

Introduction and purpose

Cities are core drivers of development. In South Africa, the eight Metros are home to the majority of people, jobs, and economic activity in the country. Therefore, **ensuring the just and efficient functioning of the Metros** is critical not only for urban development, but for the long term development of the country.

The aim of the City Support Programme (CSP) is to offer tailored support to the eight Metros. From the CSP perspective, this support is linked to and articulated in the Built Environment Performance Plan (BEPP). The support from CSP is to be provided with and through key sector Departments, stakeholders and programmes that support municipalities.

Informal Settlement Upgrading is one of the support areas of the CSP. It is largely recognised that the dominate approach to housing delivery is working against the strengthening of urban areas. Not only is the current approach **unable to address the mounting backlog**, but it **perpetuates spatial sprawl**, the burden of which falls heavily on local governments and the urban poor.

The purpose of this document is to undertake a rapid review of the innovations and good practices which align with the principles of **'good upgrading'** outlined in international literature, in particular, those which embrace principles of participation, *in situ* development, and incrementalism. It is hoped that the findings from this rapid review will spark discussion, inspiration, and the desire to find consensus as to what constitutes good practice and how to overcome obstacles to upscaling by Metros in South Africa.

International literature

According to international literature, informal settlements are areas where residents generally **lack security of tenure, basic services and urban infrastructure, and compliant shelter construction**. Informal settlements are the result of a combination of: Urbanization and natural urban growth; Insufficient supply of serviced urban land; Economic vulnerability; Weak urban/land governance and institutions; Displacement resulting from violence; Natural disasters and other factors; And the resolve and creativity of the urban poor.

According to international literature, informal settlement upgrading includes any intervention which is aimed at informal settlements communities or households which **results in a quantifiable improvement in the quality of life of the residents affected**. Given the many ways in which informal settlements can experience marginalisation and deprivation, upgrading can include a large range of efforts. As the World Bank notes, there is no 'one-size fits all' and local solutions and local implementation must be encouraged within a structured operating framework.

Internationally, experience on upgrading has found the following:

- Older programmes were focussed on slum clearance and informal settlement eradication whereas newer programmes are **focussed on upgrading informal settlements and affordable housing finance**.
- Recent efforts represent more holistic approaches which see informal settlements as integral parts of cities and towns, the outcome of **systemic drivers**.
- Successful approaches combine **territorial-focused** (or area-based) upgrading programs with **cross-sector** urban policy and **institutional reforms**.
- **Public participation** and community involvement are central to successful projects.

- States struggle to balance the need for **economies of scale** (broad-based, single sector interventions) and responding to locally driven, context specific solutions.
- Upgrading requires many sectors and stakeholders to be **coordinated**. Coordination requires strong and carefully designed institutional arrangements.
- Globally, most upgrading efforts have experienced **severe challenges** (Basset, 2003; WB). These challenges include limited scale, very little cost recovery, post settlement challenges (including operating and maintaining infrastructure and market gentrification). However, those countries which have experimented nationally and locally and have sought to learn from these experiments have made substantial progress, such as Brazil, Chile, Pakistan, and Thailand.

South African experience

South Africa has a long history of addressing informal settlement upgrading in cities.

From the 1980s, when influx controls were abandoned, informal settlements in cities grew rapidly. Out of this developed an upgrading approach which included serviced sites and building construction support (most of which took place in KwaZulu-Natal). In the early 1990s, this approach became foundational for the Independent Development Trust, which undertook a number of large scale upgrading projects including Soweto-on Sea and Bester's Camp.

In 1994 a new housing policy was drafted. This housing policy drew from this experience, however it focussed primarily on the development of new housing projects and top structures. Due, in part, to the design of the subsidy instrument and issues of land availability, the majority of new housing projects were on greenfield sites on the periphery of towns and cities.

In 2004, the Breaking New Ground policy, recognising the issues with the approach, sought to broaden the range of housing instruments. The Upgrading Informal Settlements Programme (UISP) was developed to enable phased development of informal areas. However, the tool remained largely unused for the years following its introduction. Where it has been used, the **focus has been on relocation and rollover, instead of *in situ* development**. Most of the innovations taking place in terms of upgrading were not linked to the newly developed programme.

In 2009 it was recognized that concerted support was needed if upgrading was to be implemented at scale. Outcome 8, the National Upgrading Support Programme (NUSP), the Housing Development Agency (HDA) and the Urban Settlements Development Grant (USDG) were used to support these efforts. Upgrading was further given weight by the National Development Plan (NDP), Integrated Urban Development Framework (IUDF), and the Spatial Planning and Land Use Management Act (SPLUMA).

