
Working Paper No. 2

Socio-Economic Rights Institute of South Africa (SERI)

November 2012

Contact Details:
Kate Tissington
Senior Research and Advocacy Officer
Tel: 011 356 5862
Email: kate@seri-sa.org
# TABLE OF CONTENTS

Executive Summary …3

1. Definitions and Statistics …12
   1.1. Defining informal settlements …12
   1.2. What is informal settlement upgrading? …13
   1.3. Statistics on informal settlements …14

2. Policy and Practice around Informal Settlement Upgrading …16
   2.2. Informal settlement upgrading in the 1990s and early 2000s …17
   2.3. Public sector housing delivery: 2002-2003 …17
   2.4. Breaking New Ground and informal settlement upgrading: …18
   2.5. Breaking New Ground ‘implementation’: criticism and court challenges …19
   2.7. Informal settlement upgrading: 2010-2012 …23

   3.1. National Department of Human Settlements …25
   3.2. Minister of Human Settlements …26
   3.3. Minister in the Presidency for Performance Monitoring and Evaluation …26
   3.4. Minister of Finance …27
   3.5. National Planning Commission …27
   3.6. Housing Development Agency (HDA) …28

4. Funding for Informal Settlement Upgrading …28

5. Linkages to Livelihood Creation, Informal Sector Development and Economic Opportunity Generation …30
   5.1. International perspectives on employment generation and urban development…30
   5.2. Importance of location for access to job opportunities …32
   5.3. Tenure security …34
   5.4. Links between the informal economy and informal settlements …37
   5.5. Upgrading for Growth Programme …39

6. Implications …41

7. Bibliography …44
This working paper was initially prepared by the Socio-Economic Rights Institute of South Africa (SERI) for the Centre for Development and Enterprise (CDE) in November 2012. The paper was written by Kate Tissington, senior research and advocacy officer at SERI, as part of a larger project funded by the Ford Foundation.¹

**EXECUTIVE SUMMARY**

This paper provides an up-to-date overview of the current landscape with regard to informal settlement upgrading in South Africa, particularly the linkages between informal settlement upgrading, livelihood creation, informal sector development and economic opportunity generation. Part of the current challenge around informal settlement policy implementation and the lack of proper upgrading initiatives in South Africa lies in the fact that different people have very different definitions of what both “informal settlements” are, and what “informal settlement upgrading” means. There is also little understanding of some of the key features of informal settlements, and those who reside in them.

Chapter 1

**Definitions and Statistics**

Chapter 1 of the paper thus provides some contextual information on the definitions of informal settlements, and of informal settlement upgrading, as well as some informal settlement-related statistics. According to the Upgrading of Informal Settlements Programme (UISP) contained in the National Housing Code, informal settlements are identified on the basis of the following characteristics: illegality and informality; inappropriate locations; restricted public and private sector investment; poverty and vulnerability; and social stress.² According to official statistics, there are over 1.2 million households living in approximately 2 700 informal settlements in the country. This chapter provides some interesting statistics around the following: rate of growth of informal settlements, household composition, length of stay in informal settlements, tenure types, household size, income generation, remittances etc.

Chapter 2

**Policy and Practice around Informal Settlement Upgrading**


Since 1995 there have been a number of policies, programmes, projects and pilots implemented around informal settlement upgrading; however there has not been a dedicated national programme to systematically upgrade informal settlements. This has shifted and current processes are underway to implement a dedicated national programme. This is not

---


to say that there were not informal settlement upgrading projects occurring in the 1990s and 2000s and, according to Sarah Charlton, “a wealth of learning has been lost or obliterated” in terms of the upgrading experiences during this period.³ While the Comprehensive Plan for the Creation of Sustainable Human Settlements - commonly known as Breaking New Ground or BNG – as well as the Upgrading of Informal Settlements Programme (UISP) (included as Chapter 13 in the National Housing Code) were approved in 2004, the message of incrementally upgrading informal settlements was confused with that coming from the Cities Alliance and the United Nations Millennium Development Goal (MDG) slogan which referred to “cities without slums” and “slum clearance.” Constitutional Court cases challenging this messaging, and its implementation through the N2 Gateway project and the KZN Slums Act, were supported by social movements and poor communities in Cape Town, Durban and Johannesburg, notably the Durban shackdwellers movement, Abahlali baseMjondolo.

A key finding from the Abahlali judgment was that proper engagement includes taking into consideration the needs of those who will be affected, the possibility of upgrading an area in situ and the provision of alternative accommodation where necessary. The Constitutional Court stated that, “no evictions [in terms of the PIE Act] should occur until the results of the proper engagement process are known. Proper engagement would include taking into proper consideration the wishes of the people who are to be evicted; whether the areas where they live may be upgraded in situ; and whether there will be alternative accommodation.” This affirms that eviction or relocation should only ever occur as a last resort, and only after in situ upgrading has been considered. The revised national informal settlements upgrading programme – the UISP – reiterates this principle.

An important development in terms of institutional responsibility for housing is that of municipal accreditation. The aim of accreditation is to decentralise housing functions (including beneficiary management, administration of national and provincial housing programmes, subsidy registration, financial administration etc) to those municipalities deemed to have sufficient capacity to take on these functions. The process entails delegation and ultimate assignment of housing functions to municipalities so they are responsible for all decisions with regards to the implementation of national housing programmes. In order to be accredited, municipalities must demonstrate sufficient capacity to plan, implement and maintain projects and programmes that are integrated within municipal integrated development plans (IDPs).

In 2010, the new Minister of Human Settlements (the department’s name changed in 2009 from housing to human settlements), Tokyo Sexwale, signed the Outcome 8 delivery agreement with the President “to upgrade 400 000 households in well-located informal settlements with access to basic services and secure tenure” by 2014 (this represents one third of households living informal settlements). According to the Outcome 8 document, “the target is a shift away from the current paradigm of exclusively state-provided housing for the poor. It explicitly includes improving livelihoods through the provision of different forms of tenure, and provides for alternative methods of housing delivery. It is the first large-scale programmatic response to incremental upgrading of informal settlements in the country.”⁴ The National Upgrading Support Programme (NUSP) was set up within DHS to provide support to provinces and municipalities to implement the UISP and upgrade informal settlements. NUSP’s approach, therefore, is a pragmatic one and is squarely located within the current institutional, legal and programmatic framework, particularly in terms of the way

municipalities currently think and operate (this being one of the biggest barriers to implementation of the UISP and meeting of the provincial targets). Currently, DHS is developing a new Green Paper to outline the department’s policy direction and set out new institutional arrangements, which are and will be changing significantly as municipalities are accredited with the housing function.

Chapter 3
Current Perspectives on Informal Settlement Upgrading

Chapter 3 provides some insight into what those in key government positions, and in other institutions, are saying and doing about informal settlement upgrading in South Africa. The list is not exhaustive, but includes some key perspectives by: the National Department of Human Settlements (DHS), Minister of Human Settlements, Minister in the Presidency for Performance Monitoring and Evaluation, Minister of Finance, National Planning Commission (NPC) and the Housing Development Agency (HDA).

The position of the National Department of Human Settlements (DHS) is that local government decides on the prioritisation of areas and projects, through ‘bottom-up’ involvement of communities, which then get included in the IDP. DHS allocates funding based on this prioritisation, bearing in mind the need to ensure equity. The DHS acknowledges that the implementation of the UISP has been a weakness in municipalities and that the department found that “traction and scale” were not happening. This is why NUSP was introduced: “to provide support to municipalities and provinces to implement programmes and plans for the upgrading of informal settlements.” NUSP is working with 45 large towns and cities with the aim is to ensure that each of informal settlements in these municipalities are provided with access to basic water, sanitation, tenure, access roads and high mast lighting as a first step. The Minister of Human Settlements, Tokyo Sexwale, has made it clear that the building of RDP houses is not sustainable and will come to an end in the near future. In his 2011 Budget Speech, he declared that “this upgrading of informal settlements is high on our agenda because it is not possible to build houses or everyone at the same time...The demand for houses is very high and resources are limited.” He has, however made some worrying statements in the past which point to a continued perception of those living in informal settlements as ‘unlawful’, ‘illegal’ and ‘queue-jumpers’.

The National Planning Commission has recently come out with some very interesting statements around informal settlements, in its National Development Plan (NDP). The NDP identifies “upgrading informal settlements on suitably located land” as a priority infrastructure investment. In its discussion of urbanisation (South Africa is expected to be 70 percent urban by 2030), the NDP highlights the fact that patterns of urbanisation in South Africa are complex “because circular labour migration under apartheid has led to an intricate relationship between rural and urban areas. It is likely that urban populations will become more permanently settled over time.” In response to many assumptions that urbanisation is a consequence of lack of rural development and agriculture reform, the NDP states that “this trend [of urbanisation] is not necessarily a reflection of poor rural policies but rather a reflection of the fact that urban living offers individuals a wider range of opportunities. Although there is a tendency to view these migrations as bad, they can in fact have very positive effects. These include the ability of the state to deliver better services because urban settings are more easily within reach, rising living standards if internal migrants are able to access jobs and a fall in fertility rates, which inevitably occur as people adapt to urban life.” The NDP recognises that informal settlements are “an affordable entry to the city”, but states that the average residence period within urban informal settlements has

---

6 Ibid p. 105.
increased from about two to four years in the early 1990s, to 10 years currently.\(^7\) Many migrants find it difficult to move out of shacks into more formal accommodation.

Finally, the Housing Development Agency (HDA) is currently working with NUSP around supporting provinces and municipalities in implementing the UISP upgrading targets as per Outcome 8. The HDA is working with provinces to undertake “rapid assessments” in targeted informal settlements. In terms of its support around informal settlement upgrading in Limpopo as per an implementation protocol with the provincial department, the HDA recently put out a request for proposals for social scientists “in the field of research, research management, and community facilitation, for conducting socio-economic surveys in informal settlements, undertake consultations with community, work with the community to develop and strengthen the community livelihoods programme as well as LED initiatives. The socio-economic surveys will assist in investigating the situational analysis of these informal settlements and assist with developing an effective upgrading programme taking into consideration current conditions of each settlement.”\(^8\)

Chapter 4
Funding for Informal Settlement Upgrading

Since 2009, a number of new financial interventions have been implemented in order to promote informal settlement upgrading, particularly in metropolitan municipalities (cities) and large towns. However, there is some confusion over the shifting roles and responsibilities of metropolitan municipalities as a result of the accreditation process and the introduction of the new Urban Settlements Development Grant (USDG), which is earmarked for metropolitan municipalities. The new USDG has meant extra funds flowing to municipalities; however there is some tension between National Treasury and DHS on how the USDG should be spent. The USDG is a different kind of conditional grant which goes directly into a municipality’s CAPEX budget and is not ring-fenced. It is aimed at transforming cities, and the shift in spending to informal settlements is expected to take place over time, although this timeline is rather vague. While DHS says municipalities should use the USDG for upgrading informal settlements, National Treasury is pushing municipalities to use it to increase the built environment performance. Furthermore, provinces are apparently resisting the national Human Settlements Development Grant (HSDG) being transferred directly to accredited municipalities, according to a formula (the HSDG is a conditional grant that must conform to the prescripts of the National Housing Code and the grant framework). Provinces are concerned about the status of existing housing projects they have undertaken.

Chapter 5
Linkages to Livelihood Creation, Informal Sector Development and Economic Opportunity Generation

Chapter 5 examines the linkages between informal settlement upgrading, livelihood creation, informal sector development and economic income generation, which have not been explored great detail. According to Charlton, the link between where people live and where and how they earn an income is very weakly understood or conceptualised in South African housing policy. In some respects, policy and programmes pay lip service to “the incorporation of a livelihoods approach” in the informal settlement upgrading process, but in

---

\(^7\) Ibid.
practice this is seldom an explicit part of the upgrading process. Further, as lamented by Charlton, there has been very little assessment of upgrading projects that have occurred in terms of how they have impacted livelihoods, job creations etc.

According to the NDP, “there is an insufficient understanding in policy of the informal and adaptive strategies and livelihoods of the poor. The relationship between where people live and how they survive is often overlooked” [emphasis added]. The need for more research around these linkages is echoed by South African academics, practitioners and even government policy. According to Napier, “whatever the economic policy of the (international or local) funders of urban informal housing and infrastructure upgrading, or the capacities and ideologies of the local governments involved, the issue of informal settlements has been addressed in a variety of (good and less constructive) ways. Rarely has a complete view of the state of existing livelihoods been used to design local interventions.”

There have been a number of interesting reports and journal articles touching on various aspects of this nexus; however most often information has to be gleaned from reports on other topics. This chapter thus provides a literature review and analysis of key issues around this important topic: international perspectives on employment generation and urban development; the importance of location for access to job opportunities; tenure security; and links between the informal economy and informal settlements. Arguably, the most comprehensive study on the linkages between upgrading and income generation/livelihood generation in South Africa is the “Upgrading for Growth” initiative conducted by the Cities Alliance and Ekurhuleni Metropolitan Municipality between 2007 and 2009. This programme will be discussed in the final part of this chapter.

