
URBAN DEVELOPMENT FRAMEWORK



**THE DEPARTMENT OF HOUSING
1997**



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FOREWORD

The process of urbanisation holds great promise for economic and social progress, the promotion of literacy and education, the improvement of access to basic services for a greater number of people and for cultivating democracy and equality.

During the colonial and apartheid eras, however, government policy was aimed at denying the majority of South Africans access to urban opportunities and amenities. Apartheid planning and discriminatory systems such as influx control and group areas legislation, made our urban settlements extremely dysfunctional and unsustainable.

To harness the full potential of our urban areas and to address the needs of our growing population, the Reconstruction and Development Programme identified the need for national guidelines for the development of our urban areas towards the goal of sustainable human settlements. Government accepts that cities and towns are shaped by a variety of socio-economic forces and that Government, at all levels, can through its policies and programmes only guide the transformation process which must be supported by all the stakeholders.

The Urban Development Framework therefore, contains Government's vision for sustainable urban settlements, as well as guidelines and programmes for the achievement of the vision. It was developed through a participative process in which all stakeholders had the opportunity to make an input.

All South Africans need to now take up the challenge of achieving sustainable cities and towns which will meet the needs of everyone, will be internationally competitive, make our economy grow and remain habitable for the generations to come.

Mrs Sankie Mahanyele-Mthembi
Minister of Housing

EXECUTIVE SUMMARY

1. BACKGROUND

“Cities and towns have been engines of growth and incubators of civilisation and have facilitated the evolution of knowledge, culture and tradition as well as industry and commerce. Urban settlements, properly planned and managed, hold the promise for human development and the protection of the world’s natural resources through their ability to support large numbers of people while limiting their impact on the natural environment.”

(Second United Nations Conference on Human Settlements (Habitat II); Paragraph 5 of the Habitat Agenda)

More than half of the South African population currently live and work in urban areas, which are growing at approximately 5% per annum. Some 80% of the Gross Domestic Product is produced in our cities and towns. Their well-being is vital to the national economy, to meeting the basic needs of the poor and to sustaining our environment.

The Reconstruction and Development Programme therefore recognised the need for a coherent approach to urban and rural development. In order to ensure the future sustainable development of our cities and towns a Draft Urban Development Strategy was produced by an Urban Development Task Team, initiated by the RDP Office and consisting of a variety of stakeholders. Following a round of consultations with major stakeholders, the Draft Strategy was published for comment and discussion in November 1995.

With the disbanding of the RDP office, the finalisation of the Urban Development Strategy became the responsibility of the Minister of Housing. Assisted by a team of international and national experts the views and comments were as far as possible incorporated during the redrafting process to produce the Urban Development Framework. This is closely linked to the Rural Development Framework, the responsibility of the Minister of Land Affairs.

2. THE PURPOSE OF THE URBAN DEVELOPMENT FRAMEWORK

Guided by the basic tenets of the *Reconstruction and Development Programme*, the Urban Development Framework strives to outline the urban initiatives necessary to give substance to the imperatives outlined in the *Growth, Employment and Redistribution Strategy* and relevant other development programmes and strategies.

The aim is to promote a consistent urban development policy approach for effective urban reconstruction and development, to guide development policies, strategies and actions of all stakeholders in the urban development process and to steer them towards the achievement of a collective vision.

THE FRAMEWORK:

- **Explains and analyses the current reality of South African cities;**
- **proposes an urban vision;**
- **explains the major dilemmas affecting policy choices at all levels in this sector;**
- **proposes an implementation framework for the operationalisation of strategic goals;**
and
- **proposes a programme to monitor and evaluate key elements of the framework.**

3. URBAN REALITIES

Due to the apartheid system, South Africa's urban areas are extremely dysfunctional and do not serve the needs of the majority of the population. In order to place urban development strategies in context the framework examines some of the current constraints and opportunities for development. These are a large and growing urban population, persistence of inequality and poverty, financial pressures on municipalities, a vibrant and dynamic civil society and economic and financial potentials for urban revitalisation.

4. THE URBAN VISION

South Africa, as elsewhere in the world, will witness many changes during the next 25 years. A clear, positive and common vision of a desired future for South Africa's cities and towns is essential to ensure that they sustain and improve their role as centres of economic and social development and opportunity.

Government is therefore committed to ensure that its policies and programmes support the development of urban settlements that will be:

- **Spatially and socio-economically integrated, free of racial and gender discrimination and segregation, enabling people to make residential and employment choices to pursue their ideals;**
- **leaders of a robust national economy as well as being economically competitive internationally;**
- **centres of economic and social opportunity where people can live and work in safety and peace;**
- **centres of vibrant urban governance, managed by democratic, efficient, sustainable and accountable metropolitan and local governments in close cooperation with civil society and geared towards innovative community-led development;**
- **environmentally sustainable, marked by a balance between quality built environment and open space; as well as a balance between consumption needs and renewable and non-renewable resources;**
- **planned for in a highly participative fashion that promotes the integration and**

sustainability of urban environments;

- **marked by good housing, infrastructure and effective services for households and business as the bases for an equitable standard of living;**
- **integrated industrial, commercial, residential, information and educational centres which provide easy access to a range of urban resources; and**
- **financed by government subsidies and by mobilising additional resources through partnerships, more forceful tapping of capital markets, and via off-budget methods.**

5. PRIORITIES

The framework strives to foster linkages among the various urban development initiatives and to promote a re-alignment of actions through the identification of priorities, choices and underlying policies, and consequently to steer them towards the collective vision.

One of the **first** priorities for urban development in South Africa is to reconfigure critical new relationships and patterns of engagement between the newly elected local governments and civil society.

A **second** priority is to overcome the separation between spatial planning and economic planning in South African cities. Steps must be taken to embed economic development targeted to the disadvantaged urban populace within integrated spatial and socio-economic planning frameworks, particularly at the local level.

A **third** priority is to ensure that integrated planning determines projects which are approved and which elements are targeted within urban development, rather than the reverse situation where large urban development projects drive the planning.

A **fourth** priority is to ensure successful land reform through land restitution, land redistribution and tenure reform by integrating government policy and delivery systems and developing cooperative partnerships between the government, NGO's and the private sector.

Lastly, an examination and clarification of intergovernmental relationships needs to be undertaken.

To ensure that these priorities are met, programmes need to be designed in terms of the goals and focus areas. Programmes have to ensure that development is implemented in an integrated manner so as to bring about better living and working environments. National government, provincial governments and municipalities, in partnership with other stakeholders, should therefore be able to design and implement appropriate programmes and projects within the broad framework of this document.

Projects must accordingly be managed in the context of these programmes in order to ensure that they meet the overall policy objectives.

6. IMPLEMENTING THE URBAN DEVELOPMENT FRAMEWORK

The implementation of the urban development programmes focuses on **four key programmes**:

- i** **Integrating the city** aims to negate apartheid-induced segregation, fragmentation and inequality. The focus is on integrated planning, rebuilding and upgrading the townships and informal settlements, planning for higher density land-use and developments, reforming the urban land and planning system, urban transportation and environmental management;
- ii** **improving housing and infrastructure** involves upgrading and the construction of housing, restoring and extending infrastructure, alleviating environmental health hazards, encouraging investment and increasing access to finance, social development, building habitable and safe communities, maintaining safety and security and designing habitable urban communities;
- iii** **promoting urban economic development** aims to enhance the capacity of urban areas to build on local strengths to generate greater local economic activity, to achieve sustainability, to alleviate urban poverty, to increase access to informal economic opportunities and to maximise the direct employment opportunities and the multiplier effect from implementing development programmes;
- iv** **creating institutions for delivery** requires significant transformation and capacity building of government at all levels and clarity on the roles and responsibilities of the different government spheres. This will also encompass a range of institutions, including civil society and the private sector, and require significant cooperation and coordination among all of these.

7. MONITORING AND EVALUATION

It is acknowledged that the Urban Development Framework contains many gaps relating to uncompleted policy development processes. Policy development is also an on-going process which needs to be monitored and reviewed on a regular basis to ensure that policies and programmes are having the desired effect. To enhance sound policy decision making, accurate and adequate data on the state of human settlements is essential. Access to best or good practice information will also assist policy decision makers and practitioners to provide a better level of service. To this end the Department of Housing will develop appropriate information systems and review the Urban Development Framework from time to time.

1. INTRODUCTION

1.1 The purpose of the Urban Development Framework

The policy framework for urban development is issued by Government in recognition of the current and future importance of South Africa's cities and towns in meeting the needs of our growing population for shelter, economic, social and environmental development.

A coherent and realistic approach to the reconstruction and development of the South African urban sector, over the short to medium term, is essential to accomplish the political, social and economic integration of our cities and towns. Also to ensure that cities and towns fulfil their rightful role in the development of the country, as well as the region, and become responsive to the complex needs of their inhabitants by increasing access to opportunities.

Guided by the basic tenets of the *Reconstruction and Development Programme*, the Urban Development Framework strives to outline the urban initiatives necessary to give substance to the imperatives outlined in the *Growth, Employment and Redistribution Strategy* and relevant other development programmes and strategies. It is closely aligned with its sister guideline document, the *Rural Development Framework*, which sets out the Government's policy regarding the development of rural South Africa.

Moreover, the Urban Development Framework expresses South Africa's commitment to the goals of the Habitat Agenda, which was adopted at the Second United Nations Conference on Human Settlements in Istanbul (June 1996). These are: "adequate shelter for all" and "the development of sustainable human settlements".

Based on the premise that "people build cities" and that socio-economic forces ultimately shape the city, the national government's role is to promote a collective vision of what our cities and towns should strive to become, to set goals and a framework for urban development and actively support these by programmes aimed at achieving the vision.

The aim of this framework is therefore to promote a consistent urban development policy approach for effective urban reconstruction and development, to guide development policies, strategies and actions of all stakeholders in the urban development process and to steer them towards the achievement of a collective vision.

The framework sets out Government's position with respect to the key urban development challenges in the short to medium term. It provides guidelines and informs stakeholders about programmes which are aimed at achieving more efficient, equitable and sustainable cities and towns, which will in turn enhance the economic and social development of a growing urban population.

While recognising that urban development is driven by a range of economic and social processes and interests, the framework attempts to identify priorities, options and policies which Government believes should underpin investment decisions (both public and private) in urban

areas.

