NILU, the system publishes air quality data for the different pollutants measured at the different stations. The public can make an assessment of air quality by viewing user-friendly graphical displays of concentration trends against air quality guidelines and a comparative assessment can also be made between different stations. The system also generates concentration profiles over time and produces a colour-coded index on the state of air quality. The address for the municipality's air quality website: [www2.nilu.no/airquality/](http://www2.nilu.no/airquality/)

## ***The relationship of the programme to internationally agreed goals and targets***

Relation to the Johannesburg Plan Of Implementation, section 4 paragraph 39 which calls for states to enhance cooperation at the international, regional and national levels to reduce air pollution, including transboundary air pollution, acid deposition and ozone depletion, bearing in mind the Rio principles, including, inter alia, the principle that, in view of the different contributions to global environmental degradation, and section 6 paragraph 56 calling for the reduction of respiratory diseases and other health impacts resulting from air pollution, with particular attention to women and children.



# HABITAT III

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## Annexure F

**Examples of Energy-Efficiency  
projects and efforts to reduce  
Greenhouse Gas Emissions**

## Examples of Energy-Efficiency projects and efforts to reduce Greenhouse Gas Emissions

South Africa's first solar power plant, the 75 megawatt Kalkbult solar PV power station in the Northern Cape to generate 155 million kilowatt hours a year, equivalent to the annual electricity consumption of 33 000 households. The solar plant is one of scores of private renewable energy plants the government has authorised to provide green electricity for the next 20 years, part of the Department of Energy's renewable energy independent power producer programme. The programme contributes to South Africa's commitment to combat climate change by reducing our high carbon footprint, primarily from our reliance on coal to generate electricity<sup>1</sup>.

**Figure 2: 75 megawatt Kalkbult solar PV power station in the Northern Cape**



Production of renewable energy - a huge step in reducing South Africa's greenhouse gas emissions and building a sustainable green economy through the construction and launch of the Droogfontein Solar Photovoltaic Plant and the De Aar Solar Photovoltaic

Plant. The plants are to contribute 100 megawatts into Eskom's power grid as part of government's Renewable Energy Independent Power Producer Procurement Programme (REIPPPP)<sup>2</sup>.

**Figure 3: Aerial view of one of Phelan Energy Group's solar developments in South Africa, 'De Aar solar farm'**



South Africa's state utility Eskom is aiming to implement one million solar water heaters (SWHs) by the year 2014/15<sup>3</sup>. The million solar geysers are intended to contribute to about 23% of the country's renewable energy target of 10 000Gwh<sup>4</sup>.

Eskom has partnered with government and local municipalities in certain areas of South Africa to provide free low pressure solar water heaters to needy

households. Local municipalities in the selected areas use funds allocated to them by the Department of Energy and Eskom assists them with the operational and technical matters related to the roll outs. In

<sup>1</sup> Department of Energy: 2013

<sup>2</sup> Department of Energy: 2014

<sup>3</sup> DOE 2009

<sup>4</sup> DME 2003

other areas the Eskom rebate scheme is providing partial funding for solar systems. Local authorities will determine which households will get priority, in most instances priority will be given to:

- Low cost houses that are connected to the electricity network
- Permanent built brick structures

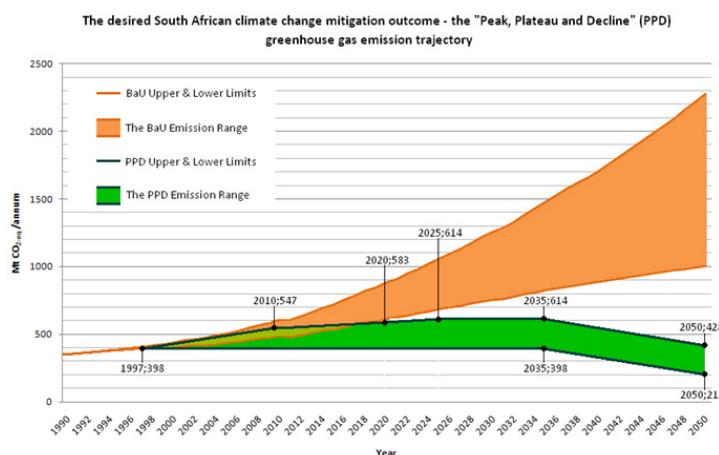
## **1. Efforts to reduce Green House Gas emissions:**

### **The Benchmark National GHG (Green House Gas) Emissions Trajectory Range**

In 2008, in the context of South Africa's moral and legal obligation to make a fair contribution to the global mitigation effort under the UNFCCC and its Kyoto Protocol, Cabinet fully considered the Long Term Mitigation Scenario study of the country's mitigation potential. This led to the announcement that South Africa's emissions should peak in the period from 2020 to 2025, remain stable for around a decade, and decline thereafter in absolute terms. The President confirmed this strategic policy direction at the 2009 National Climate Summit and further detailed this as a South African undertaking in the context of all legal obligations under the UNFCCC and its Kyoto Protocol prior to the international UNFCCC Climate Change Conference in 2009 strategic policy direction and international undertaking has informed a National GHG Emissions Trajectory Range, projected to 2050, to be used as the benchmark against which the efficacy of mitigation action will be measured. The benchmark National GHG Emissions Trajectory Range:

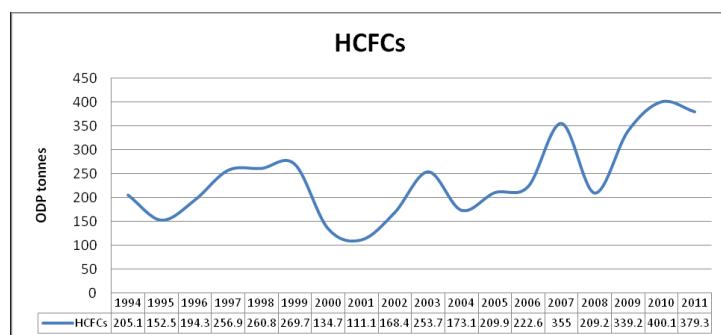
- Reflects South Africa's fair contribution to the global effort to limit anthropogenic climate change to well below a maximum of 2oC above pre-industrial levels.
- Details the "peak, plateau and decline trajectory" used as the initial benchmark against which the efficacy of mitigation actions will be measured (see the document published by the Department of Environmental Affairs (DEA) in 2011 entitled "Defining South Africa's Peak, Plateau and Decline Greenhouse Gas Emission Trajectory"). In summary: -- South Africa's GHG emissions peak in the period 2020 to 2025 in a range with a lower limit of 398 Megatonnes (109 kg) (Mt) CO<sub>2</sub>-eq and upper limits of 583 Mt CO<sub>2</sub>-eq and 614 Mt CO<sub>2</sub>-eq for 2020 and 2025 respectively. -- South Africa's GHG emissions will plateau for up to ten years after the peak within the range with a lower limit of 398 Mt CO<sub>2</sub>-eq and upper limit of 614 Mt CO<sub>2</sub>-eq.-- From 2036 onwards, emissions will decline in absolute terms to a range with lower limit of 212 Mt CO<sub>2</sub>-eq and upper limit of 428 Mt CO<sub>2</sub>-eq by 2050.
- Defines an initial National GHG Emissions Trajectory Range, which may be reviewed in the light of monitoring and evaluation results, technological advances or new science, evidence and information.

## Ozone-Depleting Substances (ODS)



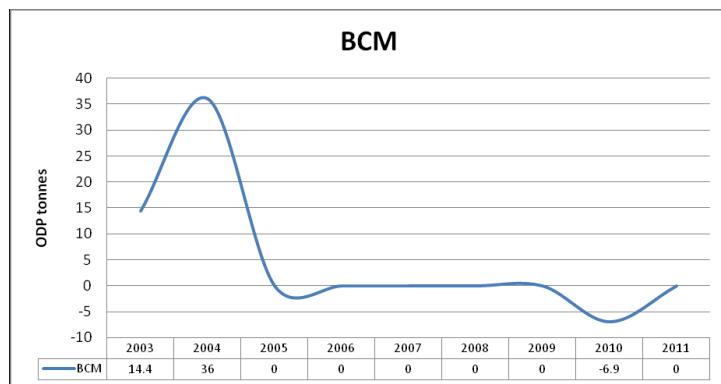
**Figure 8: Figure 50: Consumption of ODS: HCFC**

Source: United Nations Environment Programme Ozone Secretariat



**Figure 9: Consumption of ODS: BCM**

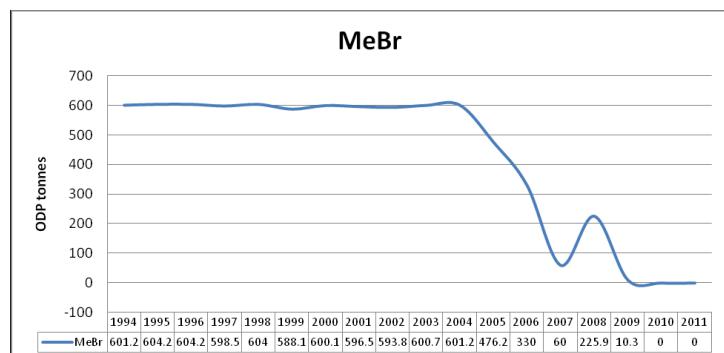
Source: United Nations Environment Programme Ozone Secretariat



Insofar as reducing the consumption of and phasing out the use of ODS South Africa has done well. South Africa managed to reduce consumption<sup>29</sup> of ODS by reducing the imports of OD-associated substances. Progress has been made in achieving the target of freezing consumption of hydrochlorofluorocarbons (HCFC) and Bromochloromethane (BCM) by 2013 and the phasing out thereof by 2040.

**Figure 10: Consumption of ODS: MeBr**

Source: United Nations Environment Programme Ozone Secretariat



### The Carbon Budget Approach

Recognising that due to the current emissions-intense structure of the economy, many sectors require a flexible mitigation approach, which enables the development and use of lowest-cost options such as offset and other types of market-based mechanisms. For such sectors, a Carbon Budget (CB) approach is

adopted that specifies desired emission reduction outcomes consistent with the benchmark national GHG emissions range trajectory. To this end, CBs will be drawn up within two years of the publication of this policy for relevant economic sectors and subsectors, particularly in the major energy supply (electricity and liquid fuels) and use (mining, industry and transport) sectors. These CBs will be updated as required based on monitoring and evaluation results, technological advances or new science, evidence and information. The CBs will be released in conjunction with the National Climate Change Response Monitoring and Evaluation System, which includes an enhanced National Greenhouse Gas Inventory process. The CB process will identify an optimal combination of mitigation actions at the least cost to-and with the most sustainable development benefits for-the relevant sector and national economy to enable and support the achievement of the desired emission reduction outcomes consistent with the benchmark National GHG Emissions Trajectory Range. Government will actively consult with industry and other key stakeholders in the development of CBs and approaches, mechanisms and outcomes. The process to draw up or to review the CBs will consist of the following steps:

- Review of the contributions making up the national emissions trajectory informed by historical emissions and trends and the most recent and best available scientific evidence and information.
- Identification of a portfolio of enabling mitigation programmes and measures, including economy wide measures and instruments, such as a carbon tax and incentives to industry and households, and the financial resources available to support them.
- Analysis of: - current and future emissions trends by sector and sub-sector, - the timing, scale, cost and risk of different mitigation actions for each economic sector and sub-sector, and - the economy-wide implications of mitigation actions, in particular on jobs.
- Development of desired emission reduction outcomes for each sector and sub-sector of the economy. These will include short-, medium- and long-term CBs for sectors and sub-sectors where a CB approach is relevant. In respect of significant point-source emissions, the CBs will be cascaded down to sub-sectors and, ultimately, companies whose emissions are above a specified threshold.

- Consultation with:- The National Treasury, the Departments of Trade and Industry and Economic Development on the implementation of fiscal measures, incentives and other support measures, such as the carbon tax, including an assessment of the measures' effectiveness and benefits, and any other key parameters. - Any other relevant entity about other means of implementation that may be required. - Stakeholders, in particular organised business and labour.
- The IGCCC will establish a process to provide analytical resources to support the development of the CB approach.

### ***Sectoral mitigation and lower-carbon development strategies***

Under the leadership of the relevant national sector government department, each significantly emitting economic sector or sub-sector will be required to formulate mitigation and lower-carbon development strategies. These strategies will specify a suite of mitigation programmes and measures appropriate to that sector or sub-sector. For example, in respect of industrial emissions, approved mitigation plans will conform to the Air Quality Management Act's requirements for Pollution Prevention Plans prepared by identified industries and sectors.

