A “just informal settlement transition”?

A framing note for conversations on the value of a just urban transition approach to informal settlement upgrading.

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CSOs	Civil society organisations
EPHP	Enhanced Peoples' Housing Process
EPWP	Expanded Public Works Programme
HSUPG	Human Settlements Upgrading Partnership Grant
UISP	Upgrading of Informal Settlements Policy
ISU	Informal Settlement Upgrading
ISUPG	Informal Settlement Upgrading Partnership Grant
JETP	Just Energy Transition Partnership
JUT	Just Urban Transition
NDHS	National Department of Human Settlements
SEF	Social Employment Fund

Introduction

Informal settlements are often viewed in the light a nexus of vulnerability to climate change and the development challenge they represent. An opportunity to upgrade thousands of informal settlements in a decarbonised manner is presented as a central thrust of a "just urban transition" framework aimed at helping Metros achieve a net zero carbon emission target by 2050. As one of national government's prime development initiatives, the upgrading of Informal settlements represents one of the prime terrains on which the justness of the transition will be gauged. This comes at a time when national government has shifted its priority focus from formal housing provision to informal settlement upgrading. In reality, this is hampered by technical, finance and governance challenges. At this stage, there is little understanding – either amongst practitioners, or at grassroots level – of what a "just urban transition" means, let alone how this will affect informal settlement upgrading.

In response, Isandla Institute has launched a six-month project funded by the Canadian Fund for Local Initiatives aimed at co-creating an approach to informal settlement upgrading that is informed by the principles of a "just transition" and grounded in the experiences of the women and men who live in informal settlements. To frame these discussions, a range of perspectives were sought from people who had either been involved in developing the PCC's "just urban transition" strategy, climate science, environmental justice, or those with specialist knowledge and experience in informal settlement upgrading.[1] They were asked to reflect on what it could mean for South Africa's progressive informal settlement upgrading agenda. This document incorporates their perspectives and is meant to inform further debate and co-creation of an (emerging) approach to informal settlement upgrading that embeds the principles and modalities of a just urban transition.

Broader project overview

Using a sense-making methodology, Isandla Institute's project involves 100 women and men living in informal settlements as well as other stakeholders including government, civil society groups, resilience and climate change experts and environmental groups. Community workshops will focus on the just urban transition and the implications for transforming their settlements and improving their livelihoods.

Objective: To engage 125 stakeholders to co-create a grounded framework and engagement tool that embeds the principles and implications of the just urban transition into informal upgrading approaches.

Vision: To contribute to the transformation of informal settlements into liveable, safe, dignified, vibrant and resilient neighbourhoods in a manner that aligns with principles of justice contained in the "just transition."

Questions:

1) What are the implications of the "just urban transition" for transforming settlements and improving lives and livelihoods of residents?
2) How can informal settlement communities and municipalities engage each other and define realistic opportunities to transform their lives and livelihoods and which ideas contained in the Just Urban Transition framework are useful in this process?

[1] Those interviewed include: Dhesigen Naidoo (Presidential Climate Commission), Anton Cartwright (lead author of *Pathways for a Just Urban Transition in South Africa*), Debra Roberts (Intergovernmental Panel on Climate Change (IPCC) /eThekwini Municipality), Tracy Ledger (Public Affairs Research Institute), Adi Kumar (Housing Activist), Michelle Cruywagen (Groundwork), Mark Misselhorn (Project Preparation Trust). Four CSOs were consulted during background research: Afesis-Corplan, the Development Action Group (DAG), Peoples' Environment Planning (PEP) and Planact.

A "just urban transition" – defining features and key elements

In 2002, South Africa's "just transition" framework emerged under the auspices of the Presidential Climate Commission (PCC), however, a broad movement in support of such a "purposive transition" began well before. For instance, COSATU signalled its support for such a process in 2009 at a time when environmental groups were working and advancing the concept. Simply put, a "just transition" is a process of building national consensus around the need for a socially just transition away from carbon dependency and ideas on how to get there. Moreover, global finance worth $8.5 billion was negotiated at the COP26 in 2021 to assist South Africa in de-linking its economy from a heavy carbon-base through this process.

One aspect of this broader "just transition" framework aimed specifically at cities is outlined in a strategic document called *Pathways for a Just Urban Transition in South Africa* which was produced by a team from the African Centre for Cities at the University of Cape Town. It recommends steps metropolitan municipalities can take to meet South Africa's carbon-emission targets in a socially just way , with the understanding that the metros will lead the way for smaller cities and towns. South Africa's largest cities the authors estimate, could contribute to a 40 % reduction in the country's carbon emissions peak if they were to meet mitigation targets already contained in their climate strategies (Cartwright et al, 2023).

However, this does not mean that a "just transition" is underway. What is occurring has been described as a "disorderly transition" as those who can afford to privately generate or procure power abandon the national energy grid amid a normalisation of unscheduled power cuts. This market-driven energy transition is expected to deepen, rather than reduce inequality and has serious implications for local government revenue in the future.[2]

Furthermore, unless it is translated into practice and designed into programmes, South Africa's "just transition" process will offer little meaning to those affected (Banerjee and Schuitema, 2022). The role of progressive forces in civil society and academia and the emergence of communities of practice is likely to be key in this unfolding process (Hallowes and Munnick, 2022:28).

The transition we are currently in is, by its nature, contested - whether it ends up being disorderly resulting in unequal outcomes or whether it is just. What "justice" means from the point of view of informal settlement residents is thus a crucial question. A "just transition" as conceived of by the PCC distinguishes between three, inter-dependent dimensions of justice drawn from a body of literature in the spheres of environmental, energy and climate justice environmental justice literature (Patel, 2021; Cahill & Allen, 2020, McCauley & Heffron, 2018).