THE URBAN DEVELOPMENT FRAMEWORK:

- **explains and analyses the current reality of South Africa cities;**
- **proposes an urban vision;**
- **explains the major dilemmas affecting policy choices at all levels in this sector;**
- **proposes a strategic implementation framework for the operationalisation of strategic goals; and**
- **proposes a programme to monitor and evaluate key elements of the framework and in so doing assess the achievement of sustainable urban development.**

The framework must be regarded as part of an ongoing policy development process, which as far as possible takes into account relevant current policies. Various policy processes still have to be finalised, and it is acknowledged that there are important gaps. These will be addressed when the framework is revised in due course.

1.2 Urban development in a national context

International experience has shown that ultimately, the success or failure of national development initiatives will largely be shaped in cities and towns. National economic success depends upon urban success. South Africa's cities and towns are, as such, a major focus of growth and economic dynamism. More efficient and sustainable cities and towns are therefore crucial to Government's strategies for alleviating poverty and for creating a more equitable society.

Estimates vary, but it may be assumed that currently more than half the population live in areas which are functionally urban. The fact that these areas account for some 80% of the country's Gross Domestic Product demonstrates why efficient and sustainable cities and towns are vital to restoring and speeding up economic growth and enhancing access to economic opportunities and social services, particularly for the low-income groups.

South Africa has many examples of declining inner cities and small towns, poorly serviced townships and spatially distorted urban areas, which have become complex and costly to manage and service.

It is these basic problems that we have to address, if we are to take up the challenge of transforming our cities and towns and making our economy more efficient and competitive. In order to understand the interventions which Government believes are necessary for sustainable urban development, it is important to examine the realities pertaining to our urban areas.

1.3 Urban realities

The dysfunctional structure of South Africa's urban areas is an outcome of apartheid policies, associated planning approaches, and economic forces which have influenced city, town and township development for many decades.

As a result of these processes, South African urban settlements are characterised by spatial separation of residential areas according to class and race, urban sprawl, disparate levels of service provision, low levels of suburban population density, and the concentration of the poor in relatively high density areas on the urban peripheries and the wealthy in the core and intermediate areas.

These factors make our cities and towns very inequitable, inefficient, unsustainable and expensive to manage and maintain, as well as exacerbating poverty and unemployment.

Current urban structures therefore reflect both the country's history, as well as a number of major trends which are in evidence all over the world. This is apparent in the new scale of our cities, their extended spread or reach and their multi-centered form. As cities increase in scale and spread, they move away from the ideal of sustainable development and the attempt to use resources in a way that meets the needs of the present while not compromising the needs of future generations. The following urban realities will most profoundly shape our cities and towns and our policy responses in future.

1.3.1 A large and growing urban population

According to the October Household Survey South Africa's urban population in 1995 was estimated to be 20,5 million. This has been projected by the Development Bank of Southern Africa (DBSA) to increase by approximately 4.9% per annum.

The preliminary estimates of the size of the population based on the 1996 census were released by Central Statistics (CSS) on 1 July 1997. According to these figures South Africa has a population of approximately 37,9 million people. The figures also indicate that approximately 55,4% of the population live in urban areas.

This means that continued rapid urban growth can be anticipated and should be planned for timeously. In terms of aggregate population, by far the largest proportion of the urban population (67%) lives in the four major metropolitan areas of the Pretoria/Johannesburg/Vaal River Complex, Durban/Pietermaritzburg, the Cape metropolitan area, and the Port Elizabeth/Uitenhage area. According to estimates based on the census in 1991, Gauteng is home to some 6.9 million, followed by Durban/Pinetown at 3.3 million, the Western Cape at 3.2 million, and the Port Elizabeth/ Uitenhage metropole with 2.7 million. These metropolitan areas serve as the economic engines for their surrounding areas and hold the largest potential to address the socio-economic needs of the growing population.

South Africa has to its advantage a relatively well developed urban hierarchy. Aside from the largest urban agglomerations, a number of "second order" urban areas (with populations of up to 500,000) are distributed around the country, particularly in the southern and eastern areas.

Medium-sized cities in South Africa tend to be dependent on a narrow, often natural resource-based sectoral economic base. This makes them particularly vulnerable to economic downturns, especially when their resources become exhausted or their markets decline. Small towns (population from about 30 000 to 100 000), and to a much larger extent rural small towns (population up to 30 000) are largely related to the agrarian economy and are as such even more vulnerable. The processes of growth and/ or decline of medium-sized, small and rural towns are varied and complex, and related to drought, shifts in production methods and the cumulative effects of rural poverty. Evidence, however, seems to suggest that they are generally not declining in population.

1.3.2 Persistence of inequality and poverty

Our cities and towns of all sizes, but especially the bigger ones which contain the bulk of the urban population, are marked by stark contrasts. Current urban development patterns are often unsustainable, exacerbating the level of inequality and poverty and generating a range of economic, social and environmental costs which are largely borne by the lower income groups, and more specifically women and children.

On the one side are formerly white suburban residential areas, divided, especially in the bigger urban centres, by income and class. These typically well-maintained and well-serviced low-density residential neighbourhoods consist of housing interspersed with public and private amenities like clinics, schools, parks and shops.

Driven by socio-economic considerations, city centres have come under increasing strain as many service sector employment opportunities, the economic locomotive that draws the centre city, have relocated to new business nodes in the more affluent suburbs. These centres and the associated economic opportunities are even less accessible to the urban poor.

The other side of this picture is that of lower-income residential areas, notably the townships and informal settlements. These areas encompass government-built "matchbox" formal houses, single-sex hostels (now often inhabited by both families and single people), and shacks.

In recent times, informal "shack" settlements have become a feature of virtually every city and town, even though the scale of this trend differs sharply across regions. Most of the worst housing is occupied by blacks; but whereas some 20% of blacks in Gauteng live in informal (usually "shack") housing, as much as 50% of the black population in the Durban and Cape Town metropolitan areas live in these rudimentary structures.

While levels of distress are not uniform, the former townships and informal settlements are often marked by poverty and squalor associated with overcrowding, high levels of pollution, lack of access to potable water and proper sanitation. They are often deficient in community facilities and relegated to the urban periphery which incurs high transportation and social costs to those who can least afford it. Social disintegration, high levels of unemployment and crime are rife.

Employment for the urban poor is largely informal and economic activities are typically small, insecure (even illegal according to municipal bye-laws in some cases), and lack official business premises and access to credit and other resources in the more institutional, formal sector.

Women make up the majority of urban poor, mostly earning money from informal activities.

Although advances have been made in changing the status of women, there is no national machinery yet in place to facilitate this process. There is a greater awareness of the disadvantages suffered by women as well as a far greater willingness to address them, but we are also faced with considerable constraints. These are scarce resources, limited expertise, wide-ranging needs and virtually no experience relating to the empowerment of women.

Young people as a vital and the largest component of our communities are commanding increasing attention on the development agenda because of the special problems and constraints they face. Young men and women among the poor face unemployment and are exposed to health risks. Their access to resources, training and education is often restricted. Unless the youth's energies are channelled into constructive forms of learning, income generation and recreation, these energies will inevitably find an outlet in anti-social and destructive activities.

1.3.3 Financial pressure on municipalities.

The dismantling of apartheid has meant that governments at all levels are working on removing the inequities of the old system. The reorientation of expenditure priorities towards providing infrastructure to low-income households in the formerly black townships and informal settlements has placed particular pressures on municipalities.

Municipalities have been restructured through the amalgamation of former white and black authorities and through the formation of metropolitan governments. The ability of the new municipalities to undertake the necessary capital expenditures depends on the strength of their financial position and varies across the country. Many municipalities face increasing deficits in their operating budgets because of non-payment for services. This exacerbates their diminished creditworthiness and limited ability to levy property taxes and user fees.

Other municipalities are in a fairly stable financial position with no operating deficits, a solid revenue base and strong borrowing powers.

Municipalities are at the coal face of managing the urbanisation process and initiating and facilitating urban development in consultation and in partnership with the stakeholders. It is vital to the efficient performance of our cities and towns that they function effectively.

1.3.4 A vibrant and dynamic civil society

South Africa has a vibrant civil society that has developed networks of institutions, organisations and associations which are an invaluable asset for urban development and transformation.

South Africa has a highly developed network of institutions, organisations and associations within civil society that organise to defend and promote their interests and values. According to one estimate, there are no less than 54 000 associations of one kind or another in the country. Three of the most important types of these associations are CBOs (community-based organisations), NGOs (non-governmental organisations), and business associations. Civic organisations have played a major role in negotiations at the local level for

new forms of representation. At the national level, they were involved in the original conception of the Reconstruction and Development Programme (RDP).

CBOs assist their members with services ranging from savings, collective purchasing, burial responsibilities, cultural activities, religious support, security, transportation for long-distance commuters and access to information. Some have specific developmental objectives such as housing, municipal services, training, environment and public health, and human and social rights.

NGOs are not necessarily membership-based or geographically specific but provide services to sectors of the society that are disadvantaged for reasons related to race, gender, class, spatial location, disability or age. Some are lobby groups organised around human rights, cultural or specific policy issues. They play an important role in society with respect to building cross-class, multi-ethnic and trans-regional relations of trust. Their role has been supported and complemented by the churches, which have themselves built up significant multi-institutional coalitions.

South Africa has more than 800 000 shareholder-owned businesses that are formally constituted under the Companies Act. Ranging from massive multinational corporations to very small owner-run shops, they are organised into a number of business associations which have become increasingly effective in public policy negotiations at the national, provincial and local levels.

The Government is committed to discussing major urban issues with a wide range of stakeholders; the constructive ability of civil society as stakeholder to transcend old historical and political legacies is a major positive feature of the urban sector.

As governance structures, involving both formal institutions of municipalities and role players in civil society, become a more prominent feature of the urban landscape, the strength and resilience of the associational fabric will play a key role in the formulation of urban policy and ultimately, delivery. As full consensus are rarely attainable, elected representatives must therefore accept the responsibility of making decisions in terms of determining policies and priorities after consultation.

There is also a real sense in our cities and towns that everyone's lives are interconnected. This sense has been promoted by widespread public approval of the goals of the Reconstruction and Development Programme. Different stakeholders also found more common ground in the forums that have become such an important part of the decision-making process over the last few years. Most key stakeholders now understand that townships cannot be insulated from higher-income suburbs, as in the past. There is also recognition that the various urban and rural interest groups can and must work together to remake the cities and towns.