### ***GHG emissions inventory***

Accurate, complete and up-to-date data is the foundation of an effective response. Two essential elements for the definition of desired emission reduction outcomes and the development of CBs are emissions data and data to monitor the outcome of specific mitigation actions. The DEA in partnership with the South African Weather Service, the host of the SAAQIS, will prepare a GHG Emissions Inventory annually. The inventory will conform to the IPCC's 2006 or later guidelines, and will be periodically reviewed by an international team of experts. The inventory will also undertake and report analyses of emissions trends, including detailed reporting on changes in emissions intensity in the economy and a comparison of actual GHG emissions against the benchmark national GHG emission trajectory range described in section 6.4. As is currently contemplated by the DEA, reporting of emissions data will be made mandatory for entities (companies and installations) that emit more than 0.1 Mt of GHGs annually or that consumes electricity which results in more than 0.1 Mt of emissions from the electricity sector. Qualifying entities will also be obliged to report energy use by energy carrier and other data as may be prescribed<sup>5</sup>.

<sup>5</sup>

DEA: National Climate Change Response White Paper



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## **Annexure G**

**FEDERATION OF THE  
URBAN POOR  
(FEDUP)**



## Federation of the Urban Poor (FEDUP)

### 1. Brief background: FEDUP

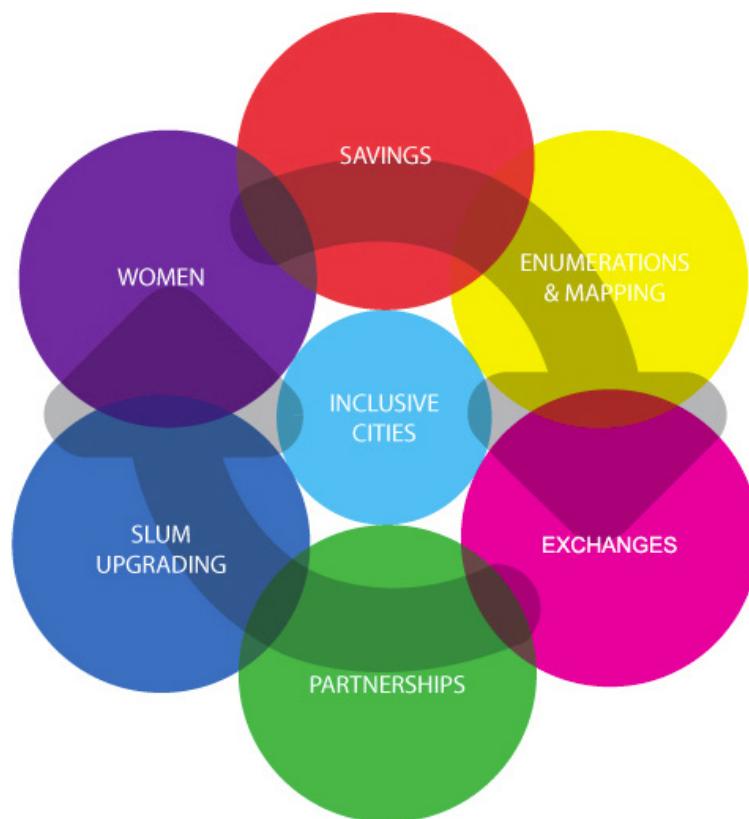
For almost twenty years, the Federation of the Urban Poor (FEDUP) has pioneered a collaborative solution that can transform our cities: empowering poor people to help themselves, teach themselves, and develop themselves. FEDUP has empowered hundreds of communities to start savings schemes, develop their own knowledge and capacities, build houses, and acquire land. Founded as the South African Homeless People's Federation after shack dwelling communities here interacted with slum dwellers from India, FEDUP has worked with the South African government since the dawn of democracy to find constructive, constituency-driven, solutions to the problems of the poor. Community mobilization and empowerment has always been based around women-led saving schemes within settlements that consolidated communities around their own capabilities and resources. Together with its partners in India, FEDUP has been the driving force behind the internationally-recognized global alliance of more than 30 country-level federations, Shack Dwellers International.

uTshani Fund, is a Section 21 Company (registration number 97/10227/08), was established in January 1995 to partner and support development initiatives of the Federation of the Urban and Rural Poor (FEDUP) and its affiliates, and has been mandated by the FEDUP to function as the Support Organisation in terms of the guidelines set out for projects implemented according to the People's Housing Process in Chapter 8 of Part 2 of the National Housing Code

As an approved administrator of subsidies in terms of the agreement signed with the National Housing board, uTshani Fund acts as Accounts Administrator for FEDUP. The uTshani Fund is a revolving fund providing low-cost housing pre-finance directly to the savings groups affiliated to the FEDUP on the basis of affordability assessments and organizational capacity.

Modelled on a sturdy cross section of international housing finance institutions for the poor, uTshani Fund has successfully supported the FEDUP in terms of 'the People's Housing Process' and has been recognized at the highest level of government.

## FEDUP's tools for mobilizing poor communities



Mobilization and capacitation of community organizations around *their own resources and knowledge* is FEDUP's approach for securing delivery and deepening democracy. This is in contrast to the traditional process of mobilization *against external threats*. The Federation model says to communities that if they save small amounts of money, gather information and then use these accumulated assets to negotiate with government they will not only have a better chance of securing entitlements, but will also capacitate and strengthen themselves. Furthermore, they will earn the full rights of citizenship, including the right to participate actively, contribute and *own* the developmental outcomes that they themselves have identified.

## FEDUP accomplishments

### *Community mobilization*

Savings schemes are mechanisms that are placed at the disposal of all settlement inhabitants in communities where the FEDUP is active. FEDUP savings schemes have a wide footprint in *all 9 provinces* of South Africa. Moreover, FEDUP has encouraged and supported savings groups in Angola, Brazil, Ghana, Kenya, Madagascar, Malawi, Namibia, Uganda, Swaziland, Zambia, and Zimbabwe.

### *Housing and Land Tenure*

FEDUP has established itself as an international pioneer in the field of tenure security and people's housing since 1991. uTshani and the Federation have always been committed to engagement and negotiation, recognising that the urban poor have much more to gain from dialogue than confrontation with a legitimate, pro-poor Government. Between 1994 and 2001, uTshani and the Federation have assisted *locally-empowered communities mobilized through savings* to achieve the following. These accomplishments came through working with the government based on the formal understanding that state subsidies would be disbursed *directly* to community organizations. uTshani provided pre-finance and capacity building funds to communities practicing the basic FEDUP rituals, manifested in demonstrated savings track records:

1. Houses Constructed (56 sq metre average size)	11,093 houses
2. Land secured for greenfields (relocations)	19,893 families
3. Services installed (water, drainage) in informal areas	425 plots
4. Community centres	11
5. Clinics	3

In relation to participating in Commission 1, (Improving access to adequate housing) we would like to address the following:

### **FEDUP /SDI Pledge**

Subsequent to much engagement and collaborative support, a Memorandum of Understanding (MoU) was signed between the Government of the Republic of South Africa, the Federation of the Urban and Rural Poor and Shack Dwellers International on the Cooperation in the Eradication of Informal Settlements. This MoU translated into the pledging of 1000 subsidies by each Provincial Housing MEC.

The organisation has undertaken to leverage this MoU via a community-driven process. Within such a community-driven human settlement development process, far greater attention is paid to community participation and a high value is placed upon finding creative solutions that meet the community and individual households.

#### ***FEDUP has constructed in excess of 1600 units nationally following the PHP process***

Our primary challenge is that FEDUP/uTshani has to bridge-finance all the housing projects, which has placed a tremendous financial burden on the organization. Reimbursements from the various Provinces are done on submission of claims, with supporting documentation. This is a slow process and turn around times for payment are often overdue and not within time frames. Consequently we are unable to reach optimum scale and impact in terms of unit roll-outs. To address this, FEDUP has participated in all the PPH and ePHP reviews and constantly requested for re-dress of this situation in requesting NDHS to consider availing upfront subsidies to the organization. At the last ePHP review session (2012) we, in addition to other stakeholders, formulated a submission that 25% of a housing development contracts' value be availed upfront to NGO's in order to assist financial flows as well as delivery of housing units. This will afford that broader organized communities benefit from housing as a basic human right. To date there has been NO feedback nor consideration to amend policy to accommodate this type of appeal or submissions and request that serious consideration be given to this situation. This will enhance:

- **Social Impact** on the living conditions of the community. From shack to formal structure; sheltered against adverse weather; privacy; family hygiene; conducive learning
- **Bigger units**, better/extr finishes (sweat equity) serving as **mobilizing tool** to join Federation and be involved in rituals of SDI.
- **More Job opportunities** created (skilled CCMTs)
- **Federation units = 50m<sup>2</sup>** -->Shift in RDP from 36m<sup>2</sup> to 40m<sup>2</sup> or more.
- At **Local Authority**level : size, finishing and other specifications of FEDUP units gradually becoming the minimum specifications for the governments built units.
- Province(NW) acknowledged and embraced FEDUPs' CCMT process to the extent that the CCMTs have been enrolled with the **NHBRC** for further training



*Completed unit*



*Community participation*

In relation to participating in Commission 2, (Disaster management) we would like to raise the following:

UN-HABITAT, an agency of the United Nations (UN), defines a slum – or informal settlement – as a rundown area of a city, characterized by substandard housing and squalor and lacking in tenure security. While access to basic amenities and environmental issues may vary between settlements, one common factor that all have to contend with is that of poverty. Indeed, the UN has estimated that approximately 40% of slum dwellers in Africa live in a state of poverty that is “literally life-threatening”. Not only does such poverty make it near-impossible for these people to survive, but it also severely restricts their access to basic rights of healthcare and education. Indeed, research has shown severe disparities in the mortality rates between people living in slums/informal settlements and their neighbors in urban areas.

From an experiential aspect, FEDUP would like to utilize the instance of Marlboro to address disaster situations. During the bitter cold of 2012 winter, the JMPD evicted, and demolished structures in which communities were living in the Marlboro area. (although not a natural disaster, this action portrayed all elements of disaster) The indigent and small babies were consequently exposed to the harsh cold conditions with NO provision of alternate accommodation. As a temporary measure, the organization (uTshani) provided large tents to accommodate all the families as respite against the elements. As a follow up and parallel process, both the CoJ and Disaster Management Unit was contacted to support the situation. However, here the challenges emerged in that:

- Initially there was no positive response. We were referred from one department to the next, with no solution forthcoming.
- When eventual response was received, it was slow.
- At site visit, the DMU had no resources to assist the affected communities.
- It was also apparent that there was a dire lack of capacity – both from CoJ and the DMU side.

In addressing this, we concur with the recommendations as indicated in the Habitat III SA draft report , in that:

- Awareness be raised on risks to various hazards
- Training and capacitating communities, and support structures on various disaster management measures
- Imperative to train governmental, including volunteer structures, at local level; and
- Design and incorporation of disaster management content in education and school curricula

As an organization, we implement re-blocking of informal settlements to alleviate, and potentially eliminate disaster risk. This is a process whereby the settlement is physically reconfigured to accommodate wider pathways for ease of access for essential services as well reducing the risk of fire spreads and larger communal spaces.

Once again, we experience financial constraints in this regard and would like this aspect to be addressed to support our methodologies.



# HABITAT III

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## Annexure H

**South Africa's  
Local Government System**

## South Africa's Local Government System

South Africa is a unitary constitutional state consisting of three elected spheres of government, namely national, provincial and local. The provincial sphere consists of nine provinces and the local sphere consists of 283 municipalities in a wall-to-wall system. The 283 municipalities are made up of eight metropolitan municipalities (Category A), 44 district municipalities (Category C), and 231 local municipalities (category B) each of which falls within a particular district in a two-tier system.

The significance of the wall-to-wall system is that municipalities encompass both urban centres as well as rural hinterlands to varying extents. This together with the developmental mandate of local government which includes facilitating local economic development allows (in its intent and design at least) for integrated rural and urban management at a local government level.

On the other hand the wall-to-wall system does place municipalities under financial strain having to administer a much larger area spatially. The differentiated capacities and revenue base of the 283 municipalities means that in many cases there is insufficient capability to adequately confront basic service delivery matters let alone see to the more difficult task of facilitating local economic development.

South Africa has an intergovernmental system that is based on the principle of cooperation between the three spheres of government – local, provincial and national. While the responsibility for certain functions is allocated to a specific sphere, many other functions are shared among the three spheres. **However, the Constitution specifically envisages that as municipalities develop the necessary capacity, the administration of many functions that are currently the responsibility of national and provincial government will be assigned to municipalities.**

The Municipal Finance Improvement Programme is designed to ensure that all disciplines related to the Municipal Finance Management Act are addressed through technical assistance placed at the municipality. Support is directed towards revenue management and collections, and budgeting. The programme transfers skills and experience to municipal officials. Although municipalities receive support to address gaps in their budget and treasury offices by identifying critical posts, filling these is a matter that municipal councils must prioritise. Rural municipalities need to develop new strategies to attract and retain skills, for example, by recruiting retired individuals and using shared services models more extensively (DoRA: 2014).

