Annex D: South Africa’s housing policy and programmes

The following section will review the policy provisions and programmes and their constraints in implementation. Where needed special reference will be made concerning the implications of the People’s Housing Process (PHP) route. The review will also capture the policy changes provided by Breaking New Ground (BNG) and if possible provide an outlook on how these might impact practice on the ground.

1. Providing tenure security

The Prevention of Illegal Eviction from and Unlawful Occupation of Land (PIE) Act (No. 19/1998) represents a shift from the prevention of squatting to the protection from eviction and sets out regulations and procedures to follow in regard to evictions. However, it leaves the implementation open to various ways of interpretation of the legal provision.

As a consequence local governments acted in different ways in regard to unlawful occupation which motivated a series of appeals and various court rulings. Whereas some rulings reflect a “tough approach” which rather protects the rights of property owners and investors, others promote the rights of unlawful occupiers.

What becomes obvious is that court rulings shape policy in South Africa. In theory the case rulings provide occupiers of land with greater security from eviction.

Government was therefore left to either act progressively with its mandate by ceasing from evictions, recognising the de facto occupancy and providing policies and programmes to upgrade the conditions of the unlawful occupiers, or to resettle them and provide alternative accommodation.

Nonetheless, in reality urgent evictions still take place without court order or provision of alternative shelter. Municipalities justify urgent evictions on the grounds of safety and health threats to the occupants.

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1 See RSA (1998).
3 Constitutional court rulings with regard to the rights of unlawful occupiers are the “Grootboom” case of 2000 and the “Kyalami” case of 2001. They underline the constitutional right of access to housing and stress the obligation of government to fulfil this right. The rulings make it clear that unless alternative accommodation is made available, courts will not grant an eviction order.
The ambiguity between policy and practice also impacts on policy itself: On the one hand the new housing policy promotes sustainable human settlements and specifically stresses the need for incremental upgrading of informal settlements. On the other hand the “Cities without Slums” programme by the Cities Alliance is translated the target of “shack-free Cities” in the South African context which implies the eradication of slums by 2014.\footnote{6} Considerable legal implications for the tenure security are indicated specifically by an amendment to the PIE act as proposed in 2007 as well as the slum elimination bill of the Province of KwaZulu-Natal. The KwaZulu-Natal Elimination and Prevention of Re-Emergence of Slums Bill (2006) stands in stark contrast to the aims of the national housing policy.\footnote{7} It specifically prohibits unlawful occupation and the use of substandard housing and requires local government in KwaZulu-Natal to audit existing slums and to prevent emergence of new slums. The bill was passed unopposed in June 2007 in the legislature but is expected to be challenged in court.\footnote{8}

The PIE Amendment Bill further criminalises the organised occupation of land and assumes that land invasions are increasing.\footnote{9} There is concern that as a consequence the application of the PIE Act will be narrowed and the protection reduced.

\textit{“It will increase the likelihood and frequency of evictions which lead to homelessness. It may enable organs of state to evict occupiers of state-owned land without considering their needs for alternative housing.”} \footnote{10}

\section*{2. Access to land}

Urban development policy pursued spatial restructuring in order to overcome the legacy of apartheid city segregation and fragmentation.\footnote{11} The strategic location of new housing projects therefore was supposed to pay into the ideal of urban restructuring.\footnote{12} However, housing experts particularly point out that the state has failed to play a proactive role in the identification and release of land for low-income housing. Instead, the housing sub-

\footnote{5} See for example Du Plessis (2005); Kothari (2007), p. 3; Mail\&Guardian online (2007b); Mail\&Guardian online (2007c); Joubert (2007).

\footnote{6} Huchzermeyer (2007).

\footnote{7} See Huchzermeyer (2007).

\footnote{8} Huchzermeyer, personal communication e-mail 22. June 2007.

\footnote{9} See Republic of South Africa (2006a).

\footnote{10} CALS (2006), p. 4.

\footnote{11} See for example RSA (1997c); RSA (1995).

\footnote{12} See RSA (1994).
sidy scheme continued to perpetuate apartheid spatial patterns as new un-integrated and monofunctional township developments were put on the periphery.¹³

There are various factors outside the state housing strategy which constrain urban integration and the access to well-located land for low-income housing such as a shortage of land, land conflicts, resistance from powerful status quo interests in neighbouring communities (NIMBY syndrome), market exclusion and red-lining of risky areas for mortgages by lending institutions.¹⁴

In more general terms state action is confronted by two different and contradicting normative principles: (1) the allocation of well-located land to strengthen integration and a compact city model, (2) equity in land access which resulted in a width-versus-depth approach in land development for housing.

Land development in South Africa is regulated extensively.¹⁵ Regulative frameworks in regard to land development for low-income housing which are applicable on local government level are based on principles laid out in three national policies:

1. The Development Facilitation Act (DFA)(1995)¹⁶
3. The Housing Act (1997)¹⁸

2.1 Strategic land identification and development

Strategic and forward planning in terms of land identification, land use and land development comprises the setting of both Land Development Objectives (LDOs) and the Spa-
tial Development Frameworks (SDF). Both are legally prescribed and represent components of the Integrated Development Plan (IDP).

The IDP process is therefore the strategic instrument where housing needs and demands are expressed, land for housing development identified, land use determined and priorities set. The strategic plan is supposed to be linked to resources available. Thus it also represents a tool to negotiate with higher sphere of government how and where to allocate resources spatially.

Strategic planning is however limited. An important factor is that municipalities cannot proactively identify land as they lack an adequate and coordinated database of available land for housing. Huchzermeyer makes the point that the data base is particularly inadequate in terms of existing informal settlements. Location of housing developments therefore is constrained to available information:

“Where land was easily identifiable there is also where development went – housing development; not integrated development.”

A further essential factor limiting strategic planning is that the IDP prioritisation process is restricted in terms of provincial powers. Province can both initiate own housing developments and allocate the housing budget to a municipality. This implies that provinces decide where housing developments take place. The actual budget allocation on housing is declared after the priorities have been set in the IDP planning process. As a result strategic planning by municipalities cannot be aligned to the budget realities. Hence, land delivery targets also end as ‘wish-lists’ as they are not linked to available resources. The lack of proactive land identification and the limitations in strategic planning constrain the strategic location of subsidised housing developments.

The Breaking New Ground (BNG) housing strategy addresses these deficiencies in strategic planning in terms of budget allocation and spatial logic of investments. Municipalities

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20 The use of aerial photography shows difficulties in reflecting the dynamic of settlement growth. Moreover, quantitative data is limited on the informality of the physical structure and does not reflect on the legal status of land occupation. More detailed data is provided through ‘squatter control units’ at municipal level. It remains open however if this data informs policy making. See Huchzermeyer et al (2006), pp. 25ff.
21 Francois Menguele, personal communication, 01.09.2006.
22 Francois Menguele, personal communication, 01.09.2006.
can be accredited to administer their share of the national housing budget. Otherwise the MEC makes an indicative allocation in terms of housing on a multiyear basis. On the basis of the allocation BNG promotes that municipalities will develop their housing chapters of IDPs to accomplish its annual adjustment and to address the multiyear planning aspects. Furthermore a National Spatial Development Perspective (NSDP) is supposed to promote a spatial logic to resource allocation by strengthening the Spatial Development Framework (SDF) component of the IDP.23

2.2 Land allocation

Municipalities and provincial housing departments are supposed to set aside land and sites for housing development. There are, however, various factors which impede the release of well-located land for low-income housing.

The option to resort to state-owned land is limited as some departments release land only at market value. Earmarked housing areas are then exposed to an increase of land prices. Furthermore, some housing experts and practitioners point out that often it is left unclear which state body actually has ownership of a specific piece of land which makes access to state-owned land difficult and time consuming.24 The administrative complexity influences the municipal capacity to transfer state land, so that state land is sometimes more difficult to acquire than private land.25

In effect local government is limited to purchase land from private owners who are willing to sell. This factor makes land pricing important. A price ceiling for land acquisition does not exist. Particularly costly inner city locations become unaffordable for subsidised housing developments.26 Other options such as expropriation of private land by local government are not applied in order not to discourage private investment.

As a result, local government cannot provide the resources needed to cover the land costs upfront. Thus the private sector primarily assumed the role of the developer. Private developers were more interested in using the bulk of the subsidy for the top-structure than

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23 Francois Menguele, personal communication, 01.09.2006.
26 See Engelbrecht (2003), pp. 281f.
for land acquisition. Consequently the capital subsidy intervention by the state enhanced the development of Greenfield projects at the periphery.27

The new housing strategy Breaking New Ground recognises the deficiencies of the location of new housing projects and addresses the need for spatial restructuring. BNG therefore suggests four fundamental interventions in land markets:

1. The transfer of well-located state-owned and parastatal land suitable for housing to municipalities at no cost;

2. The acquisition of well-located private land for housing development by municipalities in line with their IDP; acquisition also implies that “[…] whilst preference will be given to the negotiated purchase of land, land may also be expropriated at market value as a final resort.”28;

3. A funding mechanism for the acquisition of well-located private land outside the housing subsidy scheme;

4. Fiscal incentives for land development.

“BNG says we want to make sure that the poor have a foothold in the city. That is a trend which is in contradiction with the previous policy which located people in the outskirts. We want to locate people in the core of the city or closer to the opportunities. […] that already solves let’s say 40% of your housing problem.”29

BNG reforms are not yet that visible on the ground to assess if a fundamental change has been made in breaking down the barriers in housing provision in terms of land. Nevertheless, some municipalities are already raising concerns that administrative complexity remains unsolved in terms of transfer of state-owned land. Moreover, new complexities emerge with the provision that land acquisitions should be funded out of a separate subsidy through the Department of Land Affairs.30 Thus it is most probable that delays in land allocation will continue to persist.

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29 Francois Menguele, personal communication, 01.09.2006.
3. Providing housing finance

With regard to providing housing finance government tended towards a width approach allocating smaller subsidy amounts to as many as possible.\(^{31}\) By 2007 government has delivered 2.4 million houses in 12 years.\(^{32}\) This mass delivery approach contributed to wide criticism pointing out the bad location and quality in state low-income housing.

Moreover Smit (2003) shows that the share of housing expenditure in the national budget has been constantly decreasing between 1998 and 2001 to reduce budget deficit in terms of macroeconomic policy. He argues that as a result, delivery has been insufficient to meet the housing backlog.\(^{33}\)

This trend has been revised since 2003/2004 and, besides a minor drawback in 2005/2006, the share of housing expenditure in the national budget has been constantly rising. In 2006/07 housing expenditure was at about R 13 billion (2.2% of national budget).\(^{34}\)

However, the average growth of housing expenditure has to been seen vis-à-vis a constantly declining value of the subsidy amount due to rising prices and building costs in particular have increased. In 2007 national housing minister Sisulu announced during her budget speech that:

“[..] building costs have increased exponentially due to the increased demand for building materials as we approach 2010 [note:2010 Soccer World Cup]. This has had serious implications for the delivery of housing and this will exacerbate our ability to deliver the projected number of houses at our current housing subsidy quantum of R38 984-00.”\(^{35}\)

As a result of the declining subsidy value, local authorities are forced to top up subsidies or subsidise land and service costs (referred to as ‘hidden subsidies’) to deliver a housing product which complies with the minimum norms and standards. This additionally strains local authorities’ solvency.\(^{36}\) Acknowledging this problem BNG therefore states:

“This problem is to be addressed in future by automatically adjusting the housing subsidy for inflation.”\(^{37}\)

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\(^{32}\) See Sisulu (2007).
\(^{34}\) See National Treasury (2007), pp. 188f
\(^{35}\) Sisulu (2007).
3.1 The Housing Subsidy Scheme

The *Housing Subsidy Scheme* (HSS) forms the basis of the housing finance policy. Housing subsidies vary in regard to different income categories. Households earning below a specific income line per month, and which satisfy a range of criteria, can apply for a subsidy.\(^{38}\) The subsidy scheme entitles them to ownership tenure of a 250 m\(^2\) plot with a minimum 30 m\(^2\) top structure and basic services.

The underpinning assumption by government is that a link exists between state housing provision and poverty alleviation. The resulting basic needs approach to housing has been contested for misunderstanding the reasons for inadequate shelter and the deriving strategies to overcome poverty. As a result, critics point out that housing provision has a limited impact on poverty alleviation.\(^{39}\)

More generally the subsidy scheme has been severely criticised for (mis-)understanding the problem of inadequate shelter as an income poverty result.\(^{40}\) The state assumes the housing backlog is a result of high unemployment rates\(^{41}\) and that by focusing on economic growth it will eventually contribute to job creation and income improvements.

In addition, another assumption by government is that land and housing represent an asset on the market and should be stimulated by the transfer of titles and subsidies. There are however two fundamental criticisms which highlight the inadequacies of low-income housing as an asset.

Smit argues that housing does not represent a real asset for poor as there is no existing secondary market for low-income housing. In terms of housing finance he concludes that the supply of individually owned houses on serviced sites does not contribute to poverty reduction.\(^{42}\)

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\(^{38}\) A person can only qualify for the housing subsidy if he or she fulfils the following eligibility criteria:
- married or cohabits
- South Africa citizen
- over the age of 21
- income below 7000 R per household and per month
- no previous housing subsidy received
- first time home owner

\(^{39}\) See for example Khan/Ambert (2003), Rust (2003); Zack/Charlton (2003).

\(^{40}\) See for example Khan (2003); Baumann (2003b).

\(^{41}\) See for example DoH (2004b), p. 3.

