



PRACTICE NOTES

**FOR THE APPLICATION OF GRANT FUNDING FOR INFORMAL
SETTLEMENTS UPGRADING & URBAN MANAGEMENT FOR
INFORMAL SETTLEMENTS**

2017

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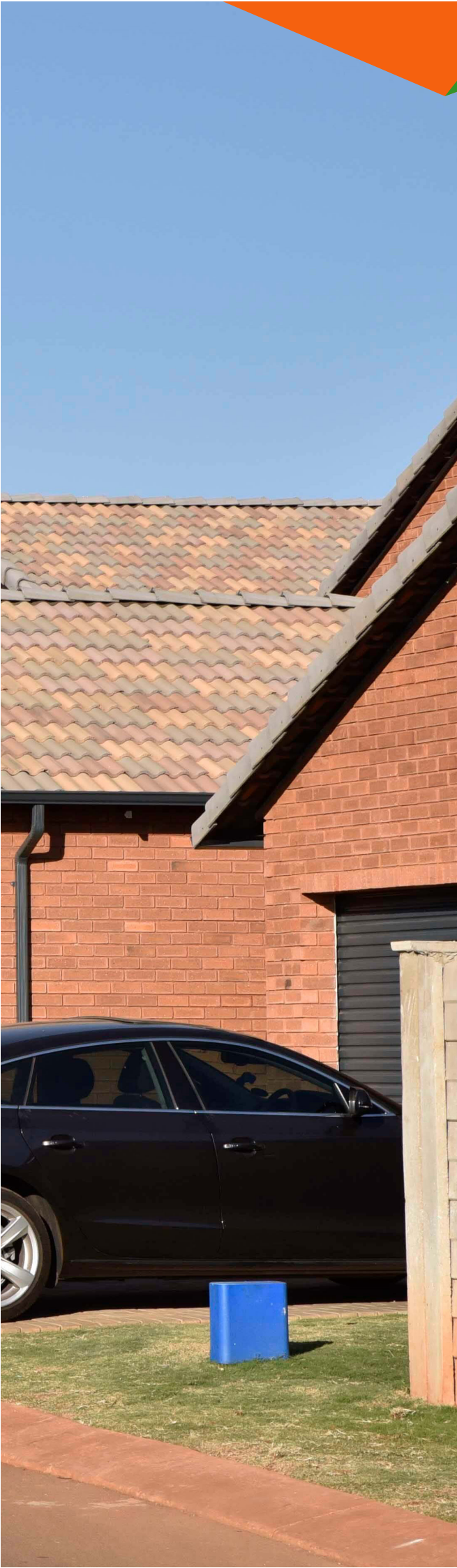


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Preamble

Almost 24 years since South Africa's democracy, many South Africans still live in poverty and deprived of access to decent housing as a basic human right (SHRC, 2015). This is more prevalent in our major cities with many informal settlements offering shelter to various communities seeking opportunities. Government has made some progress in ensuring the provision of housing and upgrading of informal settlements. However, there are still various challenges to be overcome including giving capacity to municipalities in dealing with the high demand for affordable and decent housing.

Through the help of the HDA and the National Department of Human Settlements, various support mechanisms including funding have been put in place to assist in speeding up the provision of housing and the upgrading of informal settlements. These mechanisms have ensured that various funding and technical support options are at the disposal of municipal officials in order to provide communities with much needed assistance. This has not been possible in many cases with the varying views on informality and the deemed 'eradication' approach to informal settlements.

Informal settlements are a sign of the socio-economic state of South Africa and the spatial segregation of our past. It is therefore imperative to note the importance of access to opportunities and the dire need for decent housing. Through the UISP as spearheaded by the HDA, municipalities are able to assess the opportunities for upgrading of informal settlements taking into consideration of the livelihoods of their inhabitants.

The major challenge for many municipalities remains the ability to source much needed funding to carry upgrading projects that will improve the quality of life of informal settlements dwellers whilst offering access to housing. For this reason, there is a great need to ensure that municipal officials are well equipped with the necessary information on available sources of funding and support. This extends to informal settlements dwellers as well as a means of empowering them to keep government accountable as may be noted on the case between the City of Johannesburg (COJ) and the Slovo Park informal settlement¹.

¹ Towards a Synthesis of the Political, Social and Technical in Informal Settlement Upgrading in South Africa: A Case Study of Slovo Park Informal Settlement, Johannesburg Socio-Economic Rights Institute of South Africa (SERI) Working Paper No.1





Executive Summary

This practice note and urban management guidelines are prepared as a response to the lack of information on available grant funding methods for informal settlements upgrading for municipal officials as well as communities within informal settlements. The practice notes gathers a brief background on informal settlements upgrading with a breakdown of available funding options and their requirements. In addition, the practice notes also highlight the applicability of each

grant or program in relation to informal settlements and their brief scope. These grants are categorized according to their applicability to various municipal categories as well as their nature in relation to the areas they could be directed to i.e. capital and support grants. Additionally, the practice notes cover the basic guidelines for urban management for informal settlements.



Q Background

Urban Core Pty Ltd. has been appointed by the Housing Development Agency to frame and package the practice note on available grant funding for informal settlements upgrading as well as urban management guidelines for informal settlements. The project involved the research and assessment of various grant funding instruments, literature review as well as interviews with key industry practitioners in the field of informal settlements upgrading. The various results and findings of the research informed the outlined grants as well as the urban management guidelines as contained in this practice note.

The existing grant instruments in South Africa are contained in greater length from various custodians which are referenced to in this report i.e. National Treasury. However, they are quoted in reference on the context of informal settlements without diverging too much on their greater detail and content. As a result, the contents of this report provide a rather summarized version of these grants to ensure easier interpretation for even the untrained eye especially that of community leaders within informal settlements.





Introduction

Informal settlements upgrading projects have since become one of the biggest challenges for South African local municipalities. This is more prevalent with poorer municipalities who lack institutional and financial capacity to drive informal settlements upgrading projects. However, Government has implemented various mechanisms such as the National Upgrade Support Programme (NUSP), which was designed to offer support to the National Department of Human Settlement for the Implementation of the Upgrading Informal Settlements Programme (UISP) (DoH, 2014).

In South Africa, much like in the rest of Africa the impacts of urbanization are increasingly becoming visible with many more people living in metropolitan areas (UN HABITAT III, 2016). As a result, municipalities need to respond timeously and with the relevant tools to address the ever increasing need for housing the urban poor. The lack of knowledge and professional capacity often prevents municipalities from accessing available grant instruments and other options for their informal settlements upgrading projects. This also means municipalities fail to provide a basic services to citizens in line with Section 26 (1) of the constitution of South Africa which provides that everyone shall have the right of access to adequate housing.

Housing is both a human rights issue as well as a means to improve the quality of life of citizens by ensuring a decent

and habitable environment that is closer to their places of opportunities. Whilst government's response to the need for housing through the National Department of Housing (NDH) and its various policies and subsidy programmes are notable. There is still a backlog on informal settlements upgrading especially around South Africa's metropolitan areas. The apparent slow response of local government in dealing with the increase of informal settlements has resulted in various challenges including service delivery protests.

This report highlights the various available key grant funding options that municipalities may access for informal settlement upgrading as well as their key requirements and application procedures for municipalities. The report also covers basic principles of urban management for informal settlements. The contents of the report are also summarized on a pamphlet which will be made available for municipal officials, community leaders as well as housing practitioners across the country. The pamphlet summarizes the contents of this report in a manner that is easier to read and interpret through tabular summaries and infographics.

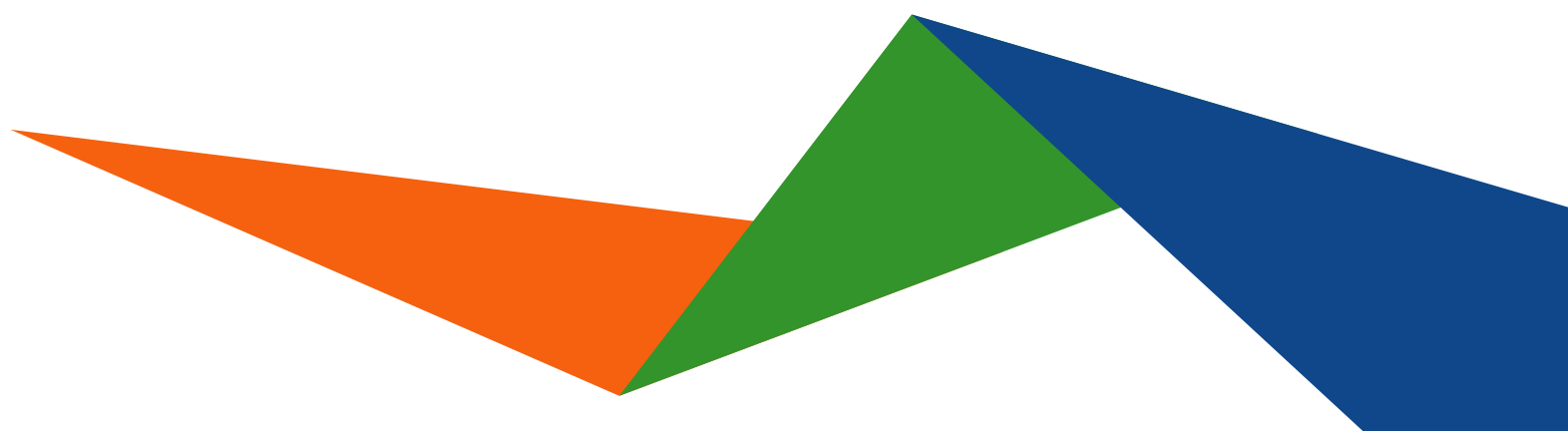


Legislative framework

Constitution of the Republic of South Africa, 1996

The constitution as the primary law of the Republic of South Africa makes provision for the consideration of access to housing for South African citizens, including those living in informal settlements. Section 26 (1) of the constitution states that "everyone has a right to have access to adequate housing". The constitution in Section 26 (2) further puts an obligation on the state to ensure that it acts within its legislative powers and available resources to ensure the realization of this right. Section 26 (3) of the Constitution states the 'No one may be evicted from their home or have their home demolished without an order of the court after considering all the relevant circumstances. The Constitution broadly defines the roles for each sphere of government and these may be summarized as follows:

- ▶ **National Government** must establish and facilitate a sustainable housing development process for the entire country.
- ▶ **Provincial Government** must do everything in its power to create and promote an enabling environment for this process.
- ▶ **Local Municipalities** must pursue the delivery of housing (within the framework of national and provincial housing legislation and policy)



The National Housing Act, 107 of 1997

This Housing Act (Act 107 of 1997) recognizes the Constitutional right to adequate housing access and clarifies the State's response to this right by setting out the legal plan for the sustainable development of housing. The Act lays down general principles that apply to the development of housing in Government. It further defines the national, provincial and local government functions with regard to housing development. It also governs the establishment and operation of the South African Housing Development Board, as well as provincial boards and the financing of housing programmes.

The Act promotes the following:

- All Government spheres must prioritize the needs of housing development in consultation with poorer individuals and communities, particularly recognizing the needs of women and other marginalized groups.
- Housing developments must be affordable, sustainable,

environmentally friendly and culturally diverse.

- Housing developments must be administered fairly according to the principles of good governance.

In line with Section 156 of the Constitution of South Africa, Section 10 of the Housing (Act 107 of 1997) also states that any municipality can be accredited to administer the National Housing Programmes if these functions can be delivered effectively within the particular municipality. The accreditation, and ultimately assignment, of municipalities to administer national housing programmes on behalf of provinces seeks to achieve two inter-linked objectives:

- Co-ordinated development (horizontal integration).
- Accelerated delivery (vertical integration).

