

SUMMARY REPORT

IMPACT EVALUATION OF HOUSING CHAPTERS OF THE INTEGRATED DEVELOPMENT PLAN

OCTOBER 2019



human settlements

Department:
Human Settlements
REPUBLIC OF SOUTH AFRICA



A photograph of a modern, multi-story apartment building with a light grey facade and several windows. The building is set against a clear blue sky. In the foreground, there are yellow flowers and a paved area. A large, semi-transparent green diagonal shape overlays the bottom left portion of the image, containing the report's title and publication information.

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ACRONYMS

AG	Auditor General
APP	Annual Performance Plan
BAS	Basic Accounting System
BEPP	Built Environment Performance Plan
BNG	Breaking New Ground
DCOG	Department of Cooperative Governance
DORA	Division of Revenue Act
DPME	Department of Performance Monitoring and Evaluation
FLISP	Finance Linked Individual Subsidy Scheme
HC	Housing Chapters
HSDG	Human Settlements Development Grant
HSP	Human Settlements Plan
HSS	Housing Subsidy System
ICDG	Integrated City Development Grant
IDP	Integrated Development Framework
IGR	Intergovernmental Relations
IRDP	Integrated Residential Development Programme
IUDF	Integrated Urban Development Framework
LM	Local Government
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
MSA	Municipal Systems Act
MTSF	Medium Term Strategic Framework
NDHS	National Department of Human Settlement
NDP	National Development Plan
NSDF	National Spatial Development Framework
NT	National Treasury
OPSCAP	Operational Capital Budget
PDGS	Provincial Growth and Development Strategy
PDHS	Provincial Department of Human Settlement
PFMA	Public Finance Management Act
PMG	Parliamentary Monitoring Group
RDP	Reconstruction and Development Programme
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SPLUMA	Spatial Planning and Land Use Management Act
ToC	Theory of Change
USDG	Urban Settlements Development Grant

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1. Introduction

The National Department of Human Settlements (NDHS) commissioned PDG to conduct an impact evaluation of the Housing Chapters Programme. Through the programme, the NDHS aimed to increase integration as well as representation of the housing agenda in the integrated development planning process, in order to adequately address the housing issues in the country while striving towards achieving national Outcome 8 of building Integrated and Sustainable Human Settlements. The evaluation was conducted between November 2018 and September 2019. The evaluation entailed a mixed-method approach including a combination of structured reviews, online surveying, workshops and interviews with a scientifically representative sample of municipalities.

1.1 Background to the Housing Chapters programme

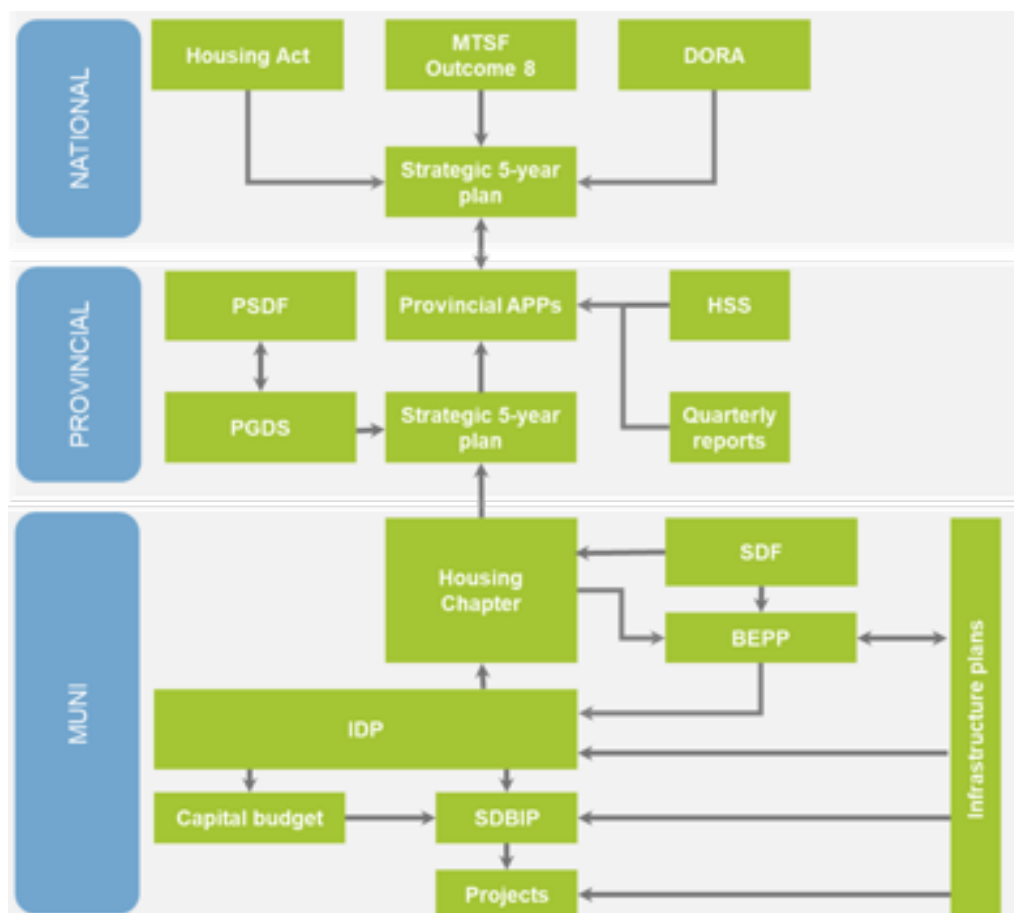
The Comprehensive Plan (2004) recognises that housing supply must respond to housing demand, and that this relationship is best packaged at the local level. This makes it best for municipalities to take the lead role in housing planning. The programme was developed as a mechanism to increase capacitation in order to comply with the comprehensive plan, as there was an underlying assumption that local municipalities were under-capacitated to take on the housing function. A national support programme was developed to assist municipalities with undertaking human settlements planning as part of the IDP process through the Housing Voice – a concept developed to ensure the true reflection of the communities housing needs, as well as to elevate the housing agenda in municipalities. The support programme had both a technical and financial assistance aspect to it, however the latter was halted after a ministerial directive issued in 2015. After the withdrawing of the funding component, the status of the programme became unclear. The evaluation was conducted in order to determine the functionality of the programme since inception as well as the viability of its future going forward.