\(^{42}\) See Smit (2003).
Baumann argues furthermore, that housing does not represent an asset as house-owning increases the household’s expenditures. This represents one reason why many poor tend to on-sell their RDP house and thus contribute to downward raiding of the low-income housing market. Both Baumann and Khan put forward that the subsidy driven housing development therefore destroys livelihood strategies in informal settlements and further marginalises the poor.\textsuperscript{43}

There are concerns around narrow subsidy criteria. Smit points out the fact that a large part of informal settlement residents do not qualify for the housing subsidy because they are either not South African citizens, they are without dependents, they are under 21, they had received a subsidy before, their income is above R 3,500 per month, or they do not have a valid ID book.\textsuperscript{44}

In addition, subsidies have been disbursed on a sliding scale related to income. Those households below an income line of R 1,500 have had access to the full subsidy whereas households in the income bracket between R 1,501 and R 3,500 needed to access a credit-linked subsidy (these subsidy bands have collapsed as will be shown later).

Rust estimates that about 79\% of all households fall into the category below an income of R 3,500 and are therefore dependent on the full housing subsidy.\textsuperscript{45}

In order to reduce a culture of entitlement and dependency and to enhance ownership, since 2002 government requires that all beneficiaries above the R 1,500 income line (between 2002 and 2005 all beneficiaries) pay a mandatory contribution of R 2,479 upfront through saving schemes or loans as a subsidy pre-qualification. Alternatively, they can contribute by “sweat equity” participating in the People’s Housing Process.

Furthermore, despite considerable inflation rates the subsidy value and eligibility ceilings have not been adjusted to inflation between 2000 and 2003.\textsuperscript{46} A household in 2005 would need R 6,000 per month to have the same level of affordability as a household which earned R 3,500 (eligibility ceiling) in 1994.\textsuperscript{47} With a stagnant eligibility ceiling this in-

\textsuperscript{43} See Khan (2003), pp. 45ff; Baumann (2003b).
\textsuperscript{46} For instance the inflation rate in the financial year 2000/2001 was at 5.5\% with no increase in housing grant. See Hassen (2003), p. 136.
\textsuperscript{47} See Rust (2006), p. 17.
come category cannot access subsidies and, at the same time, faces difficulties to access loans.

Based on these findings BNG provided for adjustments of the subsidy instrument. It introduced a uniform subsidy amount to all households earning below R 3,500 and extended the subsidy limit to provide a credit and savings-linked subsidy for households falling within the income category R 3,501 to R 7,000 per month.\(^\text{48}\)

However, taking into account the argument of Rust above, the adjustments might represent rather a late adaptation of the eligibility ceiling. The new credit-linked income bracket between R 3,501 to 7,000 has more or less the same level of affordability as the former credit-linked income category in 1994.

<table>
<thead>
<tr>
<th>Monthly household income</th>
<th>Individual, Project, and Relocation subsidy</th>
<th>Consolidation subsidy</th>
<th>Institutional subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-credit linked subsidy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R0 – R1500</td>
<td>R 36 528</td>
<td>R 21 499</td>
<td>R 34 049</td>
</tr>
<tr>
<td>Non-credit linked subsidy, mandatory 2479 contribution (or institutional capital added)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R1501- R 3500</td>
<td>R 34 049</td>
<td>R 19 020</td>
<td>R 34 049</td>
</tr>
<tr>
<td>Credit-linked subsidy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R3501- R7000</td>
<td>Not known</td>
<td>Not known</td>
<td>Not known</td>
</tr>
</tbody>
</table>

Tab. 1: New (collapsed) subsidies income categories for the financial year 2006/2007
Source: own adapted from DoH (2007b).

The subsidy scheme stipulates different subsidy mechanisms for five categories of beneficiaries: non-owners, occupants, landless people (hostels, backyard shacks etc.) and rural people.

Since 1998 the project-linked, consolidation and institutional subsidies can also be accessed through the *People’s Housing Process* (PHP). PHP assists households to access housing subsidies and to build or organise the building of their homes themselves. The

\(^{48}\) See DoH (2004b), pp. 23f.
underlying assumption is that the PHP mechanism enables better houses for less money, because it saves labour costs and the profit element to developers. Institutional arrangements comprise support organisations as legal entities which are either formed or contracted by beneficiaries.49

<table>
<thead>
<tr>
<th>Subsidy Mechanism</th>
<th>Type of delivery</th>
<th>Beneficiary</th>
<th>Roleplayers</th>
<th>*Total no. of subsidies disbursed (April 1994-June 2006)</th>
<th>*% of subsidies disbursed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project-linked</td>
<td>Conventional completed houses, Incremental housing, PHP Core houses</td>
<td>Non-owner, occupants and landless</td>
<td>Private developers, local authorities, CBOs and support organisations</td>
<td>2,075,012</td>
<td>72%</td>
</tr>
<tr>
<td>Individual</td>
<td>Conventional completed houses</td>
<td>Outside project-based subsidies</td>
<td>Private sector developers</td>
<td>165,891</td>
<td>5.6%</td>
</tr>
<tr>
<td>Consolidation</td>
<td>PHP Core houses</td>
<td>Available to those on a serviced site with-out top structure</td>
<td>CBOs and support organisations</td>
<td>272,206</td>
<td>9.5%</td>
</tr>
<tr>
<td>Institutional</td>
<td>Rental or co-operative housing</td>
<td>Non-owners, occupants or landless</td>
<td>Non-profit housing institutions</td>
<td>69,183</td>
<td>2.4%</td>
</tr>
<tr>
<td>Hostel Redevelopment</td>
<td>Hostel</td>
<td>Non-owners, occupants or landless</td>
<td>Local authorities</td>
<td>171,602</td>
<td>6%</td>
</tr>
<tr>
<td>Rural</td>
<td>Conventional completed houses</td>
<td>For households in areas with no individual ownership</td>
<td>Private developers, local authorities, CBOs and support organisations</td>
<td>122,178</td>
<td>4.3%</td>
</tr>
<tr>
<td>Emergency Housing (only introduced 2005)</td>
<td>Temporary/Transit Shelter</td>
<td>Households affected by disasters or evictions</td>
<td>Local authorities</td>
<td>5,307</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>2,881,379</td>
<td></td>
</tr>
</tbody>
</table>

Tab. 2: Type of delivery, roleplayers and housing subsidy expenditure according to subsidy instruments, Source: adapted from Smit (2003), p. 167f; * Source: South Africa Yearbook 2006/2007.

49 Possible support organisations are provincial and local government, community or Non-Governmental Organisations or private sector institutions. They are required to establish a housing support centre and give technical, financial and administrative assistance. Therefore, additional facilitation and establishment grants are paid above the housing subsidy.
Provincial government channels the funding from the National Department of Housing and is responsible for the housing programmes. Until 2005 applications for subsidies had to be submitted to *Provincial Housing Development Boards* (PHDB). These boards were subsequently abolished and their functions are carried out either by the *Member of the Executive Committee* (MEC)\(^{50}\) and the provincial departments or by accredited municipalities.\(^{51}\)

Smit argues that there is a lack of capacity at provincial level to administer and spend allocated funds. As a consequence, delivery rates are uneven as project approvals are delayed and projects blocked.\(^{52}\) The table below indicates the slowdown in delivery and under-expenditure of provincial housing budgets.

<table>
<thead>
<tr>
<th></th>
<th>2000/01</th>
<th>2001/02</th>
<th>2002/03</th>
<th>2003/04</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total allocation of Housing Subsidy Grant</strong> (^{(\text{in R million})})</td>
<td>2 998</td>
<td>3 226</td>
<td>3 801</td>
<td>5 245</td>
</tr>
<tr>
<td><strong>Total provincial rollovers on Housing Subsidy Grant</strong> (^{(\text{in R million})})</td>
<td>519</td>
<td>458</td>
<td>885</td>
<td>560</td>
</tr>
<tr>
<td><strong>Percentage of total allocation</strong></td>
<td>17%</td>
<td>14%</td>
<td>23%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Tab. 3: Expenditure of housing budget, Source: adapted from DoH (2004), p. 29.

In order to avoid delays in subsidy disbursement BNG therefore provides that municipalities can bypass provincial government by accrediting housing administration. Funds from national government will then go directly to local government. However, municipalities are reluctant to take over an unfunded mandate.

Housing is allocated through waiting lists. This does not imply that beneficiaries receive a cash contribution upfront, but that they have to register and prove eligibility in terms of subsidy qualification.

As beneficiaries can only access the full subsidy when the projects are finalised there is a constant delay of up to two years between the qualification and disbursement of the subsidy amount. This limitation enhanced the need for bridging finance.

Engelbrecht (2003) criticises the housing allocation through a waiting list as the “registration of entire communities becomes an extremely time-consuming, costly and ultimately

\(^{50}\) Provincial equivalent of a national Cabinet Minister

\(^{51}\) See for example Western Cape Department of Local Government and Housing (2005), p. 23.

\(^{52}\) See Smit (2003), pp. 170ff.
futile endeavour due to high turnover rates within the settlements.” She puts forward that the qualification criteria tempt people to understate their income. Furthermore, the individual application contributes to dividing the community into qualifiers and non-qualifiers with resulting community conflicts. This obviously has not become apparent in Greenfield projects as there everybody is a beneficiary. But in informal settlements or site-and-service schemes tensions were created as a part of the community was excluded by qualification criteria.

In addition, Baumann argues that by targeting only the poorest, homogeneous communities are created which lack the higher income households. These are needed for economic inflows on which the poor are dependent. While this homogeneity is created upfront in Greenfield projects, in informal settlements the upgrading implies the “creaming off many of the more successful entrepreneurs” as they do not qualify for housing subsidies.

With the BNG restructuring the income bands have collapsed and credit-linked subsidies extended which might in future lessen the impacts. Furthermore, the Informal Settlement Programme of BNG shifted policy from an individual to an area-based approach which requires qualification only for the consolidation subsidy in the last phase of constructing the top-structure. Local authorities, however, are not in favour of applying this approach as they fear second time beneficiaries.

The majority of subsidy applications are linked to project-linked subsidies and are submitted by private developers. Developers can also apply for consolidation subsidies to upgrade or construct top structures on serviced sites. After completion of the construction individuals who have qualified for a housing subsidy and are on the local authority’s waiting list can purchase a property or a top structure from the developer. This supply-driven and mass delivery by developers has been widely criticised because of the low quality and the lack of beneficiary participation as well as its poverty enhancing impacts.

The PHP mechanism therefore provides alternative access to the project-linked subsidies for non-owners, occupants and landless people. In the case of the PHP process a support

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54 See Baumann (2003b), p. 98
56 See for example Housing Portfolio Committee Meeting, Cape Town, 13. October 2006.
57 See for example Baumann (2003b); Huchzermeyer (2002a), (2002b).
organisation submits the subsidy application to the MEC on behalf of a group of beneficiaries which must conform to the general housing subsidy criteria. As part of the subsidy application the households develop, with the assistance of the support organisation, a business plan for the housing process. After approval by the provincial or an accredited local authority an establishment grant and the subsidies are paid out in progress payments. The support organisation is required to open a bank account for the subsidies and pay out the subsidies to the beneficiaries in stages relating to the phases of the project implementation.\textsuperscript{58}

Napier points out that the support organisations are a key success factor and represent a hidden subsidy as the grants supplied to them do not cover the cost of their engagement. Napier also notes that the need for further funding limits the number of NGOs active in PHP processes and therefore the amount of PHP processes in general.\textsuperscript{59}

An evaluation by the \textit{Urban Sector Network} (USN) shows that PHP projects emerge which do not differ significantly from conventional contractor projects. These developer-driven PHP are referred to as “quasi-PHP” or “managed PHP”. The authors estimate that this is used to by-pass the R 2,479 contribution.\textsuperscript{60} Given this context, PHP processes tend to be managed by private developers.

### 3.2 Housing credit

Government envisaged that the \textit{Housing Subsidy Scheme} (HSS) would be complemented by leveraging other financial sources. In reality the housing finance sector outside the subsidy system has been characterised by a reluctance of the banking sector to offer loans for low-cost housing.

In 1994 the housing finance market was faced with a high amount of non-performing mortgage loans. Loan defaults were a result of unaffordability. Moreover, properties as security were inaccessible as evictions of defaulting occupants could not be enforced especially in former township areas. As a result, mortgage lenders redlined township areas as they regarded mortgages there as unsecured loans. Hence, in order to promote mortgage lending, government agreed to be responsible for law enforcement and established a

\textsuperscript{58} See DoH (2004a), 3.1.7 ; Napier (2003), p. 328.
\textsuperscript{59} See Napier (2003), p. 430.
\textsuperscript{60} See USN (2003a).
Mortgage Indemnity Fund (MIF) which was active until 1998 and which ensured that the state covered loss in case a lender could not secure possession after default.\textsuperscript{61}

Although the government initiative was meant to enhance lending linked to subsidies, only 2\% of all subsidies between 1994 and 2000 were credit-linked.\textsuperscript{62}

There are three loan types (mortgage loan, fully guaranteed loan and micro-loan) which offer different loan sizes and therefore provide for different usages. While mortgage loans are used to purchase a house, smaller loans provide finance for housing improvements or extensions - or if combined with a subsidy they can also contribute to purchase.

Smit argues that mortgage loan design is inappropriate as it overextends low-income borrowers. In addition, as there is no existent secondary market to use the house as collateral and even more so with government restrictions on sale of subsidised housing, little incentives given for mortgage loans.\textsuperscript{63}

Therefore, a growing understanding emerged that mortgage lending is unsuitable for housing finance. In addition, guaranteed loans from retirement funds, although legally prescribed to be used for housing purposes, are in reality also used for consumption-related purposes and exposes defaulters to losing their retirement savings.\textsuperscript{64}

In addition, housing finance is exposed to a “credit gap” as non-mortgage loans only cover sizes up to R 10,000 and mortgage loans only start at sizes of R 60,000 (see table below).

Given this context, a micro-lending sector emerged based on the Usury Act (1992) which allows for deregulated interest rates for small and short-term loans.\textsuperscript{65}

However, smaller loans, if payroll deducted, can only be accessed by those who are formally employed and therefore mostly exclude poorer households.

