

How Much Money is Allocated to Informal Settlement Upgrading in the City of Cape Town's Draft Budget for 2017/2018?

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The most recent statistics, from the 2011 Census, show that 20.5 percent of the City of Cape Town's (CoCT) households live in informal housing. Specifically, 13.5 percent of households are spread across 204 informal settlements, while 7 percent live in informal backyard dwellings.¹ These informal settlements generally lack adequate municipal services and community infrastructure to ensure a decent quality of life for the households living in them.

As indicated in a [previous brief](#), informal settlement upgrading in South Africa is guided by the national Upgrading of Informal Settlements Programme (UISP). The UISP is one of the national government's main programmes that contributes to the development of subsidized housing in the country. While other programmes, such as the Integrated Residential Development Programme (IRDP), have the actual construction of houses as their goal, the UISP targets the provision of permanent basic services such as water, sanitation, and electricity and secure tenure in the form of formalized land occupational rights as a precursor to the construction of houses.² The UISP strives to facilitate *in-situ* upgrading of informal settlements, which means upgrading that takes place on the site where the community currently resides. The UISP only provides for relocation and resettlement of households as a "last resort" in "exceptional circumstances." The UISP also emphasizes the need for extensive and active community participation in the upgrading process and that specific funding should be made available to support community participation in the process.³

Efforts to upgrade informal settlements, including ensuring that the UISP is properly implemented, is the constitutional responsibility of local government.

¹City of Cape Town. 2016b. Five Year Integrated Development Plan 2012-2017. 2016/17 Review and Amendments. Available online <http://resource.capetown.gov.za/documentcentre/Documents/City%20strategies%2c%20plans%20and%20frameworks/20162017%20Review%20and%20Amended.pdf> (accessed 7 March 2017), Page 23.

² According to the Housing Code the goal of secure tenure may be achieved through a variety of tenure arrangements and these are to be determined through a process of engagement between municipalities and residents

³Department of Human Settlements. 2009a. National Housing Code. <http://www.dhs.gov.za/content/national-housing-code-2009> (accessed 6 February 2017)

This brief therefore attempts to identify how much the City of Cape Town has allocated for the upgrading of informal settlements in its 2017/18 draft budget. Taking the lead from the UISP, the analysis presented here sought to identify allocations to *in-situ* projects or programmes with serviced stands and secure tenure as their objectives, and exclude spending on other kinds of upgrading aimed at the improvement of the living conditions of those living in informal settlements. The analysis below may over-estimate the City's spending on informal settlement upgrading because the data presented in the City's draft budget does not always distinguish between different kinds of projects in informal settlements.

While the limited information that the CoCT's budget provides on such allocations makes it difficult to offer a conclusive assessment, and we are probably over estimating, the information that is available indicates a steep decline in spending on informal settlement upgrading over the 2017/18 Medium Term Revenue and Expenditure Framework. Specifically, the analysis finds that:

- there is some dissonance in the CoCT's interpretation of the UISP and the identification of projects as being part of this program;
- the portion of the Urban Settlements Development Grant that the City allocates to informal settlement upgrading declines over the next three years;
- the capital budget of the Department of Informal Settlements, Water and Waste Services declines by 42 percent over the next three years; and
- informal settlement upgrading projects identified in the new Integrated Development Plan make up a very small share of the CoCT's capital budget.

1. WHO IS RESPONSIBLE FOR INFORMAL SETTLEMENT UPGRADING IN THE CITY OF CAPE TOWN?

The first step in determining how much money the CoCT spends on informal settlement upgrading is to determine which departments and programmes are responsible for this function and then look at their budgets. However, given the lack of detailed information provided by the CoCT in its budget, obtaining an accurate and comprehensive overview of the range of programmes that contribute to, and the CoCT's total investment in, addressing human settlement challenges is difficult.

1.1 INFORMAL SETTLEMENTS AND BACKYARDERS DEPARTMENT

After the August 2016 municipal elections, the CoCT embarked on a restructuring of its administration. As part of this restructuring a new directorate called Informal Settlements, Water and Waste Services was created. This directorate consists of three departments: Water and Sanitation, Solid Waste Management, and a new Informal Settlement and Backyarders department.