1. **Distributive justice:** Perceived justice of how costs and benefits in inherent in any transition are distributed. It aims to prevent an unequal distribution of harms and benefits across different groups in society. Informal settlement residents, who are less able to cushion themselves against shocks, disproportionately bear the impacts of climate change, (such as natural disasters) they therefore carry the greatest burden of climate risk – as is reflected in Figure 1 below.

[2] https://www.dailymaverick.co.za/article/2023-08-22-massive-bottom-up-response-to-the-power-crisis-sees-spike-in-private-energy-generation/

2. **Procedural justice:** Equal voice for all. In the South African context, "workers, communities and small businesses must be empowered and supported… with them defining their own development and livelihoods" (PCC, 2022). This is fundamental about the opportunity for people to have an equal say in decisions which affect them.

3. **Restorative justice:** Aims to address historical damages against individuals, communities and the environment focused on rectifying or ameliorating conditions for "harmed or disenfranchised communities" through spatial justice and "freedom from environmental hazards" (Cartwright et al, 2023:13). The upgrading of informal settlements is framed both as an opportunity to offer the communities living there, and cities as a whole, greater protection from climate risk, while also addressing historical legacies of inequality (idem: 33).

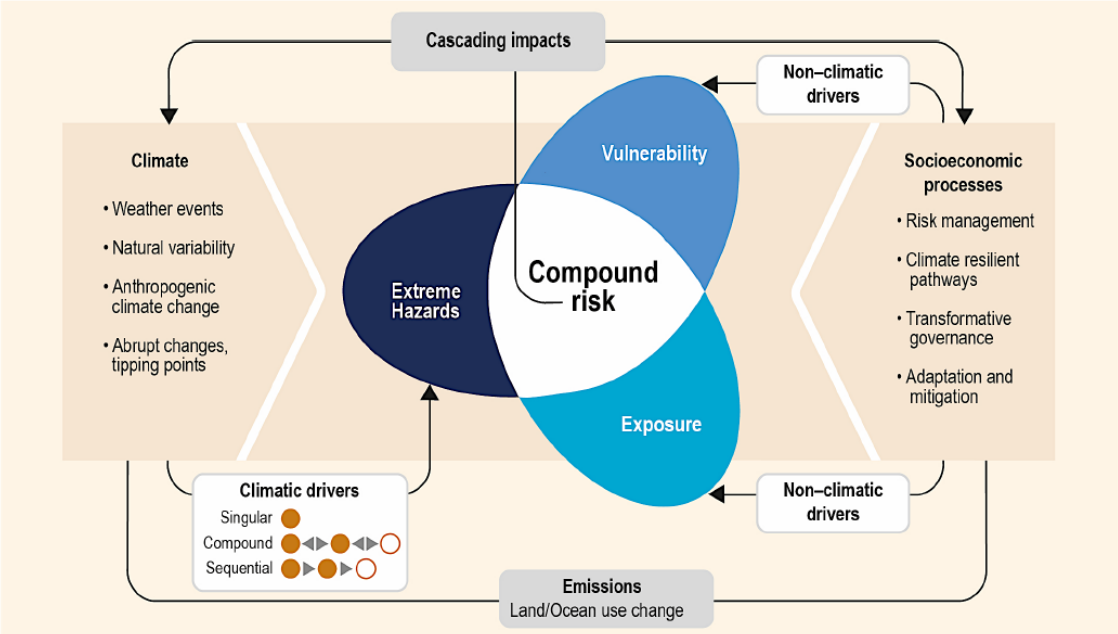


Figure 1: Informal settlement residents are at "compound risk" because they vulnerable not only due to poverty and exposure to environmental hazards but the risk of climate-related extreme weather events. (source: IPCC)

A "just transition" is typically associated with the protection of workers' rights in the shift towards a low-carbon economy in which there are winners and losers, such as those communities who have lost jobs and livelihoods due to the closure of coal-fired power stations in Mpumalanga. However, the Issue of "winners and losers" applies more broadly: "A more expansive just transition perspective combines climate change responses with efforts to enhance livelihoods, human rights and the restoration of nature" (Cartwright et al, 2023: 13).

The JUT is presented as an opportunity to address South Africa's structural problems, including historical spatial inequalities, which makes it urgent that thousands of informal settlements across the country are transformed into neighbourhoods where people can live safely and with dignity. At the same time, peoples' livelihoods and living conditions need to be resilient and enable them to adapt to unpredictable weather, rising sea levels and other natural disasters already affecting many communities.

Different levels of exposure: Formal and informal housing along the river in Langa, Cape Town

However, the risks for informal settlement residents that would need to be addressed in the context of a transition away from carbon include:

1) A shift away from carbon-intense industries (notably industries linked to cement, coal, steel) will mean job losses and affect those living in informal settlements too. Thus, focused attention to job-creation and employment is required.

