

Urban Settlements Development Grant

Presentation to Select Committee on Appropriations

Presenter: Marissa Moore | **Chief Director:** Urban Development and Infrastructure, National Treasury | 12 September 2012



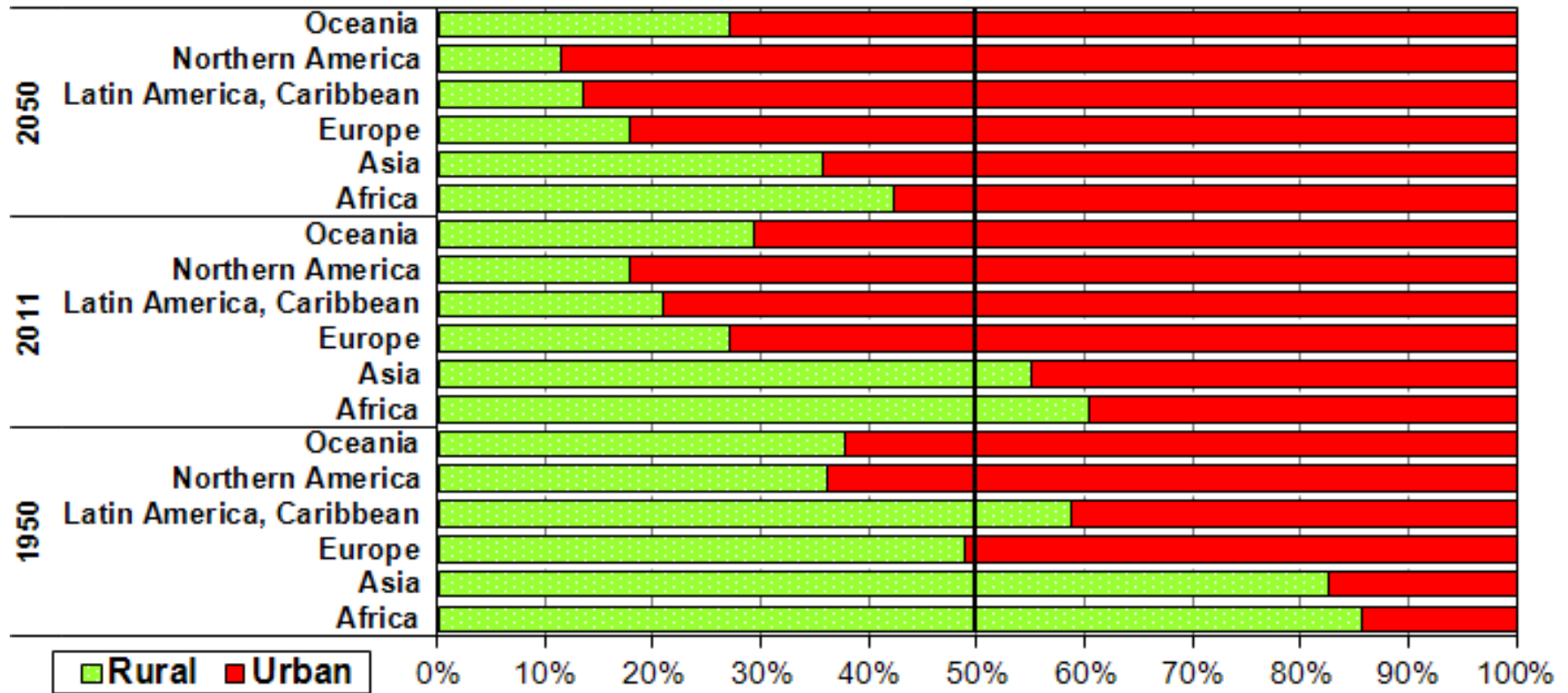
national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Outline