Micro-loans can be used for other purposes than housing (fungible) but are difficult and expensive to monitor. The largest category (45\%) of micro-loans is used for home improvements. The majority of borrowers earn less than R 3,500 p.m. In order to protect

\textsuperscript{61} See Porteous/Naicker (2003), pp. 193f.
\textsuperscript{62} See Khan (2003), p. 162.
\textsuperscript{63} See Smit (2003), pp. 174f.
\textsuperscript{64} See Porteous/Naicker (2003), p. 203.
\textsuperscript{65} See Porteous/Naicker (2003), pp. 196ff.
consumers government introduced a regulation of micro-lending sector through *Micro-Finance Regulatory Council* (MFRC) in 1999.66

<table>
<thead>
<tr>
<th>Loan type</th>
<th>Average size</th>
<th>Average term</th>
<th>Average rate</th>
<th>Collateral</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage</td>
<td>above R 60,000</td>
<td>effective: 7 years, max. 20 years</td>
<td>Prime -2 to prime +2 (variable)</td>
<td>Bond for maximum 80% of property value</td>
</tr>
<tr>
<td>Fully guaranteed loan</td>
<td>R 10,000</td>
<td>3-5 years</td>
<td>Around prime (variable)</td>
<td>Guarantee from retirement fund against the cession of benefits</td>
</tr>
<tr>
<td>Micro-loan (unsecured/ payroll deduction)</td>
<td>R 4,400</td>
<td>20 months</td>
<td>Around 40%</td>
<td>none</td>
</tr>
</tbody>
</table>

Tab. 4: Loan products in the affordable housing market, Source: Porteous/Naicker (2003), p. 202

There are however concerns that government regulations narrow the access to credit for poor households. On the other hand the practices of micro-lenders (e.g. high interest rates) can further add to vulnerability.67

Therefore, as an alternative to micro-loans provided by private for-profit lenders the NGO sector also increasingly embarks on micro-finance options such as community-based banking.

Porteous and Naicker (2003) promote a differentiation of consumers by analysing the demand-side of housing finance. They conclude that while the “township group” with formal houses need finance for improvement/extensions, the “informal group” seeks land and houses.68

Interestingly, the authors discovered that in 1998, even in the informal group, the majority earned between R 1,500 and 3,500 and was therefore above the full subsidy income bracket at the time. But only a small percentage applied for a housing subsidy.69 They stress that both full-subsidy and credit-linked subsidy eligible households are in need of further finance beyond the subsidy amount. Porteous and Naicker therefore outline three macro-options to access credit for poor households:

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68 See Porteous/Naicker (2003), pp. 204f.
1. Reducing the house price by a self-build process

2. Increasing income

3. Reducing the interest rate

They argue that while option one is not applicable for the working poor, option two is no matter of housing finance. This leaves innovation to the reduction of risks and costs for loans. The authors suggest providing data as a track record to assess the probability of default and to use collateral and increase the ability to sell property to reduce the loss in the event of default.\(^70\)

As traditional mortgage bonds are seen as inappropriate, the authors propose guarantees, savings and land as alternative collaterals securitising loans (see table below).

<table>
<thead>
<tr>
<th>Collateral Guarantees</th>
<th>Collateral Savings</th>
<th>Collateral Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial guarantee – e.g. from pension (Makhulong Home Loans) or guarantees from communities</td>
<td>Saving records as qualification criterion and reduction of default probability</td>
<td>e.g. by lease = land remains with owner and title transfer only when financial obligations discharged</td>
</tr>
</tbody>
</table>

Tab. 5: Alternative collaterals for loan, Source: own design based on Porteous/Naicker (2003), p. 212f

4. Land development control

Beneficiaries on the waiting list can apply to have land allocated to them which is usually done through private developers or support organisations. Up until 2006 landless and non-owners had to cover the costs for land acquisition through their subsidy. Government only provided a uniform subsidy amount\(^71\) and plot size (250 sqm) neglecting variable land costs.\(^72\) Additionally, the subsidy scheme delays cost recovery for land purchase at a late stage in the project cycle. Hence, developers must have the relevant financial resources upfront for land acquisition.\(^73\)

A particularly important constraint is that applications for housing subsidies are declined, if they had not followed the land allocation process. This specifically affects communities

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\(^70\) See Porteous/Naicker (2003), pp. 211f.
\(^71\) Of this amount only about a third (R7,500) was to be spent on servicing the land whereas the remaining amount was to be used for the top structure.
\(^72\) For the different housing subsidy schemes see DoH (2004b), pp. 19f.
which have taken the initiative and gone through all the stages of identifying and securing their own land and changing it to residential use.

Charlton and Kihato (2006) point out that the plot allocation by government does not take into account locational choices by the poor and furthermore negatively affects existing community networks.74

“A lot of the time for government it is queue-jumping – but for the civil movement itself it is actually taking initiative and building community ahead of the development because you have already formed a group of people who are interested in this particular development. But that is then punished by government who sees it as reserving their roles in identifying land.,”75

The only way in legislation to not having to wait to be allocated land by the waiting list, is through the emergency housing policy which is also referred to as “legitimate queue-jumping” but which does not recognise the efforts of people’s organisations.76

After successful allocation and purchase of land the land release procedure to be followed is based on land development control and comprises the purchase of land, pre-planning investigation77, township establishment78, subsidy administration and registration of ownership.

Once a township establishment has been accomplished town planning schemes regulate the usage rights for the plots. They comprise zoning schemes which determine the density and height of building on a plot, building restrictions which regulate the safe use of a premise and use zones which specify which land use is authorised on the premise.79

75 Interview with Mark Napier, 07.11.2006.
76 Interview with Mark Napier, 07.11.2006.
77 Pre-planning investigations entail geo-technical investigations and environmental impact assessments (EIA). The costs have to be covered upfront (about R 65,000 per site) and can only be recovered at a later stage of the project cycle. Most importantly it represents a risk finance as approval can be neglected due to unsuitable conditions for housing development. Mostly private developers undertake the investigations as local government lacks adequate funding for the undertaking. See Engelbrecht (2003), p. 283.
78 Township establishment comprises town planning and surveying to produce layout plans, pegging of sites and general plans. There exist three legislative routes for township establishment: The Provincial Land Use Ordinance, the national Less Formal Township Establishment Act, 113 of 1991 (LEFTEA); and the national Development Facilitation Act, 67 of 1995 (DFA). Each route represents particular constraints and causes delays and unnecessary details required. As a result, the process for land application is slow and costly for poor households and public budgets. See Engelbrecht (2003), p. 284; Cross (2002), p. 197.
79 The White Paper on Spatial Planning proposes a Land Use Management System (LUMS). These are schemes which are supposed to supersede old town planning schemes and uniform land use schemes by recording the rights and restrictions applicable to a site within the municipal area. But the draft Land Use Management Bill has not been finalised yet. See RSA (2001).
Often older legislation has not been replaced which contributes to conflicting planning legislation and a complex land use system.  

Un-statutory land development can be authorised by provincial tribunals after considering the suitability and feasibility for residential purpose. It can also be prosecuted motivated by health, safety and environmental concerns as set out in the White Paper of Planning (1997).

Unofficial layouts are hardly recognised. This is due to the costly surveying and servicing of existing layouts. As a consequence upgrading in the South African context means either relocation to the periphery or a roll-over procedure on the same site. The term ‘roll-over’ is applied to a process where land is cleared, a part of residents relocated elsewhere, vacated land developed and the remaining residents resettled. In contrast to the international notion of in situ as the minimal disruption of the existing structure, in South Africa the difference between a new settlement and an in situ approach is often only one of location. As a result informal settlements are replaced by standardised infrastructure layout and plot sizes in order to be transformed to formal low-income suburbs. The upgrading process implies that land is first transferred en bloc, then subdivided and serviced by the state and, at the end, households receive a registered site. The complexity of the process causes delays with township establishment and therefore blocks subsidy payments.

The relocation of residents during the upgrading of informal settlements has been widely criticised for destroying established livelihood networks. With the Informal Settlement Upgrading Programme of the new housing policy the government has acknowledged the disruptive effects of relocation. The programme therefore provides resources for the rehabilitation of land. Even though this shift opened the way for upgrading on the same site, the implementation of this in situ upgrading continues to be done by rollover schemes.

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80 For instance town planning schemes still derive from the apartheid era and distinguish between different racial zones in a city. This creates multiple schemes within one city which are difficult to administer. See Affordable Housing Institute (2005), p. 9.
Moreover, the upgrading approach still requires approval through the municipal IDP. Many municipalities have not been willing to revise their IDPs to include the paradigm shift towards land rehabilitation.\(^{83}\)

In a final stage of land release the landownership is centrally registered in terms of the *Deeds Registries Act*, 47 of 1937. The registration system and the capacity to administer land regularisation by the Surveyor General and Deeds Office have been strained by the large number of tenure rights and titles which were required to be granted since the implementation of the national housing subsidies. Furthermore, the overlapping of general plans complicates ownership identification and therefore slows down the issuing of title deeds.\(^{84}\) The land transfer in informal settlements is particularly difficult as the boundaries of a plot have been blurred over the years due to further subdivisions and because title and deeds registration got lost during the years of administrative restructuring.\(^{85}\)

In summary, the formal land development procedures present a range of problems which are partly due to a lack of legislative clarity, the high costs, the overall focus on formalising access to land and the lack of resources and capacity. To quote Royston: “Procedural delays and legal complexity therefore remain obstacles to speedy land development.”\(^{86}\)

### 5. Service provision

Only after land release and approval of general plans, can the engineering design and provision of services for the sites be started. Previously the housing subsidies had to cover the costs for infrastructure delivery complemented by grants for bulk infrastructure. Since 2004 infrastructure grants are aligned into one *Municipal Infrastructure Grant* (MIG) which funds basic services\(^ {87}\) for poor households.\(^ {88}\)

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\(^{84}\) See USN (2004), p. 36.

\(^{85}\) See Wehrmann (1999), p. 51.


\(^{87}\) Basic services are defined as a first step in a graduation of service supply, e.g. water basic provision is a communal tap.

\(^{88}\) See DPLG (2004b).
Municipal services standards resulting in conflicting interests between covering the costs for high level service (communal asset) or maximising funds for land, top-structure and on-site service (individual asset).

This has now been changed. Since the inception of the new housing plan in 2005 finance for services and houses are separated meaning that infrastructure costs are to be covered from other government resources.

There remains a conflict of priorities between the local authorities, who opt for higher level services to reduce maintenance costs, and the fact that higher level services involve monthly rates and charges that are unaffordable to many beneficiaries.

This challenge has been met by cross-subsidisation in terms of user charges differentiation. Some local authorities such as Cape Town and Durban introduced free lifeline services. National government also requires local authorities to provide a certain amount of free basic energy supply. Above those free units households with low energy consumption only pay a subsidised tariff. Costs for water and electricity are therefore aligned to consumption levels.

In terms of people-driven housing processes Napier argues that separate finance for services poses the threat that the infrastructure layout would be designed and implemented by professionals without any participation of the households.

6. Providing tenure alternatives

Various policies promote a range of ownership and tenure alternatives. However, the Housing Subsidy Scheme (HSS) provides only a few alternatives to individual ownership.

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89 Standards for municipal engineering services have to comply with the National Home Builder Registration Council requirements. See DoH (2002).
91 DoH (2007).
93 For example in Cape Town 6000 litres water per month and household are supplied free of charge.
94 See for instance: City of Cape Town (2007); City of Cape Town (2006g).
96 See RSA (1997a); RSA (1995).
97 Moreover, only one out of six subsidy programmes give another option than individual title and this is even hardly every used in practice. Royston/Ambert (2001) point out that only 1% of approved subsidies went to alternative ownership.
With the new housing policy *Breaking New Ground* phased and area-based upgrading approaches in regard to informal settlements were introduced. The Department of Housing recommends the *Permission To Occupy* (PTO) as a tenure form. The new informal settlement upgrading approach implies that throughout the phased upgrading a community approach is pursued and only in the last phase of upgrading with housing consolidation does the individual household subsidy approach come into effect. Furthermore, BNG also formulates a public rental housing programme for low-income households. Although there is a shift on policy level in terms of alternatives to formal ownership the reality on the municipal implementation level has not changed accordingly. Only cooperative housing provides a de facto alternative ownership but faces problems to deliver at scale and meet the needs of the poorest.

“There is a lot of cynicism that just says it does not work because of people’s perceptions and understanding of what it [joint ownership] means.”

There are contradicting views on the effects of allocating individual titles to the urban poor. The policy documents are accounted for reflecting an enabling markets view. Following this understanding land represents an asset on the market which poor people can profit from when being provided with a formal title. Critics of this view argue that the township property does not represent an asset. From a right-to-land view individual ownership is moreover considered to pose the risk of selling property and perpetuating poverty. According to this understanding issuing titles as an initial step of tenure security causes capacity constraints and undesirable effects. Instead, formal tenure systems tend to collapse back to informality. In this view a diversity of tenure options to overcome the gap in housing choice and rental arrangements as a first entry point to the housing market are essential if to provide pro-poor tenure arrangements.

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100 Mark Napier, personal communication, 07.11.2006.
101 For an overview of the enabling markets versus the right-to-land view see Affordable Housing Institute (2005), pp. 10ff.
102 Urban Land Marks Project funded by DFID with „making markets work“ approach
103 See Affordable Housing Institute (2005), p. 8.
105 See for example Gilbert (2003).
7. Construction

The Housing Act (1997) provides *National Norms and Standards* in terms of the minimum size of top structure and standards for construction. Housing construction and engineering services, as with project linked Greenfield housing projects, are regulated by norms and standards.°°° Beneficiaries have the choice between a contractor-built or owner-built house via the *People’s Housing Process* (PHP).