Municipal System Act 32 of 2000

Since 1994 South Africa has embarked on several programmes towards building a better life for all by providing, amongst others, shelter and basic services for the poorest of communities in the country. As part of the system of developmental local government, and in terms of the Municipal Systems Act, municipalities are required to develop Integrated Development Plans (IDPs) that are to serve as the basis for service delivery. Apart from the legislative requirement to compile IDPs municipalities are also expected to compile Sector Plans such as the Human Settlements Plan, Infrastructure Plan. All these

plans must be in line with the Spatial Development Framework of the municipality which should form part of the IDPs.

The National Housing Code, 2009

The National Housing Code sets the underlying policy principles, guidelines, norms and standards which apply to Government's housing assistance programmes introduced since 1994. The City's human settlements strategies are guided by a policy framework that is contained in the National Housing Code. The Code is the government's overall vision for human settlements in South Africa and provides guidelines on how to achieve sustainable human settlements.

The Comprehensive Plan for the Development of Sustainable Human Settlements "Breaking New Ground" (BNG).

The BNG specifies the role that South Africa's municipalities must play in the creation of sustainable human settlements. The City's IHSP is developed within the context of this plan. In the main, the plan envisages that the supply of State-assisted housing should respond to the demand for different housing typologies. Further, the plan provides that the City must

ensure that new developments facilitate spatial restructuring in accordance with its Spatial Development Framework and that efforts are made to effect densification, integration and the development of social and economic infrastructure



Municipal Finance Management Act

The Municipal Finance Management Act, 56 of 2003, requires that when a budget is tabled it needs to be made public and the local community must be given an opportunity to make submissions. Council must consider these and the mayor is required to respond to the submissions and, where necessary, revise the budget to be considered by council again. The Act is applicable to all municipalities, municipal entities and national and provincial organs of state to the extent of their

financial dealings with municipalities. The purpose of the act is to ensure transparency as well as sustainable management of the financial affairs of municipalities.

Division of Revenue Act

Section 214 of the Constitution requires that every year a Division of Revenue Act is passed that determines how the nationally raised revenue will be divided between national government, the nine provinces and the 283 municipalities in South Africa. Particular steps to draft and pass the act must be followed every year, and this forms part of the annual division of revenue process. This process also takes account of the different functions performed by the different spheres of government and also invites public participation in order to promote transparency and accountability.

The DORA is useful because it contains schedules which show:

- ▶ The equitable share allocation to each province;
- ▶ The equitable share allocation to each municipality;
- ▶ The amounts for the conditional grants to provinces and

municipalities;

- ▶ Details on the objectives, conditions, and reporting requirements associated with each conditional grant.

The quoted legislative framework above indicates that the provision has been well legislated by government in South Africa. Furthermore, it highlights the obligations of each sphere of government in ensuring that South Africans realize the right to access for adequate housing.

In relation to informal settlements upgrading, municipalities are have an obligation to act within these pieces of legislation to ensure that informal settlements upgrading is prioritized and properly planned for.





Informal settlements Grants Summary

The table below summarizes the most relevant grant instruments and programmes which may be used towards the upgrading of informal settlements for both local municipalities and metropolitan municipalities. The table indicates the name, type of grant as well as

its utilization and source. All the grants captured in the table are the relevant to informal settlements upgrading their different components such as capital and technical assistance for informal settlements upgrading.

Type of Grant	Category of grant	Utilization of grant for Informal Settlements	Source of Grant/Administrator	Application Process/Procedure	Who can apply?
Urban Settlements Development Grant (USDG)	Conditional Grant	Funding for land acquisition, bulk infrastructure, basic services/ serviced sites and the provision of social and economic amenities that supports the provision of human settlements	National Treasury	Metropolitan municipality to submit a Built Environment Performance Plan (BEPP) to National Treasury in accordance to the Division of Revenue Act	Metropolitan Municipalities
Integrated Cities Development Grant (ICDG)	Conditional Grant	Provides easier access to basic service, economic opportunities and amenities and also increase potential for bulk infrastructure upgrades to incorporate informal settlements since grant incentivizes municipalities that invest in integrated spaces/intervention zones.	City Support Programme, Intergovernmental Relations Division, National Treasury	Grant is provided in 2 grant windows (i) strategic planning window and (ii) performance window. Both require the submission of BEPP by metropolitan municipalities indicating urban network zones.	Metropolitan Municipalities
Integrated National Electrification Programme Grant (INEG)	Conditional Grant	Provides subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure.	Department of Energy	Municipalities to submit a BEPP in accordance to section 14(1) of DORA.	Metropolitan Municipalities
Public Transport Infrastructure and Systems Grant (PTISG)	Conditional Grant	Funding for public transport nodes, taxi ranks, NMT systems, creating feeder and complimentary services	Department of Transport	<p>Municipality to submit a Built Environment Performance Plan (BEPP) to the DoT in accordance to the Division of Revenue Act.</p> <p>DoT will take 20 days to respond to the application from the day of receipt</p> <p>The application must highlight project management plan, operational plan, business and institutional plan as well as marketing and infrastructure plan</p>	Local Municipalities

Emergency Housing Grant (EHG)	Conditional grant	Funding for Emergency Housing and basic infrastructure, grants for the provision of temporary aid and assistance is limited to absolute essentials.	Department of Human Settlements	Once a Municipality has identified a need for Emergency Housing, it will apply to the Provincial Department for funding for projects under this Programme. Communities may approach municipalities for assistance under this Programme.	Local Municipalities
Municipal Infrastructure Grant (MIG)	Conditional grant	It can be used to lay basic infrastructure (Internal and external) relating to sanitation and streets. It can also be used to assist in Municipal capacity	MIG management unit at National Treasury	Project Business Plan in line with the IDP to be submitted by municipalities. The business plan must contain a feasibility study, financial management plan as well as project management plan which details risk management. A standard MIG application form is available (Page 42) of MIG framework	Local Municipalities
Neighborhood Development Partnership Grant (NDPG)	Conditional grant	Capital Projects Technical assistance-Township establishment applications, EIA and feasibility studies	National Treasury	Municipalities submit project business plans to the National Treasury as per the guidelines outlined on the NDPG Tool Kit from National Treasury.	Local Municipalities

Table 1: Summary of grants for informal settlements upgrading



Programmes for funding informal Settlements

The table below summarizes the most relevant grant instruments and programmes which may be used towards the upgrading of informal settlements for both local municipalities and metropolitan municipalities. The table indicates the name, type of grant as well as its utilization and source. All the grants captured in the table are the relevant to informal settlements upgrading

their different components such as capital and technical assistance for informal settlements upgrading.

Programme name	Type of Programme	Application for Informal Settlements upgrading	Source/ Administrator	Application Process/Procedure	Who can apply?
Integrated Residential Development Programme (IRDP)	Conditional grant	Funding for acquisition of land, servicing of stands for a variety of land uses including commercial, recreational, schools and clinics, as well as residential stands for both low, middle and high income groups.	Department of Human settlements	Municipality to apply for funding of approved projects in municipal housing chapter of IDP from the MEC	Local Municipalities
Upgrading of Informal Settlements Programme (UISP)	Programme	Funding for technical assistance and basic infrastructure, land, top-structures	Department of Human settlements	Phase 1: Project Registration- Interim business plan to be submitted to MEC to assess and approve Phase 2: Project Initiation-	Local Municipalities
New enhanced Peoples Housing Process (EPHP)	Programme	Subsidies for top-structures, associated PHP social infrastructure, planning and capacitation processes	Department of Human settlements	Community members organize themselves and approach their municipality for information with their housing needs.	Local Municipalities

Table 2: Programmes for funding informal settlements

Other funding instruments for informal settlements upgrading.

The table below contains a list of alternative funding options that may be used to fund top structures. These funding instruments are in a form of subsidies which apply at stage 4 of the UISP programmes. The application of these grants may depend on the category and classification of each informal settlement in line with the UISP categorization criteria. This may also depend on the level of services required for each case

of the project i.e. the Community Rental Units Subsidy may be applied for in the case of an informal settlement formalization process has taken place and there is a need to accommodate non-qualifying residents such as those not meeting RDP or subsidy requirements. This may vary from case to case and municipality to municipality.

Alternative Funding for Informal Settlement Upgrading			
Type of Subsidy	Utilization for Informal Settlements	Source of Grant/ Administrator	Application Process/ Procedure
Consolidation Subsidy	This subsidy is applicable to serviced sites that were obtained pre-1994 on the basis of ownership, leasehold or deed of grant and must be utilized to construct or upgrade a top structure on the relevant property.	Department of Human Settlements	The process includes stakeholder negotiations, the identification of beneficiaries through interviews and assisting beneficiary communities to register. A written application is then to be submitted to the MEC and after approval an agreement is entered into between the municipality and the MEC
Community Rental Units Subsidy	The aim of the programme is to facilitate the provision of secure, stable rental tenure for lower income persons.	Department of Human Settlements	Provincial departments and municipalities audit their housing stock and identify potential opportunities which need to be submitted to the Provincial department to be approved and incorporated into the provinces development plan where it will be implemented.

Table 3: Alternative grants that may be relevant



Grant Funding in South Africa

Over the past 20 years various funding instruments and programmes have been implemented to speed up the provision of housing to the poor and formerly marginalized communities. However, there is still a significantly large portion of society that still lacks adequate housing with the backlog on housing programs proving more challenging for government. The provision of housing is contained in the National Development Plan under Outcome 8 as one of the country's priorities. This is an indication of the seriousness of the housing issue in South Africa.

The National Department of Housing, the Housing Development Agency, municipalities as well as provincial housing departments have a role in collaborating resources, funding, technical support as well as political directives to ensure that housing provision meets its targets. It is rather crucial for municipal officials and other stakeholders interested on grant funding to understand and familiarize themselves with the legislative requirements as well as the municipal and national financial legislation applicable for grant funding and municipal finance cycles.

Municipalities get their funding in three various forms which includes (a) Their own revenue. This is revenue that is collected from rates and taxes and other sources driven by

the municipalities themselves. The second form of funding for municipalities is through the (b) rendering of services such as electricity and waste collection as well as (c) Grant funding from other spheres of government and private sector (National Treasury, 2017).

Grant funding for municipalities may vary depending on the category of the municipality (Category A, B or C) and other economic factors which may affect revenue generation for a particular municipality. In order to understand available grant funding for municipalities in South Africa, it is crucial to understand the categories and qualification criteria for each municipality.

Municipalities can access grant funding through the equitable share allocation as well as the other conditional grant models. The equitable share is allocated to municipalities in terms of Sections 214 and 227 of the Constitution and is the largest transfer to municipalities (National Treasury, 2017). These allocations are provided for in terms of schedule 3 of the DORA. The diagram below demonstrates the difference between the two forms of grant funding from National Treasury towards municipalities. Both these forms of grant funding may be channeled towards the upgrading of informal settlements at the various municipalities in South Africa.