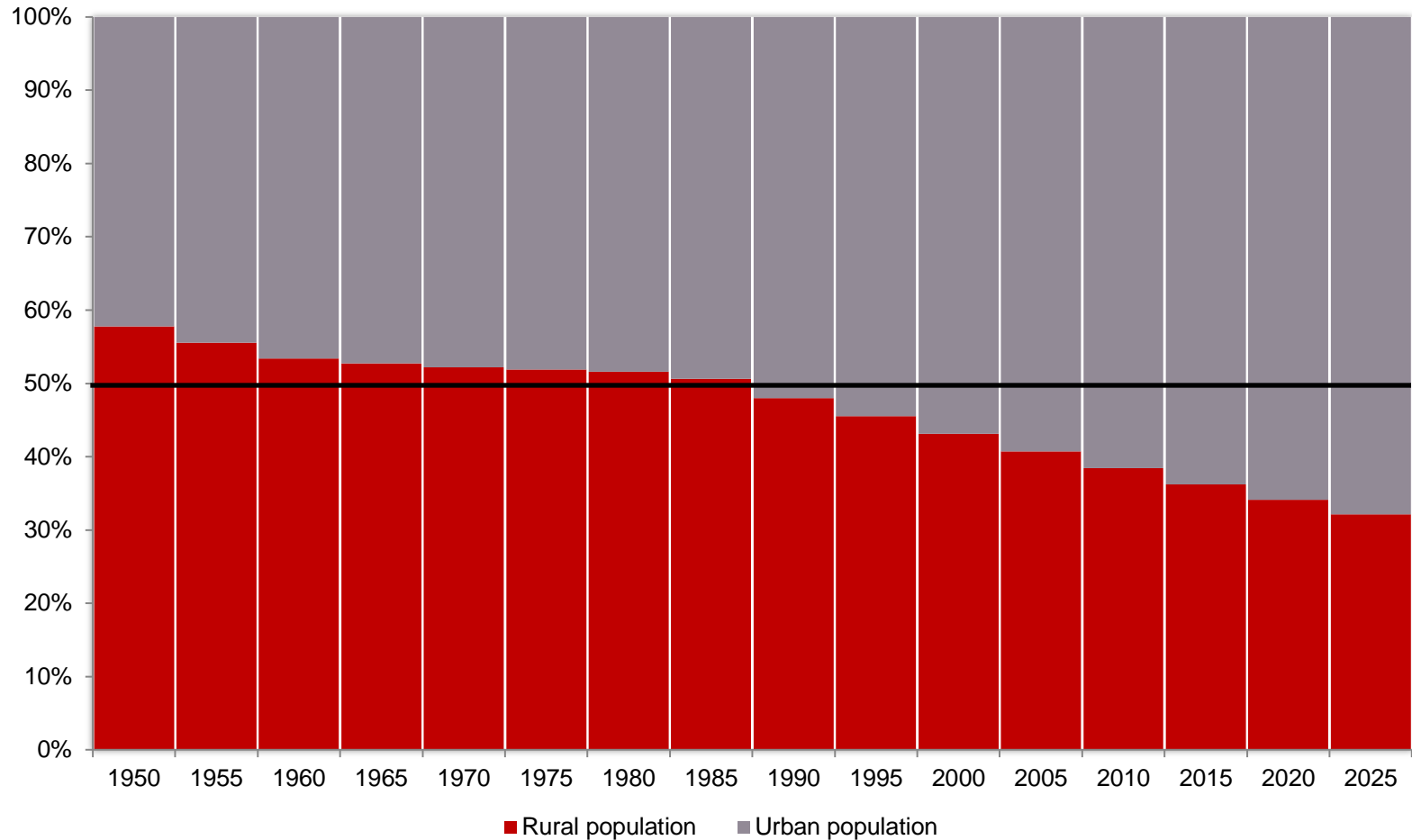
- Spatial context
 - The urbanisation reality
 - Informal settlements in South Africa
- Policy context
 - Human Settlements
 - Local Government Financing
- Urban Settlements Development Grant
 - Spending performance
 - USDG spending performance 2011/12
 - Capital budget spending performance
 - Delivery performance Q3 2011/12