2. Literature review

Housing-related legislation and policy emerged out of democratic transition in South Africa, informed by extensive research, analysis and negotiation. Over the years since 1994, South Africa has seen numerous shifts in housing policy, which attests both to the socio-economic importance and political imperative of housing provision in the country. This chapter examines housing policy and legislation since 1994 on the back of a review of programme documents, scholarly papers, relevant national planning policy and legislation, a subsample of municipal and provincial planning documents, and cross-cutting interviews with senior stakeholders. The second part of this chapter describes the grant framework relevant to the human settlements sector.

The relationship between the various legislative advances and policy instruments as they relate to human settlements planning and performance monitoring are illustrated schematically below. It is noted that the elements and linkages vary between different municipal categories (e.g. metros and non-metros). Housing Chapters are compiled through desktop review and public participation, and integrated with infrastructure plans, capital budgets and spatial frameworks. Draft Housing Chapters are submitted as part of draft IDPs and IDP reviews to provincial housing departments, who reconcile these with national budget allocations per grant. Alignment between five-year plans, APPS and national instruments such as the MTSF, DORA and the Housing Act is evaluated by NDHS.

Human settlements planning and reporting framework



Source: Author

According to Charlton and Kihato (2006), the housing policy shifts that have occurred since 1994 were most often reactions to weaknesses in policy implementation or were driven by other agendas such as political pressure or internal departmental politics. The human settlements grant framework – based on intergovernmental transfers – creates a political economy whereby maximising one institution's best interest can disrupt the efficient functioning of the system (National Treasury, 2014, p. 12). This results in a possible disconnect between legislative and policy intent, on the one hand, and implementation and practice, on the other. This apparent disconnect appears to be most salient in relation to three high-level, recurring questions: (1) fiscal decentralisation, (2) public participation and (3) intergovernmental relations as a requirement for integrated development planning.

2.1 Human settlements grant framework

2.1.1 Human Settlements Development Grant

The **Human Settlements Development Grant** ('HSDG') is a Schedule 5 grant and the main funding mechanism for the implementation of the national housing programme. It may be used to fund the implementation of the 17 programmes identified in the Housing Code (2009). These include, for example, the Integrated Residential Development Programme and the Upgrading of Informal Settlements. It also includes, as a programme, the 'Housing Chapters of An Integrated Development Plan'. According to DORA, the HSDG may be used for the (1) provision of housing and (2) enhancing human settlements planning capacity (Division of Revenue Act 2017, p. 154) Outputs are measured by – *inter alia* – the number of units delivered, sites upgraded, title deeds issues and extent of land acquired.

National Treasury allocates a lump sum to the National Department of Human Settlements ('NDHS'), who in turn allocates the HSDG to provincial DHS's based on a prescribed formula (Division of Revenue Act 2017, p. 87). Each provincial DHS, in turn, is expected to submit a provincial business plan to NDHS which (1) is consistent with the Housing Act, Housing Code and DORA; (2) includes targets, budget and delivery statistics and monthly expenditure on Housing Subsidy System ('HSS') and Basic Accounting System ('BAS'); (3) includes projects which are aligned with the IDPs and SDFs of municipalities, and the BEPPs of metros, within the provinces. This, in effect, requires that the respective Mayors meet with their MECs on an annual basis to motivate for funding in relation to priority projects and/or technical assistance in relation to, for example, funding to compile a credible Housing Chapter as part of the IDP¹, and (4) allocates no more than 5% of the provincial allocation for operational ends to support the implementation of the projects contained in the business plan.

