



planning, monitoring
& evaluation

Department:
Planning, Monitoring and Evaluation
REPUBLIC OF SOUTH AFRICA



BI-ANNUAL PROGRESS REPORT ON THE MTSF

APRIL TO SEPTEMBER 2020

PRIORITY 5:

SPATIAL INTEGRATION,
HUMAN SETTLEMENTS
AND LOCAL
GOVERNMENT BASIC
SERVICES

LET'S GROW SOUTH AFRICA TOGETHER

PRIORITY 5 SPATIAL INTEGRATION, HUMAN SETTLEMENTS AND LOCAL GOVERNMENT

5.1. Strategic Intent

Priority 5 has five components that are directed towards addressing the following development problems:

- i. **Spatial integration:** The country's spatial planning systems remain fragmented and disjointed. As a result, apartheid spatial patterns persist, and spatial disparities and injustices continue to exacerbate socio-economic challenges.
- ii. **Environmental management and climate change:** Despite a strong policy foundation, environmental management remains a weak area of core policy and implementation. This manifests in the country's greenhouse gas (GHG) emissions per capita which are above the average for G20 countries, which include developing country giants China, India and Indonesia, although our level of development is below the G20 average. Moreover, the effects of climate change are increasingly being felt through changes in rainfall patterns (drought and floods), leading to stress on livelihoods and infrastructure damage. This exacerbates the vulnerability of communities, especially the poor. Part of the challenge is capacity to manage intersecting environmental crises, mounting resource pressures, climate change and environmental degradation, and the transition to a growth path in a manner that lessens environmental impacts and resource use.
- iii. **Rural economy:** The legacy of exclusion for large parts of the population in land, labour, capital and formal markets hampers growth. Rural areas and the agrarian economy face high rates of unemployment, inequality and stagnant growth. This has contributed to migration to urban areas, with the poor concentrating in the peripheries of urban centres, exacerbating spatial inequalities within cities and towns. Migration to urban areas is largely by the economically active leaving many

households mired in spatial poverty traps with high dependency ratios and reliance on remittances and social grants to sustain livelihoods.

- iv. **Human settlements:** South Africa has one of the biggest housing delivery programmes in the world, with significant redistributive spin-offs. A key concern is that the form and location of land developments, human settlement projects and informal settlement upgrades rarely respond directly to government's intent of spatial integration and spatial justice. Consequently, human settlement patterns remain inequitable and dysfunctional and tenure insecurity persists. All of this in the context in which housing demand has increased dramatically as household size has reduced and urbanisation has accelerated.
- v. **Basic services:** South Africa has demonstrated progressive growth in the provision of basic service delivery, but it continues to face difficulties. Many municipalities are struggling to operate and maintain their services infrastructure in a cost-effective and sustainable manner. This has resulted in the rapid deterioration of assets and regular or prolonged disruptions to service delivery. Poor service delivery causes immense hardship for the residents of municipalities, and has a detrimental impact on social and economic development.

5.1.1 Priority Component: Spatial Transformation

The NDP identifies a direct link between our inherited colonial and apartheid spatial patterns and the stubborn persistence of poverty, inequality and economic inefficiency. In order to address the historical spatially-grounded injustice, the NDP calls for the urgent, well-planned and systematic pursuit of national spatial transformation, which takes account of the unique needs and potentials of different rural and urban areas.

To this end, the NDP proposes the development of a National Spatial Development Framework (NSDF) in support of integrated spatial planning and development across all sectors starting from precinct level. This will be guided by a set of normative principles to create settlements throughout our country that are economically viable, equitable, liveable and sustainable.

5.2. Impacts we are trying to achieve

The overarching imperative in this context is for a coordinated, integrated and cohesive national spatial development plan to enable place-based economic growth and spatial transformation. This is intended to achieve the following outcomes:

- (a) Coordinated, integrated and cohesive national spatial development guidance to enable economic growth and spatial transformation with a target of 100% of government investment in the built environment guided and informed by the NSDF by 2024;
- (b) Functional sub-national regional development in urban and rural spaces developed with a target of three functional city regions institutionalised and six regional interventions in ecologically and economically lagging and socially vulnerable regions initiated;
- (c) Integrated service delivery, settlement transformation and inclusive growth in urban and rural places with a target of 100% of districts and metros with 'One Plans' developed through the implementation of the District Development Model (DDM) as a strategic area-based implementation system for the priorities of government as articulated in the National Development Plan and Medium-Term Strategic Framework.

5.3. Overview of Main Achievements

In respect of the first outcome, public consultation on the draft NSDF was concluded in March 2020. Moreover, work is underway with the development of a Regional Spatial Development Frameworks for the Karoo using the NSDF as the framework.

In respect of the second outcome, the Department of Cooperative Governance has started with consultation on the development of the Smart City Framework. Following the announcement by President Cyril Ramaphosa of a new smart city in Lanseria, Gauteng, which will be home to up to 500,000 people within the next decade, preparations with regards to this were underway, but stalled during the Covid-19 lockdown.

With respect to the third outcome, spatial transformation is being incorporated as a key outcome of the DDM and draft spatial profiles have been developed for each of the districts and metros. The DDM was launched in 3 sites; O R Tambo District, Waterberg District and Ethekewini Metro and during the Covid-19 pandemic District Command Councils have become the key engines for coordinating the Covid-19 response. This will provide valuable lessons for the DDM approach post the Covid-19 pandemic. The next phase is in process and the following districts will be visited between October and November 2020 to track implementation in the order below:

1. Harry Gwala – completed on the 14th October 2020
2. OR Tambo
3. Alfred Nzo
4. Ethekewini
5. Ilembe

At the level of cities, 6 metros have Built Environment Performance Plans to drive spatial transformation. BEPPs enable cities to define a set of built environment outcomes for more productive, sustainable, inclusive and well governed cities with a view to ensure that the metro's urban form contributes to reducing poverty and inequality and enables faster more inclusive urban economic growth.

5.4. Overview of the main challenges

The outcomes and targets of the MTSF 2019-2024 not performing are:

- (a) According to MTSF 2019-2024, the National Spatial Development Framework (NSDF) should have been adopted by Cabinet in March 2020. In the absence of an approved NSDF, the country does not have a framework to inform and guide government investment in the built environment.
- (b) By 2024, 50 land parcels were to be identified and handed over, but progress in this regard has not been reported by the Department of Public Works and Infrastructure.
- (c) Although the DDM has been rolled out to all districts and metros, no joined-up plans (or One Plans) have been developed despite the launch of 3 pilots close to a year ago. However, implementation is being monitored and the

5.5. Progress on key high-level indicators

Spatial transformation occurs at a glacial pace. As such there are no changes at the outcome or impact indicators at this stage of the implementation of the MTSF.

5.5.1. Assessment of progress on major interventions

The outcome on spatial integration has the following major interventions:

- a) Adoption of the NSDF by March 2020 and an implementation charter by June 2020: The NDSF has not yet been adopted and consequently the implementation charter which was meant to be developed by June 2020 has also not yet been produced.
- b) On the development of the Smart City Framework intervention, consultations with stakeholders have been initiated.

The intervention to drive the outcome on functional sub-national regional development relates to the establishment of 3 functional city region governance and coordinating structures. In this regard an initial framework has been developed through extensive public participation and collaboration amongst different entities.

The outcome on Integrated service delivery, settlement transformation and inclusive growth in urban and rural places has the following major interventions:

- a) Joined-up plans for 44 districts and 8 metros by 2021: No final joined-up plans developed at this stage. Profiles have been developed for all districts and metros and the One Plans are in process. DCOG has for the purpose of implementing the DDM employed district managers to support District Champions comprised of Ministers, Deputies Ministers and Directors General allocated to the 44 districts and 8 metropolitan municipalities. [COGTA Media Briefing, July 2020]. The District Champions are meant to work with local, regional and provincial leadership to coordinate efforts towards integrated service delivery and avoid duplication and wastage of resources.

- b) Capital investment frameworks /BEPPS to drive spatial transformation in major cities are in place in 6 out of the 8 metros.

5.5.2. Major challenges and blockages affecting implementation of the interventions identified in the MTSF.

- (a) Processes towards institutionalizing functional city region governance to foster improved collaboration between provincial governments and relevant metropolitan and district municipalities have been halted due to the Covid-19 pandemic. However, DCOG has indicated that the city region governance intervention will be adapted in the work of the DDM. However, this would of necessity need to consider the wider aspects of regional development and governance arrangements that expands beyond district/metro boundaries, i.e. city regions will require consideration of broader impacts emerging from multiple 'One Plans' representing a larger functional region.
- (b) As with the other interventions, due to Covid-19, the DDM reporting focus has been on Covid-19 related activities and less on the preparation of the One Plans. In this regard it is recognised that the Disaster Operations Centre developed a system of capturing and responding to Covid-related queries received moreover, the DOC has a system that enables the provinces to upload or submit reports documenting key issues emanating from the provinces relating to the Covid-19 response in municipalities.

5.5.3. Cross-cutting issues that have a contribution to major challenges and blockages affecting implementation of the interventions identified in the MTSF.