Contractor-built houses have to comply with design and construction requirements set out by the *National Home Builder Registration Council* (NHBRC). Residential builders have to register with NHBRC and are obliged to enrol all new houses under the NHBRC’s *Defect Warranty Scheme*.°°° Only then are banks allowed to grant mortgage loans or finance. To protect home owners from inferior workmanship by housing contractors NHBRC inspectors assess workmanship of the building.°°° With the approval by the inspector the beneficiary receives a ‘Happy Letter’ and the last tranche of the subsidy amount can be disbursed.

One general concern is that the low subsidy amount causes problems to comply with norms and standards. As a result, local government is forced to top up the subsidy but few have the adequate financial means.°°° Therefore government is forced even more to save costs in terms of location and services to afford the minimum standards.°°°

Napier stresses that legislation provides for a more flexible application in regard to low-cost settlements. Flexible application is however objected to by local government as they are concerned with the future management of the settlements.°°°

The NHBRC regulations do not apply to PHP driven housing projects. They have to comply with the *National Building Regulations* standards and with minimum standards for PHP projects set out by provincial government.°°°

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°°° See Napier (2003), p. 344.
°°° However, provincial house and plot-size standards are higher than in national minimum norms and standards. See Khan/Ambert (2003), p. xi.
Napier argues that regulations by the *National Home Builders Regulations* are not appropriate for self-build processes. Local authorities are more engaged in controlling construction standards than giving support. Many projects do not comply with the norms and standards and thus never fulfil the requirements to receive “happy letters” and thus do not get the full subsidy amount. Napier cites an interview with Baumann who states that housing standards should be progressive towards an adequate housing product.\(^{113}\)

Furthermore, the underlying assumption is that PHP processes imply self-built housing. In reality small scale contractors are often employed who have to work informally, so as to avoid the regulations set out for contractor-built housing.

\(^{113}\) See Napier (2003), p. 344.
Annex E: Stakeholder analysis

The following analysis is focused on two civil society alliances which are active in securing land and housing in the City of Cape Town. The first alliance is a loose and irregular working arrangement between Non-Governmental Organisations (NGOs) and elected committees. The second alliance is aligned to Shack/Slum Dwellers International (SDI) and comprises a social movement organisation, its affiliated local federation groups and saving schemes as well as their support organisations.

1. Alliance A

1.1 Development Action Group (DAG)

The Development Action Group (DAG) was established in 1986 by professional town planners, architects, engineers and academics that were linked to the democratic movement at the time. DAG’s intention was to support squatter communities in Cape Town which were threatened with forced removals by the apartheid regime. Furthermore, DAG supported civic associations in their demands for better services, land and housing.

“DAG started in response to a growing amount of informal settlements at the periphery of the City. At the time DAG’s focus was two issues: security of tenure and then access to basic services.”

With the political changes in 1994 Non-Governmental Organisations in the urban sector such as DAG shifted from an advocacy role to support of Community-Based Organisations (CBOs) in housing projects. At the time they believed that empowerment will be achieved as long as sufficient organisational, technical and project management support was supplied.

“It was a very technically driven thing. Obviously we evolved over time and development for DAG is about developing people. It is about a people-driven, people-centred approach.”

In the late 1990s DAG realises the need for critical reflection on government practice and holding government accountable. In this context, it shifted its role to a catalyst in a collaborative engagement with the state.

Over the years DAG - as the entire South African NGO sector - was affected by decreas-

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1 See DAG (2008a) and (2008b).
2 NGO member 8
3 NGO member 8
ing donor-funding. A financial crisis emerged in 2004/2005 when the Urban Sector Network (USN), an umbrella organisation for urban sector NGOs, closed due to mismanagement. Previously DAG accessed a high share of income through USN. This helped to cover the shortfalls of donor funding. The crisis was solved by increasing income through direct consultancy work mostly for government.

In 2006/2007 38% of income was self-generated. 62% was provided through funding of which the major share constitutes funding by two foreign donor organisations: The German Evangelischer Entwicklungsdienst (EED) (44%) and the Dutch CORDAID (30%).

<table>
<thead>
<tr>
<th>Financial year</th>
<th>Total Income</th>
<th>Increase of income to previous financial year</th>
<th>Share of donor funding</th>
<th>Share of own self-generated income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002/2003</td>
<td>R 5 030 088</td>
<td>8.7%</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>2003/2004</td>
<td>R 5 030 264</td>
<td>0%</td>
<td>69%</td>
<td>31%</td>
</tr>
<tr>
<td>2004/2005</td>
<td>R 2 862 213</td>
<td>-43%</td>
<td>86%</td>
<td>14%</td>
</tr>
<tr>
<td>2005/2006</td>
<td>R 4 258 854</td>
<td>48.8%</td>
<td>64%</td>
<td>36%</td>
</tr>
<tr>
<td>2006/2007</td>
<td>R 4 326 876</td>
<td>1.6%</td>
<td>62%</td>
<td>38%</td>
</tr>
</tbody>
</table>


DAG is an association not for gain incorporated under Section 21 and registered as a non-profit organisation with the Department of Welfare. It is primarily working with poor and organised community groups and limits its outreach of activity to Cape Town and the Western Cape Province. DAG stresses that it works “in partnership with poor people” or “partners communities”. DAG engages on a request basis where these communities seek assistance to access land, housing, tenure and services.

Activities are coordinated from a centrally located office in Cape Town. In 2006 interventions comprised seven housing projects, six training courses and a number of research projects.

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4 In 2002/2003 26% of the total income was generated through USN. See DAG (2003), p. 26f.
9 See for example DAG (2002), p. 8 and p. 16.
10 Trainings comprised: Creating Sustainable Settlements, Community Housing Development Management, People’s Housing Process, Housing Support Centre, Leadership Programme, Community-based Risk Assessment.
Internal Organisation

DAG consists of a Board of Directors and an employed professional staff team.

The Board of Directors consists of eleven members which have a consultant, academic, private sector and NGO professional background. Board members act voluntarily and are elected at Annual General Meetings (AGM). Their role is to oversee DAG’s policy and practice.\(^\text{11}\)

The professional staff team is managed by a chief executive officer. Decision-making has been described as consultative by staff members. Decisions are discussed in staff meetings, but final decision-making lies with the management.\(^\text{12}\)

DAG underwent a number of organisational changes. Previously - besides management, research and administration - projects were coordinated by trainers and social development workers. These functions were combined in 2003 to development facilitators responsible for both projects and training. Since 2004 DAG introduced an operations manager who is in charge of programme monitoring and evaluation. In line with a strategic shift in 2006 work is organised in impact areas which are championed by coordinators.

![Internal organisational set-up of DAG](image)

Fig. 1: Internal organisational set-up of DAG, Source: Own design

In the financial year 2006/2007 about twenty staff members were working at DAG.\(^\text{13}\) The

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\(^\text{11}\) NGO member 7

\(^\text{12}\) See DAG (2003).

\(^\text{13}\) Five staff members are impact area co-ordinators, three staff members are involved in research and documentation, three in programme management, three with development facilitation, three with technical supervision and two in administration. This number does not include the six staff members which have left during the year and the two student internships which were provided. See DAG (2007), p. 23.
professional background comprises architects, town planners, development facilitator and civil engineers who were employed in the private, public or NGO sector previously. Three of the staff members are Cuban architects and engineers seconded by the Provincial Department of Local Government and Housing.

Since the mid 1990s DAG has continuously experienced high staff turnover which represents a level of instability to the organisation. It is, however, also seen as an opportunity to have like-minded professionals in key positions at local and provincial government level.

“In this way we have extended our thinking to the key decision makers in urban development.”

Staff members working at DAG see themselves as engaged and interested in social issues. Some staff members worked for the City of Cape Town previously and searched for more freedom in the work they are doing. Others from a private business background missed social commitment in their previous work.

“[…] I was always an activist. Even before I went into civil engineering, I was involved in the Anti-Apartheid movement. […] But I was intensely aware of how the market determines the place for the poor and so I then said to myself: Ok. I commit myself to a period, where I can get to grips with our ordinary people who survive in the urban context and take on the challenge that the market and economy brings them.”

For others it represents a social advancement or stepping stone. Predecessors for example are the mayoress of the City of Cape Town, Helen Zille, Yoliswa Matthews who is now the Deputy Director for Provincial Department for Community Safety and Gavin Wiseman who is regional head at the Housing Department of the City of Cape Town.

Orientation of the Development Action Group

DAG’s commitment is based on values as skill development, equality, redistribution, democracy, community development and integration. Its strategic objectives for 2006-2008 are: a) inclusive participatory development through capacity building within civil society and b) to influence state praxis by demonstrating alternatives and critical partnership.

“So the house itself that is built at the end of the day or the land that is occupied is not the is-

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15 NGO member 11
16 See DAG (2006a), p. 3.
sue to DAG. What we are about is to build strong citizens, we want to build people and communities that are able to enforce their rights, they are able to protect those rights and they are able to participate and lead in an informed development process.”

Since 2005/06 DAG works in five so-called impact areas which comprise:

- Informal Settlement Upgrading (promoting incremental upgrading and insitu),
- Municipal-wide Planning (promoting participation and an integrative approach),
- Medium Density Housing (promoting mixed-income medium density on well-located land),
- Value Capture\(^{18}\) (promoting value capture instruments by the state) and
- Citizenship and Participation (promoting CBO networking and participation in urban development issues).\(^{19}\)

All impact areas include a variety of activities both at project and strategic levels. Decreasing staff and resource capacity were given as reasons for shifting towards impact areas as a means to create a more effective approach.\(^{20}\) The executive director stressed the change of focus towards a more strategic approach. Amongst the impact areas, DAG wants to establish both a network of poor communities to lobby the state and a network of role-players which lobbies pro-poor urban development.\(^{21}\) It therefore employed in 2006 an expert on social mobilisation. For DAG this means a stronger valuation of establishing grass roots networks.

“We will have to see what does that do for our approach. Does it shift our approach to another direction or reinforce what we are doing already? The results up to now indicate that something has to change.”\(^{22}\)

DAG specifically stresses that it is committed to social justice and therefore to a research, advocacy and watchdogs role.\(^ {23}\) Since 2005 it also outlines its catalyst role for development. However, it realises that this role can imply a broad continuum of activity from

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17 NGO member 9
18 Value Capture mechanisms such as fiscal and regulatory instruments are used so that the state can generate additional resources and direct development. A share of benefit from land development is captured for community benefit. See DAG (2007), p. 16.
20 NGO member 8
21 Interview with Anthea Houston, 15.03.2006.
22 Interview with Anthea Houston, 25.10.2006.
community mobilisation to cooperation with government in delivery. DAG tries to find a balance of co-existing activities, specifically stressing a “critical engagement” or “critical partnership” with government.²⁴

The different kinds of activities comprise:

- Advocacy and lobbying
- Assistance for communities in doing their own advocacy and lobbying
- Research and setting precedents through projects to influence government with regards to policy and implementation
- Consulting and training for different levels of government concerning the housing process
- Training, information, technical and social support in community housing projects

<table>
<thead>
<tr>
<th>Background</th>
<th>Anti-apartheid movement, right-based</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income (2006)</td>
<td>R 4,326,876 (increasingly dependent on consultancy work for government due to decreasing donor funding)</td>
</tr>
<tr>
<td>No. of staff (2006)</td>
<td>20 (with high staff turnover)</td>
</tr>
<tr>
<td>Scale of activity</td>
<td>Cape Town and Western Cape</td>
</tr>
<tr>
<td>No. of housing projects (2006)</td>
<td>7</td>
</tr>
<tr>
<td>Mission</td>
<td>Community-centred settlement development and pro-poor policy promotion</td>
</tr>
<tr>
<td>Field of activity</td>
<td>Informal Settlement Upgrading</td>
</tr>
<tr>
<td></td>
<td>Municipal-wide Planning</td>
</tr>
<tr>
<td></td>
<td>Medium Density Housing</td>
</tr>
<tr>
<td></td>
<td>Value Capture</td>
</tr>
<tr>
<td></td>
<td>Citizenship and Participation</td>
</tr>
<tr>
<td>Kind of activity</td>
<td>Advocacy and lobbying</td>
</tr>
<tr>
<td></td>
<td>Research and setting precedents</td>
</tr>
<tr>
<td></td>
<td>Consulting and training of government,</td>
</tr>
<tr>
<td></td>
<td>Training, information, technical and social support in community housing projects</td>
</tr>
</tbody>
</table>

Tab. 2: Characteristics of the Development Action Group (DAG), Source: Own design

1.2 The Kuyasa Fund

The Kuyasa Fund\(^{25}\) was established in 1999 as a project by the Development Action Group (DAG) in order to support poor households which are excluded from access to credit in the formal banking sector. At the time DAG promoted savings groups in its projects as the basis for a loan scheme.\(^{26}\) Since 2003 the Kuyasa Fund is an independent non-profit organisation for end-user micro-finance. It enables access to finance for poor households above the government subsidies through promoting savings and supporting clients through loans for housing improvements.