NDHS must assess the provincial business plans against the HSDG framework, the Medium-Term Strategic Framework (numerical assessment) and project readiness² (PMG, 2015). This may be complemented by structured or ad hoc visits to provinces and municipalities as it necessary. Furthermore, it is expected that oversight includes regular interaction between NDHS, provincial departments and accredited municipalities. Finally, it is expected that NDHS submits an annual evaluation report on the financial and non-financial performance of the grant to National Treasury. Once the provincial business plan is approved by NDHS, each provincial DHS must gazette allocations for respective accredited municipalities. These should include allocations, targets and outputs as agreed and approved with the respective municipalities. The purpose of gazetting is to allow municipalities to have a clear understanding of the available allocation in order to inform annual and multi-year planning.

¹ DORA specifies that up to 5% of HSDG may be allocated to fund capacity-building in support of the implementation of the projects contained in the business plan.

² There is a proposal for a four-stage business plan assessment process, which includes assessment against the Spatial Investment Framework (relating to Housing Investment Partners and priority areas).

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2.1.2 Urban Settlements Development Grant

One of the major obstacles to the successful consolidation of the MIG since 2004 has been the failure of national departments to play supporting roles in the grant and of DCOG to provide proper coordination of the relevant departments. It has thus been suggested that planning as a coordinating function could be an alternative mechanism of improving coordination between sector departments, similar to the BEPP (National Treasury, 2014, p. 12).

One of the main motivations for the introduction of the USDG was to provide an instrument that would allow municipalities to purchase land and provide the bulk infrastructure that was stalling housing delivery, including informal settlement upgrading (Charlton; et al., 2014). The grant essentially separates the funding for land and services from that of top structures, which continues to be provided through the HSDG.

The introduction of the USDG did not result in a step-change in funding allocation, but merely shifted the funds away from the housing programme and towards the infrastructure programme. Specific outputs include an increase in bulk infrastructure capacity, provision of basic services to poor households, increase in land provision and the servicing of sites in informal settlements (incl. in-situ and infill projects). The de-linking of infrastructure from top structures through the creation of the USDG has provided metropolitan municipalities with funding flexibility to allow for land acquisition and the provision of services in informal settlements, independently of the housing programme.

The USDG thus intends to integrate the release of well-located land to the function of planning and funding of the built environment. It also intends to augment and support grant allocations from provinces to municipalities under the HSDG; it must also support integration of HSDG projects into mainstream city development. The USDG also aims to encourage cities to be proactive developers of infrastructure by mobilising domestic capital while at the same time improving the location of development.

In order to access USDG funding, metros are expected to submit an annual Built Environment and Performance Plan ('BEPP'), a Performance Matrix and an SDBIP to NDHS and National Treasury ('NT'). These must (1) be consistent with the Integrated Development Plan, including the Housing Chapter, (2) be consistent and aligned with national priorities and provincial human settlements plans, (3) allocate a minimum of 50% on the provision of individual basic services to households living in informal settlements, and (4) allocate up to 3% of the USDG to procure capacity to support the implementation of the USDG Human Settlements Programme as contained in the MTSF.

The responsibility of NDHS includes the development of indicators for the outcomes and outputs, reviewing and approving USDG performance matrices and BEPP Guidelines. Furthermore, the NDHS is responsible for convening a structured forum to meet with municipalities on a quarterly basis, to monitor and evaluate the performance of the grant, and to provide support to municipalities with regards to human settlements programmes. The NDHS is also responsible for ensuring collaboration between provinces and municipalities, undertaking oversight visits to municipalities, to coordinate and facilitate interaction between national departments, SOEs, provincial DHSs and municipalities.

2.1.3 Challenges with Grant Framework

Although DORA clearly sets out the conditions, mechanisms and responsibilities in relation to the USDG and HSDG grants, the overall implementation of the grant framework is not without its challenges, as described in some detail by the NDHS in its 2015 presentation on the Auditor-General's findings on the 2015/2016 Annual Performance Plan (PMG, 2015). Among the challenges raised include (1) a lack of appreciation that HSDG and USDG are national grants embedded in the NDP and government policy frameworks, (2) a lack of leadership and vision to ensure developmental innovation and initiative to achieve MTSF targets, (3) a lack of alignment between NDHS, PDHS and municipal mandates, (4) poor alignment, consultation, coordination and application of all national grants, including the USDG and HSDG, (5) a lack of consultation with municipalities, (6) a lack of clarity on NDHS's role in providing assistance at the local government level, and (7) non-submission of business plans, incomplete project information, withdrawal or revision of plans due to changes in regional plans, calculation errors in the template, poor or no revision of funding prioritisation, and delivery numbers below expectation.

