25th May 2017

CSP PROGRAMME MANAGEMENT UPGRADING TOOLKITS-
BARRIERS TO UPGRADING IDENTIFIED BY EIGHT METROS

INTRODUCTION

Meetings involving all eight Metros and Cities Support Programme, and NUSP were recently held in order to gain a better understanding of the status of upgrading programmes and, most importantly, the key barriers in scaling up city-wide, incremental upgrading. The meetings were positive with excellent participation from senior and mid-level management officials. At each meeting, presentations were made by CSP as well as each Metro on their upgrading programmes. There was extensive engagement on key issues. Most of the meetings occurred during the week of 15th May, with one meeting held on 23rd March[1].

It was evident that all eight Metros have well-established programmes and are making significant headway with incremental upgrading. All have significant data on their informal settlements and have undertaken categorisation (though sometimes using slightly different frameworks to the standard RAC Framework of the NDHS and NUSP). It was also evident that there are a range of key barriers facing Metros and that many of these are crosscutting (i.e. affecting several or all Metros). It is noted that a key principle of the programme toolkits is that they should help address the prevailing challenges and barriers to upgrading. Metros expressed a desire to share information and practices to overcome barriers. Metros are in the process of providing profiles of their upgrading programmes to CSP along with a summary database of their settlements. This information has already been received for several of the Metros and the balance is expected soon.

This work forms part of the development of Programme Management Toolkits for scaling up informal settlement upgrading. It forms part of the Cities Support Programme's (CSP's) next phase of work: the Scaling up Upgrading Informal Settlements Framework. This is being implemented in partnership with the National Department of Human Settlements (NDHS) and the National Upgrading Support Programme (NUSP). The World Bank is tapped by the National Treasury-CSP to provide technical support to the CSP program (as one of the service providers). The funding is provided by the Swiss State Secretariat for Economic Affairs (SECO), administered through the World Bank. Please refer to the Inception Report (already provided to all eight Metros).

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[1] 23rd March eThekwini; 15th May City of Cape Town; 16th May Cities of Johannesburg, Ekurhuleni and Tshwane; 17th May Cities of Nelson Mandela Bay and Buffalo City; 18th May City of Mangaung.

BARRIERS TO THE CITY-WIDE, INCREMENTAL APPROACH FROM INCEPTION REPORT

- **Political will (champions) and momentum of conventional housing delivery programmes.** Incremental upgrading does not yet receive the priority it requires. Promises of 'RDP' housing create unrealistic expectations and distrust in communities. The housing programme benefits a 'lucky few' and tends to 'crowd out' other approaches in terms of prioritisation, budget allocation and institutional capacity.
- **Capacity and institutional constraints.** There are significant constraints within municipalities, partially due to insufficient internal capacity and systems for 'transversal' co-ordination between City line departments, and partly due to weak co-ordination with provincial in departments and insufficient enabling partnerships with support organisations and communities. A 'silo-approach' prevails. There is typically insufficient capacity in municipalities to coordinate at all three required levels: central/programme level, area level and settlement/precinct level. There are also constraints in collecting and managing data on settlements including related monitoring, evaluation and learning. The capacity for effective participation and sustained engagement with the urban poor is also a key constraint.
- **Programme and funding/grant instruments**: The UISP is constrained in many respects (e.g. premised on a steady transition to conventional formalisation, land acquisition required early in the process, insufficient funding for basic services, project not programme orientated). The USDG is more flexible and compatible with programmatic, city-wide upgrading but also has limitations (e.g. lack of funding for participation and non-infrastructural elements). Some refinement of these instruments, and/or provision of new ones, is necessary. In addition, the gross budget (fiscal allocations) for incremental upgrading are typically insufficient.
- **Statutory and regulatory flexibility**: The current frameworks are historical in origin and premised on formal suburbs. They are typically not fit for purpose for incremental upgrading and often have unintended negative consequences (e.g. in respect of building regulations, pedestrianised access, parking bays, title deeds, ECD norms etc.). Greater flexibility is necessary to encourage and enable incremental improvements (e.g. owner-driven housing consolidation). There are local precedents to draw on e.g. City of Johannesburg's town planning amendment scheme "Transitional Residential Settlement Areas".
- **Project instead of programmatic (city-wide) orientation**: Given the scale of the informal settlement challenge, moving programmatically and at scale is imperative. This means being able to respond, at least with initial responses, to all informal settlements. This has many implications in terms of upgrading approach. Focusing on a few, intensive upgrading endeavours is problematic if all other settlements are left on a 'back-burner'. Balancing so-called 'breadth' and 'depth' modes of response is necessary. Again, there are local precedents to draw on e.g. eThekwini's Incremental Services Programme.
- **Service-delivery instead of partnership mode of response**: Government cannot, on its own, address the upgrading challenge and solve the multiple challenges. Municipality's constrained ability to 'deliver' presents a major blockage. By repositioning themselves as upgrading partners, working with communities, support organisations and other spheres of government, municipalities can use their own (limited) capacity and resources to leverage (gear in) that of others and thereby reduce the reliance on them as the sole provider of solutions.