1.3.5 Economic and financial potentials for urban revitalization.

South Africa's metropolitan areas have well functioning urban economies that produce and distribute a wide variety of goods and services both nationally and internationally. A number of intermediate cities and towns have shown the way towards locally-based economic growth and development, grounded in careful planning, participation and an emphasis on home-grown strengths.

These urban economies are supported by good urban infrastructure and a high quality human resource base. The consolidation, extension and more equitable distribution of urban infrastructure have the potential to significantly contribute to the creation of employment opportunities and to alleviate the poverty of the growing urban population.

The experience gained in designing, managing and implementing the Special Presidential Projects on Urban Renewal provides useful lessons which can be applied at a broader level. The use of integrated projects for kick-starting development in selected areas and for facilitating the development of non-racial and democratic local government has unleashed a number of dynamics which provide lessons for future programme designs.

These projects have revealed the intricacies of delivering developmental outputs such as infrastructure, housing, community facilities, jobs, environment and recreational facilities in an integrated and sustainable way. They have also exposed the dynamics of institutional capacities; intra- and inter-governmental relations; civic, public and private partnerships; as well as the social and political dynamics of change. We are now more knowledgeable in managing strategic interventions for urban development.

2. THE URBAN VISION

In order to achieve a consistent urban development approach for effective urban reconstruction and development, it is essential that we share a common vision of the future development of our urban areas.

2.1 The urban vision: towards 2020

South Africa, as elsewhere in the world, will witness many changes during the next 25 years. A clear, positive and common vision of a desired future for South Africa's cities and towns is essential to ensure that they sustain and improve their role as centres of economic, environmental and social development and opportunity.

GOVERNMENT IS COMMITTED TO ENSURE THAT ITS POLICIES AND PROGRAMMES SUPPORT THE DEVELOPMENT OF URBAN SETTLEMENTS THAT WILL BY 2020 BE:

- **Spatially and socio-economically integrated, free of racial and gender discrimination and segregation, enabling people to make residential and employment choices to pursue their ideals.**
- **Leaders of a robust national economy as well as being economically competitive internationally.**
- **Centres of economic, environmental and social opportunity where people can live and work in safety and peace.**
- **Centres of vibrant urban governance, managed by democratic, efficient, sustainable and accountable metropolitan and local governments in close cooperation with civil**

society and geared towards innovative community-led development.

- **Environmentally sustainable, marked by a balance between quality built environment and open space; as well as a balance between consumption needs and renewable and non-renewable resources. Sustainable development is therefore development that meets the needs of the present while not compromising the needs of future generations.**
- **Planned for in a highly participative fashion that promotes the integration and sustainability of urban environments.**
- **Marked by housing, infrastructure and effective services for households and business as the bases for an equitable standard of living.**
- **Integrated industrial, commercial, residential, information and educational centres which provide easy access to a range of urban resources.**
- **Financed by government subsidies and by mobilising additional resources through partnerships, more forceful tapping of capital markets, and via off-budget methods.**

2.2 Urban development goals

Any vision needs clear development goals which can be measured.

IN ORDER TO ACHIEVE THE VISION FOR 2020 AND OVERCOME THE CURRENT INEFFICIENCIES OF OUR URBAN SETTLEMENTS, THE FOLLOWING GOALS MUST BE VIGOROUSLY PURSUED:

- **To create more efficient and productive cities and towns through the growth and development of local economies;**
- **To reduce disparities by providing infrastructure and facilities to disadvantaged communities;**
- **To provide access to better housing and shelter and greater security of tenure for urban residents;**
- **To tackle spatial inefficiencies which give rise to long travelling distances and times which negatively impact on the accessibility of work and other opportunities, by promoting urban densification in conjunction with more efficient public transportation;**
- **To improve the overall quality of the urban environment by better integrating environmental concerns in development planning and urban management; and**
- **To transform municipalities into effective and accountable institutions through capacity building programmes which also promote the active interaction of civil society with municipalities.**

3. IMPLEMENTING URBAN DEVELOPMENT POLICY

3.1 Points of departure

The following points of departure underpin the implementation of urban development policy.

3.1.1 Urban governance

Countries worldwide are engaging in strategic processes of government and civil service reorganisation; decentralisation of state functions and structures; and initiating critical steps to democratisation. Likewise, South Africa is currently undertaking extensive state reform, which creates pressure and potential for new forms of governing cities.

Questions of "governance" are arising not only with respect to national states but also at the local level in the increasingly influential urban centres. "Urban governance" is therefore a key notion for any current consideration of national urban policy development. This is because it has serious implications for the changing nature of municipalities, in the arena of urban politics and for moving beyond the traditional concerns with urban management and a purely functional approach to urban service delivery.

Governance, which can be defined as the relationship between civil society and the state, when considered at the urban level, helps to shift thinking away from a state centred perspective to one which acknowledges the vast array of individuals and groups in civil society which significantly impacts on the form and function of cities well beyond what the state and planners are able to control. Groups in civil society include, for example, city-based civic associations; community groups; women's groups; urban social movements; non-governmental organizations (NGOs); private voluntary organizations (PVOs); and the private sector whether formal or informal (micro, small, medium and large scale enterprises).

Urban governance recognizes that the political space occupied by organisations in civil society has been born out of a system where municipalities have been weak and unable to provide services in the past. This has been the case in most cities of the developing world. In South Africa the distinct system of urban apartheid and illegitimate municipalities in the former black townships has allowed civil society to flourish.

The activities of these groups in the fields of housing development, transportation, commercial trading, enterprise development, and land development (the purchase, development, sale and rental of urban land) are of an enormous magnitude. Such activities often occur outside of the formal planning and regulatory mechanisms. The overall fit of these activities into a market context is not well understood, especially in the area of land and housing development where the unregulated sub-markets are extensive and complex. The persistent failure to recognize these horizontal linkages in civil society lead to market inefficiencies; fiscal incapacities; and management dysfunctions.

3.1.2 Priority interventions

In an environment of increasingly scarce resources it is crucial to the achievement of the urban vision and goals that urban development priorities are clearly identified and actively pursued by all stakeholders.

PRIORITY INTERVENTIONS

- **One of the first priorities for urban development in South Africa is to move out of the apartheid structures of the past and to provide services and development opportunities for the previously disadvantaged urban populations, and to create a vital urban governance in the country - that is, to configure critical new relationships and patterns of engagement between the newly elected local governments and civil society (representing men and women equally).**
- **In light of Government's overriding strategy of growth and development, a second priority is to overcome the perceived disjuncture between building competitive "global" cities in South Africa and improving the lives of all South Africans. The notion of creating competitive cities need not be considered a trade off with more developmental, poverty alleviating strategies. There is in fact a complementary range within the overall band of policy choices and options for urban development in South Africa.**
- **A third priority is to overcome the separation between spatial planning and economic planning in cities of South Africa. Steps must be taken to embed economic development targeted to the disadvantaged urban populace within the spatial planning exercises being undertaken in the cities of South Africa.**
- **A fourth priority is to ensure that integrated planning determines which projects are approved and which elements are targeted within urban development, moving away from the reverse situation where large urban development projects drive the planning. This is a critical challenge to confront in order to ensure spatial re-configuration and the economic development of low-income residents.**
- **Lastly, an examination and clarification of intergovernmental relationships needs to be undertaken. The critical role of municipalities in this relationship needs to be addressed in light of increased decentralisation of powers.**

3.2 Urban development programmes

3.2.1 Introduction

The development vision, supplemented by specific goals and clear priorities, can only be achieved through tangible programmes and projects flowing from partnerships among all the relevant stakeholders.

Programmes must be designed to ensure that development is planned and implemented in a participatory, integrated and environmentally sustainable manner so as to bring about better living and working environments for all. This means the degree to which inputs and outputs are accommodated in ways which are compatible with natural systems, and the extent to which decisions are viable and maintenance efficient. Projects must be managed in the context of these programmes in order to ensure that they meet the overall policy goals.

The following section contains an outline of the major programmes which support the Government's urban vision and goals.

3.2.2 Integrating the city

3.2.2.1 Introduction

In order to play their rightful role in alleviating poverty and addressing the inequities created by past policies, our cities and towns must achieve a high level of integration of a wide variety of social and cultural groups, maintain efficient services and infrastructure, secure and protect democratic and accountable local institutions of governance, and collaborate effectively with other cities and political jurisdictions of governance in an increasingly interconnected national and international urban system.

Given South Africa's unique political history, a central prerequisite for meeting these challenges is to overcome the historically ingrained patterns of the apartheid city. Spatial integration, through sound urban planning, land, transport and environmental management, is critical to enhance the generative capacity and ease of access to socio-economic opportunities of our urban areas.

3.2.2.2 Integrated planning

To ensure that economic, spatial, social and environmental planning is integrated and targets the disadvantaged, it is essential that local economic development planners and urban planners work as a team to maximise urban generative capacity. Less rigid zoning, more flexible planning mechanisms, promoting mixed land-use (co-locating residential, commercial and industrial uses) which will complement local economic development, can all serve to enhance the efficiency of our settlements.

This would mean that:

- **Transport and all the related costs of time, fuel, unproductive vehicle use etc., can then be reduced by shortening commuting distances;**
- **Land values for the once isolated lower-income neighbourhoods, will rise, thereby improving a low-income household's asset base and savings potential; and,**
- **Local fiscal capacity improves by creating a wealthier, propertied residential base**

3.2.2.3 Rebuilding and upgrading the townships and informal settlements

The townships and informal settlements represent an underutilised resource for the future. These have to be transformed into sustainable, habitable, productive, environmentally healthy and safe urban environments, free from crime and violence. Rebuilding the townships cannot occur in isolation from integrating strategies. The intention is to move actively away from the segregation of different parts of the city and to ensure equity across the urban landscape, thus offering all urban residents access to opportunities and facilities.

Undoing the Apartheid City will focus on:

- **linking the component parts of the city through high-density activity corridors;**
- **township upgrading;**
- **urban infill;**
- **development and integration of apartheid developed “buffer zones”**
- **inner city redevelopment; and**
- **development and provision of adequate open spaces for recreational purposes**

This transformation includes augmenting and diversifying urban functions, upgrading existing urban settlements and constructing new housing, restoring and extending infrastructure services, promoting investment and economic activities, alleviating environmental health hazards and including women in decision-making processes.