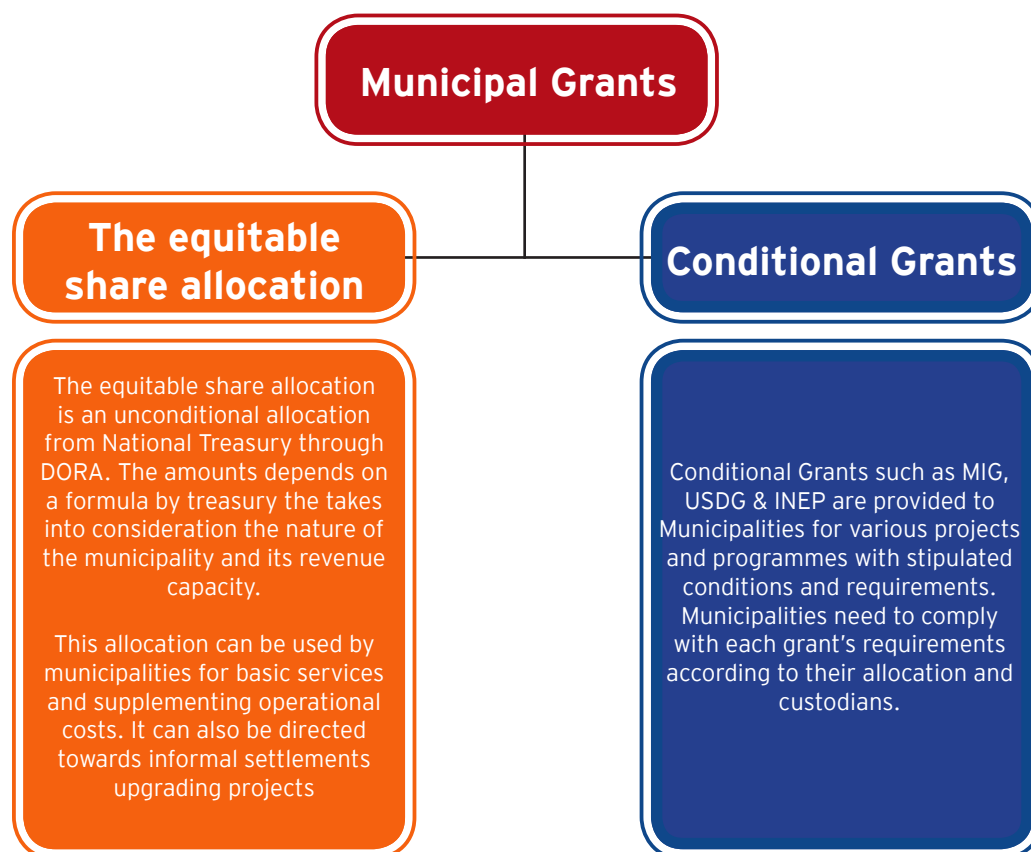


Figure 1: Grant models for municipalities in South Africa

The equitable share allocation can be used at the discretion of the municipalities and offer a unique opportunity for municipalities to channel towards the upgrading of informal settlements in accordance with their IDP and housing plans. This means municipalities may be able to take proactive steps towards the upgrading of informal settlements without having to report or comply with strict conditions in contrast to conditional grant requirements. However these need to be in line with the MFMA and the Municipal Financial Management cycle.

Conditional grants may also offer relief and much needed technical and capital injections to municipal upgrading projects, it is important to note the various requirements and applicable conditions as stipulated for each grant. This may vary between Metropolitan Municipalities as well as local municipalities. Key examples can be noted between the use of MIG by local municipalities and the USDG by Metropolitan municipalities as a result of the different requirements.

Figure 2 below indicates the sources of municipal grant for each group of municipalities in South Africa. This is an emphasis on the dependency on grant funding

between the various municipal categories. It puts into perspective where municipalities get funding and what grants are used for.

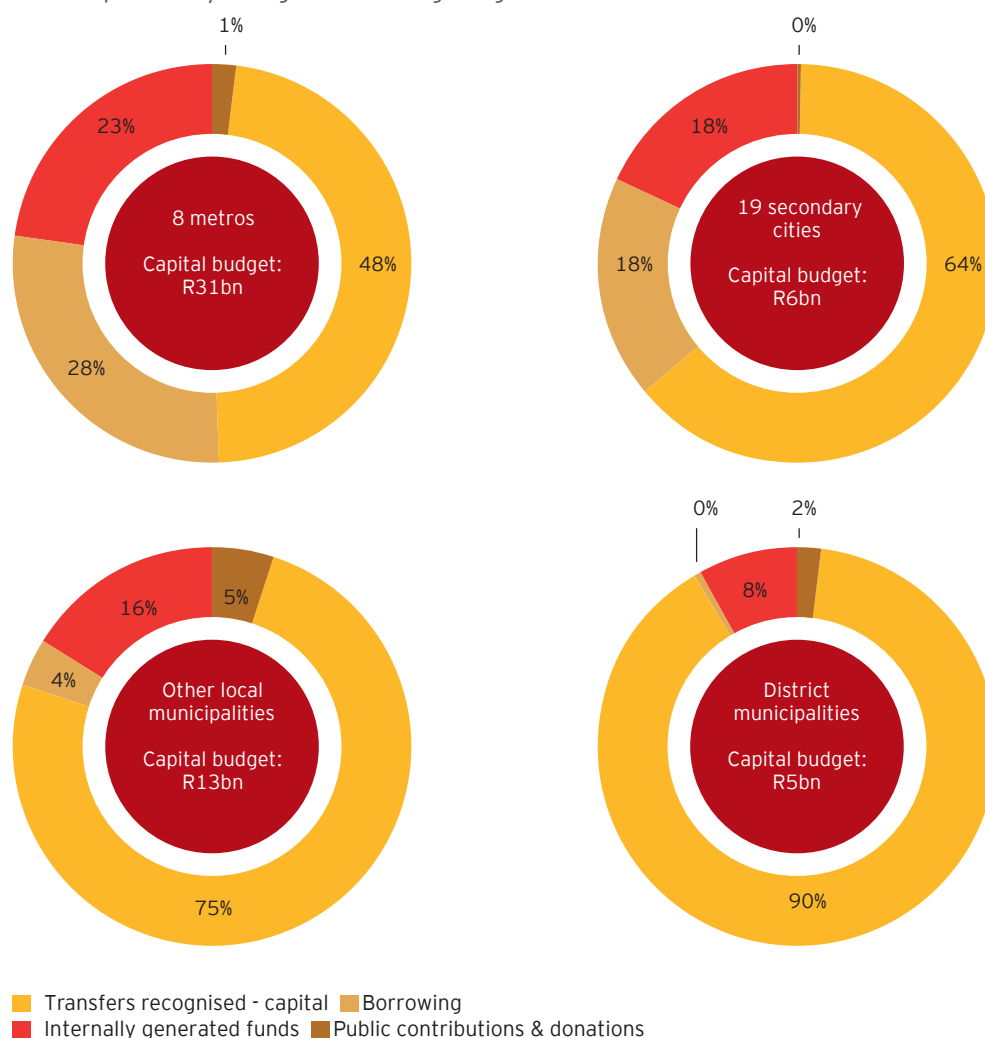
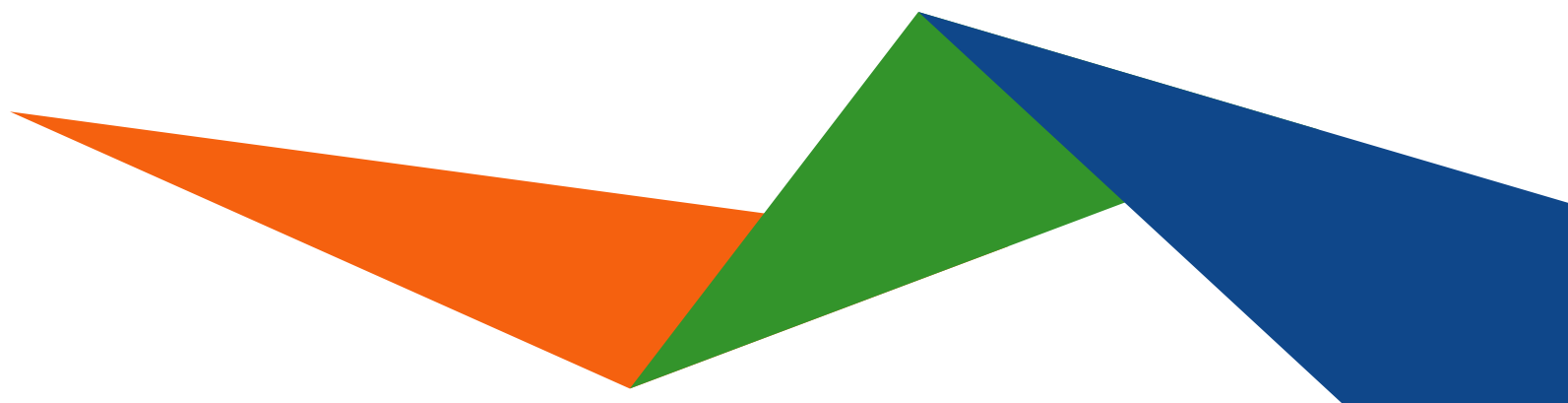


Figure 2: Sources of capital expenditure funding per group of municipalities
 Data Source: MBB, 2016



It can also be noted that informal settlements upgrading projects have to compete with other capital investment projects by municipalities given the nature of dependency on grant funding for capital projects. However, municipalities hold the responsibility for the creation of access to adequate housing in line with section 26

(a) of the Constitution of South Africa. It is therefore crucial for municipalities to be held accountability by communities and informal settlement dwellers to ensure that their housing needs are also prioritised.

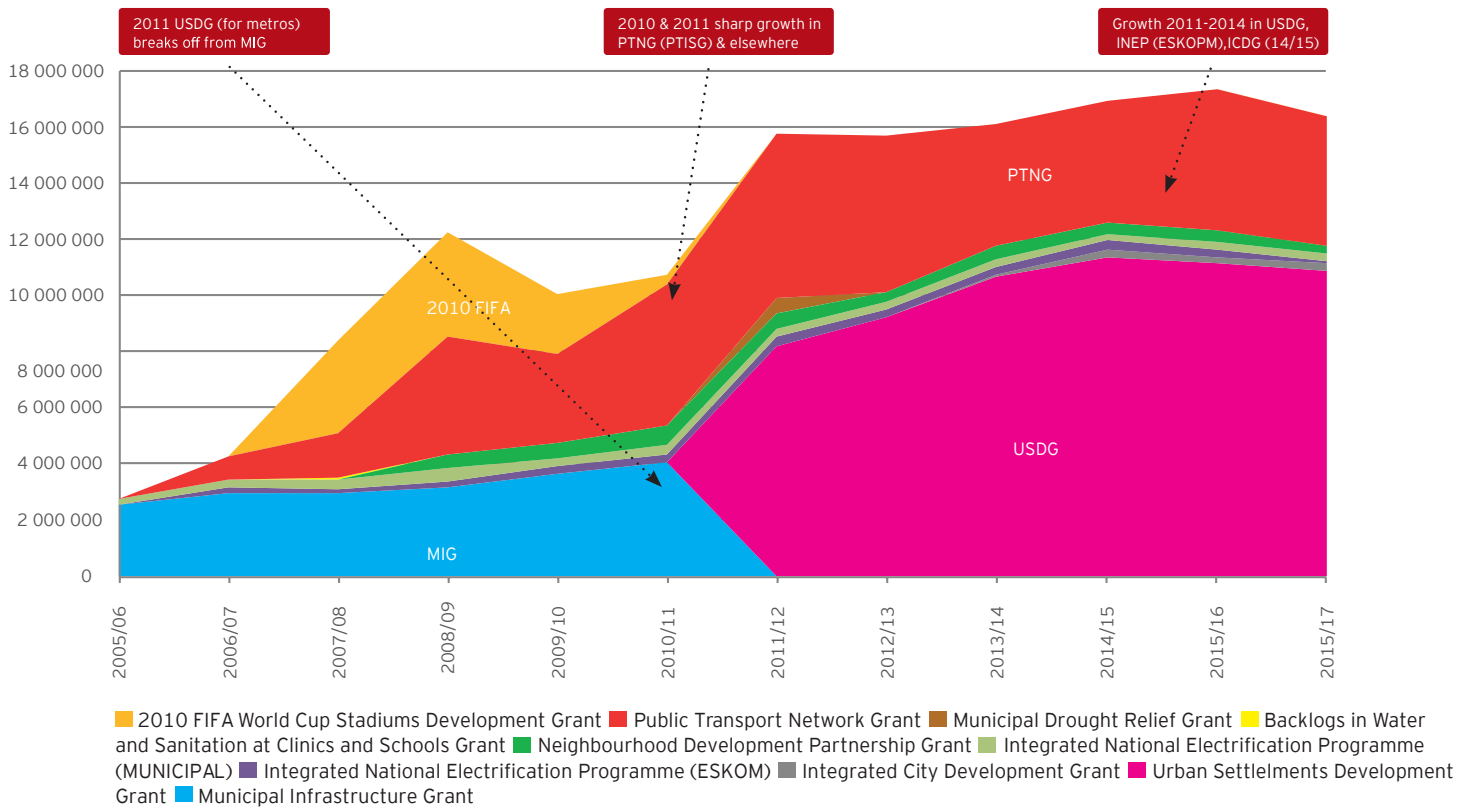
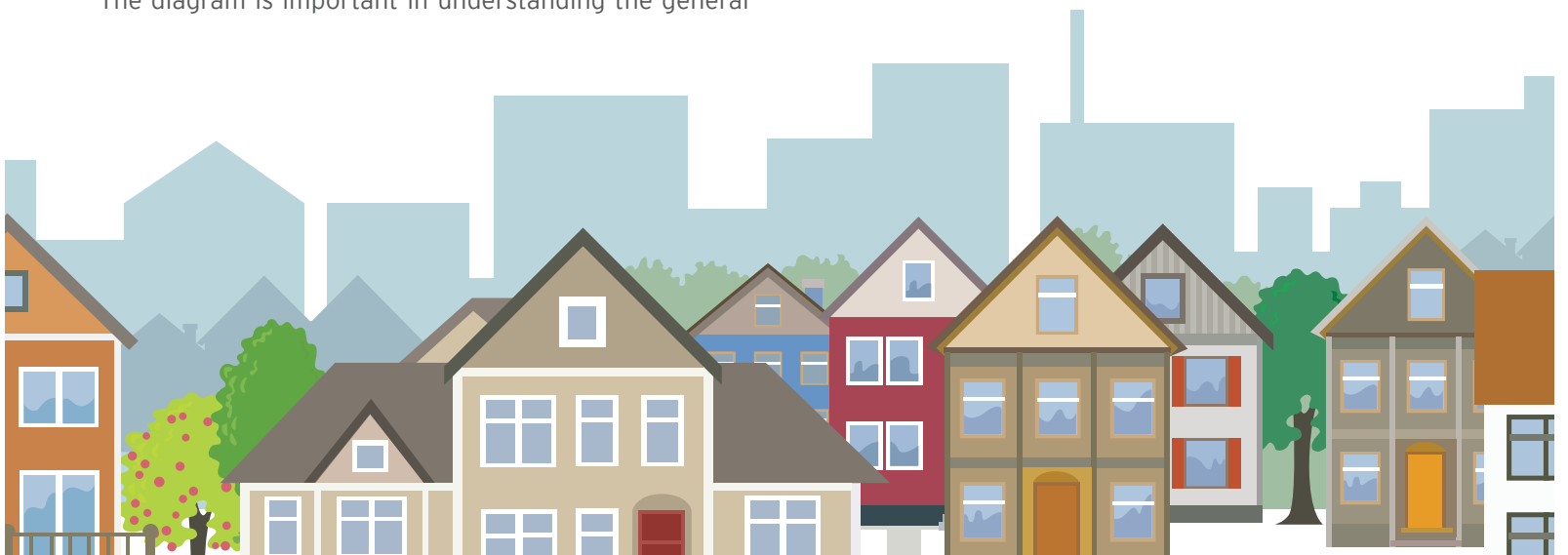