The location of informal settlements in relation to job opportunities and social amenities is an extremely important factor, discussed in some length in this chapter. According to Misselhorn, quantitative surveys and qualitative interviews conducted by Urban LandMark in informal settlements in Ekurhuleni, eThekwini and Cape Town, clearly illustrate that “respondents in informal settlements usually made conscious choices about where to live. The reasons why respondents chose to live in specific informal settlements were usually closely linked to livelihoods (for example, proximity to jobs, cost of transport and costs of living). Many informal settlement residents said that it was through moving to those particular settlements that they were able to get jobs or earn incomes.” In their recent analysis of employment data and informal dwellers in South Africa, Hunter and Posel show currently, “African adults in informal dwellings are significantly more likely than African adults living elsewhere to be employed and, over time, employment rates among informal dwellers have increased, whereas they have fallen among African adults in formal and traditional dwellings.” In a case study of an informal settlement relocation in Durban, their findings point to the erosion of livelihood strategies, which were “deeply embedded in the in the local geography and consistent with recent labour market changes.” They show how “geography of housing and demographic and workplace changes are connected”, and the “limitations of

---

10 NPC “National Development Plan 2030” p. 266.
the redevelopment of informal settlements if this involves the relocation of communities to sites that are further away from urban centres.\textsuperscript{14}

Another important issue raised is this chapter is tenure security. In 2011, the DHS, with the technical assistance of the World Bank, conducted a series of impact evaluations to assess the effects of the UISP interventions in Bloemfontein, Free State (\textit{in situ} upgrading), Polokwane, Limpopo (relocation to RDP houses) and Daveyton, Gauteng (partial upgrading) provinces.\textsuperscript{15} The study found that “the increased tenure security that comes with the upgrading programme results in increases in the likelihood that households upgrade their homes, take out loans, plan to use savings for upgrading purposes in the future and obtain rental income through tenants.”\textsuperscript{16} However, the report is clear that formalisation of informal settlements and the provision of formal title is not necessarily the most desirable option for those living in informal settlements, not least because of the enormous backlog in title deeds being provided to owners.\textsuperscript{17}

Recent work by Urban Land Mark and the LANDfirst campaign have proposed “incrementally improving tenure” by providing a ladder on which to climb from informality to the point where a township register has been established, thus moving away from the “all or nothing” approach that can delay the upgrading process. While title deeds provide legal recognition of ownership, focusing purely on this provision tends to overlook the potential in leveraging the current informal mechanisms through which ownership is established within the context of informal settlements.\textsuperscript{18} Indeed, there is a marked difference in viewing informal settlement upgrading and improved tenure as a means for people to participate in the property market and to harness “dead capital”, than viewing tenure as social security and informal settlement upgrading as assisting the disenfranchised and marginalised in society. According to Klug and Vawda, one of the initial and most important state interventions in terms of informal settlements should be to “legally recognise the informal dwellers as citizens” through \textit{inter alia} the legalisation of land occupation, land use and construction inclusion in decision-making, and an increase in people’s ability to make choices i.e. increasing their choice of livelihood strategies.\textsuperscript{19}

Another set of important debates, relevant to the linkages between informal settlement upgrading and income generation, revolve around the so-called ‘informal economy’ or ‘second economy’. Much has been written about the ‘second/informal economy’ in South Africa, which, controversially, is conceptualised as completely distinct from the ‘formal economy’. According to Richard Grant, “the official position of the South African government is that the second economy is structurally disconnected from the first and is incapable of self-generating growth and development. Misselhorn states that the ‘artificiality of creating a distinction between a so-called ‘first economy’ and ‘second economy’, or between ‘formality’ and ‘informality’, has been widely observed, together with a number of risks. These include: the implicit assumption that one is necessarily better than or superior to the other; that there is a natural and achievable progression or ‘ladder’ from the one to the other; the possible

\textsuperscript{14} Ibid p. 302.
\textsuperscript{16} Ibid p. 3.
\textsuperscript{17} Ibid p. 22. According to a recent report on state-subsidised houses in South Africa, 1.44 million state-subsidised properties have been built and formally registered on the Deeds Registry since 1994, comprising 24 percent of all formally registered residential properties in South Africa. The same report states that over 1.5 million subsidy beneficiaries who received a housing asset have not had the house registered in the Deeds Registry.
\textsuperscript{18} DHS “Measuring Success in Human Settlements Development” p. 23.
\textsuperscript{19} Klug and Vawda “Upgrading of informal settlements” p. 38-39.
perception that they are somehow opposed to each other or mutually exclusive of each other, whereas in reality they merge and overlap and clear distinctions are difficult to make.\textsuperscript{20}

In terms of the relationship between informal settlement upgrading and the ‘informal/second economy’, Misselhorn states that “it is assumed that the close relationship between informal settlements and the informal / second economy is both obvious and implicit.”\textsuperscript{21} However, according to Charlton, the relationship between informal settlements and the informal economy is very poorly understood and there is no simple correlation between the two. While informal settlements can relate closely to very formal economic activities e.g. mining, informal settlements also exhibit many aspects of informal or localised economic activity. According to Klug and Vawda, “in post-apartheid South Africa, the participation of informal settlers in its formal economy is limited and they are forced to create multiple livelihood strategies primarily within the informal sector without any state assistance or intervention to integrate their aspirations and needs into the advanced skill based economy.”\textsuperscript{22} Misselhorn argues that it is important to remember that those affected by ‘informality’ and/or involved in the ‘second economy’ are typically vulnerable and have low levels of affordability. As a result, “they have very low abilities to accommodate, compensate for and tolerate external stresses and shocks such as relocations or new legislation. Their survival strategies can therefore be considered to be marginal in the sense that they have a low tolerance to stresses and changes, and this needs to be factored into any understanding of the interrelationship between the two spheres and policies and programmes aimed at closing the gap between the two.”\textsuperscript{23}

Finally, chapter 5 provides some information on the Upgrading for Growth programme, undertaken by the Cities Alliance, in partnership with Ekurhuleni Metropolitan Municipality, from 2007 to 2009. According to the municipality’s proposal to Cities Alliance, the aim was to “identify ways in which to leverage upgrading and service delivery investments through linkages to opportunities for economic growth to directly address the livelihood and social needs of the poor within Ekurhuleni’s settlements.”\textsuperscript{24} The ultimate goal of the programme and strategy, according to the Cities Alliance, was “to break the cycle of poverty by ensuring that all households in upgraded communities have at least one full time income earner or the full package of available social subsidies for households that do not include employable adults.”\textsuperscript{25} This was the first attempt to link sustainable livelihoods and human settlements, as outlined in Breaking New Ground. According to Topham, the programme showed institutional challenges are often much more critical than actual development challenges, and that it is extremely important to get institutional set-up right. According to Topham, while the Upgrading for Growth programme was not taken forward in it’s entirely, it did feed into the municipality’s Informal Settlement Management Plan. According to Topham, another legacy of the Upgrading for Growth programme is NUSP. He was the programme team leader during the latter part of the programme, prior to NUSP’s formation, and has taken ideas from the process and research into NUSP. One aspect that NUSP has adopted is the Sustainable Livelihoods Approach (SLA) to upgrading.\textsuperscript{26}

There has been some criticism of the Upgrading for Growth programme. According to Huchzeremeyer, the ultimate aim of Upgrading for Growth seemed to be to roll it out to all 114

\textsuperscript{20} Misselhorn “Position Paper on Informal Settlements Upgrading” p. 38.
\textsuperscript{21} Misselhorn “Position Paper on Informal Settlements Upgrading” p. 38.
\textsuperscript{22} Klug and Vawda “Upgrading informal settlements” p. 39.
\textsuperscript{23} Misselhorn “Position Paper on Informal Settlements Upgrading” p. 38.
\textsuperscript{24} Marie Huchzeremeyer Cities with ‘Slums’: From informal settlement eradication to a right to the city in Africa (UCT Press, 2011) p. 173.
\textsuperscript{25} Ntombini Marrengane “Introduction to the Cities Alliance: Employment Creation in Municipal Service Delivery Workshop” (Ekurhuleni, 28 February 2006).
\textsuperscript{26} Steve Topham “Livelihoods, shelter and transformation” presentation to DHS and Isandla Institute “Informal Settlement Upgrading workshop” (Cape Town, 30 May 2012).
settlements in Ekurhuleni; however this has not happened. She criticises the fact that the strategy was developed without explicit reference to the UISP, and provided no suggestion to the municipality “to engage with national policy, media coverage or with legal and academic debates about the unimplemented Chapter 13”, relying rather on international ‘best practice’ and consultants’ expertise.\(^{27}\) As of July 2010, the official in charge of the strategy and programme had resigned, and it seemed unlikely that the programme would be revived. This clearly shows the importance of institutional set-up, memory and buy-in for complex, interdepartmental informal settlement upgrading initiatives to work.

Chapter 6
Implications

This paper raises a number of implications for policy and strategy with regard to informal settlement upgrading in South Africa. It is clear that informal settlement upgrading is high on the national agenda, following the signing of Outcome 8, the revision of the UISP and the mandating of NUSP to support provinces and municipalities to reach their upgrading targets. However there is still a long way to go before 2014 and the pressure to deliver on the upgrading targets is sure to intensify over the coming years, raising a concern that community participation, a focus on livelihoods, sustainability and process will be compromised. These critical elements of upgrading need to be prioritised and highlighted, in as many spaces as possible, but particularly at local government level.

Despite the political will at national level, and the formal buy-in of provinces and municipalities, the ‘nitty-gritty’ of informal settlement upgrading and bottom-up participatory planning is where a programme or project is won or lost. There is good reason why hardly any provinces or municipalities have touched the UISP since it was first introduced in 2004 - there is an assumption that informal settlement upgrading it is very difficult to do and that greenfield housing projects are easier and more politically acceptable. The reality is that it is more difficult, requires different skills and different timeframes, and warrants different forms of monitoring and evaluation criteria (e.g. improvements in health indicators or livelihood generation vs. number of houses built). When upgrading projects were implemented, like the N2 Gateway project, they focused on relocating people and did not take into consideration the socio-economic impact on those living in informal settlements. Indeed, the livelihood strategies of the Joe Slovo residents were totally ignored during that flagship BNG project.

Municipal officials need to be supported in incremental upgrading processes in order to embrace qualitative aspects of this process including: incremental tenure within informal settlements; adopting livelihoods-based approaches; integrating human settlement planning and housing activities; and participatory planning. There is also the need for more widespread communication around informal settlement upgrading funding and policies in place, and current strategies and plans to upgrade settlements i.e. the work of NUSP and HDA, provincial plans etc.

While it appears that policy and practice have shifted since the N2 Gateway saga, not least because of court cases which have clarified that the relocation of informal settlements can occur only as a last resort and when the UISP has been considered, there are still fears that municipalities are not fully on board with implementing the UISP in the manner envisaged in the programme. And that they have little regard for alternative forms of tenure, capturing the social value of land, and investigating the ways in which people earn a living, and supporting these in upgrading plans. While some of these principles were the focus of the Upgrading for Growth strategy in Ekurhuleni Metropolitan Municipality, they appear not to have been implemented in the municipality subsequently. The reasons for this need to be further improved.

\(^{27}\) Huchzermeyer Cities with ‘Slums’ p. 174.
investigated, particularly in terms of institutional set-up and buy-in. As do the upgrading projects conducted in the 1990s and early 2000s, as highlighted by Charlton.

Tenure security, and the ways in which this – but not necessarily formal title – is important to households, particularly in terms of housing consolidation and income generation, is a critical part of the puzzle. However, this focus on the promotion of security of tenure should not be framed within a neoliberal discourse and justification, but should rather be located within a framework of assisting the poor and marginalised to gain a foothold into the city and improve their living conditions over time, with the assistance of the state. According to Klug and Vawda, “early legal recognition of informal settlements residents as well as the active implementation of a livelihoods approach would significantly contribute towards a more stable and sustainable basis for the ongoing phased upgrading process and possibly even for the scaling up of informal settlement upgrading.”

According to UN-HABITAT, South Africa needs to re-examine:

> the rigid and formal process of township establishment and development [which] often makes the development of slums or the upgrading of informal settlements a very unattractive prospect for developers or local authorities. The conventional wisdom for the development of land cannot be applied and very few innovative solutions exist. The development and construction industry as a whole is very conservative and alternative strategies with respect to planning procedures, engineering designs and construction process’s is often frowned upon.

These alternative planning and land development procedures, building standards, engineering designs etc are, however, essential if informal settlement upgrading is going to happen at scale and at pace in South Africa. While the DHS does not appear keen to consider using innovative instruments developed in Brazil for this purpose, there does seem to be scope to engage this issue through the current process of developing national planning and land use management legislation – the Spatial Planning and Land Use Management Bill (SPLUMB). The questions needs to be asked whether South Africa should look more closely at some of the steps taken by Brazilian around changing planning law, developing new statutes, regulatory frameworks, municipal by-laws, special zones etc.

Given the current focus on informal settlement upgrading and the ongoing work of NUSP in supporting provinces and municipalities around formulating plans, it is important ensure that the programmatic aspect of informal settlement upgrading in South Africa (as opposed to just specific projects) is pushed, publicised, debated etc. There is the need for city-wide upgrading programmes and plans to be implemented with as much participation as possible from communities and other stakeholders. This involves advocacy at all levels of government, with business, in communities and with the public.

---

28 Klug and Vawda "Upgrading informal settlements" p. 48.
Chapter 1
DEFINITIONS AND STATISTICS

Part of the current challenge around informal settlement policy implementation and the lack of proper upgrading initiatives in South Africa lies in the fact that different people have very different definitions of what both “informal settlements” are, and what “informal settlement upgrading” means. There is also little understanding of some of the key features of informal settlements, and those who reside in them. This chapter provides some contextual information on the definitions of informal settlements and of informal settlement upgrading, as well as some informal settlement-related statistics.

1.1. Defining informal settlements

According to the Housing Development Agency (HDA), “there is no single standard definition of an informal settlement across data sources, nor is there alignment across data sources with regard to the demarcation of settlement areas. In many cases definitions incorporate a reference to both the status of the land (illegal or not officially sanctioned or documented) and the dwelling (a makeshift dwelling). Definitions may make specific reference to the lack of municipal services.”

More problematic than the lack of harmonisation, is the limited disclosure of definitions used, which has an impact on research findings or recommendations.

According to the Upgrading of Informal Settlements Programme (UISP) contained in the National Housing Code, informal settlements are identified on the basis of the following characteristics: illegality and informality; inappropriate locations; restricted public and private sector investment; poverty and vulnerability; and social stress.

According to Neil Klug and Shahid Vawda, there are two characteristics that stand out when observing informal settlements: the inadequacy of the human living and working conditions; and “the prevalence of non-formal multiple livelihoods strategies among households and families living in these settlements.”

Statistics South Africa (Stats SA) defines an informal settlement as “an unplanned settlement on land which has not been surveyed or proclaimed as residential, consisting mainly of informal dwellings (shacks).” Stats SA differentiates between “informal dwelling/shack in backyard” and “informal dwelling/shack not in backyard”, the latter assumed to be referring to shacks in informal settlements. However, according to Mark Hunter and Dorrit Posel, “because backyard shacks can be attached both to informal dwellings in informal settlements and to formal dwellings, for example in townships, the sub-set of shackdwellers located specifically in informal settlements cannot be distinguished.” For the purposes of this paper, the sub-set “informal dwelling/shack not in backyard” has been used, taken to mean shacks in informal settlements.