3.2.2.4 Planning for higher density land-use and development

The dual strategy of concentrating investment in both developed and emergent nodal points and activity corridors in the urban system have great potential for the spatial integration of the apartheid city.

The spatial and social integration of our multi-centred cities through a process of densification, aimed at enhancing the effectiveness of public transportation, is already on the urban agenda in South Africa. Planning for integration must incorporate city cores and peripheries as currently defined and must integrate the social and economic activities of citizens in all areas of the city.

This selective intensification is seen as occurring mainly along already existing public transportation corridors, on large tracts of underutilised or vacant land, particularly state and parastatal-owned land and where suitable, on mining land, as well as at various existing, new and emerging nodal points in the urban system.

While recognising that South Africa has little tradition of high density residential development, it is imperative that the current negative perceptions of higher density living are broken down and recreated to project a positive image. In order to be sustainable, higher density living environments must be affordable to the target group and, through innovative design, be habitable in the longer term.

They should therefore be designed to reflect the qualities of variety, convenience, sociability, privacy and provide for the need to have access to natural areas.

SUSTAINABLE AND HABITABLE HIGHER DENSITY DEVELOPMENT SCHEMES ARE ESSENTIAL FOR:

- **enhancing access for the disadvantaged to an expanded range of nearby facilities. This means that the dominant scale setting dimensions in higher density settlements must be people on foot;**
- **integrating former disadvantaged areas with the rest of the more affluent city;**
- **integrating public transport, jobs, and residential living (especially with a view to providing low-income housing closer to business and industrial areas);**
- **recognizing that there is a highly charged atmosphere associated with urban land and urban land markets in our cities which are the direct by-products of apartheid planning. Planners must directly confront this tension inherent in the policy intentions associated with urban sprawl on the one hand and creating the compact city on the other;**
- **limiting the use of valuable agricultural land and natural systems for urban development, and**
- **providing access to quality open space and recreational activities**

With a view to actively supporting spatial integration and urban intensification the Department of Housing has specifically earmarked funds for densification projects. The projects are aimed at moving away from the “one household one plot” scenario. The mass delivery of housing will be promoted and developed through Joint Venture Partnerships formed between provincial authorities, municipalities and private sector construction companies. The densification projects will focus on metropolitan areas and intermediary cities and will be closely linked to the development of urban transportation corridors, which have been identified through the Spatial Development Initiatives (SDIs) of the Department of Transport.

3.2.2.5 Reform of the Urban Land and Planning System

Access to urban land can be the most critical element for overcoming poverty in a city.

Given the denial of urban land ownership in the past, and the fact that if left to market forces alone, land will not be identified and allocated in sufficient quantities and in appropriate locations for the poor, there is now contestation over urban land exhibited through land invasions, informal settlement developments, land restitution disputes, the extensive interplay of the unregulated land markets in these settlements, urban land speculation, land expropriation and compensation debates, and the increasing occupation of informal sector commercial operations onto sidewalks and other open public spaces in the cities. Rural agricultural land will inevitably also be a source of land for rapid urban development.

A balance must be struck between two perspectives; on the one hand, regarding these actions as part of a productive and competitive process of creating residential opportunities and viable

commercial operations by people who have been long disadvantaged by apartheid, and on the other by our parallel need to create a viable land market with protection of private property rights so as to keep this competitive market a healthy one. One solution is to ensure rapid land development for urban residents, a principal reason behind the Development Facilitation Act (Act 67 of 1995).

The Act strives to bypass bottlenecks in existing regulations, especially those impeding the delivery of serviced land for low-cost housing. It also seeks to promote efficient and integrated land development through a set of land development objectives as the basis for future land development.

THE DEVELOPMENT FACILITATION ACT, 1995:

- **Is a “fast-track” approach to development;**
- **Bypasses existing apartheid planning legislation;**
- **Initiates development planning through land development objectives (set by municipalities or provincial governments);**
- **Resolves conflicts rapidly through “development tribunals” at provincial level; and**
- **Provides for the fundamental review of the planning system to be undertaken by a “Development Planning Commission”.**

The recently promulgated Local Government Transition Act, 1996 introduced the concept of local “integrated development plans” which incorporates and extends the Land Development Objectives as set out in the Development Facilitation Act and links them to local government budgets.

In the longer term, other fundamental reforms of the planning system are envisaged. This process has begun in the establishment of a non-statutory integrated forum to reappraise and reform the urban and regional planning system in South Africa. The Forum for Effective Planning and Development (FEPD) includes the provincial MECs responsible for development planning and is chaired jointly by the Minister for Agriculture and Land Affairs. Key legislation in this area is anticipated in the near future.

In terms of Land Reform group / individual land claims are to be settled in terms of provision of alternative land or financial compensation done in cooperation with Urban Development. The proposed National Urban Restitution Task Team will play an important role in this respect.

3.2.2.6 Urban transportation

Efficient urban transportation is a critical element in overcoming the fragmented nature of our cities and towns. Shorter commuting distances and the associated lower costs will release significant portions of household income (especially of the poor) for other purposes. Government and operators also benefit because as average trip lengths decrease, per capita public expenditure on the operation of public transport services declines.

In the pursuance of the goal of more efficient urban areas, which promotes the efficient use of infrastructure, public transport, and the more efficient mix of land-uses (residential and commercial) thus reducing the need to travel, the Department of Transport with the Department of Trade and Industry, and various other national departments, have been involved in the creation of Spatial Development Initiatives (SDIs).

Regional SDIs focus on transport infrastructure being enhanced to link opportunities related to resources and existing economic activities to generate new opportunities and attract private sector investment.

Metropolitan SDIs focus on reintegrating cities in a manner which will maximise the impact of public investment, by creating urban efficiencies and opportunities for private investment.

In this context the Department of Transport is also giving attention to initiatives aimed at overcoming the inefficiencies (particularly transport subsidies) associated with large settlements which are functionally urban, yet spatially decentralised from urban areas.

A close link between the densification joint ventures initiated by the Department of Housing and the SDIs is necessary to ensure integrated planning and development. This can best be achieved at municipal level.

3.2.2.7 Environmental management

To ensure sustainable human settlements, environmental management must form an integral part of the urban planning and development process.

The way in which housing, infrastructure and other urban facilities are developed has a direct bearing on environmental quality, health and well-being of urban residents.

Government is committed to sound environmental management. To this end the Environmental Conservation Act, 1995 and Notice 51 of 1994 will be used to guide national and provincial authorities, as well as municipalities, towards promoting the objectives of the General Environmental Policy and the principles of Integrated Environmental Management (IEM). In particular, the environmental impacts of new development will have to be carefully monitored and managed according to the legal requirements of IEM. The Act links urban development and management to holistic and integrated planning, public participation, and the improvement of environmental expertise.

Adopted at the 19th Plenary Meeting of the United Nations in June 1992, Agenda 21 is a blueprint on how to ensure that development is socially, economically and environmentally sustainable. Because many problems and solutions addressed by Agenda 21 have their roots in local activities, municipalities are encouraged to participate and cooperate in educating, mobilising and responding to the public to promote sustainable development.

Those municipalities which have not already embarked on a local Agenda 21 programme are encouraged to do so and to integrate it into local planning and development initiatives.

Against this background environmentally-sensitive land use planning and impact assessment, the

sustainable use of resources and protection of ecologically sensitive areas, the protection of cultural heritage or assets, as well as pollution control and waste management, is emphasised. High potential agricultural land for agricultural production should be identified and maintained. Moreover, green belts, open spaces and parks necessary for the maintenance of biodiversity, as well as for human psychological health, must form an integral part of environmental planning.

In planning for these facilities, due cognisance must be taken of the current and future resources available to the authority responsible for developing and maintaining them to ensure that they are sustainable in the longer term.

Environmental education will receive attention across the widest possible spectrum of society. Targeted communities will be helped to organise themselves and to apply and strengthen their capacities for the care of the environment, while satisfying basic needs. Current government research will form a basis for the establishment of sustainability and environmental quality indices for the national monitoring of cities and towns.

3.2.3 Improving housing and infrastructure

3.2.3.1 Introduction

Investment in housing and infrastructure is critical to providing basic needs, removing the profound inequities of the past and ensuring viable communities and sustainable human settlements.

Investment in housing and infrastructure also creates economic opportunities in terms of job creation, heightened levels of savings and investment and the stimulation of the manufacturing and supply industries, while also making households more productive. Similarly, deficiencies in housing and urban infrastructures have a negative impact on a city's economic performance and therefore on national economic growth. Investing in infrastructure and housing improves the capacity of our urban areas to achieve growth and competitiveness while also addressing the problem of urban poverty. However, the success of these investments and whether they address past inequities, depends on where they are made.

WHERE TO INVEST

When supplying infrastructure, government and the private sector should seek to integrate cities and towns, as advocated by the Development Facilitation Act, 1995, by focusing infrastructure on centrally, well-located land to ensure that apartheid patterns are not reinforced.

Two considerations are central to developing a housing and infrastructure investment strategy. The first concerns the need and the ability of consumers to pay. The second concerns the economic and social impact of development. Based on these considerations, housing and infrastructure investment programmes have and are being developed.

The following section focuses on the infrastructure aspects of these programmes, firstly relating the needs and developmental impact to a policy framework for systematic and strategic infrastructure investment and then laying the basis for ongoing learning.

3.2.3.2 Urban infrastructure

Estimates of urban infrastructure needs in South Africa vary according to the assumptions which underpin them. It is however accepted that they are vast.

URBAN INFRASTRUCTURE NEEDS

It is estimated that:

- **15% of the urban population (some 4 million people) rely on water which is untreated and not reticulated;**
- **30% (about 8 million people) have access to minimal sanitation (ie. shared toilet facilities and unimproved pit latrines);**
- **32% (approximately 8,5 million people) do not have access to electricity;**
- **30% (8 million people) do not have formal road access to their residence, nor do they have any form of storm water drainage.**

Municipalities are tackling the backlog in water, sewerage, electricity and housing in three major ways. *Firstly*, they are re-prioritising budgets to focus more on infrastructure investment in poorly-serviced areas. This means not only moving expenditures from the operating budget to the capital budget but also changing expenditure priorities within the capital budget from well-serviced areas to poorly-serviced areas.