BARRIERS TO THE CITY-WIDE, INCREMENTAL APPROACH ARISING FROM ENGAGEMENT WITH METROS

POLITICAL WILL/BUYIN:
- **Political reprioritisation and budget availability via Committees**: Plans are often not implemented due to political reprioritisation. Politicians/ councillors tend to make the decisions. They don't always understand the underlying strategies, plans, complexities etc.
- **Politicians making impossible promises**: e.g. Councillors promising a community that housing to be provided in 2-3years when in fact this is impossible.
- **Political interference**: Political leadership not permitting officials to do their work and implement plans which have been developed based on proper assessments and using accepted planning processes.

LAND:
- **Land ownership**: A) Provision of essential services ahead of land acquisition where necessary: In some cities the municipality (even government) does not (yet) own the land. In such cases the provision of basic/essential services cannot be delayed after land acquisition. If suitable categorisation is in place, then can deliver now, acquire land later. Most municipalities adopt this practice. However there are at times uncertainties over investing state funding on land not owned by government (e.g. MFMA provisions). This requires clarification or perhaps some form of clarifying directive. B) Intervening on private land – e.g. use of interdicts or blanket power of attorney or advisories to landowners. C) Land acquisition: Municipalities need more support with this. E.g. State Owned Entities and other spheres of government – streamlined process for rights to provide services and/or power of attorney and/or transfer and/or development rights and/or servitudes. Transfer of land within government can be very slow and cumbersome.
- **Prevention of land invasions**: Both of vacant land (state and private) as well as re-invasion of land which is cleared (people resettled elsewhere). People invade then demand services. Communities use invasions to get to the top of the housing waiting list. Communities force the hand of municipality when they invade. Municipalities feel that communities use this as a lever on municipalities and also that invasions may be politically motivated at times e.g. grabbing land given slow rate of land transformation. High cost for services to police and evict e.g. red ants in Gauteng. Metros want to share information on this – how do other Metros deal with the problem? What works? Blanket court orders? Interdicts? Municipalities can be seen to be 'bullying' communities, but have no choice – have to respond, cannot permit land invasions without any control or limitatation. Need bylaw for evictions. Once have layout for an area to be developed, once people know, they invade. Risk in having information in the public realm.
- **Ambivalence over urbanisation / rural-urban migration** – Despite the needs, poverty and exclusion of the urban poor, there are concerns over 'uncontrolled' and ongoing urban influx of the poor. This represents a significant cost to cities e.g. providing services and housing, ongoing services maintenance, managing illegal land invasions etc. Provision of services felt to help stimulate further migration/settlement formation. Different view from Municipal versus Provincial/National spheres of government. Municipalities see this as a problem/challenge. Other spheres typically see this urbanisation as a natural and healthy phenomenon and as part and parcel of the evolution of a developing country and its economy. Urban centres are seen as more efficient than rural settlements. But municipalities bear the financial, administrative, regulatory burden. Are we all on the same page as this? Should we stem urbanisation or accept it? How do we respond in a coherent fashion as all spheres of government in SA?
- **Dolomitic land**: Key feature of Gauteng Metros. Ongoing challenge. Often no alternative land readily available. Additional budget need to mitigate challenges of dolomite. Need to check existing research and technical alternatives to manage land stability/sinkholes e.g. via more effective greywater management.