Figure 3: Real growth of infrastructure grants to metros
Data Source: MBB, 2016

Figure 3 above is an indication of the state of grants application in South Africa since 2005 indicating the application of grants across the various municipalities as recorded by the National Treasury. It can be noted that there has been an increase in the dependence of grant funding in metropolitan areas through the use of the USDG. This increase is also an indication of the high demand for infrastructure and adequate housing for the urban informal settlements within metropolitan areas, which is also a sign of the impact of rapid urbanization. The diagram is important in understanding the general

distribution of grant funding and the competing demand between the various municipal categories. Lastly, it is important to note decrease on own revenues of municipalities and the increase in dependence on grant funding. It can be concluded that whilst metropolitan municipalities use more grants for their capital projects which may include informal settlements upgrading, other municipalities such as rural municipalities also have various options for grant funding for the upgrading of informal settlements



The Practice Notes Booklet

Informal settlements upgrading is can be considered as one of the critical forms of service delivery that allows municipalities to address the ever increasing challenges of housing in South Africa. Municipalities and housing officials struggle to use the relevant grant funding available to assist them with providing housing for informal settlement dwellers. There are many other factors that hinder the progress of informal settlement upgrading in South Africa and these factors affect each municipality differently. Access to grant funding however is often hindered by lack of knowledge, lack of access to a singular source of information of grant funding.

The purpose of the practice notes booklet is to provide information on all available grant funding sources for municipalities in addressing informal settlement upgrading. The booklet lists and describes and summarizes each grant, its focus, as well as the relevant information municipalities require in order to apply for the relevant grant funding. The pamphlet will also act as an empowering tool for community leaders to keep their municipalities accountable and reactive through access to information. It is designed to be an easy to carry, distribute and understand





Detailed list of Grants for Informal Settlement Upgrading



Human Settlement Development Grant (HSDG)

Government is committed to providing sustainable human settlements to improve the quality of household life for the poor. Such provisions entail access to quality accommodation, basic services, security of tenure and affordable mortgage

finance. The Department of Human Settlements (DHS)'s areas of responsibility in the delivery of human settlements relates to the bottom-most end of the market, where it provides housing subsidies to the poor. The department derives its responsibilities from Section 3 of the Housing Act, 1997 (Act 107 of 1997). The HSDG as such is an umbrella grant which consists of different grant instruments and programmes within it. The grants which fall within the HSDG are the IRDP and UISP which are discussed in detail below:



Integrated residential development programme (IRDP)

Strategic Goal

The IRDP was introduced to facilitate the development of integrated human settlements in well-located areas that provide convenient access to urban amenities, including places of employment. The Programme also aims at creating social cohesion.

Purpose

The Programme provides for the acquisition of land, servicing of stands for a variety of land uses including commercial, recreational, schools and clinics, as well as residential stands for both low, middle and high income groups.

Type of Grant

The IRDP is a project based, whereby, the municipality assumes the role of the developer and undertakes all planning and project activities.

Background of IRDP

The IRDP was introduced from the 'Breaking New Ground' programme of 2004 which introduced changes in the housing subsidy regime, the finance-linked subsidy was intended to target households that had traditionally been left out of government-subsidised housing, and had struggled to obtain loan finance for affordable housing also known as "the missing middle".

Role of IRDP for informal settlement upgrading

When a household qualifies for an individual subsidy, the household will receive a subsidy based on the provisions of the IRDP Subsidy Scheme.

Application Process and Key Requirements for IRDP

The municipality applies for funding from the MEC. The MEC reserves and distributes funds and assesses and adjudicates various aspects of the project process and approves project applications. Plans for projects undertaken within the scope of the IRDP must be based on approved MEC and the Mayors, in terms of the multi year housing plan, developed as part of an approved IDP. All procurement processes must comply with the prescripts of relevant legislation and be fair, equitable, transparent and competitive. To support and ensure compliance with procurement prescripts, three contracting strategies, or a combination thereof, are proposed in the guidelines.

This Programme will benefit persons who:

- ▶ Lawfully reside in South Africa (i.e. citizen of the Republic of South Africa or in possession of a permanent residence permit). Certified copies of the relevant documents must be submitted with the application.
- ▶ Are legally competent to contract (i.e. over 18 years of age or legally married or legally divorced or declared competent by a court of law and sound of mind).
- ▶ Neither the applicant nor his or her spouse has previously benefited from government housing assistance;
- ▶ Have not owned fixed residential property; and
- ▶ Have previously owned fixed residential property but such a person may only qualify for the purchase of a vacant serviced site. 5 Simplified Guide to the National Housing Code SECTION ONE In addition to the above the following criteria must also be satisfied:
 - ▶ Persons must be married or habitually cohabit;
 - ▶ Single persons must have financial dependants;
 - ▶ Single aged persons, disabled persons and military veterans without financial dependants may be assisted. Aged persons refer to, must comply with the criteria on the aged as defined by the Department of Social Development;
 - ▶ Households must earn a monthly income in the range as annually approved; and
 - ▶ Persons who have benefited from the Land Restitution Programme and who satisfy all other relevant criteria may also be assisted.





Upgrading of Informal Settlement Programme (UISP)

Strategic Goal

The Upgrading Informal Settlements Program (UISP) is regulated by the National Department of Human Settlements (NDHS), together with the Urban Settlements Development Grant (USDG) they are the instruments available for municipal upgrading projects. Municipalities are required to act as developers for the UISP and the NUSP provides technical support.

Purpose

The main objective of this UISP is to facilitate the structured upgrading of informal settlements on basis of phased development approach. The Programme promotes the upgrading of informal settlements to achieve the following complex and interrelated policy objectives:

Tenure Security, Health and safety, Empowerment via:

- Social development
- Economic development
- Social capital

Type of Grant

UISP is a project based grant.

Background of UISP

This Programme is instituted in terms of section 3(4) (g) of the Housing Act, 1997. Assistance takes the form of grants to municipalities to enable them to respond rapidly to informal settlement upgrading needs by means of the provision of land, municipal services infrastructure and social amenities. It includes the possible relocation and resettlement of people on a voluntary and co-operative basis in appropriate cases as a result of upgrading projects.

Role of UISP for informal settlement upgrading

This programme is applicable to the in situ upgrading of informal settlements, the relocation of an entire settlement and or in cases where persons will be required to be resettled due to the revised township layout as a result of the upgrading project. In cases where projects will require de-densification and/or relocation, the provisions of this programme are equally applicable to both the upgraded settlement and the relocation site.

Application Process and Key Requirements for UISP

Phase 1: Project Registration

Project registration and funding reservation application in the form of a Interim business plan. The MEC will consider these applications based on the criteria detailed in these implementations guidelines. Upon approval of the Interim Business Plan, the Project will proceed to the next phase.

Phase 2: Project Initiation

Project Initiation subject to the condition that a resolution by the Ward Committee, or similar structure where Ward Committees don't exist, supporting the application for the upgrading of the informal settlement is provided prior to the initiation of this phase is tendered with the MEC. Once the project has been registered and the funding reservation confirmed by the MEC the municipality will proceed with the implementation of Phase 2 of the project. During this phase of the upgrading process, municipalities will receive funding

to and must undertake the following activities:

- The acquisition of land.
- Facilitate the appointment of capacity to undertake the survey and registration of households. The details of the beneficiaries must be included in the final business plan submission to enable the provincial housing department to upload the details on the Housing Subsidy System for the required testing and uploading on the National Housing Subsidy Database;
- The conclusion of the agreement between the municipality and the community that will regulate participation, the project approval processes etc.
- The in-principle enrolment of the project/land with the NHBRC confirming the NHBRC's approval of the suitability of the land for housing development and or precautionary measures that will have to be considered to achieve house enrolment in the final phase;
- Install interim services to provide access to basic water and sanitation services to householders within the settlement on an interim basis pending the formalisation of the settlement.
- Pre-planning studies to determine detailed geotechnical conditions and the undertaking of an environmental impact assessment to support planning processes, the scoping of the land to determine the usable areas and the possible township layout potential etc.
- The activities under this phase are generally to be undertaken over a period of 8-12 months.

Phase 3: Project Implementation

Upon completion of the work required under phase 2 described above, the municipality shall submit a Final Business Plan with the following minimum information to the MEC

for approval, the Business plan in must address the planning, commencement and the time frame for phase 4.

Phase 4: Housing Consolidation

The first three phases of the programme are intended to form the foundation for the long-term development of sustainable human settlements. Upon completion of these phases, the final phase of township establishment finalisation, ownership registration, where appropriate, and house construction will commence.

Single aged persons, disabled persons and military veterans without financial dependants may be assisted. Aged persons refer to, must comply with the criteria on the aged as defined by the Department of Social Development;

Households must earn a monthly income in the range as annually approved; and

Persons who have benefited from the Land Restitution Programme and who satisfy all other relevant criteria may also be assisted.