The revenue-service link between municipalities and residents is key to fostering greater accountability. This suggests that requiring poor households to pay even very small amounts for services may deepen local democracy and municipal accountability. Municipal councils, mayors and municipal managers are responsible for ensuring that available revenues are collected, resources are allocated appropriately and procurement and service delivery processes are economical, efficient, effective and equitable.

## 1. Intergovernmental relations and the role of government

Chapter 3 of the Constitution of South Africa describes the three spheres as being 'distinctive, interdependent and interrelated' and enjoins them to 'cooperate with one another in mutual trust and good faith'. An important element of this cooperative relationship is that there needs to be a clear understanding of each sphere of government's powers and functions to ensure that a sphere of government or organ of state 'does not encroach on the geographical, functional or institutional integrity of government in another sphere'.

In addition to the Constitution, various legislations govern or organise the system of intergovernmental relations (see text box below). Among other things, the legislation formalises the different spheres' roles and responsibilities with regard to various functions and provides for a range of consultative structures.

### Legislation that organises intergovernmental relations

Intergovernmental Fiscal Relations Act (1997) – This Act sets out the process for the division of nationally raised revenues between the three spheres of government. It establishes the Budget Forum, in which local government issues are discussed as part of the national budget process. It also requires that a Division of Revenue Bill be tabled annually, setting out (among other things) the amounts to be transferred to each municipality.

Municipal Structures Act (1998) – This Act provides for the establishment of different types of municipalities and the division of powers and functions between local and district municipalities. It also regulates the internal systems, structures and roles of office bearers of municipalities.

The Municipal Systems Act (2000) – This Act sets out detailed requirements in relation to community participation, integrated development planning, performance management, administration, service provision and debt collection. It also regulates the publication of by-laws and determines the role of national and provincial government in setting standards and monitoring local government. The Act also governs the assignment of functions to a municipality from another sphere of government.

Intergovernmental Relations Framework Act (2005) – This Act provides a framework for the establishment of intergovernmental forums and mechanisms to facilitate the settlement of intergovernmental disputes.

The South African system of intergovernmental relations is complex and continues to evolve as better modes of cooperation and coordination emerge and as functions are shifted between the spheres of government.

### Allocation of roles and functions between spheres

The Constitution delineates public functions into two categories: those that are concurrent (shared among different spheres) and those that are exclusive (performed by one sphere only).

- **Concurrent functions**

A function is concurrent if more than one sphere of government is responsible for making policy, legislating, administrating or monitoring performance in relation to that function.

Schedule 4 of the Constitution lists the ‘functional areas of concurrent national and provincial legislative competence’. Functions in Part A of Schedule 4 include school education, health services, social welfare services, housing and agriculture. In relation to these functions, national government generally takes the lead in formulating policy, determining regulatory frameworks, setting norms and standards and monitoring overall implementation. Provinces, on the other hand, are mainly responsible for implementation in line with the nationally determined frameworks. This division of responsibilities means that provincial budgets for these functions are far larger than the budget of the relevant national department. This is because, in all instances, either national or provincial government may regulate how municipalities exercise their executive authority in relation to these functions.

- **Exclusive functions**

A function is exclusive if only one sphere of government is responsible for making policy, legislating, administrating or monitoring performance in relation to that function. National government is exclusively responsible for national defence, national fiscal policy, foreign affairs, the criminal justice system (safety and security, courts), higher education and certain administrative functions. e. Provinces have exclusive legislative competence over the functions listed in Part A of Schedule 5 of the Constitution, which include provincial roads, ambulance services and provincial planning. However, national government may legislate in these ‘exclusive’ provincial functions if it is necessary to maintain essential national standards or for reasons of national security.

Municipalities do exercise a high degree of autonomy when making by-laws and administrating the functions within the prescribed national or provincial frameworks. It is important to note that municipal by-laws may not conflict with either national or provincial legislation.

Section 153 of the Constitution refers to ‘giving priority to the basic needs of the community’. Similarly, section 227 of the Constitution specifies that local government is ‘entitled to an equitable share of revenue raised nationally to enable it to provide basic services such as, electricity, sanitation and refuse removal and perform the functions allocated to it’.

**Table 1 Priority functions of local government**

Priority 1 functions	Priority 2 functions	Priority 3 functions
Water (potable)	Air pollution	Municipal parks and recreation
Electricity reticulation	Beaches and amusement facilities	Local sport facilities
Sanitation	Cleansing	Public places
Refuse removal	Control of public nuisance	Local tourism
Cemeteries	Fencing and fences	Local amenities
Fire fighting	Sell food to the public	Municipal airport
Municipal health services	Noise pollution	Licensing of dogs
Municipal planning	Pontoons and ferries	Child care facilities
Municipal roads	Pounds	Sell liquor to the public
Storm water	Street lighting	Markets
Traffic and parking	Street trading	Burial of animals
Building regulations	Trading regulations	Municipal abattoirs
Municipal public transport		

*Source: Municipal Demarcation Board, 2005, National Report on Local government*

*Capacity: MDB Capacity Assessment Period 2004/05*

*Note: National Treasury regards ‘building regulations’ and ‘municipal public transport’ as priority 1 functions*

The Municipal Demarcation Board has divided municipal functions into three categories according to its assessment of their relative priority.

The Municipal Demarcation Board's ranking of functions provides a useful framework and municipalities ought to prioritise the priority 1 functions in the way their administrations, planning and budgeting are structured and managed. Nevertheless the specific circumstances within a municipality should also inform the ordering of the priorities and the consequent allocation of resources.

### ***The local government fiscal framework***

The constitutional assignment of powers and functions to local government has a direct bearing on the local government's fiscal framework. Ideally, the local government fiscal framework should provide municipalities with access to revenue sources that are commensurate with the services they are responsible for providing. Table 2 below sets out the main sources of local government funding:

**Table 2 Sources of local government funding**

Source of local government funding	Constitutional provisions	Governing legislation
<b>Municipal own revenue sources</b>		
Rates on property	Section 229 and 227(2)	Municipal Property Rates Act
Surcharges on fees for services provided by or on behalf of the municipality	Section 229 and 227(2)	Municipal Fiscal Powers and Functions Act
Service charges/ fees	Section 229 and 227(2)	Municipal Systems Act Municipal Finance Management Act Electricity Act and Electricity Regulation Act National Water Act Provincial land use planning ordinances
Other taxes, levies or duties	Section 229 and 227(2)	Municipal Fiscal Powers and Functions Act
Administrative fees		Municipal Systems Act
Fines		National Road Traffic Act
Borrowing	Section 230A	Municipal Finance Management Act
Credit control and debt collection		Municipal Systems Act
<b>Transfers from national and provincial government</b>		
Local government equitable share of nationally collected revenues	Section 214 and 227	Intergovernmental Fiscal Relations Act The annual Division of Revenue Act
Fuel levy sharing with metropolitan municipalities	Section 229(1)(b)	The annual Taxation Laws Amendment Act
Conditional grants from national government	Section 214(c), 226(3) and 227(1)(c)	Intergovernmental Fiscal Relations Act The annual Division of Revenue Act The annual National Appropriation Act
Conditional grants from provincial government	Section 226	The annual Division of Revenue Act The annual Appropriation Act of the relevant province

Source: National Treasury

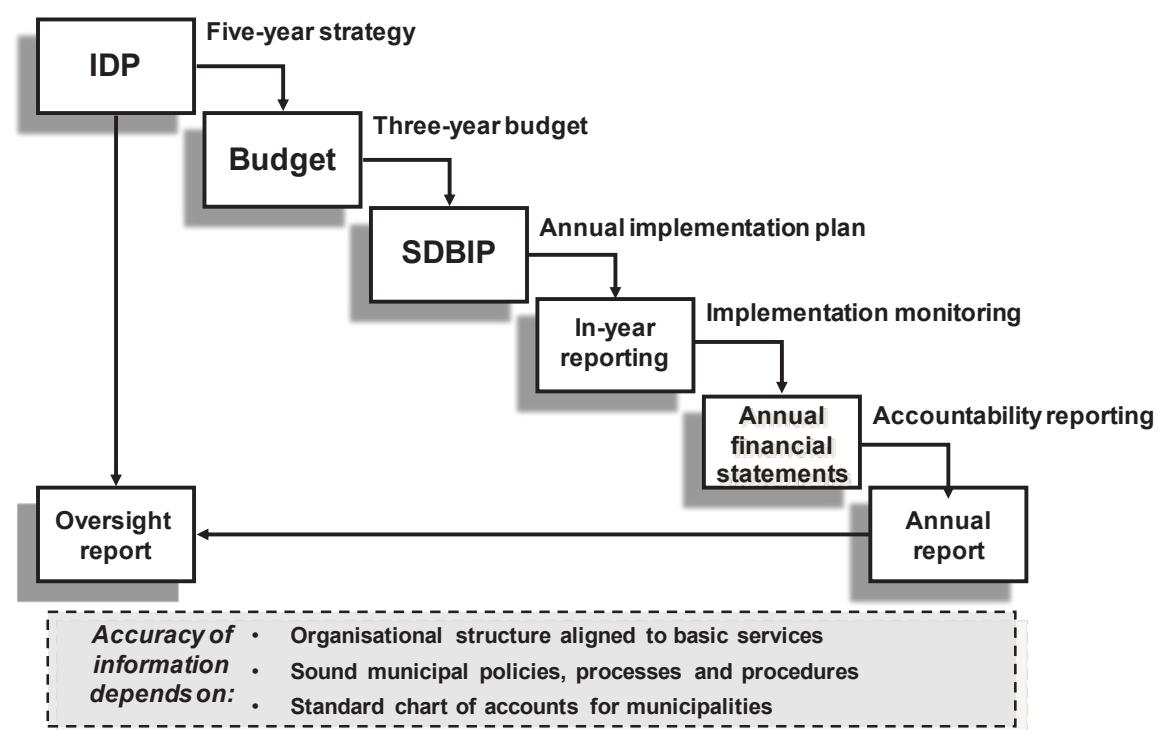
The fiscal arrangements set out in chapter 13 of the Constitution provide that local government is 'entitled to an equitable share of revenue raised nationally' and may also receive additional conditional transfers from national and provincial government. In addition, the Constitution also requires that

municipalities raise their own revenues from service fees, property rates, surcharges and other taxes, levies and duties. The Constitution expects municipalities to show fiscal effort to raise revenue that commensurate with their fiscal capacity. In terms of section 214(2) of the Constitution, when determining the equitable share of a municipality, the government must give consideration to, among other things, 'the fiscal capacity and efficiency of the municipality. Thus when determining a municipality's equitable share of nationally collected revenues, national government:

- must have regard for the fiscal capacity of a municipality – i.e. municipalities with low fiscal capacity should get a more generous share than municipalities with high fiscal capacity (all other things being equal)
- may not favour a municipality that does not raise own revenue commensurate with its fiscal capacity and tax base – i.e. municipalities that fail to show fiscal effort cannot look to national government for additional funding
- may not discriminate against a municipality that shows fiscal effort, and collects own revenues in line with or even exceeding normal evaluations of its fiscal capacity.

Figure 1 below shows the main components of the financial management and accountability cycle and how they ought to be aligned:

**Figure 1: Municipal financial management and accountability cycle**



Source: National Treasury

- Integrated development plan (IDP): This sets out the municipality's goals and development plans, which need to be aligned with the municipality's available resources. Council adopts the IDP and undertakes an annual review and assessment of performance based on the annual report.
- Budget: The three-year budget sets out the revenue raising and expenditure plan of the municipality for approval by council. The allocation of funds needs to be aligned with the priorities in the IDP.
- Service delivery and budget implementation plan (SDBIP): The SDBIP sets out monthly or quarterly service delivery and financial targets aligned with the annual targets set in the IDP and budget. As the municipality's 'implementation plan', it lays the basis for the performance agreements of the municipal manager and senior management.
- In-year reports: The administration reports to council on the implementation of the budget and SDBIP through monthly, quarterly and mid-year reports. Council uses these reports to monitor both the financial and service delivery performance of the municipality's implementation actions.
- Annual financial statements: These report on the implementation of the budget, and reflect the financial position of the municipality. They are submitted to the Auditor-General, who issues an audit report indicating the reliance council can place on the statements in exercising oversight.
- Annual report: It is the primary instrument of accountability, in which the mayor and municipal manager report on implementation performance in relation to the budget and the SDBIP, and the progress being made in realising the IDP priorities.
- Oversight report: Council produces an oversight report based on outcomes highlighted in the annual report and actual performance.