South African innovations

There have been many **innovations, pilots and experiments** in the domain of informal settlement upgrading in South African cities. Some of these have been driven by local governments, while others have been driven by community groups, NGOs, or donors. Few of these have been institutionalised to date. The following section seeks to identify the types of experiments which have been attempted and understand why they have not been incorporated into mainstream policy implementation processes.

Based on international literature and local experience, this Scoping Study identified four core components of upgrading informal settlements. These components operate at various scales and include: Land and planning; Infrastructure; Shelter/top structure; And community involvement. The innovations documented in South Africa are grouped into these interlinked categories.

Land and Planning: Planning as a discipline embraces three main areas – spatial planning and plan making, land development processes and land use regulation.

- **Spatial plans and planning** – national planning policy (i.e. SPLUMA, IDPs and SDFs)
- **Land development processes and procedures** – land development regulations which seek to address informal settlements progressively (e.g. LFTEA, DFA, SPLUMA)
- **Non-statutory land and development innovations** – managed land settlements, re-blocking, programme based planning.
- **Land use management approaches** – regularisation (i.e. Johannesburg TRSAs)
- **Tenure security approaches** – incremental tenure security (i.e. Urban Landmark model)
- **Tenure evidence** – Occupation certificates (e.g. VPUU, ICwili), tenure evidence documenting transactions (e.g. letters, local registers kept by occupants, registers kept by muni)

Infrastructure: Upgrading often requires providing physical networked services, as well as social services. Conventional infrastructure provision tends to be capital intensive, rely on non-renewable resources, and require settlement de-densification. In South Africa there have been many innovations in terms of service delivery which have sought to challenge these trends. The following are core areas of innovation which this Scoping Study identified:

- **Off the grid infrastructure services** – solar power on shacks (e.g. I-Shack), local waste processing (e.g. Bokashi food waste project), sanitation (e.g. Water-less Toilet), Recycling Co-Op (e.g. Imizamo Yethu project); negotiated off grid standards (e.g. VPUU footpaths).
- **High quality public/shared infrastructure services** – shared service blocks (e.g. eThekweni containers, Langrug Wash Facility), place-making public space projects (e.g. VPUU active boxes, Dignified Places).
- **Labour intensive /livelihood creation services** – in kind support for small scale enterprise (e.g. Hout Bay Co-Op), EPWP/CWP (many projects in South Africa).

Tops structure: Conventionally, the state has provided a full top structure. In some cases, communities have assisted in building (PHP), but generally, communities and households play a very small role. Innovations which seek to move away from direct delivery are documented here. These include:

- **Demand side instruments** – collective savings (e.g. FEDUP, Utshani Fund, Stokvels), micro-finance (e.g. Kuyasa Fund, Lendcore), cash/voucher subsidies (e.g. early Urban Foundation projects, Individual Subsidy Programme)
- **Market development support** – building support centres (e.g. Urban Foundation Projects, notable PHP projects), material mobilisation and depots (e.g. Urban Foundation), training local contractors (e.g. DAG PHP).
- **Partial house improvement** – wet cores (e.g. IDT), improved shacks (i.e. Green Shack, Empower-Shack, Inverted Box Rib)
- **High density options** – double-story – single occupancy (e.g. N2 Gateway), double story shack (e.g. IBR) formalising informal rental (e.g. Alexandra Renewal Project), double storey self-build (e.g. Dunoon), IRDP sectional title (e.g. Fleurhof).

Community engagement: In South Africa, relationships between the state and communities are often hostile and untrusting. Mandated community participation in upgrading has often been compliance driven. These innovations represent cases where community engagement and participation is taken seriously and is seen as integral to the design of upgrading projects. These include:

- **Dispute resolution:** fora to address community disagreements (e.g. Freedom Park), overcome NIMBYism (e.g. SPLUMA, Marconi Beam).
- **Local government accountability:** Tracking municipal performance (i.e. Ward Key Performance Indicators Matrix), social auditing (SJC sanitation audit).

- **Organising the community:** Establishing a community structure (e.g. SANCO, Community Trust, Project Steering teams, SNAC/VPUU), building partnerships (e.g. state, community, intermediary).
- **Communication techniques:** radio broadcasting (e.g. Know Your Community, Know Your Rights)

Key findings from the review

1. South Africa has a **long history of experimentation** in informal settlement upgrading. Much of this experimentation has taken place outside of the Upgrading Informal Settlements Programme. The listed innovations are by no means a comprehensive list. However, they seek to represent the range and types of innovation and experimentation evident in South African cities.