Fragmented and dispersed responsibilities related to spatial integration, regional and local planning and development. Fragmented and dispersed responsibilities related to spatial integration, regional and local planning and development continue to hamper a unified approach. Conceptual consolidation and integration of the various initiatives cutting across various departments is required.

5.6. Actions needed to address major constraints and challenges.

- (a) Conceptual consolidation and integration of the various initiatives cutting across various departments related to spatial integration, regional and local planning and development is required.
- (b) On the issue of land parcels to be provided, it will be necessary to agree on interim milestones for reporting on this indicator, given that it is not recorded in the APP of the DPWI during the current financial year.

5.7. Implication of this to the review of the MTSF and optimizing how government operates

Re-arranging and consolidating the responsibilities for the various initiatives within the priority to overcome fragmented roles and responsibilities.

5.8. Priority Component: Environmental management and climate change

The overriding imperative is to ensure that natural resources are sustainably managed and sectors and municipalities are able to respond to the impact of climate change.

The aim is to achieve the following 4 outcomes:

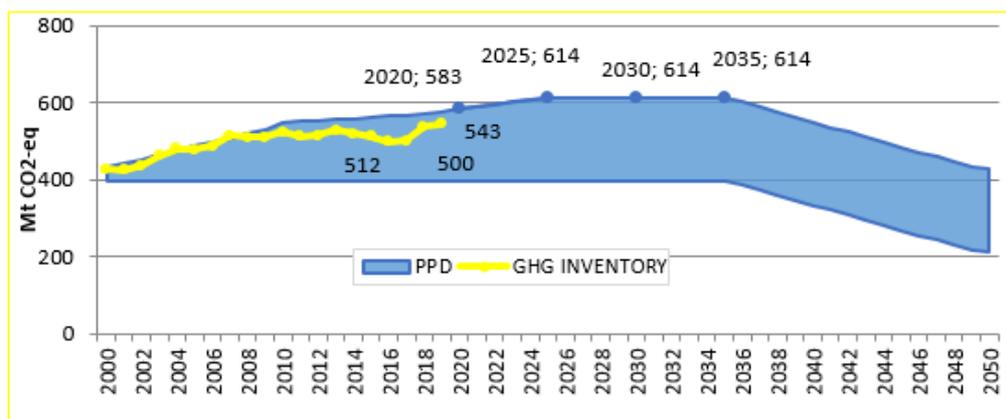
- (a) Greenhouse Gas Emission Reduction (GHG) with a target of 42% reduction in total GHG emissions by 2024.
- (b) 80% of municipalities with capacity to fund and implement climate change programmes and adaptation measures.
- (c) Development of Just Transition plans for high carbon emitting sectors with a target to produce plans for the 4 largest GHG emitters.
- (d) 80% of degraded ecological infrastructure restored.

5.9. Overview of main achievements

i. GHG emissions reduction

- (a) The National GHG emissions level based on the latest available measurements for 2017 show that South Africa emitted 500 million tonnes (Mt) of carbon dioxide equivalent (CO₂e). The 2019 greenhouse gas emissions are estimated to be 543 Mt CO₂e. Thus, relative to the PPD upper range target of 568 Mt of carbon dioxide equivalent (CO₂eq) in 2020, South Africa has a greenhouse gas emissions budget of 40 Mt and an emissions budget of 71 Mt when compared to PPD to the upper range target of 614 Mt for 2025.

GHG emissions reductions



Source: DEA GHG emission reduction trajectory report for 2025

- (b) The sector has targeted to have GHG Emissions reduced by 42% by 2024. In this regard, out of a total of 53 new Atmospheric Emission Licences (AELs) applications received, 62% (33/53) were issued of which 16 were issued within set timeframes.
- (c) Progress report on climate change mitigation actions from all stakeholders (using the National Climate Change Response Database (NCCRD) template) has been compiled through the NCCAS for all projects in Sector Departments and Provinces (Sector Departments, Provinces, local government, NGOs, private sector initiatives)

ii. Municipal preparedness to deal with climate change

- (a) Funding and implementation plans for municipality capacity building finalised (adaptation). To date, capacity building workshops have been conducted in 1 province (Mpumalanga) through the Local Government Climate Change Support Program.

- (c) District based reviews of 10 IDPs regarding climate change adaptation and mitigation carried out in 44 municipalities - (Ehlanzeni & Nkangala District Municipalities and Nkomazi, Chief Albert Luthuli, Thaba Chweu, Msukaligwa, Victor Khanye, Themisile Hani, Bushbuckridge and Mkhondo Local Municipalities).

iii. *Just transition to a low carbon economy*

- (a) 5 sector transition plans developed (Agriculture and Forestry, Biodiversity and Tourism, Disaster risk management, human settlement and water)
- (b) 4 sector plans finalised (energy, transport, agriculture, waste)

5.10. Overview of the main challenges

(i) *GHG emissions reduction*

Lack of resources such as internet connectivity has affected the processing of AELs as this is done online. Capacity challenges, particularly in local government continues to be a challenge, this has been exacerbated by the lockdown restrictions as some municipalities have limited technological resources.

(ii) *Municipal preparedness to deal with climate change*

While no progress update was provided, the Department has requested the lowering of the target to 50% from 80% of municipalities with capacity to fund and implement climate change programmes and adaptation measures by 2024. In the absence of a report from the Department, it is difficult to validate this adjustment.

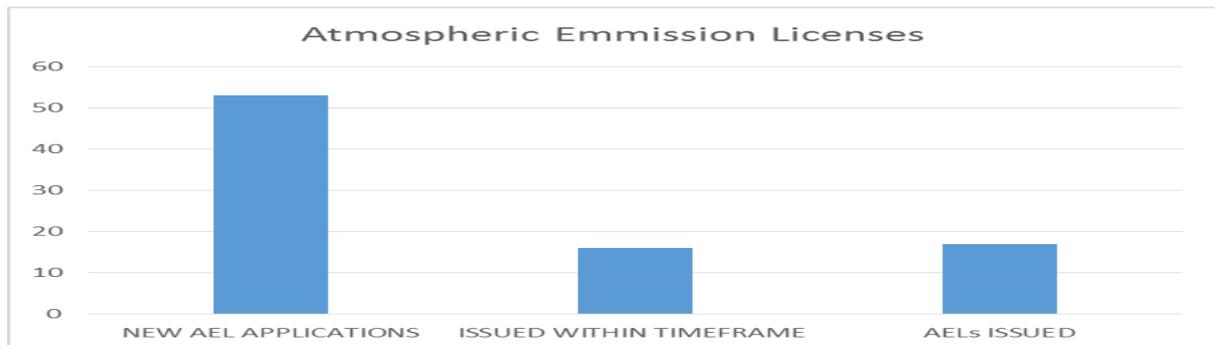
(iii) *Just transition to a low carbon economy*

The Department has developed 5 transition plans however none of the 5 has been implemented. No report on the finalisation of the 4 sector plans (energy, transport, agriculture, waste) has been furnished.

5.11. Changes in the key high-level indicators

(i) GHG emissions reduction

Atmospheric Emission Licenses (AELs)

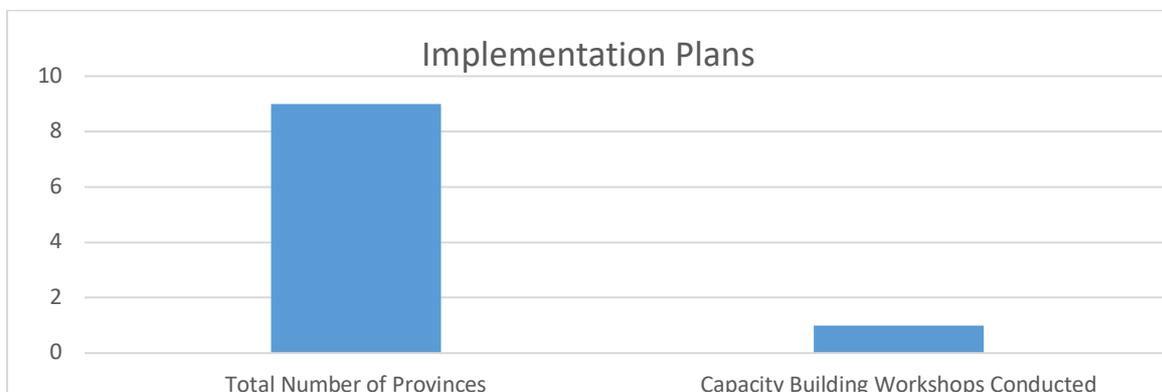


Source: DEFF MTSF 2019/20 – 2023/24 UPDATE

Over 30 AELs have been issued of which 16 were within the time frame.