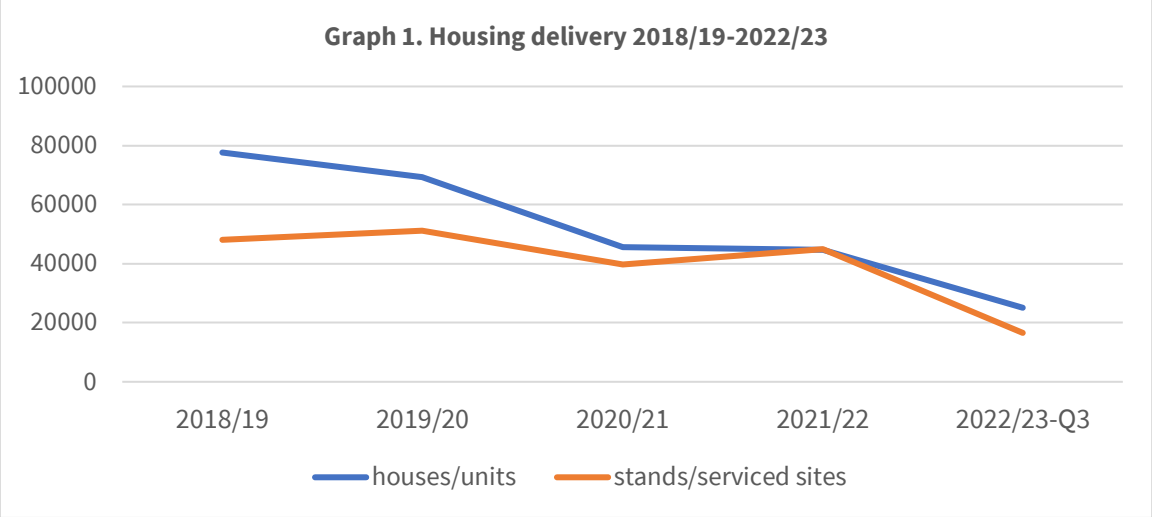
2) Issues of equity and equality. This is linked to the risk represented by affluent city residents who have a choice moving off the national grid and the associated revenue loss for Metros.

Before considering the parallels, points of intersection, possibilities and tensions of bringing these two agendas together, the next section will summarise key features of current informal settlement upgrading policy and practice that seem to have particular relevance for our discussion.

Informal settlement upgrading: State of policy and practice

1. **There has been sharp increase in the formation of new settlements alongside decreased state spending on formal housing delivery**.[3] This has been a result of economic crisis, with deep impacts at household level. Growth in informal settlement formation (especially since the COVID-19 pandemic), should be set against a significant reduction in the delivery of housing opportunities over the same period. In its 2023/24 Annual Performance Plan, the National Department of Human Settlements (NDHS) shows a substantial decline in the annual delivery of housing units and stands/serviced sites since the 2018/19 financial year. While data for 2022/23 financial year included delivery up until the third quarter, the sharp drop in the delivery of stands/serviced sites is particularly worrying, given the government's expressed commitment to prioritise the roll-out of the Upgrading of Informal Settlement Policy (UISP), as noted below.

[3] There has been a notable growth in the formation of new settlements since the COVID-19 pandemic and associated economic downturn. In the Cape Town metropolitan area alone, there were 497 established informal settlements and 186 newly established sites occupied during the Covid-19 pandemic. Nationally, the number of informal settlements is now estimated to be at least 3,400, according to the NDHS' Annual Performance Plan of 2022/23.



Source: NDHS Annual Performance Plan 2023/24, p.19

2. **Routes to access public housing, which were already limited, are increasingly narrowing for poor and working-class South Africans**. As public funding for housing programmes has been reduced, (if not in monetary terms, then in real terms due to inflationary pressures), eligibility criteria for subsidised housing have narrowed considerably over the past two decades. In practice, few who are on the housing database qualify for state-delivered housing apart from the elderly, disabled, child-headed households and military veterans.[4] However, there continues to be a mismatch between peoples' expectations of housing delivery and what the state delivers (and often promises). In a context of increasing state austerity, this dual effect (of less money for housing delivery and the narrowing of eligibility criteria) means that there are no real housing opportunities for the majority of people who are poor.

3. **The UISP, which preferences in situ upgrading where possible, has been given greater emphasis in recent years, yet there is little evidence that this has resulted in accelerated upgrading processes**. In 2020, a NDHS directive instructed Provinces and Metros to limit the construction of new housing projects as much as possible and reorient their resources towards UISP implementation (Phase 1-3). Reasons cited for this reorientation included the economic recession and the COVID-19 pandemic.[5] Decreased state spending on housing has had the effect of placing greater emphasis on the UISP, which prioritises *in-situ* upgrading, where possible. In practice, however, delivery has proved uneven and frequently results in a serviced sites orientation or emergency basic service provision (such as the provision of portable toilets to communities).[6] The shift to a "sites and services" approach has left many civil society organisations and activists in this sector demoralised by this lack of progress – which is also evident in Graph 1 above.

[4] A directive issued by the National Department of Human Settlements in April 2021,confirmed a shift away from top structures towards the provision of serviced sites due to budgetary constraints except for "four newly prioritised categories": the elderly, military veterans, persons with disabilities and child-headed households (backyard residents and persons longest on a waiting list were later added).

[5] Department of Human Settlements. Reprioritisation of draft Human Settlement Development Grant (HSDG) business plan targets. Director-General (DHS). J. Samson (Western Cape Human Settlements. 30 September 2020 [letter].

[6] According to the NDHS, between 2021 and 2022 Metros provided a total of 3 596 sites with electricity, water and sanitation. Parliamentary briefing (10 Aug 2022) Informal Settlements Upgrading Grant: National Treasury & Department of Human Settlements. https://pmg.org.za/committee-meeting/35301/

4. **The delinking of the housing consolidation (or phase 4) from the upgrading process places greater emphasis on self-build.** Amongst the reasons for the shift away from the housing consolidation phase is that residents would need to qualify for public housing opportunities to initiate this phase. Given the strict selection criteria for housing allocation, there is a mismatch between residents in (upgraded) informal settlements and those selected for housing. The delinking of housing consolidation from informal settlement upgrading processes implies that self-build housing construction is understood to be the way forward. However, given difficulties poor households face in qualifying and/or accessing housing subsidies or necessary micro-finance they need to invest in quality materials for top structures, additional state support is needed. This support could include grants, investment in self-build subsidies as well as the enhancement of implementation capacities by municipalities and provinces to allow poor households to access these subsidies (Isandla Institute, 2023).