Global urbanisation patterns



Source: United Nations, World Urbanisation Prospects

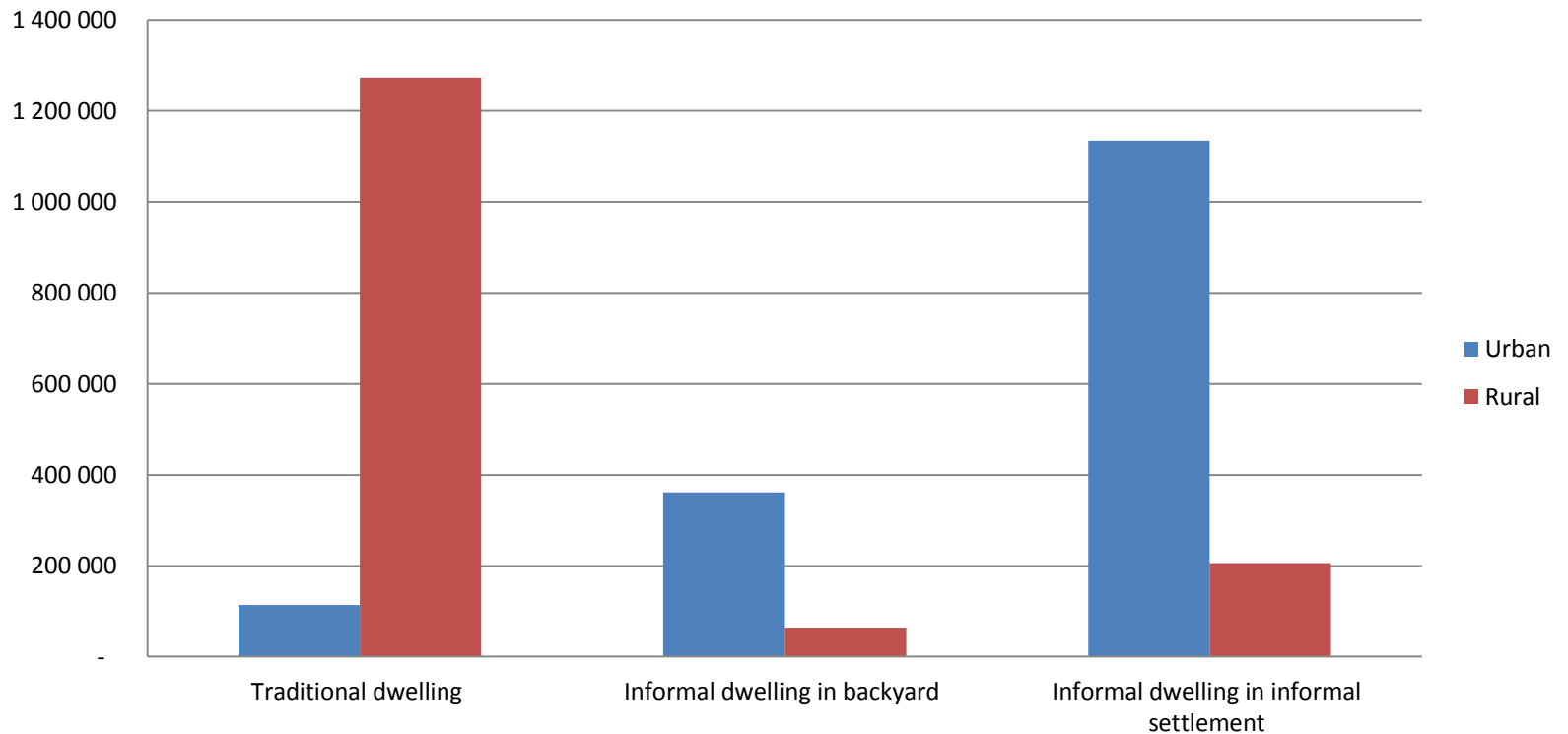
Urbanisation in South Africa



Source: United Nations, World Urbanisation Prospects

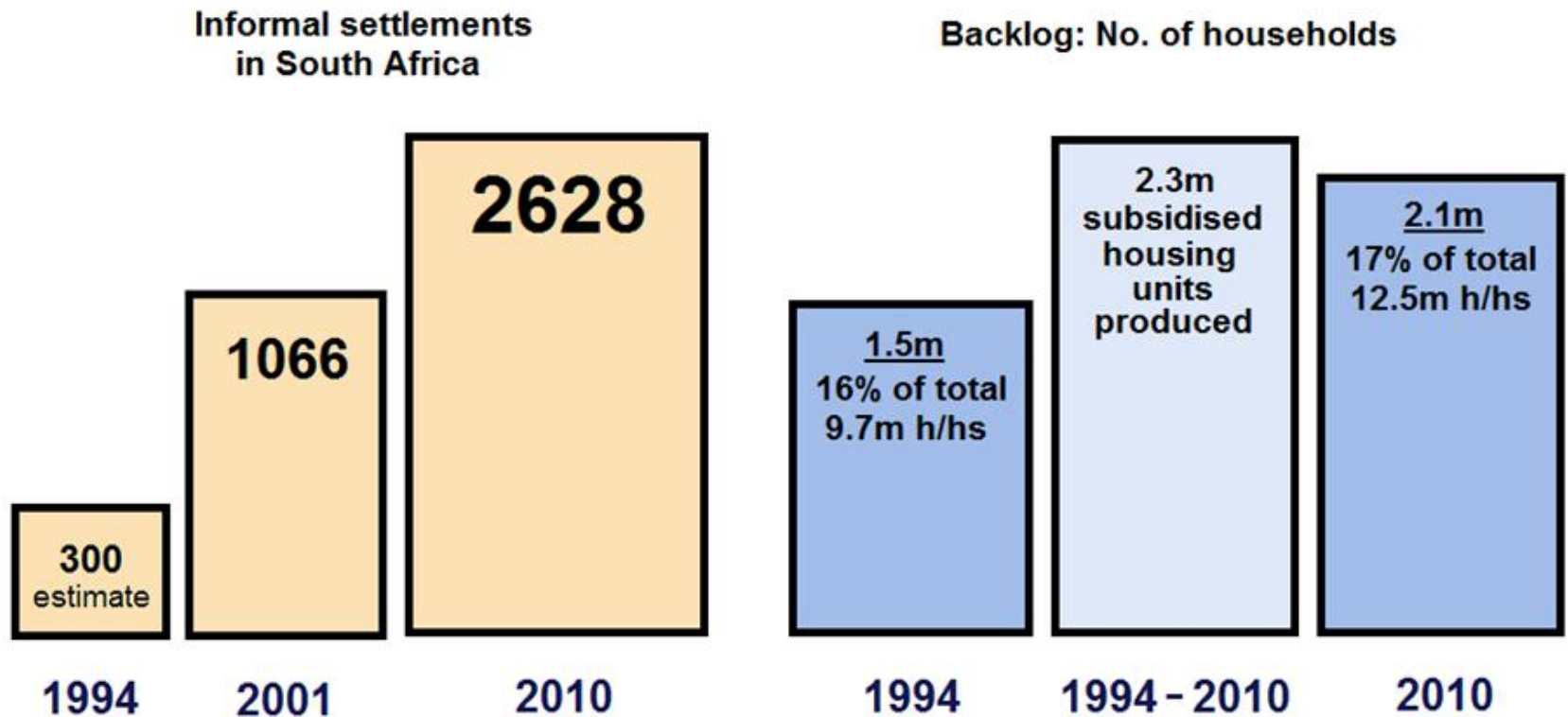
Human Settlements Landscape