Municipal Preparedness to Deal with Climate Change

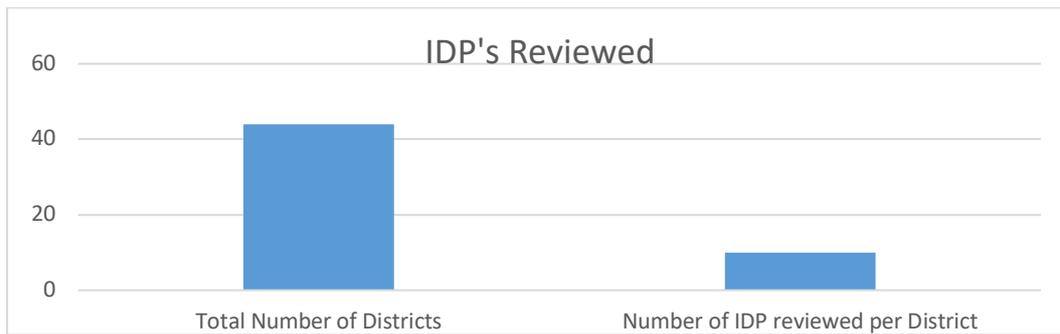
Development of Implementation Plans



Source: DEFF MTSF 2019/20 – 2023/24 UPDATE

The department has conducted 1 capacity building workshop in 9 provinces. No implementation plans to respond to climate change have been developed to date.

District based review of IDP's

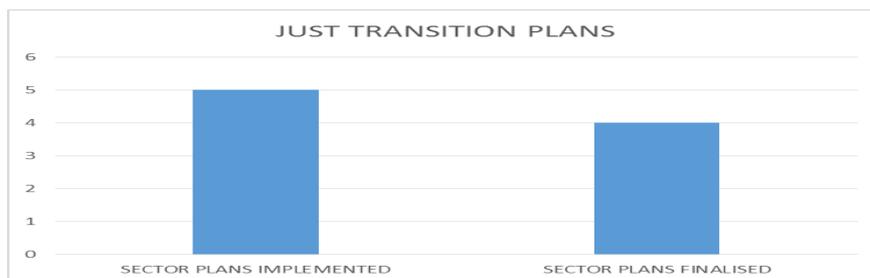


Source: DEFF MTSF 2019/20 – 2023/24 UPDATE

Department reviewed 10 IDPs per district. DEFF has since requested the lowering of the target to 50% from 80% by 2024.

Just Transition to a Low Carbon Economy

Just Transition Plans



Source: DEFF MTSF 2019/20 – 2023/24 UPDATE

The Department has developed 5 transition plans however none of the 5 have been implemented. However, as part of process towards implementation of the plans, inputs received from stakeholders has been used by the Trade and Industry Policy Strategies (TIPs) think tank to conclude technical reports on Sector Jobs Resilience Plans (SJRPs)

There is no report on the finalisation of the 4 sector plans (energy, transport, agriculture, waste).

5.12. Assessment of progress on major interventions

Progress against the outcomes and interventions has been slow. This is understandable given that we are still in the early stages of the implementation of the MTSF.

Major challenges and blockages affecting implementation of the interventions identified in the MTSF, including impact of COVID-19.

The reduced budget location and amended annual performance plans negatively affected the MTSF deliverables for quarter one and will likely affect the subsequent years for this MTSF period.

5.13. Cross-cutting issues that have a contribution to major challenges and blockages affecting the sector's implementation of the interventions identified in the MTSF.

As part of a coordinated response, DCOG in collaboration with DHSWS, DEFF, DALRRD are DHSWS are jointly responsible for building capacity and allocating adequate resources to respond to the impact of climate change and implementing related programmes in municipalities.

5.14. Actions needed to address major constraints and challenges in the presence of COVID-19.

It is not immediately apparent as to what actions are needed. However, it is proposed that engagements between DPME and departments take place to establish the impact of COVID-19 and reprioritisation of budgets on planned outcomes, targets and interventions.

5.15. Implication of this to the review of the MTSF and optimizing how government operates

This will be determined from the above process, however DCOG has indicated that the target of a 100% reduction in disaster losses is not attainable.

5.16. Priority Component: Rural Economy

5.16.1. Impacts we are trying to achieve

Rural areas face high rates of unemployment, poverty, inequality and the agrarian economy has been largely stagnant. In this context the overarching imperative is rapid land and agrarian reform contributing to reduced asset inequality, equitable distribution of land and food security with the aim of achieving the following outcomes:

- i. Rapid land reform and food security.
 - a) Acquired 1.5 million ha over 5 years (900 000 ha for 2020/2021) for redistribution, restitution and tenure reform.
 - b) 100% of approved land reform projects provided with post settlement support.

- ii. Agrarian transformation.
 - a) 100 000 Ha under conservation agriculture (Smart Climate Methods)
 - b) 300 000 smallholder farmers supported (financial and non-financial)

- iii. Integrated rural development
 - a) 71 FPSU (Farmer Production Support Units) functional
 - b) 27 livestock, 5 agri-hubs, 25 agri-processing and 60 auction facilities established.

5.16.2. Overview of main achievements

During the period under review, 84 279 hectares of land had been acquired and allocated and 23 521 against the target of 300 000 smallholder producers were supported through various initiatives. In addition, 50 farms were supported through the land development support programme.

700 000 hectares of the state land has been identified by the Inter-Ministerial Committee (IMC) on Land Reform to be transferred for different commodities utilisation. The IMC's recommendations on land reform giving effect to the Presidential High-Level Panel are about to be implemented.

All producers given land are being supported, however, it is yet to be established if the support provided is having an impact.

Also in this period, 13 116 hectares of degraded land was rehabilitated against the 2024 MTSF target of 150 000 hectares (8.7% achievement).

5.16.3. Overview of the main challenges

No progress update was received on the Land Fund which was meant to be established by March 2020 and R3.6 billion of which was to be allocated over a 5-year period. Key challenges to implementing MTSF priorities pertained to the diverting of funds towards the Covid-19 response. The land reform post settlement support is still lagging and has not taken off.

5.16.4. Positive or negative changes to the key high-level indicators.

There are no changes in the impact indicators, but some targets will be reduced due to funds diverted to deal with the Covid-19 pandemic. The FSPU support to agri-parks was decreased to 15 for the 2020/21 financial year, which means that for the next 3 financial years they need to do at least 18 annually to meet the 2024 MTSF target.

5.16.5. Assessment of progress on major interventions

The department has reinforced its technical capabilities by employing 46 additional agricultural advisors to support land reform farms to increase productivity.

5.16.5. Major challenges and blockages affecting implementation of the interventions identified in the MTSF.

The initial February 2020 budget allocation of R16.8 billion was reduced to R14.4 billion, in June 2020. The greatest portion of this cut of R1.89 billion was in the programmes responsible for delivering on food security, land redistribution and restitution with each experiencing cuts of R939 million, R544 million and R403 million respectively.

5.16.6. Cross-cutting issues that have a contribution to major challenges and blockages affecting the sector's implementation of the interventions identified in the MTSF.

The success of land reform requires the commitments from private organizations and individuals that still hold vast tracks of land. DALRRD in partnership with DPW&I and private (farmers and multinationals) landowners must work together for a successful and sustainable land reform project to succeed.

5.16.7. Actions needed to address major constraints and challenges in the presence of COVID-19.

- (a) To fast track sustainable land reform, the Department should begin a process to acquire unused land in the hands of multinationals using all Constitutional means possible.
- (b) Agricultural land in the traditional areas should be given to people who are working it and they should be issued with title deeds so that it can serve as asset.

5.16.8. Implication of this to the review of the MTSF and optimizing how government operates

Presently, the target relating to support to agri-parks by the FSPUs is the major one that may require review. However, it is proposed that engagements between DPME and departments take place to establish the impact of Covid-19 and reprioritisation of budgets on planned outcomes, targets and interventions.

5.17. Priority Component: Human Settlements

South Africa still reflects a legacy of apartheid spatial planning where poor working class households are located far from economic and critical social facilities and amenities and have to travel a long distance between home and work place. This inequitable spatial form imposes huge costs in terms of transport costs and time spent on the roads for the poor.

The human settlements trajectory proposes visible results from effectively coordinated spatial planning systems that transform human settlements into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and the necessary infrastructure. To this end, the NDP suggest that housing policies should realise constitutional housing rights, ensure that delivery of housing is used to restructure towns and cities and strengthen the livelihood prospects of households.

Housing provides an opportunity to live in a healthier environment, a financial asset and security of tenure. Well-located human settlements act as enablers for economic empowerment (access to jobs or business), greater social cohesion and reducing income inequality – not excluding its contribution towards stimulating the construction sector.

5.17.1 Impacts we are trying to achieve

The overarching imperative is to improve integrated settlement development and linking job opportunities and housing opportunities to support spatial transformation. In this regard the following outcomes have been identified:

- i. Spatial transformation through multi-programme integration in priority development areas (PDAs) with the following targets:**
 - a) 94 PDAs invested in and integrated programmes completed;
 - b) 100% of acquired land during 2014-2019 falling within the PDAs rezoned for integrated settlement.

- ii. Adequate housing and improved quality living environment with the following targets:**

- a) Total of 812 000 housing units and typologies provided (through BNG – 450 000, Finance Linked Individual Subsidy Programme (FLISP) – 20 000, social housing – 30 000, community rental units – 12 000), serviced sites – 300 000), and upgrading of 1 500 informal settlements.

iii. Security of tenure including the eradication of title deed backlogs with the following targets:

- a) Issuing of 1 193 222 outstanding title deeds comprising pre-1994 backlog (45 535), post-1994 (500 845), post-2014 (346 842) and new title deeds (300 000).

