

# **Study on employment aspects of slum upgrading: practices and opportunities identified in two South African case studies**

Prepared for the International Labour Office by:

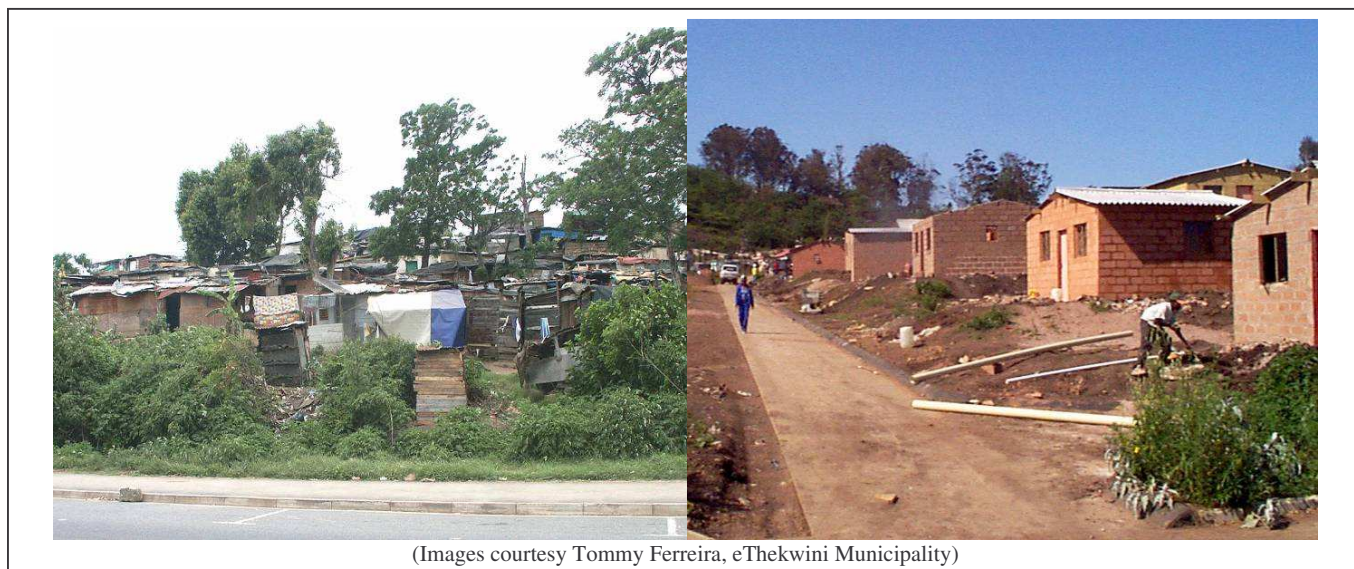
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## **Preface**

The material in this report is intended as a contribution by the International Labour Organisation to the work of Task Force 8 on employment creation in slum upgrading. The Task Force was created by the UN Secretary General to support the attainment of the MDGs.

The geographic focus of the report is South Africa, and material from the report was circulated to South African stakeholders for comment. The material was also presented to a joint workshop organised by the EPWP Unit of the South African Department of Public Works and the regional representatives of the ILO.

## **Acknowledgements**

Several policy-makers and practitioners in the fields of urban development and employment creation contributed to this report. The ILO and the authors acknowledge and record their appreciation for the inputs of those people interviewed for the case studies, and for the inputs of other stakeholders who were consulted.

The authors acknowledge the ILO, and in particular Tomas Stenstrom and Steven Miller, for making the funds available for the research and for insightful comments on the text.

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## **Appendix 1 – Cato Manor Housing Units Delivered 69summary**

### **Introduction**

The International Labour Office (ILO)’s terms of reference for this report were to:

“Examine the employment aspects of past, present and future slum upgrading programs in South Africa, focusing on labour-intensive technologies, private sector involvement, community participation as well as skills development.”

[ILO, 2005]

Since the mid-1990’s, housing has been a major focus of the democratic South African government. Housing was a key element of the Reconstruction and Development Program (RDP, Government of South Africa, 1994) and has remained a centre-piece of the government’s development programme. During the past decade significant process has been made in the delivery of basic services, housing, and stabilising the economy. However, it is only really in the past few years that the governments’ intentions have grown stronger to explicitly use development programmes as a strategy to reduce the current unemployment levels of over 30%.

The report traces the evolution over the past decade of employment-related policies in slum upgrading. This is supplemented by two case studies of housing and urban upgrades in quite different contexts. The findings of the policy overview and the case studies inform some recommendations on how employment could be improved through South Africa’s shelter-related endeavours.

### **Methodology and limitations of the report**

The main source of material for the study was existing information in the public domain. This included project reports and external project assessments, policy statements and policy reviews, and in some cases academic work. The material was supplemented by primary research, mainly through interviews with selected commentators.

### **The South African policy environment**

South Africa has large developmental backlogs that resulted from apartheid policies, and which have persisted in the post-apartheid era.

The collapse of apartheid's controls on the movement of black people in the late 1980s led to an increase in urbanisation. Urban centres had provided little in the way of services to already urbanised black communities, and were ill-equipped to handle the influx. The urbanisation of the 1980s was evidenced by the growth of large-scale informal settlements, overcrowding of existing township housing units and hostels, and the pervasive construction of back-yard shacks.

Today close to half of South Africa's 44 million people live in urban centres. A third of those in the major urban centres live in informal settlements [South African Cities Network, 2004]. Despite considerable government efforts to transform urban environments and deal with developmental challenges such as education and health, many people continue to live in poverty and suffer a lack of access to basic services. This has been aggravated by unemployment at 50% or more within many of the largest urban informal settlements.

Development policies in South Africa have been overlaid by the policy of incremental decentralisation to local government of decision-making powers over social and economic development [1996 National Constitution, South African Government]. The rationale for the decentralisation is that municipalities face the greatest challenge in meeting human needs and addressing past backlogs and spatial distortions. In theory, local government is the institutional hinge on which the successful implementation of urban development policies depend. The implementation of the decentralisation policy requires a complex set of inter-governmental relations.

After the 1994 elections, the democratic government launched the RDP in response to the country's legacy of apartheid, and to contribute towards the building of a democratic, non-racial and non-sexist country. The RDP's five pillars were:

- Meeting basic needs;
- Developing our human resources;
- Building the economy;
- Democratising the state and society; and
- Implementing the RDP

[ANC, 1994].

In June 1996, the Minister of Finance published the country's macro-economic strategy, the Growth, Employment and Redistribution strategy (GEAR, Government of South Africa, 1996). GEAR argued for market-driven economic expansion and growth. GEAR aimed to strengthen economic growth, to broaden employment, and to redistribute economic opportunities. GEAR focussed strongly on stabilisation (especially the curtailment of expenditure to reduce government deficit) and on the rapid liberalisation of trade and industrial policy. In the first five years of

GEAR, these structural adjustments achieved their aims, but also led to considerable formal employment losses in the private and public spheres, and reduced the resources available to respond effectively to rising social needs. More recently, the long-term social benefits of GEAR have begun to be realised, as evidenced by greater budget allocations to social development, lower inflation, and a stabilisation of unemployment levels.

The Department of Provincial and Local Government produced Urban and Rural Development Frameworks in 1996 in order to provide policy guidelines for the development of urban and rural areas, especially around infrastructure, housing, and local economic development. These frameworks focused on integration, poverty alleviation, and the redress of past imbalances (du Plessis & Napier, 2001). Similar intentions had been expressed in the Housing White Paper (1994), which set out government's broad housing policy and strategy. The impact of South Africa's post-apartheid housing and settlement policies have been profound. Since the launch of the White Paper on Housing (1994) until March 2005 more than 1.8 million houses were provided to more than seven million people.

[Department of Housing, 2005].

Most recently the Government introduced the Comprehensive Housing Plan for the Development of Integrated Sustainable Human Settlements - popularly referred to as Breaking New Ground (BNG). BNG provides for comprehensive oversight by government in promoting the residential property market. BNG envisages the development of medium-density and rental housing; stronger partnerships with the private sector, and the provision of social infrastructure and amenities. BNG aims at changing spatial settlement patterns, so as to build multicultural communities in a non-racial society.

In recent shifts in economic policy, government has placed much more explicit attention on employment creation. This initially took the form of a variety of measures such as the Community-Based Public Works Programme, the Working for Water Programme and others. These and many similar initiatives have now been brought together under the banner of the Extended Public Works Programme (EPWP). The EPWP seeks to generate short term employment and skills upgrading for millions of unemployed South Africans. In parallel, government has proposed a more expansionary public programme of investment in infrastructure and services, and this is likely to generate employment as projects are implemented.

### **Case studies**

The case studies show that housing projects can positively influence often missed employment processes, if part of a conscious attempt to do so.. The first case, Cato Manor in Durban, was the subject of a major urban re-development project co-funded by the government and the European Union. The second case is that of the People's Housing Process in a small-scale housing project in Vosloorus, Ekurhuleni (near Johannesburg). The two case studies differed from one another in a number of respects. The scale of Cato Manor project was that of a major national project managed by a specialist agency, whilst the Vosloorus project is a relatively small scale intervention (although quite large in the context of Peoples' Housing Process projects) managed through the channels of a local municipality via an appointed facilitator. The Cato Manor project was conceptualised as an integrated urban development project. The Vosloorus project on the other hand was a project focused on housing provision where local stakeholders sought ways to achieve more integrated results.

The tables below summarises skills development and employment creation in the projects.

In Cato Manor:

Activity	No. local residents trained		No. local residents who were given temporary employment	
	No.	% of resident pop.	No.	% of resident pop.
LED	2973	3.2%	3644	3.9%
Housing	2610	2.8%	2610	2.8%
Infrastructure	0	0.0%	1136	1.2%
Social Facilities	1369	1.5%	1369	1.5%
<b>Total</b>	<b>6952</b>	<b>7.5%</b>	<b>8759</b>	<b>9.4%</b>

In Vosloorus:

Activity	No. local residents trained		No. local residents who were given temporary employment	
	No.	% of resident pop.	No.	% of resident pop.
LED	20	0.3%	20	0.3%
Housing	530	8.7%	220	3.6%
Infrastructure	0	0.0%	0	0.0%
Social Facilities	27	0.4%	27	0.4%
<b>Total</b>	<b>577</b>	<b>9.5%</b>	<b>267</b>	<b>4.4%</b>

The key employment-related conclusions from the two cases are:

#### Summary of points of comparison

Issue	Cato Manor	Vosloorus
Beneficiary participation	Moderate	High
Local labour sourcing	High – but some resistance to women	High – but short-lived resistance to women
Skills	High	High
Links to LED	High	Low in the past, but there are indications that an LED program is slowly evolving
Sourcing of materials	Non-local	Non-local
Construction approach	Appropriate technology & contractor support system used	Appropriate technology & contractor support system used

Despite their very different scale and contexts, the cases have a number of striking similarities. These include:

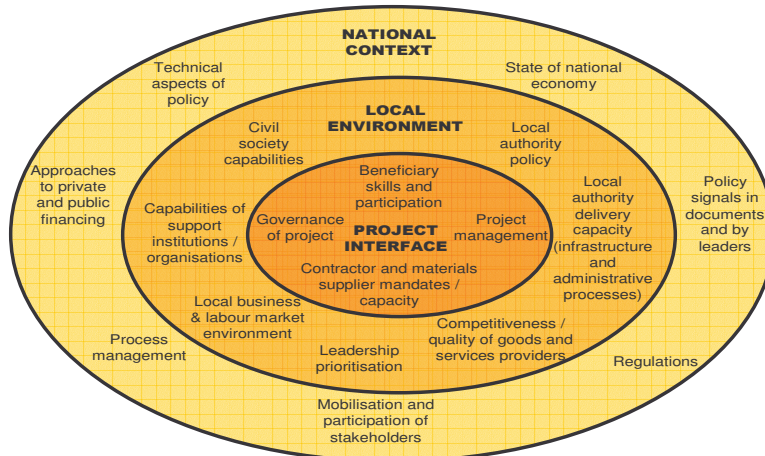
- Some attempts, more explicit in the Cato Manor case, to adopt a holistic vision of community development. Improvements in the built, economic, social and institutional environments were regarded and managed as integral to slum upgrading and greenfields housing processes but in practise this was not always sustained;
- The use of an emerging contractor development program (as opposed to a simpler labour-only basis), and the longer-term benefits of this approach;

- The critical roles performed by the development agencies in guiding and sustaining the developments;
- Relatively well-capacitated municipalities supporting the projects.

### Recommendations – Opportunities for employment creation

The graphic below lists factors which, impact on employment creation in housing and related processes in various ways.

Some key factors affecting employment in slum upgrading/housing projects



Beyond attention to these factors, it is also suggested that stakeholders reach consensus on: what constitutes employment, and; what should be done to maximise employment in large-scale housing and informal settlement upgrades. There was little consensus amongst those interviewed for the case studies of what constituted employment in the context of their projects and in general this could range from informal employment for a day to a longer term formal contract.

Most of the sites for housing upgrade are also sites for the incremental upgrade of other public facilities, and for social development projects: – construction projects in infrastructure, public facilities, housing: – post-construction, the operation, maintenance and upgrade of the public (and private) building stock, and: - social development projects such as HIV awareness and upgrade of primary health-care networks, local economic development and technical skills training. The collective duration of these projects run into many years. Unfortunately, in the majority of development sites, the projects are treated and managed as stand-alone projects, with insufficient effort at integrating and coordinating them. There are opportunity costs of such a non-coordinated approach, especially in terms of lost employment opportunities.

If the individual projects that occur on a development site were to be treated and consciously managed as components of a longer-term and holistic upgrade program, then potential for employment creation is much larger than the if the projects are treated and managed in isolation from each other.

Recommendations emerging from the policy overview, the case studies and other secondary sources are summarised in the table below. It should be noted that not all of these are universally applicable and in some cases they are already on the agenda of policy makers or urban development practitioners.



## Summary of recommendations

Housing regulations	The manner in which regulations are drafted, interpreted and implemented impacts on what can be achieved. Particular attention needs to be directed towards release of funds to projects, other funding sources to ensure a balance in the funds available for house construction <i>vis a vis</i> other investments in the built environment.
Housing policy	Policy frameworks send signals to those making delivery decisions. It is suggested that there be a shift away from “units are everything” approach to a more integrated approach, with explicit employment and local contractor development/sourcing outcomes specified in relation to housing projects.
Matching funds and integration with other urban activities	By developing an integrated package of funds, scope exists to leverage government resources in a better coordinated manner to achieve targets – encompassing skills development, infrastructure, community facilities and localised governance. Alignment of Housing Subsidies, municipal Infrastructure Grants and funds for local economic development is essential.
Housing implementation	Numerous decisions are taken at the local level which impact on the nature of the housing delivery process itself and its alignment with other municipal activities. Active and specialist management of these delivery interfaces could allow for further employment opportunities to be identified and acted on. City-level EPWP units could prove useful in this.
Technology, equipment and tools	The technology used in the construction process can have substantial ramifications on labour usage. Guidelines should be developed which specify which technology is preferred (note this is closely linked to the fast-tracking issue).
Labour	Sourcing of local labour can improve project buy-in by beneficiaries and allow for a “sweat-equity” contribution. There is a need for a community employment program that operates in advance of and after the implementation of projects.
Materials	The cost of materials makes up a large proportion of the total cost of housing, infrastructure and public facilities projects. Procurement policies and SME support programs relating to materials production and materials retailing could generate significant longer term employment opportunities. To realise the employment potential around materials production & supply, attention would need to be given to contracting arrangements, specialised SME development processes, and the practical implementation of the Construction Industry Empowerment Charter.
Local contractors	By building the capabilities and survival potential of local contractors, the scope exists to improve longer term employment opportunities. Critical in this is the bundling together of the employment opportunities that arise from housing, construction and operation of social facilities, and other urban services (such as solid waste removal).
Involvement of CBOs	Local residents typically seek and expect employment from local construction projects. More effective management of community interfaces, and increasing the number of Peoples’ Housing Projects could increase the number of local residents involved in the construction, maintenance and operation of built environment projects.
Involvement of women	Studies have shown that many beneficiary households are headed by women. Often their household duties make it difficult for them to compete effectively for employment opportunities. Schemes (e.g. for the provision of daytime childcare) should be improved or put in place to enable local resident women to better take the employment opportunities that arise from development projects.

Skills development	Through enhancing skills, the sustainability of employment opportunities is improved. The alignment between housing delivery processes and skills development has often not been optimal. There is a need to better align housing projects and skills development. City-level EPWP units could assist in this.
Working conditions	Unsatisfactory working conditions are likely to detract from social development gains. The establishment of local labour committees and the adoption of local labour charters – as envisaged under Health & Safety regulations – could promote better local working conditions and improved local community participation.

## Conclusion

The report found that there is considerable potential to improve employment creation in housing projects in South Africa. This is in line with findings in other studies such as those reported on by McCutcheon (2001) and Fitchett (2001). However, the potential has not been fully realised, due to the constraints in policies, regulations, administrative processes, management, governance, and human capacity. There are few explicit policy signals linking direct employment generation with housing. Employment-generation is however explicitly encouraged through other government departments, but these do not extend to housing policy.

If employment-creation is to become a much more explicit objective within settlement-related activity, then it will probably achieve the best results if urban development minimises the fragmented and narrowly framed interventions which have characterised human settlement programmes in South Africa to date, and instead maximises sustainable and holistic urban development models that emphasise community empowerment.

This holistic approach requires far greater alignment of policies, the improvement of regulations, much closer inter-government coordination, and greater cooperation between government and CBOs, the private sector and NGOs.

There is already some movement in this direction, but a concerted effort is required to strengthen and sustain this movement, and to translate it at scale into on-the-ground initiatives. The ongoing capacity development and vigorous financial backing of local authorities will be needed so that they can scale up their work with local stakeholders to achieve greater employment impacts in what will hopefully remain for some time to come a major focus of government effort and expenditure.

# 1. Introduction

This report has been prepared with the intention, as stated in the International Labour Office (ILO) project terms of reference, to:

“Examine the employment aspects of past, present and future slum upgrading programs in South Africa, focusing on labour-intensive technologies, private sector involvement, community participation as well as skills development.”