5. **Involving communities in decision making, visioning and implementation is challenging and (local) government is ill-equipped to do this.** The National Housing Code states an intention of upgrading "empower communities to take charge of their own settlements" and stipulates that "beneficiary communities must be involved throughout the project cycle" (NDHS, 2009: 16). Allocation for social facilitation represents 3% of the total upgrading cost and can cover activities such as socio-economic surveys, conflict resolution, facilitated community participation and housing support centres. However, the "community empowerment" aspect of the UISP is often poorly implemented and underfunded. Factors standing in the way of meaningful community engagement and participation include: (1) a lack of innovation in municipal leadership, (2) a tendency for local government to "work in silos", (3) a pervasive performance-oriented culture in local government, where performance is determined and assessed based on quantitative outputs (e.g. number of standpipes provided) rather than qualitative results (e.g. positive working relationship with informal settlement communities). Furthermore, informal settlement communities find complex internal politics at municipal difficult to navigate (Georgiadou et al, 2020:9) while complex community dynamics and local interests in informal settlements also impedes engagement in some cases.

6. **Informal settlement upgrading is often approached on a project-basis, rather than as a programmatic, incremental approach.** Although cities need to have a city-wide informal settlement upgrading strategy and plan that addresses the underlying issues and manifestations of housing poverty in a strategic and comprehensive manner, in reality informal settlement upgrading tends to be 'projectized'– not unlike other strategic development initiatives. This means upgrading is defined and executed in accordance with predetermined (usually quantitative) inputs, deliverables, budgets, timeframes and performance goals. As a result, 'soft' or less tangible development aspects, such as improving livelihoods, building community cohesion and a sense of pride in place, are ignored and opportunities for learning and replication/augmentation are missed.

7. **Providing security of tenure is one of the core aspects of what upgrading policy aims to deliver, however, in reality, municipalities struggle to deliver on promises**. Local government leadership and long-term commitment are particularly crucial in resolving or reforming the issue of land tenure, which is a minimum precondition for unlocking community-led upgrading (Georgiadou et al, 2020:9). One reason cited by government is the difficulty in tracing original beneficiaries of title deeds. However, this issue not only pertains to title deeds, but to the complexities around land proclamation. The effect is that while residents of informal settlements often invest in the inside of their homes, many are reluctant to make longer-term

investments in building homes or in neighbourhood projects, because they do not have security of tenure.

8. **Despite provisions in policy calling for a "sustainable livelihoods approach" to upgrading, this is seldom reflected in upgrading plans.** The National Upgrading Support Programme (NUSP) of the NDHS was set up in 2008 to provide capacity building and technical support to municipalities in rolling out informal settlement upgrading. The NUSP incorporated an approach that supports "sustainable livelihoods" (NUSP, 2015). According to the NUSP, "a livelihood is considered sustainable when it can cope with and recover from external stresses and shocks. Furthermore, the NUSP states that "improving people livelihoods is about improving living conditions, quality of life and prospects for the future" (idem: 3). Municipalities are expected to submit business plans for their upgrading initiatives, which contain a number of key features, one of which is a sustainable livelihoods strategy for the settlement. However, this feature is seldom reflected in upgrading plans submitted to NDHS.

9. **Many settlements (or parts of them) are located on land that is unsuitable for habitation or privately owned, yet alternative land and housing options are limited and complex, time-consuming and costly to unlock**.[7] Currently, the NDHS has set a mid-term target to upgrade 1 500 informal settlements by 2024. Most of these settlements are located in "undesirable areas which are prone to hazards such as floods, dolomites, strong winds, hilly topography, etc.", making these areas "prone to housing emergencies" (NDHS 2021). The pressure on available land is only going to increase due to rapid urbanisation and the imperative to protect natural areas linked to mitigating the effects of climate change. The complexities of identifying and unlocking well-located urban land to provide poor and low-income households tenure security and affordable housing options are well-known, suggesting that relocation to alternative (and suitable/well-located) land is not an obvious nor immediate alternative.

10. **People living in informal settlements employ resilience strategies, but more data and access to local knowledge is needed.** Extreme weather across the Western and Eastern Cape in 2023 and floods in Durban in 2022 displaced thousands of residents of informal settlements living in areas vulnerable to flooding. The Durban floods in particular highlighted the importance of Metro-level resilience strategies (including early warning systems) in mitigating the worst effects of such disasters for informal settlement residents (Joubert, 2023). Following floods, fires and other disasters, residents of informal settlements frequently rebuild where they were before. This suggests that the state does not understand the factors informing peoples' decision making and confirms the importance of contextual, quantitative and qualitative data. For instance, in the City of Johannesburg, some households had coping mechanisms such as repairing shacks following disasters related to extreme weather, but limited means to address underlying causes of vulnerability, such as fragile structures (Nenwelli 2015).

[7] The location of informal settlements represents a complex problem which will only grow more so as the impacts of climate change increase. Many settlements are located on land considered to be uninhabitable for environmental and other reasons. This does not mean these settlements cannot be climate proofed as a matter of urgency to support these communities with short-term disaster mitigation measures. Isandla Institute's project engages primarily with settlements where it is possible to "climate proof" them and where upgrading is both possible and imperative – however, we also advocate for a clear pathway towards resilient, vibrant, inclusive future neighbourhoods for all – whether this means relocation for communities over the short or long term.