According to the CoCT's 2017/18 draft budget, the main focus of the Informal Settlements and Backyarders Department is to “upgrade and improve informal settlements and to provide services to backyard dwellers, and to consolidate the provision of bulk services, janitorial services, EPWP [Expanded Public Works Programme] opportunities, taps and toilet installations.”⁴ The department is also responsible for managing environmental health and social services, including disaster and emergency services. Specifically, the main functions of the department are the:

- provision of basic services to informal settlements;
- upgrading and formalization of informal settlements;
- provision of backyard services; and
- provision of community engagement and liaison services and rendering of humanitarian services in instances of such disasters as flooding and fires in informal settlements and backyards.⁵

In its draft budget, the CoCT also states that the benefits of having this new department include a “streamlined and focused attention in the upgrading and formalization of informal settlements” and “focused budgeting and allocation of funds for the upgrading of and provision of services to informal settlements.”⁶

While it is clear from the information in the 2017/18 draft budget that this department is the main department responsible for the upgrading of informal settlements, its responsibilities extend to the provision of services to backyard dwellers and to informal settlements, in general.

4 City of Cape Town, 2017a. City of Cape Town 2017/18 – 2019/20 Tabled Budget. March 2017. Available online http://resource.capetown.gov.za/documentcentre/Documents/Financial%20documents/Annexure%20A_1718Budget_March_2017.pdf (accessed 29 March 2017)

5 City of Cape Town, 2017. City of Cape Town 2017/18 – 2019/20 Tabled Budget. March 2017. Available online http://resource.capetown.gov.za/documentcentre/Documents/Financial%20documents/Annexure%20A_1718Budget_March_2017.pdf (accessed 29 March 2017)

6 City of Cape Town, 2017. City of Cape Town 2017/18 – 2019/20 Tabled Budget. March 2017. Available online http://resource.capetown.gov.za/documentcentre/Documents/Financial%20documents/Annexure%20A_1718Budget_March_2017.pdf (accessed 29 March 2017)

1.2 OTHER DEPARTMENTS

The information provided in the 2017/18 draft budget suggests that the new Informal Settlement and Backyarders department is now solely responsible for the upgrading of informal settlements in the City of Cape Town. There are, however, a few other departments that still might have a role in the upgrading process.

For instance, the Electricity Distribution Department in the newly created Energy Directorate is responsible for the delivery of bulk infrastructure and electricity services. According to the 2017/18 draft budget, this department provides electricity services to informal housing through its electrification and backyarder plans. The budget does not mention whether this also includes the provision of electricity services to specific *in-situ* upgrading projects.

Likewise, the Water and Sanitation Department in the Informal Settlements, Water and Waste Services Directorate is responsible for the delivery of water and sanitation services. This mandate includes the implementation of bulk water and sanitation infrastructure projects, some of which might be undertaken in support of the informal settlement upgrading.

Other departments that contribute, or might, to upgrading include the Asset Management and Maintenance Department in the Transport and Urban Development Authority Directorate, which is one of the departments responsible for the delivery of road infrastructure. This department is specifically responsible for the implementation of a project to deliver road infrastructure as part of informal settlement upgrading, but it is not clear if this is road infrastructure linked to *in-situ* upgrading, as required by the UISP. Another department in this directorate, called Urban Integration, is responsible for land acquisition, but, as in some of the other examples, the budget does not specify whether this department is responsible for the acquisition of land for informal settlement upgrading. Finally, the New Market Development Department, also situated in the Transport and Urban Development Authority Directorate, is responsible for the implementation of the CoCT's housing projects, including the provision of infrastructure services for housing projects.

2. BUDGETING FOR THE INFORMAL SETTLEMENTS UPGRADING IN THE 2017/18 DRAFT BUDGET

Even once the departments and programmes that are involved in informal settlement upgrading are identified, it is difficult to determine how much the CoCT spends on this important function because the relevant departments and programs have broader responsibilities and the budget does not provide

detailed information on spending on informal settlement upgrading. Thus, for this analysis of what the CoCT spends on informal settlement upgrading, it was necessary to follow a few indirect routes.

2.1 ALLOCATION OF THE URBAN SETTLEMENTS DEVELOPMENT GRANT

Based on documents on the website of the National Upgrading Support Programme and conversations with experts in the field, it was determined that the Urban Settlements Development Grant (USDG) is the main source of funding for informal settlement upgrading, specifically for the first three phases of the UISP.⁷ Therefore, the starting point for the analysis was the CoCT's allocations of its USDG to directorates and departments in the 2017/18 draft budget.