[ILO, 2005]

The rationale behind the commissioning of such a study is that many countries, and in particular African countries, are showing limited progress in attaining the development targets of the Millennium Development Goals. Through some discussion of the South African experience and the study of two housing / urban upgrade cases, this report offers some reflections on how the drive to upgrade urban living environments can be used to increase temporary unemployment relief and sustained employment.

Since the mid-1990's, housing has been a major focus of the democratic South African government. Housing was a key element of the Reconstruction and Development Program (RDP) in 1994 (Government of South Africa, 1994) and has remained a centre-piece of the government's development programme. The RDP, made explicit the need to connect the delivery of basic urban services with employment creation. Subsequent to the formulation of the RDP, the government had to contend with major economic challenges, in particular muted levels of growth and rising unemployment. Responses to these challenges, as articulated in policies such as the Growth, Employment and Redistribution strategy (Government of South Africa, 1996), made macro-economic stability a key priority. During the past decade significant progress has been made in the delivery of basic services, housing and in creating a stable economic environment. However, it is only really in the past few years that the intent to utilise government development programmes as an explicit employment generating strategy in a context of unemployment levels in excess of 30%, as originally articulated in the RDP (1994), has begun to be realised. Although, despite this attention, employment generation in slum upgrading has not necessarily been seen as a major priority with a greater focus in programmes such as the Expanded Public Works Programme being geared towards bulk infrastructure provision and community-based social programmes.

The report explores this context further and this discussion is supplemented by two case studies of housing and upgrading in very different contexts. The findings of the policy overview and the case studies are then drawn on in making some recommendations on how employment gains could be leveraged in a more significant manner through South Africa shelter related endeavours.

## **2. Methodology and limitations of the report**

This report examines the national policy context and two case studies. The selection of the case studies was informed by a set of criteria meeting the ILO's specifications, but also by logistical realities facing the report writers in accessing appropriately documented projects and people to interview. The main source of material for the study has been existing information in the public domain. This has included available project reports, external project assessments, policy statements, policy reviews, and in some cases academic work. The material was supplemented by primary research, mainly through interviews with selected commentators. The report also draws on the experience of its authors who are active urban development practitioners with several decades of collective experience. Whilst there is a considerable amount of information available at the broad policy level, project level documentation is limited and in many cases does not document factors around employment as identified as relevant in the project terms of reference. Where possible such gaps have been filled through drawing on the recollections and opinions of various stakeholders involved. It should be noted that the report methodology was constrained, to some degree, by the fact that it was commissioned during South Africa's December-January vacation period and therefore not all the most appropriate respondents were available for interviews and in some cases material could not be accessed timeously.

### 3. The South African policy environment

#### 3.1 HISTORICAL CONTEXT

“The incontrovertible fact of our transition is that despite achievements in the economy, as a direct consequence of apartheid we remain a country with some steep contradictions. Despite the huge public investment into housing over the last ten years of R29.5 billion, apartheid’s legacy remains strongly tenacious. Now it threatens to scupper all that we carefully crafted and worked towards since we collectively began the transition in 1994.

Between 1996 and 2001 the number of households living in shacks in informal settlements and backyards increased from 1.45 million to 1.84 million, reflecting an increase of 26 percent (a figure far greater than the 11% increase in population over the same period). Approximately 2.4 million households live in informal housing structures.

This is worsened by some major shifts in the housing need where households have become smaller and more numerous and have become more urbanised. For, in informal settlements, the basic services and infrastructure that is the norm in our developed areas are lacking. By reason of their spatial exclusion individuals and households experience difficulties in accessing all that they had been guaranteed as rights by the Constitution, namely; the right to basic amenities such as health and safety and security facilities. Incomes are low, exacerbating the twin challenges of inequality and poverty that continually expose the poor to extreme forms of vulnerability.”

[Lindiwe Sisulu, Minister of Housing,, 22 September 2005]

South Africa has large developmental backlogs that resulted from apartheid policies, but have persisted in the post-apartheid era. The collapse of apartheid’s controls on the movement of black people in the late 1980s<sup>1</sup>, led to an increase in the rate of urbanisation which had previously been artificially constrained. Urban centres were ill-equipped to handle this influx, and had in any case generally provided little in the way of services to already urbanised black communities. The urbanisation of the 1980s was evidenced by the growth of large-scale informal settlements, overcrowding of existing township housing units and hostels, and the pervasive construction of back-yard shacks.

Today close to half of South Africa’s 44 million people live in urban centres. A third of those in the major urban centres live in informal settlements [South African Cities Network, 2004]. Despite considerable government efforts to transform urban environments and deal with developmental challenges such as education and health, many people continue to live in poverty and suffer a lack of access to basic services. This has been aggravated by unemployment at 50% or more within many of these largest urban settlements.

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<sup>1</sup> Apartheid’s urban controls had originally been imposed through the enforcement of the Group Areas Act and Influx Control measures and involved large scale destruction of existing black urban settlements such as Sophiatown, District Six and Cato Manor.

According to the draft National Urban Policy and Strategy Framework:

“The Labour Force Survey of September 2001 found that 54.4% of the unemployed in South Africa are located in urban areas<sup>2</sup>. Statistics for the same year show that of the 7.8 million people of working age in the nine largest cities, 38% did not have a job.”

[DPLG, 2004: p19]

### **Policy evolution in the past decade**

This historical context has obviously influenced development policies in South Africa in the past decade. This section seeks to summarise those development policies on shelter provision and employment and to describe the degree to which these somewhat separate policies have intersected. This policy discussion is not aimed at being exhaustive as there is other material available on these subjects, but it does seek to provide a sense of context and highlight key issues pertaining to the interaction of housing related development processes and responses to South Africa’s sustained high levels of unemployment.

Development policies in South Africa have been overlaid by the policy of incremental decentralisation to local government of decision-making powers over social and economic development [1996 National Constitution, South African Government]. The rationale for the decentralisation is that municipalities face the greatest challenge in meeting human needs and addressing past backlogs and spatial distortions. The 1998 Local Government White Paper [DPLG, 1998] and supporting legislation proposed the developmental local government theory. In theory, local government is the institutional hinge on which the successful implementation of urban development policies depend. However, the practice required a complex set of inter-governmental relations.

After the 1994 elections, the democratic government launched the RDP (Government of South Africa, 1994) in response to the country’s legacy of apartheid and to contribute towards the building of a democratic, non-racial and non-sexist country. The RDP, developed by the ANC-led alliance in consultation with other mass organisations, non-government organisations (NGOs) and research organisations, describes the country’s policies regarding social and economic development.

The RDP focused on five major policy programmes:

- Meeting basic needs;
- Developing our human resources;
- Building the economy;
- Democratising the state and society; and
- Implementing the RDP

[ANC, 1994].<sup>3</sup>

Under the ‘meeting basic needs’ program, the RDP endorsed the principle that all South Africans have a right to a secure place in which to live in peace and dignity, and that housing is a human right. One of the RDP’s first priorities was to provide for the homeless.

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<sup>2</sup> Department of Public Works (2003)

<sup>3</sup> The RDP was developed prior to 1994, and subsequent to the 1994 elections formally adopted by Parliament.

In June 1996, the Minister of Finance published the country's macro-economic strategy, the Growth, Employment and Redistribution strategy, otherwise known as GEAR (Government of South Africa, 1996). GEAR argued for market-driven economic expansion and growth. The aim of the strategy was to strengthen economic growth, to broaden employment, and to redistribute economic opportunities. However, the strategy was underpinned by a strong focus on stabilisation requiring government to curtail expenditure in order to significantly reduce the government deficit and to liberalise many aspects of macro-economic, trade and industrial policy in an accelerated manner. This not only generated a process of major structural change in the economy, resulting in considerable formal employment losses in the private and public spheres, but also reduced the ability of the state, in the short-term, to respond effectively to rising social needs. Weak domestic growth and global economic instability also contributed to the persistence of 'jobless growth', with an apparent loss of a million jobs between 1990 and 2000 being one of the most unfortunate features of a generally optimistic decade (Nel & Binns, 2001). In addition, some of the early post-apartheid government programmes experienced operational difficulties consequently did not result in the expected scale of job creation. The table below from the UNDP's South Africa Human Development Report 2003 (2004), provides an indication of the real impacts of South Africa's immediate post-apartheid economic policies on expenditure allocations.

Evolution of general government real per capita expenditure (Rand constant 1995 prices)

Category	Current Expenditure		Capital Expenditure	
	1995	2002	1995	2002
General administration	346	422	57	45
Defence	270	210	0	8
Law and order	344	376	23	19
Education	789	715	73	60
Health	366	373	22	18
Social security and welfare	184	214	74	64
Economic services	245	27	85	71
Total	2,544	2,537	334	287

[Source: UNDP, 2004]

With this in mind, it is therefore not surprising that according to the South Africa Human Development Report 2003 (UNDP, 2004) concluded that,

“In South Africa, unemployment continues to rise unabated. The economy provided only 11.56 million jobs for 16.81 million economically active South Africans in March 2003, resulting in 5.25 million unemployed, or an official unemployment rate of 31.2 per cent, which is substantially higher than the 19.3 per cent unemployment rate in 1996.”

[UNDP, 2004: p10]

McCord (2004) describes South Africa's approach to this employment scenario in the following manner:

“The Government's employment strategy is based on two assumptions, i) that economic growth will lead to increased employment, and ii) that improved education will to enable workers to take up the skilled employment opportunities which will arise as a result of economic growth (EPWP 2004), and hence policies are focused around promoting growth and education. To this is added a public works component to provide employment in the short term, pending the realization of increased employment arising from growth and improved labour supply.”

[McCord, 2004: p 3]

The sections which follow outline some of the relevant aspects of settlement and employment-related policies in South Africa's development agenda in the past decade and seek to identify key points of intersection between the two.

### 3.2 URBAN DEVELOPMENT AND HOUSING

The Department of Provincial and Local Government produced Urban and Rural Development Frameworks 1996 in order to provide policy guidelines for the development of urban and rural areas, especially around infrastructure, housing, and local economic development. These frameworks focused on integration, poverty alleviation, redressing past imbalances through participatory planning, and protecting the environment for future generations (du Plessis & Napier, 2001). The frameworks aimed to promote urban reconstruction and development, to guide development policies and to steer them towards the achievement of a collective vision. The intended results of the frameworks were that, by 2020 South African urban settlements will be:

- “Spatially and socio-economically integrated, non-segregated, free of racial and gender discrimination, enabling people to make residential and employment choices to pursue their ideals;
- “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 co-operation with civil society and geared towards innovative community-led development;
- “Environmentally sustainable, marked by a balance between a quality built environment and open space; and between consumption needs and renewable and non-renewable resources. Sustainable development 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 basis for an equitable standard of living;
- “Integrated industrial, commercial, residential, information and educational centres, which provide easy access to a range of urban resources;
- “[Areas which provide much] greater access for rural people to government support and information and to commercial services, with a more logical spatial network of towns, services, roads and transport systems serving both market traders and customers; and
- “[Areas which provide close] availability of water, sanitation and fuel sources, giving everyone more time for economic productivity and better health.”

[Department of Housing, 1997]

Similar intentions had been expressed in the Housing White Paper (1994). It set out government's broad housing policy and strategy. Since 1994, housing policy has evolved. The current housing policy exists within Housing White Paper and the Urban and Rural Development frameworks (1996). The Housing Act aligned the National Housing Policy with the Constitution of South Africa and clarified the roles of the three spheres of government: national, provincial and municipal. In addition the Housing Act lays down administrative procedures for the development of the National Housing Policy.

[Department of Housing, 1997]



## The impact of housing policy

The impact of South Africa's post-apartheid housing policy has been profound. Since the launch of the White Paper on Housing (1994) until March 2005 more than 1,8 million houses were provided to more than seven million people.

[Department of Housing, 2005].

Figure 1 Houses completed or under construction March 2005

HOUSES COMPLETED OR UNDER CONSTRUCTION MARCH 2005										
PROVINCE	1994-04-01 / 1997-03-31	1997/1998	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	2003/2004	2004/2005	TOTAL
EASTERN CAPE	6,511	32,223	24,659	20,345	34,021	10,816	58,662	27,119	37,524	251,880
FREE STATE	13,042	18,001	17,391	7,177	16,068	7,005	9,155	16,746	16,447	121,052
GAUTENG	56,239	70,924	58,170	45,384	38,547	46,723	24,344	49,034	66,738	456,103
KWAZULU-NATAL	17,553	78,468	53,105	28,997	28,547	14,379	24,485	33,668	36,734	315,936
LIMPOPO (NP)	11,106	15,743	22,899	12,401	20,996	16,667	14,953	15,810	16,514	147,091
MPUMALANGA	19,884	10,873	16,838	4,808	16,457	14,584	21,649	21,232	18,000	144,325
NORTHERN CAPE	6,666	4,768	2,387	2,600	4,148	2,588	6,056	3,787	3,598	36,598
NORTH WEST	21,287	20,977	18,367	12,944	14,109	13,885	23,784	10,484	10,037	145,874
WESTERN CAPE	25,321	43,834	34,575	26,916	17,730	16,634	20,500	15,735	11,756	213,001
<b>TOTAL</b>	<b>177,611</b>	<b>295,811</b>	<b>248,391</b>	<b>161,572</b>	<b>190,643</b>	<b>143,281</b>	<b>203,588</b>	<b>193,615</b>	<b>217,348</b>	<b>1,831,860</b>

[Source: reproduced from [www.housing.gov.za](http://www.housing.gov.za) ]

## Breaking New Ground

Within the broader housing and urban development policy environment, Government has in the last decade tested a variety of implementation approaches and plans. Most recently the Government introduced the Comprehensive Housing Plan for the Development of Integrated Sustainable Human Settlements - more popularly referred to as Breaking New Ground (BNG). BNG provides for comprehensive oversight by government in promoting the residential property market. BNG envisages the development of low-cost, medium-density and rental housing; stronger partnerships with the private sector, and the provision of social infrastructure and amenities. BNG aims at changing spatial settlement patterns, so as to build multicultural communities in a non-racial society.

According to BNG, the Government takes responsibility for providing the poorest with income levels below R1 500 p.m. (ca. € 200) with a full housing subsidy of R 31 929 (ca € 4 600). The poor with income levels R1 500 to R3 500 p.m. (ca € 200 to € 500) will also receive the full subsidy and will be required to provide either a cash contribution or sweat equity. A newly created subsidy band targets middle-income earners – those earning R3 500 to R7 000 p.m. (ca € 500 to € 1 000) for whom government will pay a housing deposit.

Whilst BNG still needs to stand the test of implementation, Government policy-makers suggest that BNG has the following advantages:

- There will be greater flexibility in delivery systems, the lack of which previously constrained delivery
- The role of the private sector will be enhanced through the collapsing of subsidy bands, and the removal of blockages relating to down-payments for indigents and pensioners. A fixed rate and other new loan products will be developed, including an option to convert the capital grant into an annuity.
- Barriers to housing trade will be removed through amendments to the Housing Act, 1997 (Act 107 of 1997), so as to reduce from eight to five years the period during which resale on the private market is prohibited.
- Registration of title will be prioritised for houses constructed under the existing Housing Programme.
- All housing programmes will focus on replacing informal settlements with more adequate forms of housing.
- Greater co-ordination will be effected between national, provincial and local government. An Inter-Ministerial Committee will oversee the implementation of BNG.

Other initiatives to be carried out in terms of BNG include land acquisition through the proactive identification and acquisition of land through the Public Works Asset Register, the State Land Register and the Environmental Potential Atlas. The Plan will be implemented from April 2005.<sup>4</sup>

### **The housing Social Contract**

Significant within the BNG commitments is the Social Contract that was approved by major housing-related stakeholders in 2005. The Social Contract included a number of commitments to leverage housing-related processes for economic and social gain (see italicised sections below).

“We the signatories undertake to work together to:

- a. “Unblock the impediments constraining a fast-tracked process of housing delivery;
- b. “Enable rapid release of land that is well located, for the purpose of creating sustainable and viable communities;
- c. “Create a sustainable and a viable new and secondary housing market;
- d. “Extend access to affordable finance and, where possible, with shorter repayment periods for all South Africans;
- e. *“Mobilize communities to be active participants within the construction processes through the provision of technical support and skills development;*
- f. “Enable the individuals and families to use their homes as assets to create wealth;
- g. “Actively promote the empowerment of previously disadvantaged individuals, especially women and youth; and
- h. “Develop policies and mechanisms to deal with HIV/AIDS in housing, and access to housing finance.

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<sup>4</sup> It is worth noting that a practice note issued by the Dept of Housing ca May 2005 (on the topic of the new subsidy quantum for the 2006 financial year) refers to an intention that land for housing will be paid for separately from the housing subsidy. This presents an opportunity to ensure a greater level of investment in the top structure.

“In addition, we, the signatories undertake to work together to mobilize the required resources to achieve the following elements of the Human Settlements Plan:

- a. *”Accelerating the delivery of housing as a key strategy for poverty alleviation;*
- b. *”Utilising provision of housing as a major job creation strategy;*
- c. *”Ensuring property can be accessed by all as an asset for wealth creation and empowerment;*
- d. *”Leveraging growth in the economy;*
- e. “Combating crime, promoting social cohesion and improving the quality of life of the poor in safe and secure environments;
- f. “Supporting the functioning of the entire single residential property market to reduce the duality within the sector by breaking the barriers between the first and second economy;
- g. “Utilizing housing as an instrument for the development of sustainable human settlements, in support of spatial restructuring, and
- h. ”Ensuring, as a matter of urgency, the extension of adequate water, sanitation and hygiene, lighting and energy, such as electricity, to all.”

[Department of Housing, 2005, italics by the authors of this report]

To date it appears the commitment in the Social Contract under the “Breaking New Ground” framework has yielded little in specific commitments. The bulk of attention appears, at present, to be placed on escalating private sector commitments and improving access to finance on the one hand and promoting integration of housing with other urban processes on the other. Nevertheless, the presence of this explicit commitment does create the space to conceptualise projects which begin systematically make employment creation a critical focus.