Urban Settlement Development Grant (USDG)

Strategic Goal

The Urban Settlements Development Grant (USDG) seeks to support the development of sustainable human settlements and improved quality of life for households through accelerating the provision of serviced land with secure tenure for low-income households in the large urban areas by supplementing municipal resources.

Purpose

The broad and main purpose of USDG is to supplement the capital revenues of metropolitan municipalities to support the national human settlements development programme, focusing on poor households.

Type of Grant

USDG is a project based conditional grant. Although the type of project is not specified, previous implementation of the grant has indicated that the project is usually one of the identified projects in the municipal Integrated Development Plan and it is approved in the municipal capital budget.

Background of USDG

The USDG was introduced in 2011 against the backdrop of the shift from the Department of Housing to the Department of Human Settlements, the National Outcomes Approach (from the National Development Plan) which included targets related to the upgrading of informal settlements as well as the devolution of the housing function to metropolitan municipalities. The grant was adopted by Cabinet in 2010 and was implemented in terms of the provisions of the Division of Revenue Bill (DORA) in 2011 without an adopted policy framework. The USDG is a schedule 4 part B grant as per DORA which outlines grants falling under this schedule as grants for to supplement the funding of functions funded from municipal budgets.

DORA is the main law governing the implementation of the USDG and sets out the strategic goal, grant purpose, outcome statements, outputs, allocation criteria and the respective responsibilities of the national transferring officer and municipal receiving officers. The grant is administered by the Department of Human Settlements as the transferring department with the Department of Human Settlements Director General as the accounting officer for the USDG expenditure.

It is also important to note that from a legislative perspective, USDG is not directly governed by the Housing Act 107 of 1997 and it is also not a National Housing Programme, but

is intended to supplement such programmes, as well as other built environment programmes. From a policy perspective, USDG replaced the Municipal Infrastructure Grant (cities) for metropolitan municipalities, which is an evolved version of MIG, in 2011. The rationale for this replacement stemmed from the realization that MIG (cities) did not place sufficient emphasis on upgrading informal settlements and did not provide for the purchase of land, which is essential to the shift from housing to human settlements.

Role of USDG for informal settlement upgrading

The USDG outputs focus on sustainable human settlements, and informal settlement upgrading specifically. This was informed by the shift from housing to human settlements illustrated in the Breaking New Ground policy and culminating in the name change from the Department of Housing to Human Settlements and the emphasis on human settlements in Outcome 8. As a result, this grant can be used to upgrade informal settlements by using the grant to upgrade/ provide bulk infrastructure services as well as to secure funding for land which would assist in the realization of in-situ or relocation processes.

Considering the USDGs' role in informal settlement upgrading, it becomes evident that the grant was also established with a portion of the Human Settlements Development Grant (HSDG), which built certain expectations that the grant would directly support the housing delivery process. The USDG will be used for the following purposes: land acquisition, bulk infrastructure, basic services/ serviced sites and the provision of social and economic amenities that supports the provision of human settlements, ie recreational facilities, crèches, small business areas, etc.

Application Process and Key Requirements for USDG

Metropolitan municipality to submit a Built Environment Performance Plan (BEPP) which is largely in accordance with the existing strategic and human settlement plans in the City, with a focus on projects to be funded by the USDG. The BEPP must be in accordance to section 14 (1) of the Division of Revenue Act which must:

- Be in the format determined by the National Treasury, including information on the project pipeline for catalytic urban development projects;
- Demonstrate that the planned expenditure in the municipality's integration zones from all the grants referred to in subsection (1)(a) collectively, increases annually; and;
- Be approved by its municipal council.





Integrated City's Development Grant (ICDG)

Strategic Goal

To provide a financial incentive for metropolitan municipalities to achieve a more compact urban spatial form through integrating and focussing their use of available infrastructure investment and regulatory instruments.

Purpose

The grant provides a financial incentive for metropolitan municipalities to integrate and focus their use of available infrastructure investment and regulatory instruments within integration zones on the Urban Network to achieve a more compact and inclusive urban spatial form.

- ▶ Provide a strategic focal point for improved intergovernmental coordination, both within and between spheres of government;
- ▶ Assist municipalities to plan and programme a series of catalytic investments within the identified integration zones that can be funded by existing sources of finance;
- ▶ Ensure that catalytic investments in integration zones also ensure the long-term optimization of the entire urban network;
- ▶ Reward municipalities for progress with the implementation of catalytic investments and the achievement of pre-specified performance indicators.

Type of Grant

The ICDG is project based. It is also the only incentive grant which currently exists in the infrastructure grant system and is only allocated to metropolitan municipalities.

Background of ICDG

The integrated city development grant was introduced during the 2013/2014 financial year to support the development of more inclusive, liveable, productive and sustainable urban built environments in metropolitan municipalities.

Application process and Key Requirements for ICDG

i. The strategic planning window

This window of the grant will be provided to eligible municipalities to support the identification, establishment and planning of integration zones with an urban network. Municipalities receiving support from this window of the grant will be required to submit a Built Environment Performance Plan (BEPP) in a prescribed form to the National Treasury that:

1. Identifies the Urban Network and prioritises network elements based on spatial development objectives and network optimisation;
2. Identifies a limited set of integration zones within the Urban Network, in accordance with the Urban Networks Strategy;
3. Details the measures taken to formally establish these integration zones through: (i) amendment to relevant planning documents including Spatial Development Frameworks, Planning Schemes, Proclamations of Urban Development Zones and Social Housing Restructuring Zones; and (ii) formal council resolutions iv. Details the adopted integration strategies for these zones that include: (i) the identification of catalytic investment projects or programmes across sectors in these zones; (ii) reforms to land use management regulations in these zones; and (iii) institutional arrangements for the effective management of public activities in these zones

4. Adopts a series of pre-specified development objectives, indicators, milestones and targets for the impartial assessment of progress in restructuring of the built environment at both the city scale and within each zone.

In addition, participating municipalities will be required to conclude an intergovernmental agreement in terms of the City Support Programme that defines these performance objectives and the associated roles and responsibilities of national and local government.

ii. The Performance Incentive Window

This window will be made available to municipalities who have already undertaken strategic planning (defined and planned their urban network and integration zones, precinct planning and project preparation (catalytic project plans) within integration zones, and have concluded an intergovernmental agreement.

1. This window will provide performance-based funding that will reward cities for the achievement of pre-specified performance targets as identified through the Strategic Planning Window. Indicators will include measures of:
2. Spatial integration: Municipalities will be rewarded for focussing their investments in these zones and complementing this with a programme of enhanced planning and regulatory reform to land use management. Over time, these rewards will emphasize the achievement of the results of these efforts, in terms of spatial form (hierarchy of network nodes, connectivity, settlement density, land and housing costs, mobility).
3. Good governance: Effective spatial transformation requires good city governance, planning and budgeting for and executing investments, developing and maintaining sustainable revenue streams and managing assets. It also requires sufficient local consensus on the development choices made by a city. The ICDG will require cities to strengthen systems of financial management, supply chain management and citizen engagement to achieve these goals

Eligibility for the grant is restricted to metropolitan municipalities, however the participation of secondary cities can be considered in later years, once the grant programme has been established and is functioning adequately. Eligibility requirements and the determination of the eligibility of individual municipalities will be reviewed annually by the National Treasury.

Strategic Planning Window - eligibility is restricted to metropolitan municipalities who have;

- ▶ Obtained a financially unqualified audit opinion from the Auditor General in the last financial year and;
- ▶ Have achieved acceptable levels of capital expenditure performance .

Performance Incentive Window - eligibility is restricted to metropolitan municipalities who have obtained a financially unqualified audit opinion from the Auditor General in the last financial year; or submit a credible and measurable financial management improvement strategy that is designed to achieve and sustain a financially unqualified audit opinion within a maximum of two financial years;

- ▶ Achieved acceptable levels of capital expenditure performance
- ▶ Confirmed the appointments of full time City Manager and all executive managers (no acting managers), with no more than a 6 month vacancy for any of these positions for each subsequent year of

- participation in the programme; and
- Submitted a BEPP in the prescribed format for the relevant financial year and signed the associated participation agreement for the CSP.



Integrated National Electrification Programme (Eskom) informal settlements intervention to reduce fires (INEP)

Strategic Goal

To reduce the backlogs of un-electrified households and to fund bulk infrastructure to ensure constant supply of electricity.

Purpose

To implement the Integrated National Electrification Programme by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure.

Type of Grant

The INEP is project based.

Background of INEP

The INEP is a schedule 5 grant as per the Division of Revenues Act. The national electrification programme has been instrumental in providing 85 per cent of all households with access to electricity, as reported in the 2011 Census.

Role for informal settlement upgrading

The USDG outputs focus on sustainable human settlements, and The INEP grant is relevant for the upgrading of informal settlements because it aims to address electrification backlogs and provide settlements with electricity in order to prevent the use of alternative means of electricity which result in fires.

Application process and Key Requirements

Metropolitan municipality to submit a Built Environment The municipality must submit a Built Environment Performance

Plan which is in accordance to section 14 (1) of the Division of Revenue Act which must:

- Be in the format determined by the National Treasury, including information on the project pipeline for catalytic urban development projects;
- Demonstrate that the planned expenditure in the municipality's integration zones from all the grants referred to in subsection (1)(a) collectively, increases annually; and;
- Be approved by its municipal council

Allocations to Eskom are made on behalf of municipalities based on applications from Eskom for non-licensed municipalities per the following criteria:

- High backlogs
- Rural bias
- Integration with other programmes such as Urban Renewal Programme, Integrated Sustainable Rural Development and other infrastructure programmes like Breaking New Ground (BNG) etc
- Ability to provide top-up or seed capital for project finance o effective credit control policies
- Cost of project is contained in and aligned with the IDP for a particular municipality.





The Neighbourhood Development Partnership Grant

The NDPG is a strategic grant model that is offered by the National treasury. It was announced in 2008 as a means to stimulate and promote investment in poor and underserved residential neighbourhoods. The grant seeks to offer

technical support and capital grant financing to municipalities for their neighbourhood projects. The grant is structured in terms of the Division of Revenue Act (DoRA, 2007).

There are four main pillar principles of the NDPG, these are as follows:

Partnership

Partnership speaks to the levels of relationships between government agencies on this regard between national, regional as well as local level. However, partnership goes down until project level. It also touches on the partnerships between private and local entities as key stakeholders. In summary, the perspective of the partnership principle is based on fostering cooperativeness and coordination of all actors.

Innovation

Learning, innovation and growth are the key contributors on the success or failure of the grant programme. Each community and neighbourhood is unique and presents different lessons that could assist other communities. The Township space has been underlooked in terms of development, as a result interventions that were previously suggested failed to attract real change because the dynamics were different from suburban contexts.

Equity

Contribution and ownership (local buy-in and contribution)

Community

Communities and their contribution through participatory measures are vital to the success of the grant's objectives. Sense of place and the creation of community are supposed to be the main goals.

The NDPG is mainly focused on improving township economic development but also accommodates informal settlements. An estimated 60% of the South African population lives in informal settlements, townships and low income settlements'

Identified challenges:

- ▶ Most municipalities struggle to put in place forward plans and strategic needs analysis for their townships.
- ▶ Focus of Grant:
- ▶ The grant focuses on previously marginalized townships such as the 'less formal townships act' townships which were developed for non white citizens. These have no sense of place, legibility or active green spaces with a viable property economy.
- ▶ Town centers, these refer to dilapidated inner city spaces that lack a good quality of life and mainly occupied by non-white citizens such as downtown Johannesburg.

The grant splits into two main sections:

1. Technical Assistance Fund (TAF)

Suitable for township development strategies plans.

- ▶ Identification of projects to support township regeneration
- ▶ Development of business case, feasibility studies and business plans
- ▶ Funding for training and capacity building including project management

2. Capital Grant

To fund capital investment projects within municipalities

- ▶ Capital funding to construct, purchase, refurbish and refurbish and re-utilize any public facilities or places;
- ▶ Funding associated with implementing any of the above (e.g. marketing and information campaign associated with new development initiative as a central component of its successful implementation - like attracting additional investors) (this may be funded through the TA fund)
- ▶ Medium-term (less than one year) operational and maintenance expenditure associated with the implementation of new or innovative approaches (This may be funded through the TA fund).