Secondly, some municipalities are raising property taxes to provide additional funds for infrastructure investment but, in many cases, there is reluctance to increase the tax because of the perception that residents and businesses will leave. *Thirdly*, the reliance on central government transfers remains an important component of municipal finance in South African cities.

In addressing the backlogs it is anticipated that capital costs will be borne by the local service provider level, through redirection of existing capital budgets, borrowing and equity from private sector investment in service delivery companies; by high-income households paying full costs for internal services and connection fees; and by the consolidated Municipal Infrastructure Programme (MIP) mechanism which will replace the various other grant mechanisms that underpinned the Municipal Infrastructure Investment Programme (MIIF).

The Department of Constitutional Development is currently addressing the issue of municipal finance in the Local Government White Paper, which was not finalised at the time of the publication of this framework.

3.2.3.2.1 The Municipal Infrastructure Investment Framework

The Municipal Infrastructure Investment Framework (MIIF) is a central component of the RDP's programme for meeting basic needs and promoting economic growth in municipal areas.

The primary goal of the MIIF is to ensure that all urban households have access to at least a basic level of service within 10 years in a way that is affordable both to the fiscus and to the targeted households.

The Municipal Infrastructure Investment Framework (MIIF) establishes a national policy framework for removing service backlogs and promoting economic development through investment in this sector. As a national policy framework, the MIIF focuses on what national government will do to achieve policy goals, while the task of other role players is addressed in broader terms.

The municipality, which is the key service authority in respect of the delivery of these services, has considerable independence and responsibility.

The MIIF sets out to meet the basic needs of everybody as quickly as possible. At the same time, the policy aims to be as growth-enhancing as possible, while being sufficiently flexible and robust so as to be able to respond appropriately to economic growth rate variances. In addition, the framework is also aimed at enhancing institutional capacity, and facilitating choices wherever possible.

Fundamental to the approach adopted is that recurrent cost of any services provided should be affordable.

Until recently the MIIF was driven by the following funding mechanisms:

- i The Extension to the Municipal Infrastructure Programme (EMIP) which was aimed at addressing housing related bulk and connector infrastructure services;**
- ii the Bulk and Connector Infrastructure Grant (BCIG) intended for housing related bulk and connector infrastructures in respect of water supply, sanitation, roads and storm water drainage; and**
- iii the Municipal Infrastructure Programme (MIP) which is a grant from the central government for rehabilitation, upgrading and extension of municipal infrastructures. It also provides support for housing programmes through bulk infrastructure provision to housing projects funded by the National Housing Fund.**

These three mechanisms have now been combined into the consolidated MIP which will lead to greater transparency and a single channel for infrastructure grants.

3.2.3.2.2 The consolidated Municipal Infrastructure Programme

The Municipal Infrastructure Programme (MIP) is a grant from the central government to municipalities for rehabilitation, upgrading and extension of municipal bulk and connector infrastructures, and will also provide support for housing programmes through bulk infrastructure provision to housing projects funded by the National Housing Fund. Government is committed to providing a grant at the basic level of service. It is estimated that the average cost for bulk and link services at a basic level is about R3 000 per household. The MIP grant for new development is an amount of up to R3 000 per low-income household that is

to be serviced, irrespective of the standards eventually provided.

HOW TO APPROACH SERVICE DELIVERY

- **All South Africans should have access to a basic level of services**
- **Review investment in context of regional economic strategy**
- **Weigh the allocation of funds to projects which promote economic growth and employment creation (e.g. electricity and transport)**
- **Ensure that proposed projects:**
 - **locate residential, industrial and commercial areas within easy reach of one another**
 - **minimise demands for bulk infrastructure**
 - **include women in the decision-making process**
- **Reorganise service delivery, drawing the private sector into managing and investing in service delivery companies**
- **Facilitate private sector participation as a major source of investment funds and sharing of risk and management responsibilities**

Additional revenues for intermediate or full service levels should be mobilised at the local level, since the choice of service levels is a local decision. Municipalities are free to determine what level of service they want to provide but the level they choose should reflect the needs in their communities and the ability to pay for them (taking into consideration the central government grant) out of their own local revenue sources.

3.2.3.2.3 Local infrastructure funding

In addition to MIP funds, municipalities can rely on their own revenue sources to finance infrastructure. They will also require access to long-term finance. A central concern of the MIP is that a major expansion of infrastructure to meet basic needs should be affordable to households and municipalities and should not compromise the long term financial viability of municipalities. It is therefore incumbent on municipalities to undertake long term planning and financial modelling with respect to infrastructure investment programmes and to link this to the long term planning of national and provincial departments.

Borrowing for local capital projects is appropriate because, to the extent that the benefits from some projects are enjoyed in the future, it is fair and efficient for future residents to share in the cost of financing such projects. Moreover, borrowing is often the only practical way to finance large capital outlays without huge, and undesirable, increases in local tax rates. Interaction with capital markets also imposes discipline on municipalities to operate efficiently. There is thus a strong case for financing capital projects at the municipal level through debt finance.

A clear regulatory framework for borrowing is required to establish the range of investments for which borrowing can be undertaken, the limits to borrowing, and the remedies if these parameters

are violated or the municipality defaults on its payments.

The aim of government regulation is not to bail out bankrupt municipalities but rather to prevent bankruptcies from occurring. This means that regulations are needed which prohibit current account deficits, monitor the debt to revenue ratios, require Department of Finance authorisation for borrowing beyond that ratio, and regulate and monitor the pledging of revenues and transfers.

The Department of Finance is currently working on a regulatory framework for municipal borrowing.

South Africa has a relatively well developed financial sector. The challenge for national government is thus not to utilise public intermediaries or to provide blanket guarantees, but to reform the organisation of the public sector to facilitate direct access to private capital markets and encourage the private financial sector to develop appropriate mechanisms for lending.

Capital markets need to know that stable and predictable sources of local revenue (including local taxes and intergovernmental transfers) are available to pay for capital infrastructures. They also need to understand the legal basis on which revenues can be used as collateral for loans. In the absence of guarantees from the central government, mechanisms to reduce risks to lenders such as insurance of loans, pledging of assets, allowing lenders first access to secure revenues etc. will need to be developed.

Where municipalities have difficulty accessing the private financial markets because of their small size, mechanisms exist which the private sector can use to overcome this difficulty, such as credit pooling. Municipalities which are financially weak and cannot raise loans, should be provided with grant funding by national government to improve their financial situation rather than manipulating the financial system. These grants should be transparent. Some municipalities may be too poorly managed to be able to access capital markets. In these cases, it would not be appropriate for a financial institution to lend to them. It would be better for utility companies or provincial governments to be responsible for those investments and the municipality to be assisted by intergovernmental transfers.

There are various public sector development finance institutions in South Africa, including for examples the Development Bank of Southern Africa (DBSA) and the Local Authorities Loan Fund (LALF). The operations of public sector development finance institutions should be aimed at helping to establish municipal access to private lenders and not lending when the private sector could have done so anyway.

3.2.3.2.4 Financing recurrent costs

Municipalities are required to levy user charges to cover recurrent (operating) costs. This means that all consumers have to contribute to pay for the cost of services.

REASONS FOR NON-PAYMENTS OF SERVICE CHARGES VARY BUT GENERALLY RELATE TO THE FOLLOWING:

- **Service delivery is poor or non-existent;**
- **there is no metering, nor billing mechanisms and generally no system for payment;**

and

- **many residents are unused to, or not able to pay for services because of high unemployment and because tariffs represent a substantial portion of income for low-income households.**

A strategy to restore payments requires that services be restored where they no longer function, and that they be extended to areas where there are no services. Tariffs and service standards have to be set to reflect people's ability to pay for services and there needs to be a payment system based on metering, billing, collecting and enforcing payment.

3.2.3.3 Housing

3.2.3.3.1 Introduction

The Constitution of South Africa, 1996, lays a new foundation for housing in South Africa.

THE RIGHT TO HOUSING

Every South African has the right to have access to adequate housing. (Section 26, Constitution of the Republic of South Africa, 1996)

Housing is a fundamental human right embodied in section 26 of the Constitution, and every citizen of the country has the right to have access to adequate housing. The state is now bound to ensure that, within its available resources, the right is realised.

Housing encompasses more than just a house. It is a basic need; a productive asset with important macroeconomic linkages; a stake in the urban system; it is shelter in the basic sense as protection from the elements; an asset from which income can be derived through varied uses such as the creation of rental space or productive space in the dwelling; it is security; collateral for access to credit; and an investment for future accumulation of value to be realised in an eventual resale or through intergenerational transfer.

Housing for women is, however, more than this. It is a component of personal and physical security, recreational and economic significance as well as the basis of child care and domestic life.

Against this background housing is defined as a variety of processes through which habitable, stable and sustainable public and private residential environments are created for viable households and communities. This recognises that the environment within which a house is situated is as important as the house itself in satisfying the needs and requirements of the occupants.

Government strives for the establishment of sustainable, socially and economically integrated communities, situated in areas allowing convenient access to economic opportunities as well as health, educational and social amenities, within which all South Africa's people will have access

on a progressive basis, to:

- a permanent residential structure with secure tenure, ensuring privacy and providing adequate protection against the elements; and
- potable water, adequate sanitary facilities including waste disposal and domestic electricity supply.

To achieve its housing vision Government supports a people-driven housing process by creating an enabling environment for partnerships involving the various spheres of government, labour, communities, individuals and the private sector.

Responsibility for housing at the national level rests with the Department of Housing, but given the vast array of related programmes in many national departments, any housing strategy relies upon effective inter-departmental as well as inter-governmental coordination and cooperation.

3.2.3.3.2 The National Housing Programme

Like the Municipal Infrastructure Investment Programme, the successful implementation of the National Housing Programme is central to the achievement of the national urban vision and goals.

The major thrusts of the National Housing Strategy are:

- **stabilising the housing environment;**
- **supporting the housing process;**
- **mobilising housing credit and savings;**
- **providing subsidy assistance to disadvantaged households;**
- **rationalising institutional arrangements;**
- **facilitating speedy land release; and**
- **coordination of the public and private sectors.**

The national housing goal is to increase Housings' share of the total state budget to 5 percent and to deliver at a sustained level 350 000 quality housing units per annum. Housing lies at the core of the Reconstruction and Development Programme and is as an engine of the economy and as a major spur to job creation.

A mass housing delivery programme can create the opportunity for an increase in employment. Government is committed to designing housing programmes that maximise employment creation and are energy efficient.