Housing profile



Source: Statistics South Africa, 2005, Income and Expenditure Survey

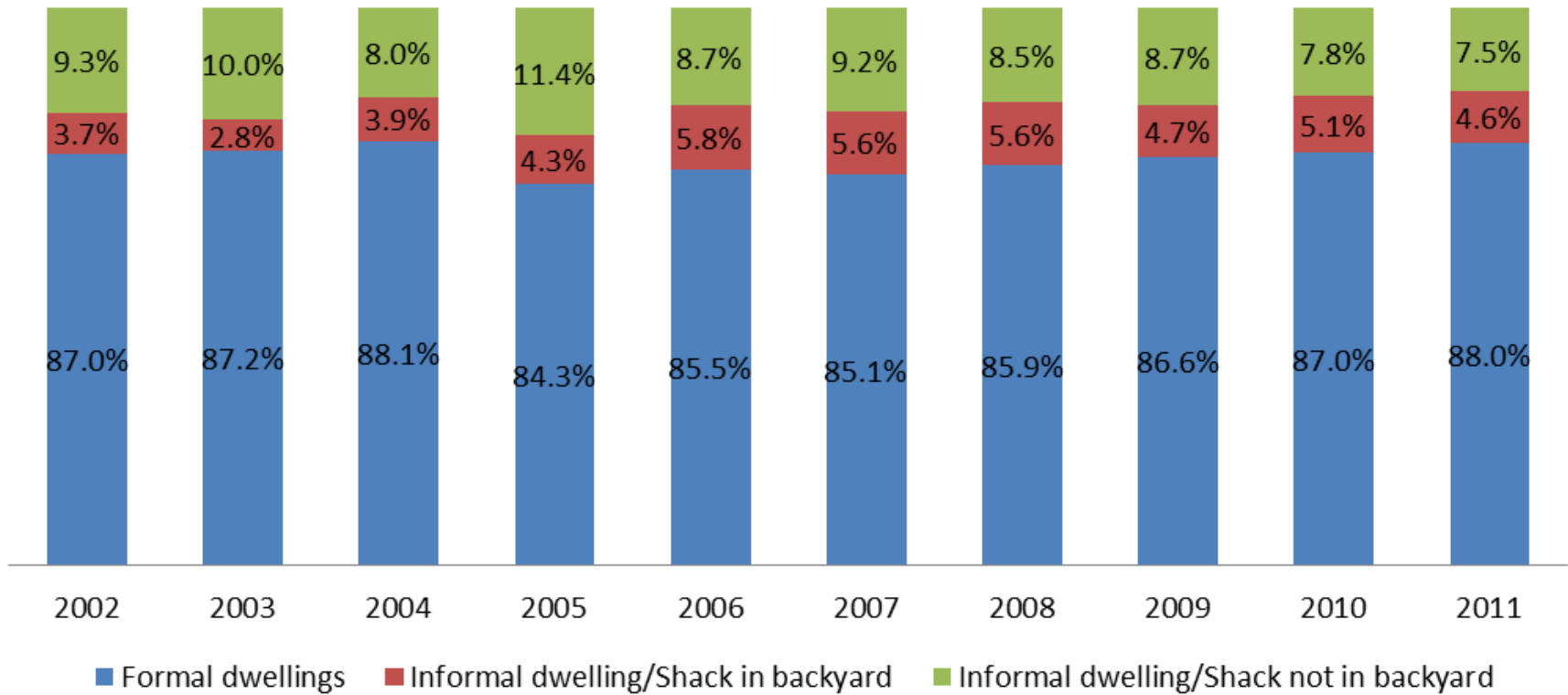
Growing informal settlements



Source: Department of Human Settlements, National Upgrading Support Programme