5.17.2. Overview of main achievements

With regards to the first outcome, the department proactively took a lead in driving spatial transformation and investment prioritisation. In this regard it has declared 136 priority housing development areas against a target of 94 PDAs. The department also established the Human Settlements Spatial Planning Forum with sector departments to improve planning coordination and strengthen alignment of programmes and implementation in the PDAs.

For the second outcome, 128 410 housing units and typologies have been provided as at June 2020 against the MTSF 2024 target of 812 000 (15.8% achievement) and none of the 1 500 targeted informal settlements has yet been formalised.

The number of outstanding title deeds issued amounts to 26 666 against the MTSF target of 1 193 222 (2.2%).

5.17.3. Overview of main challenges

The MTSF outcomes and targets that are currently underperforming are as follows:

- a) The rezoning of acquired land in PDAs has not taken off the ground but it is expected to gain momentum since the PDAs have now been declared.
- b) The number of subsidized housing units, the Finance Linked Subsidy Programme (FLISP), serviced sites and Social Housing are performing above 10% of their

respective targets. However, the overall target is being dragged down by the low performance in Community Rentals and informal settlements upgrading.

- c) The issuing of title deeds has recorded a progress of just 2.2% against the 2024 target.

5.17.4. Progress on key high-level indicators

Given that this is still the early phase of the implementation of the MTSF, overall delivery progress for the Human Settlement component can be described as fair, albeit slow in some areas.

The human settlement sector's Bi-annual Report for January to July 2020, reflects notable progress towards 6 of the 13 targets, while 7 targets are **not** on track. These are reflected in Table 1 below.

Table 1: MTSF TARGETS ON TRACK AND OFF-TRACK, JANUARY-JULY 2020

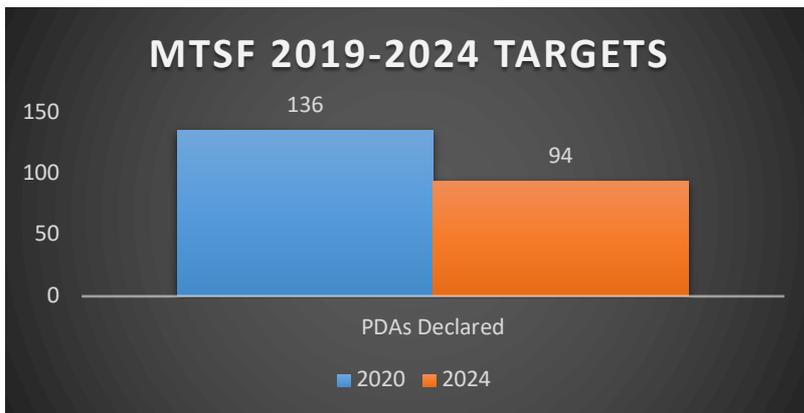
5.1 MTSF TARGETS THAT ARE ON TRACK	5.2 MTSF TARGETS THAT ARE NOT ON TRACK
1. Spatial transformation through multiprogramme integration in priority development areas	
Declaration of 94 PDA's to enable integrated implementation programmes and investment in PDA's	% of acquired land during 2014-2019 rezoned falling within the PDAs
2. Adequate housing and improved quality living environments.	
(a)450 000 BNG houses to be delivered (b)20 000 households to receive financial assistance and purchased units through FLISP (c)300 000 serviced sites to be delivered (d)30 000 social housing/rental housing units in PDAs	(a) 12 000 community residential units (CRU)/ rental housing units in PDAs (b) 1 500 informal settlements upgraded to Phase 3
3. Eradicate backlog an issuing of title deeds	
	(a) 45 535 pre-1994 title deeds registered

	(b) 500 845 outstanding post- 1994 title deeds registered
	(c) 346 842 outstanding post- 2014 title deeds registered
	(d) 300 000 new title deeds registered

- i. Changes against baseline and targets in the key indicators pertaining to spatial transformation through multi-programme integration in priority development areas:

To realise spatial transformation objectives and ensure priority investment opportunities through an area-based approach, the target of 94 PDAs was exceeded with the declaration of 136 PDAs across the country as per the figures below.

Declared Priority Development Areas



Source: Presentation by HDA at Human Settlements Spatial Planning Forum, June 2020

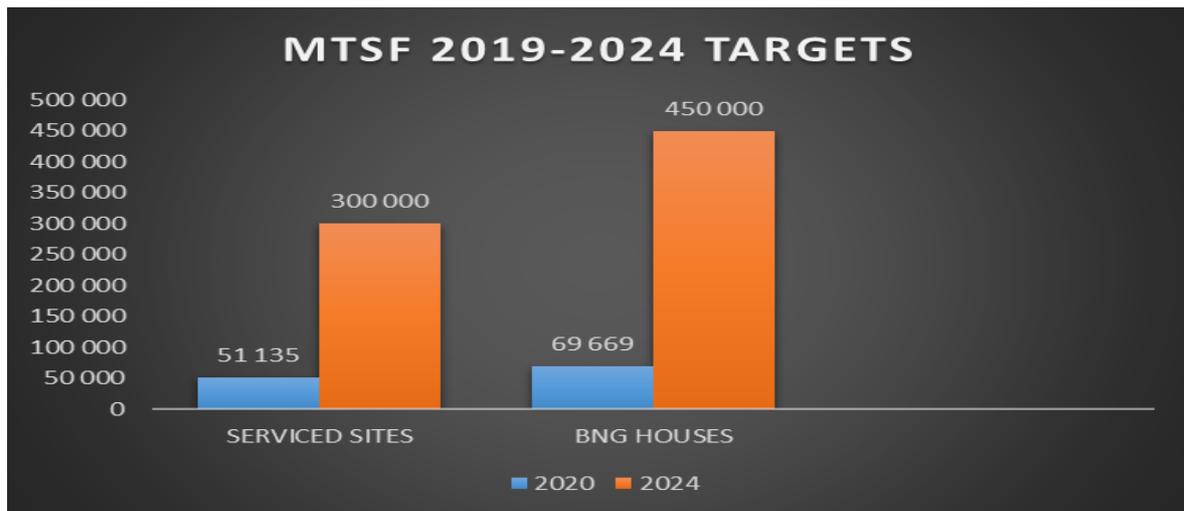
Distribution of PDAs



- ii. Changes against baseline and targets in the key indicators pertaining to the provision of adequate housing and improved quality living environments.

As can be seen in the figure below, the number of subsidized housing units delivered is 69 669 against MTSF target of 450 000 (15.4%) . The balance is likely to be recovered over the MTSF period through strengthening the capacity for implementation at local level. Whilst subsidy houses help redress asset poverty, the failure to improve project location and weak performance on title deed transfers limit integration into the workings of the city economy and households' ability to leverage the assets to assist with improved livelihood opportunities.

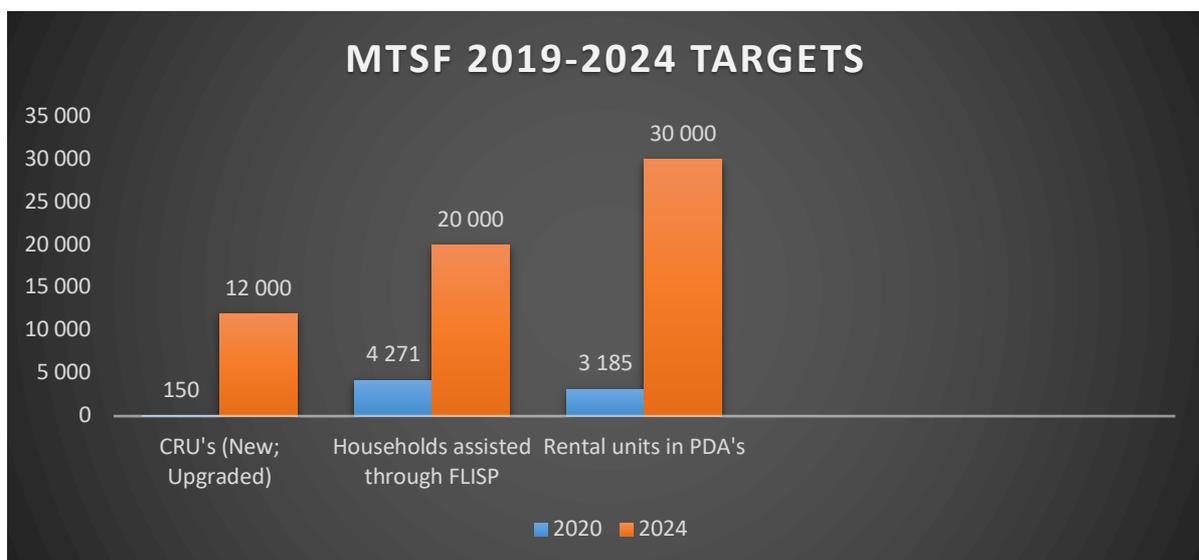
MTSF targets for subsidized housing



Source: Department of Human Settlements, June 2020

With regard to serviced sites, 51 135 serviced sites were delivered against a target of 300 000 (17% achievement).