South Africa is fortunate in having a sophisticated construction industry and an advanced financial sector that have the capacity to meet the effective demand for housing products and services. However, the market in which they operate is dysfunctional in that only 20 per cent of households requiring housing are able to meet their needs in the marketplace without assistance.

The remaining 80 per cent depend on state support to a greater or lesser extent. Hence the introduction of the national housing subsidy scheme.

Just under half of the households of South Africa are living below the minimum living level, which is currently calculated to be R1 254 for an average family of 6 persons. This category of household cannot afford the payments on mortgage loans and it is the full subsidy of R15 000 which is geared to this income category. Given these extreme inequities generated historically in our cities, Government is committed to a number of principles for action, namely:

- to assist low-income households in acquiring well-located land for housing which features social and physical amenities previously denied;
- to provide services which reduce the discrepancies described above;
- to provide security of tenure over a range of tenure options; and,
- to provide subsidies and access to credit for the improvement of housing structures.

A number of programmes and schemes have been developed by Government and are being created to address the backlog of urban residential provision which incorporates these basic principles.

3.2.3.3 The Housing Subsidy Scheme: Flexibility in tenure and delivery options

Targeted provision of end user subsidies is a cornerstone of the government’s approach to the housing challenge. Subsidy policy will be flexible in order to accommodate a wide range of tenure and delivery options. The intention is to enable a variable application of subsidies at the delivery level. This will ensure maximum gearing with private investment, savings and sweat equity.

The subsidy is intended to cover primarily the costs associated with land acquisition, building materials and construction of the top structure. Other grant mechanisms such as the Municipal Infrastructure Program (MIP) as detailed above, will complement this effort in providing the necessary residential services.

The Housing Subsidy Scheme aimed at assisting households that cannot acquire housing themselves and subsidy levels are therefore linked to household income as follows:

MONTHLY HOUSEHOLD INCOME (R)	SUBSIDY (R)
0-800	15 000
801-1500	12 500
1501-2500	9 500
2501-3500	5 000

The Housing Subsidy Scheme offers subsidies over a range of options: project linked subsidies,

individual subsidies, consolidation subsidies, and institutional subsidies:

HOUSING SUBSIDY SCHEME

- **The *project-linked subsidy* provides housing opportunities for individuals in projects that have been approved by Provincial Housing Boards. The project-linked subsidy scheme allows for a progress payment system. This system provides for the part payment of project-linked subsidies to the developer of a project early on in the project development cycle and at completion. The progress payment system enhances a developer's cash flow and reduces his or her holding costs.**
- **The *individual subsidy* gives a person access to subsidies to acquire ownership of an existing property or a property not located in a project approved by a Provincial Housing Board. A person may also use this individual subsidy to buy a serviced site and construct his or her own house. The individual subsidy can be used in two different ways, namely: on a non-credit-linked basis, where only the subsidy amount is used to acquire a property; or, on a credit-linked basis, where a home loan is also obtained from a mortgage or non-traditional lender to buy a property.**
- **The *consolidation subsidy* allows persons who, before the inception of the Housing Subsidy Scheme, received housing assistance from the state only in the form of ownership of serviced sites (including Independent Development Trust serviced sites) to apply for a further benefit to improve their housing situation. The consolidation subsidy is granted for the provision or upgrading of a top structure on such a site. The subsidy amount is fixed at R7 500 for persons earning R800 a month or less and R5 000 for those earning R801 to R1 500 a month.**
- **The *institutional subsidy* is available to institutions that create affordable housing stock to enable persons who qualify for individual ownership subsidies to live in subsidised residential properties on the basis of secure tenure. The properties will often be rented, but tenure forms based on share blocks, deeds of sale or full ownership are included. The subsidy amount awarded to an institution is equal to the total amount of the subsidies to which the qualifying beneficiaries are entitled in terms of the Housing Subsidy Scheme. To facilitate viable projects and promote socially and economically integrated communities, institutions are permitted to provide housing also for households that do not qualify for individual ownership subsidies. Institutions will not receive subsidies in respect of such households, however, and will have to handle that aspect of the project on a strictly commercial basis.**

The housing subsidy scheme is administered by the various Provincial Housing Boards. It is intended that municipalities which have the capacity to do so, could in future take over this role.

3.2.3.3.4 Housing delivery options

In terms of delivery, there needs to be space for incremental approaches to realistically relate what people get to what they are able and willing to pay. The experience in many South African urban areas shows that viable communities can develop in informal settlements.

Effective self-help programmes and incremental housing initiatives require well located serviced land, strengthening urban management, promoting education and training, improving basic services, increasing the availability of finance to the poor, increasing the supply of building materials and flexible building standards.

Other delivery options are available for people who are employed (but who still qualify for a subsidy) and who merely want their home built by parties such as contracting local emerging contractors or developers or municipalities. Rental housing policy is also currently being investigated.

The need for facilitating the speedy release and servicing of land and unblocking other obstacles has led to the Development Facilitation Act. Reform of the planning system will also eliminate red-tape while ensuring proper technical and participatory planning as stated above.

3.2.3.3.5 The Women and Housing Unit

In South Africa, women play a central role in meeting housing and habitat needs, not only for themselves but also for their families. They are instrumental in providing a safe and healthy living environment for their family. A voluntary group, supported by the Department of Housing, has set up a Women and Housing Unit (WHU) to address the major constraints faced by women in the construction industry, especially around housing delivery and consumption.

THE GOALS OF THE GROUP ARE TO:

- **ensure the involvement of women in decision making with regard to the housing process, policy and implementation;**
- **provide training and capacity building for women;**
- **provide access to income generating activities for women in the field of housing;**
- **promote the right of women to own, inherit, control and sustain tenure of land and buildings on an equal basis;**
- **create innovative mechanisms for housing finance for women;**
- **promote the participation of women in housing projects, from design through to the implementation stage;**
- **build a network with other women's organisations worldwide; and**
- **promote research and development on women's roles and their contribution to the development process.**

3.2.3.3.6 Housing finance schemes

Another critical component of Government's approach to housing is addressing the issues related to the financial market. A number of directions are being actively pursued. For example Government is taking steps to discouraging red lining and discrimination. An agreed code of conduct for mortgage lending will require banks to apply credit criteria on a non-discriminatory basis. One of the key programmes in this area is the Mortgage Indemnity Fund.

3.2.3.3.6.1 The Mortgage Indemnity Fund

The Mortgage Indemnity Fund (MIF) is a Government-owned company formed in 1995 after extensive discussions between the Department of Housing and the Association of Mortgage Lenders.

THE MAIN OBJECTIVES OF THE FUND ARE TO:

- **encourage private sector banks to resume lending in areas where they have stopped;**
- **indemnify accredited banks against loss where they are unable to gain possession of a property after a borrower has defaulted; and,**
- **act as the interface between government and private sector housing finance institutions, particularly in areas where normal lender/borrower relations have ceased to operate effectively.**

3.2.3.3.6.2 Servcon

Servcon was established by the Record of Understanding between the Department of Housing and the Association of Mortgage Lenders to manage some 14 000 properties repossessed by the banks and where they had been unable to obtain vacant possession. The economic circumstances of the occupants is the biggest problem as some 60% cannot afford their existing housing and have to relocate in terms of the rightsizing programme.

SERVCON OFFERS OCCUPANTS THE NORMALISATION PROGRAMME COMPRISING:

- **An opportunity to buy back the property if this can be afforded, or**
- **A “rightsizing” opportunity being assistance, including a grant from the Government to relocate to an alternative more affordable home.**

In the interim, while alternative affordable housing opportunities are not available and new stock has to be created, a programme is available whereby the owner can remain on in the

existing housing for a further period while paying a subsidised rent. Servcon will procure new affordable housing stock which will be rented and sold to beneficiaries in terms of the institutional housing subsidy.

3.2.3.3.6.3 The People's Housing Partnership

The Housing White Paper addresses the challenge of supporting the poor to access housing opportunities through the establishment of support mechanisms for people's housing processes. This recognises the fact that the majority of residential accommodation in South Africa is currently being produced by people themselves and that neither the state nor the formal private sector possesses the ability to adequately meet the housing needs of low-income groups alone.

Over the years, people have been responsible for building their own houses, irrespective of the prevailing policy, using technology, materials, skills, and other resources mobilised specifically for this purpose. Typically, this process is where individuals, families, or groups take the initiative to organise the planning, design and building of, or actually build their own houses. In such a process, people are in control of important decisions such as how the house is designed, how resources are used, where and how they can obtain affordable building materials and how the house will be built.

In order to support this, the People's Housing Partnership (PHP) is a Trust which aims to build capacity among the three spheres of government, key national structures, organs of civil society and people at large for the implementation of the People's Housing Process. With assistance from the United Nations Development Programme (UNDP) and the United Nations Centre for Human Settlement (UNCHS), as well as the United States Agency for International Development (USAID), the Department of Housing has developed a Capacitation Programme to support People's Housing Processes with the objective of empowering communities and individuals to access appropriate housing opportunities.

The PHP operates within the housing policy framework provided by the Department of Housing at the national level, while responding to the particular needs of the provincial, local and community partners. The programme supports the efforts of low income and poor communities to improve their living conditions in line with the RDP principle of a "people-driven process."

3.2.3.3.6.4 The National Housing Finance Corporation

The aim of the National Housing Finance Corporation (NHFC) is to unlock housing finance on a sustainable basis by ensuring that there is sufficient wholesale finance available to finance housing retailers. A start-up fund from government and from contributions from the private sector and possible donor funding means that all sources have been tapped to make finance available for the mortgage sector of the market. This will facilitate long-term mobilisation of appropriate credit to the lower end of the housing market. The NHFC acts as an agency of government and operates as a parastatal business corporation.

3.2.3.3.6.5 Urban densification projects

With a view to actively supporting spatial integration and urban intensification the Department of Housing has specifically earmarked funds for densification projects. The projects aimed at moving away from the “one household one plot” scenario, and promoting the mass delivery of housing, will be developed through Joint Venture Partnerships formed between provincial authorities, municipalities and private sector construction companies.

The aim of joint ventures is to increase private sector involvement in the low-income housing delivery arena, to develop sufficient institutional capacity to contract, hold, manage and sell subsidised stock for lower income households, and to utilise specific public resources such as land and subsidies.