### **The People’s Housing Process (PHP)**

In housing delivery, some emphasis has been placed on projects implemented under the PHP. The PHP methodology regards as advantages the involvement of beneficiary communities in the housing process as labour or as contractors in the delivery of shelter (commonly referred to as ‘top-structures’) and associated services.

The establishment of partnerships, the transfer of skills, community empowerment and a process that is people-driven were some of the key principles underlying this policy. The policy was introduced in 1998.

The People’s Housing Process “aims to support households who wish to enhance their subsidies by building or organising the building of their homes themselves. The process assists such households to access:

- “Housing subsidies
- “Technical, financial, logistical and administrative support regarding the building of their homes, on a basis that is sustainable and affordable”

[Housing Code Part 3 Chapter 8: Housing Subsidy Scheme / People’s Housing Process]

Under the PHP beneficiaries can:

- “save on labour costs by doing some of the building work themselves or by getting their neighbours, friends and families or other persons to help them;
- “avoid having to pay a profit element to developers if they build houses themselves or organise for those houses to be built;

[Housing Code Part 3 Chapter 8: Housing Subsidy Scheme / People’s Housing Process]

The PHP is a delivery mechanism (as opposed to a type of subsidy). With some minor modifications, it utilises the same housing subsidy types (Greenfields, Consolidation, Institutional et al) that are available for delivery of housing stock via more conventional mechanisms.

Statistics on delivery (houses built or under construction) via the PHP mechanism could not be readily located during the research period. However, an alternative indicator of scale of the use of the PHP mechanism is the number of subsidy approvals. By March 2004, subsidies approved for delivery via PHP totalled 272 165 (since the inception of the PHP mechanism in 1998). This represented 11.17% of all of the 2 436 404 housing subsidies approved from 1994 to 2004.

It is presently unclear if the proportion of subsidies to be delivered via PHP will remain at this level, increase, or decrease. There does not appear to be an express strategy at a national level as the relative emphasis to be placed on the PHP mechanism. The implication appears to be that the various Provincial Housing Departments and-or municipalities will individually set their own particular approach as to the relative weight on PHP compared to other delivery mechanisms. Systematic research was not however undertaken to determine each province’s or selected municipalities’ PHP intentions.

However, as the opinion below suggests, progress in scaling up the PHP has been rather disappointing:

“Although the PHP has been part of national housing policy since 1998, most provinces have disregarded it in favour of project-based, developer-driven delivery. Only a tiny proportion of houses built to date have been delivered via the PHP. The official PHP policy framework is vague and contradictory, both internally and in relation to other policy frameworks such as the urban planning process and building norms and standards. Moreover, the institutional home of the PHP in government, the People’s Housing Partnership Trust (PHPT), is under-resourced and politically marginalised.”

[Baumann, 2003]

BNG has placed some emphasis on scaling up PHP projects. Some Provinces suggest that they will increase their PHP targets. At the time of writing there was however no numerical indication of increased resources for PHP to suggest that this will receive the intended attention.

### **Urban renewal programmes**

Beyond housing-related matters government has also given significant attention to matters of urban renewal since the policy frameworks of the mid 1990s. Urban development programmes more generally have been informed by policies developed by the Department of Provincial and Local Government. Early flagship interventions under the urban policy frameworks focused on the Special Integrated Presidential Projects (SIP Projects). The aim of the SIP Projects was to kick-start

development in major urban areas, focusing on violence-torn communities and those in crisis. These selected interventions were also seen to provide an opportunity for donor funds to be raised in support of national priority interventions. It was developed to ensure an integrated approach to the provision of infrastructure, housing, community and recreation facilities, and job opportunities. The SIP Projects aimed to transform previously disadvantaged communities and create sustainable and habitable living environments. Projects that received attention under this programme included:

- Eastern Cape: Duncan Village and Ibhayi
- Free State: Thabong
- Gauteng: Katorus
- KwaZulu-Natal: Cato Manor
- Limpopo: Mahwelereng
- Mpumalanga: Masoyi and Siyabuswa
- Northern Cape: Galeshewe
- North West: Molopo River Basin
- Western Cape: Integrated Service Land Project in the Cape Metropolitan Area.

It was intended that these projects would include the provision of housing, infrastructure (such as roads and the provision of electricity and street-lighting) upgrading, and the upgrading of social infrastructure (child-care facilities, schools, clinics, sports fields, libraries, police stations, and centres for the aged, post offices and playgrounds). Providing areas for markets, community gardens and skills training creates opportunities for business development. These activities are planned and implemented in an integrated manner to ensure sustainable and habitable living environments.

In addition to these activities the DPLG has administered a series of grant funds for local governments with the aim that they make applications for particular initiatives. These included the Consolidated Municipal Infrastructure Programme (CMIP) and the Local Economic Development (LED) Fund. More recently the DPLG launched the Municipal Infrastructure Grant (MIG) in August 2004. This is aimed at fast tracking improved service delivery from municipalities. The R15,6-billion grant fund is aimed at encouraging economic development at municipal level and improving service from local government. Approximately R4,4 billion has been allocated for the 2004/2005 financial year for municipalities to invest in basic services and infrastructure – above the projections made in 2004 in the table below. This amount will increase to R6 billion for the 2006/2007 financial year. Data from 2003 national budget allocations to municipalities is reflected in the table below. These figures exclude housing as this is funded via a grant to provincial governments. The scale of housing-related transfers, via the National Department of Housing, to provincial and local governments is significant and has amounted to R32.4 billion since the 1994/1995 budget year (up to and including 2004/2005) (National Treasury, 2005: p 67). The annual housing grant to provinces amounted to R4.5 billion in 2004/2005 (ibid: p69).

Figure 3: National government transfers to local government (2003)

R million	2002/03	2003/04	2004/05	2005/06
Equitable share	3 964	6 343	7 078	7 698
Transition grant	223	–	–	–
Water and sanitation operating	700	836	858	934
<b>Subtotal equitable share and related</b>	<b>4 887</b>	<b>7 180</b>	<b>7 936</b>	<b>8 633</b>
Consolidated Municipal Infrastructure Programme	1 671	2 246	2 724	3 016
Water Services Project	999	1 102	948	1 037
Community Based Public Works Programme	260	260	–	–
Local Economic Development Fund	111	117	–	–
Sport & Recreation facilities	76	123	–	–
National Electrification Programme	228	240	245	258
Urban Transport Fund	40	9	–	–
Integrated Sustainable Rural Development	32	–	–	–
Municipal Infrastructure Grant	–	47	117	97
Unallocated <sup>1</sup>	–	–	555	588
<b>Subtotal capital</b>	<b>3 416</b>	<b>4 144</b>	<b>4 588</b>	<b>4 996</b>
Restructuring grant	250	315	343	363
Financial management grant	154	212	199	208
Municipal Systems Improvement	94	150	182	423
<b>Subtotal capacity building and restructuring</b>	<b>498</b>	<b>677</b>	<b>724</b>	<b>995</b>
<b>Total transfers to local government</b>	<b>8 801</b>	<b>12 001</b>	<b>13 249</b>	<b>14 624</b>

1. Poverty relief allocations in 2004/05 and 2005/06 are subject to a Cabinet review.

[Source: reproduced from National Treasury Intergovernmental Fiscal review, 2004: p12]

The Municipal Infrastructure Grant (MIG) is a conditional grant to support municipal capital budgets in order to fast track service delivery at municipal level. The grant allows government to expand and improve the quality of service delivery relating to water provision, sanitation, roads, solid waste and lighting. The MIG has been set up to facilitate the merger of the following funding programmes:

- Consolidated Municipal Infrastructure Programme, in support of internal bulk, connector infrastructure and community facilities to poor households;
- Water Service Capital Fund, in support of bulk, connector and internal infrastructure for water services at a basic level;
- Community Based Extended Public Works Programme, in support of the creation of community assets in rural, historically disadvantaged communities;
- Local Economic Development Fund, in support of planning, and implementation of job creation and poverty alleviation;
- Sport and Recreation Programme, in support of the provision and operation of sport and recreation facilities within disadvantaged communities; and
- Electrification funding, in support of addressing the electrification backlog of permanently occupied residential dwellings that are situated in historically under-supplied areas.

The MIG is an infrastructure transfer mechanism and is aimed at making the system of transfers to municipalities more efficient, designed to support the capital budgets of municipalities, and to facilitate integrated development planning. As the MIG is designed to complement the capital budgets of municipalities rather than to fund individual projects, reporting on spending is therefore on the entire capital budget of municipalities. Individual national line departments will therefore

continue to lead the monitoring and support of implementation in their specific functions and priorities

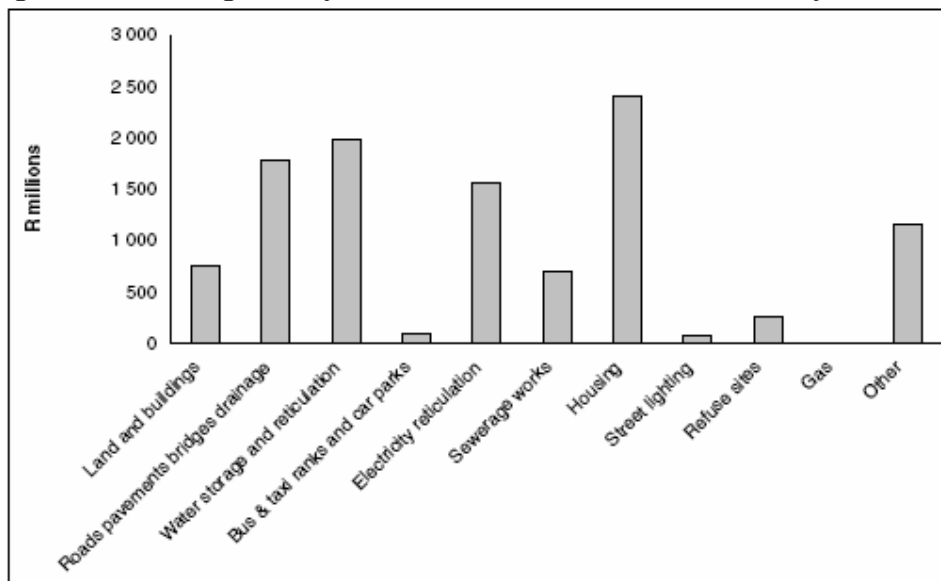
The MIG has an overall target of removing the backlog with regard to access to basic municipal services over a 10-year period. It is estimated that the infrastructure investment programme for all municipal infrastructure over a 10-year period requires an investment of R56 billion, of which an estimated R38 billion is assumed to be MIG-funded with the remainder provided through the Housing Subsidy.

What is noteworthy about the MIG in the context of this study is the degree to which conditions for approved projects have been integrated with the goals of the Extended Public Works Programme and its aims of generating employment (see discussion of EPWP below).

A similar emphasis on linking urban development policy to economic growth and employment creation can be found in draft versions of the revised urban development framework (2005) being tabled by the DPLG with the cabinet at the time of the writing of this report. However, the emerging documentation around urban development policies does make explicit the opportunity that exists to link employment creation to the urban development process (housing and services) and tends to talk more generally about the need to stimulate economic activity in the urban environment through more traditional LED-type approaches.

The relative importance of making this connection is best made when looking at the allocations of government capital expenditure at the local level. The figure below makes the point very clearly that housing has been and remains a dominant category of state expenditure at the local level and such does require attention in terms of its employment generation impacts in addition to the sustainability issues that are now characterising urban development debates in the country.

Figure 4: Total budgeted expenditure on infrastructure in SA municipalities



[Source: reproduced from National Treasury Intergovernmental Fiscal Review, 2004:p 34]

### 3.3 GROWTH AND EMPLOYMENT

The government has, since 1994, in many ways staked its reputation on attempts to initially stabilise the economy so poorly mismanaged under apartheid and then to turn-around the country's economic fortunes to meet the goals of redistribution and growth. Whilst the RDP emphasised growth through redistribution, with the adoption of the GEAR framework emphasis shifted to redistribution through growth. GEAR identified the following goals as requiring significant attention:

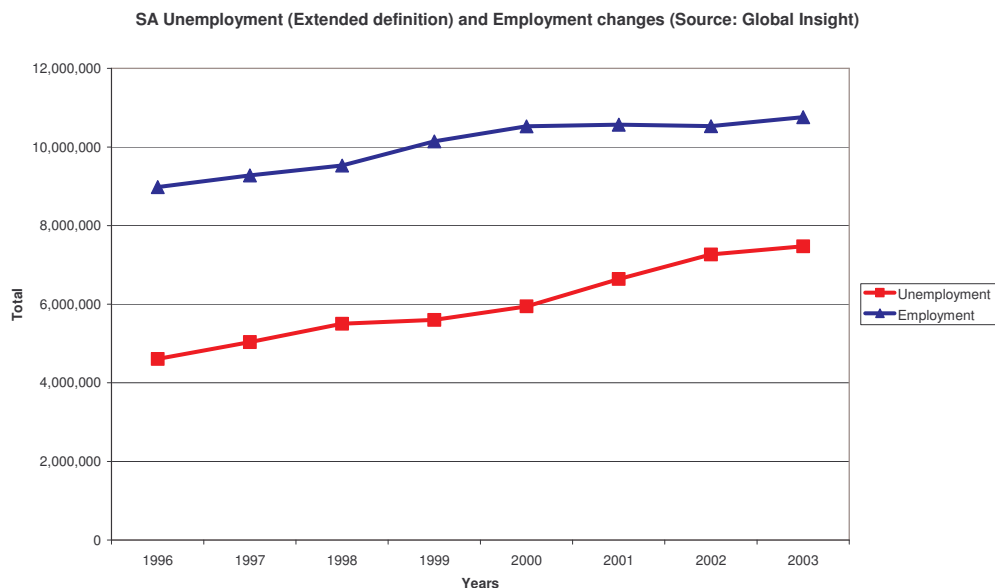
- A competitive and fast-growing economy which creates enough jobs for all work-seekers;
- A redistribution of income and opportunities in favour of the poor;
- A society in which sound health, education and other services are available to all; and
- An environment in which homes are secure and places of work are productive

[National Treasury, 1996]

However, GEAR itself focused almost entirely on the economic dimensions and had three core strategies. Firstly, it aimed at promoting growth through exports. Secondly it aimed at increasing local and foreign investments through the creation of an attractive and stable domestic investment environment. Thirdly, it promoted wealth redistribution by creating jobs, and reallocating resources (via budget reforms) in order to make adequate provision for essential services like water, housing, education, social services and health (National Treasury, 1996; Dept of Housing, 1997).

GEAR stabilised the economy but did not yield expected levels of foreign direct investment. Increases in domestic investment and levels of growth and employment remained muted for much of the 1990s. Figure 3.2 provides a stark illustration of the situation where despite some job creation, levels of unemployment rose rapidly during this period.

**Figure 5 Employment and unemployment levels 1996-2003**



Government efforts in the late 1990s to address the economic situation did not enjoy the same level of support from its social partners as it had in the early 1990s. A series of Presidential summits sought to secure commitments from government, business, labour and NGOs to seek innovative



ways to increase levels of employment. Out of these summits government launched a series of Special Employment Programmes with public funding that would, it hoped, generate employment alongside its commitments to the growth strategy.

Over the coming years, the package of Special Employment Programmes will be dramatically expanded, with greater attention paid to the finance stream, improved coordination of activities, sustainability, training and the contribution to local economic activity. The six programmes to be given priority include:

– Clean Cities Campaign

Currently there are an estimated 15 000 employees in the waste management industry. A National Waste Management Strategy is currently being developed, with an emphasis on promoting SMMEs in order to increase the potential for the creation of jobs through the delivery of waste services to poorly serviced areas. The Clean Cities Campaign will implement municipal waste collection in poorly serviced areas, linking into small recycling operations to facilitate the sustainability of the programme. The Campaign will also enable the creation and maintenance of recreation facilities and support some inner-city building rehabilitation.

– Working for Water

Working for Water is a short-term job creation and conservation project that provides employment through the clearing and controlling of invasive alien vegetation. Approximately 38 000 direct short term jobs have been created since project implementation with the majority of those employed being rural women in KwaZulu/Natal, Eastern Cape, Western Cape, Northern Province and Mpumalanga.

[[www.dwaf.gov.za/wfw/](http://www.dwaf.gov.za/wfw/)]

– Land Care Campaign

The Land Care Campaign is a community-based programme supported by both the public and private sectors through a series of partnerships. It focuses on the rehabilitation and conservation of natural resources (soil, water sources and vegetation) through sustainable utilisation and the creation of a conservation ethic through education and awareness. In addition, it seeks to address rural poverty through sustainable job creation. The Land Care Campaign reinforces the Working for Water Programme by supporting social upliftment and contributing to sustainable job creation and the development of entrepreneurial skills.

– Municipal Infrastructure Programme

The Municipal Infrastructure Programme (MIP) and Community Water and Sanitation Programmes channel capital subsidies to investment in basic service infrastructure for low-income households and towards the rehabilitation of collapsed infrastructure in previously disadvantaged areas. It is connected to the housing subsidy programme in its provision of bulk infrastructure in municipalities for low-income housing projects. The MIP has an urban focus although about one-quarter of the funds are spent in rural areas.

[[www.dplg.gov.za](http://www.dplg.gov.za)]

– Welfare Programmes

Government's aim appears to be to redirect welfare spending away from programmes that promote dependency towards those that make social investments by building human resources and social assets. The Department of Welfare has embarked on several initiatives to make the shift towards this developmental welfare agenda. Based on the poverty profiles of provinces, it

has designed a social development programme that includes the pilot Flagship Programme for Unemployed Women with Children Under Five. These projects are meant to offer opportunities for unemployed, poor rural women with young children to break out of hardship and poverty by providing training, education and social resources.