# HABITAT III

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## Annexure I

**Overview of South Africa's Housing  
Development Finance Institutions**

## Overview of South Africa's Housing Development Finance Institutions:

Date	Institution
1995	<p><b>The National Urban Reconstruction and Housing Agency (NURCHA) is established.</b></p> <ol style="list-style-type: none"> <li>1. NURCHA was established as a Section 21 Company.</li> <li>2. NURCHA is a joint venture between the South African Government and the Open Society Institute (OSI) of New York, USA. The OSI is a private operating and grant making foundation which aims to shape public policy to promote democratic governance, human rights and economic, legal and social reform.</li> <li>3. NURCHA is a Schedule 3(a) National Public Entity in terms of the Public Financial Management Act (PFMA).</li> <li>4. NURCHA's mandate evolved over time. Its current mandate is: <i>to ensure the availability of bridging finance to small, medium and established contractors building low and moderate income housing and related community facilities and infrastructure. To achieve this, NURCHA; Lends to contractors and developers either directly or through intermediaries Facilitates lending to contractors by other lenders by sharing risk with them May, with the permission of its Board of Directors ('Board') and with the necessary permissions in terms of the Public Finance Management Act ('PFMA'), provide other forms of financing (such as equity, quasi-equity or debt) to assist in the development of empowered construction and development companies.</i></li> </ol> <p>Website: <a href="http://www.nurcha.co.za">http://www.nurcha.co.za</a></p>
1996	<p><b>The National Housing Finance Corporation (NHFC) is established.</b></p> <ol style="list-style-type: none"> <li>1. The NHFC was established to unlock housing finance at the wholesale level at scale and on a sustainable basis for low- and moderate-income households.</li> <li>2. Government Gazette No. 18377 of 17th October, 1997 stipulates the NHFC's target market as that sector of the housing market in the Republic (of South Africa) consisting of persons who have an ability to contribute financially to their housing costs, but to whom bank-funded housing finance is not readily available. The Government Gazette mentions the following key aspects that should be the main business of NHFC: <ul style="list-style-type: none"> <li>managing facilitative interventions supporting bank lending for housing in the target market;</li> <li>undertaking funding as a wholesale intermediary and acting as a fund and risk manager;</li> <li>specialising in identifying, assessing, pricing, monitoring and managing the risks associated with the placement of wholesale funds with retail intermediaries active in the target market or in facilitating the flow of wholesale funds to such retail intermediaries; and</li> <li>Managing pro-active programs aimed at building institutional and financial capacity at the retail level and mobilizing funds into the housing process, in the target market.</li> </ul> </li> </ol> <p>Website: <a href="http://www.nhfc.co.za">http://www.nhfc.co.za</a></p>

Date	Institution
1996	<p><b>The Rural Housing Loan Fund (RHLF) is established</b></p> <ol style="list-style-type: none"> <li>1. RHLF was established 'under the wing' of the NHFC — effectively as an NHFC unit—but with its own board and separate financing. In 2001, RHLF was fully separated from NHFC.</li> <li>2. The reason for its establishment was that government had identified a need to facilitate access to housing microfinance for people residing in rural areas, so as to enable them to improve their housing conditions.</li> <li>3. When the government announced the Integrated Sustainable Rural Development Programme (ISRDP), RHLF was re-positioned as one of government instruments to pay special attention to addressing various aspects of poverty in the identified rural nodes—a role that RHLF continues to play<sup>1</sup>.</li> <li>4. RHLF is a Schedule 3(a) National Public Entity under the Public Financial Management Act (PFMA)<sup>2</sup>. It is established in terms of Section 21 of the Companies Act as a not for profit company<sup>3</sup>.</li> </ol> <p>Website: <a href="http://www.rhlf.co.za">http://www.rhlf.co.za</a></p>

<sup>1</sup> RHLF, Corporate and strategic plans for the year ended 31 March 2010

<sup>2</sup> Review of Development Finance Institutions, March – June 2007, RHLF, National Treasury of South Africa

<sup>3</sup> Review of Development Finance Institutions, March – June 2007, RHLF, National Treasury of South Africa



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## Annexure J

**An Example of a Non-Motorised  
Transport Initiative**

## An Example of a Non-Motorised Transport Initiative:

Shova Kalula, which is loosely translated into “Pedal Easy” from Zulu, is a bicycle project that started with second hand bicycles donated by some generous international countries. After a thorough evaluation of the project, the Department decided to distribute new bicycles only, as spares for some of the second hand bicycles were unobtainable. The project was also re-aligned to involve the Department of Education, the nine provinces and municipalities.

At the end of the pilot phase of the project, the Department realized that the project had potential to address the access and mobility challenges faced by many of our people. Thus government resolved that the project should be rolled out nationally as one of the interventions for the provision of a low cost means of mobility for people, especially those in rural, remote and poorly resourced areas.

The National Department of Transport, provincial Departments responsible for Transport, Departments of Education, municipalities and Non-Governmental Organizations involved in cycling and poverty alleviation partner in the Shova Kalula project.

Schools that benefit from the Shova Kalula project are identified by the provincial Departments of Transport in consultation with both the Department of Education and the municipalities concerned.



*School children receiving bicycles from the Shova Kalula Programme*

These schools then use the following criteria to determine which learners should qualify as beneficiaries of the Shova Kalula bicycle project:

- Learners should come from low income families;
- Have no access to public transport;
- Be unable to afford the costs of a public transport;
- Walk more than 3 km as a single trip to the school;;
- Be between grade 3 and grade 12;
- Be able to understand basic road safety education; and
- Have the capability to ride a bicycle.

Learners who walk more than 6 km to school are prioritised.



# HABITAT III

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## Annexure K

**SERI: Minding the Gap:  
An Analysis of the Supply of and  
Demand for Low-Income  
Rental Accommodation in  
Inner City Johannesburg**



## Minding the Gap: An Analysis of the Supply of and Demand for Low-Income Rental Accommodation in Inner City Johannesburg

### REPORT SUMMARY

February 2014

This report highlights the gap between the demand for and supply of low-income rental accommodation in inner city Johannesburg. The report argues that providing rental housing to every poor and low-income household living in the inner city is an achievable, affordable goal with the next few years. But the City of Johannesburg just has to want to do it.

### 1. What is “the gap”?

From SERI’s research into the supply of formal rental accommodation in the inner city, it is clear that there are no permanent options available to those earning below R3 200 per month. According to the 2011 Census, approximately 122 000 people (34 000 households) living in the inner city of Johannesburg earn below R3 200 per month. This figure constitutes almost 50% of all households in the inner city. These households can afford rent of R700 to R900 or less per month. In fact, this accommodation has never been available and, according to the Affordable Housing Company (AFHCO), a large rental housing provider operating in the inner city: “the only options for such earners remain RDP housing units which are outside the city, shacks in townships and hijacked buildings in the inner city, where they are often exploited by slumlords.” Indeed, many of those living in ‘bad’ buildings or overcrowded flats are earning below R3 200 per month working as car guards, domestic workers, cleaners, taxi drivers, informal traders, security guards, painters etc. Others choose to live in the inner city as there are opportunities for piecework, and transport costs are kept low. Minimum wage for formal employment in some of these sectors ranges from R1 750 to R3 300 per month.

SERI’s research has also shown that while there are a few institutions in the inner city providing state-subsidised social housing – including over 2 000 communal rooms and several hundred transitional housing beds – at lower rentals than the private suppliers, these institutions are extremely oversubscribed and there is almost no social housing actually available or affordable to people.

This is “the gap” to which SERI’s report refers. It should not be confused with “the gap market” which is the term government uses to refer to households earning between R3 500 and R15 000 per month. It is the real gap, deserving of the attention that state policy currently reserves for higher income earners. This gap is a crisis, repeatedly acknowledged by the City of Johannesburg, but one which has not been addressed over the years.

## 2. How has the City responded?

The City argues that poor and low-income residents can and should access informal accommodation in shared units at cheaper rentals. This despite taking action against people who do exactly that. Quite apart from such inconsistency, our research has found that even this informal accommodation is unaffordable to many people. For example, rooms to rent range from R800 to R1 400 per month while rooms to share, or portion of rooms, rent at a range of R100 to R800 per month per space. An enclosed balcony of a flat can go for around R600 or more per month. A bed-sharing arrangement of between R450 and R550 per month is probably the cheapest option available to people. These living arrangements are overcrowded with a lack of privacy and without security of tenure.

So why is the City so resistant to proactively deal with the crisis at hand? Perhaps the chief reason is a lack of political will. The City is focused on the people it wants to live in the inner city, not the people who already do. Furthermore, it focuses on so-called ‘bad’ buildings themselves, not on the needs of the people living in them. Another reason is an over reliance on “the market” to solve seemingly intractable problems like low-income housing. The reality is that people can often afford rentals in the range of R300 to R600 per month however, as both the municipality and private developers recognise, “the market” cannot currently deliver in this segment. A further reason for the lack of action around addressing the gap is that the City prefers to sell off its inner city property portfolio, rather than to explore a low-income rental housing strategy and to develop new models that address some of the historic shortcomings of public rental housing.

For example, the City’s flagship Inner City Property Scheme (ICPS) is driven by the private sector and involves the transfer of a large portion of the City’s own inner city property portfolio (including municipal-owned properties, expropriated properties, properties acquired through sales in execution and privately owned buildings) via a series of structured sale transactions. The City places a requirement on the appointed consortium to ensure that at least 30% of units developed are social housing. The first phase of the scheme has formally commenced with the earmarking of 30 buildings for development. Out of this a total of 309 social units will be developed, with rentals between R1 500 and R2 200 per month. Of this, less than 100 units will be aimed at the lower end of the low-income bracket. This is less than 10% of the total ICPS portfolio - a drop in the ocean and still too expensive for many people who earn below R1 500 per month.

The lack of affordable, permanent rental accommodation for poor and low-income households has recently come to the fore because of the large number of evictions taking place in the inner city by private developers. The City, in response to its obligations to provide temporary accommodation to those facing homelessness as a result of evictions (outlined in the Blue Moonlight judgment handed down by the Constitutional Court), has developed a policy to deal with people evicted from inner city buildings who face homelessness. However, to date no one has seen it. Referred to in court papers as the Special Process for the Relocation of Evictees (SPRE), the policy relies on a “managed care model” that sees people being placed in shelters run by a private service provider.

The policy is underpinned by the idea that people will “transition out” of poverty in a short space of time (6 to 12 months) and then be able to find affordable accommodation. However, more problematic than this flawed logic is the way in which people are treated in these shelters. The shelter rules, which

are currently being challenged in court, include gender differentiation (families are not allowed to stay together), day time lock-out (everyone is locked out the shelter between 08:00 and 17:00) and eviction without a court order at the end of the short stay.

There have been a number of predecessors to this approach, which have not worked for various reasons. The City's current model is destined to the same failure as earlier transitional housing schemes as it does not address the challenges faced with previous models. This is not a problem of dependency or laziness on the part of those living in the shelters. People cannot simply pull themselves together and get a job (or a better paid job) in a few months – the economy is not growing and the jobs market is shrinking. Without somewhere to transition into, people will be back on the streets or in another 'bad' building. This was the critique of earlier transitional housing schemes, and remains the case today.

### **3. What can be done?**

The good news is that something can be done. Housing demand is not endless. It is finite, measurable and can be planned for. For example, there are about 34 000 households living in the inner city earning less than R3 200 per month. Assuming that each of the 34 000 households living in the inner city earning less than R3 200 per month requires a unit that costs R125 000 to build or refurbish (the maximum amount available under the national public rental housing subsidy), the capital costs of eliminating the inner city housing problem altogether is, at its highest, R4.250 billion. This is just less than the City's current budget surplus, which is R4.9 billion and projected to increase over the next few years. Obviously the aim is not to solve the crisis overnight, but to at least put in place a plan and measures to progressively deal with the lack of supply of low-income rental housing for close to half of the households currently living in the inner city. Using a fraction of its budget surplus, the City could, in the next ten years, eliminate the inner city housing crisis. It does not need to do this alone and can, where necessary, utilise the skills of communities, NGOs and the private sector.

A radical programme of urban regeneration in the inner city is underway at present, as witnessed by the revival of precincts like Braamfontein and Newtown and the creation of Maboneng. Instead of carrying the social costs of a regeneration drive that is welcomed by wealthy groups, as a public authority should, the City launched its "Operation Clean Sweep" campaign which sought to remove all informal traders from the streets, and is currently pushing through a by-law to deal with people living in "problem properties."

The most significant intervention the City should be making in the inner city is an affordable, accessible rental housing programme that responds to the needs of the majority of residents, not a short term, transitional one that is bound to fail.

We are used to hearing about the intractability of social problems, the endlessness of poverty and the inability of the state to do anything about it. What this report shows, on the basis of an analysis of data accessible to anyone, is that, in inner city Johannesburg at least, providing housing to every poor and low-income household living there is an achievable, affordable goal within the next few years. The City just has to want to do it.