The Municipal Infrastructure Grant (MIG)

The MIG is a grant instrument that is administered by the National Treasury of South Africa. The grant is a cumulative of numerous older mechanisms which were combined in 2004. The grant is managed by the national MIG management unit at the National Treasury office. The

grant is directed at municipalities (All categories). It is a conditional grant with set requirements for eligibility of municipalities.

Objectives of MIG

The MIG is mainly focused on the following key elements:

- ▶ Funding basic infrastructure within municipalities
- ▶ Serving the poor
- ▶ Assist municipalities maximize economic benefits through the creation of economic spin-offs, creation of employment and enterprise development
- ▶ Assisting in the allocation of equal funds in municipal projects
- ▶ To prioritize poor households access to bulk services and services connection (External and internal)
- ▶ To assist in building municipal capacity.
- ▶ Poverty alleviation (EPWP projects which are also sensitive to gender inequality)

The MIG for informal settlements upgrading

The informal settlement upgrading strategy as outlined in the UISP programme indicates the various elements and requirements for municipalities to perform upgrading. It is clear that informal settlement upgrading is not separate from rolling out of basic infrastructure. Informal settlements lack access to basic service. The in-situ model of upgrading informal settlements allows of an incremental approach to the formalization process. Therefore municipalities can utilize various grants to cover different aspects of the upgrading process. Provision of bulk services and roads are often the key struggle for many municipalities due to funding. The MIG can be utilized to plan and implement basic

infrastructure such as sewage, roads and water reticulation.

Institutional Arrangements of the Grant

The MIG grant is administered from the local municipal level through the PMU in cooperation with the National MIG management unit which is responsible for the administering of the MIG funds.

Requirements for application of MIG

The MIG is a conditional grant, meaning municipalities need to adhere to a criterion set by the National Treasury in order to be given funding for projects. These conditions can be summarized as follows:

Application for grant

Municipalities must prepare a project business plan (see the MIG business plan template, page 42). The project business plan must cover these critical elements:

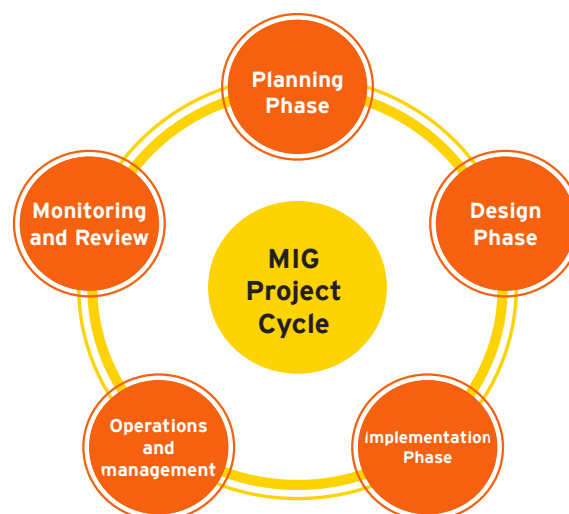
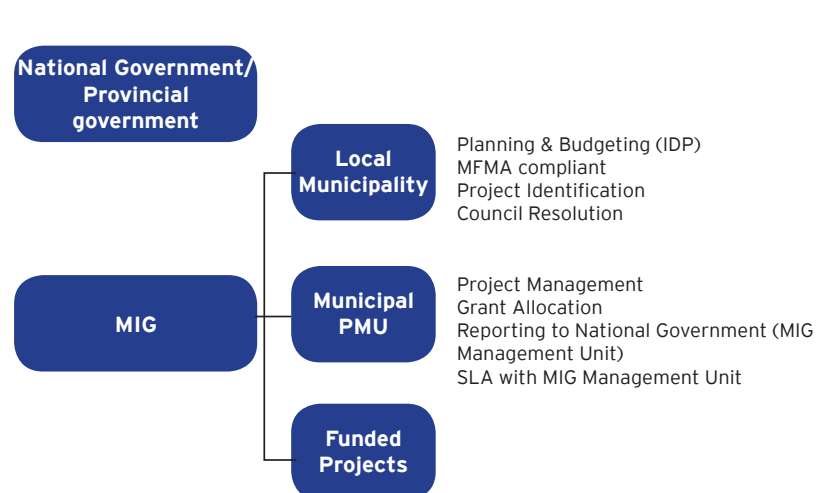
- ▶ A feasibility study
- ▶ A project identification motivation in line with the municipal IDP

Some projects scope may be unique depending on the extent of the project, in such instances municipalities can customize their project business plans to cover the main requirements of the MIG management unit.

What the MIG does not cover

- ▶ The MIG is limited to capital projects and not operational expenditure
- ▶ The scope of considerations of the MIG is limited to Section 5 of the MIG policy
- ▶ The capital per household will be limited to a limit
- ▶ The MIG may not be used to repay municipal debt

Institutional structure of the MIG implementation



Government will offer municipalities with development of appropriate capital programme management through the Municipal PMU. The MIG has been devolved to local level with PMU taking the lead reporting both to local council and national or provincial government. The PMU is the capacity structure for the MIG. It must ensure good project planning with local project selection through the IDP and public participation process. The PMU must also ensure the efficient use of MIG funding through a good operational plan and risk management plan. It must conduct feasibility studies for all IDP identified projects prior to project registration. This can apply to informal settlements upgrading projects within the municipality





Integrated public transport and systems grant

Strategic goal

To support the Public Transport Strategy (PTS) and Action Plan in promoting the provision of accessible, reliable and affordable Integrated Rapid Public Transport Network (IRPTN) services in the major cities of South Africa in line with the National Land Transport Act (NLTA).

Grant purpose

To provide for accelerated planning, construction and improvement of public and non-motorised transport networks.

Outcomes statements

Improved public transport (PT) network services that are formal, scheduled and well managed and which are accessible to an increasing percentage of the population of the major cities

Outputs

- ▶ Public transport infrastructure includes development of dedicated lanes, upgrade of network
- ▶ routes, stations, depots and control centres and the fare system
- ▶ Public transport services include buses, security, station management, ticketing and
- ▶ contributions towards the economic rights of existing operators and workers.
- ▶ IRPTN plans which should be approved at municipal level and contain:
- ▶ network operational plans including universal access design plans
- ▶ engineering and architectural designs
- ▶ vehicle and technology plans
- ▶ institutional and operator business plans and financial, marketing and communication plans for the network services

Priority outcome (s) of Government

this grant primarily contributes to Outcome 6: An efficient, competitive and Responsive infrastructure network.

Details that must be contained in business plan

This grant uses Integrated Rapid Public Network (IRPTN) operational plans

Conditions

The allocation of Public Transport Infrastructure and Systems (PTIS) funds PTIS must be aligned with the Integrated Transport Plan (ITP) and its IRPTN components as approved by the relevant municipal council. From the start of operations, IRPTN systems must recover all the direct operating costs of contracted vehicle operators from fare revenue, other local funding sources and, if applicable, from any Public Transport Operations Grant contributions. These direct operational costs include fuel, labour and vehicle maintenance. City-wide networks must ultimately also recover the capital costs of vehicles.

- ▶ If buses are bought with grant funds and are used by contracted operators, the municipality must retain ownership unless National Treasury specifically approves alternative arrangements.
- ▶ Cities are required to establish specialist capacity to manage and monitor IRPTN system
- ▶ contracts and operations as well as to plan future expansions of the network. This capacity must be in place in advance of the first IRPTN operator commencing with service provision to the public.
- ▶ Up to R10 million in the 2011/12 financial year may be used to prepare for the public transport regulatory function (see Responsibilities of Municipalities). In future years, funding must be sourced from municipal sources.

Allocation criteria

The grant is focused on IRPTN implementation in up to 12 cities in accordance with Phases 1 and 2 of the Public Transport Strategy and Action Plan.

- ▶ Budget requests will be evaluated in accordance with the outputs of a municipal IRPTN operational plan which specifies the infrastructure, systems and transitional costs of serving a defined number of passenger trips per day by a given fleet of IRPTN vehicles running on a defined amount of exclusive IRPTN infrastructure (including IRPTN stations, feeder stops, depots and exclusive lanes.)



Conclusion

In conclusion it is highly imperative to ensure that municipal officials and other housing officials have thorough grasp of the different informal upgrading grants available for upgrading informal settlements. This includes knowing how, as well as, when each grant is supposed to be used. This will ensure that municipalities do not find themselves having to deal with legal battles such as in the landmark case of Slovo Park informal settlement versus the City of Johannesburg and many other similar cases which is a common occurrence in South Africa.

Municipalities need to play a proactive role in prioritizing informal settlements upgrading. This through using available grant funding models as contained in this report as well as other available mechanisms as may be presented to them. Informal settlements upgrading needs to take priority in the municipalities plans to ensure that they can access these available grants. Additionally, these grants can be applied for different stages of an upgrading project dependent on each project dynamics. Municipalities may combine different instruments provided by these grants to address the needs of informal settlements upgrading projects.



An aerial photograph of a suburban neighborhood. The image shows several houses with various roof colors (brown, grey, orange) and styles. There are green lawns, trees, and a paved road running horizontally across the middle. A blue and orange geometric shape is in the top left corner. The text 'Urban Management for Informal Settlements' is overlaid in white.

Urban Management for Informal Settlements

Introduction

Informal settlements upgrading ensures the integration of formerly informal areas into the urban fabric, therefore there is a need for a set of tools and systems to ensure that there is continuity and up keeping of the newly developed areas. This includes management systems to ensure that service delivery, quality of life and governance improves as well as the relationship between the municipality and the community (Chakrabarty, 2000). Previously, informal settlements would not benefit much from such management systems. However, the view of upgrading projects as a means of improving settlements and access to adequate housing for the urban poor also requires management systems and tools suitable for their context.

This section introduces the use of urban management principles for the maintenance and upkeep of newly upgraded informal settlements to ensure their sustainability. Urban management is briefly defined and also situated within the context of informal settlements in South Africa. This is followed by an outline of urban management guidelines which can be adopted for newly upgraded informal settlements. It is therefore critical to understand the scope and applicability of urban management prompting the various definitions outlined in this report.

The Urban management approach can easily be a political one as a result of the varying interests that exist. This is made even harder by the existing tensions between informal settlement dwellers and their municipalities. However, it must be noted that urban management brings with it a set of benefits for all stakeholders which include communities and their municipalities.

This is because urban management can also act as a vehicle for consensus building during the upgrading process.

Urban management goes beyond the classic notion of participatory urban planning (Abott, 1994). It involves joint actions with end users of public amenities and services. Most importantly, it includes their effective involvement in the implementation, operation and maintenance of public facilities and general urban space. If well structured, community-based operations and maintenance will expand the scope of livelihood-making activities of resident communities. Urban management is inclusive by nature because it creates space for everyone (the 'poor' included) to be involved in the implementation, for instance through sweat equity (TTTRI, 2007).

Urban Management promotes an action oriented approach to planning which favours the emergence of cohesive communities through quick implementation. This also means communities own their public space to ensure sustainability. Typical examples of quick actions include the cleaning of gutters, grass-cutting, regular detection and repair of malfunctions in public lighting and other facilities, the initiation of community clean-up campaigns with symbolic actions by high public figures such as the mayor and the city manager. In a longer term successful urban management can trigger a culture of joint accountability between the city authority and civil society, thereby reducing the potential for tensions that are usually associated with top down classic participatory urban planning.

What is Urban Management?