2. Few of these innovations documented here have been scaled. Many of these efforts have not been fully implemented or properly assessed. It is therefore difficult to definitively identify tested 'good practices'.

Constraints to and preconditions for scaling up upgrading informal settlements

International experience in scaling up upgrading can provide guidance on how to address constraints and ensure preconditions for successful scaling of innovation and good practices are in place. This section explores the internationally identified preconditions and discusses the South Africa context in terms of policy and implementation:

Precondition 1: Political will: including the will of politicians and communities

The South African government have shown political commitment to changing the way in which upgrading is implemented, especially through the support of NUSP. However, many politicians, officials and communities continue to see *in situ* upgrading as inferior to conventional housing delivery.

Precondition 2: Enabling environment: including supportive policies, legislation, and targets

South Africa now has supportive planning legislation (SPLUMA) and housing policies which can be used to enable *in situ* upgrading. There is devolution of responsibilities to local level, thus supporting city development. Since these instruments and institutional arrangements are relatively new, they have not been tested and experimented with to their full extent. The national targets and audits however constrain local creativity and practices.

Precondition 3: Resources: including funding and financing

South African cities do have resources which can be used for upgrading informal settlements. This includes subsidies for housing (UISP) and flexible grants for infrastructure (USDG). These resources require some revisions, in particular to support incrementalism and community participation. There is clearly insufficient funding to cover land rehab and community engagement needed to properly undertake *in situ* and community-driven upgrading.

Precondition 4: Capacity: including of all players to communicate, execute, coordinate, and learn. This includes communities, NGOs, national and substantial government, service providers

In terms of national framework-building capacity, the national government has drawn extensively on the expertise of professionals and consultants to develop planning, housing, and infrastructure frameworks. While some frameworks require revision, the sector can assist in this regard. There is substantial capacity to innovate. However, this innovation is stifled by national targets and auditing

systems which discourage it. Local governments have varied levels of coordination capacity. Metros are better placed and are increasingly forced to cultivate this capacity internally (through the BEPP). Coordinating external stakeholders (i.e. private sector and communities) remains a challenge. Civil society groups, while active, have not been expanding quickly. Most settlements are not highly organised. Older systems of organisation (such as SANCO) are increasingly less relevant. Social movements like SDI are gaining ground, but the process is slow. There are fora dedicated to information sharing. These can be expanded using the NUSP and CSP collaboration.

Preliminary conclusion and way forward

South Africa has a substantial history of upgrading informal settlements and many lessons can be learned from this history. However, the state-led housing delivery programme, coupled with a range of other operational and implementation factors, has systematically dis-incentivised *in situ* upgrading. Over the past two decades, relocation and rollover upgrading has become the predominate approach. This stands in contrast to local and international discourses which have argued for *in situ*, incremental, and community-driven approaches which are situated in broader (systematic) urban development and city-making processes.

Despite this, local governments, NGOs, donors, and communities themselves have been active in testing innovations and pilots. The Scoping Study shows that there have been innovations in planning, in land regulatory approaches and land tenure, in infrastructure provision, top structures and in community-driven approaches, all of which are important components of an overall upgrading process.

These cases further show that the South Africa government has worked to put in place many of the preconditions to successful scaling-up of upgrading. This includes a national upgrading policy, a national subsidy instrument, funding allocations, capacity support, and delivery targets. In addition, more progressive planning legislation is now in place. South Africa is therefore in a good position. Not only do they have many preconditions in place, they also have a track record of experimentation, innovation, and good practices. While not all of these innovations have been fully tested (making it difficult to decisively identify 'good practices') there is a catalogue of interesting possibilities which local governments can make use of.

The core challenge, therefore, is in identifying which practices should be scaled-up (based on local context, needs etc.) and the operationalisation and institutionalisation of these practices. Key to this is looking at the incentives and disincentives which various actors face.

This Scoping Report forms part of a broader effort to support government agencies which are tasked with supporting the implementation of informal settlement upgrading, such as the HDA and the NUSP. Moving forward, the goal is to work with these institutions, and the Metros which are interested in trying to upscale innovative and good practices, to devise a strategy which seeks to overcome obstacles and ensure the preconditions are addressed. Metropolitan governments have the best and most tacit knowledge about how to operationalise change and thus are major contributors to producing knowledge which can help overcome these challenges.