1.2. What is informal settlement upgrading?

---

There are many different understandings and interpretations of ‘informal settlement upgrading’ among municipal officials, politicians, practitioners, communities, CSOs, the public etc. The common misconceptions revolve around the difference between the total redevelopment of an informal settlement at a greenfield site (usually focused on the building of houses) vs. in situ upgrading in a phased approach on the land where the current informal settlement resides. According to Romano Del Mistro and David A. Hensher, “informal settlements can be upgraded using one of two approaches: either total redevelopment or in situ development. Total redevelopment results in the entire area being demolished and families being relocated to another ‘greenfield’ site, which in turn destroys the social networks and adversely affects the economic network because ‘greenfield’ sites are usually further from urban opportunities than the informal settlement. The alternative is in situ upgrading which aims to minimize the extent of disruption to social and economic networks by reducing the number of households that are relocated to another site or elsewhere on the site.” As Mark Misselhorn from Project Preparation Trust (PPT) argues, “it must be emphasised that in-situ informal settlement upgrading is without doubt a challenging and complex task, this being one of the reasons it is often neglected in favour of other more ‘quick fix’ approaches such as green-fields development combined with relocations.”

The Upgrading of Informal Settlements Programme (UISP) contained in 2009 National Housing Code, and the guiding policy instrument in the country, does not contain a discreet definition of “informal settlement upgrading” but rather refers to a key objective of the Programme which is to facilitate the structured in situ upgrading of informal settlements (as opposed to relocation) to achieve the following policy objectives:

- **Tenure Security**: to enhance the concept of citizenship, incorporating both rights and obligations, by recognising and formalising the tenure rights of residents within informal settlements;

- **Health and Security**: to promote the development of healthy and secure living environments by facilitating the provision of affordable and sustainable basic municipal engineering infrastructure to the residents of informal settlements. This must allow for scaling up in the future; and

- **Empowerment**: to address social and economic exclusion by focusing on community empowerment and the promotion of social and economic integration, building social capital through participative processes and addressing the broader social needs of communities.

According to the Outcome 8 delivery agreement signed in 2010 between the President of the Republic of South Africa and the Minister of Human Settlements, the current national target is the “upgrading of 400 000 households in well located informal settlements with access to basic services and secure tenure” by 2014, as the first step in an incremental process of transformation to sustainable human settlements. The delivery agreement also stresses the need for integrated development planning, coordinated municipal and provincial service delivery and good urban management as part of informal settlement upgrading.

---


1.3. Statistics on informal settlements

In 2012, the Housing Development Agency (HDA)\(^\text{37}\) published a research report on the status of informal settlements in South Africa. The report compared a number of data sources and surveys, and an estimated figure of the number of households living in shacks in informal settlements was provided as 1.2 million. Some other important statistics to consider around informal settlements:

- The highest concentration of people living in informal settlements is in Gauteng, with over 400,000 households (this is roughly one third of all households in informal settlements, bearing in mind that roughly one quarter of all households in South Africa live in Gauteng).\(^\text{38}\)
- In terms of the number of informal settlements in South Africa, these differ according to different sources, with the Department of Human Settlements (DHS) stating there are 2,754 informal settlements in 70 municipalities, and Statistics South Africa counting 1,184 “informal residential” area.\(^\text{39}\) The number of 2,700 informal settlements in the country is generally accepted.\(^\text{40}\)
- 23 percent of households living in informal settlements comprise a single individual; however there are also many larger households, and 38 percent of households comprise four or more persons (the average household size in informal settlements is 3.2).\(^\text{41}\) According to the HDA, the number of single people occupying shacks “may reflect the preferences of younger, more mobile workers who seek accommodation near their workplaces...on the other hand it may also point to a lack of alternative affordable accommodation that is suitable for families.”\(^\text{42}\)
- Over one third of those living in informal settlements are under the age of 18 years, and over 50 percent of households living in shacks in informal settlements comprise one or more children.
- Analysis of data from the 2007 Community Survey indicates that the majority of people living informal settlements in 2007 had been living there for an extended period of time. Across the country, 65 percent said they had not moved since 2001. According to the 2009 General Household Survey, of the 1.2 million households currently living informal settlements, almost 1.06 million or 89 percent indicated that they were living in an informal settlement five years previously (this might not necessarily be the same informal settlement though).\(^\text{43}\)
- In terms of tenure, data from the 2001 Census, the 2007 Community Survey and the 2009 General Household Survey all indicate that rental is relatively uncommon in

---

\(^{37}\) The HDA is a national public development agency mandated in terms of the Housing Development Agency Act 23 of 2008 to assist organs of state with the upgrading of informal settlements. The HDA promotes sustainable communities by making well-located land and buildings available for the development of housing and human settlements. As an organ of state, the HDA is accountable through its board to the Minister of Human Settlements. See [www.thehda.co.za](http://www.thehda.co.za) for more information.


\(^{39}\) Ibid p. 31.


\(^{41}\) HDA “South Africa: Informal settlements status” p. 35.

\(^{42}\) Ibid.

\(^{43}\) HDA “South Africa: Informal settlements status” p. 44. The HDA report acknowledges that there may be a sampling bias towards older, more established settlements and that “if households in informal settlements believe there is a link between the duration of their stay in a settlement and their rights either to remain in the settlement or to benefit from any upgrading programmes, they may well have an incentive to over-state the length of time they have lived in their dwellings.”
informal settlements, and there is a fairly even split between households who say they own their dwelling and households who say they occupy it rent free.44

Particularly relevant to this paper is data that links informal settlement upgrading, informal sector development and economic opportunity generation in South Africa. Below are some statistics on employment, income and expenditure in informal settlements in South Africa, as compiled by the HDA from Stats SA data:

- According to the 2005/2006 Income and Expenditure Survey (IES), 75 percent of households living in informal settlement earn less than R3 500 per month (in 2010 Rand terms), with 38 percent earning less than R1 500 per month.45
- There is an unemployment rate of 32 percent for those who live in informal settlements (the average is 25 percent); however this differs across provinces. In KwaZulu-Natal, Limpopo, Mpumalanga and Northern Cape, unemployment rates are lower for those who live in informal settlements than the province as a whole. In Western Cape, Eastern Cape and Free State, the unemployment rates in informal settlements are higher than the province at large.46
- According to the 2004 Labour Force Survey, 37 percent of employed adults living in informal settlements are permanently employed in the formal sector (the national average of is 53 percent) and 27 percent are employed in the informal sector (the national average is 21 percent); however the HDA states that “it may well be the case that informal sector activity is under-reported; by its nature it is difficult to track.”47
- The main source of income for households living in informal settlements is salaries/wages (66 percent) which is higher than in formal dwellings (59 percent of income from salaries/wages).48
- According to the IES, the proportion of households living in informal settlements that transfer maintenance or remittances is 46 percent, well above the average for South African households as a whole which is 32 percent (for single person households living in informal settlements, this proportion is even higher at 55 percent).49

These statistics, while not perfectly reliable, quite clearly show that informal settlements are important for those working in cities and towns, either in the formal or informal economy.

---

44 According to the HDA, data on tenure status can be difficult to interpret: “There is no indication whether ownership is formal (i.e. whether there is a title deed). Further, it is not entirely clear what ‘ownership’ means to the household. On the one hand those who say they own their dwellings may be communicating a strong sense of belonging and permanence despite the informal nature of the dwelling. Alternatively those who say they own their dwellings may simply be referring to their ownership of the building materials used to construct their dwellings. Data on rentals is also difficult to interpret. Some households who say they rent their shacks may own the building materials but rent the land; if they were to be evicted from the land they would still retain possession of the physical structure. Other renter households may rent both the structure and the land.” Ibid p. 46
48 Ibid p. 41.
49 Ibid p. 42.
Chapter 2
POLICY AND PRACTICE AROUND INFORMAL SETTLEMENT UPGRAADING IN SOUTH AFRICA

As has been stated before, informal settlement upgrading in South Africa is quite complex terrain and is often extremely misunderstood (by politicians, officials, communities, public commentators etc). Mark Napier from Urban Land Mark argues that “the discussion of informal settlements, urbanisation, tenure, poverty and legality in the African urban context (particularly in sub-Saharan Africa) have been necessarily intertwined with discussions of traditional ways of doing things, and how these have become embedded into the formal, post-colonialist systems of urban governance.”

This nexus has been particularly relevant to the South African situation, where modernist planning and urban competitiveness have clashed with the socio-economic realities of post-apartheid cities and towns. Since 1995 there have been policies, programmes, projects and pilots implemented around informal settlement upgrading; however there has not been a dedicated national programme to systemically upgrade informal settlements. We will see how this has shifted since 1995, and the current processes to implement a dedicated national programme.

According to Sarah Charlton and Caroline Kihato, housing policy shifts in South Africa since 1994 were most often reactions to weaknesses in policy implementation, or were driven by other agendas such as political pressure or internal departmental politics. According to Charlton and Kihato, housing policy shifts in South Africa “are not, however, explicitly rooted in a rigorous interrogation of the needs of the poor, such as the impact of housing programmes on livelihoods and economic activity of the poor beneficiaries.”

They argue that there was not a clear process of housing policy evolution underpinned by a rigorous conceptual framework, and that much of this had to do with the movement of personalities and senior housing officials out of the policy and research division of the housing department, and a lack of continuity and institutional memory to carry the policy development forward strongly and decisively.


The 1994 White Paper on Housing, which was published following extensive negotiations at the National Housing Forum (1992-1994), laid out the post-apartheid government’s ambitious housing policy and development target of building 1 million state-funded houses in five years. The White Paper on Housing and housing policy were informed by the African National Congress (ANC)’s Reconstruction and Development Programme (RDP). A cornerstone of this early policy was the National Housing Subsidy Scheme (NHSS), which

52 Ibid.
provided capital subsidies for housing for qualifying beneficiary households to take full ownership. This was a developer-driven process, and projects were initiated, planned and built by private construction companies for the national and provincial governments. Between 1995 and 2001 over 76 percent of housing projects were initiated and led, most often, by private sector developers who strictly controlled the process. The majority of housing development was undertaken in terms of the project-linked subsidy programme on greenfield land, although the individual subsidy was also a popular tool.

2.2. Informal settlement upgrading in the 1990s and early 2000s

In addition to private sector RDP housing delivery, there was also some upgrading projects taking place during the 1990s and early 2000s, mainly in Durban. According to Charlton, “substantial and significant” informal settlement upgrading experience took place and she criticises the way in which these projects have been ignored or sidelined in present day discourse around upgrading.53 She states that the “limited documentation, analysis and evaluation of experience to date constitutes a gap in understanding of informal settlement upgrading processes and outcomes, and that a consideration of past experience could usefully inform future endeavours.”54

According to Charlton, the Durban Metropolitan Council had a programmatic approach to informal settlement upgrading (not just isolated pilot projects) which included in situ projects. According to a 2000 document produced by the Durban Metropolitan Council’s Metro Housing, there were a number of in situ upgrading projects taking place already in the 1990s.55 Many of these projects grew out of the experience of pre-Metro local authorities and NGOs, for example the Urban Foundation and Built Environment Support Group (BESG), the latter who worked with the Pinetown council on several upgrades in Southern Pinetown. According to Charlton, there was an “active commitment to upgrading in situ and lots of activity in this regard” which should not be discarded. Within the Cato Manor Development Project in Durban, one of the Special Integrated Presidential Projects (SIPPs) undertaken in terms of the RDP, there was some informal settlement upgrading in addition to the greenfield housing development (which was the emphasis of the project). This focus developed over time through practical engagement with the issue, and after the “recognition of the major impact the informal settlements would have on the housing delivery programme emerged”56

According to Charlton, a “wealth of learning has been lost or obliterated” in terms of the upgrading experiences during the 1990s and early 2000s, which involved many people including communities and the state, and these should be evaluated and assessed, particularly in terms of household economies and the relationship between these and various types of interventions. She states that research of these examples could “illuminate residents’ perceptions of the ways in which these products, and process, of informal settlement upgrading have made a difference to their lives.”57

2.3. Public sector housing delivery: 2002-2003

From 2002 to 2004, the housing delivery process shifted and became public-sector driven, with the process being less controlled, and the payment of the completed top structure being allowed to occur before registration of transfer of the property. While the fundamental policy

---

53 Email from Sarah Charlton (13 November 2012).
55 Metro Housing, “Informal Settlement Programme for the North and South Central Local Councils” Durban Metropolitan Council (September 2000).
56 Matthew Nel and Sarah Charlton “Learning on the Run: Housing and In-Situ Upgrading in the Cato Manor Development Project”, paper commissioned by the Cato Manor Development (September 2002) p. 5.
57 Charlton “Learning from the local” p. 62.
and development principles introduced by the White Paper on Housing continue to guide all developments in respect of housing policy and implementation, there has been a significant shift in policy focus since 2004. Between 2002 and 2003, a comprehensive review was undertaken of the government’s housing delivery programme since 1994. This led to the approval of the Comprehensive Plan for the Creation of Sustainable Human Settlements - commonly known as Breaking New Ground (BNG) - in 2004.

2.4. Breaking New Ground and informal settlement upgrading

According to the recently published National Development Plan (NDP) from the National Planning Commission, the BNG policy revision was introduced “after a recognition that the programme often resulted in poor quality units; uniform and monotonous settlements on the urban edge; the concentration of the very poor in new ghettos; and poor-quality residential environments without the necessary social facilities and supportive infrastructure. Unwittingly, post-apartheid housing policy had reinforced apartheid geography.”

There is some debate as to precisely how innovative BNG actually is; with Charlton and Kihato asserting that BNG did not clearly introduce any new policy direction and should be understood within the context of the then President’s proposals on housing policy at the time. In his 2004 State of the Nation address, President Thabo Mbeki promised that the national department of housing would present to the Cabinet a policy document that addressed human settlements and social infrastructure within three months. There was thus clear political pressure for the department to “generate a new document that engaged with socio-economic issues around human settlements.” It has been argued that BNG lacks clear strategic direction and that the policy is “confusing and disappointing” given the extensive research and consultation process that occurred prior to its development. As mentioned above, the final document was the result of political pressure and reflected surprisingly little of the review process and lacked the involvement of key officials who drove the process in 2002 and 2003. Instead, 19 different business plans from various sectoral programmes within the department were amalgamated and given to a “consultant with links to the World Bank” to consolidate. According to Charlton and Kihato, “despite this refinement the document does not clearly demonstrate a unifying conceptual foundation which offers policy direction into the future.”