- ▶ Urban Management is a managerial approach to planning and implementation of urban development measures. It seeks to redress all the malfunctions that may occur in the use of public and private environment (TTTRI, 2007). It is inclusive in nature, does not seek to control it. Urban Management also facilitates the interplay between various urban actors and manages their conflicts on space. These are some of the key components of effective urban management which can be beneficial in the progressive development and management of urban environments
- ▶ including newly upgraded informal settlements.
- ▶ Resource mobilization
- ▶ Effective planning
- ▶ Promotes a positive and friendly use of social facilities
- ▶ Neighborhood based/community based
- ▶ Promotes the use of by-laws
- ▶ Promotes joint actions beyond participation

Urban Management for Informal Settlements

The report is based on an approach that integrates the various aspects of urban management through an institutional structure and information management system that will contribute to Informal settlements regeneration programs, efficient service delivery and efficient urban management. In drafting the urban management guidelines for informal settlements there will be some much needed considerations that may apply directly to informal settlements alone. This is because of the uniqueness of informal settlements and the socio-economic status of their residents. This report takes a position for urban management in the context of newly upgraded informal settlements by positioning urban management as a tool to improve access to

services and a better quality of life.

The upgrading of informal settlements happens through a process of township establishment which requires for the settlement to be formalized in terms of the Town Planning and Townships Ordinance (Ordinance 15 of 1986) which has not yet been repealed by SPLUMA. The township establishment process not only formalizes the settlement but also provides for incorporation into the municipality's land use management system and by-laws. This means land use management clauses take precedence needing control and management of all future development.

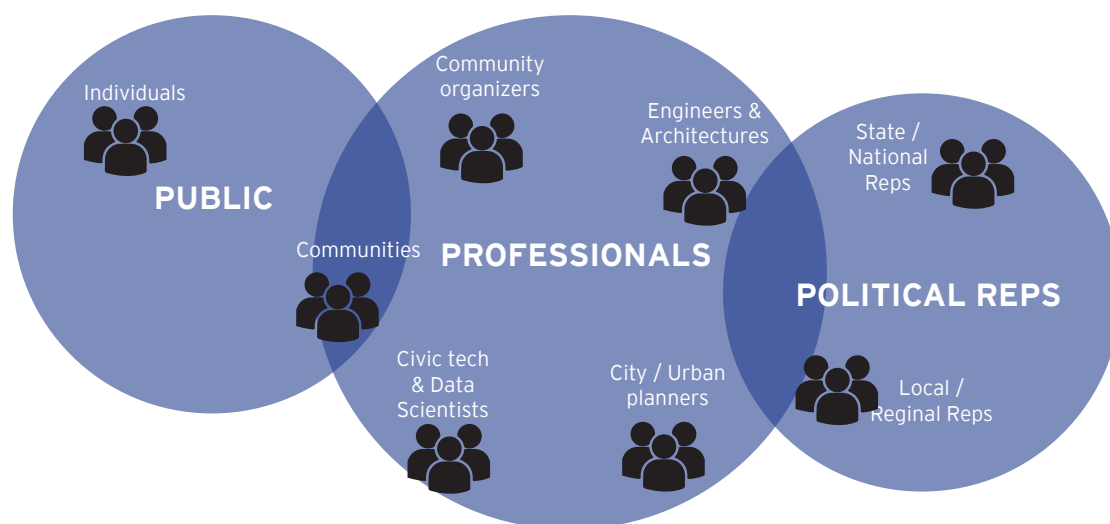
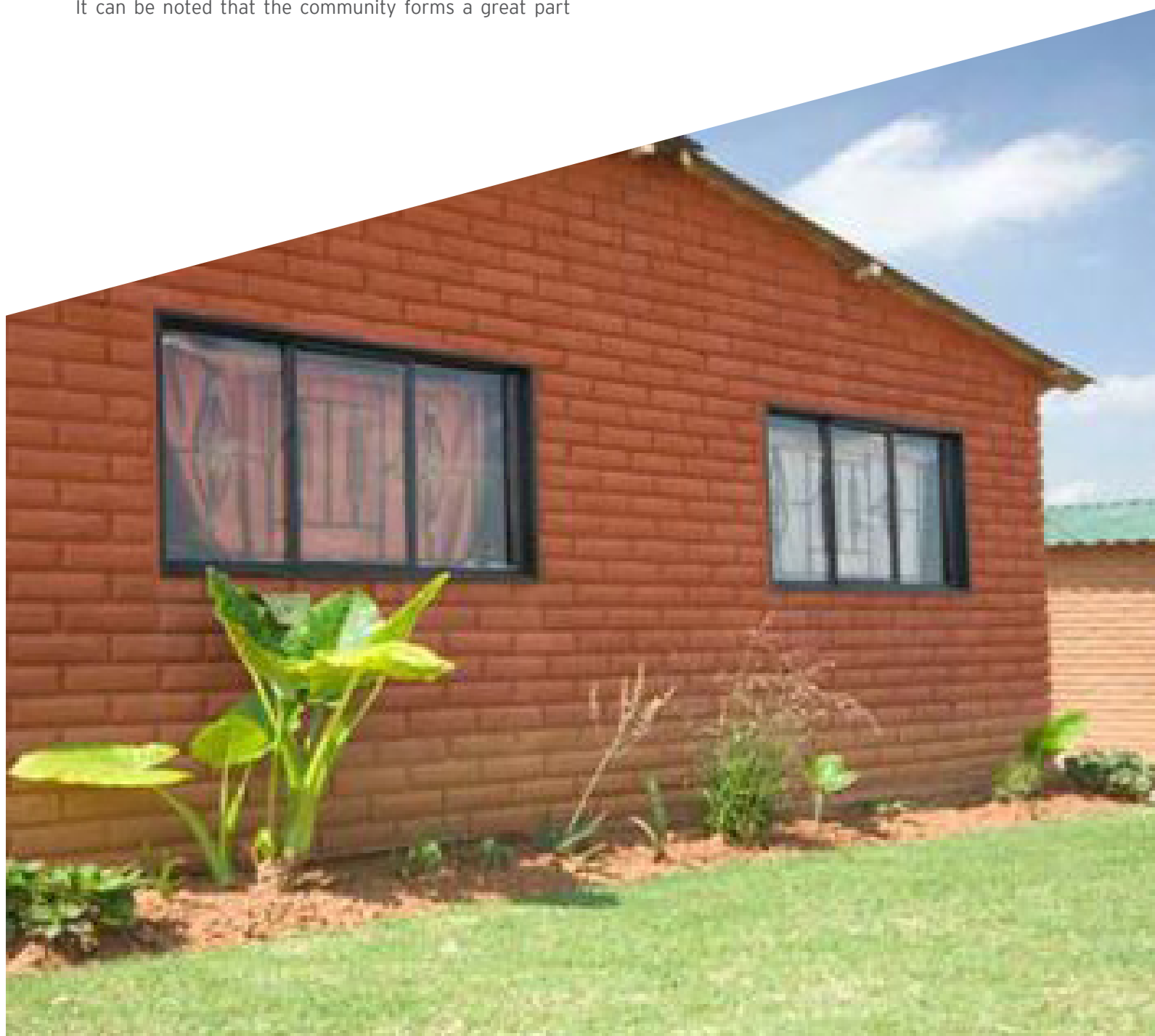


Diagram 3: Outline of institutional relations for urban management

This diagram illustrates the ability of urban management on combining various stakeholders to ensure that all interests are represented for the management of an area. It can be noted that the community forms a great part

of the urban management structure. Urban Management allows for the transfer of power from one set of view to a shared responsibility of place making and management.



Key role players and responsibilities



The city/municipality/Political leadership

The role of the municipality is to provide basic services which include the collection of waste, supply of water and sanitation, maintenance of infrastructure as well as management and development of social facilities. Additionally, the municipality's role extends to the enforcement of land use management by-laws which promote a harmonious and healthy environment.



The community/NGOs/Representative bodies

The community is the end user of the public environment and possess the user experience knowledge that could assist the municipality in the identification of urgent needs and development of programmes and interventions to improve the community's experience and quality of life.



The local businesses/traders

Local businesses form an integral part of the social fabric as well as opportunities for small scale economic developments in the township. Therefore local businesses are a crucial stakeholder in the implementation of urban management structures for any community. Their partnership is essential in the sustainability and upkeep of the developments.

Formulating an Urban Management Plan (UMP) for an informal settlement

It is important to note that urban management, like economic management, be viewed first and foremost as the management of scarce resources in ways that are sustainable, equitable, and efficient (Fox, 1994). This will ensure that the Urban Management Plan is driven by vision that is equally shared by all the stakeholders involved. Traditional economic variables (land, labour, and capital) have to be understood within the framework of urban economies. Organization for city management should therefore have a significant economic and business orientation.

The key considerations:

- ▶ Identifying priority urban environmental issues and involving the stakeholders;
- ▶ formulating urban environmental action plans;
- ▶ Capacity-building and institutionalizing environmental management strategies and routines;
- ▶ Formulating and implementing environmental action plans (UNCHS, 1995).

Urban Management may require the community to set up a management structure that has representation of all stakeholders to form an area based management structure (ABM). In various applications of urban management, the registration of a section 21 company may be ideal. This allows for the existence of an entity that will be the bridge between the municipality, stakeholders and the residents to ensure that local issues are elevated to the city level as well as allowing for co-governance for accountability and shared responsibility in the community.

The newly registered entity may have more opportunities to attend to local issues sooner than the municipality and that allows for speedy reaction to local issues whilst making use of local knowledge.



How to get there?

In order to create and implement an urban management plan, the community must organize itself to form an urban management Programme, through a community meeting or forum, which takes into consideration the key considerations as stated above. These key considerations would then be the guiding framework on what is to inform the urban management plan. Figure 4 below is an illustration of a typical urban management Programme, the stakeholders and the process plan. It also stipulates the importance of having local champions of the process.