Points of alignment/synergy between the JUT framework and UISP

As one of national government's prime development initiatives, the UISP represents one of the prime terrains on which the justness of the transition will be gauged. South Africa's ability to transition away from carbon and advance upgrading of informal settlements will be one way to judge the success or failure of such a transition. There are a number of critical points of alignment between the JUT framework and UISP policy:

1. Both task local government to plan, co-design and (co-)implement these agendas with technical and funding support from national government.
2. Both have a longer-term focus and conceive of transformation as incremental in nature.
3. Both require local government to engage with the communities it serves – in the case of UISP through "community participation" and "community empowerment" and, in the case of JUT, through a range of "procedurally just" methods which give communities "equal voice".
4. Both pay attention to economic dimensions and emphasise the importance of supporting "sustainable livelihoods".
5. Both require novel institutional arrangements, funding levers and capacities from local government, including capacities for partnership development and coordination.

As the previous section showed, informal settlement upgrading practice in South Africa is falling far short of the progressive policy aspirations for addressing the socio-economic living conditions of people living in informal settlements and creating liveable, resilient and sustainable neighbourhoods. Despite greater official emphasis being placed on UISP implementation, in reality the pace and scale of upgrading is patchy at best and certainly disappointing. It seems that a sense of urgency and a willingness to direct the necessary capacity and resources to address these conditions at scale is lacking. The question then is whether the JUT approach can assist in pushing forward a progressive informal settlement upgrading agenda. Three immediate possibilities come to mind:

1. ***There may be opportunity to breathe new life into the economic dimension of informal settlement upgrading.*** This depends on whether the process of upgrading can create employment opportunities, including skills development and longer-term employment possibilities as part of a broader upgrading value chain. This is in addition to a livelihoods approach that enables residents to engage in income-generating activities, such as home-based enterprises, food production (including food gardens) and recycling as core economic aspects of the emerging neighbourhood.

2. ***There is potential to combine these economic, social inclusion and job-creation components with the protection, enhancement and maintenance of "green infrastructure".*** Expanding, maintaining and protecting "green" or "ecological infrastructure" is an important focus of proposals made in the JUT both in terms of place-based job creation and the potential of this infrastructure to enhance urban cooling in and other resilience measures (Cartwright et al, 2023: 33). While natural features may present risks during extreme weather events, informal settlement communities also derive numerous benefits from domestic and communal gardens, soccer fields, formal/informal "parks", rivers, streams, wetlands, bush and forests and other natural areas which are especially prominent in informal settlements located in areas "uninhabitable". However, it

has been suggested that there is potential to give more emphasis to the role of "green infrastructure" in *in-situ* upgrading (Adegun, 2019).

3. ***The potential for poverty reduction and equity*** to be at the core of resilience and adaptation measures which are considered. Key to achieving this would be to prioritise access to quality basic services, which are also affordable for households so that they do not drain resources.

4. ***Reimagining what bottom-up informal settlement upgrading process look like and how they can be pursued in practical terms.*** JUT reinforces community voice and engagement through the notion of "procedural justice" and gives it material possibilities. The importance of gender and social inclusion is a further emphasis.

Women engaged in child-care and household chores, Masiphumelele, Cape Town

Connecting the dots: possibilities, challenges and questions

The following sections consider specific propositions contained in the JUT on advancing the upgrading of informal settlements and implications as identified by respondents. Six areas of focus are identified: (a) infrastructure provision; (b) building and design; (c) jobs and livelihoods; (d) community agency; (e) funding mechanisms; and, (f) governance capability.

a) Basic services and infrastructure provision (water, sanitation, energy, waste)

A primary aim of the informal settlement upgrading agenda is to connect people to services to improve living conditions, advance dignity and achieve improved health outcomes through the adequate provision of water, sanitation and government waste disposal. Census 2022 data suggests that close to one in five households (17.6%) either accesses water through community stands or has no access to piped water.[8] Meanwhile, water service outages, even to serviced areas, are becoming

[8] Census data published in October 2023 suggest that 8.7% of the total population has no access to running water. Source: https://census.statssa.gov.za/#/statsbytheme

more frequent in South African cities and Metros face increasing water scarcity linked to climate change.

As part of a JUT approach, climate adaptation measures include sustainable drainage systems, localised waste-removal and other service delivery partnerships in which informal settlement communities play an active role. The JUT framework suggests there is potential for energy, waste and sewerage provision to be managed locally, but also that universal access to sanitation (for example, through the use of biodigesters) will have to be linked to funding and investments.[9]

Furthermore, the JUT proposes the decriminalisation of informal waste pickers and their incorporation into waste management systems – which also speaks to the livelihoods dimension.

Open toilet in Masiphumelele, Cape Town

In terms of energy provision, proposals in the JUT centre around providing poor households with renewable energy, which, it is argued, would help buffer poor households from rising energy prices. Thus, a shift to renewable energy is cast as a way to enable the provision of free basic electricity without outages. The suggestion is that distributive justice could be achieved through providing universal access to affordable energy that is also clean; at the same time, a means to achieve restorative justice is by prioritising mini-grid and renewable energy licences for the poorest households (Cartwright et al, 2023: 13). Furthermore, the authors suggest, the "modular scale and "negligible marginal cost" of photovoltaic, biogas and micro-wind technologies" make these suitable for informal settlement upgrading (idem: 20).

Undoubtedly, many of these ideas may offer great potential for residents of informal settlements, however, there are numerous implications and issues a to consider – especially in terms of their practical applicability.

[9] The process, of turning organic waste into gas which can be used as energy, e.g. for cooking) has been piloted on a small scale by researchers from UCT in a community garden in Khayelitsha (source: https://www.thenewhumanitarian.org/news/2012/09/26/smells-bargain-money-saving-biogas) "bio-sanitation" projects have been tried in Kenya (https://world-habitat.org/world-habitat-awards/winners-and-finalists/promoting-eco-sanitation-in-informal-settlements/#award-content)

First, in a context where many informal settlements cannot rely on solid waste removal, whatever is aimed at must be realistically achievable, otherwise further exclusion may result.