Households in Informal Settlements (over time)

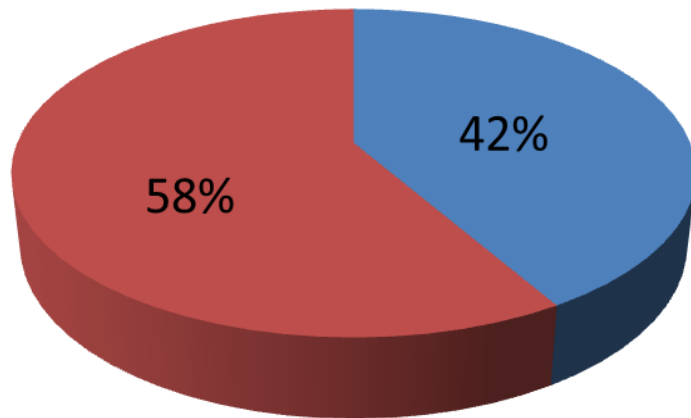
Informal Dwellings vs Formal Dwellings



Source: Statistics South Africa, General Household Survey 2002 - 2011

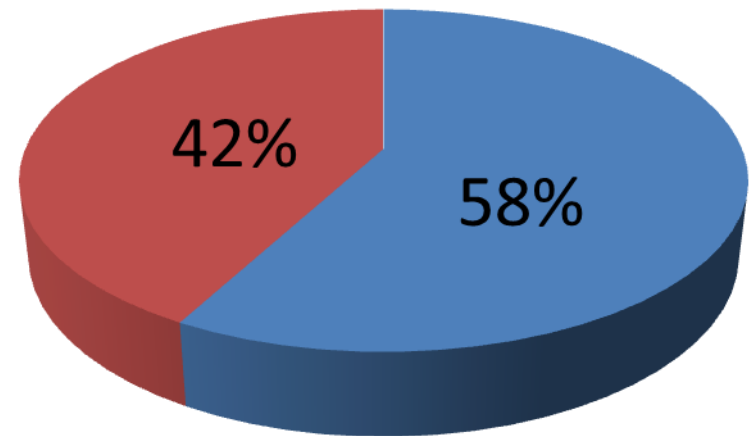
Households in Informal Settlements (by municipality)