According to the Division of Revenue Bill and the Division of Revenue Act (DoRA), metropolitan municipalities are supposed to use the USDG for the provision of basic services infrastructure (i.e., for the provision of water, sanitation, electricity, etc.) and the development of integrated human settlements.⁸

Table 1 shows how the CoCT has allocated the capital portion of its USDG grant in its 2017/18 draft budget. The CoCT allocates some of its USDG grant to operating expenditure but the 2017/18 draft budget does not provide detail on this. However, analysis from previous years indicates that most of this allocation is spent on VAT on goods and services purchased with USDG funds. This brief focuses on the allocation of capital portion of the CoCT's USDG — by far the largest portion of the total grant.

In general the CoCT's use of the USDG prioritizes development of bulk wastewater treatment works, Built Environment Management, and New Market Development. Combined allocations for these account for more than two thirds of the USDG.

Only 11.32 percent, or R145 million, of the CoCT's USDG, has been allocated to the Informal Settlement and Backyarders Department for 2017/18. In 2018/19 this department is projected to receive an even smaller share (6.68 percent, or just over R90 million) of the grant. In 2019/20, the department is set to receive less than 2 percent, or only R28 million, of the grant, which is specifically intended to fund informal settlement upgrading.

The Water and Sanitation Department has been allocated the largest relative share of the USDG in all three years of the Medium Term Revenue and Expenditure Framework (MTREF). The department's

⁷ http://www.nuspresources.com/?page_id=1069#section1123

⁸ National Treasury. 2016a. Division of Revenue Bill. http://www.treasury.gov.za/legislation/bills/2016/bills2016_bill02-2016.pdf (accessed 7 February 2017)

share increases from 34.48 percent in 2017/18 to almost 42 percent in 2018/19, before decreasing to just less than 37 percent in 2019/20. The detailed breakdown of the capital projects funded by these shares suggest that most of the funding is for bulk infrastructure, specifically for wastewater treatment works.

TABLE 1. ALLOCATION OF THE USDG GRANT (CAPITAL PORTION) IN THE CITY OF CAPE TOWN

Directorate and Department	2017/18		2018/19		2019/20	
	Rand	Share (%)	Rand	Share (%)	Rand	Share (%)
<i>Assests & Facilities Management</i>						
Home Ownership Transfer, Tenancy Management, and Staff Housing	15,098,388	1.18	15,098,388	1.12	7,517,270	0.52
Total Asset & Facilities Management	15,098,388	1.18	15,098,388	1.12	7,517,270	0.52
<i>Energy</i>						
Electricity Generation & Distribution	120,000,000	9.38	131,115,595	9.69	217,095,950	15.07
Total Energy	120,000,000	9.38	131,115,595	9.69	217,095,950	15.07
<i>Informal Settlements, Water & Waste Services</i>						
Water & Sanitation	440,974,842	34.48	564,726,872	41.74	531,744,299	36.92
Informal Settlements & Backyarders	144,789,540	11.32	90,369,774	6.68	28,000,000	1.94
Total for Informal Settlements, Water & Waste Services	585,764,382	45.80	655,096,646	48.42	559,744,299	38.87
<i>Safety & Security</i>						
Fire Services	11,700,000	0.91	0	0	0	0
Total for Safety & Security	11,700,000	0.91	0	0	0	0
<i>Social Services</i>						
Recreation & Parks	53,238,487	4.16	27,675,574	2.05	28,100,000	1.95
City Health	29,843,188	2.33	47,275,000	3.49	19,400,000	1.35
Total for Social Services	83,081,675	6.50	74,950,574	5.54	47,500,000	3.30
<i>Transport & Urban Development Authority</i>						
Asset Management & Maintenance (IS Upgrading)	2,000,000	0.16	5,000,000	0.37	3,000,000	0.21
Built Environment Management	217,200,000	16.98	220,275,000	16.28	203,600,000	14.14
Urban Integration	16,549,910	1.29	66,499,560	4.92	225,450,812	15.66
New Market Development	227,593,623	17.79	184,926,964	13.67	176,211,427	12.24
Total for Transport & Urban Development Authority	463,343,533	36.23	476,701,524	35.23	608,262,239	42.24
Total USDG (CAPITAL)	1,278,987,978	100	1,352,962,727	100	1,440,119,758	100
USDG Operating	215,798,022		217,189,273		218,631,242	
Total USDG from National Government	1,494,786,000		1,570,152,000		1,658,751,000	