Second, there is a risk that the notion that small-scale solar is a solution in informal settlements will absolve the state of the responsibility to connect indigent households to the grid. At the same time it can be argued that a narrow focus on reducing energy poverty through electrification may starve much needed pilots and other, localised experimental solutions of funding and support.

Third, the piloting of alternative technologies in informal settlements may lead to concerns that these communities are being offered an untested, possible inferior, or partial service. The extent to which these solutions are culturally acceptable or match with peoples' personal expectations must be considered carefully. Furthermore, how can these ideas can be "stress tested" for their usefulness and applicability in the 1.5% Celsius overshoot world we are facing? How can their usefulness and applicability to informal settlement livelihoods be assured in a manner that does not perpetuate exclusion if these projects fail? Lastly, how can those technical solutions which do respond to peoples' needs be institutionalised and scaled up, rather than personalised?

Fourth, many of these ideas involve service delivery partnerships which can only happen in funding is secured by "blending" revenue streams. Given that some Metros have a bigger capacity to negotiate and secure these partnerships than others, how can reliable, universal access be assured?

Finally, there are issues around ensuring the safety and security of infrastructure at neighbourhood level – if this on how infrastructure is owned/managed by the community and could these problems be addressed in this way? What are the factors involved?

Could micro-and off-grid energy solutions buffer communities from rising electricity prices? Nelson Mandela Bay

b) Building and design

Informal settlement upgrading is a prominent feature of proposals for how metros can decarbonise the built environment. Amongst ideas proposed in the JUT are:

- Adding a range of green technologies and building materials to the basic packages supplied by government to the settlements earmarked for upgrading;
- "Green" alternatives could be a substitute for traditional zinc panels and concrete foundations;
- The use of fire-retardant material to be used in low-cost housing to reduce the risks of shack fires and therefore increase resilience;
- The installation of ceilings (particularly using labour-intensive methods) is proposed as part of upgrading since increasing insulation enhances energy efficiency of buildings.

It is unclear from these proposals what role the state is envisaged for the state in the supply of these materials and the level of construction implied in upgrading. Potentially at least, some of these ideas enhance existing calls by CSOs for government to institutionalise the "right to build" and the possibilities of self-build through Housing Support Centres as a response to South Africa's housing crisis to enable incremental housing consolidation (Isandla Institute, 2023, 2022). Moreover, the use of locally available, alternative building materials could be a way of leveraging the local economy, drawing on local expertise in a value chain.

However, as mentioned above, unresolved issues around tenure as well as expectations around housing delivery mean that informal settlement residents may be hesitant to invest over the long term. Once people have serviced plots and have secured the right to remain, then investing in safe top structure makes sense.

Amongst other points raised by interviewees is that short-term disaster risk reduction measures (such as early warning systems and disaster management measures) should be prioritised alongside long-term adaptation capacity strengthening measures. Only accomplishing the former and not the latter might save lives, but would not advance rights or justice. This requires commitment and recognition from all spheres of government that informal settlements are not temporary, but here to stay. The risk that these proposals may result in greater regularisation and formalisation and increase the cost burden for residents of informal settlements who use materials which are accessible and affordable was a further concern raised.

A focus on the location of informal settlements during upgrades is key – both in terms of the opportunities and risks this implies. This is an essential aspect of adaptation strategies. Informal settlements are often poorly located in terms of their vulnerability to floods and storm water run-over. On the other hand, people typically settle somewhere because of the opportunities this provides – especially when that's connected to transportation. If people live closer to their workplaces less fuel will be used and carbon emissions reduced.

c) Jobs and livelihoods

As mentioned, the promotion of "sustainable livelihoods" is a prominent feature of the UISP. While in practice many municipalities have neglected this aspect of upgrading plans, there is a recognition that upgrading is not only about providing basic infrastructure services, but also improved social services (such as edu-care centres and health care facilities) and other livelihood activities, such as informal enterprises. Other job-creation initiatives indirectly linked to the implementation of the

UISP includes the Extended Public Works Programme (EPWP).[10] As part of post-COVID-19 recovery, the Social Employment Fund (SEF) has begun to employ young people through NGOs and NPOS in diverse projects such as food security, health and placemaking.[11]

What potential does a JUT contain to build on these initiatives around sustainable livelihoods in a context where further job losses from carbon-intensive economic sectors will inevitably result across many parts of the country?

As part of a "circular economy" type JUT approach, community-based enterprises would act as service providers in future labour-intensive and resource-efficient waste management services developed by metros (Cartwright et al, 2023: 14). Furthermore, jobs would be created that require low levels of skills, but are also local and not easily off-shored because they are linked to a sense of place (idem: 32). This would include jobs linked to climate reduction programmes, the protection of ecological infrastructure, and building new energy and human-settlement infrastructure – all of which, it is expected, would be labour intensive (idem).

It is easy to imagine communities actively involved in enumeration activities, creating and maintaining parks and acting as "custodians" of natural systems (e.g. clearing waste from rivers) as part of a value-chain which is labour intensive and leverages local government programmes. These types of initiatives could link into existing job-creation initiatives, such as the SEF. Furthermore, jobs that offer skills transfer and long-term employment, whether in local construction, solar energy projects, or maintenance and management of community-driven service-delivery systems, would add value for individuals and the community in ways the EPWP short-term contracts have not.

However, there are numerous complex challenges to be overcome. One of these is that competition for opportunities creates new tensions in communities and can result in exclusion of less powerful social groups, e.g. women. Furthermore, whether it be community-based service delivery partnerships or localised labour for decarbonised building, energy or other projects, many practical hurdles would need to be overcome. These include how procurement rules and processes would be agreed upon and legally compliant as well as how these be decided upon and perceived to be fair.