Households living in metropolitan municipalities



■ Metropolitan Municipalities ■ Non-metro Municipalities

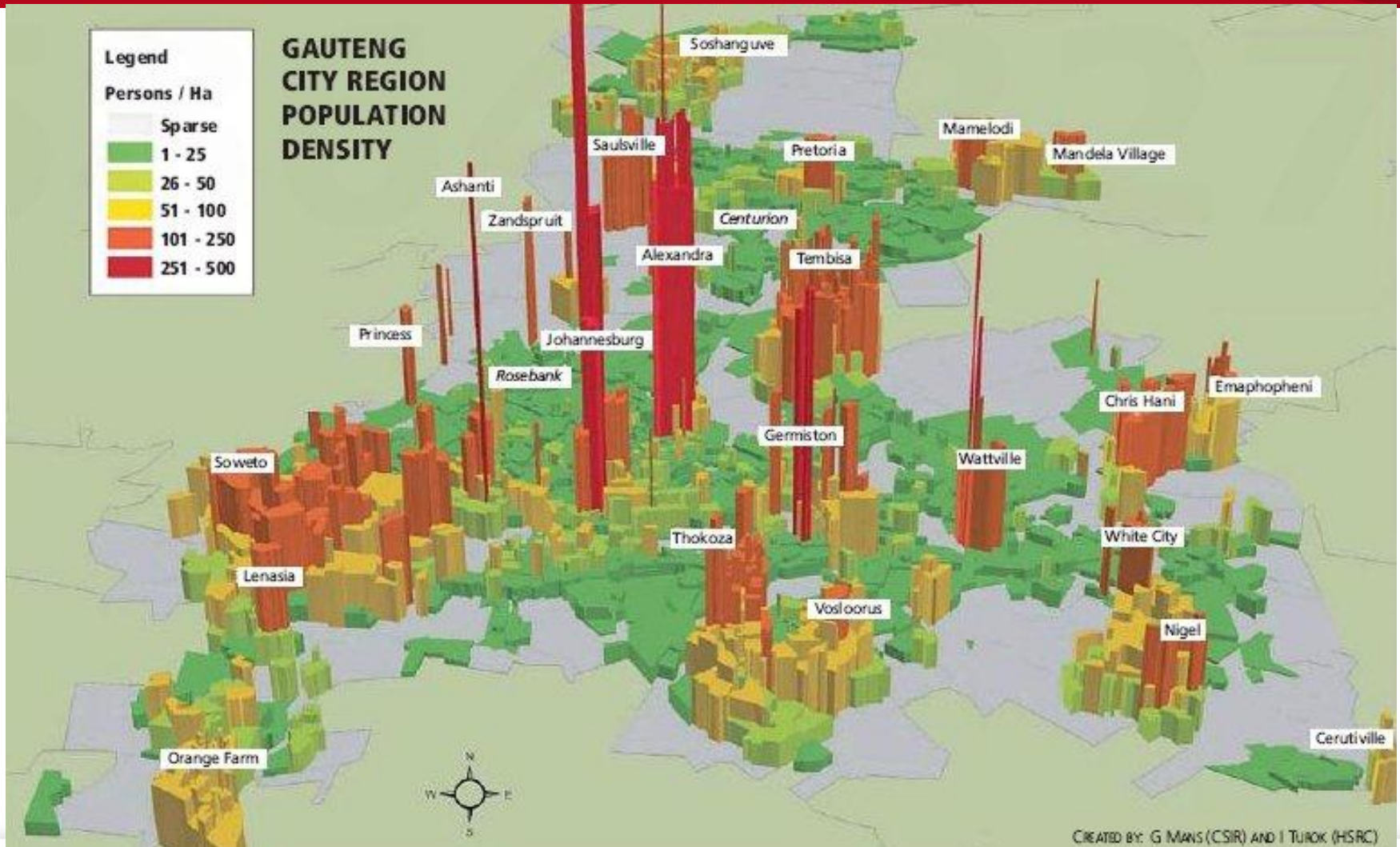
Households in informal Settlements



■ Metropolitan Municipalities ■ Non-metro Municipalities

Source: Statistics South Africa, 2007 Community Survey

Spatial inequality



DIEPSLOOT EXT. 1: 2000 - 2009



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Policy Context

- Millennium Development Goals
 - By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers
 - Slum improvements, though considerable, are failing to keep pace with the growing ranks of the urban poor
 - Slum prevalence remains high in sub-Saharan Africa and increases in countries affected by conflict
- Breaking New Ground
 - Development of Upgrading of Informal Settlements Programme
 - Slow implementation of programme
- Outcome 8
 - Reinforced objectives in BNG on informal settlements
 - Specific target to upgrade 400 000 households in informal settlements

Local Government Finance Reform

- Recognising one size fits all approach is sub-optimal
 - Large cities are economic hubs
 - 59% of GVA in metro's, 79% in large cities (2004)
 - Greatest supplier of job opportunities
 - Growing urban populations and urban poor
 - Extensive expansion and rehabilitation of public infrastructure
- Complex functional and fiscal arrangements reinforces inequality and inefficiency
 - Misalignment of powers and functions in the built environment
 - Land-use management authority
- Evolution of grants system to improve built environment outcomes to support sustainable human settlements