Read the full report on the SERI website: <http://www.seri-sa.org/index.php/research-7/research-reports>



# HABITAT III

**National Report by the  
Republic of South Africa  
for the Third  
United Nations Conference  
on Housing and Sustainable  
Urban Development**

## Annexure L

**stepSA: Policy Brief 6**

**Understanding the housing ladder:  
How and where poor urban  
migrants join the middle class**

## Understanding the housing ladder: How and where poor urban migrants join the middle class

'I was raised in the urban shack area at Sigundu F close to Mabopane, but now I'm staying in a formal township. I came here in 1999 and bought a stand with a three-roomed shack. It cost me R10 000, and I took that money from my savings account. If I decided to sell my present house, I would want about R150 000 in cash. In 2007 I built this six-roomed house plus a double garage, the house is built from cement bricks with plastered walls and is roofed with corrugated iron sheets. It cost me about R60 000, and I used the money I had saved from my business income over the years. Workers from this area did my building work, they're low-priced. It took two months for my house to be finished. My commutation always costs me R8 per day, and my net household income is about R3 000 per month.'

Informal business operator, Soshanguve, 'Block 18'

### 1. Introduction

Perhaps the key theme of the National Development Plan is the call for engaged citizens, who will stand up and take ownership of the development process so that the state need not confront the task of overthrowing the legacy of apartheid alone. The Minister in the Presidency for Planning, Trevor Manuel (2012, see also NDP 2012), has highlighted the central importance of correct spatial location for human settlements for efficient working of the economy and reduction of unemployment. Noting that improper location of human settlements is 'trapping and marginalising' the poor, he calls for a paradigm shift in planning, so as to transform city spatial form in South Africa.

This policy brief from the StepSA (Spatial and Temporal Evidence for Planning in South Africa) multi-year research enterprise addresses what urbanizing poor households in the metro shack settlements seem to be doing to overcome marginalization and enter the middle class through their own efforts, working from localities in the spatial zone of the urban periphery. It is suggested that (i) this rising tide of informal housing provision is one of the aspects of informality that needs to be taken directly into account in spatial planning against the housing backlog at local government level, and (ii) not all aspects of the full picture for housing demand are yet fully understood, especially in regard to human experience of urban space (cf Huchzermeyer 2013). Current views may sell citizen engagement short.

The recent qualitative study carried out by the StepSA research team at HSRC on behalf of the Financial and Fiscal Commission<sup>1</sup> in Gauteng, Mpumalanga and Limpopo (Cross & Ngandu 2014 forthcoming) suggests that there are likely to be at least two possible routes out of exclusion and into participation in the developed economy for the urbanizing poor:

1. Through access to regular paid work in the metro labour market<sup>2</sup>
2. By the informal housing ladder being used by owner-builders on the metro peripheries.

Results suggest that the informal owner-builder housing route to economic advancement may often be independent of either access to formal work or direct provision of houses from the government subsidy housing programme. Instead, it takes off from the broader impact of the state's programme of informal settlements upgrading, and appears not to be confined to households with formally employed members.

The city edge appears to be a highly dynamic housing environment, where land for house building that is readily available to informal owner-builders is changing the picture for access to decent shelter. At the same time, it may be changing the economic dynamics for poor migrants entering the city from the rural sector and aspiring to join the middle class. Key factors here appear to include:

- The emergence of a strong semi-formal but legally registered housing market which does not appear to involve the national Deeds Registry;
- The effectiveness of municipal registration of housing transfers in conveying effective tenure security;
- The striking capacity of poor urban households for savings mobilization;
- The rapid spread of unsecured loans from the formal financial sector, which allows many poor households to evade the need to obtain formal mortgage finance;
- The catalytic role of informal settlements upgrading in starting a developmental process of housing self-upgrade and voluntary formalization;
- The spatial role of the metro urban periphery in making land available into this owner-driven semi-formal process.

<sup>1</sup> This policy brief is based primarily on the findings of the HSRC research project *Harnessing Informality into Informal Settlements Delivery: Aligning Informal Finance with Subsidy Provision*, as commissioned and sponsored by Financial and Fiscal Commission. The kind permission of FFC as the research sponsors for us to make use of the qualitative research results for this briefing document is much appreciated and gratefully acknowledged. The main quantitative inquiry in the *Harnessing Informality* project is not reported here, but is based on the project survey dataset from the HSRC component of StepSA, and was carried out by the StepSA research team at HSRC.

<sup>2</sup> See StepSA Policy Brief No 2, *Light from Diepsloot: youth unemployment dynamics on the periphery*.

## 2. Research methods

An adapted anthropological methodology was used for the qualitative study, with 60 in-depth interviews, in four selected study communities with 15 interviews in each. The communities selected included both formal and informal human settlements, in rural and urban areas, with both informal site allocation and formalised site and service plans. Both in-depth interviews with community members and focus groups were conducted. Areas selected included:

**'Swedenville'**: an urban informal settlement linked to Mamelodi Township west of Pretoria, with entirely self-built housing and under the informal leadership of a community committee; six interviews were also obtained at '*Phelela*', a shack area to be upgraded near Swedenville.

**'Block 18'**: an urban formalized and upgraded shack settlement now part of the Soshanguve township northeast of Pretoria, with both subsidy and self-build housing under a formal local government dispensation;

**'Sesifikile'**: a dense rural settlement at Jane Furse in Limpopo, located more than one hour from the nearest formal settlement, with informal self-build housing, and having both rural Tribal Authority institutions and municipal local government;

**'Newhouse City'**: a rural elite township in Bushbuck Ridge in Mpumalanga, with both self-build and subsidy housing, with semi-rural institutions as well as municipal local government.

Interpretation has been comparative and qualitative. No claims of statistical representivity apply with this kind of qualitative approach. However, all four of these sample communities were selected as dense areas drawing in-migration. As such, all of them reported *fast-rising housing values, registration of property transfers* with the municipal authority, significant *household investment in self-build housing* as the key household asset, and the transformation of the area from informal semi-rural status to a *self-upgraded condition of self-formalization*.

### How the informal ladder works

Based on qualitative results from Financial and Fiscal Commission (FFC) and StepSA, in outline format the informal housing ladder seems to take shape according to a common sequence:

1. Initial informal settlement by poor in-migrant occupiers
2. Initial low-priced informal housing market, unit prices increasing from R 50-R300 to R15 000-R20 000 as the community land market develops
3. Upgrading, infrastructure delivery and tenure security following agreement with local government
4. Registration of properties and rapid semi-formal land market development



5. Emergence of investment-quality owner-built housing and mobilization of bank lending
6. High-income in-migration dominating the new semi-formal community housing market, unit prices reaching R100 000-R200 000+
7. Formal 'up-market' township conditions, with urban citizenship participation and middle-class income level
8. Rising housing values cut off poverty-level in-migration, resulting in a need for new informal areas to start the sequence again from the bottom.

For the settlement as a whole, and also for the unknown share of its original shack population who remain in place as housing values increase, the informal – or semi-formal – housing ladder appears to offer a genuine, accessible way upward into middle class standing, by transforming a shack settlement with housing replacement values averaging perhaps R 5 000-6 000 into one where housing sale values reportedly fall between R 100 000 and R 200 000 or more. For most residents who remain in place, the subsidy income band is left behind as families enter the affordable housing bracket. At this stage, areas are described as 'up-market' and shack housing is no longer considered acceptable by local residents.

### Distribution of housing

Findings from DST's StepSA project show informal self-build housing of decent quality occupying a large sector of the de facto housing market, and spreading fast. At a modest replacement value per unit of R 10-25 000, extending to well above R 50 000 in urban areas, the total estimated value of informal housing rated RDP-quality or better was tentatively estimated to reach R 12 billion for Gauteng, northern Mpumalanga and Sekhukhune at the time of survey.

Table 1 shows the distribution of housing typologies by province as reported on StepSA's national survey. Both shack housing and government-built housing are concentrated in the metro provinces of Gauteng and Western Cape, but good-quality owner-built housing as an emerging category is most common in the largely rural provinces clustered around the Gauteng metro core, in North West, Free State, Mpumalanga and Limpopo, where land is available to the informal market and good owner-built housing makes up a large part of the total. In Table 2, the overall national frequency of communities characterised by self-upgrading housing development reaches 13 percent of all surveyed housing.

**Table1: Type of dwelling unit by province: N cases, row percentages**

	Formal house built by state or big firm	RDP house or subsidy house not in bkyard	Formal house built by small local contractor	Owner-built house, formal-type, good quality, 2-5 rooms	Owner-built house, formal-type, good quality, 6-10 rooms	Low-quality owner-built house - better than shack	Formal backyd incl RDP house in backyd	Informal backyard structure / backyard shack	Room in house or garage	Shack rented by resident	Shack owned/bought by resident	Shack built and owned by resident	TOTAL
<b>WC</b>	51	60	5	0	1	1	3	10	2	7	12	53	222
	<b>23.0%</b>	<b>27.0%</b>	2.3%	0.0%	.5%	.5%	1.4%	<b>4.5%</b>	.9%	<b>3.2%</b>	<b>5.4%</b>	<b>23.9%</b>	100.0%
<b>EC</b>	187	143	31	88	32	358	2	9	100	3	19	34	<b>1238</b>
	<b>15.1%</b>	<b>11.6%</b>	2.5%	<b>7.1%</b>	2.6%	<b>28.9%</b>	.2%	.7%	<b>8.1%</b>	.2%	1.5%	2.7%	100.0%
<b>FS</b>	125	76	13	43	32	14	1	6	15	27	6	15	446
	<b>28.0%</b>	<b>17.0%</b>	2.9%	<b>9.6%</b>	<b>7.2%</b>	<b>3.1%</b>	.2%	1.3%	3.4%	<b>6.1%</b>	1.3%	<b>3.4%</b>	100.0%
<b>KZN</b>	105	163	21	113	46	322	14	55	11	9	15	65	<b>1088</b>
	9.7%	<b>15.0%</b>	1.9%	<b>10.4%</b>	<b>4.2%</b>	<b>29.6%</b>	1.3%	<b>5.1%</b>	1.0%	.8%	1.4%	<b>6.0%</b>	100.0%
<b>NW</b>	60	49	3	38	35	102	0	0	7	3	19	26	440
	<b>13.6%</b>	<b>11.1%</b>	.7%	<b>8.6%</b>	<b>8.0%</b>	<b>23.2%</b>	0.0%	0.0%	1.6%	.7%	4.3%	5.9%	100.0%
<b>GP</b>	435	140	0	71	14	5	11	99	7	18	258	0	<b>1092</b>
	<b>39.8%</b>	<b>12.8%</b>	0.0%	<b>6.5%</b>	1.3%	.5%	1.0%	<b>9.1%</b>	.6%	1.6%	<b>23.6%</b>	0.0%	100.0%
<b>MP</b>	15	20	0	234	98	73	18	2	3	3	24	0	547
	2.7%	3.7%	0.0%	<b>42.8%</b>	<b>17.9%</b>	<b>13.3%</b>	3.3%	.4%	.5%	.5%	4.4%	0.0%	100.0%
<b>L</b>	45	48	12	298	161	109	3	13	34	0	8	1	812
	5.5%	<b>5.9%</b>	1.5%	<b>36.7%</b>	<b>19.8%</b>	<b>13.4%</b>	.4%	1.6%	<b>4.2%</b>	0.0%	1.0%	.1%	100.0%
<b>NAT TOTAL</b>	1023	699	85	885	419	984	52	194	179	70	361	194	<b>5885</b>
	<b>17.4%</b>	<b>11.9%</b>	1.4%	<b>15.0%</b>	<b>7.1%</b>	<b>16.7%</b>	.9%	3.3%	3.0%	1.2%	<b>6.1%</b>	3.3%	100.0%

Source: StepSA/IPDM survey 2008-2010

Owner-estimated replacement value of housing appears in Table 3, showing the concentration of low-grade shack-quality housing in Gauteng's large population of poor in-migrants, alongside the frequency of units of all types valued at over R 50 000 reaching 23 percent nationally. As it has expanded over the last 10-15 years, this kind of asset accumulation has been self-funded by poor families. Housing in this bracket does not normally need to be replaced with subsidy housing: rather, it needs to be incentivized and supported with appropriate resources and financial mechanisms.

### Starting the self-upgrade cycle

The self-upgrading cycle starts once an informal area is occupied and settled and upgrading is negotiated with the municipality: subsidy housing and services are delivered in the area and property values start to climb, leading households to invest heavily in their housing. Households which either receive RDP housing or build their own on serviced stands may effectively quadruple the value of their self-build investment within a few years as the area assumes a new identity as an established township section. At this point, consumption standards have risen, and entry to the middle class – defined here as reaching the South African income average (World Bank 2013) – is taking place.