– Community Based Public Works Programmes (CBPWP)

The CBPWP is aimed at poverty alleviation through job creation, primarily focused on the rural poor. The objectives are to create short-term employment opportunities for community members by means of construction of public assets within poor, disadvantaged areas. Sustainability of these employment opportunities will be extended through the facilitation of micro business opportunities associated with the community assets created. Recent evaluation has shown that this programme has successfully reached poor communities, as demonstrated by those employed and trained, and by the spatial distribution of activities. Over 900 projects have been implemented, mainly in rural areas, creating about 41 650 person-years of employment. In 1998/9, the programme focused on creating productive assets and assets that improve access to markets for rural communities. A greater emphasis will be placed on improving coordination with an emphasis on social assistance and the development of sustainable community assets. The aim is to improve coordination and spatial targeting of initiatives to reduce waste and dramatically enhance the effectiveness of each programme (NEDLAC)

– Extended Public Works Programme (EPWP)

Like the CBPWP, the primary focus of the EPWP is the creation of temporary employment through the construction of public assets. Unlike the CBPWP program, the EPWP does not focus only on the alleviation of rural poverty. The EPWP is a successor program to the CPWP, and was established in 2004. The EPWP is overseen through a special unit in the Department of Public Works, but it is implemented largely through reorientation of existing budgets in the different spheres of government. The Programme's objectives are to use existing government and public entity budgets to reduce and alleviate unemployment and increase the ability of workers to earn an income, either through the labour market or through entrepreneurial activity. The goal is to alleviate unemployment for a minimum of one million people (at least 60% women, 30% youth and 2% disabled people) in South Africa between 2004 and 2009 (www.dpw.gov.za).<sup>5</sup>

According to the Department of Public Works, “The EPWP is one of an array of government strategies aimed at addressing unemployment. The fundamental strategies are to increase economic growth so that the number of net new jobs being created starts to exceed the number of new entrants into the labour market, and to improve the education system such that the workforce is able to take up the largely skilled work opportunities which economic growth will generate. In the meantime, there is a need to put in place short- to medium-term strategies. The EPWP forms one of government’s short-to medium-term strategies.”

[Department of Public Works, 2003 as quoted in McCord, 2004: p 7].

The EPWP focuses on 4 sectors:

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<sup>5</sup> A leading project under this programme (and first initiated under the CBPW programme) is the African Renaissance Road Building project in rural KwaZulu-Natal. Its Zibambebe project is one of a number of initiatives which have empowered low income rural communities to undertake maintenance and repair contracts on rural roads.

- Infrastructure programme: This programme focuses on creating employment through civil works projects employing labour-intensive methods of construction. Approximately 37,000 km of roads, 31,000 km of pipelines, 1,500 km of storm water drains and 150 km of urban sidewalks will be constructed. This will result in 750,000 temporary employment opportunities for targeted unemployed people in the areas where the projects take place. (Since the average duration of these projects is four months, this translates to 250,000 person-years of employment.) All the workers employed on these projects will receive training, funded by the Department of Labour.
- Economic programme: The economic sector's learnership programme aims to include 3,000 unemployed people in entrepreneurship learnerships over the next five years. It is estimated that each micro-enterprise established will employ an additional three people. The Learnership programme will help aspiring entrepreneurs to develop the skills and experience needed to set up SMMEs. Learners will be registered on full-time Sector Education and Training Authority (SETA) funded learnerships and supported to set up micro-business. Learning contracts will provide practical experience for learners. The learners will graduate from their learnerships with a National Qualifications Framework qualification, the necessary technical knowledge to run their businesses, knowledge of how to tender for public sector projects, knowledge of how to run a business, experience, and a credit track record.
- Environmental programme: Approximately 202 000 temporary jobs will be created through programmes such as:
  - Land Care programme
  - People and Parks initiative
  - Coastal Care programme
  - Sustainable Land-based Livelihoods project
  - Cleaning up SA programme
  - Growing a Tourism Economy programme
  - Working for Water
  - Wetlands project
  - Fire programme

The Fire programme will result in the clearing of alien vegetation from 200,000 hectares of land, rehabilitation of 40 wetlands, the creation of 20 fire protection associations, clean up of 700 kilometres of coast, rehabilitation of 10,000 hectares of land, creation of 32 waste management programmes and creation of 150 historical and community tourism projects.

- Social Development Programme: Two programmes in the social development sector have been earmarked for the EPWP for 2004/5:
  - Home Community Based Care
  - Early Childhood Development

The Home Community Based Care programme aims to create 122,240 temporary work opportunities (17,400 of which will be through learnerships) over five years through a three pronged programme run in partnership with the Health and Welfare Sector Education Authority. The Early Childhood Development programme aims to develop skills amongst 19,800 childcare practitioners over a period of five years, thereby increasing their capacity

to generate an income and at the same time improve the care and learning environment of our children.

– Employment Strategy Framework (ESF)

Framed within the context of Government's macro-economic targets, the Employment Strategy Framework (ESF) was launched in early 2005 and focuses on ways of raising the demand for, and the employability of, labour. The ESF has a short-term goal to directly and indirectly promote the creation of sufficient numbers of jobs to match net growth in the labour force. This will be done through the support and expansion of the Special Employment Programmes to raise the level of job creation as quickly as possible. Even where these are short-term employment generators, they will focus on building important community assets and reinforcing programmes, aimed at generating longer-term economic opportunities.

In the medium to long term, the strategy aims to fundamentally propel the South African economy into one which is innovative, inclusive and labour absorbing by raising the skills base and move into higher value-added sectors to raise national income, enable a more stable exchange rate and to better reflect our underlying cost structure.

To increase the demand for labour, emphasis in policy documents has been placed on:

- Expanding the creation of sustainable formal sector employment through the identification and promotion of higher value added, more labour using industries, with strong employment multiplier potential.
- Preserving sustainable jobs in traditional sectors by identifying strategies with respect to work organisation, products and markets.
- Improving access for small business to economic opportunities, with improved access to land, finance and support services.
- Expanding the Special Employment Programmes to raise the level of job creation as quickly as possible. Although these are short term employment generators, improved coordination with local planning, private sector promotion activities and human resource development programmes should enable the building of important community assets and of entry points to longer-term opportunities.
- Pursuing a number of sectorally-focused initiatives where there could be quick but sustainable employment creation, as in services such as tourism, and in certain goods destined for the local market.
- Improving the overall investment environment by reducing uncertainty caused by, for example, high crime rates, and by reducing the cost of doing business by, for example, improving the provision of commercial and public transport.

To improve the employability of labour, emphasis will be placed on:

- Improving the functioning of labour markets, with an emphasis on geographic and occupational mobility, greater adaptability to changing circumstances, a more appropriate regulatory framework, reduced occupational discrimination and improved absorption of new entrants.
- Improving education and training levels, with an emphasis on better coordination in the responses of secondary and tertiary education to labour market needs, dramatic improvements in the provision of basic education, and the institutional transformation of the system of industrial skilling.

- Improving the delivery and cost-efficiency in social security systems and ensuring greater accessibility of social and infrastructure services.
- Creating a more efficient, flexible and proactive public service will be essential to achieving this vision. Enhancing the productivity of public expenditure will require improvements in the allocation of financial resources, in the deployment of public servants, in work organisation and in programme coordination.

[www.polity.org.za]

– Accelerated Growth and Development Strategy (ASGISA) [Accelerated and Shared Growth & Investment in South Africa?]

Late 2005 witnessed government launching its Accelerated Growth and Development Strategy with the aim of boosting economic growth in order that levels of poverty and unemployment will decline at a greater pace that has been the case to date. This Strategy also involves substantially increasing levels of public investment in the economic sphere through infrastructure, but also in terms of basic needs and service delivery. Emphasis is placed in public pronouncements on the new approach, which seeks to attain 6% growth for the country by 2014, on ensuring that employment opportunities are maximised where possible. In 2005 South Africa's economic growth approach 4% and for the first time in decades some net increases in employment over unemployment growth were seen.

### 3.4 COMMENTARY

The recent policy improvements to human settlements (and Breaking New Ground framework being perhaps the most visible of the policy improvements), combined with expanded levels of public and private investment, stronger economic growth and attention being paid to employment in all spheres of public sector activity, presents an opportunity for considerable innovation and scaling up of activities. The Department of Housing (2005) estimated that, in 1997, every R1million invested in the housing sector generated 57 direct and 86 indirect temporary employment opportunities. While these are not sustainable jobs, they do make an important short-term contribution. It is estimated that the Government's low-income housing programme generated 109 445 direct and 164 168 indirect temporary employment opportunities in 1997, with an expenditure of almost R2 billion on the subsidy programme. The cost of each employment opportunity has fallen by 15-20% since the inception of the programme and there have been incremental improvements in levels of attention being placed on employment issues and in the approaches adopted.

Employment generation is now articulated as an objective in the policy frameworks both at a general urban development level and specifically in relation to shelter issues. However, this has, in many cases not translated into effective actions as pressures at the implementation level often focus on outputs other than those related to employment. Whilst the emergence of the EPWP has allowed for considerably greater attention to be paid to opportunities in the housing delivery pipeline, this has tended to focus on bulk-services as opposed to other elements of the delivery process. However, in reflecting on the role of the EPWP it is important to keep in mind criticisms made of the programme such as that by McCord (2004):

“... the EPWP does not offer a significant response to the broader unemployment crisis currently being experienced by the state. This point is underlined by the fact that in order to meet the MDG objective of halving unemployment in South Africa by 2014, approximately 3.6 – 7.7 million

additional jobs will be required (Meth 2004b), compared to the total of 200,000 temporary jobs to be provided at any one time under the EPWP.”

[McCord, 2004: p 10]

Nevertheless, despite concerns about effectiveness of programmes such as EPWP, there is evidence of a shift in government’s emphasis which suggests a greater recognition that urban development could be more holistic, create more jobs, and be more responsive to local conditions through greater flexibility in national policy frameworks. The focus on employment issues in the past few years as well as a renewed government commitment to an urban development agenda has allowed for programmes such as the EPWP to begin to take root. However, at the level of implementation there remains a measure of caution when it comes to local authorities allocating the time and resources to maximise employment opportunities. This is aggravated by inertia in some national programmes, where funding models or regulatory procedures do not necessarily enable full opportunity to be taken of the funding opportunities.

The recent national policy frameworks under the Breaking New Ground Plan place considerably greater emphasis than was previously the case on dealing with informal settlements. Despite the vigorous housing investments over the past decade, there is need for continued focus on housing policy and programs, as the numbers of informal settlements and their populations have not only persisted but have increased since 1994.. In response, there has been an increase in the number of projects seeking to undertake in situ (or on-site) upgrades of informal settlements, and there are many projects that seek to relocate people living in poorly located informal settlements into greenfields housing projects. Cities such as eThekweni and Johannesburg have identified settlements for upgrading in situ or relocation. Cape Town has responded through the large-scale urban redevelopment “N2 Gateway” project. These form part of nine major pilots of combination in situ upgrades and relocations (to new housing schemes) under the Breaking New Ground commitments.

## 4. Case studies

The case studies give some insight into how housing can influence employment processes at the project level. The first case, Cato Manor in Durban, was the subject of an urban development project co-funded by the government and the European Union. The second case is that of the People's Housing Process in a small-scale housing project in Vosloorus, Ekurhuleni (near Johannesburg).

### 4.1 CATO MANOR

Cato Manor has been held up as a model of international best practice in urban reconstruction. It also provides a useful understanding of the difficulty in using housing to create employment in a complex institutional environment.

Cato Manor is a large area, approximately 1830 hectares, and is close to the Durban city centre, as Figure 3 shows. Approximately half of Cato Manor is unsuitable for urban development due to flood zones, unsuitable geology or adverse topography. By the early 1990s it was home to an estimated 93 000 people who had settled in the area through mass invasions. Many of the people settling in Cato Manor during this period had fled political violence in areas on the metropolitan periphery. Before this Cato Manor had been vacant since the 1950's, following apartheid forced removals of an estimated 150 000 people.

**Figure 6: Cato Manor in its Local Context**



[CMDA website, 2005]

In the early 1990s - as the pace of political reform in South Africa grew - Cato Manor increasingly came to be seen as an opportunity for a “mega” urban renewal project and an opportunity to test new democratic approaches to urban reconstruction. According to the CMDA, “[Diverse] groups of stakeholders including individuals, local community organisations, political parties and city and provincial authorities came together to embrace the numerous re-development challenges presented by Cato Manor”

[CMDA website, 2005]

The redevelopment of Cato Manor has regional significance because of the impact it has had on restructuring Durban's city form, as well as the impact it has had nationally as a learning area for the post-apartheid redevelopment of other inner city sites. The combination of Cato Manor's location and its historical significance presented a promising laboratory in which to test some of the ANC's approaches in terms of urban reconstruction in general, and its Reconstruction and Development Programme (RDP) in particular.

South African housing policy stresses the need for the establishment of viable, socially and economically integrated communities, situated in areas allowing convenient access to economic opportunities as well as to health, educational and social amenities. The primary purpose of the Cato Manor Development Programme (CMDP) was to create a vibrant, high density, economically sustainable and ecologically balanced urban environment that was fully integrated into the surrounding urban fabric physically, institutionally, socially and economically. The Cato Manor Development Association (CMDA) was established to plan and facilitate the redevelopment of Cato Manor. The planning function included the preparation of projects and out-sourcing their implementation. The CMDP is a complex and holistic urban redevelopment project with a housing component, rather than a housing project with an urban redevelopment component. As the focus of this report is on employment, some of the nuances of the overall project are not described here.

## Historical context

**Figure 7 A brief history of Cato Manor**

1845	Farmed by Durban's first mayor George Cato and subdivided into smaller farms at the turn of the century.
1900-1930	Land hired and sold to Indian market gardeners. First settlement of Africans on the banks of the Umkhumbane River
1932	Cato Manor incorporated in to Durban Municipality. Shack settlements declared illegal. Shack farming by Indian landowners.
1949	Violence between Indians and Africans resulted in most Indians families leaving the area.
1950	Indian landlords returned to Cato Manor, where 50000 people then lived
1957	Cato Manor declared a temporary transit camp. "Townships" constructed on the periphery of the municipality and residents of Cato Manor forcibly removed to new housing in KwaMashu and Phoenix.
1959-1960	Resistance to attempts to forcibly remove people to KwaMashu culminated in the death of nine police in the transit camp. The authorities escalate the removals and rapidly cleared the entire area.
1968	With the exception of a few scattered houses, shops, the beer hall and several Hindu temples, all of the building stock and infrastructure were demolished.
1979	Remaining residents form the Cato Manor Residents Association
Mid-1980s	House of Delegates – the administration set up under apartheid to deal with "Indian affairs - identifies land at Wiggins for housing for the Indian population.
1992	Cato Manor Development Forum established to pool the land and to commit stakeholders to the redevelopment of Cato Manor.
1993	Cato Manor Development Association established as a non profit organisation to manage the redevelopment of Cato Manor. Two neighbourhoods in Cato manor, Cato Crest and Wiggins were invaded in the run-up to the first democratic elections.
1995	Cato Manor designated a special presidential project. Further land invasions occurred. Cato Manor structure plan was drafted, based on the notion of the compact city, and structured by mixed use intensive activity corridors.
1996	EU signed co-financing agreement. The process of inviting and hearing land claims started.
1997	Land claim settlement reached.
1996-1998	Project is restructured with greater accountability to the municipality.
2002	Initial EU programme ended. The project is restructured as an Area-Based Management programme.



## **Institutional Context**

The predecessor of the CMDA, the Greater Cato Manor Development Forum, was influential in determining the structure of the CMDA, and the development philosophy for the redevelopment of Cato Manor.

The CMDA was established in 1993 as a not-for-profit company, to act as an agent for the eThekweni Municipality (then known as the Durban City Council), the Kwa-Zulu-Natal provincial government (then known as the Natal Provincial Administration) and national government. It was politically important that CMDA be separate from any single state organ (Nell *et al*, 2003).

The development vision for Cato Manor envisaged “a vibrant, high density, balanced, sustainable urban environment appropriately integrated into the surrounding areas, offering a mixture of residential, economic, social and community opportunities, targeted mainly at the urban poor, and easily accessible without the need to own a car.”

[CMDA website]

Furthermore the vision had to be attained in a manner that was “innovative, replicable, environmentally sound, non-discriminatory, had a positive influence on the development of the eThekweni Metropolitan Area and will generate models for future urban development projects.”

[CMDA website]

The intended expression of this vision was the provision of affordable housing and secure tenure; the development of bulk engineering and social infrastructure, the improvement of access; the establishment of safe and secure living and working environments; the provision of jobs and extensive economic opportunities; and the integration of Cato Manor into the eThekweni Municipality. The CMDA targeted the delivery of 25 000 dwelling units and the creation of 25 000 permanent jobs.

The roles which CMDA intended to serve to achieve the vision were:

- To be the facilitator of development in Cato Manor
- To ensure that development took place in an integrated manner
- To identify and prepare projects for implementation by public, private and community agencies.
- To act as a developer of ‘last resort’.

The scale of the project required a commitment of R 514 million. Funders included the South African Government, the EU, the Provincial Housing Department, the eThekweni Municipality. Unites States Agency for International Development and the Swedish International Development Agency, the Independent Development Trust and the Development Bank of Southern Africa who supported earlier phases of the project.

A partnership approach was identified as a key success factor. As a result, relationships with funders grew beyond conventional funder-recipient relationship. Strong ties were also established with a range of Non-Governmental Organisations (NGOs), Community Based Organisations (CBOs) and Development Committees as well as with universities and technikons. Where possible these institutions were encouraged to play a role in implementation. The delivery of essential services in Cato Manor has proceeded through joint partnerships with local, provincial and national government departments such as police, welfare, housing, education and health.

One of the key features of the project's funding was the EU's condition that there be co-financing from other funders. In particular commitments were required from the Department of Housing's subsidy scheme, and from local government to take operational responsibility for social facilities and engineering infrastructure. Lack of contracted commitments in either of these two cases would jeopardise the EU funds

The EU funding contract ended at the end of 2003. CMDA was then incorporated into the eThekweni Metro. CMDA is now one of several geographically discrete programmes of targeted, integrated development interventions referred to as the Area Based Management Programmes. The inspiration for this the Area Based Management Programmes was Cato Manor. The Area Based Management Programmes are co-funded by the EU. The Cato Manor Area Based Management took over many of the CMDA's roles and functions, guided in part by the independent Final Evaluation of the CMDP.