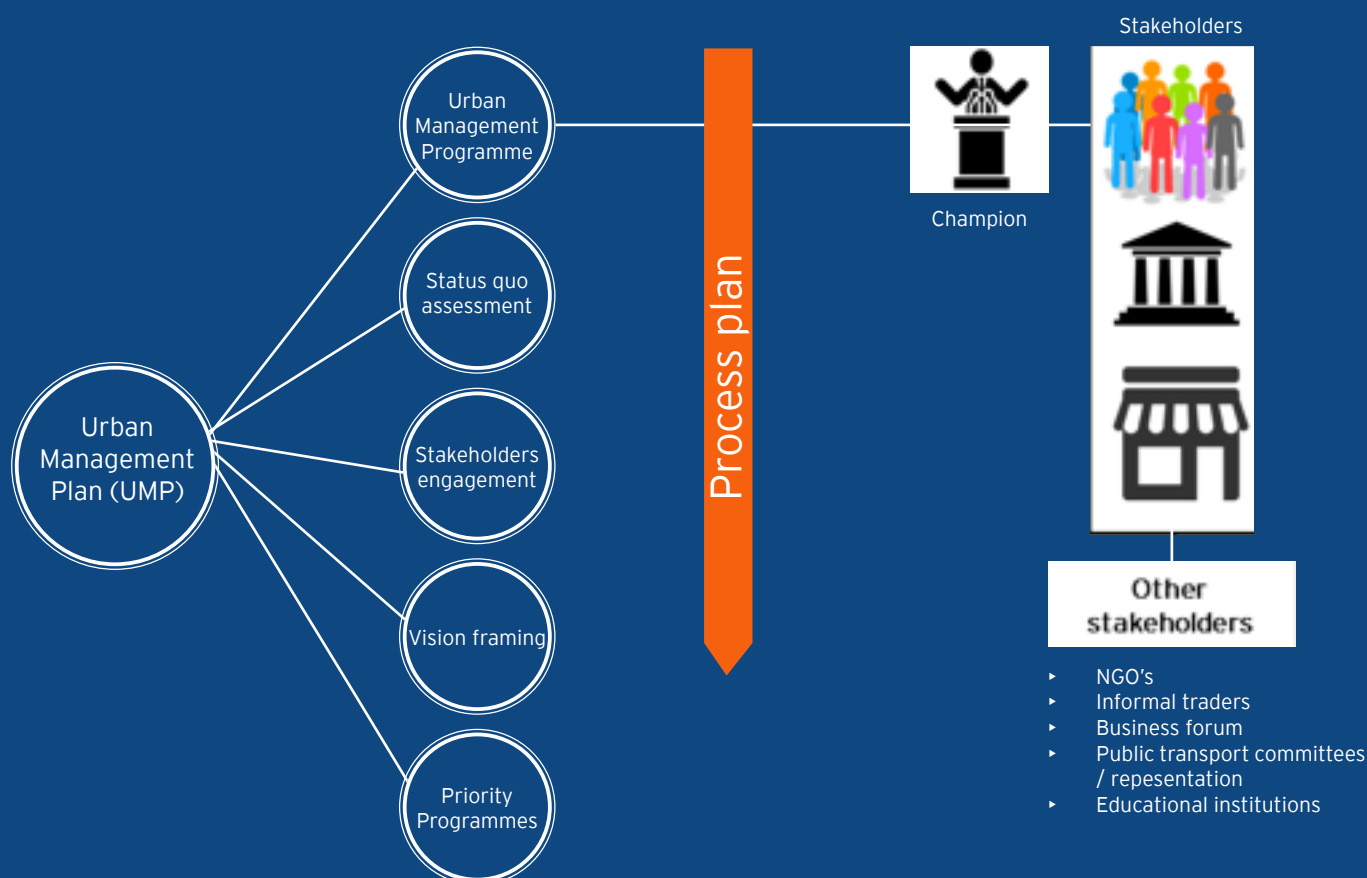


Figure 4: UMP and process plan

Once a collective vision is adopted with its guiding frameworks, a community may decide on the type of urban management structure that best suits its context and dynamics. Contrary to urban areas where property owners may be able to fund an urban management body through the provisions of legislation and by-laws such as the Special Rating Area By-Laws, this may present a different dynamic or challenge within an upgraded informal settlement due to socio-economic factors. However, there are various other models that may be adopted. These can be summarized as follows:

► **Voluntary Urban Management**

Community driven and championed, however not legislated by law. As a result, home owners and stakeholders may not be forced to pay for any management body or oblige to its mandate. The functioning of this structure solely depends on the willingness of all stakeholders.

► **Legislated Urban Management**

These are legislated Urban Management bodies whereby

all property owners are responsible for the payment of additional fees to the urban management body in order to offer additional or top up services to those that the municipality may offer. These services will be determined by the community through the urban management process and discussions with all stakeholders.

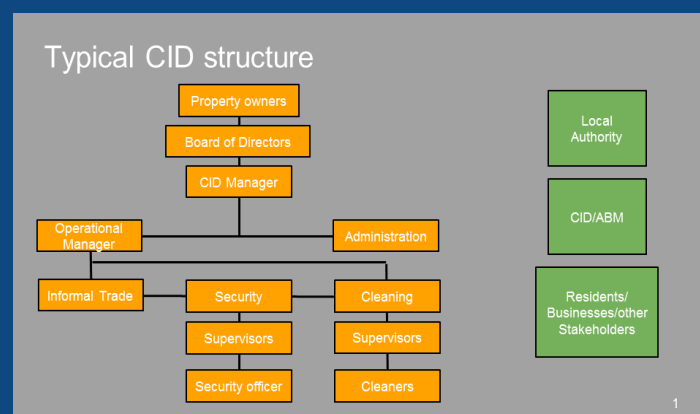


Figure 5: A typical Urban Management Body (CID example)

The community/stakeholder engagement meetings can use the framework to discuss ways to improve services delivery but improving what is being provided by the municipality of the consideration of additional or top up services. These are also called Supplementary services might include:

- safety and security patrol officers,
- pavement cleaning,
- litter collection,
- Area marketing,
- maintenance of public space,
- Removal of illegal posters etc

All property owners within the geographic area would have to bear the costs of setting up and running the urban management body together. As a result, there may be a need to collect annual fees (in it is a voluntary body) or through by-laws such as the SRA By-Law in Johannesburg This would allow for the city to collect additional rates and taxes to cover for the extra services.

THE PROCESS OF COMPILING AN URBAN MANAGEMENT PLAN

1. Build a conceptual framework

- Distil and communicate a clear value proposition that the urban management plan can provide to all stakeholders (local residents, economic, private and government sector)
- Have a clear distinction on the type of urban management plan and its application i.e. precinct management, city management or township management etc.

2. Have an operational design plan

- This can be lessons from both local and international practices

3. Develop a suit of well-considered and distinct options for realization of desired key principles and objectives.

4. Assess the range of possible options (Legal, financial, fiscal as well as practical)

5. Engage all stakeholders

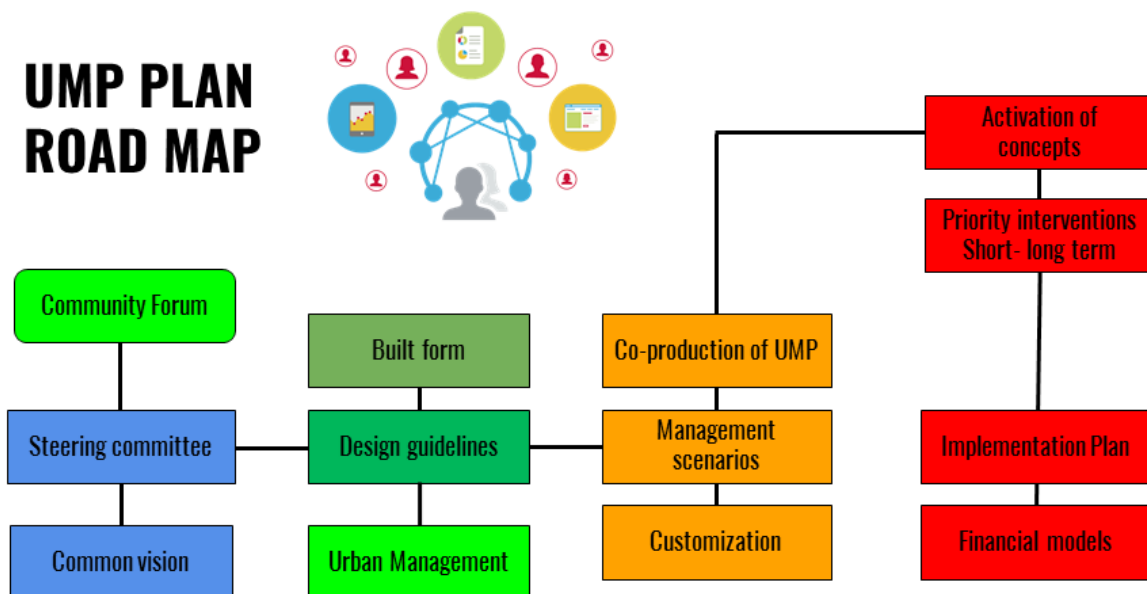


Figure 6: Urban Management Road Map guide

Figure 6 above gives an outline and guide on the critical steps to be followed when planning and implementing an urban management plan even for informal settlements. These stages allow for constant communication with all stakeholders and provides opportunities for the community to co-produce their urban management plan to prioritise their own projects, interventions as well as urgent socio-economic matters.

In terms of the provisions of section 22 of the Local government: Municipal property Rates Act (Act 6 of 2004), A municipality may by resolution of its council determine an area within its municipality a special ratings area and levy an additional rate on property in that area for the purpose of raising funds for improving or upgrading that area.

Conclusion and Recommendation

The adoption of urban management for informal settlements is a good direction towards the removing the stigma around urban informal settlements. Urban Management provides communities with tools of co-managing the sustainability and growth of their communities, allowing for the improvement of quality of life and service delivery. These guidelines are a basic and more direct guide to approaching urban management for informal settlements. The National Treasury has a through Training for Township Renewal Initiative (TTRI, 2007) compiled detailed studies on urban management for townships and informal settlements.

The adoption and customization of urban management principles into newly upgraded settlements will act as a catalyst of urban transformation and the incorporation of former informal settlements into the urban fabric by diminishing the differences in services and place-making. These guidelines should be used as a starter for broader engagements on urban management for informal settlements in South Africa.

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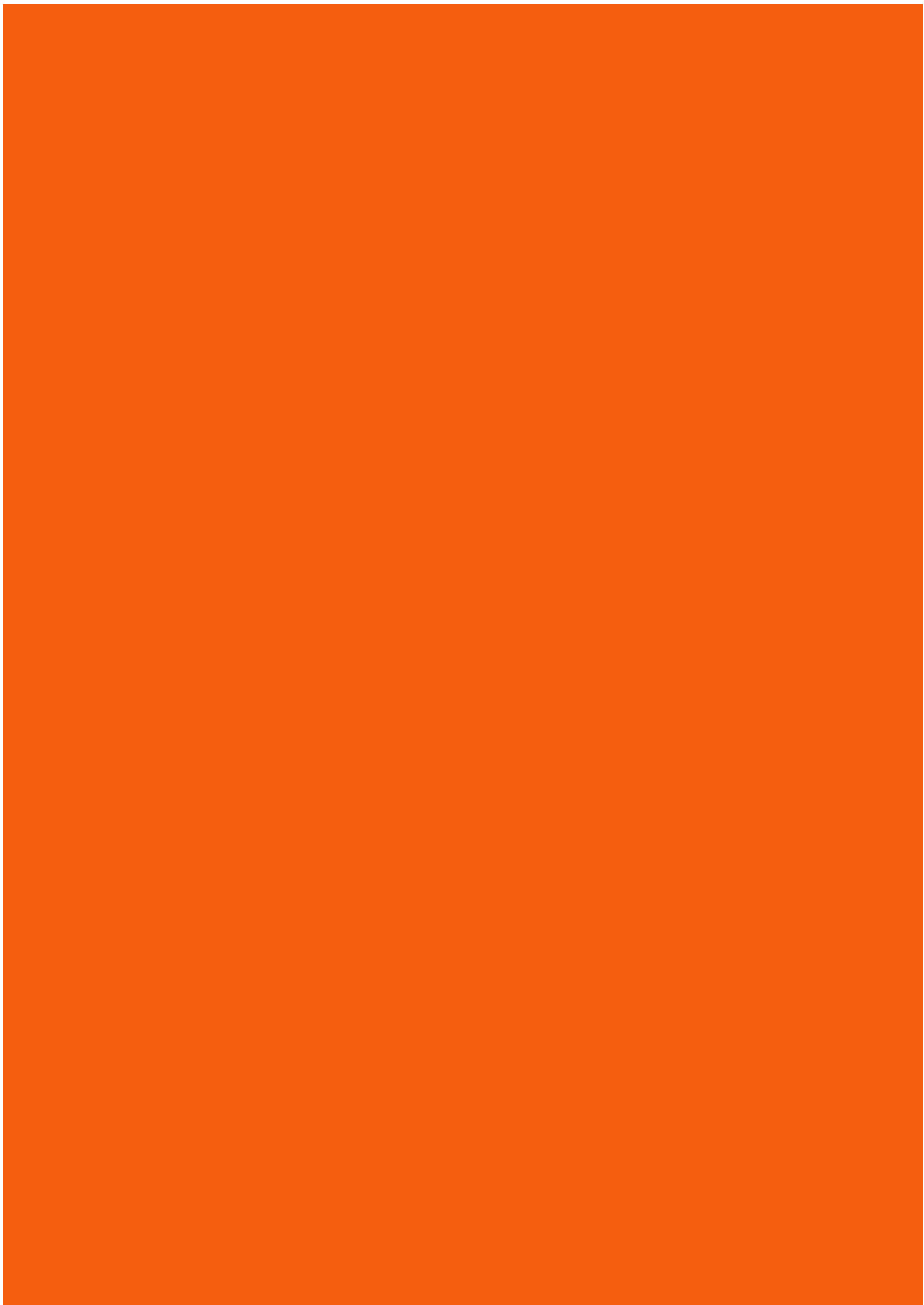
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