Similar to DAG, the Kuyasa Fund had to cope with funding shortfalls as a result of the closure of the Urban Sector Network.\(^{27}\) But the Kuyasa Fund successfully continued to receive funding by foreign donors whilst building-up partnerships with the formal banking sector. This can be seen in the context of a general trend towards supporting microfinance. In 2005/2006 Kuyasa covered the majority of its operational costs by self-generated income (85%). Finance for the remaining costs and Kuyasa’s loan portfolio is provided by grant funding\(^{28}\) through donors (Culemborg Municipality, Gilles Foundation and CORDAID).\(^{29}\)

The Kuyasa Fund is an association not for gain incorporated under Section 21 and registered under the Non-profit Organisation Act with the Department of Welfare.\(^{30}\) It functions, however, rather as a mini-bank than a NGO. It targets individuals, not communities.\(^{31}\) Its clients have some sort of income and “with the economy growing can afford a house”.\(^{32}\)

It refers to its target group as “clients” which are low-income\(^{33}\) households in Cape Town. The majority of the clients are women (74.8%) and either informally employed or depending on pensions (60%).\(^{34}\) The Kuyasa Fund specifically stresses that it reaches the

\(^{25}\) Kuyasa means „New Dawn“ (Xhosa)
\(^{27}\) In 2005 about 74.61% of Kuyasa’s Grant funding was supplied through the USN Opportunity Fund. See The Kuyasa Fund (2006a), p. 23.
\(^{31}\) NGO member 14
\(^{32}\) Interview with Tony Florence, 18.10.2006.
\(^{33}\) 50% earning below R 1,500 and 94% earning below R 3,500. See The Kuyasa Fund (2006a), p. 16.
\(^{34}\) See The Kuyasa Fund (2006a), p. 16.
lower end of the microcredit market with the majority (85%) of clients living under US$ 2.6 a day. The clients are organised in saving groups for peer-regulation and risk-management. For 2006/2007 Kuyasa projected to have 6,000 savers and 1,200 clients receiving a loan. In order to receive a loan, applicants have to qualify for a state housing subsidy, to have occupational rights, a proven savings record and a source of income. They then have to provide a 10% deposit to the loan. Loans are disbursed as once-off payment of between R 1,000 – 10,000.

The Kuyasa Fund is based in Cape Town and working all over the Western Cape Province. Since 2006 it extended its outreach to a further nine South African cities and has established two new offices. The expansion is based on financing arrangements combining different finance sources of private investors, commercial lenders, trade unions and banks.

The microcredit project focus is amended by saving training programmes and research and lobby activities.

Internal Organisation

The Kuyasa Fund consists of a Board of Directors and an employed professional staff team. The Board of Directors consists of six members who come from a development consultant and private sector background.

The professional staff team is divided into office staff and field staff and managed by an executive director. Office staff comprises nine staff members working in strategic management (executive director), managing field work functions and credit control (operations manager), and administration (programme support staff). Field staff comprises loan officers responsible for client service and savings organisers supporting saving groups.

Since its inception staff numbers have increased from three in 1999 to twenty-three in 2006.

Especially staff members working as field workers are committed to the approach of the

---

37 PO member 2; See The Kuyasa Fund (2006b).
**Kuyasa Fund** as they have themselves the same background as the target group.

“I would like to have the people have the same opportunities. Those people need the money.”

**Orientation of the Kuyasa Fund**

The aim of The Kuyasa Fund is to develop a financial sector for the poor.

“We believe that the poorest of the poor are credit-worthy and that through mobilising savings they are able to build financial and social capital.”

Therefore the **Kuyasa Fund** provides access to housing finance to low-income households. The focus in housing is rather on a product and less on community organisation.

Another microfinance institution described the different approach:

“We [CRO] get involved in housing because the community is organised and they [Kuyasa Fund] want to be involved in housing.”

The **Kuyasa Fund**’s core activities are complemented by research and lobby work in order to evaluate and improve its practices and to impact policy by commenting on bills or by participation in government forums. It promotes the **People’s Housing Process (PHP)**, lobbies around property-market issues and addresses problems occurring around housing finance institutions.

<table>
<thead>
<tr>
<th>Background:</th>
<th>Emanated from Development Action Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income (donor and self-generated) (2006)*:</td>
<td>About R 12,85 million (85% self-generated, continuous donor funding and finance through formal banking sector)</td>
</tr>
<tr>
<td>No. of staff (2006):</td>
<td>23 (high staff increase)</td>
</tr>
<tr>
<td>Scale of activity:</td>
<td>Cape Town and Western Cape (in future 9 further cities)</td>
</tr>
<tr>
<td>No. of projects (2006):</td>
<td>6000 savers (1200 loan clients)</td>
</tr>
<tr>
<td>Mission:</td>
<td>Establish a financial sector for the poor for housing improvements</td>
</tr>
<tr>
<td>Field of activity:</td>
<td>Housing finance</td>
</tr>
<tr>
<td>Kind of activity:</td>
<td>Promote savings and provide loans</td>
</tr>
</tbody>
</table>


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41 PO member 2
43 Interview with Tony Florence, 19.10.2006.
45 Interview with Anthea Houston, 15.03.2006.
1.3 People’s Organisations

People’s Organisations working with DAG in the housing process are situated in communities within the Western Cape Province. In 2006 DAG was working with seven housing projects in Cape Town.46

The organisations have evolved by themselves either as an organised land invasion claiming for tenure rights and upgrading (as with the Freedom Park Development Association), as organised backyard dwellers to negotiate with the state for land (Netreg Housing Project) or as organised domestic workers to assert pressure for inner city housing (as with Rainbow).

The Netreg Housing Project and Freedom Park Development Association which will be analysed further are community-based and membership-based organisations. Their organisational aims are both development and issue-driven advocacy oriented.

1.3.1 Netreg Housing Project

Shortage of housing was initially addressed by the Netreg Ratepayers Association in 1988 which dissolved in the early 1990s due to corrupt practices. In 1992 a local SANCO branch was formed – the Netreg Civic Association. Its leadership had put housing development as a priority, addressing the delays of delivery. This marked the inception of a subcommittee, the Netreg Civic Housing Project, coordinating the housing claims of a group of backyard shack dwellers in the area.47

There are 191 members who are all backyard shack dwellers from Netreg and all are beneficiaries of the housing subsidy. All of the members were interested in accessing housing close to where they were staying and working.

“I have been a beneficiary [for housing], but I was not interested so much because I could still afford renting. Then I got tired of renting and I thought that is a nice opportunity for me because rent is so much. […] And I thought my children will need a home.”48

The group only formally constituted as a voluntary association in 2002.49 Members elect a committee at Annual General Meetings. The committee works on a voluntary basis and is

46 Nomzabalazo (Wallacedene); Netreg (Bonteheuwel); Freedom Park (Tafelsig); Lavender Hill/ Cuban Heights; Ndabeni; Rainbow; Delft.
48 PO member 2
49 DAG (2006b).
chaired by a chairperson. Leadership in the group has not been without conflict. Leaders often did not receive recognition in the community. Also, decision-making in committee meetings and who is representing the community presented a struggle amongst the committee members.

“In going out a lot and speaking to the people I learned a lot. I knew more than they [the committee members] knew. I am taking in and I am using in the community. They did not like that very much, because it would cause conflict. There were many times when I resigned and came back.”^50

The primary goal of NHP is issue-based. It aims at organising the communities around their claims for land, housing and social development.

The committee is the spokesperson for the Netreg Housing Project and represents the beneficiaries at negotiations with government. Later in the housing development it represented the community at steering committee meetings and decided on consultants and suppliers.

It promotes the needs and interests of the community and informs the community about the state of affairs in the housing development process.

The Netreg Housing Project was furthermore involved in conducting a livelihood study of the area and has an organised sub-group which is promoting savings.

<table>
<thead>
<tr>
<th>Background:</th>
<th>Backyard dweller</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of member households (2006):</td>
<td>191</td>
</tr>
<tr>
<td>Location:</td>
<td>Greenfield site in Netreg (formerly coloured township)</td>
</tr>
<tr>
<td>Internal organisation:</td>
<td>Registered voluntary association with elected executive committee and sub-groups</td>
</tr>
<tr>
<td>Goal:</td>
<td>Land and housing</td>
</tr>
<tr>
<td>Activity:</td>
<td>Negotiations</td>
</tr>
<tr>
<td></td>
<td>Representation of Community</td>
</tr>
<tr>
<td></td>
<td>Mobilisation</td>
</tr>
<tr>
<td></td>
<td>Livelihood study</td>
</tr>
<tr>
<td></td>
<td>Savings</td>
</tr>
<tr>
<td></td>
<td>Meetings</td>
</tr>
<tr>
<td></td>
<td>Door-to-door information</td>
</tr>
</tbody>
</table>

Tab. 4: Characteristics of the Netreg Housing Project, Source: Own design

^50 PO member 2
1.3.2 Freedom Park Development Association

The Freedom Park Development Association (FPDA) was established in 2000. Since 2004 it is a registered non-profit organisation. It has an elected executive committee. Committee members are elected at Annual General Meetings. In 2006 the committee consisted of twelve members working on a voluntary basis.\textsuperscript{51}

Members of FPDA also organise in different sub-groups which comprise housing related issues and broader community needs.\textsuperscript{52}

"The decision on the sub groups came from us, the committee. Because it was too much and we needed help. Most of the time the community feels that we must be there. They put us one side and they just see us as the leaders and they don’t see that we also have needs and exactly the same needs as they have."\textsuperscript{53}

The primary goal of the Freedom Park Development Association is issue-based. The group intends to access land and housing. Furthermore it extends its organisational aims to social development:

"We don’t want to leave it with houses because we still have other needs."\textsuperscript{54}

The Freedom Park Development Association represents the community in negotiations with the City. It moreover informs the community about the development process in regular meetings and tries to mobilise the households.

\begin{table}[h]
\centering
\begin{tabular}{|l|l|}
\hline
Background: & Informal settlement residents \\
\hline
Number of member households (2006): & about 300 \\
\hline
Location: & Informal settlement in Mitchell’s Plain (formerly coloured township) \\
\hline
Internal organisation: & Registered voluntary association with elected committee and sub-groups \\
\hline
Goal: & Land, housing and social development \\
\hline
Activity: & Negotiations \\
& Representation of community \\
& Mobilisation \\
& Livelihood study \\
\hline
\end{tabular}
\caption{Characteristics of Freedom Park Development Association, Source: Own design}
\end{table}

\textsuperscript{51} See DAG (2006b).
\textsuperscript{52} Sub Groups active in 2006: Housing Support Centre, Savings, Community Safety, Materials Supplier, PHP Application, Freedom Park Profile/Newsletter, Solid Waste & Recycling, Abuse Project, Beneficiary Information, Construction Skill Training and Disaster Management.
\textsuperscript{53} PO member 1
\textsuperscript{54} PO member 1
2. Alliance B

2.1 Community Organisation Resource Centre (CORC)

The Community Organisation Resource Centre (CORC) was established in 2002 and originally named Community Organization Urban Resource Centre (COURC) because of its focus on urban poor communities. However, it soon realised that the separation between rural and urban was misleading and changed its programmes and name accordingly.\(^{55}\) Since 2005 CORC expanded its work focus from enabling learning and advocacy to development support. This is either handled by project management teams or through external support organisations.\(^{56}\) Since 2005 CORC also houses the secretariat for Shack/Slum Dwellers International (SDI).

CORC was closely connected to People's Dialogue. Joel Bolnick, coordinator of CORC, was the initiator and previous director of People’s Dialogue until he established CORC. When PD closed down in 2005, most of the staff moved across to CORC.\(^{57}\) CORC then partly took over the role of PD because of the lack of development support to Federation groups.

CORC’s philosophy is based on concepts such as liberation theology as well as the methodology of SDI. Joel Bolnick was inspired to expand the SDI model to the South African context. He has seen analogies to the South African Black Consciousness Movement (BCM).\(^{58}\)

The understanding of the need for grassroots empowerment was recognised by Joel Bolnick and Peter Templeton who were working at the South African Catholic Development Agency (SACDA) in the early 1990s. Consequently, the role for NGOs was seen to create the space for exchange and learning and that investments will go to the establishment of networks instead of delivery outcomes.\(^{59}\)

\(^{55}\) For the discussion about urban-rural linkages see for example Bolnick et al (2006).

\(^{56}\) See CORC (2006b)

\(^{57}\) Interview with Jackqui Boulle, 30.10.2006.

\(^{58}\) BCM had evolved in the 1960s as a grassroots anti-apartheid movement which rejected the imposition of a White value system. BCM had made clear that white activists also dis-empower black communities by taking up the role of representing them. Steve Biko, prominent leader of the Black Consciousness Movement, has made explicit the inbuilt superiority-inferiority complexes of the South African society. He outlined that true integration needs an emancipation to overcome the inferiority complex. See Biko (2004), p. 22.

\(^{59}\) See Wilson/Lowery (2003), p. 50.
CORC’s funding remained constant at a time when the South African NGO sector in general was affected by decreasing donor-funding.\textsuperscript{60} In 2006 27% of income was self-generated. 73% was provided through funding of which the major share constitutes funding by foreign donor organisations such as IBIS (27%), Misereor (23%) and the Ford Foundation (13%). 15% of its funding derives directly from 

\textit{Shack/Slum Dwellers International (SDI)}.\textsuperscript{61}

Most of the funding is directed towards a specific programme embedded in CORC. CORC then administers the funding with exception of \textit{People’s Environmental Planning} (PEP) which is run independently.\textsuperscript{62}

CORC also channels donor finance to specific projects, but seeks to leave finance distribution flexible to be used for projects which the communities have agreed upon in order to be able to adapt to changing realities. Moreover, it channels funding to the \textit{Coalition of the Urban Poor} (CUP) and the Federation. The latter finance is not fixed to projects as it is intended to be used for counselling and exchanges of community groups.\textsuperscript{63}

\begin{table}[h]
\centering
\begin{tabular}{|l|l|l|l|l|}
\hline
Financial year & Total Income & Increase of income from previous financial year & Share of donor funding & Share of own self-generated income \\
\hline
2004 & ca. 7,890,00 & about 0\% & & \\
2005 & ca. 7,900,000 & about 1\% & & \\
2006 & 7,910,358 & about 0\% & 73\% & 27\% \\
\hline
\end{tabular}
\caption{Finance of CORC, Source: Own design, CORC (2007)}
\end{table}

CORC is registered as a voluntary association in terms of the Non Profit Organization Act, 1977.\textsuperscript{64} CORC programmes are independent, but gain their legal status through CORC.\textsuperscript{65}

CORC activities are not limited to Cape Town or the Western Cape. Instead, its outreach is nationally and even comprises activities in the Southern African Region and internationally as it houses the SDI secretariat. CORC works through two grassroots networks of poor communities – the \textit{Coalition of the Urban Poor} (CUP) and the \textit{Alliance of Rural}

\textsuperscript{60} See CORC (2007), p. 28.
\textsuperscript{61} See CORC (2007), p. 28.
\textsuperscript{63} NGO member 3
\textsuperscript{64} CORC (2006c).
\textsuperscript{65} Interview with Joel Bolnick, 13.03.2006.
Communities (ARC). It is primarily involved with the Federation of the Urban Poor (FEDUP) as one of CUP’s affiliates. However, its target groups are the local affiliates of the Federation and not its regional or national networks.\footnote{Interview with Joel Bolnick, 13.03.2006.}

Activities are coordinated from decentralised programme offices in different locations in South Africa. The overall coordination office is based in Cape Town. For Cape Town in 2006, interventions comprised nine projects.\footnote{See CORC (2006e).}

Internal organisation

CORC consists of a Board of Directors and an employed professional staff team. The board is meant to independently oversee the organisation. However, since its inception it has only met once. The Board of Directors consists of four members who have a local government and academic professional background.\footnote{NGO member 3} It is noteworthy, that in 2006 the director of housing within the City of Cape Town was a member of the board.