### **The Evolution of the CMDP**

The overall development process in Cato Manor was envisaged as comprising three broad overlapping stages.

– Phase I: Project Preparation - Securing the fundamentals for development (1994-1997)

The aim of this initial three-year phase was to position the CMDP for intensive delivery and implementation. Conditions for creating an environment conducive to large-scale delivery were incrementally put in place during this time:

- Development plans and policies were put in place, in particular spatial plan comprising two activity corridors, a central node and a range of residential precincts.;
- Technical and social support requirements were identified and secured;
- Land assembly (including the consolidation of title) took place;
- Statutory and legal constraints to development were cleared;
- Land invasions were successfully halted;
- The maintenance of law and order was improved; and
- Commitments of major public investment were secured and directed into projects.

In addition, sound working relations amongst key partners were established, roles clarified, and human resources recruited to drive the development initiatives forward.

A major challenge was to deal with the claims for land restitution of land made by people and communities who had been forcibly removed. Over 5 700 of such land claims were tabled to the Land Claims Commission. The volume of land claims threatened to bring the broader development process to a complete halt. The CMDP successfully petitioned the Land Claims Court to not restore land to claimants but to use other forms of redress such as alternative land or financial compensation.

– Phase II: Delivery at scale (1997-2002)

Large-scale delivery began in 1997 and the massive public investment in the area became evident in the rapid transformation of Cato Manor's physical landscape. Significant progress with was made to eliminate backlogs in housing, and engineering and social infrastructure.

A Mid-Term Review was undertaken in 2000 by independent consultants. The review that the CMDP had been highly successful in meeting its initial objectives.

– Phase III: Private investment and capital formation (2002 and beyond)

The third phase of the CMDP focussed on:

- Social development
- Local economic development
- Escalation of private sector investment
- Completion of the housing programme
- Assessing the replicability of CMDP.

A Research and Documentation Project was started in March 2002 to assess the replicability of the CMDP and to disseminate the CMDP experiences in dealing with urban development problems, managing complex, large-scale development projects, and maintaining progress within the continuously shifting political and institutional environment.

### **Bulk infrastructure program**

This program aimed to develop the larger-order infrastructure that would be required before the local infrastructure required for precincts could be constructed. The bulk infrastructure components include main roads, bulk sewers, bulk water supply, electricity, and bulk stormwater disposal. Wherever possible, maximum use was made of the little bulk infrastructure that had escaped demolition. Much of the bulk infrastructure was constructed by labour-based methods.

A design principle of the main roads was that they had to provide high levels of mobility and accessibility within Cato Manor and to connect Cato Manor to the metropolitan area. The new main roads - approximately 25 km of arterial, bus, and mini-bus routes - serve as a quick route from one side of the city to the other.

### **Housing and related (local) infrastructure**

– Aims of the housing program

Within the *integrated* urban reconstruction concept, it was intended that the housing programme would provide a range of housing types, be affordable, achieve economies of scale, and create a liveable environment. Housing delivery was intended to stimulate economic multipliers, particularly job creation and economic development. In the South African context, housing encompasses the construction of houses as well as the installation of local roads, sanitation, and water supply systems. As with bulk infrastructure, housing (and related infrastructure) programme had potential for employment creations

The Cato Manor housing programme targeted the delivery of 25 000 housing units to accommodate up to 150 000 people. The housing program tried provide shelter and related infrastructure, as well as to address some of the pressing social and economic needs of the populace by:

- Maximising the housing opportunities on the available land;
- Providing a range of housing types;
- Ensuring that the housing stock be affordable to low and middle income earners; and
- Avoiding the creation of monotonous and unsustainable residential environments.

The supply of electricity and water reticulation to dwellings and the provision of a water-borne sewage is integral to the housing programme in Cato Manor. The budget constraints of the subsidy system did not allow for the high standards of local infrastructure. Top-up funding to improve the standards of local infrastructure was provided by the municipality.

It was anticipated that the houses would be constructed by the private, not-for-profit, and community sectors, and that CMDA would only act as developer of last resort. The gradual withdrawal of large, private sector companies from the low-income housing sector in the late 1990s forced the CMDA to take on a more direct role. The withdrawal of the private sector does not appear to have been formally analysed. Anecdotal evidence suggest that the withdrawal arose from the declining profitability of subsidy-funded housing projects (prompted by failure of the housing subsidy quantum to match construction-linked inflation, sluggish release of progress payments, and the risks associated with subsidy-funded housing projects), and the opening up of other opportunities for the private sector.

– Results and methods of the housing program

Four broad housing project types were undertaken<sup>6</sup>:

- Informal Settlement Upgrading Projects;
- Greenfields Incremental Projects;
- Social Housing; and
- Credit-Linked Housing.

There are six *informal settlements* in Cato Manor, housing approximately 7 500 households. Most of these settlements reach residential densities of over 90 shacks per hectare and many are situated on unstable land. Many shacks house multiple households. The CMDA focused much of its housing capacity on these settlements.

Three of the settlements have been substantially upgraded, by the construction of local access roads and footpaths, local water supply and sanitation, and the construction of houses. For the most part, local infrastructure was planned to minimise the need to relocate households. Where it was unavoidable, households in the path of infrastructure were relocated to nearby greenfields projects. Choices on house type were discussed with small groups of 50 to 100 households at a time, and upgrading took place on a 'block by block' basis.

Several housing and related infrastructure projects were developed on vacant land (so-called “*Greenfields* projects”). The approach taken was to develop the projects within the available subsidy budget. The rationale of this was that households could access shelter without any burden of debt, and that home-owners would extend or improve the houses when they could afford it. This “incremental housing” approach appears to have succeeded. Some of the older greenfields projects show high levels of consolidation, with almost every house having been extended. The result of extensions has been augmented population density (a benefit at city-scale) and rental income through the letting of part of the house (a benefit for home-owners).

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<sup>6</sup> **Appendix 1** contains a summary of the number of housing units delivered by the CMDP.

A pilot *social housing project* consisting of 320 units, the Shayamoya Project, was undertaken to test community responses to rental tenure and to multi-storey, higher density accommodation. This model offers limited scope for the very poor to access housing.

*Credit-linked housing* is aimed at families who can afford loan finance. Three such projects were developed. In order to make houses affordable to lower income households that would otherwise be unable to access bond housing CMDA designed loan packages, secured bulk finance, and took on the role of loan originator.

– Challenges for the housing program

The highly charged social and political environment in Cato Manor had a direct impact on the CMDA's ability to proceed with housing programmes. Delivery was also hampered by the emergence of powerful “shack lords” who had an economic interest in maintaining the status quo in informal areas.

An exodus of skilled professionals from KwaZulu-Natal's low-income housing industry - because of the high risks and relatively low returns of low-cost housing - led to the CMDA developing its own housing design and delivery capacity. It did so by establishing and mentoring a network of local emerging contractors to build houses and related infrastructure.

The difficult topography and complex geo-technical conditions that prevail across much of the development area have further challenges.

Implicit in the holistic development approach was to avoid Cato Manor becoming a dormitory suburb. The CMDP has demonstrated that it is possible to transform housing projects into liveable environments, and that after the construction of the initial house, households make substantial investments of own resources into improvements. The involvement of communities from the outset seems to lead to home-owners identifying strongly with the process of housing and the products of housing.

– Challenges to employment-intensive approaches

Conditions of funding contracts did not in many cases specifically require employment intensive methods in housing construction. Political pressure for rapid delivery may also have had a role in lessening focus on employment-intensity.

In the first years of the housing subsidy scheme (ca. 1994 to 1999), no provision was made for increasing the subsidies to account for inflation. Annual increases to the subsidy began in ca. 2000. For the first few years thereafter (up to ca. 2003), the annual increases were relatively small (though since then annual increases have exceeded inflation quite considerably). Some of the effects of no- or low-increases from 1994 to 2003 seem to have been to:

- Make it undesirable for project planners and implementers to do anything that would postpone the end-date of projects (like using slower labour-based methods, or deep community consultation)
- Limit or exclude the scope for value-adds (like technical skills training, or encouraging the creation of construction SMEs)
- Cut margins to the extent that established private sector firms were no longer prepared to consider employment-intensive or sub-contracting protocols.
- Cut margins to the extent that most established private sector firms and consultants sought projects in other fields altogether.

Despite these constraints, CMDA was able to achieve results in employment creation and skills training.

## **Social Infrastructure**

A full range of social facilities, (including schools, libraries, clinics, community halls, religious sites, urban parks and sports fields), was planned and built. The facilities are located optimally in relation to housing projects, transport routes, and economic opportunities. The development of social facilities was a major focus when large-scale delivery got underway in 1997.

## **Employment**

### – Context

Employment levels in Cato Manor are relatively high, probably as a result of its close proximity to the inner city, the harbour and the South Durban Industrial Basin. According to the 1996 census (augmented by surveys undertaken by the CMDA), the total level of unemployment among the economically active population in Cato Manor was 29%. Among men this rate was slightly lower at 26% and among women slightly higher at 32%.

By economic sector, the main source of income was retail (65% of employment) followed by services (18% of employment). Construction does not appear to make a significant contribution to employment in Cato Manor. Proposals for a new and used building materials market may however change this.

### – Skills Development

The CMDA implemented training programmes to help local people access economic opportunities, to gain employment, and to start businesses. Initiatives to strengthen existing community organisations and to train people in basic life skills for urban living also form part of this programme.

The Basic Business Management training project assisted emerging entrepreneurs to establish, operate and manage their business. It benefited 230 small business owners. Courses utilised material developed by the ILO, marketing and management training, and an analysis of each entrepreneur's business. The training was later extended to entrepreneurs in the Bellair Market, the Bellair Centre, economic hives and container parks.

The Multi-Skilling programme, aimed at equipping emerging building contractors with technical, business and sub-contracting skills benefited 187 people. Emerging contractors were linked to construction projects through appointment as labour-only sub-contractors, or as joint venture partners.

The Home Ownership Education Project was designed to help first-time homeowners deal with the challenges of home ownership, and covered issues such as rates, services, maintenance and home extensions. It attempted to raise community awareness around environmental, consumer and gender issues, as well as covering the challenges of human settlement development. The Seliyabuya Co-operative, a team of trainers sourced from Cato Manor residents implemented the project. The awareness project reached 4 500 household heads.

– Market linkages

Employment creation is a part of the Cato Manor vision<sup>7</sup>. The CMDA recognised the opportunity to provide both housing and jobs. Local labour was recruited where feasible and where political pressure for rapid delivery allowed.

CMDA fostered linkages between local residents and both local and non-local markets. An initiative to establish savings clubs and co-operatives arose out of the Home Ownership Education Project. Existing savings clubs were drawn into this poverty alleviation initiative and new clubs established. Clubs were assisted with organisational development, management and operation. Fifty savings clubs (also called ‘pre-co-operatives’) and five co-operatives (legal entities that operate as businesses) now pursue different ventures, including locally produced household detergents, fresh garden produce, cleaning, recycling, crafts and block making.

The Job Opportunities Bureau database held details of 5,000 local small contractors and individuals seeking employment. 1,347 placements were made from this database both within Cato Manor and further a field.

Spin-offs of social and infrastructure projects in Cato Manor included the employment of local residents and local enterprises. Targeted procurement policies, developed by the South African government were implemented by the CMDA together with the Labour Forum, a sub-structure of the Cato Manor Community Organisation. In their bids, contractors had to indicate the local content percentage of the project value (i.e. what value would accrue to local residents and local enterprises). The CMDA and the Labour Forum together monitored the observance by non-local contractors of the local content conditions.

The development of housing in Cato Manor had to strike a balance between rapid delivery and maximising the use of local based labour. It was found that labour intensive approaches were most effective when the concept was introduced in the project preparation stage. Local labour and expertise was used extensively for the construction of local infrastructure, for the construction of top structures, and has been used in ongoing maintenance and enhancement activities. The labour components of each contract were broken down into tasks and allocated to labour teams. Remuneration was based on the successful completion of tasks.

The construction of bulk and local infrastructure were ideal opportunities for job creation. Initially, the municipality’s tender process was used as a basis for contracts, and clauses were included in contracts with respect to the sourcing of local labour for unskilled and semi-skilled activities. One of these clauses required that at least 80% of the labour used for the project be drawn from the local area. A further clause required the contractor to engage a community liaison officer whose responsibilities included identifying skills in the local community.

The local labour requirements in the infrastructure contracts included a gender component, although the contractor and the local community often initially resisted this. Nonetheless, once this resistance was overcome, teams of women were found to be more efficient in completing the tasks allocated to them than all male teams. Use of local labour was monitored by means of reporting on site minutes.

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<sup>7</sup> “Policy Framework for Cato Manor”, ca. 1995

The CMDA was also able to increase the impact of the use of labour intensive techniques by requiring a minimum wage slightly higher than the legal requirement. A typical contract for local infrastructure resulted in the servicing of 250 to 500 sites over 4 to 8 months. Although the employment created was temporary in nature, sufficient skills development took place to make it possible for future employment opportunities to be taken up by those who had been trained.

The construction of top structures requires a more skilled labour force than the construction of infrastructure. Initially local contractors were subcontracted through large construction companies who held the main contract with the Department of Housing. In many cases, the local sub-contractors operated as little more than labour brokers.

As mentioned previously, between 1998 and 2000, many of the larger construction companies pulled out of the low-income housing sector, citing diminishing returns and increasing risk. As a result the CMDA increasingly played the developer role on housing projects. Groups of local artisans who were unable to find work began to present themselves as contractors. These groups consisted of people with all the necessary skills to construct a house (electrician, plumber, bricklayer, roofer etc) with one artisan taking the lead role and the responsibility for delivery of the house. This lead person was usually selected on their ability to understand and manage the contract.

Initially a contractor would be given one house to construct. If this was completed satisfactorily then they would be given a contract for the construction of two houses. On successful completion of this contract, a contract for the construction of five houses was then awarded. Approximately 30 groups were initially given contracts, and through a process of performance-based selection, this number was reduced.

Successful local contractors were used on other housing projects throughout Cato Manor. Anecdotal evidence suggests that the same contractors are now being used by residents to improve and extend their properties. As residents discovered the market for sub-letting rooms, the initial structures have been systematically expanded. It is estimated that 60% of households extended their structure within two years of occupation.

While it was recognised that capacity building and the use of local resources was important, delivery pressure and EU procurement rules precluding affirmative appointments meant that resources external to Cato Manor had to be used. However, the approach taken was to require external consultants and contractors to build the capacity of local residents and local businesses.

In 1993/1994 a Consultants Appointment Review Panel (CARP) was set up to deal with selection of consultants as well as broader issues of transformation in particular the following objectives:

- Transformation of the allocation of job opportunities to achieve an equitable balance of race, gender and other groups or organisations historically excluded from the development process.
- Expanding the pool of competent black consultants, technicians and entrepreneurs as well as building local expertise in urban development.
- Re-training professionals, particularly in the public sector.
- Engendering a wider civic accountability.



LED was not implemented as a line function but was integrated into other programmes. This created problems when the Cato Manor Area Based Management took over, in that LED had no natural “home” within municipal structures. Specific construction-related projects include the uMkumbane Block Making Co-operative and the building material manufacture project.

– Results of employment programmes

8 759 temporary jobs were created by the programmes run under the CMDP. 1% of these jobs became permanent, and all of these were created by the LED programme (which also generated the most number of temporary employment opportunities). The housing programme resulted in 2,610 temporary jobs.

The skills development component of the Housing and Social Facilities programme was particularly successful with 100% of temporary employees receiving some level of skills transfer.

**Figure 8 Skills Development and temporary employment in the CMDP**

Activity	No. local residents trained		No. local residents who were given temporary employment	
	No.	% of resident pop.	No.	% of resident pop.
LED	2973	3.2%	3644	3.9%
Housing	2610	2.8%	2610	2.8%
Infrastructure	0	0.0%	1136	1.2%
Social Facilities	1369	1.5%	1369	1.5%
<b>Total</b>	<b>6952</b>	<b>7.5%</b>	<b>8759</b>	<b>9.4%</b>

**Figure 9 Summary of employment creation and skills training methods used in Cato Manor**

Assessment factor	Infrastructure	Top-structures	Post-completion
Use of technology	Machinery and labour intensive methods both used	Appropriate choice of labour intensive technologies	Appropriate choice of labour intensive technologies for infrastructure maintenance, and home improvements
Procurement of unskilled and semi-skilled labour	80% local labour Community liaison officers recruited from communities On site training and skills transfer	Sourced locally	Indications are that local people have been procured for home improvements.
Procurement of artisans, supervisors and professionals	From outside the area	Artisans sourced locally. Mentors to emerging contractors sourced from outside.	Indications are that the more efficient of the emerging contractors are being engaged by have been procured for home improvements.
Materials procurement	Mostly from outside the area	Mostly from outside the area	Mostly from outside the area (presumed)
Equipment procurement	From outside the area	From outside the area	From outside the area (presumed)
Skills development	Some basic skills transferred	Emerging contractors trained and mentored	No information.