The influence of international organisations and their discourse is evident in South Africa’s housing policy development, particularly in relation to informal settlement policy. The determination to “eradicate informal settlements”, referred to by former Minister of Housing Lindiwe Sisulu as the “war against shacks”, corresponds with the Cities Alliance’s “Cities without Slums” initiative and there has been a lingering misinterpretation of this target by the national department of housing. While Sisulu became the champion of BNG after 2004, it was the high level policy team appointed under her predecessor Bridget Mabandla, which contributed to some of the more progressive aspects in the new policy, particularly around in situ informal settlement upgrading.

In any event, the BNG policy amendment aimed to create “sustainable human settlements” and to increase the quality and size of houses and provide more choice in housing typology and tenure etc. While it did not set out the actual process of informal settlement upgrading,
it did place a much greater emphasis on linking housing to the provision of livelihoods and thus attempting to mitigate the effects of poverty. A number of new subsidy and funding mechanisms were initiated in order to try to broaden the potential housing instruments including the Upgrading of Informal Settlements Programme (UISP), which was published in 2004 (included as Chapter 13 in the National Housing Code). According to a national government official involved in the process, the 2004 UISP was drafted by a task team who did not take into account the lessons learn from the 1990s upgrading experiences. The policy formulation process has also been criticised in so far as it “afforded no space for public consultation.” The UISP made it clear that rather than ‘eradicating informal settlements by 2014’ by converting shacks into houses, the aim was “to integrate and formalise informal settlements through a number of instruments that lead to the structured incremental upgrading of these settlements.” The UISP includes amongst its performance indicators a range of indicators which include: poverty rates, elaborated as “household income or consumption trends”; social capital, particularly family stability and community cohesion; and economic activity that “increases number of business opportunities and number of jobs created.” According to Charlton, while specific ways of measuring these indicators are not always clear, there are clearly some assumptions about the link between the specific interventions of the UISP through capital expenditure and these wider outcomes. One example provided in the UISP is that the provision of engineering infrastructure “builds human capital by enhancing the productivity of labour” and the implication of a knock-on effect on “poverty rates.”

BNG also cemented the process of moving from developer-driven housing delivery to municipal housing delivery, and places “substantially increased emphasis on the role of the state in determining the location and nature of housing as part of a plan to link the demand for and supply of housing.”

2.5. Breaking New Ground ‘implementation’: criticism and court challenges

However, while these progressive policies and programmes were being put in place, there were, according to Misselhorn, still “some confusing messages from the South African state in respect of slums eradication and slums clearance. These messages, which appear to contradict in many respects the spirit of BNG and of many of the principles enshrined in South Africa’s Constitution.” In a recent book by Marie Huchzermeier called Cities with ‘Slums’: From informal settlement eradication to a right to the city in Africa, she charts the proliferation across several African countries of the misunderstanding between the United Nations’ Millennium Development Goal to improve the lives of 100 million slumdwellers, and a target to free cities of slums i.e. the eradication of slums. According to Klug and Vawda, while BNG’s vision is to “overcome the inadequacy of living conditions for informal settlement dwellers and the incorporation and integration of their multiple livelihoods into the

65 Klug and Vawda “Upgrading of informal settlements” p. 40.
66 According to Chapter 13 of the National Housing Code, “The challenge of informal settlements upgrading must be approached from a pragmatic perspective in the face of changing realities and many uncertainties. Informal settlements should also not be viewed as merely a ‘housing problem’, requiring a ‘housing solution’ but rather as a manifestation of structural social change, the resolution of which requires a multi-sectoral partnership, long-term commitment and political endurance. At the outset therefore, a paradigm shift is necessary to reframe existing policy responses towards informal settlements from one of conflict or neglect, to one of integration and co-operation.” National Department of Housing “Annual Report” (2005) p. 45.
67 Charlton “Learning from the local” p. 50.
68 DHS “Outcome 8” p. 13.
69 Charlton “Learning from the local” p. 51.
70 Ibid p. 51.
71 Shisaka “Housing subsidy assets” p. 13.
main stream of an advanced urban society and economy”, the policy’s intentions do not explicitly address the issue of prior legal recognition and the promotion of sustainable livelihoods in the upgrading process of informal settlements. This is a major shortcoming of the policy.

**N2 Gateway eviction case**

In South Africa, the launch of BNG was “simultaneously contradicted by the launch of the N2 Project (later renamed N2 Gateway), initially to upgrade but soon to remove the ocean of shacks and their inhabitants that greet international visitors on their transfer from the airport to the historic City Bowl area of Cape Town.” Interestingly, the N2 Gateway project was one of the pilot projects of BNG. After a protracted court battle, the Constitutional Court in June 2009 ordered the relocation of thousands of families from the very well-located Joe Slovo informal settlement to Delft, located on the outskirts of the city. However, on 24 August 2009, the Constitutional Court quietly issued an order suspending the evictions until further notice. Their action came after the Western Cape MEC for Housing submitted a report to the Court stating that he had “grave concerns” that the “massive relocation” might end up costing more than it would to upgrade Joe Slovo informal settlement. The MEC had been newly elected after the national election and represented the Democratic Alliance (DA), as opposed to the ANC, which had formerly been in power in the province. The MEC also raised concerns about the absence of a plan regarding those who would not be accommodated in the new settlement, arguing that the inadequate number of houses would mean people were left behind in transit camp. Since mid-June 2009, the HDA was mandated to take over the management of the project, which it continues to do.

**Abahlali baseMjondolo challenge to the KZN Slums Act**

Another important informal settlement-related court case before the Constitutional Court in 2009 came in the form of the Durban-based shackdwellers movement Abahlali baseMjondolo’s judicial challenge to KwaZulu-Natal Elimination and Prevention of Re-emergence of Slums Act 6 of 2007 (KZN Slums Act). The title of the Act reflects its three purposes concerned with informal settlements or ‘slums’: the progressive elimination of slums, measures for the prevention of the re-emergence of slums and the upgrading and control of existing slums. The KZN Slums Act aimed to “eliminate slums” in KwaZulu-Natal by de facto enabling and encouraging evictions to occur without meaningful engagement. Abahlali, along with other organisations, had attempted early on to impede the passing of the Slums Bill; however, were unsuccessful. Their experiences of illegal evictions and

---

73 Klug and Vawda “Upgrading of informal settlements” p. 41.
76 See [http://www.thehda.co.za/how_we_work/projects_and_programmes_function/n2_gateway/](http://www.thehda.co.za/how_we_work/projects_and_programmes_function/n2_gateway/). For more on the implementation of BNG in Cape Town, see Klug and Vawda “Upgrading informal settlements” pp. 43-46.
77 In 2005, the shackdwellers movement, Abahlali baseMjondolo, “burst onto the political scene in Durban. Abahlali opposed corruption in housing projects and the state’s sometimes coercive attempts to remove informal/shack settlements from central parts of the city.” Abahlali is a non-aligned social movement that mobilises and supports shack dwelling communities with insecure tenure to have access to formal housing and land. The movement subscribes to a “right to the city” approach and, according to Hunter and Posel, “is prepared to define on its own terms how poor people might sustain dignified urban livelihoods” See Hunter and Posel “Here to work”.

20
demolitions in Durban made them extremely wary of the impact of the KZN Slums Act, and decided to mount a constitutional challenge. They challenged the constitutionality of the Act in the Durban High Court in November 2008, however they were unsuccessful and the application was dismissed. On 14 May 2009 the Constitutional Court heard arguments relating to various aspects of the KZN Slums Act, most specifically around the problematic section 16 of the Act which states that a municipality must start proceedings for the eviction of unlawful occupiers if the owner or person in charge of the land fails to do so within the time period prescribed by the MEC. The applicants argued that section 16 violated section 26(2) of the Constitution in three ways: it precluded meaningful engagement between municipalities and unlawful occupiers; it violated the principle that evictions should be a measure of last resort; and it undermined the precarious tenure of unlawful occupiers by allowing the eviction proceedings to begin without reference to the procedural safeguards contained in the Prevention of Illegal Eviction from and Unlawful Occupation of Land Act 19 of 1998 (PIE Act). The Court ruled that section 16 of the Act was unconstitutional and invalid, as it gave too much power to the MEC and seriously undermined the protections in section 26(2) of the Constitution read with other housing legislation.

A key finding from the judgment was that proper engagement includes taking into consideration the needs of those who will be affected, the possibility of upgrading an area in situ and the provision of alternative accommodation where necessary. The Constitutional Court stated that, “no evictions [in terms of the PIE Act] should occur until the results of the proper engagement process are known. Proper engagement would include taking into proper consideration the wishes of the people who are to be evicted; whether the areas where they live may be upgraded in situ; and whether there will be alternative accommodation.” This affirms that eviction or relocation should only ever occur as a last resort, and only after in situ upgrading has been considered. The revised national informal settlements upgrading programme – the UISP – reiterates this principle.


The period 2004 to 2009 has been characterised as a period focused on “delivering human settlements” - characterised by the building of mega-projects like N2 Gateway (see the previous chapter for more on this project) in the Western Cape and Cosmo City and Olievenhoutbosch in Gauteng.

Important to note is that by 2008, none of South Africa’s large cities had implemented the upgrade of informal settlements under the UISP (Chapter 13 of the National Housing Code) and only the City of Cape Town, in response to an initiative by an NGO called the Development Action group (DAG) at the Hangberg informal settlement in Hout Bay, had applied for funding as per this programme (and in accordance with principles defined in the programme). In mid-2008, Phase 1 of the Hangberg informal settlement upgrade was approved; however the project has subsequently met with bureaucratic delays, failure by the City to implement an acceptable solution to the housing needs of the community and most recently the controversial demolition of shacks by the City which led to violence in the settlement.

79 The PIE Act is national legislation passed in terms of section 26(3) of the Constitution to provide for the prohibition of unlawful eviction and procedures for the eviction of unlawful occupiers. This Act repeals the Prevention of Illegal Squatting Act of 1951.
**Municipal accreditation**

An important development during this period is the accreditation of municipalities to undertake housing functions. According to the National Development Plan (NDP), this is "to effect improved integrated settlement development; and linking job opportunities and work creation with housing development processes." The aim of accreditation is to decentralise housing functions (including beneficiary management, administration of national and provincial housing programmes, subsidy registration, financial administration etc) to those municipalities deemed to have sufficient capacity to take on these functions. Since 2009, the accreditation process has been emphasised as a key government priority with a view to locating 'the decision-making authority and funding capacity for local development at the most local sphere of government.' The process entails delegation and ultimate assignment of housing functions to municipalities so they are responsible for all decisions with regards to the implementation of national housing programmes. In order to be accredited, municipalities must demonstrate sufficient capacity to plan, implement and maintain projects and programmes that are integrated within municipal integrated development plans (IDPs). The aim is for accreditation to result in improved efficiencies in the housing delivery process.

There are three levels of accreditation, and municipalities can choose which level they wish to achieve, depending on their own development priorities, housing needs and capacity. For each level certain capacity and functionality is required. The three levels are:

- **Level 1**: beneficiary management, subsidy budget planning and allocation, and priority programme management and administration (delegated functions);
- **Level 2**: all Level 1 functions as well as full programme management and administration of all national and provincial housing programmes, which includes project evaluation and approval, subsidy registration (via the HSS into the NHSDB), programme management (including cash flow projection and management) and technical (construction) quality assurance (delegated functions);
- **Level 3**: all Level 1 and Level 2 functions are formerly assigned and there is the additional responsibility of financial administration including subsidy payment disbursements and financial reporting/reconciliation (all functions are assigned).

Accreditation of municipalities was expected to occur over 10 years, beginning in December 2004 with nine municipalities and followed by 20 more in year two until all 284 municipalities had been accredited. However, the process has been much slower than anticipated. According to the 2008/2009 NDOH Annual Report, 18 municipalities applied for Level 1 accreditation as per the approved Municipal Accreditation Framework. In June 2009, the DHS established the municipal accreditation Capacity and Compliance Assessment Panel (CCAP) to assess the existing capacity of priority municipalities to perform the housing functions.

---

83 NPC “National Development Plan 2030” p. 269.
85 "Delegation" is not a permanent transfer of functions and does not include the transfer of the authority role nor does it entitle the municipality to legislate on the issue or direct funding from the fiscus. It entails the exercise of a function on behalf of the delegating authority as an “agent” where the ultimate authority still vests in the delegating authority i.e. provincial or national government.
86 "Assignment" is a permanent transfer of a function which includes the transfer of the authority role. It includes the right to directly receive the funds and assets necessary to perform the function.
87 Certain functions will be retained at provincial level. These are the approval of extraordinary applications i.e. special approval of non-qualifiers and the administration of the Individual Subsidy Programme (both Credit Linked and Non-Credit Linked Subsidies). DHS “Accreditation of Municipalities” Volume 3, Part 3 of the National Housing Code (2009).
function in terms of the municipal accreditation framework. Level 2 accreditation has been granted to City of Cape Town in the Western Cape and to City of Johannesburg, Tshwane Metropolitan Municipality and Ekurhuleni Metropolitan Municipality in Gauteng.

2.7. Informal settlement upgrading: 2010-2012

Since 2010, informal settlement upgrading has moved squarely onto the national political agenda, as a result of the establishment of the National Upgrading Support Programme (NUSP), the publishing of the revised National Housing Code and the revised UISP in 2009, and the Outcome 8 delivery agreement signed between the President and Minister of Human Settlements to “upgrade of 400 000 households in well-located informal settlements with access to basic services and secure tenure” by 2014 (this represents one third of households living informal settlements). In April 2010, the Outcome 8 delivery agreement on human settlements was signed between the South African President and the Minister of Human Settlements, and the Minister has since signed MOUs with the nine provincial MECs around provincial upgrading targets in line with the 400 000 target. According to the Outcome 8 document, “the target is a shift away from the current paradigm of exclusively state-provided housing for the poor. It explicitly includes improving livelihoods through the provision of different forms of tenure, and provides for alternative methods of housing delivery. It is the first large-scale programmatic response to incremental upgrading of informal settlements in the country.” The Outcome 8 delivery agreement states that “municipalities face the challenge of implementing UISP projects as part of transformation towards sustainable human settlements” and that municipal officials will need to be supported in incremental upgrading processes in order to “embrace qualitative aspects of this process including: incremental tenure within informal settlements; adopting livelihoods-based approaches; integrating human settlement planning and housing activities; and participatory planning.”