**Table 2: Distribution of Settlement Types by Province**

SETTLEMENT TYPE	WESTERN CAPE	EASTERN CAPE	KWA-ZULU NATAL	NORTH WEST	FREE STATE	GAUTENG	MPUMA-LANGA	LIMPOPO	TOTAL
OLD TRADITIONAL	-	42	30	29	5	-	*	26	20
NEW TRADITIONAL	-	3	1	1	-	-	-	2	1
INNER-RURAL VILLAGE	-	3	2	1	1	1	10	7	3
MID-RURAL VILLAGE	-	*	5	1	1	*	8	15	4
OUTER-RURAL VILLAGE	7	8	6	15	5	6	6	7	7
SELF-DEVELOPMENT	-	-	-	*	1	*	2	2	1
SELF-UPGRADE	2	3	3	8	17	7	49	20	12
SHACKS, INNER CEN	-	1	-	-	-	1	1	*	1
SHACKS, OUTER CEN	-	*	1	1	1	3	*	-	1
SHACKS, INNER PERIPHERY	8	1	5	1	*	4	2	*	3
SHACKS, OUTER PERIPHERY	14	*	2	-	-	8	1	-	2
SHACKS, RURAL	*	-	*	-	*	2	-	*	*
UPGRADED INFORMAL	14	3	5	1	2	4	*	-	3
MIXED FORMAL/INFORMAL	*	1	3	2	2	-	-	1	1
OLD TOWNSHIP	26	14	11	10	38	36	2	5	17
NEW TOWNSHIP	*	*	*	*	1	2	*	*	1
BACKYARD UNITS	6	9	9	2	5	11	3	6	7
SUBSIDIZED, RDP	17	9	11	11	15	8	4	6	9
SUBSIDIZED, PHP	1	1	*	*	*	*	1	1	*
23 URBAN PRIVATE RENTAL	-	-	*	-	-	*	-	-	*
25 URBAN INFORMAL RENTAL	-	1	*	1	2	*	*	1	1
<b>TOTAL SAMPLE</b>	<b>221</b>	<b>1236</b>	<b>1089</b>	<b>441</b>	<b>446</b>	<b>1119</b>	<b>551</b>	<b>812</b>	<b>5915</b>

Source: StepSA/IPDM survey

## 9. Baseline in-migration

Shack areas which either are upgraded or upgrade themselves into areas of self-described up-market property ownership appear from the available case material to form in the usual way for shack areas, by occupying unused and undefended land, usually under public ownership. The process is often described as land invasion, often spilling from the edges of existing townships.

'Myself, I am a former tenant in Extension 10 at Mamelodi. After I heard a rumour that a new settlement was about to open to accommodate people who were tenants, I was one of the first to erect a shack here. I came with my husband, but many of us were women, coming with our children to find a place of our own.'

The people involved may be backyard tenants, rural in-migrants or township youth unable to obtain housing of their own in their parent settlement: over time a large rural-born majority often emerges. The role of backyard tenancy has historically been large in generating a mobile population of mature families that moves into shack areas when they reach the stage of needing own permanent housing, and this population component of former backyard tenants is likely to increase.

**Table 3: Estimated replacement value: Cost to build similar house N cases, row percentages**

	No cost	R1 - R100	R101 - R600	R601 - R1 200	R1 201 - R2 500	total % R0-2500	R2 501 - R8 000	R8001 - R20 000	R20 001 - R50 000	R50001 +	Don't know	Total
<b>WC</b>	13	0	2	15	12	WC	50	60	40	23	6	221
	5.9%	0.0%	.9%	6.8%	5.4%	19.0%	22.6%	27.1%	18.1%	10.4%	2.7%	100.0%
<b>EC</b>	92	1	44	47	62	EC	150	226	199	270	145	1236
	7.4%	.1%	3.6%	3.8%	5.0%	19.9%	12.1%	18.3%	16.1%	21.8%	11.7%	100.0%
<b>FS</b>	25	0	4	16	31	FS	22	73	87	120	67	445
	5.6%	0.0%	.9%	3.6%	7.0%	17.1%	4.9%	16.4%	19.6%	27.0%	15.1%	100.0%
<b>KZN</b>	43	0	9	45	122	KZN	173	202	199	218	79	1090
	3.9%	0.0%	.8%	4.1%	11.2%	20.1%	15.9%	18.5%	18.3%	20.0%	7.2%	100.0%
<b>NW</b>	22	0	7	10	33	NW	52	114	72	127	4	441
	5.0%	0.0%	1.6%	2.3%	7.5%	16.3%	11.8%	25.9%	16.3%	28.8%	.9%	100.0%
<b>GP</b>	89	7	46	51	118	GP	118	106	156	376	0	1067
	8.3%	.7%	4.3%	4.8%	11.1%	29.1%	11.1%	9.9%	14.6%	35.2%	0.0%	100.0%
<b>MP</b>	37	2	10	17	26	MP	77	171	147	53	0	540
	6.9%	.4%	1.9%	3.1%	4.8%	17.0%	14.3%	31.7%	27.2%	9.8%	0.0%	100.0%
<b>L</b>	64	1	9	19	32	L	110	235	153	173	5	801
	8.0%	.1%	1.1%	2.4%	4.0%	15.6%	13.7%	29.3%	19.1%	21.6%	.6%	100.0%
<b>NAT TOTAL</b>	385	11	131	220	436	TOTAL	752	1187	1053	1360	306	5841
	6.6%	.2%	2.2%	3.8%	7.5%	20.3%	12.9%	20.3%	18.0%	23.3%	5.2%	100.0%

Source: StepSA/IPDM survey

## 10. Self-upgrade dynamics

In terms of the dual in-migration and property investment process reflected in respondents' accounts, the initial RDP housing delivery acts as the area's developmental nucleus. Population appears to flow in rapidly during the upgrading delivery process, whether into subsidy housing or serviced stands, with the self-build phase for high-value housing gathering speed. As the area fills up, further shelter options are available only by buying either a built house or an empty stand from the owners. Prices for either stands or finished houses can rise very fast.

'I can say that a good stand by the road might go for R15 000 in this township now. But if I wanted to move and decided to sell my present house, I would expect to get about R170 000 for it. I have a six-roomed cement house, roofed with corrugated iron sheets.'

'Prices of land have been rising around here since title deeds were handed over to the owners of the houses, and especially since the arrival of foreigners who are targeting land in urban zones for business purposes. Now I would expect about R 90 000 for my five-roomed cement house roofed with corrugated iron sheets, this is an up-market township area. If someone wanted to buy a good stand by the main road, it could probably cost around R 30 000 now, just for the land.'

## 11. Class structure

In-migration during this latter phase is restricted by the requirement to buy a property and pay rates. As a result, a higher-income stratum of entrants arrives as the area consolidates around the upgraded dispensation, merging into existing post-shack population. It looks as if the class structure of the area changes once the initial delivery phase is over and the area has reached a stage of attracting better-off households and employed professionals. Interviews suggest that a substantial share of the original population once housed in shacks is also likely to remain in the area as housing values rise and the new middle class develops. More clearly needs to be known about the constraints under which households which sell and leave the area as it upgrades have arrived at this decision.

## 12. Financing the ladder

Use of mortgage finance was not reported in the areas represented in the study, but bank finance appeared very common in the more established areas, including Block 18 and Newhouse City, and to some extent Sesifikile. As housing values start to climb, construction costs for investment-quality units average around R40 000 and are mainly covered by savings mobilization with some use of interpersonal lending and local credit sources.

'I came here in 1998 with my late husband, and he already owned a stand with a shack, which we upgraded ourselves. It was my husband who built this house, and he did the work himself. I think he spent about R40 000 for the materials, but he didn't tell me where he got the money from.'

'It cost me R 45 000 in 2004 to build this house. We used my husband's savings to do it, but I was the one who arranged and oversaw the building work.'

'I would want to build my house for about R40 000, that could be borrowed from a stokvel or local savings group that lends out their money, because the formal banks only serve people who are employed. It wouldn't be difficult; interest charges for the stokvelds are less than the banks charge. Many informal businesses in this area borrow money from local savings groups that lend out. After I lost my job, I personally took a loan for R15 000 from a local savings group. That was in 2009 and I'm paying off that loan at R300 per month. I can pay it since I have only the one loan, and I expect to finish paying in 2014.'

Respondent accounts indicate that the banks have been readily willing to handle the demand for housing loans on the lower rungs of the ladder, where informality merges into the formal property

market, on an alternative track through the unsecured lending market. At the bottom of the ladder, tenant rentals income from backyard structures is readily available in areas with high in-migration and strong housing demand. Rental income aligns with social grants, often allowing resident households which have not gained a foothold in the labour market to stay in the area, improve their housing incrementally, keep children in school and benefit from a rising economic tide.

### **13. Tenure security through local registry**

No separate form of tenure securitisation appears as necessary. Once servicing and/or upgrading is in place, municipal local government is able to provide very effective tenure security by registering ownership and any subsequent transfers at the municipal offices, and providing documentation for the transactions.

In place of rejecting any registration as a threatening process, as has historically been common in urban shack settlements, respondents in all five areas expressed intense commitment to registering their properties with the municipality in order to obtain both ownership security and full urban citizenship, and also to immediately registering all subsequent transfers.

'It's very important to have the title to the house registered, because if you have bought the house the title deed would have to reflect the change of name, from the previous owner's name to your name. This can only be done by the municipality. Oh yes, my house is registered at the municipal housing department.'

This kind of local-level registration process appears to be effective without apparent direct involvement of the municipality, the banks, the state, civil society, or the national registry system.

Incentivized by property ownership, rapid returns and the chance to claim citizenship rights, residents' commitment to continuing compliance increases the chances that the semi-formal market will retain integrity, avoiding proliferation of unregistered claims. Social perceptions shift away from self-encapsulated isolated communities and informality to a legalized semi-formal dispensation in which residents explicitly claim taxpayer standing and expect to hold their municipalities to account.

### **14. Distribution**

It is not yet clear how often this type of informal/ semi-formal housing ladder develops in densifying settlements that are drawing in-migration. In the FFC study, two of the three areas studied on the metro periphery were sustaining rapid housing development with an evident rise in building standards and in average income levels, as were both of the rural settlements. The third metro-periphery settlement was located on land unsuitable for upgrading and had been fighting a municipal removals struggle. Without upgrading and service delivery or any agreement with the municipality, the demarcation and registration

process could not start and housing tenure remained informal and precarious. Residents expressed intense frustration that after seven years in occupation they were not able to begin building investment-quality housing as had other settlements in the area.

## 15. Spatial location

It appears less likely on the face of it that areas in the city core zones and the middle city that are occupied by poor communities provide the necessary conditions for rapid self-upgrade. Built-up areas rarely allow owner-builder activity on unoccupied land, so that land for settlement or upgrading needs to be acquired by the state or the city and immediately enters a bureaucratic development and allocation process. This kind of process involves waiting lists for sharply constrained land resources and may slow the emergence of a spontaneous fast-rising market moving off a low base.

The kinds of areas represented by Block 18, Sesifikile and Newhouse City appear as hot spots for self-upgrade activity and municipal title registration, drawing in-migration and rising fast up the income distribution toward full economic citizenship once services are in place. Many residents might not move closer to the city core zone even if the opportunity were readily available.

'This is a good area for me, because I prefer the metro periphery area. I'm a business owner and this is where the business opportunities are located. To me, there's no real difference between the market location near the Soshanguve train station and the Pretoria CBD markets.'

Swedenville along with other shack settlements is predominantly occupied by poor people who see clearly how the semi-formal housing ladder works, have carefully estimated what it will cost them, and are negotiating as quickly as they can to move onto it. Their stated expectation is of following the same path as Block 18 and similar settlements.

It is not clear what fraction of the informal settlements in the metro outer zone fall into these categories: the spatial relations of density and development are complex (Biermann 2000, cited Harrison & Todes 2013). Upgraded or not, other informal or previously informal areas may be colder spaces in relation to the semi-formal housing market, with slow migration and slow servicing, ineffective survey and registration if any, and consequent slow revaluation of housing, slow increases in housing prices, and relatively little investment in housing as an asset.

Either way, in terms of spatial planning it appears that this kind of upward housing ladder may function only on the outer metro periphery or in rural districts, where informal access to land prevails on a system fairly similar to what operates in rural Tribal Authority areas.

## 16. Summary points

- Areas of high-value mixed formal and informal housing are developing in areas with high in-migration on the municipal periphery and in the rural sector
- The markets in formal subsidy housing and informal good-quality self-build housing appear to be interdependent: high-quality informal building follows from initial delivery of RDP-type units
- Registration at municipal offices offers a quick and easy route to formalisation of title for the informal market
- As market values rise progressively with more ambitious housing units, families able to remain in place form a significant capital asset and appear to be moving toward middle class standing
- Construction costs for investment-quality housing averaged R 40 000 and were within the reach of poor shack residents using savings mobilization and networks
- Finance for purchase prices up to R 200 000 or more is often provided by formal financial services, mainly as unsecured loans from the private banks to borrowers with formal employment
- This semi-formal market for owner-built housing may now be feeding into the gap market, which denotes the shortfall in formal housing stock valued at R250 000-R 600 000
- Rapid development with high-value self-build housing has so far been identified only on the metro periphery and in rural areas.