The professional staff team is managed by a coordinator who also serves as one of four coordinators of Shack/Slum Dwellers International. Emphasis to the setup is given to decentralised structures of decision-making.\footnote{Interview with Joel Bolnick, 13.03.2006.} The coordinator is regarded as charismatic by staff members and programme managers. Therefore final decision-making is mostly in line with his preferences.

Work is organised in administration and overall coordination as well as in seven greatly independent programmes within CORC. These operate from own offices and receive own funding, but are administered through CORC and are managed through mutual decision-making. In 2006 about thirteen professional staff members were employed. The professional background comprises academic, NGO and private sector backgrounds.

Seven staff members are coordinators of programmes and one is responsible for overall coordination. Four staff members are involved in administration. A further staff member is employed through the Evangelischer Entwicklungsdiensst and links CORC with SDI activities. A further eight grassroots activists are employed as social facilitation field staff to
interact with the social movements. 70 Moreover, CORC works on a regular basis with a small number of consultants.

CORC experienced a high staff turnover and resulting instability with two staff members leaving and one joining the organisation in 2006.

Staff members are interested in social issues and see the SDI approach as a new opportunity in development work.

“For me the exciting reason to work for CORC is that when you work in the development context, you realise that usually with NGOs the formal and institutionalised structures become a fast-selling item and then you are totally separated from the grassroots with whom you actually wanted to collaborate with.” 71

Orientation of the Community Organisation Resource Centre

CORC emphasises that it comprises both professionals and grassroots activists “[…] who think independently yet plan and act collectively. It is the hub of a new synergy between intellectual pioneers and collective action.” 72 Its vision is to enable solidarity, capacities and collective learning amongst poor communities and that they will be empowered to interact with the formal world. Housing for CORC represents an entry point for learning and engagement with the state. The aim is to strengthen the access to the political sphere which is supposed to result in pro-poor solutions. This, according to CORC, can only evolve through building up self-reliance and self-organisation of the poor. 73

CORC programmes therefore assist grassroots networks in order to create delivery initiatives and learning and advocacy initiatives at the local community level.

CORC works through seven programmes:

The Land Programme that deals with rural and urban land issues, a Sustainable Development Programme that addresses brown or green issues such as infrastructure, alternative technologies and densification and Co-Connected, a programme that supports the rural process, mainly around land tenure and land use management. Then there is a health programme, Sizakuyenza, which deals with the social and political dimensions of HIV/AIDS,

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70 See CORC (2007), p. 26. According to one staff member the payment of grass roots field staff dates back to old contracts and is not a further practice of CORC.
71 NGO member 3 [own translation]
72 See CORC (2006d).
domestic violence and orphans. It creates a save space for women in communities so they can become more aware of how to deal with their vulnerability. Furthermore, there is a *Solid Waste Management Programme* that is trying to bring together recyclers and waste pickers in the city so they can negotiate for tenders around waste management. There is a *New Media for Social Change Programme* that prepares documentation for all the programmes, the social movement affiliates and for SDI.

Furthermore, since 2006 there is a *Community Micro-finance Network* (CMN) that deals with finance management and savings.\(^{74}\) Whereas *uTshani Fund*, the financial arm of the Federation, previously employed savings coordinators, these activities were integrated with CMN under the CORC programmes. The director of *uTshani Fund* acts as supervisor of CMN whilst one savings coordinator is based at CORC to strengthen savings practices. *People’s Environmental Planning* (PEP) provides technical support, training and advice around appropriate housing technology. It is mentioned by CORC as a CORC programme, but acts independently and outside the CORC organisation.\(^{75}\)

Within the different CORC programmes activities are centred on building up relationships between the Federation model and professionals. CORC programmes work through the *Coalition of the Urban Poor* (CUP) as the network for urban social movements.

CUP receives support from CORC in two different ways: One form of support is through learning and advocacy. CORC is facilitating experience sharing through exchange programmes between these affiliates or bringing them together to engage state institutions to secure resources. The second way CORC is engaged is around delivery. CORC then sets up a *Strategic Learning Group* which comprises CORC, the social movement and sometimes other professional support organisations.\(^{76}\)

The activities are centred on building up relationships within the social movements and between them and formal institutions such as the state.

As the relationship building is greatly focused on accessing housing subsidies, these activities have also been labelled “pragmatic”.\(^{77}\)

\(^{74}\) CMN closed down in 2008.

\(^{75}\) Therefore PEP will be made explicit at a later stage.

\(^{76}\) Interview with Joel Bolnick, 13.03.2006

\(^{77}\) See for example Khan/Pieterse (2006), p. 158.
The different kinds of activities comprise:

- Finance administration
- Facilitation of exchange between social movement affiliates
- Facilitation of exchange between social movement affiliates and state institutions
- Facilitation of strategic learning groups in housing development projects

<table>
<thead>
<tr>
<th>Background:</th>
<th>Catholic Church, Black Consciousness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income (2006):</td>
<td>R 7,910,358 (constant)</td>
</tr>
<tr>
<td>No. of staff (2006):</td>
<td>13 (high staff turnover)</td>
</tr>
<tr>
<td>Scale of activity:</td>
<td>Local-national</td>
</tr>
<tr>
<td>No. of projects in Cape Town (2006):</td>
<td>9</td>
</tr>
<tr>
<td>Mission:</td>
<td>Enable networks amongst poor communities and interaction with formal world</td>
</tr>
<tr>
<td>Field of activity:</td>
<td>Land Programme</td>
</tr>
<tr>
<td></td>
<td>Sustainable Development Project</td>
</tr>
<tr>
<td></td>
<td>Community Micro-credit Network (CMN)</td>
</tr>
<tr>
<td></td>
<td>Sizakuyenza</td>
</tr>
<tr>
<td></td>
<td>New Media For Social Change</td>
</tr>
<tr>
<td></td>
<td>Co-Connected</td>
</tr>
<tr>
<td></td>
<td>Waste Programme</td>
</tr>
<tr>
<td>Kind of activity:</td>
<td>Finance administration</td>
</tr>
<tr>
<td></td>
<td>Facilitation of exchange between social movement affiliates</td>
</tr>
<tr>
<td></td>
<td>Facilitation of exchange between social movement affiliates and state institutions</td>
</tr>
<tr>
<td></td>
<td>Facilitation of strategic learning groups in housing development projects</td>
</tr>
</tbody>
</table>

Tab. 7: Characteristics of the Community Organisation Resource Centre (CORC), Source: Own design
2.2 The uTshani Fund

In 1995 the Federation established *uTshani Fund* as a revolving fund for housing and later micro-business loans. It was subsequently institutionalised as a Section 21 Company incorporated to the NGO, *People’ Dialogue*. In 2002 after a financial and management crisis *uTshani Fund* was restructured and became an independent entity.

It functions as a membership-based association and aims to build and protect financial assets for the Federation. It provides a financial tool to groups practicing savings in order to leverage state and donor resources. Until 2006 it exclusively provided services to Federation groups. It then has extended its services to all groups practicing savings. Nevertheless, the largest share of its target groups is part of the Federation.

*uTshani Fund* administers a revolving fund which is capitalised by state and donor grants and member contributions. It represents a channel for small loans to members. The loan disbursal is based on savings practices. Loans were used as bridging finance for subsidies. This practice has ultimately ceased. In 2001 the decision was made that subsidies have to be accessed upfront to avoid further financial risks. Nevertheless, uTshani continues to recover its overdue debts and deal with outstanding loans from the past. Savings practices also had to be reintroduced and are only slowly advancing again.

*uTshani Fund* administers both regional and national funds. In 2006 the revolving fund was decided to be managed in new regional funds to avoid conflicts amongst regional leaders around one national fund. The regional funds will gradually contribute to a national *Urban Poor Fund*. Federation members contribute a once-off R 750 and R 5 monthly. The amount of capital in regional funds will be doubled by *uTshani Fund*.

*uTshani Fund* is subdivided in accumulated funds, an operating fund and a project and revolving funds. The latter is not owned but administered by *uTshani Fund*.

All funds receive contributions from various donors and the state. In 2005 uTshani received investments into the project and revolving fund of about 46.7 million Rand. The capitalisation of the loan fund by means of grants comprises institutions such as

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78 “uTshani” is a Zulu word for „grass“.
79 See for example *uTshani Fund* (2006c).
80 See *People’s Dialogue* (2003).
Katholische Zentrale für Entwicklungshilfe e.v., Cordaid and USAID. UTshani Trust itself capitalised the fund with 15.4 million Rand.\textsuperscript{83}

A further 13.5 million Rand\textsuperscript{84} in subsidies were administered for government. The share of housing subsidies by the Western Cape Province amounts a total of 6.3 million Rand of which 2.3 million have been disbursed in 2005.\textsuperscript{85}

The government subsidies are under the jurisdiction of uTshani Trust which consists of government representatives, two Federation members and seven representatives of affiliates organisations. Release of Trust funds to the Federation must be approved by a majority of the trustees.\textsuperscript{86}

\textit{UTshani Fund} is an association not for gain, incorporated under Section 21. It refers to its target group as partners as they are altogether aligned to SDI practices. The majority of the target group are women with an income below R 1,500 per month. UTshani is known for specifically providing for the lower income segment.\textsuperscript{87}

In 2000 about 1,000 saving schemes were active nationally with over 80,000 savers and R5.2 million total savings. In the same year 1,354 loans were disbursed (with a max. value of 10,000 R) worth of about R 13 million.\textsuperscript{88}

\begin{table}[h]
\centering
\begin{tabular}{|l|c|}
\hline
\textbf{Loan finance} & \textbf{Amount (R) in 2005} \\
\hline
Project preparation finance & 599,895 \\
Land loans & 3,564,626 \\
Infrastructure bridging finance & 3,105,250 \\
Housing and improvement loans & 27,614,955 \\
Subsidy top structure finance & 377,878 \\
Wholesale housing finance & 4,976,296 \\
Income generation loans & 676,148 \\
\hline
Total & 46.7 million \\
\hline
\end{tabular}
\caption{Composition of uTshani loan finance in 2005, Source: uTshani Fund (2005a), p. 11ff.}
\end{table}

After the internal crisis, saving practice was only revived after FEDUP structures were put in place in 2006. Data on the total number of active saving groups are still on the way

\textsuperscript{83} For the details of the contributions see uTshani Fund (2005a), pp. 15f.
\textsuperscript{87} See Porteous/Naicker (2003), pp. 192-227.
\textsuperscript{88} See Baumann et al (2001), pp. 8f.
to be captured. In 2006 there were six FEDUP groups active in Cape Town with savings (Athlone, Macassar, Manenberg, Site C, Eerste Rivier and Strand).

**UTshani Fund** is operating nationally from a head office in Cape Town. Two further offices are operating from Durban and Johannesburg.

**Internal organisation**

**UTshani Fund** consists of a Board of Directors and an employed professional staff team. The Board of Directors is made up of seven members who come from affiliated NGOs and the Federation. Representatives from the South African Homeless Federation have been removed from the board after a part of SAHPF registered as a Section 21 company.

The staff team is managed by an executive director. He also acts as a supervisor to the Community Microfinance Network (CMN) which is based at CORC. The internal organisation of **uTshani Fund** is divided into office staff and field staff. Especially staff members working as field workers are committed to uTshani’s approach.

“I worked for NGOs all my life. [...] But NGOs have changed a lot. They have become corporate business world. But [...] I always believe I have to work with people. I don’t want to work for government, although I get a lot of offers.”

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<table>
<thead>
<tr>
<th>Background</th>
<th>Emanated from People’s Dialogue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income (donor and self-generated by end 2005)</td>
<td>479,853 - 3,928,780</td>
</tr>
<tr>
<td>No. of staff (2006)</td>
<td>8</td>
</tr>
<tr>
<td>Scale of activity</td>
<td>Local-national</td>
</tr>
<tr>
<td>No. of projects (2006)</td>
<td>Unknown</td>
</tr>
<tr>
<td>Mission</td>
<td>Social capital formation</td>
</tr>
<tr>
<td>Field of activity</td>
<td>Finance</td>
</tr>
<tr>
<td>Kind of activity</td>
<td>Account administration and loan finance</td>
</tr>
</tbody>
</table>

Tab. 9: Characteristics of uTshani Fund, Source: uTshani Fund (2005a)

**Orientation of the uTshani Fund**

The aim of **uTshani Fund** is to enhance social capital in poor communities, to promote partnerships with the state and to scale up community-led development. This is to be
achieved through setting precedent of community-driven housing and influencing the state subsidy system.\textsuperscript{90}

uTshani acts as an accounts administrator in terms of subsidy administration for poor communities and supports community-based loan systems. In order to receive a loan, applicants have to practice daily savings. Loans are disbursed for different categories (see table 8). The loans are unsecured and interest free with no fixed term of repayment. Only the housing loans have interest charged and a maximum repayment of fifteen years. Property acquired through land loans goes to uTshani Fund until the receipt of the subsidy.\textsuperscript{91}

\textsuperscript{90} See uTshani Fund (no date).
\textsuperscript{91} See uTshani Fund (2005a), pp. 11ff.
2.3 People’s Environmental Planning (PEP)

*People’s Environmental Planning* (PEP) started in 1998 and officially registered as a Non-Governmental Organisation in 2000. PEP is run by an architect who was previously the national technical coordinator at *People’s Dialogue*. Technical knowledge to Federation groups was previously provided by PD. After its closure this function was outsourced by CORC to PEP.