- **Settlements located on traditional authority land**: Issue of shared 'authority' combined with land ownership, development rights, issues of rates etc. Note joint town planning and urban management protocol developed by PPT for Umhlathuze Municipality (Richard's Bay) in KZN which may assist other municipalities.

PARTICIPATION & PLANNING:
- **Effective informal settlement 'containment'**: Closely related to the issue of land invasions, but also includes limiting the expanding footprint of existing settlements as well as controlling densification of existing settlements beyond certain reasonable limits.
- **Social compacts**: These are seen as key (agreement between municipality and urban poor RE mutual responsibilities before services are delivered). However there can be challenges w.r.t maintaining agreed roles and responsibilities, project deliverables and timeframes, avoiding social protest, shifts in leadership or expectations. Past commitments are not always adhered to.
- **Participative planning, participation & facilitation**: Including the capacity and/or funding to undertake it effectively. Noting the large scale of informal settlements. Increased provision for facilitation/participation required within grant allocations (e.g. USDG/UISP). Securing and sustaining community agreements RE upgrading is key but requires adequate and sustained facilitation.
- **Up front project planning / preparation**: Projects that are well planned (in terms of technical and social elements) tend to have smooth implementation. Rushing this critical early phase, often when reacting to political priorities/pressures, usually results in problems (social and technical) later on. Such projects often become blocked.
- **Temporary Relocation Areas are not temporary**: They inevitably become permanent settlements – see also above. Therefore, temporary relocations are highly problematic when undertaking a full upgrade using a rollover method.
- **Informal/backyard rental**: It is difficult to deal with this when doing a full upgrade. Often too many to accommodate in full upgrade. Are backyarders counted and included in formal housing provision and if so, do they not get second priority after the main residents? Difficult to prevent backyarding re-emerging after a formal upgrade. When backyarders are relocated, they typically return or are replaced. People need income from sub-rentals - key source of income to residents. Do we need to think about this differently going forward?
- **Multiple households in one dwelling**: How are beneficiaries counted (for a full upgrade)? Metros often count on a shack basis to manage numbers.
- **Lack of socio-economic facilities**: Schools, clinics etc. These are key for functional human settlements. However this requires the involvement of other Departments. Refer also to 'coordination and capacity' section.
- **Data on informal settlements and management of it**: Need for good data. Census data not accurate/up to date. Metro data typically significantly higher than census data. However metro data not always available to national/provincial government. This gap blocks effective city-wide planning and national fiscal decision making. Also difficult for Metros to obtain and maintain accurate figures for populations within informal settlements - moving target. Agreed that best data is nonetheless from Metros and they should update regularly but apply an effective date to data schedules provided.
- **NIMBI** (not in my back yard): This is a problem not only from middle class suburbs but also township communities and commercial precincts.

MANAGEMENT/SPATIAL:

- **Invasion of poorly located land**: Sometimes the land invaded is poorly located because better-located land is better 'policed' and protected or for other reasons (e.g. social networks in areas previously settled). How do Cities plan and anticipate better to 'get ahead of the game'? Incrementally restructure spatially.
- **Settlement densities**: Including cost-efficient denser housing solutions for consolidation phase of upgrading (phase 4 of UISP). E.g. wetcore and foundation; owner-driven with limited state support.
- **City bylaws**: They are not appropriate for informal settlements. Need to review in terms of parking bays, minimum road reserves of 6m, full vehicular access etc.
- **Consolidated national upgrading plan and dataset**: Difficult for National and Provincial spheres to plan, budget and support without such consolidation (i.e. rollup of key planning priorities and data from Cities and other municipalities. "Want to know what we want to support" (Gauteng DDG). Need documentation to inform national/provincial planning and budgeting.
- **City sprawl**: Sometimes settlements are poorly located yet are at the same time well-established and at scale. Mangaung a special case – large scale settlements which cannot be relocated. Likely require an incremental spatial shift strategy (encourage new settlement close to industrial/commercial land in the W) but also mitigate economic challenges in major settlements in the SE. Difficult to achieve a compact city. Can improved public transport mitigate existing distances? Note that polycentric cities do exist and can be optimised as such. Need to manage what is there. Incremental spatial reform is likely to be necessary given difficulties in radical/rapid restructuring.
- **Getting ahead of the game**: It is accepted that Metros need to get ahead of the challenge of future urbanisation/inward migration of the poor. E.g. managed land settlement – servicing land in appropriate localities (but how to manage the resultant settlement in an orderly way and will this stimulate increased migration?); 'sunset clause' on settlement densification and footprint expansion – e.g. using social compacts.
- **Realistic spatial restructuring**: Metros accept that 'informality is part of our future - its there to stay'. Need to balance supply and demand. Where settlements are de facto vs where we would like them to be. Desire for compact cities with realities of prevailing settlement patterns. Well-located land is scarce. Informal settlement populations are large. Mass relocations are difficult. To some extent private sector planning priorities e.g. shopping malls tend to drive spatial change. Government needs clear spatial strategies that are realistic. Spatial change might need to be incremental. Need to shift from being solely reactive - plan ahead.

FUNDING:

- **Grant funding inflexibility**: Including USDG e.g. utilisation of budget across multiple projects and years; funding for facilitation; funding for innovation e.g. utilisation for wetcore and slab or utilisation to support owner-driven housing consolidation.
- **Fiscal constraints**: Need to prioritise/'ringfence' budget. Linked to above point. Catalytic projects already have priority. Upgrading could be made a catalytic project but where it isn't, it needs to 'complete' for budget based on structured plans (rolled up at national level). Often other priorities take precedence.
- **O&M, rates and services payments, sustainability**: Are all services free for the urban poor and if so for how long (e.g. toilet paper at communal sanitation blocks)? Potential for community-based maintenance? Some basic services payments built in at a future point? Also vandalism of services is a big problem. Effective social compacts, sustained facilitation and better area-based management can potentially assist.

- **MTSF and BEPP**: How to accommodate upgrading optimally in these so project pipeline plans can be funded and plans operationalised, noting that upgrading is a multi-year process which requires flexibility and which can suffer from interruptions along the way due to various factors (e.g. flexibility to move budget from blocked/delayed projects to others which can move more quickly).
- **Optimal choice of grant/subsidy**: Given multiple grants – which ones are best suited for different applications e.g. peri-urban, interim services, housing consolidation, up front planning, participation etc.
- **Backlog is not just informal settlements**: E.g. basic services deficiencies in old established communities – townships, rural etc. old residents in city who also have been waiting for services for a longer period of time. Need to consider overall backlog – informal settlements part of this. Shouldn't get automatic priority. See criteria. Need USDG funding for more than just informal settlements.
- **Grants dictate the response rather than what makes sense**: Dependency on grants to structure upgrading programmes. Grants tend to drive how the programmes are structured rather than what makes sense and is most necessary e.g. focus on full upgrading, township establishment and RDP type housing provision. Priority on ph3 and 4 of UISP over ph1 and 2.
- **Measure of performance**: Township establishment and housing provision tends to be the primary measure of success and 'performance'. We tend to undervalue and under-report on other measures such as essential services provision which are also key in city restructuring and inclusion of the urban poor. Most housing provision is organic and owner-driven. If public realm investment is functional (at acceptable minimum level) and settlements improve and are consolidated, then this is surely also a key performance measure for cities. Refer also to bullet point on 'minimum package for basic services'.
- **USDG**: need to increase allocations to informal settlements – Need to allocate 50% but sometimes only allocating 10%.
- **High cost of densified housing solutions**: Settlements often dense and/or part of site is undevelopable – however when undertaking a full upgrade, densified housing options are very expensive. They are also challenging to deliver e.g. where to accommodate residents whilst upgrade is in progress without creating a large TRA which eventually and inevitably becomes a permanent settlement in its own right. We need to think differently about addressing the issue of density.
- **Budget availability**: Often have plans to upgrade, but not funding to implement them.