Local business in Imizamo Yethu, Cape Town

d) Community participation reconceived through "procedural justice"

[10] While not stipulating how funds are allocated UISP suggests community participation can be facilitated through ward committees and involve community development workers and potentially also workers employed through the EPWP.
[11] https://www.jicp.org.za/social-employment-fund/

As part of upgrading, community participation is supposed to be undertaken as part of a "social compact" structured agreement between the municipality and the community' (DHS 2009: 30). However, this aspect of the UISP is often poorly implemented and under-resourced. Ensuring that community engagement is meaningful, deliberative and inclusive is therefore a particular challenge for municipalities, especially given the trust deficit that often characterises the relationship between informal settlement communities and municipalities.

Adopting a JUT approach would elevate the importance of the state's capacity to listen to voices from the grassroots as well as the importance of gender-sensitive planning and responses. A range of processes which advance "procedural justice", as proposed in the JUT, include: consultation, gender sensitive planning, service delivery partnerships, collaborative planning, access to climate science, budget transparency, a climate adaptation socio-institutional learning process, and inclusive forums for learning within and between organisations. At the same time, it is proposed that waste-pickers be decriminalised and incorporated into municipal waste management contracts (Cartwright et al, 2023: 14).

Were they to become a reality, the types of service delivery partnerships between Metros, CSOs and community-based organisations mentioned in this strategy would give the role of community actors practical, material significance and greater power.

In creating "procedurally just" outcomes, a broader set of actors and organization can be engaged and drawn in. Examples of people-centred planning based in grassroots movements include the South African Alliance affiliated to the global Shack Dwellers International (SDI). The alliance is made up of community organisations and support NGOs, which work to include the poor in initiating a strong practice model on informal settlement upgrading (SASDI Alliance). There is greater potential for co-producing spaces of engagement by communities living in informal settlements, Metro officials and civil society organisations (Brown-Luthungo & Arendse, 2022).

However, there is a risk that a more formalised "JUT" approach results in displacing women from their roles in existing community structures where they often play a leading role (in advancing issues around service delivery, for example) by introducing a new set of dynamics and structures.

A further challenge is that currently there is a low level of awareness and knowledge of the "just transition" nor what this represents for informal settlement upgrading. What is the state's level of capability and readiness to take this forward in a strategic and coherent manner and what is the role of civil society in information sharing and capacity-building?

If we are to ensure that "procedural justice" does not go the way of "community participation" in many upgrading plans and become another tick box, the question then becomes, how do we do it? The chosen model upon which the PCC's framework draws are "climate resistant development pathways" (CRDP)" recommended by the Intergovernmental Panel on Climate Change. These pathways are described as "development trajectories, emerging from past decisions, investments and interventions, stretching out into multiple possible futures" (Schipper et al, 2022). This model is experimental, multi-scalar and collaborative and, moreover, agnostic or open-ended about outcomes. This relates to the "how" of procedural justice. How can the state be capacitated to listen and engage, without prescribing an outcome?

Lastly, how can informal settlement residents, CSOs and government share meaningful, empowering information about the budgetary and planning space that exists to push forward informal settlement upgrading in an innovative and collaborative manner?

e) Funding mechanisms

If Metros are to seize the opportunities suggested in the JUT framework to push forward informal settlement upgrading, the bulk of funding would need to come from existing fiscal revenue. These sources include the Local Government Equitable Share (LGES), an unconditional allocation intended to provide free basic services to poor households, and conditional grants such as the Urban Settlements Development Grant (USDG) and Informal Settlements Upgrading Partnership Grant (ISUPG) and the smaller Municipal Emergency Housing Grant (MEHG).[12]

So far, pilot work by the PCC and other national housing bodies proposes that the recently created ISUPG conditional grant is fit for purpose in terms of a JUT approach, because it allows for a longer-term, strategic approach.

Metros may also be better able to fund upgrading as a result of an extensive review of the current grant system, currently being conducted by national government. A possible restructuring of the equitable share is a part of this process.

Furthermore, sector-specific subsidies as in the case of energy could be re-purposed to fit the needs of communities. For example, there are possibilities to use the free basic alternative energy subsidy and indigent electricity grants to unlock solar alternatives for communities without other options.

It is unclear if any of the $8.5 billion in loans as part of the Just Energy Transition Partnership (JETP) South Africa negotiated as part of its agreement with the International Partners Group (IPG) will available for informal settlement upgrading.[13] However, other potential sources of additional funding could include:

1. **The national carbon tax and offset market**
   This funding could come out of the carbon tax reductions offered to companies wishing to offset their emissions. Theoretically, 10% of South Africa's carbon tax, amounting to between R15 billion to R30 billion a year, could be raised in this manner. At this point however, the necessary paperwork to allow for South Africa to apply domestic standards for such projects has not been signed by the Minister of Mineral Resources and Energy. In the absence of a domestic standard, off-set projects must comply with international standards, which are considered too onerous to be workable in the South African context.

2. **"Blended finance"**
   This would be accomplished by bringing together traditional Metro revenue streams (mentioned above) with other sources, such as (1) a portion of JETP funds in the event that these become available, (2) the Development Bank of South Africa's Green Climate Fund, (3) the Loss and Damage Fund (which has yet to be established) and, (4) private sector funds such as insurance funds whose capital is dependent on environmental and social responsibility. Emphasis is placed on the relationship between these blended sources of

[12] The USDG is intended to fund the implementation of infrastructure projects that promote equitable, integrative, productive and inclusive urban development. The Municipal Emergency Housing Grant provides funding for temporary shelter assistance.