PEP receives donor funding mainly through SELAVIP, an organisation in Latin America, and Misereor. PEP sees its close relation to CORC and SDI as an opportunity to secure and channel funding.

“[…] it is well worth my while to keep those links with CORC. CORC basically looks after FEDUP and they are my biggest clients. [...] And also assists me in strengthening my position in the funding point of view. I don’t enjoy the whole political game that gets played by funders.”

PEP is registered as a public benefit organisation, NGO and educational trust. It refers to its target group as clients which are primarily FEDUP groups.

In 2006 PEP was involved in a number of projects to complete unfinished Federation houses nationally, the rollout of new housing projects, the construction of a safe haven and a crèche in Cape Town, temporary shelter construction in Cape Town, construction of housing support centres, training and accreditation of FEDUP construction managers and training for government officials.

PEP is based in Cape Town working in projects throughout South Africa. PEP is independent from CORC, however works predominantly for CORC:

“I don’t see me as an arm of CORC but CORC sees me as that. PEP is not a programme of CORC. PEP is its own individual entity with its own funding.”

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93 Interview with Shawn Cuff, 20.09.2006.
94 See CORC (2007), pp. 18f.
Internal organisation

PEP consists of a Board of Directors and an employed professional staff team. The staff comprises a book keeper, three architects and two site managers. Further four are employed on a casual basis.96

Orientation of People’s Environmental Planning

The vision of PEP is that poor communities achieve ownership of the housing development process. The director of PEP stresses the aim of “giving them [the community] the space to find their own solutions”. Therefore, PEP provides technical support to communities in layout planning and house design and supports them in the interaction with government. The technical support is characterised by an intermediary role of PEP between the communities and formal organisations.

“The other thing I do is acting as an interface between the communities and the formal world, between communities and the professionals, weather that be the consulting engineers [...] or the professionals and technocrats within provincial and local authorities.”97

These core activities are complemented by construction of social facilities and training for government officials.

<table>
<thead>
<tr>
<th>Background</th>
<th>Emanated from People’s Dialogue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total income (donor and self-generated) (2006)</td>
<td>Unknown</td>
</tr>
<tr>
<td>No. of Staff (2006)</td>
<td>6</td>
</tr>
<tr>
<td>Scale of activity</td>
<td>Nationally</td>
</tr>
<tr>
<td>No. of projects in Cape Town (2006)</td>
<td>9</td>
</tr>
<tr>
<td>Mission</td>
<td>Community ownership of housing process</td>
</tr>
<tr>
<td>Field of activity</td>
<td>Housing design and construction</td>
</tr>
<tr>
<td>Kind of activity</td>
<td>Training and design workshops, assistance in business plan, house modelling and construction, consultation, intermediary</td>
</tr>
</tbody>
</table>

Tab. 10: Characteristics of People’s Environmental Planning, Source: Own design

96 Interview with Shawn Cuff, 20.09.2006.
97 Interview with Shawn Cuff, 20.09.2006.
2.4 Coalition of the Urban Poor (CUP)

CUP was formed around 2002 as an umbrella body for Community-Based Organisations (CBOs) and social movements such as the Federation of the Urban Poor (FEDUP) and the Poor People’s Movement (PPM). The initiative was driven by the director of CORC and one of the national Federation leaders. They approached the founder of PPM to coordinate the broader network of CUP. He then set up CUP nationally and approached different community groups to join in.98

Internal organisation

CUP refers to itself as a Mass People Organisation (MPO) and as a loose platform of different organisations. In 2006, CUP comprised about 200 affiliates across South Africa.

CUP is based in Cape Town at CORC offices. CUP does not have full-time staff. There is one coordinator who is supported from CORC to work at CUP. Members of CUP are encouraged to organise within their own structures and communities. CUP stresses that it does not intend to set up a hierarchical leadership structure.

“We encourage community groupings to meet in their own networks and not to meet in networks of the coalition. Because we have learned from the past in our country that when you start a new structure like CUP people tend to forget about their own house where they come from and want to join this new castle and be part of the leadership.”

Decision-making is realised through action plan meetings to pool grassroots people into a “think tank of the organisation” in order to set goals and objectives of CUP. Meetings take place occasionally about once every six weeks. These meetings evaluate progress being made in specific projects and makes recommendations to CORC, stakeholders in the community and funders.

The funding is being sourced through CORC, the CORC programmes and the partner organisations such as uTshani Fund and PEP. Furthermore, CUP has direct funding partners such as IBIS, an environmental NGO from the USA. CUP also seeks to receive government resources for support of communities on the ground.

Orientation of the Coalition of the Urban Poor

CUP’s intention is to build grassroots people with expertise who can then make a differ-

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ence on the ground. CUP specifically stresses that it does not set up a new organisation and structures, but aims to promote and improve local activities. Empowerment of communities is to be achieved by enabling exchanges of communities and by enumeration processes. Both networking and gaining information are seen as a basis for interaction with the state.

“We promote exchanges within different organisations in communities in Cape Town so they can start knowing each other, start sharing information and start networking. That is one way of them to become stronger. Secondly we are promoting community enumeration processes. Local communities gain more information about themselves. So they are able to use that information to negotiate resources from government.”

CUP runs a number of issue-based campaigns such as on land, access to services and housing. Some of its slogans are “From protest politics to constructive engagement” and “Learning through Messy Experiences”.99

During its first years of existence CUP has largely facilitated the promotion of SDI methodology mostly within the Western Cape Province. This was due to the internal leadership conflicts within the Federation which has resulted in a stall of Federation activities locally. Since the Federation has re-emerged as FEDUP in 2006 some conflicts between CUP and FEDUP leadership emerged. CUP activities were limited to savings and exchanges which represented a conflict of roles and responsibilities amongst CUP and FEDUP. Subsequently, CUP has redefined its role to establish network between the Federation and other groups.100

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100 NGO member 3
2.5 Federation of the Urban Poor (FEDUP)

The *Federation of the Urban Poor* (FEDUP) is aligned to the transnational movement of *Slum/ Shack Dwellers International* (SDI). The SDI network was launched in 1996 and consists of homeless and landless people’s federations. By 2006 fifteen SDI affiliates were active in countries such as Cambodia, India, Namibia, Nepal, South Africa, Thailand and Zimbabwe. It has mobilised two million women and 250,000 families have secured tenure and sanitation. SDI methodology is based on a common understanding of the structural realities which impact the federation members. They share the discontent of living conditions and experience with state, social movements, donors and NGOs. This shared experience represents a catalyst of change, according to Joel Bolnick. Slum dwellers are confronted with various uncertainties due to their informal status. The federation’s approach, also referred to as “rituals”, is a way to cope with the unstable situation. The SDI approach was first developed by a civil society alliance in India. The aim of these techniques is to empower the communities by practicing daily savings, horizontal exchanges and by building federations. These techniques are advanced by active involvement in meetings and self-enumeration and house-modelling and house building exercises. This approach is summarised under the slogan “power is knowledge and money”.

Membership is based on local saving practices. The size of federations in the different countries varies from a few hundred members in Malawi to widespread membership of thousands of federation members in India.

The SDI approach was replicated since 1991 in South Africa with the *South African Homeless People’s Federation* (SAHPF). The Federation is active in all provinces; primarily in urban areas.

The Federation in South Africa was seen as a forerunner challenging the pro-growth orientation of the South African state. In South Africa the Federation in alliance with Non-Governmental Organisations played a significant role in mobilising and supporting the urban poor to improve their conditions and to negotiate in policy formulation and local decision-making processes. After a substantial crisis and subsequent rebuilding process in

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102 See Bolnick (2008, p. 320.
2006, the *Federation of the Urban Poor* (FEDUP)\(^{104}\) as a successor of SDI practice in South Africa, is recognised by government and leveraged both state resources and influenced policy.

FEDUP is a network of saving schemes. Since the Federation in South Africa underwent a rebuilding process, accurate numbers are not available. Nevertheless, assumptions estimate a membership of about 40,000 in about 700 settlements around the country.\(^{105}\) Members are 85% women earning less than R1,000 (US $150) per month.\(^{106}\) Federation members were mostly from site-and-service schemes. This has been shifting towards increasing landless members joining the Federation.\(^{107}\)

FEDUP is organised on different levels with a flat leadership structure. Generally FEDUP is based on local leadership with regional and national structures which have a facilitating and advocacy role. Since the leadership crisis within the Federation the need for more transparent working structures and less monolithic and centralised leadership has been acknowledged. The director of CORC subsumes the decentralised leadership as “the popcorn-popping effect as opposed to centralised leadership”.\(^{108}\)

At the same time these requirements puts the Federation in a dilemma: on the one hand it aims to prevent centralised decision-making and leadership structures by promoting of bottom-up processes. On the other hand there is the need (in terms of accountability requirements imposed by donors and the state) for a structured decision-making process with clear roles and responsibilities.

At a national federations’ meeting in August 2006 the internal networking in terms of reporting/ planning and resource allocation was outlined as follows:

At **local community level**, saving schemes are perceived as the drivers of local processes based on savings activities and negotiations with local government. The mobilisation into the Federation is based on the formation of saving groups. Their network constitutes the Federation. Through daily savings, members are enabled to provide credit to other mem-

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\(^{104}\) This abbreviation by the way is no coincidence as it is time and time again used when challenging government representatives with the slogan “We are FEDUP!”.

\(^{105}\) See for example Podlashue (2008), p. 8 ; SDI (2007a).


\(^{107}\) Bay Research and Consultancy Services (2002), p. 15.

\(^{108}\) Interview Joel Bolnick, 26.10.2006.
bers. FEDUP facilitates the horizontal exchange of these groups and enables them to scale up their activities. The Federation stresses that they differ to microfinance self-help groups since it is not the financial aspect, but empowerment and changing relations to one another and the state which is fundamental. A common slogan they use is “We collect people, not money.” Saving schemes consist of 10-20 members.

Local networks are composed of groups of savings schemes which are also referred to as “Centres of Learning”. Saving groups interact in quarterly coordination meetings and support each other in negotiations. Planning is based on action plans which express the saving schemes needs and priorities agreed upon in the local networks. Furthermore, activity and financial reports are produced to ensure reporting. Coordinators are identified by savings schemes and accountable to them. Their responsibility is to monitor implementation, ensure networking and communication between regional and local networks.

On a regional level FEDUP is organised in nine regions. Local networks identify representatives into regional coordination meetings. Their local action plans are handed in at the regional level for approval. At regional meetings resources for community action plan implementation is then decided and allocated. Regional coordinators and program coordinators are also appointed on these meetings. Regional coordinators then produce reports as feedback to local networks and pass on a prioritised action plan to national level program coordinators. Regional meetings in the Western Cape take place on a monthly basis. Four regional coordinators and a number of program coordinators for the Urban Poor Fund and savings activities are appointed at this level.

At national level coordination is separated between coastal (Western Cape, Northern Cape, Eastern Cape and Kwa-Zulu Natal) and inland (Gauteng, Mpumalanga, North Western Province and Limpopo). Program coordinators at national level collect reports from regions and give feedback to regions and report to a treasurer. They also visit local networks on a monthly basis to assist with report preparation. At national forum meetings program and budget decisions for federation activities are made. The national forum consists of three savings scheme representatives per region.

At national level FEDUP has a trust referred to as “uDondolo Trust” which finances fed-

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eration activities such as advocacy, exchanges and documentation. The trust consists of the two national coordinators and eight trustees from NGO and government and private sectors background. The trust is managed by a treasurer.

At international level the Federation is aligned to *Slum/Shack Dwellers International*. Federation members within this global network of federations visit each other on exchanges which are used as a vehicle for horizontal learning. Government officials are also invited to exchanges with their counterparts in other regions. SDI addresses international organisations and institutions and also open doors for FEDUP members to participate and advocate at international level. SDI is for instance a member of the *Cities Alliance*, a World Bank and UN-Habitat initiative.110

**Local Networks of Saving Schemes**

Local networks of the *South African Homeless People’s Federation* emerged in the early 1990s in Cape Town. Prominent projects were the Victoria Mxenge, Vukuzenzele and Ekupumleni networks which later became the battleground during the split of the Federation. In 2006 local networks affiliated to FEDUP were situated in different communities within Cape Town such as Site C (Khayelitsha) and Ekupumleni (Phillippi East)111 and increasingly in predominantly coloured communities such as Macassar (Sommerset West), Manenberg, Athlone and Strand. In 2006 local FEDUP networks were involved with about nine housing projects in Cape Town.

These local networks have evolved by mobilisation through the Federation. The mobilisation activity was during an interim period of Federation restructuring and taken over by the *Coalition of the Urban Poor* (CUP). Since 2006 FEDUP has resumed its mobilisation efforts. With the pledge by the housing minister many local groups reconsider their affiliation to other movements such as the *Poor People’s Movement* or SAHPF and instead join FEDUP. Often members of the local FEDUP networks were already members of other local stokvels saving schemes, SANCO community groups or women associations and continue to participate in other local structures. Some of them have been living in informal settlements and are negotiating around tenure rights and upgrading, others are or-

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111 The Ekupumleni group though was highly affected by the split in the Federation and did not consider itself at the time of the research to be part of neither of the two structures. However, it continues on the SDI practices.
ganised backyard dwellers and negotiate with the state for land or are living in site-and-service schemes and are negotiating around consolidation and relocation.