MTSF targets for rental and affordable housing



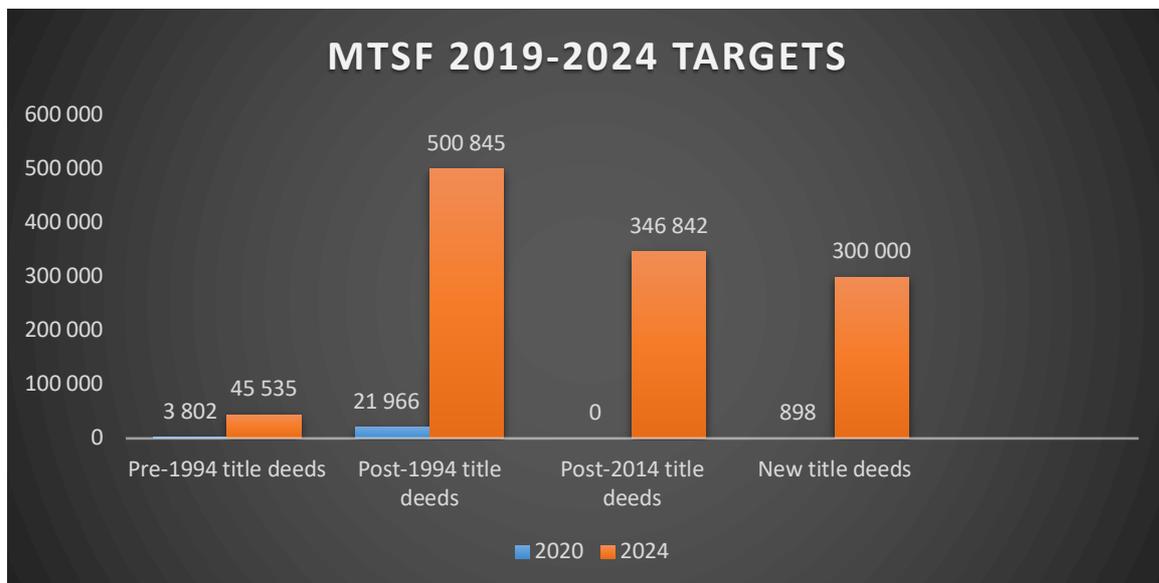
Source: Department of Human Settlements, June 2020

There are a total of 150 Community Residential units (CRUs) (82 new and 68 upgraded) delivered against a target of 12 000 target which represents 1.2%. Social housing units total to 3 185 of the 30 000 MTSF target representing 10.6% achievement against the 2024 target.

With regard to the upgrading of the 1500 informal settlements by 2024, there has been no shift from the baseline. The underperformance in the upgrading of informal settlements poses a negative impact on households that live in inhabitable living conditions in informal settlements and reinforce spatial poverty traps.

- iii. Changes against baseline and targets in the key indicators pertaining to the eradication of the backlog and issuing of new title deeds.

MTSF Targets for registered title deeds



Source: Department of Human Settlements, June 2020

5.17.5. Assessment of progress on major interventions

The declaration of the PDAs was the first phase in ensuring that investments will be targeted through multi-programme integration. The progress on the declaration of PDAs are planned to be used as a point of entry and impetus for the implementation of the District Development Model (DDM) for selected metros. However, to unlock development in these areas, there is an urgent need to rezone the land that was

acquired during the 2014-2019 MTSF period for human settlement development. Of the 17 720 ha of land acquired during the previous MTSF period, only 2 800 ha (17%) were rezoned. Of a balance of 14 920 ha acquired land, 0% was rezoned since 2019 and the rezoning of these strategic land parcels, once reconciled spatially with PDAs, require urgent intervention.

The delivery of housing units and typologies has been slowed down by the decrease in construction activities due to the Covid-19 lockdown regulations and considering the stage of the 2024 MTSF reporting period, the delivery of subsidised houses, serviced sites and FLISP units are making steady progress. Of concern is the slow delivery on the CRU programme and the Informal Settlements Upgrading Programme (UISP). The formalisation of 1 500 informal settlements (Phase 3) are in the pipeline with the approval of 86 upgrading plans (Phase 1) and the 2020/21 Human Settlements Business Plan reflects the approved planned upgrading of informal settlements as budgeted for under the Human Settlements Development Grant (HSDG). In order to avoid deviations from the expected delivery target, sufficient attention should be paid to implementation and programme management capacity at the different levels of government.

Importantly though, the department is taking a strategic policy shift, moving from public housing provision towards a targeted approach focussing on targeted groups: the aged, persons with disabilities, military veterans, truth and reconciliation victims and housing emergencies. Going forward people will be encouraged and supported to build houses for themselves as adopted during Habitat III Conference with provision of serviced sites and the upscaling of upgrading of informal settlements.

The persistent lack of progress and poor performance in the issuing of title deeds is exacerbating the backlog and a cause of concern. There was a hope and anticipation of a support programme operated at the National level by a National Project Office in the department that this will improve the performance in issuing of title deeds but it is still not fully operational. The programmatic approach was also expected to register title deeds with the registration of the serviced sites but evidently this is not achieving

the intended result since 51 135 services sites were delivered against only 898 new title deeds registered during the reporting period.

5.17.6. Major challenges and blockages affecting implementation of the interventions identified in the MTSF including the Impact of COVID-19 on the planned interventions by the sector.

Since the spread of Covid-19 in March 2020, the informal settlements were categorised as high-risk areas of mass Covid-19 transmission due to high densities. The UISP was prioritized to slow down the rate and spread of Covid-19 infections by creating improved living conditions through de-densification plans. There has been a shift in terms of upgrading of informal settlements to the construction of temporary residential areas (TRAs) to relocate households temporarily to these areas. This affected the planned progress in the upgrading of informal settlement even though a budget of approximately R8bn has been set aside for 2020/21. However, there are still outstanding systemic and policy issues to be addressed in order to upscale the upgrading of informal settlements.

The negative impact of Covid-19 pandemic can also be attributed to the underperformance in construction of subsidized housing units and rental sector. Construction time was lost due to the levels 5 and 4 lockdown regulations as projects were stalled. The Human Settlements budget for 2020/21 was cut and reprioritised as follows: R1.7 billion cut from the HSDG, R600 million redirected to Social and Affordable housing and R578 million reallocated from the title deeds restoration grant to the emergency housing grant. The reprioritisation focusses on informal settlements upgrading, title deeds, rapid land release, serviced sites and installation of bulk infrastructure. The budget cuts necessitate the postponement of projects and downscaling of delivery targets. Given this, the MTSF targets will be adjusted accordingly.

5.17.7. Cross-cutting issues that have a contribution to major challenges and blockages affecting the sector's implementation of the interventions identified in the MTSF.

In the rental sector, a number of tenants lost jobs and income and could not afford to pay any formal/informal rent to the landlords and they had to seek alternative accommodation. It will take time for the sector to recover and get back on track despite the relief grant. Therefore, the construction of new rental units might be delayed due to non-performance of the economy.

Illegal land invasions and protests have proliferated, especially in the Western Cape. Forced removals under court order have taken place in both Cape Town and Johannesburg.

5.17.8. Actions needed to address major constraints and challenges.

To address the growing title deed backlog especially for new housing units and serviced sites, the standard procedures and practices being used by private sector conveyancers should be considered by government. In this regard computerised systems could assist and clear targets need to set for the accepted number of days for the process to be finalized.

The Social Housing Institution's (SHI's) financial viability and it's ability to raise funds from the banks for development to manage and produce new stock should be encouraged to relieve the programme from ongoing government dependency over the medium term. To this effect, the Canadian government through Equal Spaces has recently (March 2020) completed a capacity building programme focused on social housing and SHI's empowerment.

The policy shift towards housing provision for targeted groups and the shift towards self-build through the provision of serviced sites and upgrading of informal settlements should be supported. However, details as to how this shift will be effected and the programmatic and institutional mechanisms involved should be clearly articulated.

5.17.9 Implication of this to the review of the MTSF and optimizing how government operates

If the economic recovery is slow, some of the MTSF targets will potentially have to be reviewed; for example, social housing. At the moment, there will be no implications leading to the review of the MTSF other than as a result of budget cuts.