This process is politically charged, and interestingly, the impetus for the President to address the issue of upgrading informal settlements actually came from the Security Cluster in 2009, supported by the Department of Cooperative Governance and Traditional Affairs (COGTA). The proposal was then taken to the Cabinet Lekotla and the high level delivery agreement was signed in 2010. The figure of 400 000 households is rather arbitrary, and the number apparently shifted from 600 000 initially (half the number of households living in informal settlements), to 500 000 and eventually to the current target of 400 000 (a third of households living in informal settlements). Unsurprisingly, there are numerous challenges with meeting these targets; and there is the real concern that municipalities are not yet fully onboard with this new approach to improving the living conditions of poor households in towns and cities throughout South Africa.

National Upgrading Support Programme (NUSP)

This is where the National Upgrading Support Programme (NUSP) is meant to play a vital role. The Cities Alliance, in partnership with the World Bank Institute, World Bank and USAID, assisted DHS set up NUSP in 2008, “to provide a policy framework, and facilitate the structured in situ upgrading of informal settlements through the provision of basic infrastructure, services and land tenure for 400 000 informal settlement households by 2014.” According to the Outcome 8 delivery agreement, the inter-related shortcomings in the prevailing approach to informal settlement upgrading are as follows:

---

90 For more on The Presidency’s Programme of Action see http://www.thepresidency.gov.za/pebble.asp?relid=2493
92 Ibid p. 17.
• **Inconsistency** – although BNG identified the need for informal settlement upgrading, and the UISP was put in place, the DHS and most provincial departments did not pursue its large-scale application. “Relatively high profile messages on participatory upgrading, such as the Durban Declaration, have not translated into development activity.”

• **Misalignment** – “many provincial departments lack programmatic approaches informal settlement upgrading, choosing instead to focus on project-linked subsidy interventions. These have often proved to be ad-hoc, responsive rather than proactive, and influenced by provincial political priorities.”

• **Weak communication** – “housing sector officials generally lack familiarity with the UISP and Part 3 of the National Housing Code. The DHS and its provincial counterparts have been inconsistent in promoting and refining the use of the programme and its associated instruments. Simplistic interpretations of the ambition to ‘eradicate’ all informal settlements by 2014 have consequently come to dominate official thinking.”

• **Critical mass** – “incremental upgrading has not been pursued at scale, being seen as second-best to formal housing provision. Meanwhile, informal settlements have mushroomed to over 2 700 nationally, and at current rates of delivery the oft-stated 2014 eradication target will not be met until the 2030s.”

• **Weak engagement with municipalities and communities** – “although the UISP envisages municipalities as developers in informal settlement upgrading, this has so far not taken place at scale. Engagement and encouragement of municipalities to become more pro-active is essential to harness resources, broaden the base of experience and innovation, and achieve large-scale implementation. Furthermore, community participation in project planning and implementation has generally been structured through Ward Committees, and been limited to procedures rather than encouraging flexibility of shelter and services solutions.”

NUSP’s approach, therefore, is a pragmatic one and is squarely located within the current institutional, legal and programmatic framework, particularly in terms of the way municipalities currently think and operate (this being one of the biggest barriers to implementation of the UISP and meeting of the provincial targets). NUSP currently seeking has a partnership with the Community Organisation Resource Centre (CORC) – which forms part of the South African Shack/Slum Dwellers International (SDI) Alliance – around training “community neighbourhood designers” in informal settlements. CORC has been involved in a number of pilot upgrading projects in Cape Town, Stellenbosch and Johannesburg.

CORC has signed MOU’s with the two municipalities in the Western Cape; however is struggling to get traction with City of Johannesburg and Ekurhuleni Metropolitan Municipality, despite working with them for the past three years. One reason given by CORC for the good working relationship and formal partnership with Cape Town and Stellenbosch is the fact that both municipalities have informal settlements management departments that link up other line departments, and are able to break down informal, settlement upgrading into context-specific development plans. The violent and illegal evictions in Marlboro by the Johannesburg Metro Police in June and August 2012 have been met with outrage by the public, CORC and the affiliated Informal Settlement Network (ISN). A court case is pending. Sparked by the illegal evictions and disregard of causing homelessness in winter, the ISN have organised a public protest march on 11 September 2012. This is noteworthy, as the strategy of CORC and ISN is to engage with local government in partnerships around

---

93 Ibid p. 9.
94 Ibid.
95 Ibid.
96 Ibid.
informal settlement upgrading, and they do not generally take an antagonistic approach towards the state.

Currently, DHS is developing a new Green Paper to outline the department’s policy direction and set out new institutional arrangements, which are and will be changing significantly as municipalities are accredited with the housing function.

Chapter 3
CURRENT PERSPECTIVES ON INFORMAL SETTLEMENT UPGRADEING

This chapter provides some insight into what those in key government positions, and in other institutions, are saying and doing about informal settlement upgrading in South Africa. The list is not exhaustive, but includes some key perspectives by: the National Department of Human Settlements (DHS), Minister of Human Settlements, Minister in the Presidency for Performance Monitoring and Evaluation, Minister of Finance, National Planning Commission (NPC) and the Housing Development Agency (HDA).

3.1. National Department of Human Settlements (DHS)

In a recent SAFM Radio discussion with Neville Chainee, the Deputy Director-General: Policy and Strategy at DHS, and Marie Huchzermeyer, different approaches to informal settlements in South Africa were discussed. Huchzermeyer emphasised the fact that South Africa is a “trendsetter” internationally, particularly in Africa, and that between 2004 and 2009 countries like Kenya and Nigeria followed our example of ‘eradicating informal settlements’. She argued that we need to look to the Brazilian model for inspiration, and introduce new regulatory frameworks and statutes. She stated that there needs to be a focus on how people can turn their shacks into brick structures and access security of tenure, and that formal township establishment is too unwieldy and takes far too long. Chainee, however, stressed the fact that South Africa “cannot take things wholesale” from elsewhere and that South Africa operates within a rights-based Constitution with specific challenges. He referred to the tension between those living in informal settlements, and backyard shackdwellers, and the need to strike a balance between allocating resources to both, particularly in areas like Cape Town.

Chainee explained how it is local government that decides on the prioritisation of areas and projects, through ‘bottom-up’ involvement of communities, which then get included in the IDP. DHS allocates funding based on this prioritisation, bearing in mind the need to ensure equity. Chainee explained how the implementation of the UISP has been a weakness in municipalities and that the national department found that “traction and scale” were not happening. This is why NUSP was introduced: “to provide support to municipalities and provinces to implement programmes and plans for the upgrading of informal settlements.” NUSP is working with 45 large towns and cities with the aim is to ensure that each of informal settlements in these municipalities are provided with access to basic water, sanitation, tenure, access roads and high mast lighting as a first step. Chainee further acknowledged the need to “start the conversation” around a state construction company and discuss how best to allocate resources and use them more efficiently, given the current inefficiencies in the system.
3.2. Minister of Human Settlements

The Minister of Human Settlements, Tokyo Sexwale, has made it clear that the building of RDP houses is not sustainable and will come to an end in the near future. In his 2011 Budget Speech, he declared “This upgrading of informal settlements is high on our agenda because it is not possible to build houses or everyone at the same time...The demand for houses is very high and resources are limited.” His signing of the 2010 Outcome 8 delivery agreement with the President has committed him to overseeing the meeting of specific upgrading targets; however in the past he has made some concerning statement regarding urbanisation and informal occupiers. In 2009, he apparently “lashed out at residents of Thokoza hostel... [and] accused them of ‘calling or SMSing' their "cousins and uncles in rural areas to come to urban areas to queue for houses." According to media reports, he said that the shortage of low-cost government houses is worsened by migration to urban areas and that “the problem is not housing, but jobs. We can build houses, but if there are no jobs it is a problem. The jobs give you dignity. If we build a house for you and you have no job, you might end up being a thief in the township, because you have nothing to do.”

In 2010, a number of legal and human rights organisations published a joint statement in response to statements by the Minister of Human Settlements about the role of courts and civil society in human rights/social justice struggles. The statement acknowledged that during 2010, the Minister had been praised for his energy in tackling the housing crisis by signing Outcome 8, but that some of his statements "point to a lack of understanding of the reasons for the emergence and existence of informal settlements and illegally occupied inner city buildings. Further, his statements about the legal framework and recent court cases show a disregard for the role of the courts in enforcing the obligations imposed by the Constitution on the state, and in advancing struggles for fundamental rights in a constitutional democracy." Two of the worrying statements highlighted by the legal organisations refers to the Minister repeatedly referring to the "worrying trend" of the “legalisation of illegality” entrenched by court rulings, and the assertion that the rise in the number of informal settlements in the country is largely as a result of "powerful court rulings in favour of illegal settlers.”

3.3. Minister in the Presidency for Performance Monitoring and Evaluation

In June 2012, the Minister in the Presidency for Performance Monitoring and Evaluation, Collins Chabane, released a statement on the Mid-Term Review, where he stated that “a business case has been prepared to expand the Community Work Programme (CWP) to cover up to a million people per annum.” He stated that between 2009 and September 2011, government “delivered 83 000 serviced sites across the country” and that eight municipalities have been accredited to deliver housing and are waiting provincial gazetting, and a further 16 have been assessed for compliance. Chabane explained that DHS “is...

---

98 NGO Pulse “Sexwale Lambast Residents Over Housing” (15 September 2009): http://www.ngopulse.org/newsflash/sexwale-lambast-residents-over-housing
99 Ibid.
101 The Community Work Programme (CWP) is designed to supplement people’s existing livelihood strategies by offering a basic level of income security through work. CWP sites are established in marginalised economic areas, both rural and urban, where unemployment is high. Unemployed and underemployed men and women qualify to apply for work. The daily rate paid at present is R63.18. Communities are actively involved in identifying ‘useful work’ needed in the area. According to COGTA (the department responsible for the initiate) the first target is one site per municipality operating in at least two wards to reach 237 000 people by 2013/14. For more on the CWP, see http://www.levyinstitute.org/pubs/conf_june09/conf_june09_files/presentations/Session5b_Philip.pdf
providing support to provinces and municipalities to map, categorise and implement informal settlement upgrading plans in 45 priority municipalities.” He stated that “at local government level we have noted the recent service delivery protests among communities which require us to redouble our efforts to meet their basic needs.”

3.4. Minister of Finance

During his 2012 Budget Speech, the Minister of Finance, Pravin Gordhan, stated that “A new Cities Support Programme will get under way [in 2012], initially in eight metropolitan authorities, focused on improved spatial planning, public transport systems and management of infrastructure utilities.” He further stated that “technical assistance to municipalities is also provided through the neighbourhood development programme, which supports over 220 projects aimed at catalysing business investment in township partnership projects.” Importantly, he revealed that “the Community Work Programme (CWP) receives an additional R3.5 billion, which gives it a total of R6.2 billion, enabling the number of people employed to increase to 332 000 in 2014/15 from 90 000 in March 2011. We will continue to increase allocations to this programme over time.”

3.5. National Planning Commission (NPC)

The recently published National Development Plan 2030: Our future - Make it Work (NDP) identifies one of the critical actions of the NDP as “new spatial norms and standards - densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps.” Indeed, the NDP identifies “upgrading informal settlements on suitably located land” as a priority infrastructure investment. In its discussion of urbanisation (South Africa is expected to be 70 percent urban by 2030), the NDP highlights the fact that patterns of urbanisation in South Africa are complex “because circular labour migration under apartheid has led to an intricate relationship between rural and urban areas. It is likely that urban populations will become more permanently settled over time.” In response to many assumptions that urbanisation is a consequence of lack of rural development and agriculture reform, the NDP states that “this trend [of urbanisation] is not necessarily a reflection of poor rural policies but rather a reflection of the fact that urban living offers individuals a wider range of opportunities. Although there is a tendency to view these migrations as bad, they can in fact have very positive effects. These include the ability of the state to deliver better services because urban settings are more easily within reach, rising living standards if internal migrants are able to access jobs and a fall in fertility rates, which inevitably occur as people adapt to urban life.” The NDP recognises that informal settlements are “an affordable entry to the city”, but states that the average residence period within urban informal settlements has increased from about two to four years in the early 1990s, to 10 years currently. Many migrants find it difficult to move out of shacks into more formal accommodation.

The NDP states that urban areas vary enormously (in relation to spatial form, economic base and institutional strength) and government and the private sector “should understand the

104 Ibid.
105 Ibid p. 20.
106 NPC “National Development Plan 2030” p. 34.
109 Ibid.
distinct challenges and potential of different areas and respond with a location-specific approach.” A “major trend is the development of city-regions that extend beyond individual municipalities. This offers opportunities but also complicates urban planning and management. In particular, decision-making around land-use management and the coordination of development initiatives are greatly affected by the blurring of boundaries. Institutional structures that ensure greater collaboration and harmonisation of plans must be considered.” According to the NDP, “a large proportion of new urban residents will be poor, reflecting a phenomenon referred to as the urbanisation of poverty. In particular, the number of young people in cities is growing rapidly. These youth are largely in the working-age category and mainly unemployed or involved in marginal enterprise. This requires a positive response, as disenchanted youth are both a hazard and a lost resource to society.”

It was interesting to note at the CDE roundtable how the issue of urbanisation was raised a number of times, particularly the lack of leadership around urbanisation, and it is clear this is also a focal point of the NDP. When any discussion of urbanisation takes place, it is common to hear government officials talking about how the solution lies with “improving rural development”. This is clearly an area that requires consistent and informed lobbying.