The New Market Development Department is responsible for new housing projects and receives the second largest share of the USDG (17.79 percent) in 2017/18. This allocation, which mostly funds internal infrastructure for new housing projects, is projected to decrease to just over 12 percent of the USDG in the outer year of the MTREF. The Build Environment Department receives the third largest allocation of just less than 17 percent in 2017/18, mostly for roads and storm water infrastructure. Its share is also predicted to decrease over the MTREF, to 14.14 percent in 2019/20.

The Electricity Generation and Distribution Department has been allocated 9.38 percent of the USDG in 2017/18. Most of this allocation is for the Electrification Project, which provides electricity infrastructure for backyarders and possibly informal settlements. While this department's share of the USDG is set to increase over the MTREF, this is due to the changes in funding for other activities rather than an increase investment in this project. The contribution to the Electrification Project remains unchanged at R100 million in each of the three years.

In 2017/18, the Urban Integration Department has been allocated 1.29 percent of the USDG in 2017/18. This share increases to almost 5 percent in 2018/19, before jumping significantly to 15.66 percent in 2019/20. In 2019/20 the allocation is projected to be R225.5 million, with R223.7 billion of this to be used for land acquisition.

Finally, the Asset Management and Maintenance Department is projected to receive less than 1 percent of the USDG in all three years of the MTREF. The allocation is for a project called Informal Settlement Upgrading, which is specifically to be used for road infrastructure, with the actual amount varying between R2 million and R5 million.

When the budget allocations for the Informal Settlements and Backyarders Department are added to the budget allocations for the Informal Settlement Upgrading Road Infrastructure project, it looks as if the City of Cape Town allocates a relatively small share of the USDG to informal settlement upgrading, with this share set to decrease over the MTREF, from 11.48 percent in 2017/18, to 7.05 percent in 2018/19, to only 2.15 percent in 2019/20. The nominal rand amounts are set to decrease from just below R147 million, to just more than R95 million, to only R31 million in the final year. It should be kept in mind that this allocation includes all spending on the provision of services to informal settlements and backyarders and therefore funds more than just *in-situ* upgrading of informal settlements. It is difficult to determine how much of the USDG allocation to the Electricity Generation and Distribution Department specifically funds *in-situ* informal settlement upgrading — a major priority of the USDG.

2.2 THE BUDGET OF THE INFORMAL SETTLEMENT AND BACKYARDERS DEPARTMENT

The analysis presented above shows that the CoCT has allocated a relatively small share of its USDG to informal settlement upgrading. This section explores CoCT allocations for informal settlement upgrading from funding outside of the USDG. However, the lack of detail in the budget makes it difficult to gauge how much of the Informal Settlement and Backyarders Department's capital budget has been allocated specifically to *in-situ* informal settlement upgrading.

Table 2 shows the different capital projects to be implemented by the Informal Settlement and Backyarders Department over the MTREF, along with their funding sources. Some projects are funded from more than one source and therefore are listed more than once.