<b>Assessment factor</b>	<b>Infrastructure</b>	<b>Top-structures</b>	<b>Post-completion</b>
Investments of resources by project beneficiaries	.Extremely unlikely that private households would have invested into public projects	Unlikely to have occurred because of the formality of the contractor-led delivery model	Significant investments by home-owners in home extensions and improvements
Involvement of women	Part of the 80% local labour requirement. Usually strongly resisted by contractors.	Part of the 80% local labour requirement. Usually strongly resisted by contractors.	No information
Working conditions	Minimum wage set higher than legislative requirements. Complied with minimum health and safety requirements as set out in legislation	Minimum wage set higher than legislative requirements. Complied with minimum health and safety requirements as set out in legislation	Home extensions unlikely to follow legislated guidelines

## **Commentary on employment aspects in Cato Manor**

The following conclusions reflect a project, which despite some shortcomings has, had impact in terms of scale and scope:

- The change from an agency representing all three spheres of government to an implementing agent located within the municipality presented an opportunity to make use of more employment intensive methods, particularly in light of the fact that the housing programme is far from complete.
- The shift in emphasis from infrastructure, housing and public buildings to economic, human and social development provided further opportunities for job creation.
- Labour-based construction was often viewed as a “nice-to-have” when balanced against the political pressures to deliver housing and infrastructure projects. This limited the extent to which these approaches could be mainstreamed into the overall programme. Where it was possible, CMDA used labour intensive approaches and made significant impacts.
- The main performance indicators of the housing projects were the quality of the house and the number of houses built. Job creation was not a key performance indicator.
- LED in Cato Manor focussed on extending credit, and availing information and marketing assistance and enterprise development activities. There potential alignment between LED interventions and housing-related processes was not always exploited.
- While it has been suggested that better value for money may have been achieved through greater use of aided self-help approach, particularly where such a large proportion of residents are unemployed, the choice of delivery system was also largely determined by community attitudes: “It appears that residents, despite being given access to training, materials and other support, were not in favour of this [owner-builder] approach and chose to employ a building contractor” (Boaden, 2004, pg 239). Hence a considerable focus of support work by the CMDA was focused on contractor development.
- That the creation of permanent employment remains a major challenge as is highlighted by the absence of permanent employment created by the Housing, Infrastructure and Social Facilities Programs.

## **4.2. VOSLOORUS PEOPLE’S HOUSING PROCESS PROJECT**

This case study examines a housing project in Vosloorus that was implemented via the People’s Housing Process (PHP). Vosloorus lies to the east of Johannesburg in the Ekurhuleni Metro, Gauteng province. The study contextualises the PHP and then describes the specific experience in the Vosloorus case, as perceived by one of the development agencies involved in the project, Planact, an NGO. A limitation of this case study is that another development agency that had a significant involvement in the project, namely the Ekurhuleni Metro – the local authority, was not extensively consulted in the course of the study of the Vosloorus case.

### **The policy context for the Peoples Housing Process (PHP)**

A summarised version of this section appears in 3.1. Urban development & housing.

The establishment of partnerships, the transfer of skills, community empowerment and a process that is people-driven were some of the key principles underlying this policy. The policy was introduced in 1998.

The PHP “aims to support households who wish to enhance their subsidies by building or organising the building of their homes themselves. The process assists such households to access:

- “Housing subsidies
- “Technical, financial, logistical and administrative support regarding the building of their homes, on a basis that is sustainable and affordable. Experience has proved that if beneficiaries are given the chance either to build houses themselves or to organise the building of houses themselves, they can build better houses for less money.

“The People’s Housing Process route towards accessing subsidies provides a creative alternative to the mechanisms described in the previous chapters because beneficiaries can:

- “save on labour costs by doing some of the building work themselves or by getting their neighbours, friends and families or other persons to help them;
- “avoid having to pay a profit element to developers if they build houses themselves or organise for those houses to be built;
- “optimise their decisions by using opportunities for trade offs.

“Technical assistance and support in this process is, however, critical. Consequently, a crucial imperative of the People’s Housing Process approach is the requirement to establish a Support Organisation. This organisation spearheads the technical support process” as well as the financial and project management processes.

[Housing Code Part 3 Chapter 8: Housing Subsidy Scheme / People’s Housing Process]

Implementation guidelines for the PHP process were published by the National Department of Housing in May 1998, more or less concurrently with the introduction of the policy.

## **PHP funding**

The PHP is a delivery mechanism (as opposed to a type of subsidy). With some minor modifications, it utilises the same housing subsidy types (Greenfields, Consolidation, Institutional et al) that are available for delivery of housing stock via more conventional mechanisms. There is provision for additional funding at R 800 per beneficiary for organisational, technical and administrative support. This is channelled via Support Organisations under the funding instrument “Establishment Grant”.

## **Delivery of housing stock nationally via PHP**

Statistics on delivery (houses built or under construction) via the PHP mechanism could not be readily located during the research period. An alternative indicator of scale of the use of the PHP mechanism is the number of subsidy approvals. By March 2004, subsidies approved for delivery via PHP totalled 272 165 (since the inception of the PHP mechanism in 1998). This represented 11.17% of all of the 2 436 404 housing subsidies approved from 1994 to 2004.

It is presently unclear if the proportion of subsidies to be delivered via PHP will remain at the present 11% level. There does not appear to be an express strategy at a national level as the relative emphasis to be placed on the PHP mechanism. The implication appears to be that the various Provincial Housing Departments and-or municipalities will individually set their own particular approach as to the relative weight on PHP compared to other delivery mechanisms. Systematic research was not however undertaken to determine each province’s or selected municipalities’ PHP intentions.

One means of expression of emphasis on PHP is the use of target quotas. The Gauteng and North-West Provincial Departments of Housing (and there may be others) have expressed their intentions to set aside a percentage of their total number of subsidies for delivery via PHP. While other provinces have not necessarily set target quotas, this would not necessarily imply a lack of emphasis on PHP delivery.

## **Institutional support nationally**

The Peoples Housing Partnership Trust (PHPT) was established in June 1997. It was mandated to drive the implementation of a comprehensive capacity building programme in support of the PHP delivery mechanism. The authors of this report surmise that, to some extent the existence of the PHPT may have assisted in making the PHP process more visible. The presence of the PHP is also likely to have been a factor in the number of subsidies applied for via the PHP mechanism. It appears likely that the shrinkage of the PHPT’s staff complement to three persons during the 2004 fiscal year<sup>8</sup> will result in diminished visibility of the PHP mechanism, and may therefore also affect the number of subsidy applications made under the PHP mechanism.

## **Institutional support in Gauteng**

The Gauteng Department of Housing has prioritised PHP housing projects as a delivery strategy to the extent that they have established a PHP directorate. This directorate has set targets to establish 60 housing support centres and construct 60 000 houses in three years. The province appears to be advocating a PHP model in which construction ‘brigades’ are established to undertake the construction of the houses using labour from the subsidy beneficiary community. Furthermore the province has insisted that the houses be a minimum of 36m<sup>2</sup> in size and that they should have at least two bedrooms.

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<sup>8</sup> NDOH Annual report March 2004

The Gauteng Province had also initially decided to implement PHP by uniformly designating the local authority as the Support Organisation. The province is now trying to source other support organisations, and to create a new institution to capacitate local authorities. It was on this basis that the Ekurhuleni Metropolitan Council brought in Planact as the Secondary Support Organisation in the Vosloorus project.

### **Project pre-history**

Vosloorus Ext 28 is an informal settlement with 1 350 serviced sites and is about 25km from the CBD of Boksburg. The project was initiated in 1987 when South African National Civics Organisation assisted the community to identify land. Land was obtained and in 1990 infrastructure was installed through the Independent Development Trust's Capital Subsidy Scheme. Since then, lighting, tarred roads and facilities such as clinics were incrementally constructed in the area. Over time a strong community social network has developed through Block and Area committees, and more recently Ward committees.

### **Identities of the Support Organisation, the Account Administrator, and the Secondary Support Organisation**

The Ekurhuleni Metro was the Support Organisation, and the Account Administrator, and its responsibilities were to assume overall contractual responsibility for the project implementation and to administer project finances. In mid-2000 the Ekurhuleni Metro appointed Planact as the Secondary Support Organisation, in order to partner the Support Organisation and the Vosloorus community in the implementation of the project. Planact is an NGO that since the 1980s has been involved in community-centred development, and a critical skill it brought to the project was the ability to serve as an interface between community and project.

The following progress was identified since the formation of the Metro-Planact partnership:

- The Steering/Housing Committee established its legitimacy within the community and undertook a needs assessment to determine the community's priorities;
- Newly elected Steering/Housing committee members were trained in leadership; finance; project management, and; the roles of all actors in the process;
- Community mobilisation workshops were conducted;
- The local municipality strengthened its support to the project;
- Proposals were prepared and then presented to secure the Gauteng Province's commitment of Housing Subsidies, Facilitation Grants and Establishment Grants. This took approximately 8 months at a cost of approximately R 50 000 to Planact, of which R 36 000.00 was recovered from the Facilitation Grant. The value of Housing Subsidies awarded to the project in 2001 was R 2 125 000 (at R 8 500.00 per top structure);
- Project Beneficiaries were identified, and Subsidy Forms (i.e. individual applications) prepared and presented. A first batch of 300 subsidy applications were submitted by June 2002, and the 250 of these were approved by province in September 2002;

- The coordination of the project team was improved. The project team consisted of the Vosloorus Steering Committee (VSC) made up of 11 members, Planact 2 members, and Ekurhuleni Metro (2 officials) and the Gauteng Department of Housing officials (2 officials). The project team was convened in July 2002. The VSC met weekly with Planact prior to the project team meetings to deal with internal issues, ongoing capacity-building and to prepare for the project team meetings.
- Management agreements were signed whereby the Council, as account administrator, provided R 50 000.00 as working capital so that Planact could pay emerging contractors and itself receive a materials handling fee. The Council and province provided all the technical professional assistance free of charge, in the persons of a planner, engineer and building inspector;
- Capacity was enhanced for the construction process. Firstly a capacity assessment of the community was undertaken by Planact, and then a plan for skills development was made. The project team decided that the beneficiaries or other local labourers should work in labour teams under the supervision of emerging contractors from the community. Proposals were called for from local emerging contractors. 26 emerging contractors applied. The candidate contractors were introduced to the community, and 16 candidates were short-listed. After an assessment, using references and interviews, ten candidates were selected. These ten undertook Recognition of Prior Learning tests, paid for by the Department of Labour. All passed the tests and got certification. Each of these contractors then had to employ ten labourers. At Planact's insistence the project team made a commitment that 30% of labourers be women. Each team of ten labourers were made up of 4 artisans or semi-skilled labourers and six unskilled labourers. The 100 labourers were then offered building skills training in July 2002 at a cost of R 500 000.00 donated by the Department of Labour, in the fields of carpentry, bricklaying, glazing, wiring, and painting. The longest training duration was 45 days for the brick layers. Ninety-eight people completed the training. How much and when to pay for the labour costs was agreed between the project committee and the project labour-force. This also allowed for the labour portion of the budget to be finalised and deadlines to be set;
- The system for the payment of labour was developed. The labour budget for each completed house was R 2 434 (excluding project-level management costs). This was broken down as follows:
  - R 540 Emerging Contractor / Construction Manager
  - R 560 Bricklayer
  - R 144 Unskilled labourers for foundation and slab
  - R 600 Unskilled labourers for the walls and roof
  - R 250 Carpenter
  - R 300 Glazier
  - R 40 Draughtsperson
- Due to the dolomitic conditions that occur on the site, special foundations had to be constructed in accordance with a design by a structural engineer. Initially an emerging contractor was identified to construct the foundations, but had to pull out as he could not finance the construction up-front and the Council refused to provide bridging finance. He was replaced by a more established contractor (who had been appointed via a separate process as the material supplier for the project). Work on the foundations began in November 2002. The foundations contractor was paid R 3 300.00 per 36m<sup>2</sup> foundation (including materials). He was contractually obliged to utilise local labour. The contractor established four labour teams and

appointed 12 local labourers per team, to hand-mix the concrete. He paid each labourer R 12 per foundation.

- The Council charged the project R 30 per house for the scrutiny and approval of house plans.
- The system for the payment of management costs was developed. The housing support centre employed 4 people: 1 technical person with building experience (a past lecturer at APEX and with building qualifications); 1 community liaison officer and 2 administrators. Each of these were paid a fee per completed house. The management costs paid out by Planact per completed houses was R 260, broken down as follows:
  - R 80 Technical Person
  - R 60 Community Liaison Officer
  - R 120 Administrators

In addition to these direct management costs, the five Steering Committee members from the community were paid R20 per completed house. They were paid in clusters of 100 houses. Planact were paid a 5% materials handling fee of the material cost of each top-structure and 5% of each foundation. All of these management costs plus equipment and other running costs were paid from the Establishment Grants.

- Project beneficiaries were consulted on house options. Choice was limited because of the local authority standards. The VSC, in consultation with the community, decided on a basic square house. Beneficiaries decided on where to position their homes on their own sites.
- Procurement decisions were made together with the community. Candidate material suppliers were identified, but only one was ultimately selected by the project team due to cost considerations.
- The Housing Support Centre (HSC) was established in November 2002, when the Ekurhuleni Metro donated a building. This permitted the bulk of the Establishment Grants (at R 570 per beneficiary) to be used for staffing and equipment.
- Since the start of the project in 2001, some 530 beneficiaries have been trained in construction skills. Some of those originally trained dropped out of the process due to other commitments or because they expected higher pay for the work.

### **Phase I of house construction**

Construction of the first phase of 250 houses began in January 2003. The HSC foreman decided which house contractor would work on which house and in what site-order the construction would take place. The HSC foreman also liaised with beneficiaries on construction issues. Planact and the HSC foreman together monitored building progress to ensure that standards were met. A standard specification inspection form was filled in for each house to check quality of construction

Building inspectors from the Ekurhuleni Metro and the Gauteng DoH inspected construction once the houses were completed, and where they were satisfied, they issued 'fit to occupy' certificates.

The project team met weekly to monitor progress. The 250 houses were completed by September 2003. After this the contracts with the materials supplier / foundations contractor were terminated due to poor performance on the supply of materials and the bad quality of the foundations.



Building materials used in Phase one included:

- Bricks, building sand and cement
- Steel window and door frames
- Steel doors and locks
- Concrete lintels, concrete window sills (exterior), and concrete air bricks
- Corrugated iron and SA pine rafters

### **Phase II of house construction**

Phase II comprised another 250 units. Construction began in October 2003 and was completed by about May 2005, a 19-month period – roughly twice as long as the construction period for Phase I. Planact cited two main causes for this:

- Difficulties in procuring reliable material suppliers
- Delays by the province in processing the subsidy application forms.

Eight materials suppliers were tried over a period of a year before a reliable one was found. The seven materials suppliers who fell out all complained about the small profit margins.

A new foundations contractor was appointed, Instead of hand-mixed concrete, pre-mix concrete was used in the foundations. This reduced the four foundation labour teams from 12 to six workers each.

To enable them to oversee the building process, technical workshops were held with 20 beneficiaries at a time to train them on basic building aspects such as mortar mixes, bill of quantities per house etc... This training proved highly successful and enjoyed high levels of participation by the beneficiaries. Due to payment delays Planact pre-financed the beneficiaries' training project by R100 000.

This phase offered more choice in terms of house design.

### **Phase III of house construction**

Phase III comprised another 250 units. Construction began in October 2005. As at December 2005, 70 foundations were complete and work was in progress on 13 houses. A change in the housing type resulted in the Phase II houses having four rooms - more rooms than the Phase I houses, although the house size remained the same at 36m<sup>2</sup>.

The original number of ten house contractors fell to six (three of whom are woman from the previous phases, and who reportedly have proven to be the best contractors). Another technical skills training project was completed, this time focused on the youth. Another 112 local community members were trained in building skills, and have been awarded Certificates of Competence from the Santhobisa Training Provider. This technical skills training project was financed by the Department of Labour at a cost of R 600 000. . Of the 112 participants, 80% are younger than 35, and 80% were women. All of the trainees were assigned to one or other of the 6 contracted teams. As trainees they were paid R50 per house.

In this phase local materials suppliers were procured, and typically each local supplier was paired with a more well-established outside suppliers to ensure reliability of delivery and quantity. Each local supplier was procured to supply 10 houses at a time. Monitoring and Evaluation was

undertaken by Planact through a series of interviews with beneficiaries and other stakeholders to help document and develop the case study.

Planact are currently withdrawing from the housing aspect of the Vosloorus project in order to focus on the farming co-operative set up in the HSC complex. Planact feels that the current Steering Committee is capacitated sufficiently to continue the implementation of the housing project. This withdrawal is to coincide with a major change in the finance administration arrangements. The Gauteng Province appointed iXhasa (a Section 21 Company) as the Account Administrator in this project (and indeed in most of the PHP projects in the province). At the time of writing, iXhasa was scheduled to take over this function from the Ekurhuleni Metro shortly.

### **Internal evaluation of the project by Planact**

Planact conducted a mid-term evaluation of the project by interviews of:

- 50 subsidy beneficiaries
- 7 house contractors
- 19 labourers
- 3 steering committee members
- a focus group involving all Steering Committee members
- 3 Housing Support Centre staff Representative of the province and the municipality.

The interviews are the basis for the findings that follow.

### **Perceived Benefits of the PHP Approach re labour**

The project team sought to ensure that the building ‘brigades’ would be a vehicle for beneficiary participation and not just a construction tool.

- Project beneficiaries and local labour alike were incorporated into job creation and skills training opportunities provided by the project. The participants were satisfied with the level of training and felt that the training would enhance their job and earning prospects beyond the project cycle.
- Training was conducted on HIV/Aids awareness. Planact trained 27 Home Based Care workers. As a spin-off, the community started a food garden to improve the nutrition and revenue of those living with HIV/Aids and others who help tend the garden. The quality of the training of the Home Based Care workers was such that the British High Commission and the East Rand Hospice expressed interest in considering for the payment of regular stipends and an expansion of the project..
- The strategy to incorporate at least 30% women in each brigade raised gender awareness in the housing delivery process amongst the community.

### **Perceived difficulties of the PHP approach with respect to labour issues**

The women who were involved in the construction generally felt that great strides had been made to include and empower them, but there had been cases of gender discrimination or marginalisation:

- There were reported instances where women contractors were sabotaged by their labourers who resented working for a woman.

- Women were seldom heard in open meetings of the steering committee
- Several men have been open about their apprehension of a woman’s ability to perform the roles they had been given.
- Women labourers were often subjected to poor working conditions, including demeaning verbal reprimands, subservient roles within construction brigades, and being procured for work less often than their male counterparts.
- In some cases there were exploitative labour conditions such as 12-hour workdays (applying to men and women labourers), which proved highly problematic for women labourers who were expected to maintain their commitments to “family life” regardless of the demands their employers made.