3.6. Housing Development Agency (HDA)

The HDA is currently working with NUSP around supporting provinces and municipalities in implementing the UISP upgrading targets as per Outcome 8. The HDA is working with provinces to undertake “rapid assessments” in targeted informal settlements. In terms of its support around informal settlement upgrading in Limpopo as per an implementation protocol with the provincial department, the HDA recently put out a request for proposals for social scientists “in the field of research, research management, and community facilitation, for conducting socio-economic surveys in informal settlements, undertake consultations with community, work with the community to develop and strengthen the community livelihoods programme as well as LED initiatives. The socio-economic surveys will assist in investigating the situational analysis of these informal settlements and assist with developing an effective upgrading programme taking into consideration current conditions of each settlement.” The objective of rapid assessments is to:

- obtain a rapid overview of the scale and nature of informal settlement in a municipality;
- obtain an initial categorisation of all informal settlements in a municipality indicating the appropriate type of developmental response for each one (it being noted that, as a result of more detailed subsequent investigations, that this categorisation may need to be reviewed and changed later); and to
- enable strategic prioritisation of informal settlements for different developmental responses.

According to the HDA, the data collection process includes gathering household- and community level information on community livelihoods, LED initiatives, and access to social amenities. The request for proposals states the scope of the work includes the development of a Community Livelihoods programme, where “the service provider will assist with developing a programme which will ensure that community livelihoods are addressed and

---

110 Ibid p. 266.
111 Ibid.
Chapter 4
FUNDING FOR INFORMAL SETTLEMENT UPGRADING

Since 2009, a number of new financial interventions have been implemented in order to promote informal settlement upgrading, particularly in metropolitan municipalities (cities) and large towns. However, there is some confusion over the shifting roles and responsibilities of metropolitan municipalities as a result of the accreditation process and the introduction of the new Urban Settlements Development Grant (USDG), which is earmarked for metropolitan municipalities.

The USDG is aimed at assisting these municipalities to plan in a more integrated manner, with regard to the provision of bulk water and sanitation services to housing developments in well-located areas near social and economic facilities and opportunities. The grant is intended to integrate the release of well-located land to the function of planning and funding of the built environment, and aims to address inequality and poverty alleviation as well promote economic growth. The grant is aligned to the Outcome 8 delivery agreement and is linked to the target of upgrading 400 000 households in well-located informal settlements with tenure security and basic services by 2014. The USDG is meant to augment and support grant allocations from provinces to municipalities under the national Human Settlements Development Grant (HSDG). The aim of the USDG is to “create flexibility in the way cities could plan in order to restructure the city space.” Metropolitan municipalities have to sign an Intergovernmental Relations Protocol with the DHS, and develop Built Environment Performance Plans (BEPPs) in order to receive the USDG.

The new USDG has meant extra funds flowing to municipalities; however there is some tension between National Treasury and DHS on how the USDG should be spent. The USDG is a different kind of conditional grant which goes directly into a municipality’s CAPEX budget and is not ring-fenced. It is aimed at transforming cities, and the shift in spending to informal settlements is expected to take place over time, although this timeline is rather vague. While DHS says municipalities should use the USDG for upgrading informal settlements, National Treasury is pushing municipalities to use it to increase the built environment performance. Therefore, the USDG is being used to fund existing contractual commitments around the built environment (e.g. roads, bridges) as opposed to informal settlement upgrading. As one NUSP official put it, “the USDG has been hijacked by the engineers.”

Furthermore, provinces are apparently resisting the national HSDG being transferred directly to accredited municipalities, according to a formula (the HSDG is a conditional grant that must conform to the prescripts of the National Housing Code and the grant framework). Provinces are concerned about the status of existing housing projects they have undertaken.

---

113 National Treasury “Presentation to the Parliamentary Portfolio Committee on Human Settlements on the Urban Settlements Development Grant and the Rural Household Infrastructure Grant” (23 March 2011) p. 3.
Chapter 5
LINKAGES TO LIVELIHOOD CREATION, INFORMAL SECTOR DEVELOPMENT AND ECONOMIC OPPORTUNITY GENERATION

In South Africa, the linkages between informal settlement upgrading, livelihood creation, informal sector development and economic income generation have not been explored in great detail. According to Charlton, the link between where people live and where and how they earn an income is very weakly understood or conceptualised in South African housing policy. In some respects, policy and programmes pay lip service to “the incorporation of a livelihoods approach” in the informal settlement upgrading process, but in practice this is seldom an explicit part of the upgrading process. Further, as lamented by Charlton, there has been very little assessment of upgrading projects that have occurred in terms of how they have impacted livelihoods, job creation etc.

According to the NDP, “there is an insufficient understanding in policy of the informal and adaptive strategies and livelihoods of the poor. The relationship between where people live and how they survive is often overlooked” [emphasis added]. The need for more research around these linkages is echoed by South African academics, practitioners and even government policy. According to Napier, “whatever the economic policy of the (international or local) funders of urban informal housing and infrastructure upgrading, or the capacities and ideologies of the local governments involved, the issue of informal settlements has been addressed in a variety of (good and less constructive) ways. Rarely has a complete view of the state of existing livelihoods been used to design local interventions.”

There have been a number of interesting reports and journal articles touching on various aspects of this nexus; however most often information has to be gleaned from reports on other topics. This chapter thus provides a literature review and analysis of key issues around this important topic: international perspectives on employment generation and urban development; the importance of location for access to job opportunities; tenure security; and links between the informal economy and informal settlements. Arguably, the most comprehensive study on the linkages between upgrading and income generation/livelihood generation in South Africa is the “Upgrading for Growth” initiative conducted by the Cities Alliance and Ekurhuleni Metropolitan Municipality between 2007 and 2009. This programme will be discussed in the final part of this chapter.

5.1. International perspectives on employment generation and urban development

Internationally, it appears that focusing on employment generation in urban development and planning circles is in fashion. Kerwin Datu, editor of The Global Urbanist, argues that “an informal settlement comprises residential spaces, commercial spaces, industrial spaces, and many other kinds of uses, yet professional discourses all too frequently revert to the notion that informal settlements are a problem of housing.” He advocates for a broader conceptualisation of slum upgrading that includes allocation of spaces for retail, manufacturing, education and other uses, not just “houses adapted to accommodate meagre

115 Klug and Vawda “Upgrading of informal settlements” p. 38.
116 NPC “National Development Plan 2030” p. 266.
117 Napier “Informal settlement integration” p. 23.
livelihood activities”. Datu argues that existing visions - for example, ‘cities without slums’ and ‘housing for all’ - are “incomplete enough as to be misleading and counterproductive”. He state that it has “been well documented how the notion of ‘cities without slums’ gives cynical governments the rhetorical leverage to commit the most brutal evictions and demolitions in informal areas” and that, beyond this, the overemphasis on housing and the residential aspect of slums “leads even the most well-meaning governments to embark upon large-scale housing initiatives that destroy livelihoods and undermine the economic sustainability of their cities, in the belief that housing must be resolved above all else.”

Datu calls for a shift in focus from the supply side of urban services (i.e. how to provide more housing, more infrastructure, more water and energy) to the demand side (i.e. how to increase employment and income levels to create lasting, self-sustaining demand for those provisions?). He questions whether the urban development sector is teaching the private sector to make the same mistake, by pushing them to engage the cities agenda with a focus on the supply side - e.g. housing provision models, service provision models, infrastructure provision models etc – as opposed to pushing them to “help solve urban unemployment, create new industries and new jobs and raise urban income levels, all of which are needed to finance those models in the long term.”

Datu further argues that even the data that gets captured - internationally by UN-HABITAT, but also at national and local levels - is “designed largely to capture statistics on shelter deprivation and service provision, with very little on employment, job creation and income levels”. He goes on to state that “whenever we collect data at the individual neighbourhood or settlement level, we tend to capture how many people reside in each area, and the quality of their residential spaces, but much less on how many people work in each area, how much they earn, and the quality of their commercial and industrial spaces.” There is, according to Datu, a need to collect data on job creation and employment growth (whether formal or informal) and to capture income levels (including disposable income levels, “since these represent the surpluses required to finance and maintain housing and services in the long term”). For Datu, “the cities agenda is a dual agenda: universal housing and services, but also universal employment and disposable income”. Neither can occur sustainably without the other.” He stresses the importance of promoting both these visions simultaneously, and the need to collect “consistent and comprehensive data on both fronts”, to measure progress. Finally, he makes the point that urban development practitioners need to “harness the good intentions of the private sector in the right way.”

A relevant international initiative is the Inclusive Cities project, launched in 2008, which is a collaboration of membership-based organisations of the working poor, international alliances of these organisations, and support organisations working together as partners to improve the situation of the working poor. The project:

is based on the shared belief that reducing urban poverty requires reversing the current exclusionary trend of many modernizing cities. This requires fundamental rethinking and reshaping of urban spatial planning and zoning, urban regulations and laws, and urban policies to incorporate the working poor. To achieve this, representatives of the working poor must have a voice in urban planning processes.

The focus of Inclusive Cities is on “access to secure and dignified livelihoods” for the urban poor, but also the provision of “affordable housing and basic services such as water, sanitation and electricity supply.” At the recent World Urban Forum 6, held in Naples, Italy, 118 Kerwin Datu “Has our focus on housing distracted us? Towards a right to space” The Global Urbanist (17 January 2012): http://globalurbanist.com/2012/01/17/right-to-space-mumbai
119 Kerwin Datu, “The global urban agenda must focus on employment and income levels, not just housing and services” The Global Urbanist (7 August 2012): http://globalurbanist.com/2012/08/07/global-urban-agenda
Inclusive Cities stated that they would be putting forward a number of key points including *inter alia*:

- For most informal workers, the home is used for work as either the primary workplace or for storage/preparation. Shelter and the delivery of basic services such as water and sanitation are not just residential issues – they are critical to livelihoods.
- The informal economy is part of the green economy.
- Working with the informal economy is often challenging, but offers one of the most exciting infrastructure, design and management arenas in urban planning and practice today.
- Good planning practices that support livelihoods share a common element: workers and their representatives are integrally involved. It is a matter of planning with rather than planning for informal workers.
- Including informal workers in municipal plans is not just possible, it is a better way to create sustainable, prosperous, inclusive, and vibrant cities.\(^{120}\)

Thus, *Inclusive Cities* advocates around on the development of the informal sector and in the process, touches on important issues relevant to informal settlement upgrading and access to employment opportunities.

### 5.2. Importance of location for access to job opportunities

The location of informal settlements in relation to job opportunities and social amenities is an extremely important factor. According to Misselhorn, quantitative surveys and qualitative interviews conducted by Urban LandMark in informal settlements in Ekurhuleni, eThekwini and Cape Town, clearly illustrate that “respondents in informal settlements usually made conscious choices about where to live. The reasons why respondents chose to live in specific informal settlements were usually closely linked to livelihoods (for example, proximity to jobs, cost of transport and costs of living). Many informal settlement residents said that it was through moving to those particular settlements that they were able to get jobs or earn incomes.”\(^{121}\) According to Misselhorn, in a series of community workshops, community representatives “overwhelmingly saw the importance of the link urban land and livelihoods, and repeatedly emphasized the importance of proximity to jobs and facilities such as schools. In numerous cases, informal settlement communities were fighting for their right to stay close to jobs and facilities and were resisting relocation by the state to peripheral relocations where there were no jobs or facilities.”\(^{122}\)

In their recent analysis of employment data and informal dwellers in South Africa, Hunter and Posel show that “African adults in informal dwellings are significantly more likely than African adults living elsewhere to be employed and, over time, employment rates among informal dwellers have increased, whereas they have fallen among African adults in formal and traditional dwellings.”\(^{123}\) Hunter and Posel summarise their findings as follows:

- *in the context of an overall increase in unemployment, informal dwellers are the only group of people more likely to be employed in 2006 than in 1995;*
- *much of the work undertaken by informal dwellers is informal and low paid;*
- *domestic work and work in the construction industry are more important to informal dwellers than to those living in other types of dwellings;*

---

\(^{120}\) See the *Inclusive Cities* website: [http://www.inclusivecities.org/current/events/#Schedule](http://www.inclusivecities.org/current/events/#Schedule)


\(^{122}\) Ibid pp. 6-7.

\(^{123}\) Hunter and Posel “Here to work” p. 299.
• manufacturing work is becoming increasingly important to informal dwellers, especially in relation to formal dwellers; and
• informal dwellers are more likely than formal dwellers to be in casual or temporary employment.124

While Hunter and Posel show that “demographic and employment data provide an optic into both why informal settlements persist, despite housing projects, and how they might be unfolding in relation to particular labour geographies”, they also rely on a case study of an relatively small informal settlement in Durban that was moved in 2009. It is worth noting their case study in full, as it provides a window into the importance of place for poor residents of cities and towns. The informal occupiers were relocated from King’s Rest informal settlement - located close to a railway station, a dock and a relatively wealthy (formerly white) suburb at Durban’s Bluff – to a transit camp south to Isipingo, an industrial area located within the boundaries of the municipality. Residents were interviewed before and after the relocation and, according to Hunter and Posel, “on the face of it, the move should not have adversely affected the community” as Isipingo is an industrial area of Durban. However, they found that the move eroded a number of livelihood strategies, which were “deeply embedded in the in the local geography and consistent with recent labour market changes.” The first was collecting and selling scrap metal, and “most King’s Rest residents, at some time, had walked from house to house in the nearby middle-class suburb asking residents for scrap, as well as collecting it from informal dumping areas at the Bluff. They then transported the scrap by train from King’s Rest station to Jacob’s station (which costs R3.50) and pushed it on a shopping cart to a scrap metal dealer. This gruelling work generated R50−80 per day.”125 In Isipingo, the livelihood from scrap metal all but disappeared and, “although a few people still occasionally made the journey to the Bluff, the cost of transport there and back (R10 return by train, R20 return by taxi) was simply too high for most.”126

Hunter and Posel further show that for women especially, casual domestic work at the Bluff was a very important source of income, and daily wages ranged from R50−100. However, “domestic work was much harder to find in Isipingo, and wages ranged from R20−35 a day, in part because of the large concentration of job seekers in the settlement. Industrial work was also harder to find.”127 While a few men continued with their employment in Bluff factories, “those relying on more casual work found it harder to commute.” Finally, “while a few residents had previously tended small gardens, and one person had raised chickens, this was not possible in the transit camp.”128 Some comments on work are provided:

At King’s Rest, before, we would raise chickens, I had my garden; here I am hungry; I used to take and sell.