Municipal Infrastructure Grant

MIG - cities

Urban Settlements Development Grant

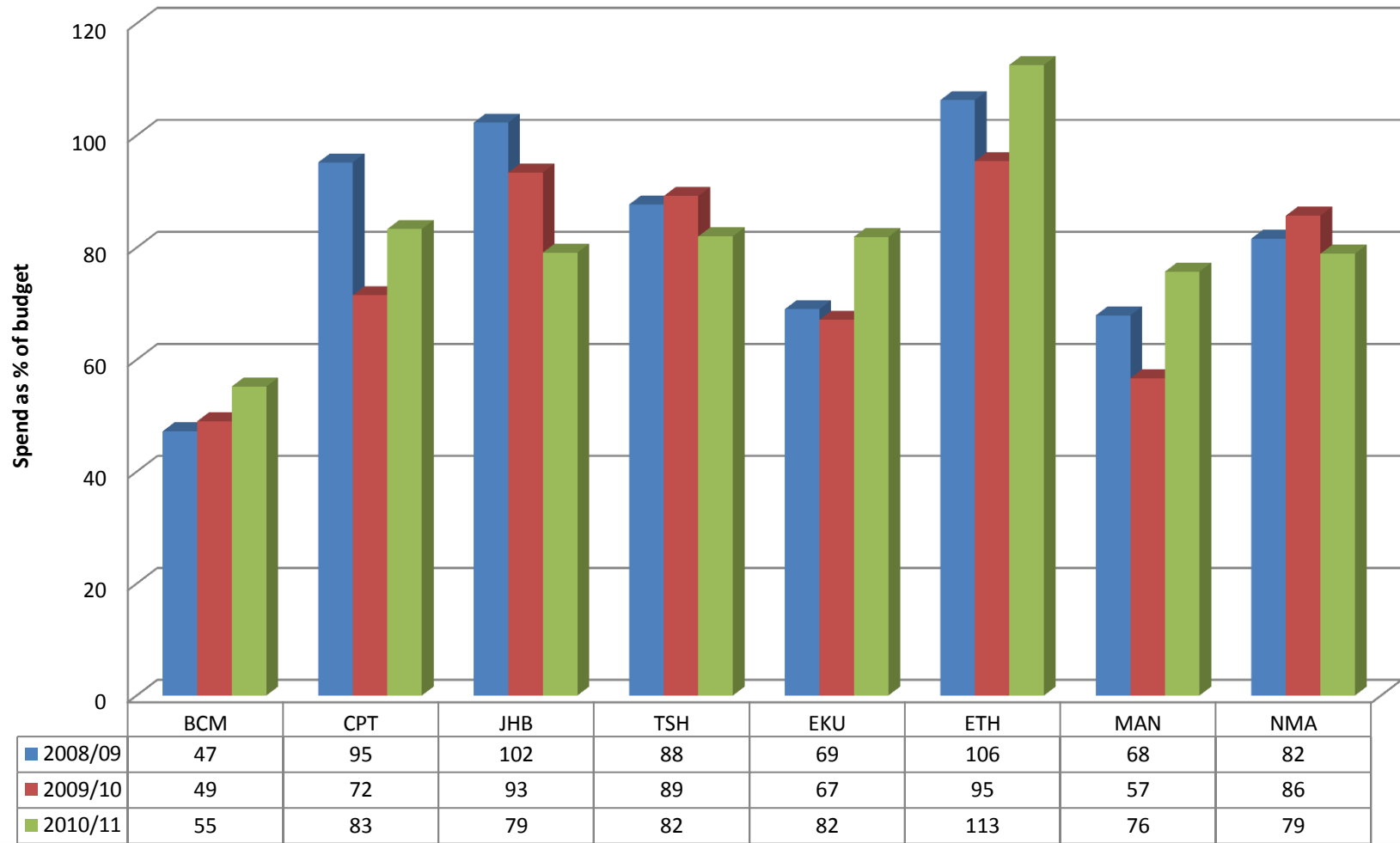
Urban Settlements Development Grant

- A schedule 4, supplementary grant to improve urban land production to the benefit of poor households, by supplementing the revenues of metropolitan municipalities to:
 - reduce the real average cost of urban land,
 - increase the supply of well located land,
 - enhance tenure security and quality of life in informal settlements,
 - improve spatial densities and
 - subsidise the capital costs of providing basic services for poor households