PROCUREMENT:
- **Procurement for services provision** – Needs to be programmatic (vs project-based), multi-year, and efficient. Project-based procurement not optimal. Procurement needs to leverage local labour/employment whilst meeting delivery objectives e.g. budget on blocked projects can be moved to others which can move. Sufficient high-end co-ordination/engineering skills in the mix.
- **Contractors on site:** Problems with contractors or subcontractors not being able to deliver. Projects get stalled.

POLICY & REGULATORY:
- **Common understanding of upgrading policy**: Including key precepts of UISP which is incremental (as distinct from USIP grant which is relatively inflexible). Varying understanding of what 'formalisation' means. Some use this to mean delivery of basic services, not necessarily full conventional housing delivery.
- **Minimum package for basic services:** What should this consist of? What should the minimum standards be? Should there be consistency across metros e.g. standpipe distance, sanitation to population ratio, road/footpath access, electrification of shacks, key social facilities access? Obviously would be different for B1 vs B2. See also new CSIR Red Book. Electricity noted as a very high priority for people. If there is an acceptable 'minimum core' then this can assist in defining better differentiated city-building performance measures for Metros (beyond housing and township establishment).

- **Undocumented foreign nationals & illegal immigration**: Two issues: a) how to accommodate foreign national within existing upgrades – accepting that for first phases of UISP foreign nationals are eligible; b) 'illegal' foreign nationals – need a way to deport but this becomes politicised - difficult for Municipality to deal with. Need Dept. Home Affairs and political backing. Requires higher level of intervention. Serious concern over extent of illegal influx and inability to respond. Cities are already overburdened with urbanisation/migration.
- **Environmental legislation**: This is a major barrier in delivering basic services, not to mention for full upgrading (town planning approvals and township establishment). Regulations do not appear to take into consideration that the settlements are de-facto and the land is already disturbed. The need to intervene is often critical and will improve/mitigate environmental issues (e.g. water contamination, stormwater control) rather than make it worse. Most settlements are well established and have been in existence for many years, often decades. Env. Depts often not involved or available in early stages, then raise issues at submission phase. Need input and engagement early on. Munis don't have control. RODs need to be expedited.
- **Formal township establishment utilised as the main performance measure**: This diminishes the performance measure and reporting value of other types of responses e.g. incremental basic services. Planning instruments lead to top-structure, but housing delivery is problematic in many respects e.g. densities, costs, temporary relocations etc. Refer also to various preceding sections.
- **SPLUMA**: need task team to coordinate – multi-departmental. Intergovernmental project pipeline.

COORDINATION & CAPACITY:
- **Services outside Metro sphere / transversal co-ordination**: E.g. DWAF, DME, National and Provincial Departments of Environmental Affairs, Health, Education, Social Development etc. Need to be on same page as these other Departments w.r.t categorisation and developmental pathway for a settlement e.g. incremental upgrading vs eventual relocation. Differentiated approach. How to achieve this co-ordination and integration in practice?
- **Alignment of plans of different spheres of government – intergovernmental coordination**: All three spheres have plans. They are usually not aligned or integrated. There are often differing priorities within the different spheres. Note role of NUSP-facilitated provincial forums under establishment in addressing this. Report reforms underway were also noted. Section 71 IDP vs MTSF8 level 1 and 2. Need intergovernmental project pipeline.
- **Training of Metro officials** in upgrading required.
- **NGO partnerships:** Noted that in many cases NGOs can play an important supportive role. They often have complementary skills (e.g. participative planning, re-blocking, enumeration, community driven housing etc.). Sometimes they can also provide co-funding for a partnership.
- **Lack of socio-economic facilities**: As outlined previously - Schools, clinics etc. Requires co-ordination with other Departments. Common project pipelines. Common planning principles and priorities.
- **Social workers**: E.g. help people get their IDs, social grants, deal with special needs etc.
- **LED, enterprise and job creation**: This is important but requires special interventions and capacity. Private sector and support NGOs can potentially assist.
- **Ward-based planning**: Problematic. Leads to entitlement. Need to plan and prioritise across city instead of sharing resources between wards in ad hoc fashion.
- **Insufficient staff** to plan and manage upgrading (e.g. 3 in BCM):