5.18. Priority Component: Basic Services

5.18.1 Impacts we are trying to achieve

The overarching imperative in this context is to improve access to basic services and provide reliable and affordable public transport with the aim of achieving the following outcomes:

- i. Improved capacity to deliver basic services and quality infrastructure to increase household access to basic services
 - a) 95% reliability of water services, 90% access to adequate sanitation and hygiene and ensuring that 100% of wastewater treatment works are operational.
- ii. Affordable, safe and reliable public transport
 - a) 60% national usage of public transport

5.18.2. Overview of main achievements

Without data from StatsSA, it is not possible to determine the impact the country has made in terms of improving access to basic services. However significant strides were made by the various departments towards achieving the objectives of the MTSF. These include:

- i. Increase in grid connections and enforcement of licence conditions pertaining to the maintenance and refurbishment of electricity networks by Municipal Electricity Distributors.
- ii. Development of a conceptual framework for the National Sanitation Integrated Plan.
- iii. As at June 2020, a total of 514 bucket sanitation systems in formal settlements were replaced bringing the cumulative total of 40 995 of the 52 249 (78%) bucket sanitation systems replaced in the country.
- iv. To ensure the reliability of water services a total of 7 bulk water supply projects were completed. Eastern Cape, Kwa-Zulu Natal and Mpumalanga provinces have 2 completed projects per province, with Limpopo having 1 project.
- v. Notably, provision of water and fixing of water infrastructure to combat the spread of the virus during the COVID-19 pandemic was correctly prioritised. These initiatives were aimed at assisting vulnerable households and communities, particularly in rural and informal settlements without adequate services. In this regard, 18 653 water tanks and 1 315 tankers have been delivered. To capitalise on this effort, it is advised that these be turned into sustainable solutions in the communities where access to potable water was not available.
- vi. As part of value-add to the public transport value chain, a gap analysis on the regulatory framework for national automated fare collection was conducted, and a concept for an integrated public transport ticketing or fare collection system was developed.
- vii. To date 6 cities (Johannesburg, Tshwane, Ekurhuleni, George, Cape Town and Nelson Mandela Bay) are successfully operating integrated public transport networks carrying a combined average of 143 000 passenger trips.

5.18.3. Overview of the main challenges

The MTSF outcomes and targets that are currently underperforming cut across the electricity, water and sanitation and public transport sectors and are as follows:

- i. Targets relating to the electrification of households through non-grid connections have not be implemented. The Department of Mineral Resources and Energy (DMRE) indicated that the project will be initiated in the last semester of the 2020/21 financial year.
- ii. Although DWS has conducted site visits to monitor non-compliant water systems and non-compliant wastewater systems against the regulatory standards, other interventions relating to the reliability of water services and functioning of wastewater treatment works have not been implemented due to the effects of the Covid-19 pandemic which halted procurement processes for the various projects. The department will resume procurement processes in line with the Covid-19 risk adjusted strategy.
- iii. For the 2019 period, 108 of the 144 (75%) Water Service Authorities (WSAs) completed the Municipal Strategic Self-Assessments (MuSSA). A 24% reduction when compared to 2018. The department is unable to say how many WSAs have received acceptable functional assessments at this stage.
- iv. Department of Transport (DoT) has highlighted difficulties relating to the spending and infrastructure roll-out at 5 cities implementing the integrated public transport networks.

5.18.4. Progress on key high-level indicators.

Given that the MTSF is still in the early phase of implementation and recognising the impact of the COVID-19 pandemic, the delivery of basic services in relation to the MTSF targets has shown slow progress. Moreover, the delay in the release of GHS data from Stats SA has made it difficult to see the shift or change in the indicators at outcome level.

MTSF 2019-2024 entails a total of **29** Basic Service Delivery interventions, of which **23** are associated with the overarching goal of achieving improved capacity to deliver basic services and quality infrastructure to increase household access to basic services. The other **6** interventions are located within the second goal of achieving affordable, safe and reliable public transport. Associated with the **29** MTSF interventions are **28 indicators** and **28 targets**. The period under review reflects notable progress towards **14** of the 28

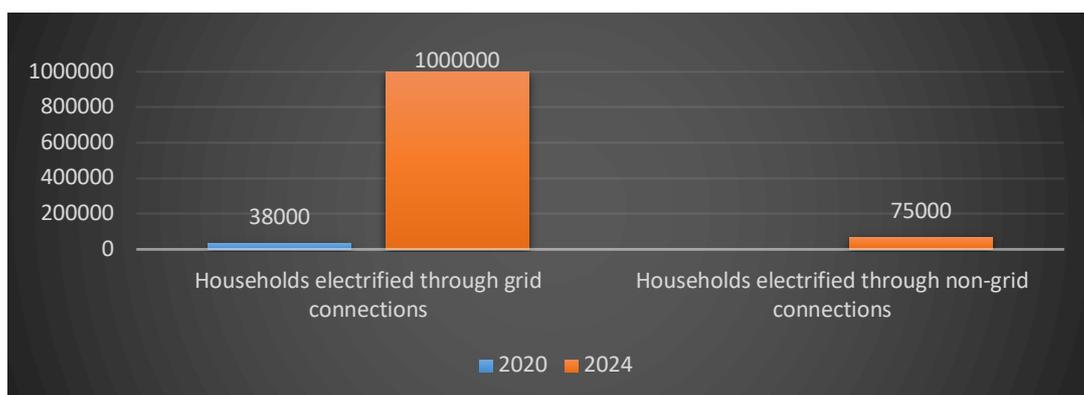
targets, while **14** targets are **not** on track. These are reflected in the table and discussion below.

MTSF TARGETS THAT ARE ON TRACK	MTSF TARGETS THAT ARE NOT ON TRACK
a. Households with access to electricity	
<ul style="list-style-type: none"> • Increase in grid electrification connection- 38 000 households electrified • Municipal Electricity Infrastructure Asset Management framework finalised. • NERSA review to enforce compliance of licence conditions completed and adopted by Cabinet. 	<ul style="list-style-type: none"> • Non-grid electrification connections to be implemented in last semester of the 2020/21 financial year.
b. Access to water and sanitation services	
<ul style="list-style-type: none"> • Total of 7 out of 53 bulk water supply projects were completed (13.2% achievement) • 184 (50%) and 152 (58%) non-compliant water and wastewater systems were monitored against the regulatory standards, respectively. • DWS replaced a total of 514 bucket sanitation systems in formal settlements • 108 of the 144 (75%) Municipal WSAs have completed their functional assessments • Conceptual framework for the National Sanitation Integrated Plan developed. • Total of 5 dams under construction. 	<ul style="list-style-type: none"> • Assessment of water and wastewater treatment works for compliance with the Blue and Green Drop Regulatory requirements, not completed respectively . • non-commencement of the 9 refurbishment projects to address the functionality component of WSAs reliability implementation plans. • 27 District Municipalities' Five Year Reliability Plans not developed. • Amendment of the Regulatory Framework on Water Ownership and Governance. • None of the 9 provincial plans developed and implemented in support of the Integrated Water Resource plan. • New water sources expansion plan for each IGR impact zone not developed.

c. Sustainable Waste Management	
	<ul style="list-style-type: none"> • No diversion of waste from landfill sites through recycling performed. • Reduction of waste generated during manufacturing and industrial process.
d. Affordable, safe and reliable public transport	
<ul style="list-style-type: none"> • 10 cities investing in the construction and operation of the IPTNs, • Implementation of the revised BRT specifications and technical norm and standards. • Increase in operational hours for BRT – Average 16 Hours. 	<ul style="list-style-type: none"> • 100% compliance in spatial referencing of the IPTNs. • No rail stations modernised. • Upgrading of 300 configured trains.

i. Changes against baseline and targets in the key indicators pertaining to households with access to electricity

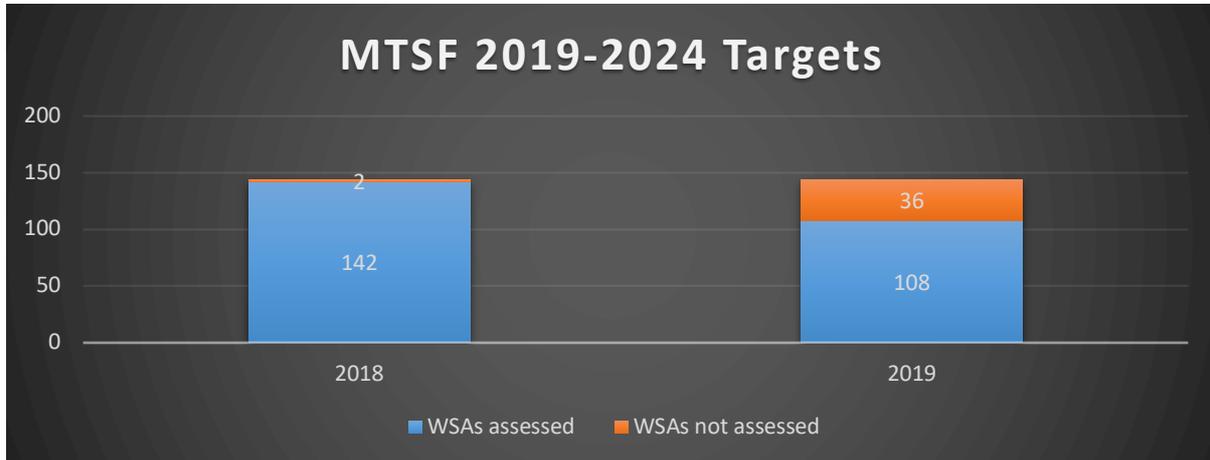
MTSF 2019-2024 targets on household electrifications (INEP)- *Source: Department of Minerals and Energy, June 2020*



The number of households connected to the grid stood at 38 000 (3,8%) against the MTSF target of 1 000 000. Non-grid connections have not occurred, but the Department has indicated that this will commence during quarters 3 and 4 of the 2020/21 financial year.

- ii. Changes against baseline and targets in the key indicators pertaining to Water Service Authorities (WSAs) that receive acceptable scores on functional assessment in the MuSSA.