According to Planact’s assessment “the PHP process is not process whereby micro-management, is desired, feasible, or cost-effective. The provision of gender equity has become a casualty of this on-going tension within the process; while it is not an acceptable fate for the rights-based objective, until a viable monitoring system can be put in place, this will continue to be a salient issue” (pg 54, USN, 2003)

### **Lack of Support for Local Material Suppliers and Emerging Contractors**

The construction process required daily delivery of materials and-or secure storage of bulk materials. Working capital was therefore needed, either on the part of the project, or on the part of materials suppliers. A lack of working capital affected the ability of local suppliers and local foundations contractors to be involved. The procurement of an outside materials supplier and foundations contractor was intended to resolve the working capital problem. It is not clear if it did so, as there were reportedly frequent failures to deliver materials or complete foundations on time or at the correct quality.

### **Quality Control and Technical Support**

There was generally a lack of on-site supervision and monitoring. This necessitated the rectification of basic construction deficiencies after the fact. According to Planact these problems “proved not only costly, but time consuming and difficult to track in terms of when the problem occurred and who should bear the responsibility of rectifying it” (Pg 56, USN, 2003). A lot of these problems were due to insufficient supervision of the ten house contractors working at a time in different locations within the project area. According to Planact “an entire sub-management process is needed to effectively organise, monitor, and sustain support for the construction process” (Pg56, USN, 2003).

Over half the beneficiaries interviewed complained of problems in the quality of their homes. The poor quality workmanship often occurred as a result of building brigades of varying skills levels working under emerging contractors eager to move to the next structure. Planact established that this was exacerbated “by the strained budget which did not allow for sufficient intensive training, higher pay rates, or simply ‘user friendly’ materials and equipment which [could] compensate for the relative lack of experience of the brigades” (pg 56, USN, 2003).

### **Finance and Administration**

Poor finance and administrative arrangements have also had a negative impact on the project, and this also impacted on the labour aspects. The Council was responsible for the financial administration. There was a significant delay by Council in releasing the first working capital

‘float’ to Planact to pay the contractors and labourers. This resulted in Planact using own funds for working capital. Because of repeated delays in release by the council of working capital, the de facto situation was that Planact provided the working capital in the first two or more implementation phases of the project.

In addition there were delays by the Province in the release of progress payments. The payment delays raised questions at the interface between community and project. Planact, as the most visible element of the project-community interface, found its credibility being brought into question so seriously by the community that Planact believed that the viability of the project as a whole was under threat. The reasons attributed by Planact for the payment delays were the lack of the council’s and province’s capacity to process the payments.

### Accountability and Transparency

While the province and council were major stakeholders it was Planact as the secondary support organisation that:

- Served as the main project-community interface
- Shouldered the bulk of the responsibility of the day to day management of the project.

Another problem was “the council’s preferred material supplier and foundations contractor, who was not only the cause of substantial delays but repeatedly produced inferior work and would routinely discredit the PHP process by usurping the project team and its meetings as a decision making forum, and directly approach members of the Steering Committee on a personal level to satisfy his demands” (pg 63, USN, 2003). It is Planact opinion that without a more open process, or independent mechanisms for procurement, the PHP process can be open to misuse at the expense of beneficiaries.

### Summary of employment creation and skills training methods used in Vosloorus

**Figure 10:** Summary of employment creation and skills training methods used in Vosloorus

Assessment factor	Infrastructure	Top-structures	Post-completion
Use of technology	N/A	Appropriate choice of labour intensive technologies	Appropriate choice of labour intensive technologies for home improvements
Procurement of unskilled and semi-skilled labour	N/A	Sourced locally	Indications are that local people have been procured for home improvements.
Procurement of artisans, supervisors and professionals	N/A	Artisans sourced locally. Mentors to emerging contractors sourced from outside.	Indications are that the more efficient of the emerging contractors are being engaged by have been procured for home improvements.
Materials procurement	N/A	Phase I & II - from outside Phase III - local suppliers paired with outside suppliers	Both local and from outside (presumed)
Equipment procurement	N/A	From outside	Both local and from outside (presumed)

Assessment factor	Infrastructure	Top-structures	Post-completion
Skills development	N/A	Emerging contractors mentored and given repeat contracts to manage Intensive technical skills training of labour Basic skills training of home-owners to enhance their ability to supervise	No information.
Investments of resources by project beneficiaries	N/A	Contribution of additional building materials, according household affordability	No information
Involvement of women	N/A	Phase I & II - 30% emerging contractors and 30 % of labourers Phase III – 50% emerging contractors and 30% of labourers Instances reported of gender discrimination in the workplace	No information
Working conditions	N/A	Instances reported of exploitative practices	Home extensions unlikely to follow legislated guidelines

### Skills Development and temporary employment

Figure 11: Skills Development and temporary employment

Activity	No. local residents trained		No. local residents who were given temporary employment	
	No.	% of resident pop.	No.	% of resident pop.
LED	20	0.3%	20	0.3%
Housing	530	8.7%	220	3.6%
Infrastructure	0	0.0%	0	0.0%
Social Facilities	27	0.4%	27	0.4%
<b>Total</b>	<b>577</b>	<b>9.5%</b>	<b>267</b>	<b>4.4%</b>

### Estimated Resource Outflows on Phase 1

Figure 12 : Estimated Resource Outflows on Phase 1

	TOTAL SPENT	Paid to local providers (homeowners)		Paid to outside providers of goods & services	
		Value	% of Total spent	Value	% of Total spent
<b>Training</b>	<b>1 136 000</b>	<b>NIL</b>	<b>NIL</b>	<b>1 136 000</b>	<b>100%</b>
Training provider	1 100 000	NIL	NIL	1 100 000	100%
Training coordination	36 000	NIL	NIL	36 000	100%
<b>House construction</b>	<b>2 267 500</b>	<b>698 500</b>	<b>31%</b>	<b>1 569 000</b>	<b>69%</b>
Foundations labour & materials	825 000	36 000	4%	789 000	96%
Building materials (excl foundations)	678 750	NIL	NIL	678 750	100%
Labour (excl foundations)	572 000	572 500	100%	NIL	NIL
Project management & site office	142 500	90 000	63%	52 500	37%
Fees to municipality	7 500	NIL	NIL	7 500	100%
<b>Total</b>	<b>3 403 500</b>	<b>698 500</b>	<b>21%</b>	<b>2 705 000</b>	<b>79%</b>

[Source of Rand values – Planact. Presentation of figures and % value by report authors]

About 30% of the construction costs were paid to local providers of goods & services, mainly for local labour. Figures for Phases II and III were not available. Based on the information that was available, it appears that the spending pattern in Phase II was substantially similar. In Phase III, as previously described, the opportunity was exploited to redirect spending on materials in favour of

local materials suppliers. This resulted in about another 30% of the total value of that phase being spent locally. This increased the total proportion of payments made to local suppliers of services and goods to about 60%. The remaining potential to redirect spending in favour of the local lies in the foundations. An obstacle to redirect spending on this item was that due to adverse soil conditions, the foundations required extra care in their design and construction. This appeared to preclude local contractors from being regarded by the project team as being eligible to do the work. Given the quality problems and delays experienced with outside contractors on the foundations, it may have been viable to spend some of the substantial training budget to develop the more specialised local construction skills, and to boost the local spending to the 90% range.

The training budget for Phase I represents about a third of the total budget. True, some of the training results were not vocational training, but were rather life skills training (in particular the education of prospective home-owners in house design and contractor supervision). Nevertheless, the training budget, in conventional terms, seems rather high in relation to the capital budget for Phase I, and in particular in relation to the amounts paid to local goods & service providers during construction.

### **Commentary on employment aspects in Vosloorus**

As in the case of Cato Manor, the Vosloorus project, despite some shortcomings, impacted positively on employment aspects.

- Labour-based construction was viewed as essential from the start of the project. In quantifiable terms, this resulted in 30% or more of capital costs being paid to local labour.
- The policy commitment to buy materials locally, though not immediately implementable, was carried through. This led in Phase III to 30% or more of capital costs being paid to local suppliers, and to the creation of business linkages between emerging and established private sector.

The holistic-development approach, followed even with this comparatively small-scale project, led to skills development and economic activities in several fields, namely construction, project management, citizenship, primary health care, and urban or suburban agriculture.

### 4.3. SOME FURTHER REFLECTIONS ON THE CASE STUDIES

The following section briefly discusses the case studies in relation to one another. Key points of comparison around core themes in the report are presented in summary form in the table which follows.

**Figure 13 Summary of points of comparison**

<b>Issue</b>	<b>Cato Manor</b>	<b>Vosloorus</b>
Beneficiary participation	Moderate	High
Local labour sourcing	High – but some resistance to women	High – but short-lived resistance to women
Skills	High	High
Links to LED	High	Low in the past, but there are indications that an LED program is slowly evolving
Sourcing of materials	Non-local	Non-local
Construction approach	Appropriate technology & contractor support system used	Appropriate technology & contractor support system used

Despite their very different scale and contexts, the cases have a number of striking similarities. These include:

- Some attempts, more explicit in the Cato Manor case, to adopt a holistic vision of community development. Improvements in the built, economic, social and institutional environments were regarded and managed as integral to slum upgrading and greenfields housing processes but in practise this was not always sustained;
- The use of an emerging contractor development program (as opposed to a simpler labour-only basis), and the longer-term benefits of this approach;
- The critical roles performed by the development agencies in guiding and sustaining the developments;
- Relatively well-capacitated municipalities supporting the projects.

#### **A holistic approach**

In South Africa the conventional definition of slum upgrading is the transfer of secure tenure, provision of water supply, roads and sewerage, and the construction of houses. The project is complete when the last house is handed over. However, both cases studies define slum upgrading in much broader community development terms, in which housing, service and tenure delivery are important components, as are other aspects of spatial, economic and social development, and the creation of viable local development institutions. In other words, the handover of the last house represents an important milestone, but not the end, of the project.

In the Cato Manor case, housing projects are conceived as important, but not the overwhelmingly dominant, element within a larger holistic urban development program. The variety and scale of elements within the Cato Manor development program – infrastructure, housing, social facilities, LED and social development – made it possible for unemployment relief, improved employability and livelihood creation opportunities to be linked across project-specific, spatial and sectorally boundaries. The establishment of a local development institution in the form of the Area Based Management entity is noteworthy in many respects, not least of which is that it is likely to enhance

the prospects of the continuation of employment-intensive project methodologies, the continuation of entrepreneur support programs and the continued skills development of work-seekers.

In the Vosloorus case, the housing project is conceived as the starting increment from which other development programs follow (notably LED and social development). The Vosloorus case has not let the initial absence of a holistic and coherent development program prevent such a program from being incrementally articulated and pursued within the confines of a smaller and less well-located geographic locale than the Cato Manor case. The evolution of the housing support centre into a more broadly-focused development institution is significant, for similar reasons as was the case in the Cato Manor Development Programme.

In both case studies, a long-term agenda has been viewed as necessary in order to give a reasonable chance for the holistic development approach to succeed. The long-term agenda also implies that new and unforeseen development opportunities which arise are more likely to be made use of. However, both the cases struggled to sustain this approach and in many cases implementation not reflect the intentions – in part because other stakeholders did not necessarily buy-in to this approach and tended to stick to existing formulas.

### **Contractor support**

It is also significant that both cases make use of an emerging contractor support program as the means by which to develop longer-term employment prospects as well as the vehicle through which to utilise local skilled and unskilled labour. This approach appears to proceed from the beliefs that:

- Labour-only approaches lack long-term sustainability (though they have a high impact in the short-term construction phase)
- The establishment of contractors is an effective and appropriate interface for labourers in the project
- After the handover of the last house, contractors are more likely to be in a position to attract and implement new building projects, and thereby have better prospects for the establishment of livelihoods
- The pure self-build approach (used for example in a sizable proportion of PHP projects) does not provide much of an entry point for the owner-builder into the broader construction sector
- It is unusual for labour-based project-specific unemployment relief to be translated into more sustained [self-]employment within the original project area
- Employment-intensive construction (whether labour-based on emerging contractor based) cannot be done without additional support funding and appropriately skilled staff.

### **Critical roles performed by the development agencies**

CMDA in the one case, and Planact in partnership with the Ekurhuleni Metro in the other case, performed catalytic roles in:

- Conceiving the housing delivery projects as elements within a holistic and long-term project
- Investing heavily in their respective technical skills development and contractor support programs
- Mobilising political and financial capital from a variety of sources
- Shouldering significant development risk in an environment where few others were prepared to do so



- Committing themselves to long-term involvement and consultation with their target communities.

Also critical to the success of the holistic and long-term development agenda is the agencies' mission / vision, the adequacy of the agencies' human resources to translate the vision/mission into the project design and implementation phases, and the agencies' ability to mobilise additional support funding and skills resources in excess of what was available through the housing subsidy scheme. The development agencies in both cases required additional funds to cover the costs of skills development and contractor support, and the increased overhead that arises from a holistic and consultative approach.

## **5. Recommendations – Opportunities for employment creation**

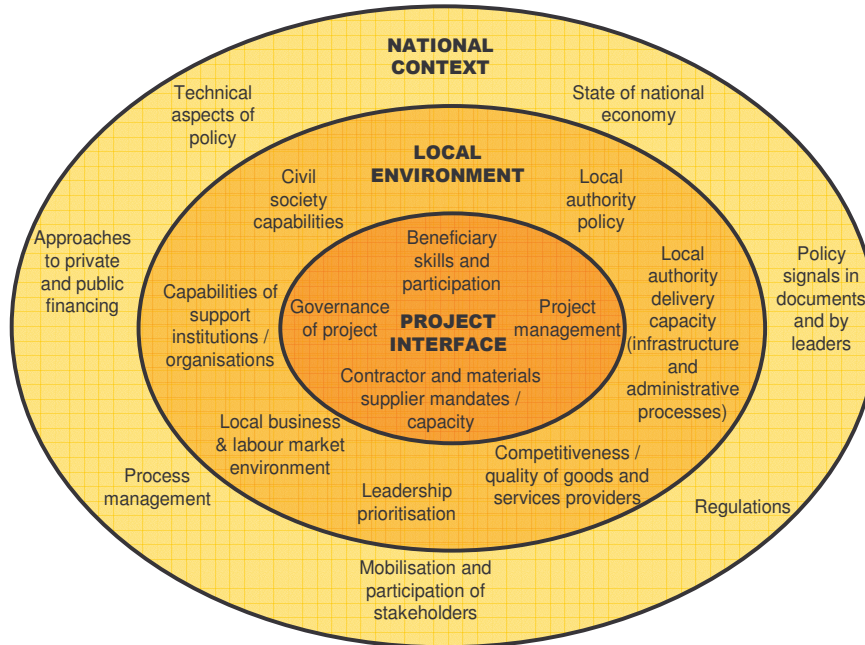
The recommendations, as discussed below, arise from the South African policy environment, the two case studies, the experience of the authors, and debates amongst urban development practitioners, analysts and activists in South Africa and beyond. Many of the themes raised here are not particularly new, but the authors believe they deserve renewed attention. In particular, work by the national EPWP office has been of use as have articles by McCutcheon (2001), Fitchett (2001), Croswell and McCutcheon (2001) who have look at the issues under consideration in previous research processes.

The topic under consideration encompasses both policy and micro levels, and the types of decision-makers are numerous. Consequently, the recommendations vary from those applicable to national policy makers right through to opportunities that local project stakeholders could examine. The graphic below (Figure 14) seeks to list many of the factors which might, in one way or the other, impact on employment creation in housing and related processes. The graphic is followed by a table (Figure 16) of suggestions that could yield positive impact if handled in the correct manner. Many of the suggestions form part of a package of suggestions, and therefore care needs to be taken in considering the viability of any individual suggestion. It should also be noted that individual suggestions imply trade-offs that need to be considered.

There is some recent evidence that employment levels in South Africa are beginning to improve as growth rates improve. However, the scale of the employment challenge is still so large that it needs to be a leading national priority. If employment were to become such a leading priority, then actions cannot be limited to narrow fields of activity. For example, increasing the level of training of project beneficiaries and local labour requires project-level actions, institutional adjustments in the municipality and province in which a project is located, and in policy and regulatory adjustments nationally. This is by no means to say the incremental adjustments do not have a place. In fact, the experience in the case studies does show that there is scope to yield some meaningful project-level impacts. However, without conscious effort by decision-makers to mainstream the cases, the approaches and results of the case studies are likely to remain isolated cases. The graphic which follows presents some of the key factors which relate to one another in a systemic sense and which would potentially need some attention.

**Figure 14 Factors affecting employment in sum upgrading/housing projects**

Some key factors affecting employment in slum upgrading/housing projects



Beyond attention to these factors, it is also suggested that stakeholders reach consensus on: what constitutes employment, and; what should be done to maximise employment in large-scale housing and informal settlement upgrades. There was little consensus amongst those interviewed for the case studies of what constituted employment in the context of their projects and in general this could range from informal employment for a day to a longer term formal contract.

Internationally and domestically there are a range of definitions of and approaches to employment. In the case studies and in the EPWP there appear to be a considerable focus on temporary employment - ranging from informal day jobbing to committed employment contracts for the duration of a project. The authors urge that temporary employment ought to be a standard outcome of every housing project. However, without considerable resources and attention beyond the life of the initial housing project, the creation of temporary employment seems to rarely translate into sustained jobs.

The EPWP has sought to address this through learnerships that start during the project. The inadequacy of some training and the relatively short cycles of employment have tended to curtail some of the impacts that might have originally been envisaged in the initiative. In the housing sector, practice appears to be some way behind that of the EPWP. Temporary employment in housing would benefit by the finalisation of the draft protocols currently under discussion between EPWP and the National Department of Housing.