“[Here], there is no casual work, there is nothing. Now there’s nothing; you can work for the whole day for R25, then they say come tomorrow but the boss is not there to pay you.”129

Hunter and Posel’s case study explicitly shows how “geography of housing and demographic and workplace changes are connected”, and the “limitations of the redevelopment of informal settlements if this involves the relocation of communities to sites that are further away from urban centres.”130 They recognise “the strong impulse within some state institutions to

124 Ibid pp. 299-300.
125 Ibid p. 301.
126 Ibid.
127 Ibid p. 302
128 Ibid.
129 Ibid.
130 Ibid p. 302.
remove ‘slums’...” and in attempting to shift attitudes and perceptions around informal settlements, emphasize the following contemporary trends:

> the growing casual nature of work; rising transport costs; and the constantly rising number of small households as marriage rates reach an all-time low. These historical forces underline that, wherever possible, attempts at in situ upgrading must be followed, alongside creative ways to desegregate cities and innovative ways to consider housing and employment in a more integrated way.\(^{31}\)

At this juncture, it is important to note some of the tensions between the drive to desegregate post-apartheid cities and redress spatial inequality, with the issue of upgrading “well-located” informal settlements. It is not clear that these priorities are always congruent. However, as one person living in an informal settlement in Ekurhuleni recently stated in a Planact/SERI meeting, “all informal settlements are well-located for those who live in them. I don’t understand what this ‘well-located’ is supposed to mean.”

### 5.3. Tenure security

Tenure insecurity is a reality for millions living in informal settlements in South Africa. In 2011, the DHS, with the technical assistance of the World Bank, conducted a series of impact evaluations to assess the effects of the UISP interventions in Bloemfontein, Free State (in situ upgrading), Polokwane, Limpopo (relocation to RDP houses) and Daveyton, Gauteng (partial upgrading) provinces.\(^{132}\) The study found that “the increased tenure security that comes with the upgrading programme results in increases in the likelihood that households upgrade their homes, take out loans, plan to use savings for upgrading purposes in the future and obtain rental income through tenants.”\(^{133}\) However, the report is clear that formalisation of informal settlements and the provision of formal title is not necessarily the most desirable option for those living in informal settlements, not least because of the enormous backlog in title deeds being provided to owners.\(^{134}\)

The DHS and World Bank study utilised a number of indicators to assess impact of the UISP, including economic activity; borrowing, credit and saving; and microenterprise. In the Limpopo case study, it was clear that improved tenure (a municipal occupation letter) and freedom from the threat of eviction meant that people were more likely to invest in their property and more likely to get tenants. In terms of income and expenditure patterns, the report found few large differences in per capita income and expenditure patterns, as well as employment rates and asset accumulation. It contains a number of disclaimers around the data used and the comparability thereof; however does offer some recommendations. One is that “careful planning should be done to develop the required social amenities and estimate

---

\(^{131}\) Ibid p. 303.


\(^{133}\) Ibid p. 22. According to a recent report on state-subsidised houses in South Africa, 1.44 million state-subsidised properties have been built and formally registered on the Deeds Registry since 1994, comprising 24 percent of all formally registered residential properties in South Africa. The same report states that over 1.5 million subsidy beneficiaries who received a housing asset have not had the house registered in the Deeds Registry.
expected utility usage when upgrading a settlement to account not only for the current residents, but also the potential influx of new residents that join households as a direct result of upgrading interventions." Another is that "economic integration and sustainable job creation should be a cornerstone of the upgrading process." This recommendation is particularly relevant to the focus of this paper.

While the DHS and World Bank report states that “the effect of the UISP on employment rates is unclear” - due to the impact (in the treatment group) of increased household members post-upgrade, the possible movement of household members into the formalised area after the upgrade and the concomitant reliance on social grants - “the central tenet of upgrading settlements in well-located areas with access to employment opportunities that the city provides needs to be fully internalised during the upgrading process.” This includes considering the potential source of income from backyard rentals and pursuing formalisation, rather than eradication, “especially when no viable alternative income-generating activities are available to household members.”

135 DHS “Measuring Success in Human Settlements Development” p. 100.
138 Hernando De Soto The mystery of capital: why capitalism triumphs in the West and fails everywhere else (Black Swan, 2001)
139 Ashley Gunter “Abstract: Selling Slums: exploring the intrinsic value of property in low-cost housing settlements in Johannesburg, South Africa”:
140 Ibid.

In South Africa, Hernando De Soto’s ideas and work on “improving property rights and tenure security as a means of unlocking the hidden wealth of informal assets (namely houses and land)” have found traction over the years. De Soto argues that there is a considerable capital in the hands of informal settlement dwellers that is currently untapped and can be unlocked through a formal market structure and titling. He calls this “dead capital”. Ashley Gunter argues for an alternative to informal settlement demolition: “namely a neoliberal market practice, where informal property markets in slums areas are formalised.” He further states that “the informal market, already in existence, involves trading, upgrading and financing of slum housing for the urban poor. Governments could try to formalise this system to invoke slum upgrade and local economic development (LED), releasing the billions of dollars intrinsically bound up in slum settlements, but lost to informal market systems.” According to Gunter:

in Johannesburg there are indications that low-cost housing developments in slums and squatter areas have a viable economic value. There is a shortage of 1 million houses in the city, yet major banks and lending institutions are reluctant to invest in low-cost houses. There is increasing evidence that, by owning property, the poor are encouraged to invest in their neighbourhoods and participate in LED. Slum property markets, with some policy manipulation, could be developed through release of the economic potential and the formal recognition of these property types with title deeds. Slum settlements have value, they house the urban poor, and as micro-lending has been shown to have the ability to stimulate the economic potential of the poor, so too can slum property developments stimulate economic potential.

In another article, Gunter and Lukas Scheepers advocate for community-led participation in LED activities in informal settlements, and believe the buy-in required for this comes from communities “feeling like they have ownership of their township” and from the provision of
formal tenure. They argue that the BNG policy revision “takes on a very neoliberal stand in its reference to the intrinsic value in low-cost housing” and “accepts that security of tenure is vital in creating value as, without formalised tenure, security and investment value opportunities will be limited.” For them, BNG is squarely in line with the ideas of De Soto that “owning property leads to wealth creation.”

Recent work by Urban Land Mark and the LANDfirst campaign have proposed “incrementally improving tenure” by providing a ladder on which to climb from informality to the point where a township register has been established, thus moving away from the “all or nothing” approach that can delay the upgrading process. While title deeds provide legal recognition of ownership, focusing purely on this provision tends to overlook the potential in leveraging the current informal mechanisms through which ownership is established within the context of informal settlements. Indeed, there is a marked difference in viewing informal settlement upgrading and improved tenure as a means for people to participate in the property market and to harness “dead capital”, than viewing tenure as social security and informal settlement upgrading as assisting the disenfranchised and marginalised in society. According to Klug and Vawda, one of the initial and most important state interventions in terms of informal settlements should be to “legally recognise the informal dwellers as citizens” through *inter alia* the legalisation of land occupation, land use and construction inclusion in decision-making, and an increase in people’s ability to make choices i.e. increasing their choice of livelihood strategies.

According to Huchzermeyer, each urban area, and indeed each informal settlement, is different and a ‘one size fits all’ approach cannot be adopted. She advocates strongly for the South African government to look at changing planning law, developing new statutes, regulatory frameworks, municipal by-laws, special zones etc, which has been the case in Brazil. According to Huchzermeyer, laws and policies can be invoked against informal settlements e.g. that they are illegal, and these need to be undone. She identifies problems with the formal township establishment route, and stresses the need to prioritise alternative tenure options, which she identifies as a significant weakness in the revised UISP. While the City of Johannesburg attempted to do this by introducing its “informal settlement regularisation programme” and a new by-law; Huchzermeyer believes that this “does not go far enough”.

Charlton states that a key difficulty in thinking about interventions in informal settlements is that the current paradigm is shaped by a very specific housing programme and all the expectations, limitations, possibilities of that programme that exist amongst officials, politicians, communities etc. She argues that South Africa is a fundamentally different context to other parts of the world which are advocating different kinds of informal settlement interventions. Thus, while there is clearly a need for innovative approaches to informal settlement upgrading and security of tenure, there is also the need to be pragmatic given the very set attitudes of those involved, particularly local government officials.

---

141 Gunter and Scheepers “Property Tenure and Local Economic Development” p. 405.
143 DHS “Measuring Success in Human Settlements Development” p. 23.
144 Klug and Vawda “Upgrading of informal settlements” p. 38-39.
145 Interview with Marie Huchzermeyer (20 August 2012). For more on the situation in City of Johannesburg, see Klug and Vawda “Upgrading informal settlements” pp. 46-47.
146 Email from Sarah Charlton (13 November 2012).
5.4. Links between the informal economy and informal settlements

Another set of important debates, relevant to the linkages between informal settlement upgrading and income generation, revolve around the so-called ‘informal economy’ or ‘second economy’. Much has been written about the ‘second/informal economy’ in South Africa, which, controversially, is conceptualised as completely distinct from the ‘formal economy’. According to Richard Grant, “the official position of the South African government is that the second economy is structurally disconnected from the first and is incapable of self-generating growth and development. Misselhorn states that the ‘artificiality of creating a distinction between a so-called ‘first economy’ and ‘second economy’, or between ‘formality’ and ‘informality’, has been widely observed, together with a number of risks. These include: the implicit assumption that one is necessarily better than or superior to the other; that there is a natural and achievable progression or ‘ladder’ from the one to the other; the possible perception that they are somehow opposed to each other or mutually exclusive of each other, whereas in reality they merge and overlap and clear distinctions are difficult to make.”

According to the government, state intervention is necessary through such programmes as skills development, entrepreneurship, micro credit, and home-based food production; when combined with massive public works programmes and township economic development programmes, local demand can be stimulated and local markets can be made thicker. Grant is critical of this approach and the emphasis to date on the role of firms in the informal economy. He argues that not only is informal work “rarely done in formally zoned business locations; rather, it is most often done in homes, in backyards, in converted buildings, on pavements, and so on, or moves from place to place”, concentrating on larger informal firms (rather than on workers) “biases the examination towards firms more likely to be plugged into wider supply networks and reinforces the misdirected incorporation of informal work into the formal sphere.” He states that there are “sites such as informal settlements and rehabilitated residential areas (that often accommodate former informal settlers) that we know virtually nothing about in terms of the extent of their participation in the wider space economy.” According to Grant, “data on the informal economy in South Africa are limited. For example, no manufacturing census has been undertaken in recent years, and there is no governmental economic data on informal settlements.”

The NDP is clear that towns and cities in South Africa are not productive enough and do not generate sufficient jobs. Manufacturing has performed especially poorly, and “there is also little support for the informal economy, while township economies are unable to retain local spending power or attract productive investment.” The NDP argues that this is not a result of a vacuum in policy, but rather insufficient institutional capacity, a lack of strong instruments for implementation and a lack of coordination. There is also a critical lack of trust between different interest groups which reduces the willingness of economic players to commit to the kind of long term investments which are needed to generate jobs and the economic returns that would support sustainable urban growth.

149 Ibid p. 597.
150 Ibid.
152 Ibid.
One of the findings of the NDP is that “providing housing could help people earn an income from home. However there is a lack of clear policy on home-based income generation”\textsuperscript{153}

In terms of the relationship between informal settlement upgrading and the ‘informal/second economy’, Misselhorn states that “it is assumed that the close relationship between informal settlements and the informal / second economy is both obvious and implicit.”\textsuperscript{154} However, according to Charlton, the relationship between informal settlements and the informal economy is very poorly understood and there is no simple correlation between the two. While informal settlements can relate closely to very formal economic activities e.g. mining, informal settlements also exhibit many aspects of informal or localised economic activity. According to Klug and Vawda, “in post-apartheid South Africa, the participation of informal settlers in its formal economy is limited and they are forced to create multiple livelihood strategies primarily within the informal sector without any state assistance or intervention to integrate their aspirations and needs into the advanced skill based economy.”\textsuperscript{155} Misselhorn argues that it is important to remember that those affected by ‘informality’ and/or involved in the ‘second economy’ are typically vulnerable and have low levels of affordability. As a result, “they have very low abilities to accommodate, compensate for and tolerate external stresses and shocks such as relocations or new legislation. Their survival strategies can therefore be considered to be marginal in the sense that they have a low tolerance to stresses and changes, and this needs to be factored into any understanding of the interrelationship between the two spheres and policies and programmes aimed at closing the gap between the two.”\textsuperscript{156}

According to Catherine Cross, formalising informal settlements comes with the risk of displacing the unemployed and insecurely employed with better off groups in a process of “downward-raiding”. Further, formal housing comes with a cost that can often not be borne by those who are unemployed. She argues that there is a need for the sequencing of upgrading, and to mitigate the risk of delivering formal housing before households have a reliable income stream.\textsuperscript{157} According to Cross, informality is often protection against the market, and municipalities need to ensure that solutions “take into account the dynamics of shacks functionality with respect to employment and livelihoods.”\textsuperscript{158}

In terms of job creation in informal settlement upgrading, Huchzermeyer states that there are lots of opportunities for the local building industry, materials suppliers, welders, plumbers etc. An important dynamic of the informal settlements in South Africa is that they are “recycled” and that the country does not have a manufacturing informal sector.\textsuperscript{159} Currently, the informal economy in informal settlements consists mostly of informal trade, small-scale enterprises, shack rentals and trade, building materials etc (Huchzermeyer 2008). However, Huchzermeyer questions whether a proper understanding of settlement informality supports the integration of informal settlements into the market i.e. economic policy, or whether it suggests a response to the imperfections of the (land) market i.e. matter of social policy. The UISP seems to suggest the latter approach.