MTSF 2019- 2024 targets Water Service Authorities Assessed

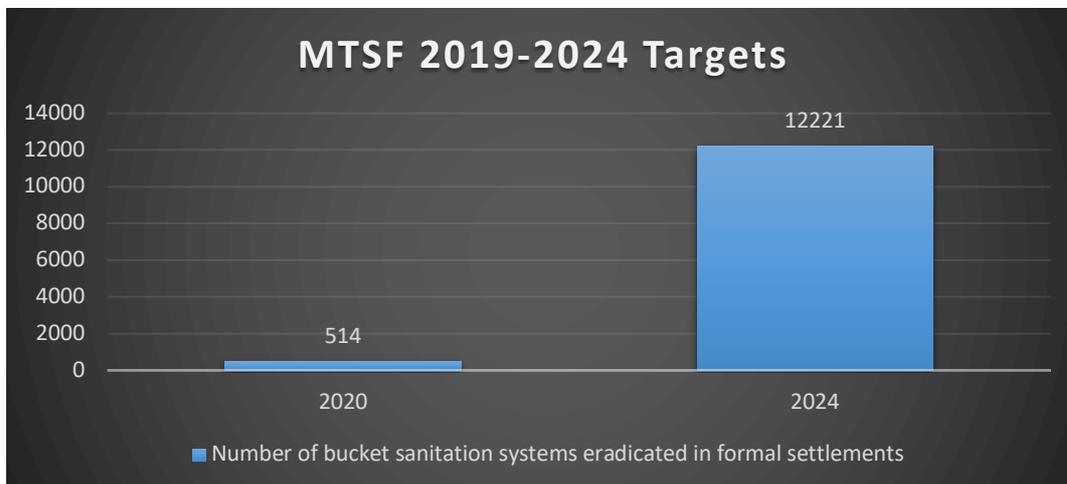


Source: Department of Water and Sanitation, June 2020

The MTSF target at outcome level requires that 100% of WSAs receive acceptable scores on functional assessments in the MuSSA against the baseline of 24%. While the Department has completed 108 of the 144 (75%) assessments for the 2019 period, information regarding how many received acceptable scores was not provided.

- iii. Changes against baseline and targets in the key indicators pertaining to access to adequate sanitation and hygiene

MTSF 2019- 2024 targets on bucket sanitation systems

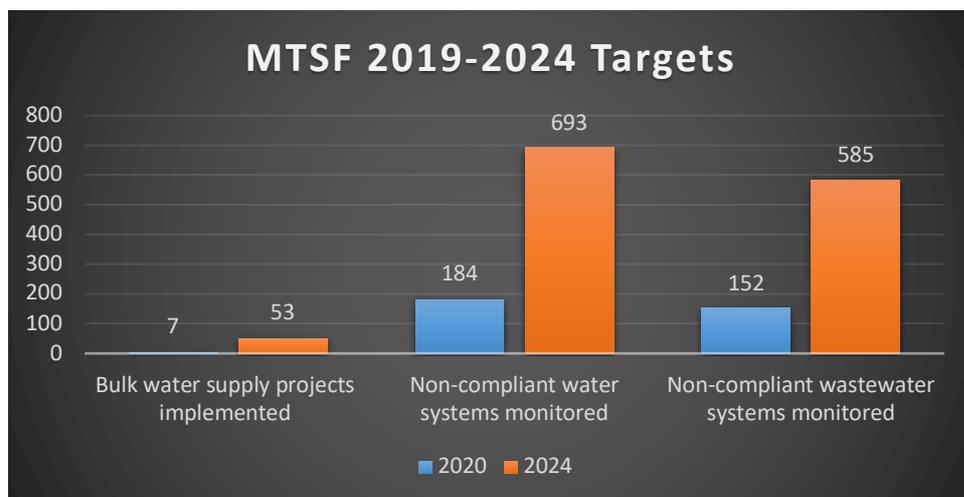


Source: Department of Water and Sanitation , June 2020

DWS replaced 514 (4%) bucket sanitation systems in formal settlements against the MTSF target of 12 221. The Covid-19 pandemic contributed to the slow performance. The movement in terms of the broader target of access to adequate sanitation services will be made available once StatSA GHS data becomes available.

iv. Changes against baseline and targets in the key indicators pertaining to the reliability of water services and wastewater treatment works

MTSF 2019- 2024 targets on bulk water systems



Source: Department of Water and Sanitation, June 2020

A total of 7 bulk water supply projects were completed against the MTSF target of 53 projects (13.2% achievement). A total of just under 420 000 households stand to benefit from these projects.

Project name	Province	Number of Households that benefitted

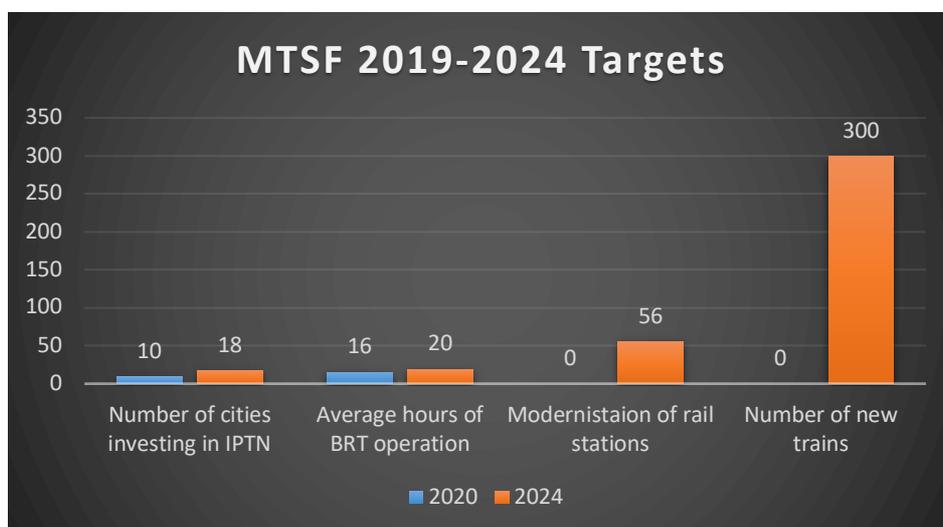
O R Tambo King Sabata Dalindyebo (KSD) Water supply Phase 2 of 2	EC	221 722
Xonxa Bulk Water Supply Phase 1 of 2	EC	6 364
Umshwathi Bulk Water Supply Phase 3	KZN	3 706
Jozini Bulk Water Supply	KZN	23 400
Polokwane Bulk Water Supply Phase 1	LP	157 250
Empuluzi Phase 3A of 8	MP	7 421
Empuluzi Phase 4B of 8	MP	0

Source: Department of Water and Sanitation, June 2020

Moreover, 184 non-compliant water systems were monitored against the regulatory standards. This is below the annual MTSF target of 371 systems, indicating an attainment rate of 50% as at June 2020. Similarly, with the non-compliant wastewater systems, the department visited 152 (58%) sites against the annual target of 260. Once again, we have not been advised regarding what action has been taken where systems are non-compliant.

- v. Changes against baseline and targets in the key indicators pertaining to increase in the national usage of public transport

MTSF 2019- 2024 targets on public transport



Source: Department of Transport, June 2020

DOT is monitoring the construction and operation of the integrated public transport networks in 10 cities ((Johannesburg, Tshwane, Ekurhuleni, George, Cape Town, Nelson Mandela Bay, Mangaung, eThekweni, Polokwane and Rustenburg) against the MTSF target of 18 cities. The average hours of the cities actively operating the BRT have increased to an average of 16 hours across all cities; operations are expected to extend to 20 hours by March 2024. In relation to the upgrading and modernisation of the railway network and stations, no movement against the MTSF targets is evident for the period under review.

5.18.5. Assessment of progress on major interventions

Electrification

The provision of grid and non-grid electricity to households remains a key basic service intervention of government in terms of the National Development Plan and the National Electrification Programme (INEP).

The department has reduced the budget for the INEP from the initial allocation of R3 billion to R1 billion. This may potentially have consequent implications on the projected MTSF targets for the electrification of households. For the current financial year (2020/21), the projected target of connecting 180 000 households has now been decreased by 43 000 households. [Parliament RSA, Portfolio Committee on Mineral Resources and Energy, July 2020].

There is concern that the 3 provinces (Eastern Cape, KwaZulu-Natal and Limpopo) with the largest electrification backlogs will be the most affected. The department should develop a mitigating strategy to ensure that it spends all of the INEP grant within the given period to avoid funds being reallocated or rolled-over.

To support the electrification measures in local government, DMRE has also finalised work on the Municipal Electricity Infrastructure Asset Management framework involving the benchmarking and development of norms and standards for municipal electricity infrastructure. The framework is currently awaiting roll-out to municipalities as per the MTSF target.

Water and Sanitation

Overall, water and sanitation projects have shown slow progress for the period under review. Associated bulk infrastructure projects needed to connect the completed internal reticulation network to the wastewater treatment works have not proceeded as planned.