## 17. Implications and conclusion

Housing has been the central anti-poverty intervention of the state since democratization, with long-continuing debates over how best to bring decent housing to the excluded poor. The qualitative results from FFC and StepSA hint that many of these debates may now be moving toward resolution – the force of the de facto private market is pulling in even very poor communities, for better and perhaps also for worse, depending on how the forces of class inequality play out on the ground. There may also be a price to be paid in terms of social atomization and reduced societal cohesion, leaving individual households on their own in the impersonal market-based urban economy, more exposed than before to economic shocks.

It appears that the necessary institutional and capital framework has emerged for engaged citizens to take ownership of their own housing delivery modalities: if so, institutional interventions needed from here on may be more narrowly targeted than has been the case in the past. To the extent that the housing ladder is starting to help the poor to climb into the middle class, it offers evidence of massive developmental payoffs on the national investment in the subsidy housing delivery programme.

Based on the initial upgrading intervention providing infrastructure delivery and registration capability, housing dynamics on the ground may be evolving so that asset formation through fixed investment in quality housing can frequently work even in an environment of high unemployment. When it does, many households now in shack-level housing or backyard units may pull themselves out of the poverty income bands and into the middle class through household capital formation.

The housing ladder route up the income distribution appears to be opening up in areas of high in-migration and spontaneous densification, on the edges of the urban developed zone and out into the rural sector where land is available informally at the required low prices. Though more work is necessary to show how this kind of housing-based poverty exit mechanism is distributed across the country and across settlement typologies, StepSA findings suggest it is common in the northern provinces, where housing has almost fully replaced livestock as the key household medium of investment and savings. As these areas develop and South Africa passes the tipping point of its urban transition, it appears that rural/urban perceived identity may be shifting toward a wide popular identification as urban citizens and participants in the developed economy.

In terms of rights on the ground, restrictive patriarchal procedures and structures have retreated though not vanished, and both women and men in urban and rural communities predominantly assert that their local housing market is gender-blind.

In terms of the balance of shacks and formal housing, demand is created for new entry areas for people arriving in the city from the rural sector. This demand may require either shack areas or site and service, in that either upgrading settlements or self-development areas may tend to see prices rising so rapidly they quickly price new rural migrants out of the market in the established settlements.

## 18. Recommendations

1. In densifying areas where unused land can be accessed, owner-builder activity is rapidly putting good housing stock onto the ground at all price levels from R 30 000 to R 200 000+. Upgrading policy may need to incorporate informal owner-built housing into spatial planning for infrastructure delivery.
2. For upgrading, well-located land is likely to mean in practice land located in the urban zones where stands for building are quickly available to the poor and a housing market for owner-built units is operating. Future upgrading work may need to address the periphery as much as the CBD zones.
3. Informality is merging faster into the formal sphere than tenure securitisation work is progressing. Human settlements policy may need to make demarcation and municipal registration generally available, and at the same time avoid suppressing the emergence of new shack settlements on the urban periphery.

4. Unsecured lending is an easier and more accessible housing finance mechanism than formal mortgage, which has proved inaccessible due to red tape and procedural requirements. Delivery policy may need to further explore the link between unsecured lending from the formal banking sector and government mortgage guarantees.
5. To meet the backlog, human settlements delivery is likely to need:
  - A free-running, non-restrictive semi-formal housing market to leverage the benefits of informality as a fast and responsive mode of delivery;
  - A continuing appropriately targeted housing subsidy programme to support excluded citizens too poor to participate in this market by building their own housing.

Further research around establishing the point where the procedural formal market can merge effectively into the fluid delivery sphere of informality is also needed in order to more fully understand the informal housing ladder and its implications for human settlements policy.

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\*Any opinions stated in this Policy Brief are those of the author(s) and do not necessarily reflect the policies or opinions of DST or the HSRC. StepSA Policy Briefs are intended to provide reflexive policy appraisal and synthesis of cutting edge thinking in order to inform and strengthen the delivery of government policies and programmes.



# HABITAT III

**National Report by the  
Republic of South Africa  
for the Third  
United Nations Conference  
on Housing and Sustainable  
Urban Development**

## Annexure M

### SERI: Targeting the poor?

**An Analysis of Free Basic Services  
(FBS) and Municipal Indigent  
Policies in South Africa**



## Targeting the Poor? An Analysis of Free Basic Services (FBS) and Municipal Indigent Policies in South Africa

### 1. REPORT SUMMARY

March 2014

This report identifies and analyses problems with the implementation of municipal indigent policies and the provision of free basic services (FBS) in South Africa. According to research undertaken by the Socio-Economic Rights Institute of South Africa (SERI) - which included a review of the indigent policies of 137 municipalities - current approaches to rolling out FBS via municipal indigent policies are unfair, exclusionary and outdated. The policies are deeply suspicious of poor people to the extent that the system is riddled with conditionalities so harsh as to practically exclude those most in need.

The report, entitled "Targeting the Poor? An Analysis of Free Basic Services (FBS) and Municipal Indigent Policies in South Africa", shows that the basic services component of the social wage is not as successful as the social grant in reaching poor households. Municipal indigent policies and systems for targeting FBS have all but collapsed in many municipalities and for the last few years there has been no provincial or national regulation of municipal indigent policies. The lack of monitoring and regulation by the Department of Cooperative Governance and Traditional Affairs (CoGTA), the national department tasked with this responsibility, as well as by the Department of Water Affairs (DWA), in terms of water and sanitation, is cause for concern.

Municipalities are able to use a variety of targeting methods to distribute FBS to households, including household income, property value, service level and geographic targeting. However this highly flexible approach means that arbitrary thresholds, or other measures, can be implemented in order to limit the number of households that qualify for FBS. It is clear that municipalities struggle with how to decide which targeting methods should be used for the provision of different FBS. Where income thresholds are used to screen households for FBS, municipalities rarely take household size into account or make provision for multiple households living on one property. There is a lack of clarity on how to define who is poor and municipal definitions are not aligned with the income threshold that National Treasury uses when calculating the Local Government Equitable Share (LGES) allocation from the national fiscus. Indeed it appears national government, particularly CoGTA and National Treasury, has very little faith in the indigent registers and the money transferred to municipalities in terms of the LGES is not having the desired impact on poor households.

While targeting methods for FBS vary across municipalities, all municipal indigent policies have in common a significantly complex and onerous process for beneficiaries to prove their indigent status.

These processes are likely to have a bearing on the low registration of formally-qualifying households. Indigent registers are often extremely under-representative and, according to a CoGTA study in 2009, 84% of qualifying households in 22 municipalities sampled were not registered with the municipality. The vastly under-representative indigent registers (in terms of formally qualifying poor households in each municipality) indicate that the current system is not an effective means of allocating basic services.

According to Census 2011 there are 3 million registered indigent households in South Africa, 71.6% receive free basic water (FBW), 59.5% receive free basic electricity (FBE), 57.9% receive free basic sanitation (FBSan), and 1.6 million households (54.1%) receive free basic refuse removal (BRR). Even on its own terms, the system is failing.

Cumbersome requirements, for example that a social worker visit a family requiring indigent support and that a ward councillor must approve and sign off on an indigent application, are as impractical as they are demeaning. Publishing the names of recipients of indigent support, as many municipalities do for comment and verification by the public, suggests an outdated approach to poverty, which sees the poor as recipients of charity rather than bearers of rights. Indigent policies are often more concerned with eliminating fraud than with making sure that basic services get to those most in need.

Further, all municipal indigent policies that were surveyed have one or more conditionalities attached to households that register as indigent and receive FBS. One of the most problematic conditions is the requirement that applicants must own the property where services are provided. The implication is that the most vulnerable households who do not own property are excluded a priori from FBS.

Another condition concerns consumption restrictions placed on registered indigent households, who cannot, in a sizeable number of municipalities, purchase in excess of the FBS amount. The implication is that larger households are restricted to far less than a minimum of FBS per person. In order to receive more than the FBS minimum they must deregister themselves from the system and in so doing forgo FBS altogether as well as any other benefits of the municipality's indigent policy. Coupled to this restriction, some municipalities seek to punish households that exceed a maximum amount of FBS, even if they are able to pay, by installing restrictive devices like prepaid meters or removing the household from the indigent system.

Municipal indigent policies also contain a number of disincentives to economic productivity. These include not allowing people to rent out their property or parts of their property as well as prohibiting people from conducting informal business from a property, accessing consumer credit or owning a car. These conditions are counterproductive to the broader "exit strategy" and developmental aims of municipal indigent policies and FBS.

Beyond this, the conditions attached to indigent relief more often than not suggest a deep suspicion of the poor, and a tight-fisted attitude to the provision of any meaningful assistance. Indigent policies seem to be concerned with imposing ever more onerous measures to eliminate the possibility that a household which might arguably not require or "deserve" indigent relief will receive it. Policies seem less concerned with ensuring the widest possible access to basic services for those who are in dire need. In the current South African context, it is better to ensure that everyone who needs the subsidy gets it, even at the cost of a few "undeserving" cases also receiving unneeded support, than it is to riddle the system with conditionalities so harsh as to practically exclude those most in need.

SERI's survey of municipal indigent policies suggests that attempting to "target" poor households' basic services needs through municipal indigent registers creates more problems than it solves. The sheer variation in conditions attached to provision of indigent relief across municipalities suggests a great deal of unfairness in the system. In other words, whether or not households qualify for indigent status to receive FBS, the administrative obstacles they are required to overcome to obtain it, and whether or not it will actually provide them with what they need to live in dignity, depends a great deal on where they live in the country. The level of variation in indigent support we have identified in this report cannot possibly be justified as fair or equitable.

Another problem is that the amount of FBS provided to those who do manage to qualify is often very little, and the tariff structures for water and electricity services prohibit large, poor households or multiple households on one stand from consuming an adequate amount of services to constitute a decent life. While the majority of municipalities in the survey provide a maximum of 6 kl FBW and 50 kWh FBE per month to qualifying indigent households, as determined in 2001 and 2003 respectively, it has been recommended that 50 litres FBW per person per day and 250 kWh FBE per household per month is more appropriate.

There is an inherent tension between allowing flexibility in how municipalities implement the national framework policy and setting clearer requirements and minimum standards. The former enables locally appropriate solutions but also means that some municipalities with less capacity will decide on sub-optimal solutions. The latter would mean greater consistency across the country but might also result in solutions which do not fit the local conditions in some places.

It is almost ten years since the national framework policy for municipal indigent policies was published and it urgently needs to be reviewed and revised to ensure greater fairness, as current mechanisms appear to be random and, often, counter-productive to the goals set out for FBS. Municipalities need to evaluate of the efficacy of their processes and procedures on reaching and assisting poor households. While the uptake of indigent benefits is extremely low in most municipalities, in terms of qualifying households receiving FBS, municipalities do not seem to consider this a problem. There is a focus on exclusion, rather than how to ensure qualifying households are assisted. Linked to this, there needs to be much greater oversight and monitoring from CoGTA, as well as regulation from sector departments like DWA, Department of Human Settlements (DHS) and Department of Energy (DoE). Research needs to be conducted into how poor households navigate the indigent system on the ground, as well as on the impact that the myriad conditionalities imposed by municipalities have on households' access to FBS and a decent standard of living.

SERI's snapshot of 137 municipalities shows that indigent policies are currently not effective at ensuring that basic services are affordable to all, as envisaged in the Constitution and relevant legislation and policy. Too often, "targeting the poor" for indigent relief means imposing complicated, onerous and humiliating conditions on their access to levels of basic services we should all be able to take for granted.

- Read the full report on the SERI website <http://www.seri-sa.org/index.php/research-7/research-reports>



# HABITAT III

**National Report by the  
Republic of South Africa  
for the Third  
United Nations Conference  
on Housing and Sustainable  
Urban Development**

## Annexure N

**Isandla Institute:  
Input to South Africa's National  
Report for HABITAT III  
Setting a New Urban Agenda**



## Input to South Africa's National Report for HABITAT III

### Setting a New Urban Agenda

**July 2013**

Isandla Institute is a public interest think-tank focused on fostering just, equitable and democratic urban settlements. This is enhanced through innovative research and advocacy interventions. Isandla Institute functions as an experimental 'hot house' where policy ideas about the reduction of urban inequality, poverty, racism and social exclusion are nurtured. By design Isandla Institute works with multiple partners to guarantee that new ideas are disseminated, tested and remoulded so as to succeed in solving problems in the 'real' world.

Isandla Institute has a substantial history of work that has focused on strengthening the developmental and democratic potential of local government in South Africa and therefore vested interest in contributing to the formation of more robust and responsive governance structures. Isandla Institute also engages in research on issues of urban land and has focused on identifying those aspects of policy design, institutional weaknesses and outdated and inappropriate modes of practice that have inhibited a coherent and comprehensive response to transforming urban land governance in South Africa.