\textsuperscript{153} Ibid p. 269
\textsuperscript{154} Misselhorn “Position Paper on Informal Settlements Upgrading” p. 38.
\textsuperscript{155} Klug and Vawda “Upgrading informal settlements” p. 39.
\textsuperscript{156} Misselhorn “Position Paper on Informal Settlements Upgrading” p. 38.
\textsuperscript{157} Catherine Cross “Shack settlements as entry to the labour market: toward testing upgrading paradigms” (HSRC, Pretoria) p. 9.
\textsuperscript{158} Ibid p. 11.
\textsuperscript{159} Interview with Marie Huchzermeyer, 30 August 2012.
5.5. Upgrading for Growth Programme

As has been mentioned previously, there is a dearth of research on the linkages between informal settlement upgrading and economic income generation. However, there was one in-depth study conducted between 2007 and 2009 which has contributed to the current thinking and approach of the NUSP. According to Steve Topham, it took place during a period where upgrading of informal settlements was not on the agenda, and when greenfield housing projects were the norm. In 2006, the Cities Alliance, in partnership with Ekurhuleni Metropolitan Municipality, formulated the Upgrading for Growth strategy after the recognition that while the use of local labour and contractors in construction creates short-term employment, there was a need to improve employment and skills creation in the long-term. According to the municipality’s proposal to Cities Alliance, the aim was to “identify ways in which to leverage upgrading and service delivery investments through linkages to opportunities for economic growth to directly address the livelihood and social needs of the poor within Ekurhuleni’s settlements.”

According to the Cities Alliance, the main objective of the strategy was to harness the informal settlement upgrading process as the driver for sustainable development - at the household level - through macro/micro linkages to the existing labour market and investment in growth opportunities in the manufacturing and agricultural sectors. The EMM strategy moves beyond the prevailing approach which focuses primarily on provision of housing and infrastructure, to make development of human capital the core outcome of the upgrading process.

The ultimate goal of the programme and strategy, according to the Cities Alliance, was “to break the cycle of poverty by ensuring that all households in upgraded communities have at least one full time income earner or the full package of available social subsidies for households that do not include employable adults.” This was the first attempt to link sustainable livelihoods and human settlements, as outlined in Breaking New Ground.

As part of the Upgrading for Growth programme, three case studies were conducted in Bapsfontein, John Dube and Gugulethu/Everest. A number of research reports, plans and layouts were generated as part of the process, with external consultants being paired with counterparts in the municipality. These reports cover the following broad areas:

- Energy efficiency: solar energy etc.
- Urban agriculture: home and communal food gardens (reduce expenditure on food), street tree planting
- Integrating retail and commercial opportunities: spaza shops
- Strengthening women’s groups, establishing ECDs
- Backyard rental options: rental income (means higher densities)
- Community facilities: planning for schools, clinics, parks, ECDs etc
- Housing micro-finance: loans for additions/improvements
- LED and Micro and Small Enterprise (MSE) Development: incorporates the Making Markets Work for the Poor concept
- Land use management: current land use management framework constrains upgrading of informal settlements, need to integrate of EIA and planning processes

160 Huchzermeyer Cities with ‘Slums’ p. 173.
161 Ntombini Marrengane “Introduction to the Cities Alliance: Employment Creation in Municipal Service Delivery Workshop” (Ekurhuleni, 28 February 2006).
The programme was located within the municipal housing department; however it had buy-in from the Mayor. One of the key challenges of the programme was to integrate the message and principles across the entire municipality to all the departments and to get buy-in and commitment from a range of officials. To this end a steering committee was set up, chaired by the Municipal Manager, with senior officials from all departments. Unfortunately the Municipal Manager left the municipality soon thereafter and this process did not get followed through. According to Topham, the programme showed institutional challenges are often much more critical than actual development challenges, and that it is extremely important to get institutional set-up right. According to Topham, while the Upgrading for Growth programme was not taken forward in its entirety, it did feed into the municipality’s Informal Settlement Management Plan. According to Topham, another legacy of the Upgrading for Growth programme is NUSP. He was the programme team leader during the latter part of the programme, prior to NUSP’s formation, and has taken ideas from the process and research into NUSP. One aspect that NUSP has adopted is the Sustainable Livelihoods Approach (SLA) to upgrading. Some principles of SLA:

- **People centred:** focuses on the priorities of the poor
- **Responsive and participatory:** responds to the priorities identified by the poor themselves
- **Multi-level:** ensuring reality on the ground informs policy
- **Conducted in partnership:** with public and private stakeholders
- **Sustainable:** balancing economic, institutional, social and environmental stability
- **Dynamic:** responding to people’s changing situations
- **Builds on strengths:** to developing skills, knowledge and resources
- **Holistic:** understanding the complex reality of people’s livelihoods

SLA focuses on access to five livelihood assets: human, social, natural, physical, and financial capital. Livelihoods assets in informal settlements exhibit some typical characteristics and incremental upgrading can improve access to livelihoods in the following ways:

- **Human capital:** The poor in informal settlements typically have low levels of education and employment skills and are exposed to a range of serious health hazards. Upgrading improves health and reduces health risks through water and sanitation provision and electrification, while people gain increased skills and knowledge through participatory processes.

- **Natural capital:** Generally weak access with insufficient clean water, inadequate sanitation, air and industrial pollution, and dirty environments. Upgrading provides an improved natural environment through the provision of water and sanitation services, storm-water drains and electrification as an alternative to fossil fuels.

- **Physical capital:** Usually limited access to municipal services, with inadequate water and sanitation, a lack of affordable transport and very few electricity connections. Upgrading provides basic services including water, sanitation, drainage, access to public transport, area lighting and electrification.

- **Financial capital:** Formal employment opportunities are limited, informal opportunities are often casual, access to formal loans and secure savings facilities are limited, and wages tend to be low. Upgrading provides secure tenure which gives a focus for investment, a fixed address which improves access to banking facilities, and improved employment opportunities through the provision of transport and economic amenities, and participatory processes.\(^{162}\)

---

\(^{162}\) Steve Topham “Livelihoods, shelter and transformation” presentation to DHS and Isandla Institute “Informal Settlement Upgrading workshop” (Cape Town, 30 May 2012).
• **Social capital**: Given limitations of other assets, this is particularly important for informal settlement dwellers as ‘insurance’ against external shocks and for survival.\(^{163}\) Upgrading provides a sense of permanent community through security of tenure, improved access to support services and network-building through community participation and empowerment.\(^{164}\)

According to Topham, the idea is that informal settlement upgrading results in “reduced vulnerability to external shocks” through security of tenure, greater social cohesion and pro-poor attitudes from officials, professionals and politicians engaging in the upgrading process (acknowledging that these can take time to change). Below are two diagrams which illustrate the impacts of informal settlement upgrading on livelihoods:

**Diagram 1: Community empowerment and livelihoods**

**Diagram 2: Tenure and livelihoods**

---

\(^{163}\) Ibid.  
\(^{164}\) Ibid.
There has been some criticism of the Upgrading for Growth programme. According to Huchzermeyer, the ultimate aim of Upgrading for Growth seemed to be to roll it out to all 114 settlements in Ekurhuleni; however this has not happened. She criticises the fact that the strategy was developed without explicit reference to the UISP, and provided no suggestion to the municipality “to engage with national policy, media coverage or with legal and academic debates about the unimplemented Chapter 13”, relying rather on international ‘best practice’ and consultants’ expertise.\textsuperscript{165} As of July 2010, the official in charge of the strategy and programme had resigned, and it seemed unlikely that the programme would be revived. This clearly shows the importance of institutional set-up, memory and buy-in for complex, interdepartmental informal settlement upgrading initiatives to work.

Chapter 6
IMPLICATIONS

This paper raises a number of implications for policy and strategy with regard to informal settlement upgrading in South Africa. It is clear that informal settlement upgrading is high on the national agenda, following the signing of Outcome 8, the revision of the UISP and the mandating of NUSP to support provinces and municipalities to reach their upgrading targets. However there is not a long way to go before 2014 and the pressure to deliver on the upgrading targets is sure to intensify, raising a concern that community participation, a focus on livelihoods, sustainability and process will be compromised. These critical elements of upgrading need to be prioritised and highlighted, in as many spaces as possible, but particularly at local government level.

Despite the political will at national level, and the formal buy-in of provinces and municipalities, the ‘nitty-gritty’ of informal settlement upgrading and bottom-up participatory planning is where a programme or project is won or lost. There is good reason why hardly any provinces or municipalities have touched the UISP since it was first introduced in 2004 - there is an assumption that informal settlement upgrading it is very difficult to do and that greenfield housing projects are easier and more politically acceptable. The reality is that it is more difficult, requires different skills and different timeframes, and warrants different forms of monitoring and evaluation criteria (e.g. improvements in health indicators or livelihood generation vs. number of houses built). When upgrading projects were implemented, like the N2 Gateway project, they focused on relocating people and did not take into consideration the socio-economic impact on those living in informal settlements. Indeed, the livelihood strategies of the Joe Slovo residents were totally ignored during that flagship BNG project.

Municipal officials need to be supported in incremental upgrading processes in order to embrace qualitative aspects of this process including: incremental tenure within informal settlements; adopting livelihoods-based approaches; integrating human settlement planning and housing activities; and participatory planning. There is also the need for more widespread communication around informal settlement upgrading funding and policies in place, and current strategies and plans to upgrade settlements i.e. the work of NUSP and HDA, provincial plans etc.

While it appears that policy and practice have shifted since the N2 Gateway saga, not least because of court cases which have clarified that the relocation of informal settlements can occur only as a last resort and when the UISP has been considered, there are still fears that municipalities are not fully on board with implementing the UISP in the manner envisaged in the programme. And that they have little regard for alternative forms of tenure, capturing the social value of land, and investigating the ways in which people earn a living, and supporting

\textsuperscript{165} Huchzermeyer Cities with ‘Slums’ p. 174.
these in upgrading plans. While some of these principles were the focus of the Upgrading for Growth strategy in Ekurhuleni Metropolitan Municipality, they appear not to have been implemented in the municipality subsequently. The reasons for this need to be further investigated, particularly in terms of institutional set-up and buy-in. As do the upgrading projects conducted in the 1990s and early 2000s, as highlighted by Charlton.

Tenure security, and the ways in which this – but not necessarily formal title – is important to households, particularly in terms of housing consolidation and income generation, is a critical piece of the puzzle. However, this focus on the promotion of security of tenure should not be framed within a neoliberal discourse and justification, but should rather be located within a framework of assisting the poor and marginalised to gain a foothold into the city and improve their living conditions over time, with the assistance of the state. According to Klug and Vawda, “early legal recognition of informal settlements residents as well as the active implementation of a livelihoods approach would significantly contribute towards a more stable and sustainable basis for the ongoing phased upgrading process and possibly even for the scaling up of informal settlement upgrading.”

According to UN-HABITAT, South Africa also needs to re-examine:

> the rigid and formal process of township establishment and development [which] often makes the development of slums or the upgrading of informal settlements a very unattractive prospect for developers or local authorities. The conventional wisdom for the development of land cannot be applied and very few innovative solutions exist. The development and construction industry as a whole is very conservative and alternative strategies with respect to planning procedures, engineering designs and construction process’s is often frowned upon.

These alternative planning and land development procedures, building standards, engineering designs etc are, however, essential if informal settlement upgrading is going to happen at scale and at pace in South Africa. While the DHS does not appear keen to consider using innovative instruments developed in Brazil for this purpose, there does seem to be scope to engage this issue through the current process of developing national planning and land use management legislation – the Spatial Planning and Land Use Management Bill (SPLUMB). The questions needs to be asked whether South Africa should look more closely at some of the steps taken by Brazilian around changing planning law, developing new statutes, regulatory frameworks, municipal by-laws, special zones etc.

Given the current focus on informal settlement upgrading and the ongoing work of NUSP in supporting provinces and municipalities around formulating plans, it is important ensure that the programmatic aspect of informal settlement upgrading in South Africa (as opposed to just specific projects) is pushed, publicised, debated etc. There is the need for city-wide upgrading programmes and plans to be implemented with as much participation as possible from communities and other stakeholders. This involves advocacy at all levels of government, with business, in communities and with the public.

---

166 Klug and Vawda “Upgrading informal settlements” p. 48.
Chapter 7

BIBLIOGRAPHY


Catherine Cross “Shack settlements as entry to the labour market: toward testing upgrading paradigms” (HSRC, Pretoria)

Kerwin Datu “Has our focus on housing distracted us? Towards a right to space” The Global Urbanist (17 January 2012): http://globalurbanist.com/2012/01/17/right-to-space-mumbai

Kerwin Datu, “The global urban agenda must focus on employment and income levels, not just housing and services” The Global Urbanist (7 August 2012): http://globalurbanist.com/2012/08/07/global-urban-agenda

Romano Del Mistro and David A. Hensher “Upgrading Informal Settlements in South Africa: Policy, Rhetoric and what Residents really Value” Housing Studies 24, 3 (May 2009)


DHS ‘Accreditation of Municipalities’ Volume 3, Part 3 of the National Housing Code (2009)


Hernando De Soto *The mystery of capital: why capitalism triumphs in the West and fails everywhere else* (Black Swan, 2001)


Richard Grant “Working it out: Labour geographies of the poor in Soweto, South Africa” *Development Southern Africa* 27, 4 (October 2010)


Marie Huchzermeyer *Cities with ‘Slums’: From informal settlement eradication to a right to the city in Africa* (UCT Press, 2011)


Marie Huchzermeyer “Pounding at the Tip of the Iceberg: The Dominant Politics of Informal Settlement Eradication in South Africa” (April 2010) 37, 1 *Politikon*

Marie Huchzermeyer “Settlement informality: the importance of understanding change, formality and land and the informal economy” (December 2008)


Metro Housing “Informal Settlement Programme for the North and South Central Local Councils” Durban Metropolitan Council (September 2000)


National Treasury “Presentation to the Parliamentary Portfolio Committee on Human Settlements on the Urban Settlements Development Grant and the Rural Household Infrastructure Grant” (23 March 2011)

Matthew Nel and Sarah Charlton “Learning on the Run: Housing and In-Situ Upgrading in the Cato Manor Development Project”, paper commissioned by the Cato Manor Development (September 2002)


Kate Tissington “Basic Sanitation in South Africa: A Guide to Legislation, Policy and Practice” SERI resource guide (July 2011)

Steve Topham “Livelihoods, shelter and transformation” presentation to DHS and Isandla Institute “Informal Settlement Upgrading workshop” (Cape Town, 30 May 2012)