TABLE 2. COMPOSITION OF THE INFORMAL SETTLEMENT AND BACKYARDER DEPARTMENT CAPITAL BUDGET

Project	Funding Source	Medium Term Revenue and Expenditure Framework		
		2017/2018 (Rand)	2018/2019 (Rand)	2019/2020 (Rand)
Informal settlements sanitation installations	EFF	22,000,000	21,000,000	20,000,000
Informal settlements sanitation installations	CGD	1,000,000	3,000,000	5,000,000
Informal settlements water installations	EFF	4,000,000	4,000,000	5,000,000
West Beach S/pump station and rising Main	CRR	17,000,000	0	0
Rietvlei P/station, R/main bottelary	EFF	1,000,000	1,000,000	0
Enkanini-Khayelitsha	EFF	10,000,000	0	0
IDA/UIISP Sweethomes-Philippi	CGD	35,000,000	35,000,000	0
UIISP: 8ste Laan -Valhalla Park	CGD	33,000,000	4,500,000	0
UIISP: Kalkfontein informal settlement	CGD	38,000,000	17,000,000	0
Urbanisation: Backyards/infrm settl upgrading	EFF	0	5,288,768	80,288,768
Urbanisation: Backyards/infrm settl upgrading	CRR	13,288,768	0	0
Urbanisation: Backyards/infrm settl upgrading	CGD	37,789,540	30,869,774	23,000,000
Computer equipment - additional	EFF	150,000	150,000	150,000
Computer equipment - replacement	EFF	100,000	100,000	100,000
Furniture & fittings - additional	EFF	100,000	100,000	100,000
Housing contingency - insurance	REVENUE	100,000	100,000	100,000
Fleet replacements	EFF	1,000,000	1,500,000	1,500,000
Total		213,528,308	123,608,542	135,238,768
Total CoCT Capital Budget		6,816,870,631	6,663,902,189	6,930,590,949
Share of Informal Settlements and Backyarders in Total CoCT Capital Budget		3.13%	1.85%	1.95%

Note: EFF stands for External Financing Fund which is the borrowed component (loans) of the CoCT's own revenue; CRR stands for Capital Replacement Reserve which includes cash-backed operating surpluses as well as interest on investments of the CRR; CGD refers to Capital Grants and Donations, which mostly include grants from the national and provincial government; Revenue refers to other own revenue.

Three projects, IDA/UIISP Sweethomes-Philippi, UIISP: 8ste Laan-Valhalla Park, and UIISP Kalkfontein Informal Settlement, include a reference to the UIISP in their names. This suggests that these projects are informal settlement upgrading projects as defined by the UIISP. In 2017/18 these three projects account for a combined total budget allocation of R106 million, which is less than half of the department's total 2017/18 capital budget of R213.5 million. The allocation to the Sweethomes-Philippi project is projected to remain the same in 2017/18, with only R4.5 million allocated to the 8ste Laan-Valhalla Park project and R17 million to the Kalkfontein project. With no funds allocated to these three projects in 2019/20, the budget suggests that all three will be concluded in 2018/19.

In 2017/18 a total of R23 million has been allocated to Informal Settlements Sanitation Installations, with R22 million funded from the External Finance Fund (EFF), which refers to loans that the CoCT has taken. The budget for this project is set to increase to R24 million in 2018/19 and to R25 million in 2019/20. In the past this project funded the installation of flush toilets and the associated internal infrastructure in informal settlements. The provision of these services are part of general improvement in access to basic services in informal settlements where the objective is to provide a minimum sanitation standard such as one toilet for every five households. This suggests that this project does not support *in-situ* informal settlement upgrading where the objective is to provide beneficiary households with fully serviced stands, with one toilet for each household. Relatively small amounts have been allocated to the informal Settlements Water Installations project, which in the past funded the installation of taps and associated infrastructure with the objective to achieve a minimum service standard such as one tap per 25 households but not *in-situ* informal settlement upgrading to the service levels specified by the UISP.

Relatively large amounts have been allocated to the Urbanisation Backyards/Informal Settlement Upgrading Project, particularly in the final year of the MTREF. The lack of information in the budget makes it difficult to judge whether this project supports *in-situ* informal settlement upgrading. (Note that this project also funds the provision of basic services to backyarders.)

The lack of detailed information in the budget also makes it difficult to determine whether the Enkanini-Khayelitsha project is an informal settlement upgrading project. Only R10 million has been allocated to this project in the 2017/18 budget, with no projected allocations for the two outer years of the MTREF. It is also not possible to determine from the available information whether the West Beach S/Pumpstation and rising Main project or the Rietvlei P/Station, R/Main Bottelary projects are linked to informal settlement upgrading.

While it is difficult to judge how much of the department's capital budget is allocated directly to informal settlement upgrading, it is clear that the department's budget is set to decrease from R213.5 million in 2017/18 to R128.6 million in 2018/19. This is a decrease of more than 42 percent. In 2019/20 the capital budget is projected to increase slightly to R138.3 million, but no funds have yet been allocated in 2019/20 to specific projects that can be linked with certainty to *in-situ* informal settlement upgrading, with serviced stands and security of tenure as the end goal.