Other projects that were not implemented included; the assessment of water and wastewater treatment works for compliance with the Blue and Green Drop Regulatory requirements, respectively; support to WSAs to develop and implement municipal priority action plans falling in the priority districts; and the non-commencement of the 9 refurbishment projects to address the functionality component of the WSA reliability implementation plans.

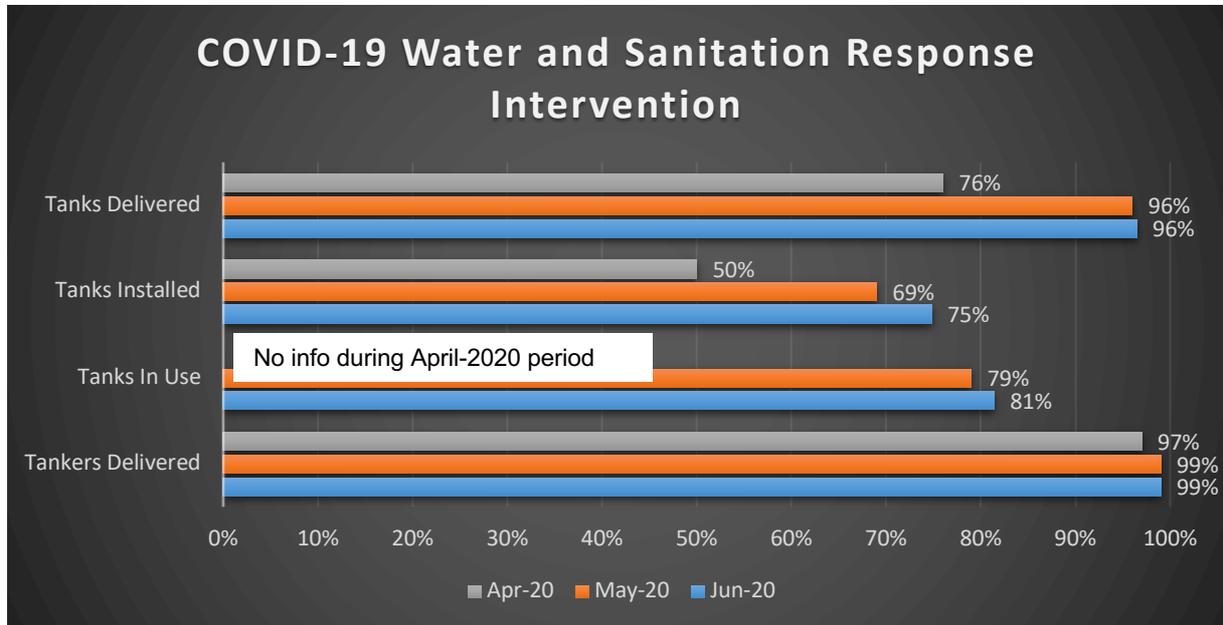
The department has not developed the five-year water and sanitation reliability plans for district municipalities. However, it has indicated that the plans will be completed for 17 district municipalities together with the final national MuSSA report in the 2020/21 financial year [DWS Performance Report, March 2020].

Other than the MTSF programmes on the provision of basic services, we realise the notable interventions undertaken by the DWS in collaboration with COGTA in the provision of water and fixing of water infrastructure to combat the spread of the virus during the pandemic. These initiatives were aimed at assisting vulnerable households and communities, particularly in rural and informal settlements without adequate services.

The interventions included the supply of 18 653 water tanks and 1 315 tankers to provinces to address water shortages as at June 2020. (Covid-19 Command Centre Progress report, 28 June 2020). There is a need to augment the water tanks and carting services through sustainable measures, such as the development of water

sources and fixing of water infrastructure, in order to build long-term resilience of communities. The graph below presents the details of the interventions in place

COVID-19 water and sanitation response intervention



Source: Department of Water and Sanitation, June 2020

Public Transport

In working towards 60% national usage of the public transport network, DOT is providing support to cities that are underperforming in the implementation of the integrated public transport network intervention. A national technical implementation unit has been assigned to manage the implementation and operations of BRTs whilst overseeing the spending efficiency in each city.

Compliance of cities with the spatial referencing of the integrated public transport network has seen little traction during this period. The 5 metropolitan municipalities (Johannesburg, Cape Town, Ethekeeni, Ekurhuleni, Nelson Mandela Bay and Mangaung) have demonstrated alignment of the integrated public transport network with the Build Environment Performance Plans, but have not executed the plans as yet.

Lastly, in the upgrading of the Metrorail fleet, the planned delivery of the 10 trains was delayed for the 2020/21 financial year due to challenges in the supply chain. Hence the stagnation in the achievement of MTSF targets.

5.18.6. Major challenges and blockages affecting implementation of the interventions identified in the MTSF.

A major challenge over the period under review was the sudden shock emanating from the Global Covid-19 pandemic, the resultant lockdown and the subsequent revision of the fiscal framework and the resultant reprioritisation of departmental budgets.

Water and Sanitation

The underperformance in relation to the eradication of bucket systems was affected by the lockdown. In particular delivery was affected by the halting of construction and procurement delays for purchasing material for outfall sewer lines and pump stations. Constructions will resume in line with the Covid-19 risk adjusted strategy to accelerate the completion of the planned targets.

Furthermore, as a result of the pandemic, plans to conduct site visits to capacitate the supply of reliable water services and improve the functionality of wastewater treatment works were deferred.

At least a third of the 144 WSAs regarded as dysfunctional have no, or very limited, technical staff to advance the programmes (NWSMP, 2019). The lack of technical skills has contributed to the slow rate of reliable water supply services.

Public Transport

Due to the pandemic, the sector experienced, amongst others, substantial revenue losses; halted public transport operations; and delays in planned capital infrastructure projects, and related expenditure.

5.18.7. Cross-cutting issues that have a contribution to major challenges and blockages affecting the sector's implementation of the interventions identified in the MTSF.

For all components, dependencies across the spheres of government and sector departments creates challenges in the implementation of interventions. These could vary from compliance with grant conditions, consensus of key policy stances to concerns around the alignment of legislative provisions and strategies.

Other cross-cutting issues arising relate to the provision of water, sanitation and electricity services. The financial sustainability of water boards to supply bulk potable and waste water services is in dire stress due to liquidity and debt issues. As at June 2020, municipalities owed water boards over R11.8 billion and water boards owed the Water Trading Entity R5.4 billion as at June 2020. Similarly, the municipal debt to Eskom is continuing to soar, and reached R28 billion at the end of March 2020; an increase of just over R8 billion in the past 12 months. As a result of the debt crisis, the entities are unable to operate at their ultimate capacity and are challenged with growing ageing infrastructure, high operational costs and inability to pay creditors.

The above circumstances have recently been exacerbated by the sharp economic downturn caused by the Covid-19 pandemic. Many municipalities are faced with reduced revenue collections as many businesses and households are unable to pay municipal bills. The former is supported by a municipal survey carried out by the DPME during May 2020 aimed at understanding challenges faced by South African municipalities as a result of the pandemic. The results highlighted that 68% of the participating municipalities projected a monthly revenue shortfall of more than 20%; and 42% were assisting customers with arrangements to delay or reduced account payments. Municipalities will, during this period, require focused support to handle the financial pressure upon them and guard the non-disruption of services to communities.

5.18.8 Actions needed to address major constraints and challenges

- i. As highlighted previously, water and sanitation services are particularly vulnerable because of the combined impact of falling revenues, the vicious cycle of rising debt and weak institutional and technical capability. At the minimum the following should be done to arrest the decline:

- a. Multidisciplinary revenue task team to address non-payment of bulk water by municipalities coupled with a political solution to municipalities not paying their debt.
 - b. Institutional realignment through rationalisation of Water Boards into Regional Utilities as options to unlock expansion of services.
 - c. Consider disbanding WSAs that are dysfunctional and are unlikely to fully fulfil their functions and duties in the foreseeable future and the function transferred to utilities.
- ii. The Minister of DWS has proposed that the intervention on the eradication of bucket sanitation systems be transferred back to the Department of Human Settlements where it is better positioned, as it forms part of the bulk infrastructure that has to be installed when housing projects are developed [Minister of Water and Sanitation Budget Speech Response, 23 July 2020].

15.8.9. Implication of this to the review of the MTSF and optimizing how government operates

The departments contributing to this component, remain committed to the current outcomes and targets. The only significant risk to this is potential budget cuts which would then require adjustments to the targets.

15.8.10. Recommendations

- a) Cabinet notes progress made on the implementation of the MTSF targets related to Priority 5, namely spatial transformation, environmental management and climate change, rural economy, human settlements, and basic services.
- b) The need for internal re-arrangement and consolidation within the priority towards achieving better spatial integration.
- c) Considers the review of the interventions and targets proposed by DCOG in relation to climate change interventions.

- d) Approves the proposal for DPME to engage all departments to establish the impact of COVID-19 and reprioritisation of budgets on planned outcomes, targets and interventions and feeds this into the review of the MTSF.
- e) Human Settlements urgently resolves all outstanding issues in the UISP including policy, grant design and forge the needed public and private partnerships with all relevant stakeholders to unlock implementation. A task team to unlock the issuing of title deeds be established with immediate effect.