Obviously the different background and shelter needs also determine the stability and dynamics of the local networks. Experiences with Federation groups showed that whereas existing communities are fast to mobilise, they show bias during the process. On the other hand landless groups are more difficult to organise, but more committed during the process. Differences in stability also emerge in terms of if the groups being scattered in an area or already on site and in proximity to each other.

Finance for securing land, housing, water and sanitation or for access to locally circulated low-cost loans for income generation and shelter improvements are allocated through an Urban Poor Fund. This fund also functions as mechanism to access state subsidies.

Former practices in the Federation were limited to access external resources and pool them in a fund in this system. External Funds include grant and loan finance from the state or northern donors. The Urban Poor Fund has been extended to local contributions. Contributions are organised through local savings schemes with national coordination supplying guidelines on the level of contribution. Members pay in R750 and R 5 monthly into their regional Urban Poor Fund which will contribute into the national UPF. The fund is administered by the uTshani Fund.

The table below illustrates the value of the Urban Poor Funds taking the Indian and South African and total value of SDI Urban Poor Funds into consideration. The equity created by savings is at 220,000 US $ (March 2007). The UPF leveraged further external resources (by government and donors) which are at 12 million US $. Therefore 1.83% of equity is currently provided by Federation savings. Assets created are indicated by land, houses, infrastructure and toilets worth 70,640,000 US$.

Internationally the Fund is seen as a mechanism beyond increasing financial assets, but to strengthen legitimacy and enhancing management and negotiation skills of the Federation members.\footnote{See Biti (2007), pp. 2f.} However, in the South African context the contribution of own resources to the fund is limited. After a long restructuring process of payments, UPF has only picked up again in 2006. Some local saving schemes are still reluctant to contribute to the UPF
and fear to lose control of the fund, because of past experiences. Because the regional funds (Inqolobane Fund) had failed and exceeded the savings and repayment capacities of members. The deficiencies in the past are addressed by setting up a common financial management mechanism above the local and regional level to ensure consistency, transparency and accountability.

<table>
<thead>
<tr>
<th></th>
<th>Start</th>
<th>External funds</th>
<th>Urban Poor Savings</th>
<th>Land</th>
<th>Houses</th>
<th>Infrastructure</th>
<th>Toilets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>No. of families</td>
<td>Value in US$</td>
<td>No.</td>
<td>Value in US$</td>
<td>No. of plots</td>
</tr>
<tr>
<td>India</td>
<td></td>
<td></td>
<td>23,000,000</td>
<td>100,000</td>
<td>35,000</td>
<td>17,000,000</td>
<td>35,000</td>
</tr>
<tr>
<td>South Africa</td>
<td>1995</td>
<td>12,000,000</td>
<td>220,000</td>
<td>20,000</td>
<td>5,600,000</td>
<td>13100</td>
<td>65,000,000</td>
</tr>
<tr>
<td>Totals of SDI</td>
<td>41,410,000</td>
<td>744,000</td>
<td>104,005</td>
<td>29,270,000</td>
<td>52,841</td>
<td>142,514,900</td>
<td>10,039</td>
</tr>
</tbody>
</table>

Tab. 11: Urban Poor Fund Equity and Assets, Source: extract from Bitti (2007)

The uTshani Fund matches the Urban Poor Fund on a 1:1 basis. Members can access loans for top-up finance and home improvements through the UPF which enhances the collective responsibility for a loan. The Community Microfinance Network (CMN), as part of CORC, supports saving records and operation systems to strengthen trust and accountability.

The legal status of the Federation causes confusion for outsiders. Saving schemes align in a network which constitutes the Federation. These saving schemes have a legal status as voluntary associations and thus can enter into contract and administer member savings. The Federation itself has no legal standing. It is rather a governance mechanism to decide upon resource distribution within the network.

Orientation of the Federation of the Urban Poor

The delivery of tangibles such as housing is perceived as an entry point for mobilisation of the poor, but not as an organisational goal as such. The aim of the Federation is rather to establish a network of local groups which is empowered to negotiate with the state. However, the local federation groups and saving schemes are more issue-driven. Wilson and Lowery (2003) revealed the changing awareness of local federation groups from being result-oriented to process-oriented during the building of internal networks.
The field of activity of the Federation is very much limited to access to land and housing. Huchzermeyer argues that the NGO/Federation model in South Africa is reduced to house construction because of the influence of the capital subsidy system. The pledge by the minister of 6,000 subsidies to the Federation therefore only exacerbates the focus on numbers and construction of houses. Ahmadi Vawda argues that by entering the politics of deal-making with government, the Federation has abandoned its collective approach.

The extension of its development agenda beyond housing has been acknowledged as a primary challenge at FEDUP’s national forum in August 2006.

The kind of activity of the Federation comprises lobby and advocacy, internal networking and governance. This has lead to outcomes such as the partnership and social contract with the Department of Housing and partnerships with various municipalities, international exchanges and the set-up of an Urban Poor Fund. Specifically learning and networking is seen as the basis for capacitating members to negotiate at local level.

Core practices are exchange programmes between Federation groups nationally and internationally, savings to build networks and access external funds, data gathering to gain knowledge and as a basis for negotiations, mapping to understand settlement situation and make informed choices.

114 Personal communication with Marie Huchzermeyer, 04.09.2006.
115 Personal communication with Ahmadi Vawda, 05.10.2006.
### Annex F: Evaluation Interfaces Alliance A

<table>
<thead>
<tr>
<th>People’s Organisation (PO)</th>
<th>Development Action Group (DAG)</th>
<th>The Kuyasa Fund</th>
<th>City of Cape Town (CCT)</th>
<th>Council</th>
<th>National Government</th>
<th>Western Cape</th>
<th>LRC</th>
<th>Naili Melon Township Trust (NMTT)</th>
<th>Consultant</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actors</strong></td>
<td><strong>Access to Land</strong></td>
<td><strong>Access to Land</strong></td>
<td><strong>Access to Land</strong></td>
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<tr>
<td>Advocacy/commissioned work</td>
<td>Negotiation about well-located land</td>
<td>Eviction vs. security of tenure</td>
<td>PHP vs. constructor development</td>
<td>Superblock vs. individual houses</td>
<td>Subsidy release vs. building norms</td>
<td>Participation vs. technical upgrading</td>
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<tr>
<td><strong>Strategy</strong></td>
<td><strong>A1 Greenfield</strong></td>
<td><strong>A2 Upgrading</strong></td>
<td><strong>A3 Greenfield</strong></td>
<td><strong>A4 Upgrading</strong></td>
<td><strong>A5 Greenfield</strong></td>
<td><strong>A6 Upgrading</strong></td>
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<td>Competitive/consultative</td>
<td>Competitive/consultative</td>
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<td><strong>People’s Organisation (PO)</strong></td>
<td><strong>Development Action Group (DAG)</strong></td>
<td><strong>The Kuyasa Fund</strong></td>
<td><strong>City of Cape Town (CCT)</strong></td>
<td><strong>Council</strong></td>
<td><strong>National Government</strong></td>
<td><strong>Western Cape</strong></td>
<td><strong>LRC</strong></td>
<td><strong>Naili Melon Township Trust (NMTT)</strong></td>
<td><strong>Consultant</strong></td>
</tr>
<tr>
<td>Initiates land request</td>
<td>Advocacy/policy submission</td>
<td>Advocacy by policy submissions</td>
<td>Collaborates with DAG in Housing Plan formulation and in situ pilot Identifies champions at CCT</td>
<td>Dismisses land request, offers alternative sites</td>
<td>Invites DAG to forums</td>
<td>Invites DAG to forums</td>
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<tr>
<td>Negociates with CCT</td>
<td>Participates in forums</td>
<td>Participation in forums</td>
<td>Contracts DAG for research Receives training by DAG</td>
<td>Postpones decision-making Offers to integrate project to N2 Gateway Contracts DAG for surveys</td>
<td>Housing minister consults PO Contracts DAG DoH instructs CCT to support request</td>
<td>Housing minister consults PO</td>
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<tr>
<td>Addresses ward councillor</td>
<td>Commissions research and training for government</td>
<td>Establishes CBO advocacy network</td>
<td></td>
<td></td>
<td></td>
<td>PHDB approves subsidy application</td>
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<tr>
<td>Formalises organisation</td>
<td>Lobbying for government</td>
<td>Collaborates with DAG</td>
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<td></td>
<td>Commands CCT</td>
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<tr>
<td>Addresses housing minister</td>
<td>Lobbying for superblock development</td>
<td>Contributes to Kuyasa Fund to promote savings</td>
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<td>PHDB approves subsidy application</td>
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<tr>
<td>Appoints consultants</td>
<td>Advocates to rezone site at CCT</td>
<td>Collaborates with LRC</td>
<td></td>
<td></td>
<td></td>
<td>Approves subsidy disbursement</td>
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<tr>
<td>Occupies land</td>
<td>Provides survey for CCT</td>
<td>Collaborates with LRC</td>
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<td>Approves subsidy disbursement</td>
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<tr>
<td>Claims for tenure security and services at CCT</td>
<td>Conducts beneficiary survey</td>
<td>Advocates with LRC</td>
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<td>Approves subsidy disbursement</td>
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<tr>
<td>Appoints LRC for representation and DAG for feasibility study</td>
<td>Submits beneficiary list and applies for project approval</td>
<td>Submits house designs to CCT</td>
<td></td>
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<td>Approves subsidy disbursement</td>
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<tr>
<td>Conducts beneficiary survey with DAG</td>
<td>Exchanges with POs</td>
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<td>Approves subsidy disbursement</td>
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<td>Eviction vs. security of tenure</td>
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<td>Subsidy release vs. building norms</td>
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<td>Strategic Access to Land</td>
<td>Project Preparation</td>
<td>Housing Development</td>
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<td>B1 Greenfield</td>
<td>B2 Upgrading</td>
<td>B3 Greenfield</td>
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<td>B4 Consolidation</td>
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<td>Saving Groups</td>
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<td>Profiling team for informal settlements profile Exchange</td>
<td>Daily savings (active) and weekly meetings, appoint FEDUP representatives Inform FEDUP about membership status</td>
<td>Integrate with CMN coordinator</td>
<td>Self-build houses and interim sanitation Daily savings stopped</td>
<td>Daily savings revived</td>
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<tr>
<td>Select representatives to FEDUP Constitute teams for profiling informal settlements, audits, enumerations Showcase alternative at project-level</td>
<td>Appoints consultant identifies land Negotiates with councillor, mediates between saving groups and councillor informs/advices saving groups Exchanges with other FEDUP groups</td>
<td>Conflict with local government about service delivery Conflict with other community groupEnumeration</td>
<td>Identifies land/negotiates acquisition Formalises to take title/ later FEDUP leadership conflict Builds houses upfront Negotiates with CCT for post-approval/services</td>
<td>Agrees to cooperate in replanning and joins weekly meetings with CCT off-class Establishes business plan, technical report and layout Internal leadership conflicts Dissolves uTshani Fund as support org.</td>
<td>Joins pilot with government to showcase ability to construct 100 houses Federation conflict stalls development</td>
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<td>Partnerships, lobby and advocacy Identifies/buys land/ informal settlement profiling/ audit of Methodist Church Land and starts land trust/national working gr. Approaches govt. for land / subsidy Member of uTshani Trust Initiates alternative to PHP route</td>
<td>Consults local FEDUP group Introduces daily savings and enumeration</td>
<td>Mediates between local group and uTshani Fund</td>
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<td>Collaborates with uTshani to address problem of unfinished houses</td>
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<td>City-wide informal settlement profiling CT financed by DoH Promotes that pledge subsidies are not exclusively used for FEDUP</td>
<td>Mobilises local FEDUP group Mobilises for enumeration and savings, links local group with FEDUP Appoints consultants and links up with political level at Province</td>
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<td>Assists FEDUP in lobbying/advocacy/partnerships with govt. and information/report compiling/database-initiates land trust/national working gr. and alternative to PHP route</td>
<td>CMN advises on savings administration CMN conducts survey of savings groups Land coordinator gives advice</td>
<td>Social facilitation and mediation in Federation conflict</td>
<td>CMN advises savings groups and business plan application</td>
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<td>Supports FEDUP with finance management and technical support Administers government subsidies/ uTshani Trust as stakeholder forum Initiates alternative to PHP route</td>
<td>Assists in land negotiation and provides loan for acquisition Provides bridge-finance for house construction</td>
<td>Assumes business plan application and contracts PEP for support Facilitates meetings with PEP, CMN/CCT Rejects FEDUP claims</td>
<td>Project management</td>
<td>Financial intermediary</td>
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<td>Head of housing promotes profiling board member CORC Allocates land to Federation</td>
<td>Government suggests to sell-off land and relocate Tends to accuracy of position of houses according to land survey and demolish structures over boundary lines</td>
<td>Initiates pilot with Province/cooperates with FEDUP/uTshani</td>
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<td>Accuses uTshani for neglecting technical assistance to FEDUP/ not conforming to regulations</td>
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<td>Profile presented at committee meeting Councillor participates in local FEDUP meeting</td>
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<td>Local councillors pressure Provinces to resolve unfinished houses</td>
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<td>Part of land trust/ national working gr. / uTshani Trust, Subsidies to FEDUP</td>
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<td>Collaborates in pilot</td>
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<td>Blocks release of subsidies /Tends down application according to noise regulation</td>
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<td>Releases subsidies to uTshani Fund Requests uTshani to finish houses</td>
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<td>Participates in land trust/bonuses land</td>
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<td>Conducts survey for land options Negotiates with local/provincial govt. Designs infrastructure</td>
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