In 2017/18 only 3.13 percent of the CoCT's total capital budget has been allocated to the Informal Settlement and Backyarders Department. This share is projected to decrease to 1.85 percent in 2018/19, before a slight increase to 1.95 percent in 2019/20.

Table 3 provides a summary of the sources of capital funding for the Informal Settlements and Backyarders Department. In both 2017/18 and 2018/19, most of the department’s capital budget is funded by the USDG, with a slight increase in the share from 67.81 percent to 73.11 percent. The share of the capital budget funded by the USDG — the main funding source for informal settlement upgrading — in 2019/20, however, drops dramatically to just below 21 percent. This decrease is matched by an equally dramatic increase in funding from the EFF, which is likely to increase the CoCT’s costs for servicing its debt.

TABLE 3. SOURCES OF CAPITAL FUNDING FOR THE INFORMAL SETTLEMENTS AND BACKYARDERS DEPARTMENT

	2017/2018	Share (%)	2018/2019	Share (%)	2019/2020	Share (%)
External Financing Fund (EFF)	38,350,000	17.96	33,138,768	26.81	107,138,768	79.22
Capital Replacement Reserves (CRR) and other Internal Revenue	30,388,768	14.23	100,000	0.08	100,000	0.07
USDG	144,789,540	67.81	90,369,774	73.11	28,000,000	20.70
Total for Informal Settlements & Backyarders	213,528,308	100	123,608,542	100	135,238,768	100

The discussion above focused on capital spending on informal settlement upgrading since the majority of the activities associated with *in-situ* upgrading, such as the provision of both the infrastructure for interim services and the infrastructure for permanent basic services, are funded by the capital budget.

For the sake of completeness, we also considered the Informal Settlements and Backyarders Department’s operating expenditure (see Annex 1 for an overview). In all three years of the MTREF, more than 50 percent of the operating budget has been allocated to Contracted Services. The budget does not provide a detailed breakdown of the different contracts under Contracted Services, but it is possible that this item includes outsourced services to informal settlements, such as the maintenance and service of portable and chemical toilets. The second largest share (about one third) of the operating budget has been allocated to employee-related costs, which include salaries, wages, and benefits of employees of the department.

2.3 THE BUDGET AND THE IDP

As discussed above, the draft Integrated Development Plan (IDP), tabled with the 2017/18 draft budget, identifies “(m)ainstreaming basic service delivery to informal settlements and backyard dwellers” as one of its priority areas. While this area does not focus exclusively on the *in-situ* upgrading of informal settlements, it does include projects aimed at the upgrading and formalization of informal settlements. It also includes the improvement of basic services to backyard dwellers and re-blocking of informal settlements and the transfer of ownership of the CoCT’s rental stock. The IDP goal, or objective, number 3.2 is linked to this specific area. (For each capital project in the CoCT’s budget, Table SA36 in the 2017/18 draft budget provides the IDP goal linked to that project.)

Table 5 provides an overview of expenditure for all of the capital projects linked to IDP Goal 3.2, many of which are implemented by the Informal Settlement and Backyarders Department. Table 5 also includes information on a few projects not managed by the Informal Settlements and Backyarders Departments, including a project related to the transfer of home ownership that is implemented by the Assets and Facilities Management, as well as the delivery of shipping containers to informal settlements by the Solid Waste Management Department. The Electrification Project, implemented by the Electricity Generation and Distribution Department, described above is also linked to IDP Goal 3.2.