[13] The IPG is made up of the UK, France, Germany, the US and the EU, three of whom have pledged funds as part of the agreement in 2021 committing to a just energy transition partnership (JETP). The money "aims to accelerate the decarbonisation of South Africa's economy to help it achieve the ambitious goals set out in South Africa's updated nationally determined contribution emissions goals".

finance and the types of outcomes imagined, which, the JUT suggests, would be arrived at by "collaboratively imagining, and articulating, future state of low-carbon, resource efficient, socially inclusive and spatially integrated cities and identifying who stands to gain what from these city attributes" (Cartwright et al, 2023: 6).

A number of critical questions need to be asked about both the possibility of using existing and restructured revenue streams and grants as well as these potential additional funding mechanisms.

First, is the ISUPG indeed fit for purpose, as suggested by the PCC, and sufficient? While the ISUPG has a measure of flexibility, it is unclear whether it offers Metros enough allocation to cover even provision of basic services, such as solid waste collection, in a context where some municipalities struggle to raise enough money through rates and from their portion of equitable share.

Second, different metros manage to spend the conditional grant monies allocated to them better than others which has been an inherent weakness of informal settlement upgrading in the past. A proposal in the JUT is that unallocated funds could go into a "multi-level JUT fund" (Cartwright et al, 2023: 43). Besides the obvious issues the authors acknowledge around transparency and management of such a fund, the money that would potentially end up in n a JUT fund would not be extra, supplementary budget, but would have been allocated to other government projects if unspent.

Third, the ability of Metros to spend and attract and/or leverage "green finance" is uneven. Not all metros have equal capacity to create and leverage the types of partnerships required by a JUT, resulting in significant disparities.

Fourth, if private capital is to be considered central to these arrangement then issues around power and influence will have to be carefully managed.

Fifth, the impact of large-scale opt out by the middle class from the national grid implies major risks across many Metros for whom the distribution of energy represents a significant source of revenue. Some metros will be better placed to respond proactively to mitigate this risk than others.

Lastly, apart the $8.5 billion in JETP finance, significant donor interest and resources are likely to become available to support the JUT. This both an opportunity to implement a JUT aligned upgrading approach, but also implies other challenges, such as creating a patchwork of uncoordinated pilots and programmes pulling in different directions.

f) Governance capability

The JUT framework recognises that a top-down and "siloed" functioning has characterised local government, which stymies possibilities for participatory, transversal, inter-disciplinary and partnership-based modalities of development. Thus, the JUT framework suggests a mind-set shift that enables local government to:

- work collaboratively with communities;
- work better between and across different spheres of government;
- forge partnerships with communities, civil society organisations and the private sector;
- collaboratively imagine (and pursue) future outcomes that are socially inclusive and spatially just;
- blend revenue streams; and,
- learn from experimentation.

A JUT approach would require a level of focus, capacity and effort that is not currently evident in many Metros' functioning. As such, impetus is given to structural reorganisation and interdisciplinary ways of working. Metro officials will need a range of new skills to work collaboratively with informal settlement communities and other stakeholders to identify, explore and decide on upgrading interventions that align with JUT principles and modalities.

The question is how this reorientation and reorganisation could take shape to explicitly drive more coherent, incremental informal settlement upgrading efforts Critically, given the relatively small number of officials tasked with informal settlement upgrading across the Metros, more capacity needs to be allocated to the complex role of coordinating and implementing informal settlement upgrading (in all its dimensions).

Furthermore, how can this capacity gap be addressed in light of the current fiscal environment of austerity and a freeze on public employment? One option is to draw on external stakeholders and engage with promising collaborative approaches that build community capacity and show impacts on the ground (e.g. Asivikelane). However, these few initiatives do not represent capacity at scale and there is an equal need for greater civil society capacity to support the transformation of informal settlements into resilient, vibrant neighbourhoods at scale.

Where do we go from here?

This framing note has outlined some proposals and possible implications of bringing the informal settlement upgrading agenda and the JUT agenda together. It offers a preliminary glimpse of how the progressive elements in both agendas align and could be explicitly interlinked to bring about more concerted and sustainable change in the living conditions and livelihoods of informal settlement residents. A number of critical questions remain:

1) Can a JUT approach break the existing state of paralysis and political ambiguity related to informal settlement upgrading by reconceptualising it around broader theories of change and a future vision?
2) Can a "just urban transition" build a national and societal-level vision of informal settlement upgrading and translate this vision into the technical, policy and funding levers and components necessary?
3) Is there sufficient ownership and understanding of issues relating to climate change, adaptation and development, particularly as these pertain to informal settlements and informal settlement upgrading? How can these be built?

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Online resources

Pathways for a Just Urban Transition in South Africa. Discussion Paper for the Presidential Climate Commission and the Cities Support Programme.
https://www.climatecommission.org.za/publications/pathways-for-a-just-urban-transition-in-south-africa

Planning for Informality (an initiative of Isandla Institute, presents the strategies adopted by the eight metropolitan municipalities of South Africa) (http://app.planning4informality.org.za/)

City Support Programme's resources on scaling up informal settlement upgrading (https://csp.treasury.gov.za/pages/project-toolkits-guidelines.aspx?itemID=8)

World Resources review of South Africa's "just transition" – lessons that can be learned by other countries (https://www.wri.org/technical-perspectives/5-lessons-south-africas-just-transition-journey)

An investigation into how climate change affects coastal cities like Durban and the impact of resilience strategies (https://perfectstorm.theoutlier.co.za/)

"Let's Talk about the Just Energy Transition in South Africa" Mail and Guardian (2023). (https://mg.co.za/thoughtleader/opinion/2023-03-15-lets-talk-about-the-just-energy-transition-in-south-africa/)

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Example of bottom-up, community-driven process of (https://www.isulabantu.org/)