Business plans for densification projects will reflect the degree to which they meet the development goals of integrated planning and development and –

- maximise locational advantages;
- promote affordable and sustainable development;
- promote participative planning and local economic development;
- promote higher density development; and
- maximise choice of built form and tenure type.

These projects will form the backbone of Government’s initiatives to enhance the socio-economic effectiveness of our cities through integration and intensification.

3.2.4 Building habitable and safe communities

Worldwide experience has shown that well-directed human settlement policies cannot be based solely on economic and physical development plans. Unless there is investment in the public environment (schools, clinics, parks, police stations etc.) which contribute to positive perceptions of a neighbourhood, individuals are unlikely to invest in their own environments.

Likewise high levels of crime and violence militate against both local and international investment in human settlement development. Government subscribes to this view and has thus placed both social development and strategies to address the safety and security of citizens firmly on the national urban agenda.

3.2.4.1 Social development

Social development is central to sustainable human settlement development. Key social development policies which form part of the urban framework will ensure that development is participatory and community-based; that the necessary social infrastructure is built into urban development plans; and that adequate social safety nets consisting of community-based social services are developed.

People are at the centre of any sustainable development process. The most productive policies and investments are therefore those that empower people to maximise their capacities, resources and opportunities. Two processes are critical in this regard: *Firstly*, the participation of people in efforts aimed at improving their conditions; and *secondly*, the provision of technical support and other services which would encourage initiative, self-help and mutual help.

Decent living conditions require proper health, educational and recreational facilities. These are concrete expressions of the rights and values which underpin the Constitution and the RDP. Development begins with the provision of urban social public community facilities. This encompasses tackling the backlog by providing new facilities and upgrading and repairing existing ones. Coordination between the various responsible line functions is vital to ensure integrated and sustainable urban development. In order to ensure equity, existing institutions will initially provide these services. In time, certain private providers may become accredited to do likewise. To overcome these backlogs, partnership arrangements with the private sector are also essential.

The Department of Arts, Culture, Science and Technology in conjunction with the Department of Sport and Recreation has produced a programme for the Stabilisation of Children and Youth. Multi-purpose (recreational / sports / cultural) centres are currently being funded and built in identified needy communities to offer a positive outlet for the creative energies of the young, to build a positive sense of identity for communities, to develop essential life skills and to give career guidance, vocational training and job creation.

Effective planning and funding for social programmes require an extensive component of information and analysis. To date, this aspect of the policy process has been weak, to a large extent because of the inadequacy of previous census and survey instruments that did not apply to the whole of South Africa's population. The situation should, however, be rectified with the broadening and deepening of the October Household Survey, and the carrying out of the country's first comprehensive census in October 1996.

3.2.4.2 Maintaining safety and security

South Africa's cities and towns cannot be made more habitable and productive without addressing the crime and violence which afflict them.

Efforts to prevent and control violence must be embedded in an overall national social development plan; but they also must be embedded in neighbourhoods and community life. They must involve participation of all key stakeholders. Social and economic regeneration of neighbourhoods, based on improving services, education, and employment conditions is crucial.

A drastic reduction in crime is essential to increase quality of life, stabilise communities and create conditions for domestic and international investment. The Department of Safety and Security's initiatives to develop policing programmes that include the community in the provision of safety services marks a start in this regard. The National Police Commissioner's Community Policing Pilot Project has therefore been initiated as an RDP project.

This project strives to create working examples of community policing by focusing change management efforts at 40 police stations nationwide. The RDP is as such working with the SAPS to extend policing to under-serviced areas and to train police officers in human rights and in treatment of abused women and children.

Ongoing monitoring will be essential and the Government will continue to seek the support of urban residents in their efforts to manage these strategies. Success will be possible only if a cooperative approach to this problem is established.

3.2.4.3 Sustainable development

Agenda 21 - A programme of Action for Sustainable Development which was adopted by the General Assembly of the United Nations following the Earth Summit in Rio de Janeiro in 1992, makes clear the need to substantially broaden the scope of what was previously understood by sustainable development. The need to include the social and economic dimensions of development, in addition to concerns for the natural environment, was specifically recognised.

Agenda 21 also emphasises the need for integrating environmental and development concerns at all levels, internationally and nationally. This will lead to the greater fulfilment of basic needs, improved living standards for all, better protected and managed ecosystems and a safer, more prosperous future.

In dealing with sustainable human settlement development, Agenda 21 specifically focuses on issues of adequate shelter for all, sustainable energy consumption, settlement planning and management, as well as institutional roles and capacity building.

On the detailed level, Agenda 21 proposes that construction programmes should promote the use of local materials, energy efficient designs, materials which do not harm health and environment and labour-intensive technologies that employ more people.

It can be concluded then that sustainable development” relates to the way in which we balance development with the use of resources so that the generations to come will still be able to benefit.

Sustainable human settlements thus require that integrated projects are designed with the community concerned, to meet social, economic and physical needs, taking into account the effect on the natural environment and the requirement that standards of services and amenities must be affordable in the long term.

These concerns and approaches should underpin all project planning.

3.2.4.4 The design of habitable urban environments

In order to make South African cities more habitable, urban systems need to be responsive to the needs of their inhabitants.

The first concern for urban planning and management must be to maximise urban generative capacity. The more urban systems generate economic, social, cultural, commercial and recreational opportunities and facilities, the more habitable they will become.

In South Africa, with the high rates of urban growth and high levels of poverty and unemployment, an important part of creating habitable cities and towns is creating opportunities for income generation.

However it is of little use generating opportunities if they are easily accessible only to a limited number of people. If poorer people are to have access to these, the establishment of viable and efficient public transport is essential. Access to economic opportunities can also be improved by an appropriate mix of land-uses, including residential and income generating uses and social infrastructures. For the urban poor this means that there should be a positive move towards settlements designed around pedestrian needs and away from dependancy on private motor transport.

The qualities that urban systems should reflect, if they are to provide good living environments for their inhabitants, are access to nature, variety and diversity in close proximity, convenience, sociability, privacy, and memorable places.

3.2.5 Promoting urban economic development

Effective urban areas are prerequisites for attracting investment and generating national economic growth. Likewise economic development is the key to making our cities and towns more habitable, efficient, competitive and sustainable. Without a vibrant and productive urban economy our urban areas will stagnate and decline, to the detriment of our national economy.

3.2.5.1 Introduction

There are two interrelated levels to the quest for promoting urban economic development:

- (1) the need to promote the economic competitiveness of urban locations in an international stage as a basis for promoting growth, generating employment, and developing markets; and**
- (2) the harnessing of local resources within cities and towns as the basis for creating locally driven urban economic development.**

While investment in housing and urban infrastructure services and the eradication of spatial inefficiencies contributes to urban economic development, it is critical that intervention in those areas purposefully incorporates developmental requirements into project and programme designs.

Within the narrow sectoral focus of planning and management in the past, inadequate attention was given to the implications for economic development in the design of shelter and infrastructure programmes, which tended to be overly oriented towards consumption rather than production.

The diversity of our country and its abundant resource endowments allow for various strategies of infrastructural investment. While some urban centres can capitalise on their tourist attractions and diversify around it, others can revitalise around their industrial capabilities, commercial facilities, or communication nodes. To maximise the effect of urban public investment, all spheres of government must take appropriate steps to ensure that their programmes maximise economic benefits. This means greater job creation, multiplied secondary economic activities and more small and medium scale enterprises. To be sustainable, investment and support in settlements must be based on potential, rather than on artificial incentives. At the national level various programmes such as the Housing Subsidy Programme, the Municipal Infrastructure Programme and the National Public Works Programme, will *inter alia* support these efforts.

At the local level programmes can be individually designed to be flexible and to maximise the particular potential of a town or city. Programmes should focus on meeting basic needs, promoting locally relevant skills, adding value to local resources and utilising the social programmes (such as the provision of housing and social facilities) which are aimed at improving living conditions, to create jobs and circulate income.

The focus of planning endeavours need to be the functions of the city or town, rather than the city or town itself.

Investment in human capital cannot be neglected. Improved education, training, health, nutrition, better managed environments and the provision of family planning form elements of a social infrastructure plan that is crucial to urban economic development and poverty alleviation. As the needed skills and occupational profiles are identified in this sector, training institutions should

respond.

3.2.5.2 Local Economic Development

Local Economic Development is emerging as a strategy which has the potential to address the economic problems which prevail in South Africa's various localities.

Local Economic Development (LED) contributes to the creation of employment and to an environment conducive to investment. LED approaches are associated with attempts to promote the satisfaction of basic needs, to bring about empowerment and to allow for greater local level self determination.

For LED to be successful, the process must include the participation of local political, community and business actors in the economic and social development of their urban area or region. It must also be built on a common vision for the short, medium and long term, and must identify and emphasise local comparative advantages.

Key strategies involved in LED include support for small businesses; improvement in urban infrastructure and services; training; information and advice service; investment in particular sectors, e.g. tourism; local purchasing and servicing arrangements; urban renewal and place marketing. There is also a need to establish dedicated municipal economic units, to support public works programmes, local procurement policies, support for small, medium to micro enterprises (SMMEs), as well as appropriate regulatory and planning frameworks. There is no universally "correct" LED strategy; instead, local circumstances, needs and realities will influence the nature and form of the strategy adopted.

The trust and mutual support embedded in community relationships reduce transaction costs and facilitate resource mobilisation for investment. The development of credit and savings associations as well as the success of community banking in other parts of Africa underscore the need to preserve and foster these institutions. Mechanisms for strengthening both informal sector operations and civic institutions include training, regulatory reforms, and financial and infrastructural support. Government has already embarked on a number of interventions to strengthen this area, including the National Urban Reconstruction and Housing Agency (NURCHA) and the Khula Trust. The system of land-use planning and design can also foster or undermine the development of informal and civic institutions. For example, the introduction of flexible building and planning standards, which permit mixed-use development and innovative land-use, combined with improving community access to information on minimum building standards and appropriate design, should be promoted.

The Department of Trade and Industry (DTI) is primarily responsible for LED policy and has listed the specific objectives of the LED Programme as:

OBJECTIVES OF THE LOCAL ECONOMIC DEVELOPMENT PROGRAMME:

- **To emphasise the role of municipalities in facilitating LED;**
- **to encourage local partnerships and development compacts around specific economic activities;**
- **to promote small, medium and micro-enterprises (SMMEs) in alignment with the Department of Trade and Industry's White Paper on the sector; and**
- **to ensure that LED contributes to job creation on RDP and capital works projects in direct association with the implementation of the R250 million RDP-funded National Public Works Programme.**

Government will also continue to investigate appropriate fiscal mechanisms and other incentives to promote local partnerships for growth and development. In particular, flexible incentives based on real-time monitoring of economic activities will be explored as a way of supporting LED activities and avoiding the distorting effects of rigid incentive frameworks.