TABLE 4. CAPITAL EXPENDITURE LINKED TO INTEGRATED DEVELOPMENT PLAN GOAL 3.2

Program/Project description by directorate	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18 (in thousands of Rand)	Budget Year +1 2018/19 (in thousands of Rand)	Budget Year +2 2019/20 (in thousands of Rand)
<i>Assets & Facilities Management</i>			
Home ownership transfer; Tenancy management & staff housing: Upgrade Flats - Subcouncil 6	1,080	--	--
<i>Informal Settlements, Water & Waste Services</i>			
Solid Waste Management: Shipping Containers	1,000	1,000	1,654
Informal Settlements & Backyarders: Enkanini-Khayelitsha	10,000	--	--
Informal Settlements & Backyarders: IDA/UISP Sweethomes-Philippi	35,000	35,000	--
Informal Settlements & Backyarders: UISP: Kalkfontein Informal Settlement	38,000	17,000	--
Informal Settlements & Backyarders: UISP: 8ste Laan-Valhalla Park	33,000	4,500	--
Informal Settlements & Backyarders: Informal Settlements Sanitation Installations	23,000	24,000	25,000
Informal Settlements & Backyarders: Informal settlements water Installations	4,000	4,000	5,000
Informal Settlements & Backyarders: Urbanization: Backyards/Informal Settlement Upgrading	39,378	36,159	103,289
Informal Settlements & Backyarders: Urbanization: Backyards/ Backyards/Informal Settlement Upgrading	11,700	--	--
Informal Settlements & Backyarders: Fleet Replacements	1,000	1,500	1,500
<i>Energy</i>			
Electricity Generation & Distribution: Electrification	110,500	110,500	124,500
Total Capital Expenditure linked to Goal 3.2	307,658	233,659	260,943
Total CoCT Capital Budget	6,816,871	6,663,902	6,930,591
Share of Goal 3.2 in Total Capital Budget	4.51%	3.51%	3.77%

Note: The total capital budget here corresponds to the Total Capital Expenditure presented in Table SA6, which shows the reconciliation between the IDP goals and the capital budget.

Looking at the capital projects linked to IDP Goal 3.2 provides an indication of how much of its capital budget the CoCT has allocated in pursuit of this goal. Table 5 shows that in the 2017/18 draft budget, the CoCT has allocated only R307.7 million to achieving IDP Goal 3.2, which represents only 4.51 percent of

its total capital budget. In 2018/19 it plans to allocate a smaller amount (R233.7 million), with a correspondingly smaller share (3.51 percent), to Goal 3.2. An increase in both the amount and share is projected for 2019/20, but both will remain less than the 2017/18 estimates. It should also be kept in mind that the capital allocations in pursuit of Goal 3.2 include many objectives other than the *in-situ* upgrading of informal settlements, or more specifically the provision of serviced sites and security of tenure.

CONCLUSION

The analysis presented in this brief sought to identify how much the CoCT has allocated directly to informal settlement upgrading in its 2017/18 draft budget. The focus was on the capital budget since this is the source of funding for the provision of some interim and all permanent infrastructure associated with informal settlement upgrading.

While the exact share of the capital budget that is allocated to informal settlement upgrading depends on the lens used to analyze the budget, the evidence presented here shows that the CoCT allocates a relatively small share of its capital budget to informal settlement upgrading. It should be noted that this share, small as it already seems, is probably inflated because it includes spending on improving the living conditions for those living in backyards and on services to informal settlements that are not part of specific upgrading projects. Upgrading projects — as defined by the USIP — have a very specific goal of providing fully serviced sites and security of tenure preferably on the land where the households currently reside, while other spending on improving the living conditions of backyarders and informal settlement dwelling often aim at providing a minimum level of service without security of tenure.

Bulk infrastructure provision continues to be a big focus for the CoCT over the medium term and informal settlements will share in the benefits that accompany such spending. Given the pressing need for informal settlement upgrading and its prominence in national policy, a discussion about the balance between spending on bulk infrastructure and informal settlement upgrading may also be timely.

ANNEX 1: OPERATING EXPENDITURE OF THE INFORMAL SETTLEMENT AND BACKYARDERS DEPARTMENT

Operating Expenditure by Type	2017/18 (Thousands of Rands)	Share (%)	2018/19 (Thousands of Rands)	Share (%)	2019/20 (Thousands of Rands)	Share (%)
Employee related costs	148,194	31.45	161,136	33.07	174,897	33.72
Remuneration of councilors						
Debt impairment						
Depreciation & asset impairment	23,133	4.91	24,752	5.08	26,485	5.11
Finance charges	1,000	0.21	1,000	0.21	1,000	0.19
Bulk purchases						
Other materials	9,910	2.10	10,479	2.15	11,081	2.14
Contracted services	254,966	54.11	254,672	52.27	268,919	51.84
Transfers and subsidies						
Other expenditure	34,033	7.22	35,154	7.22	36,346	7.01
Loss on disposal of PPE						
Total Operating Expenditure	471,236	100	487,193	100	518,728	100