Isandla Institute is a signatory in the global campaign for the formulation an Urban Sustainable Development Goal. Isandla Institute also supports the South African government's initiative to develop an Integrated Urban Development Framework, and we look forward to a new and progressive urban agenda. Isandla Institute is part of a global knowledge network on participatory urban governance, which includes partners from Brazil, India, the Phillipines, China, Mexico, Uganda/East Africa, the UK and USA/Canada.

The following comment on South Africa's Draft National Report, presented on the 26<sup>th</sup> of June 2014, is offered in the hope that our work can strengthen South Africa's submission into the New Urban Agenda to be set out at the HABITAT III conference in 2016.

## 1. HIV in urban areas

Isandla Institute notes that the Draft National Report omits reference to the prevalence of HIV in urban areas, its spatial manifestations and the developmental implications of HIV infection at household, community and city level. According to the HSRC's *South African National HIV Prevalence, Incidence and Behaviour Survey* (2014)<sup>1</sup> there is a 12.2% HIV prevalence amongst the population in South Africa's metropolitan municipalities. Moreover, HIV prevalence is disproportionately concentrated in urban informal areas<sup>2</sup>. Here, a lack of adequate services exacerbates residents' vulnerability and susceptibility to illness and its debilitating consequences. With respect to informal living conditions, the HSRC survey suggests that:

These areas are under-resourced and lack some of the basic necessities, while the formal areas are well resourced in terms of basic infrastructure such as housing, water, sanitation, and access to preventive health services (ILO, 2008). This is a major distinguishing factor between high- and low-HIV population groups: the majority of black Africans live under poor conditions (HSRC 2014: 51).

In tacking stock of South Africa's urban demographic issues and challenges, the National Report cannot neglect the prevalence of HIV. Conditions of poverty and inequality continue to be key determinants of the health and wellbeing of the city's inhabitants, as these act as constraining factors on choice. The new urban agenda therefore needs to consider the ways in which urban development and management strategies can reduce vulnerability to HIV and its debilitating consequences at individual, household, community and city level. The achievements mentioned in Chapter VI can be framed as strategies for systematically addressing the socio-economic circumstances that lead to higher rates of HIV prevalence, and for mitigating the developmental implications of HIV/AIDS.

## 2. From housing to human settlements through meaningful community participation

In South Africa there is a marked tension between the interrelated notions of housing and human settlements. Despite its obvious shortfalls, the government subsidised house has become an image of the promise of equality, redress and justice. Although post-1994 housing policy sought to address the spatial inequalities entrenched in South African cities through apartheid planning, strategies of relocation and the provision of RDP housing have proved inefficient for building sustainable and integrated human settlements. Even the processes set out in the Upgrading Informal Settlements Programme, a key instrument for informal settlements upgrading, culminate in the construction of a state subsidised house (DHS 2009: 44). In looking forward towards a new urban agenda, there is a need to recognise informal settlement upgrading as a crucial mechanism for building settlements that respond to the needs of the urban poor and for drawing communities into processes of development and self-build housing opportunities.

<sup>1</sup> Shisana, O, Rehle, T, Simbayi LC, Zuma, K, Jooste, S, Zungu N, Labadarios, D, Onoya, D et al. (2014) *South African National HIV Prevalence, Incidence and Behaviour Survey, 2012*. Cape Town, HSRC Press.

<sup>2</sup> Isandla Institute (2007) *HIV/AIDS and Sustainable Human Settlements Development in South Africa*; HSRC (2014)

Isandla Institute therefore agrees with challenge a. set out in Chapter VI, Section 41 of the Draft National Report where it is recognised that ‘quantitative delivery continues to dominate development policies and approaches’ (2014: 151). We suggest then that the arbitrary distinction between Section 35 and Section 36 be removed so as to acknowledge the need for an integrated approach to the complex issue of sustainable human settlements. Furthermore Isandla Institute notes, as a point of emphasis, that the continued focus on the delivery of housing situates the state as exclusive provider. As a result, the ability of communities to participate in the making of cities and neighbourhoods is undermined. Building sustainable human settlements is a process that requires interventions that improve physical infrastructure as well as social infrastructure and that cultivates the capacity of communities to take ownership of development projects. During their tender process, the National Upgrading Support Programme revealed their recognition of these parallel demands. Here, tenders for upgrading projects had to display both social and technical competencies in order to be successful. While policy measures do make reference to the critical role that communities have to play in development, the culture and practice of participation must be strengthened.

In the interest of clarity, Isandla Institute here envisions participation to go beyond those processes of community consultation that often form part of government instigated development interventions. Participation as consultation does not allow communities to be actively involved in setting the development agenda, and as a result poor residents in South African cities continue to feel as though they are the object of state power rather than empowered actors that have a rightful claim to the urban realm and its benefits. The ‘invited spaces’<sup>3</sup> of the state limit the potential of urban dwellers to realise, and meaningfully express, their role as active citizens. Participation therefore calls for a recasting of the relationship between the state and communities, so that communities become equal partners in development and active agents whose knowledge and skills are critical. Central to this kind of participation is a coherent communication strategy, based on the principles of integrity, transparency and fairness, that allows for meaningful and informed engagement between stakeholders. If the new urban agenda aims to give substance to community participation, then the language of development must shift from one of provision to one of co-production and partnership.

Isandla Institute also notes that for communities to participate as equal partners in development, their capacity to engage with the state and its processes must be strengthened. Drawing on the National Development Plan (2011), Isandla Institute’s recent work has begun to investigate the need for a ‘civic academy’<sup>4</sup> – a strategic mechanism for empowering communities through learning, skills building and the improvement of spatial, financial and institutional literacy. It is noted then that throughout South Africa’s National Report, the importance of community participation, communication and co-operation must be made explicit. Of course, a greater focus on community participation also comes with particular governance challenges, a number of which are addressed below.

<sup>3</sup> Görgens, T and Van Donk, M. 2012. ‘Exploring the potential for ‘networked spaces’ to advance communities of practice during the participatory upgrading of informal settlements’, in *Re-establishing the People’s Contract: Meaningful participation in building sustainable human settlements*. Pretoria: Department of Human Settlements.

<sup>4</sup> Görgens, T., Masiko-Kambala, P. and Van Donk, M. 2013. *Establishing citizenship academies to cultivate ‘cunning intelligence’ and ‘practical wisdom’ in local governance in South Africa*. State of Local Governance Publication.

### **3. Recognising the social function of land**

If then it is acknowledged that communities have a critical role to play in the formulation and implementation of development interventions, it follows that greater emphasis should be given to the dynamic ways in which urban land is utilised. Isandla Institute, in partnership with Habitat International Coalition Latin American Office (HIC-AL), is currently working on a project investigating the relevance of the notion of the Right to the City in South Africa. The Right to the City discourse foregrounds the right of urban residents to participate in the making of cities, and draws attention to the ‘socio-economic and environmental function’ that land plays in making cities socially productive and inclusive places to live and pursue livelihoods.

Coming to terms with the challenges of both individual and collective rights is crucial in looking towards a new urban agenda. An engagement with the social function of land and property is valuable in this regard, as it can be used to pursue some of the principles as they are currently articulated (such as social justice and spatial equality) and has the added advantage of emphasising the non-commodified value of land that is so often overlooked in South African discourse. That is to say, social justice could be, and has been, pursued using a commodified approach to land – ‘willing-buyer, willing-seller’ – but the fiscal, procedural and social difficulties in pursuing such an approach have become self-evident. A focus on the social function of land forces planners and decision-makers to investigate and formally recognise those dynamics within the land market and uses of land by the urban poor that are weakly represented by a typical financial understanding of land. It creates obligations for both property owners and the state to ensure the positive use of urban land by emphasising the relationship between the rights and responsibilities of individuals, and those of the wider society.

Emphasis on the social function of land, and greater concern with the ways in which communities already utilise urban land can allow the state to formulate plans and projects that are responsive and that build on existing good practice. As it stands the report does not engage with the important issue of public facilities and public space. In human settlements, these elements are critical for the everyday lives of citizens as they contribute to processes of community-making. The state must therefore encourage and promote the development of social infrastructure through the investment of its resources. Isandla Institute suggests that the improvement of social infrastructure, alongside the improvement of physical infrastructure, is essential to the development of just and sustainable human settlements. The new urban agenda must focus its attention on those functions that enhance the capabilities of urban residents and that bolster community life.

### **4. Responsive and responsible governance**

Responsive governance is crucial for the pursuit of just and equitable cities. Here too the meaningful involvement of communities in processes of decision-making is paramount as it ensures that the projects of the state address the particular needs of urban residents. In South Africa, however, the mechanisms aimed at ensuring participatory governance have by and large failed to give voice to urban residents and the poor in particular. Chapter IV, Section 23 of the Draft National Report suggests that ward committees have ‘emerged as a key institutional mechanism intended to contribute towards bringing about people-centered, participatory and democratic local governance’ (2014: 83). By government’s own admission however, ward committees have not succeeded in bringing about

significant participatory governance. In a number of its publications<sup>5</sup>, the Good Governance Learning Network has noted that ward committees are prone to corruption and elite capture, as individuals and factions use them to gain political power. Party politics often detracts from the positive effects that ward committee could have, as these are turned into tools for driving a particular agenda. Furthermore, Isandla Institute's work on planning forums<sup>6</sup> suggests that ward committees do not function at the right scale. Ward committees function 'above' neighbourhood level, and therefore neglect the intricacies of issues on the ground. They are also, however, unable to adequately connect various projects and imperatives at a broader scale. We thus agree with point b. in Chapter IV, Section 26 which suggests that there is a need to improve participatory governance. In order for this improvement to take effect the state requires, amongst others, more robust social skills and competencies. Isandla Institute proposes that this point be emphasised throughout the Draft National Report, as it is central to the realisation of sustainable human settlements.

Furthermore, responsible and ethical conduct should also be noted as a key feature of inclusive governance. Government officials and policy documents often make lofty claims and set unrealistic targets. Indeed, housing has become political currency as parties make unattainable promises to secure votes. While it may be helpful to define targets, we suggest that targets also carry immense risk. Overambitious targets feed into a compliance mentality that sidelines meaningful community participation in favour of ticking boxes and delivering quantifiable outcomes. The proliferation of community-based protests in South Africa should serve as evidence of a disgruntled citizenry's response to unmet expectations and, particularly, to a state that fails to acknowledge their concerns. Isandla Institute thus notes that, in order to ensure accountability to the people first and foremost, the state should recognise the need for both strategic *and* pragmatic targets and interventions.

Finally, we acknowledge that participatory informal settlement upgrading is necessarily a complex process. Often, the state lacks the capacity (and indeed the political will) to engage with the messiness of community participation in meaningful and productive ways. Notwithstanding the fact that such competencies need to be strengthened in the state, Isandla Institute believes that there is a need for intermediation between the state and communities. Civil society organisations are well-placed to play a valuable role in this regard. As mentioned above, the development of sustainable human settlements requires an integrated approach that draws on the capabilities of multiple stakeholders. Non-governmental organisations often have the skills, capacities, values and orientation necessary to engage with urban residents and to respond to the priorities set out by communities themselves. It is therefore necessary to institutionalise partnerships between local government and civil society organisations through Memorandums of Understanding. In building relationships with civil society actors, municipalities can work to address the disjuncture between the state and the people and can, as a result, ensure that its processes are characterised by substantive community participation.

<sup>5</sup> See, amongst others, GGLN (2013), *Active Citizenship Matters: Perspectives from Civil Society on Local Governance in South Africa* and GGLN (2014), *Resilient Communities and Vulnerability in South Africa: Perspectives from Civil Society on Local Governance in South Africa*.

<sup>6</sup> Isandla Institute (2013), *Planning for Informality: Exploring the Potential of Collaborative Planning Forums*

## 5. Recommendations

1. In conclusion Isandla Institute offers the following recommendations to be considered in the finalisation of South Africa's National Report for the Third United Nations Conference on Housing and Sustainable Urban Development:
2. We recommend that **Chapter I** make explicit reference to the prevalence of HIV in urban areas and its spatial concentration in urban informal settlements. This concern should also be considered throughout the report, as various aspects of urban development and planning impact greatly on vulnerability to HIV and its debilitating consequences at individual, household, community and city level.
3. The importance of **community participation** (along with explicit reference to its meaning) must be stated **throughout** the report.
4. **Chapter IV** must set out strategies for improving participatory governance and take note of the complex challenges presented by ward committee structures. In particular, improved communication and coproduction need to be reflected as critical elements of a transformed urban governance system.
5. We recommend that **Chapter VI** makes reference to the importance of an integrated approach to the development of sustainable human settlements, an approach that recognises the value of informal settlement upgrading as a viable strategy for addressing injustice and inequality. **Section 35** should also make explicit reference to upgrading as a strategy grounded in community participation.
6. South Africa's input into the new urban agenda must illustrate a recognition of the need for state effort to shift its focus from household infrastructure to social infrastructure.