USDG Monitoring

- Financial Monitoring
 - Focus is on outcomes and performance of overall capital programme rather than individual outputs
 - Financial accountability on overall capital program and not just the grant only
 - Financial Reporting – current framework S71, S72 reports
- Non- Financial Performance
 - DHS to focus on performance of outputs

Capital Spending 2008/09 – 2010/11



Cities' Capital Spending – 2011/12

R thousands	2011/12					
	Budget		Year to Date		USDG 'Allocations	
	Main appropriation	Adjusted Budget	Actual Expenditure	Total Expenditure as % of adjusted budget	USDG Allocations	USDG as % of adjusted budget
Buffalo City	764 669	725 646	237 935	32.8%	423 446	58.4%
Nelson Mandela	1 406 732	1 234 602	1 185 851	96.1%	502 626	40.7%
Mangaung	824 147	815 046	565 050	69.3%	411 995	50.5%
Ekurhuleni	2 374 785	2 252 104	1 938 680	86.1%	1 094 276	48.6%
City of Joburg	3 722 199	3 749 203	3 255 573	86.8%	1 027 970	27.4%
City of Tshwane	3 185 418	3 403 637	2 967 508	87.2%	891 081	26.2%
eThekwini	5 097 529	5 302 103	3 478 362	65.6%	1 091 574	20.6%
City of Cape Town	5 089 867	4 561 212	3 895 460	85.4%	824 030	18.1%
Total	22 465 346	22 043 554	17 524 419	79.5%	6 266 998	28.4%

USDG Spending performance 2011/12

R thousands	2011/12 Urban Settlement Development Grant (USDG)					
	Total Allocation	Total transferred to date	Spending to date	Variance	Spent as% of transferred	Unspent as % of transferred
Buffalo City	423 446	423 446	132 093	291 353	31.2%	68.8%
Nelson Mandela	502 626	502 626	447 056	55 570	88.9%	11.1%
Mangaung	411 995	411 995	277 222	134 773	67.3%	32.7%
Ekurhuleni	1 094 276	1 094 276	1 043 439	50 837	95.4%	4.6%
City of Joburg	1 027 970	1 027 970	954 444	73 526	92.8%	7.2%
City of Tshwane	891 081	891 081	788 502	102 579	88.5%	11.5%
eThekwini	1 091 574	1 091 574	1 063 205	28 369	97.4%	2.6%
City of Cape Town	824 030	824 030	752 765	71 265	91.4%	8.6%
Total	6 266 998	6 266 998	5 458 726	808 272	87.1%	12.9%

Delivery performance

YTD as of 3rd quarter 2011/12	USDG Metros		
Programme/subprogramme/performance measures	Planned output as per SDBIP	Actual output	Percentage achieved
QUARTERLY OUTPUT			
Spatial Development and Built Environment			
Number of hectares of land procured	-	-	-
Number of housing opportunities provided	17 221	7 578	44.0%
Number of upgraded (formalised) households living in informal settlements	3 751	2 253	60.1%
Number of households relocated from floodplains and other servitudes	600	70	11.7%
Kilometres of gravel roads tarred	90	130	144.4%
Access to Services:			
Water			
Number of water service points installed for informal settlement dwellers within a 200m radius	387	158	40.8%
Sewerage			
Number of sanitation service points (toilets) installed for informal settlement dwellers	7 775	7 294	93.8%
Solid Waste Management			
Number of informal settlement dwellings with access to refuse removal	2 780 924	1 726 399	62.1%
Electricity			
Number of high mast lights installed in informal settlements	2 229	3 648	163.7%
Number of households provided with access to Free Basic Electricity	313 885	456 138	145.3%

Going forward

- Growth in USDG allocations over the MTEF

	2011/12	2012/13	2013/14	2014/15	Growth 2012 MTEF
Urban Settlements Development Grant	6 266 998	7 392 206	9 076 906	10 545 596	18.9%

- Expansion of USDG
 - Rapidly growing secondary cities
 - Informal back-yard rental

Areas for improvement

- Proper and pro-active planning for the implementation of informal settlement upgrading in cities
- Cities to align with NUSP capacity building program
- Agreed indicators to measure performance for sustainable human settlements
- Streamlining and consistency of reporting of non-financial performance with S71 and SDBIPs
- Strengthening oversight and support capacity of the transferring department