3.2.6 Clarifying roles and institutional transformation

3.2.6.1 Introduction

In order to successfully implement the Urban Development Framework (UDF) clarity needs to be given on the roles and responsibilities of the different spheres of government. The structuring of institutions needs to be addressed as well as the relationships which are needed to fulfill these roles.

3.2.6.2 Roles and responsibilities of government spheres

Successful integration and regeneration of South Africa's urban settlements will require the support of both the private and public sectors. Within such partnerships the public sector has an important role to play.

Successful urban development also requires coordination among the various spheres of government. Initiatives to develop urban management capacity must be supported by provincial and national government, but the management of the urban areas themselves can best be carried out at a local level where decision-makers are in touch with local needs and conditions.

URBAN DEVELOPMENT ROLES AND RESPONSIBILITIES OF THE VARIOUS SPHERES OF GOVERNMENT

MUNICIPALITIES

The primary responsibility of municipalities is to ensure integrated urban planning and management for the efficient functioning of cities and towns.

PROVINCIAL GOVERNMENT

Within the national context, to establish a provincial framework of laws, policy and funding mechanisms sensitive to the specific realities and needs of the cities and towns within the province and capacity building and support for municipalities.

NATIONAL GOVERNMENT

A national framework of laws, policy (including standards) and funding mechanisms to support urban development throughout South Africa.

3.2.6.2.1 National Government

In accordance with the competencies defined in the Constitution, National Government is responsible for broad policy formulation to set national standards and the funding of various programmes, such as the housing subsidy programme, the Municipal Infrastructure Programme and the urban transportation programmes. Due to the urgency of dealing with the challenge of stabilisation, national government is addressing critical backlogs in demands and the restoration of infrastructure services. Conscious effort is being made to streamline and coordinate public sector departments and agencies.

3.2.6.2.2 Provincial Government

Provincial governments are responsible for province-wide services, which are redistributive; and cross over municipal boundaries. With respect to urban development, the provincial role is to regulate the local planning process and build municipal capacity. This includes the evaluation and prioritisation of infrastructure programmes that require provincial government funding and the monitoring of projects.

3.2.6.2.3 Municipalities

Similar to national and provincial governments but unlike many other countries, municipalities in South Africa have been granted original powers under the Constitution. Not only are municipalities empowered to make decisions about which services to provide and how to provide them, their powers include the promotion of social and economic

development.

Municipalities have a role to ensure the delivery of services at community level within an agreed upon planning framework and are responsible for integrated development and physical planning.

To promote sustainability the choice of service level must be a local decision in which women from the community concerned are included, subject to local affordability and national and provincial guidelines. The confusing array of central government grants have made it difficult for municipalities to know what funds are available and how to access them. Work is currently underway to achieve equity and to provide clarity in the accessing of grants.

3.2.6.2.4 Metropolitan Councils

The main role of metropolitan councils is redistribution within the metro area to ensure that relatively poor communities have sufficient resources to provide services. This means that metropolitan governments should be involved in those services that are characterised by economies of scale, spillovers and redistributive elements. Services of this nature include water, electricity, transportation, and regional planning. Municipalities should provide services which are local in nature and need to be responsive to local circumstances. These services might include, for example, garbage collection, local roads and fire protection.

3.2.6.2.5 Institutional transformation

In striving towards the more efficient and effective functioning of the urban sector, significant institutional transformation is necessary.

3.2.6.2.6. Transforming and strengthening municipalities

THE TRIPARTITE ROLE OF MUNICIPALITIES IS:

- i an instrument for democratic participation and accountable governance for local communities;**
- ii an agency for the promotion of local social and economic development; and**
- iii a key organ for ensuring service delivery.**

Municipalities are therefore the local coordinating agents for the implementation of the urban development framework, in close partnership with the private sector and community interests (involving men and women equally). In particular, integrating our urban areas and investing in our cities and towns, especially in lower-income areas, will depend on continued municipal transformation and capacity-building. In transforming the inherited apartheid municipal machinery two major tasks have to be embarked upon: a total restructuring and reorientation of the system so as to embed the democratic, developmental, representative and integrative values of the new South Africa; and a significant strengthening of

the functional capacities of the new system.

The promulgation of the Local Government Transition Act, 1996, and future bridging legislation is intended to foster the transformation of the municipal system.

The stage is now set for a more coordinated and coherent approach to urban development at the local level. To successfully implement the policy guidelines of the Urban Development Framework, municipalities will have to become more development orientated, and less concerned with control. This requires a reorientation of staff towards a more facilitative and implementation-orientated approach. A range of public / private sector partnership options could be explored. These include creating independent business units within a municipality, leasing and concessionary arrangements, and the privatisation of certain services. Where these new approaches are already evident in some municipalities, they should be strengthened and consolidated.

For the urban development programme to succeed it is vital for municipalities to engage with institutions of civil society in planning, budgeting, designing, monitoring, supervising and organising. Involving all sectors will help to ensure greater accountability and integrity of municipalities and the creation of an enabling environment. All these interventions can be viable only if they are supported by an organised programme of capacity building. This requires an educative process to strengthen public awareness of the importance of municipal government in a democracy, as well as support to enable municipalities to deliver in such a way that their credibility is strengthened.

3.2.7. Partnerships

The government is firmly committed to a partnership approach to development.

Although municipalities are responsible for the provision of services, this does not mean that they are required to manage, finance or deliver the service themselves. Other actors, including the private sector, employees, civil society and other governments can fulfil an important part in managing service delivery, investing in service delivery companies and in financing infrastructure investments. In terms of public-private partnerships, there are many possibilities. Some of these are where the private sector provides market advice, operates a service, provides leasing arrangements or where it builds, operates and then transfers the required infrastructure back to the government.

The main benefits of public-private partnerships are that they enable the public sector to draw on private sector expertise and skill, reduce the need for up-front capital from the government and permit the public sector to access private sector funds. Cost savings often occur where competition is introduced into service delivery.

There are a number of risks associated with public-private partnerships. For example, there is the risk that the facility will not operate as planned or the demand for the service is lower than expected. There is the risk that changes in regulation may delay the project or add to its costs.

There are financing risks (raising the required capital entails significant risks with respect to the level of interest rates or foreign exchange rates). The structure of the public-private partnership depends on the way in which these risks are shared.

Although it is possible to turn over many aspects of service delivery to the private sector, it will still remain necessary to have a government role to ensure that the choice of delivery mechanisms does not effectively curb the ability to deliver and that services are delivered in an efficient and equitable manner. The commitment to partnerships does not exclude the possibility of restructuring public sector service providers to give an efficient and effective service.

3.2.8. Civil society

The vibrancy of urban-based civil society in South Africa and its long history of organisational success are important assets which can contribute to the implementation and success of urban development. The thousands of civic associations, cultural groups, labour organisations, trade and neighbourhood associations provide a network of institutions that can support this framework.

It is important that appropriate fora are put in place for negotiation and reconciliation of interests at every level and that both civic and public leaders work together for the betterment of the community.

The private sector and organised associations such as trade unions, student organisations, women's groups, and other groups (such as research, service, and advocacy organisations) all have an important role in ensuring effective urban development. Mechanisms to engage civil society include the support provided by the Transitional National Development Trust (TNDT), the engagement in the development chamber of the National Economic Development and Labour Council (NEDLAC), and at provincial and local levels, and support provided in the form of social and economic councils and local development forums.

4. MONITORING THE PROGRESS OF PROGRAMMES AND ACTIVITIES

Realisation of the goals and objectives enunciated in this framework depends, among other things, upon continuous monitoring and evaluation of the processes and activities associated with the strategic directions.

There is currently no comprehensive source of information on human settlements. In some areas there is a lack of statistical information, while in others there is a range of conflicting statistical sources which has resulted in confusion when planning and monitoring development initiatives.

Government therefore attaches great importance to the need for a collective identification of the critical indicators and instruments which may be used for monitoring the transformation of our urban system by all spheres of government. It intends to initiate a consultative round table of stakeholders to develop guidelines for this exercise. Apart from examining some of the approaches developed abroad, this forum will address the challenge of developing a system for monitoring the specifics of transforming an apartheid city.

In developing comprehensive data sources, policies, strategies and implementation must regularly be reviewed by the appropriate spheres of government, and the results fed back into the planning and decision-making processes. This recognises that in the monitoring exercise, processes and their impact are as important as the outcomes and products. The monitoring process must be continuous, part of the normal work process, building up an experiential base that will feed back to improve policy-making and implementation. It will also reveal the rate of progress towards the achievement of intended outcomes as well as their impact, thus providing a basis for ensuring accountability. In focussing on achieving sustainable human settlements, data needs to be consistent with international standards for reporting purposes.

The extension of the October Household Survey, the Key Performance Indicators of the Presidential Lead Projects, as well as the Housing and Housing and Urbanisation Information System (HUIS) will provide useful inputs for the development of a monitoring and evaluation system for urban development.

5. CONCLUSION

The efficient and effective development and management of urban areas is vital to the health of the national economy and to meeting the needs of the increasing urban population.

In the Urban Development Framework, Government has set out its vision and programmes aimed at meeting the urban development challenges in the short to medium term. As development progresses, these policies and programmes will have to be reviewed from time to time, and adjusted to allow for lessons learnt and new priorities which may emerge.

Sustainable urban development requires a partnership among all the stakeholders ie - the private sector, representative communities and Government working towards the goal of integrated, habitable and efficient urban areas which will serve the needs of this generation, as well as generations to come.

Government is committed to this goal, will continue to support it and invites all stakeholders including the private sector and communities to work together to achieve a better future for our cities and towns, which will, in turn, mean a better future for all South Africans.

ACKNOWLEDGEMENTS

The Department of Housing wishes to acknowledge the following organisations for their specialised input in the consultative process of drawing up the UDF:

The Development Bank of Southern Africa (DBSA), University of Durban Westville, International Development Research Centre (IDRC), and the Centre for Urban & Community Studies (University of Toronto).