An approach which places housing as one step in a process to create holistic urban settlement would create greater potential for employment. If such an approach is taken, then the number of projects that are needed to help create a holistic built environment are numerous – construction projects in infrastructure, public facilities, housing – and post-construction the operation, maintenance and upgrade of the public (and private) building stock. The collective duration of these construction and

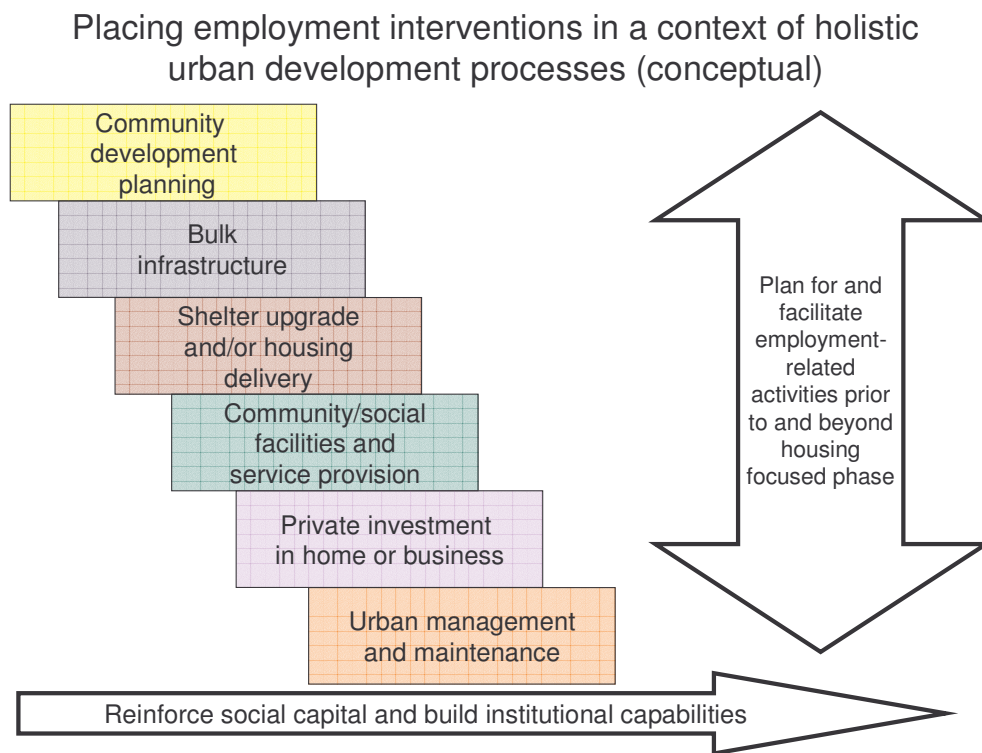
post-construction projects will run into many years. If an approach can be taken to treat each individual project as a component within a larger local development program, then much better employment results are likely to be obtained than the prevailing piecemeal approach. This point links closely with a widespread criticism that the Department of Housing’s approach has not encouraged integration with more general urban development activities.

Rust (2003) makes the point based on a survey of key role players in the housing field that, “... rather than seeing the housing subsidy as a catalyst for housing development, the department has conflated the subsidy with development itself.”

[Rust, 2003: p19]

The graphic below presents a conceptual “phasing” of an urban development process in which shelter-related activities are not delivered in isolation from a range of other processes that might have the potential to yield more sustainable outcomes in employment terms and in other aspects.

**Figure 15 Holistic urban development environment**



Recommendations emerging from the policy experience, the case studies and other secondary sources are summarised in the table below. It should be noted that not all of these are universally applicable and in some cases they are already matters on the agenda of policy makers or urban development practitioners. However, they do present, in totality, a comprehensive set of actionable measures which stakeholders, whatever their point of interaction with informal upgrades and housing processes, might gain something from.

Figure 16 Recommended interventions

Area for attention and Rationale	Key area(s) of focus	Possible actors
<p><b>Housing regulations</b> The manner in which regulations are drafted, interpreted and implemented affects what can be achieved.</p>	<p>(i) Annual escalations – Introduce annual escalation of the subsidy amount for the unspent portion of subsidies of projects for which subsidies had been approved in prior years. This will ensure real budget reductions arising from delays do not cut in to employment impacts.</p> <p>(ii) Subsidy types - Given the long project duration of a greenfields or in situ upgrade project, replace project-linked subsidies with a land &amp; tenure subsidy, a planning &amp; infrastructure subsidy, and a Consolidation (i.e. house construction) subsidy. By allowing for a “layering” of subsidies specific conditions can be imposed during very different phases of the housing and upgrade work to maximise employment and the present scenario of issues such as land acquisitions leaving little left in the subsidy pot for top structures becoming less of an obstacle.</p> <p>(iii) Subsidy sub-budgets - Review the current allocations of the subsidy amount to different project components with the intention of allocating a greater proportion for top-structure (i.e. the housing unit) and therefore allowing for related employment linkage work in terms of materials acquisition for top-structures and labour intensive models of construction (This should not involve reductions in other built environment spending, but should avoid the bulk of the subsidy amount being used to cover non top structure costs such as service reticulation).</p> <p>(iv) Avoid increasing project-linked costs without making a subsidy adjustment. For example requiring greater occupational health and safety compliance in projects should be accompanied by a subsidy adjustment.</p> <p>(v) Milestone payments – Rework the release of funds approach so as to promote improved project cash flow in order to improve conditions which would encourage the participation of SMEs, established private sector and NGOs alike, and to align the subsidy payment system with the payments systems of other departments and the private sector.. In particular consider making monthly progress payments against certification. The present milestone payment places major cash flow obligations on projects which detract from SME empowerment opportunities.</p>	<p>National Department of Housing, Provincial Departments of Housing and Local Authorities</p>
<p><b>Management of housing projects</b> The manner in which housing projects are managed can foster greater levels of skills training and community mobilisation</p>	<p>(i) De-emphasis on fast-tracking – The present excessive focus on fast-tracking housing-related projects tends to preclude or diminish community mobilisation, training, and linkage of the housing project to other projects that benefit the same community.</p> <p>(ii) Project down-time – Encourage better use of project down-time (e.g. while awaiting planning &amp; engineering approvals and payment releases) for training and community mobilisation and community awareness.</p> <p>(iii) Project phases - Expand the recognised phases of housing project. The recognition that a housing project has pre-project, project preparation, implementation, maintenance, and improvement phases could encourage greater mobilisation of project capital and operating funds and increases the prospects for temporary and sustained employment</p>	<p>National Department of Housing, Provincial and Local Government, municipalities</p>

Area for attention and Rationale	Key area(s) of focus	Possible actors
<p><b>Housing policy</b> Policy frameworks send signals to those making delivery decisions.</p>	<p>(i) PHP - Set firm targets for scaling up PHP delivery. (ii) Further encourage a more integrated settlement product for greenfields and upgrade projects so as to sustain employment creation opportunities and to help generate local economic activity. (iii) The “units are everything” approach, which places emphasis on yielding the highest possible number of units in available space, has been absorbed at all levels resulting in products with a diminished sustainability potential. This is most often seen at local level where the maximisation of units often occurs at the expense of making urban land available for other needs such as recreation, economic development and social services. Policy signalling must be carefully considered in this regard.</p>	<p>National Department of Housing, Department of Provincial and Local Government, SA Cities Network/SALGA</p>
<p><b>Matching funds</b> By developing an integrated package of funds model, scope exists to leverage government resources in a combined manner to achieve targets</p>	<p>(i) The Municipal Infrastructure Grant (MIG) has been used effectively by some municipalities to create public works opportunities. Better alignment of MIG and the housing subsidy scheme could include setting targets for employment creation in every housing project. (ii) Where municipalities’ access to MIG funds is limited, some support funds should be availed for the design of the project so that it optimises employment opportunities. (iii) Establish an urban land fund to cover land acquisition costs, and to maximise the housing subsidy portion available for house construction. (iv) For each housing subsidy awarded, allocate matching funds for skills and home-owner training.</p>	<p>National Department of Land Affairs, National Department of Provincial and Local Government, National Treasury, Department of Water Affairs and Forestry, Local authorities, Dept Labour, Construction Sills &amp; Education Authority</p>
<p><b>Housing implementation</b> Numerous decisions are taken at the local level which impact on the nature of the housing delivery process itself and its alignment with other municipal activities (e.g. LED, parks and recreation etc). active management of these delivery interfaces could allow for further employment opportunities to be identified and acted on.</p>	<p>(i) Place greater emphasis on the design of upgrade and greenfield projects. At present most design work in terms of settlement layout, public facilities and the design of housing units follows a very limited format. The lack of innovation and design for employment intensity in the construction/development phase and for the post-construction phase limits employment opportunities. (ii) Municipalities are already, and will increasingly be at the centre of the housing delivery process. Some will be able to draw on existing public works units to ensure all aspects of the housing delivery process enable employment creation, whilst others might need to consider setting up a unit or employing a suitably qualified person to assist in maximising various opportunities. (iii) Time frames of housing projects should allow for greater community participation, skills development in the project preparation phase (i.e. in advance of going on site). (iv) Design into the project the longer-term operation and maintenance of public infrastructure and public buildings, processes which in turn can be used to generate employment. (v) Build the capacity of provincial and municipal officials, contractors, and support organisations so that they have greater awareness of the need for and techniques of improving employment.</p>	<p>Provincial and Local authorities, contractors, support organisations</p>
<p><b>Technology, equipment and tools</b> The technology used in the construction process can have substantial ramifications on labour usage.</p>	<p>Encourage the use of labour-intensive methods in all aspects of the development (including e.g. bush clearance, survey, road and house platforms, trenching). Specifying appropriate technology in terms of processes and materials is essential in this regard.</p>	<p>Contracting authority (e.g. Municipality)</p>

Area for attention and Rationale	Key area(s) of focus	Possible actors
<p><b>Labour</b> Sourcing of local labour can improve project buy-in by beneficiaries and allow for a “sweat-equity” contribution.</p>	<p>The use of local labour in upgrade and in many greenfields projects is widespread. However, lessons could be learnt from the Cato Manor process whereby a Job Opportunities Bureau attempted to link local labour to employment beyond initial contracts on housing-related projects.</p>	<p>Municipality, Department of Labour</p>
<p><b>Materials</b> The cost of materials makes up a large proportion of the total cost of construction. The production and distribution of materials can generate significant longer term employment opportunities.</p>	<p>Block making, casting lintels, door and window frames and other inputs into the construction process can all yield employment opportunities. However, small local suppliers tend to struggle to supply at volume and within very tight cost parameters. Linking mainstream suppliers with local suppliers can assist as can encouraging large producers of building materials to seek local partners.</p>	<p>Private sector, Municipality</p>
<p><b>Local contractors</b> Building the capabilities and survival potential of local contractors the scope exists to assist in generating longer term employment opportunities.</p>	<p>(i) Both case studies show the benefits of using the project process as a business development exercise for local contractors who will, more often than not, source local labour as they expand their business horizons. The model used by the African Renaissance Rural Road Upgrading Project could be useful here (KwaZulu Natal Department of Transport). (ii) The design and implementation plan of the infrastructure phase should make provision for the parceling of the infrastructure project into sub-projects. Examples of methods to create sub-projects include the parceling of the project area into smaller geographic units (e.g. with the street as the basic geographic unit) or into smaller activity sets (e.g. water &amp; sanitation as one unit and roads &amp; stormwater as another), or into combinations of these. (iii) The design and the later implementation plan of the house construction phase should make provision for the parceling of the infrastructure project into sub-projects. Examples of methods to create sub-projects include the parceling of the project area into smaller geographic units (e.g. with the cluster of five to ten houses on one side of a street as the basic geographic unit) or into smaller activity sets (e.g. setting out and foundations as one unit, wall and windows as another, roof as yet another, plumbing as another unit, and finishes as a further unit), or into combinations of these. (iv) Eligibility criteria for candidate infrastructure or house contractors should include local residency, turnover (if an SME), historic disadvantage, and gender – i.e. similar criteria as required under procurement law.</p>	<p>Municipality, project support institutions, private contractors</p>
<p><b>Involvement of CBOs</b> In being more informed by local needs it is likely that in an environment of poverty and unemployment local stakeholders will seek project outputs linked to employment.</p>	<p>Although both case studies placed considerable emphasis on the involvement of local stakeholders, participation more generally is patchy at best. This is likely to undermine the degree to which the project is oriented to meet local needs.</p>	<p>Civil society, Municipality, local support institutions.</p>

<b>Area for attention and Rationale</b>	<b>Key area(s) of focus</b>	<b>Possible actors</b>
<p><b>Involvement of women</b> Studies have shown that many beneficiary households are effectively headed by women. As a key part of the beneficiary community they are equally entitled to opportunities around employment.</p>	<p>The Vosloorus case study provided some insight into how effective targeted support to women entrepreneurs could be. The PHP project also specified targets for women in a number of key posts.</p>	<p>Civil society, Municipality</p>
<p><b>Skills development</b> Through enhancing skills the sustainability of employment opportunities is improved.</p>	<p>Models being worked through with the EPWP programme and the Construction Skills Authority need further attention and could gain from being more closely integrated with local institutions and programmes to link people access short term employment to other employment opportunities within the urban development field. For example, assisting people with work experience in the building trade to diversify skills to other fields could substantially assist local labour trained up for a specific project to seek employment in government service provision programmes post upgrades or the launch of housing projects.</p>	<p>Dept of Labour, EPWP office, Municipalities, Construction SETA</p>
<p><b>Working conditions</b> Inadequate working conditions are likely to undermine the development gains from increasing employment.</p>	<p>Increasing levels of attention need to be played to occupational health and safety, rates pay, procedural matters and the like to avoid exploitation and contribute to improved labour conditions more generally. Setting local labour charters for projects and having a functioning labour committee connected to projects could enhance practice.</p>	<p>Municipalities, contractors, beneficiaries, Department of Labour</p>



## 6. Conclusion

Through a description of relevant policies and of two case studies, this report made a partial examination of South African approaches to employment in housing projects. The reflections and recommendations that emerged from the project range from broad-level proposals to a limited number of specific proposals.

The report found that there is considerable potential to improve employment creation in housing projects in South Africa. This is in line with findings in other studies on urban development such as those reported on by McCutcheon (2001) and Fitchett (2001). However, the potential has not been exploited due to the constraints found in policies, regulations, administrative processes, management, governance, and human capacity. There are few explicit policy signals linking direct employment generation with housing. Employment-generation is explicitly encouraged through other government departments, but these do not extend to housing policy. Considerable effort would be needed to make employment generation a key objective of housing and related development.

The UNDP has articulated the need for such an effort to be given priority in South Africa makes the case that,

“Measures to ensure that growth actively generates employment, while integrating the poor into the process, require government intervention of one sort or another. They also necessarily imply ‘interference’ with the market, even if only for a particular duration. Such proactive measures require consideration of general policies to ensure that an employment generating and labour absorbing growth path is initiated and maintained. They also demand specific employment policies to overcome problems associated with the low employment intensity of growth and the weak integrability of the unemployed, especially the poor, in the growth path.”

[UNDP, 2004: p11]

If employment-creation was to become a key objective within settlement-related activity, then it will probably achieve the best results if urban development minimises the fragmented and narrowly framed interventions which have characterized human settlement programmes in South Africa to date, and maximises on sustainable and holistic urban development models that are rooted in community empowerment.

This point is reinforced in Rust’s review of progress in housing policy where it is stated that considerable attention is needed in relation to,

“... pre-subsidy issues such as land and property markets, and post-subsidy issues such as home improvements and community-building.”

[Rust, 2003: p22]

This holistic approach requires far greater alignment of policies, the improvement of regulations, and much closer cooperation between government and non-government entities. There is already some movement in this direction, but a concerted effort is required to reinforce this movement into on-the-ground initiatives and in particular to empower local authorities to work with local stakeholders in achieving greater employment impacts in what will remain for some time to come a major focus area of government expenditure.

## **Abbreviations and acronyms**

ANC	African National Congress
CBOs	Community Based Organisations
CMDA	Cato Manor Development Agency
CMDP	Cato Manor Development Programme
DOH	Department of Housing
CBPWP	Community Based Public Works Programme
EPWP	Extended Public Works Programme
ESF	Employment Strategy Framework
EU	European Union
GEAR	Growth, Employment and Redistribution (Strategy)
LED	Local Economic Development
MDGs	Millennium Development Goals
MIG	Municipal Infrastructure Grant
N/A	Not applicable
NGOs	Non Government Organisations
PHP	People's Housing Process
PHPT	Peoples Housing Partnership Trust
RDP	Reconstruction and Development Programme
SME	Small and Micro Enterprises
UNDP	United Nations Development Programme

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[www.sacities.net](http://www.sacities.net)

[www.housing.gov.za](http://www.housing.gov.za)

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[www.cmda.org.za](http://www.cmda.org.za)

### **Discussions and interviews were held with:**

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Carmen-Joy Anderson – EPWP

Seana Nkhahle – SACN

Jannie Pietersen – eThekweni Public Works Unit

Michael Makwela - Senior Project Officer at Planact

Nellie Ngingu - Planact Executive Director

## Appendix

### Appendix 1 – Cato Manor Housing Units Delivered

Housing as at March 2002			
Site completions			4 576
Housing completions			4 051
Cumulative shack relocations			1 110
Summary of Housing Projects			
	Completed units @	Completed by March To	be
Informal settlement Upgrading projects			
Wiggins Umkhumbane	672	10	
Old Dunbar		245	655
New Dunbar		245	355
Cato Crest Settled Area		50	1 350
Jamaica	180	320	
Nsimbini Ph 1	420	10	
Greenfields Incremental projects			
Chesterville Incremental Ph 1	129		
Chesterville Incremental Ph 2	10	50	143
Cato Crest Greenfields North	332	20	
Wiggins Fast Track (E & W)	1,040		
N & S of Booth Road	400	16	
Wiggins Infill		200	1 036
Umkhumbaan Freeway Slopes		200	1 036
Technical College Interface		200	1 036
Hospital Site		200	1 036
Central Housing		50	289
Nsimbini Ph 2		40	80
Credit Linked housing			
Chesterville Bond Ph 1-4	751	20	108
Umkhumbaan Infil	15	20	120
Grosvenor Road			250
Cato Crest Interface			100
Social housing			
Shayamoya Ph 1	320		
Shayamoya Infil			240
Social Housing Ikhaya			252
Umkhumbaan High Density			150
Roosfontein (Social Housing)			600
Part Hillary			500
Part Bellair			500
Aids Housing		2	