3. Theory of Change

3.1 Preliminary questions

The legislative and policy context which gave rise to the introduction of Housing Chapters, and the eventual establishment of a Housing Chapters programme. This section seeks to explore some of the key questions which arise in relation to the Housing Chapters programme itself:

- How did the programme come about?
- What was its rationale?
- How is it intended to work?
- How has the programme evolved since its inception?
- Does the programme meet the conventional criteria for a programme, that is, a coordinated set of inputs, activities and outputs?

Although these questions will be addressed in greater detail during the course of the data collection phase, this section establishes a baseline of understanding based on available documents and interviews with key stakeholders with varying degrees of involvement with the programme.

3.2 Rationale of the programme

In 2009 the Housing Chapters *programme* was introduced as one of several programmes introduced by the Housing Code. The programme sought to assist municipalities in developing credible Housing Chapters as part of their IDP, a requirement which was introduced by the 2004 Comprehensive Plan but not hitherto required by the Municipal Structures Act.

Ultimately, municipalities who, until 2004, had no prior experience, capacity or mandate to engage in human settlements planning, were expected to produce a credible list of priority housing projects. The housing projects submitted to province would need to be prioritised based on a combination of desktop analysis of housing need, and public participation. Furthermore, these projects would need to be realistic and ready for implementation. The implication for project readiness is the development of a project pipeline to ensure that all environmental and planning approvals would need to be in place, that the requisite bulk and connector infrastructure has been built, and that the intended beneficiaries have been identified and consulted. Within this context, the Housing Chapter may be seen as the documentary 'evidence' demonstrating that the requisite forward planning, participatory processes and regulatory hurdles have been adequately addressed within the relevant IDP cycle.

It was evident soon after the introduction of the housing chapters concept that few municipalities had the in-house capacity to meet the onerous requirements and navigate through the political and administrative complexities intrinsic to housing planning. It was evident soon after the introduction of the Housing Chapters concept that few municipalities had the in-house capacity to meet the onerous requirements and navigate through the political and administrative complexities intrinsic to housing planning. Thus, it was necessary to develop a programme aimed at providing the necessary technical assistance to municipalities to develop the capacity required to prepare credible Housing Chapters. Based on provisional interviews, it is suggested that the nature of technical assistance during the first 'phase' of the programme was systematic, varied and hands-on. Housing Chapters in IDPs were systematically evaluated, gaps identified, and a bespoke set of technical assistance interventions identified for each municipality. Technical assistance included – but was not limited to – the introduction of a financial mechanism whereby municipalities could apply for operational funding in order to create a dedicated position or team of officials to represent the 'Housing Voice' within the municipality. It was also suggested that the nature of technical assistance changed over time as key officials left and the initial momentum behind the programme waned.

Based on a preliminary assessment of available documents and interviews, it is not self-evident that the programme is 'active' as of 2019: the programme does not appear to be supported by dedicated personnel or budget resources, and it is not clear which municipalities continue to draw on the financial mechanism discussed above (see Figure 12). One official intimated that the reason why the programme is effectively 'dormant' is the view that its objectives – that is, the development of in-house capacity to conduct human settlements planning at local government level – has largely been achieved and thus the rationale for the project no longer applied. Another view was that the programme waned after questions were raised about the lack of return-on-investment: funding was not translating into credible Housing Chapters in IDPs.

3.3 Problem statement

The housing sector in South Africa is characterised by a prevailing disconnect between, on the one hand, the intention of legislation and policy governing the sector, and implementation and practice across spheres. This tension may be understood in terms of three over-arching themes: fiscal decentralisation, public participation and intergovernmental alignment as part of integrated planning. These themes are not discrete but inter-related facets of the inherent complexity of reconciling a rational, internally coherent and developmental framework (ultimately embodied in the Constitution) with an inherently self-interested and discordant political economy consisting of competing interests and varying capacities across scale and sector. If it is accepted that the realisation of Outcome 8 is contingent upon the successful implementation of such a framework, then the question arises as to whether its implementation is possible unless all facets, participation, intergovernmental alignment and devolution, are addressed in concert.

The explicit rationale of the Housing Chapters programme was to capacitate municipalities through the progressive strengthening of public participation and intergovernmental alignment. It remains to be seen to what extent this programme has contributed towards the realisation of Outcome 8 without concurrent progress towards fiscal decentralisation with regards the housing function.

3.4 Theory of Change

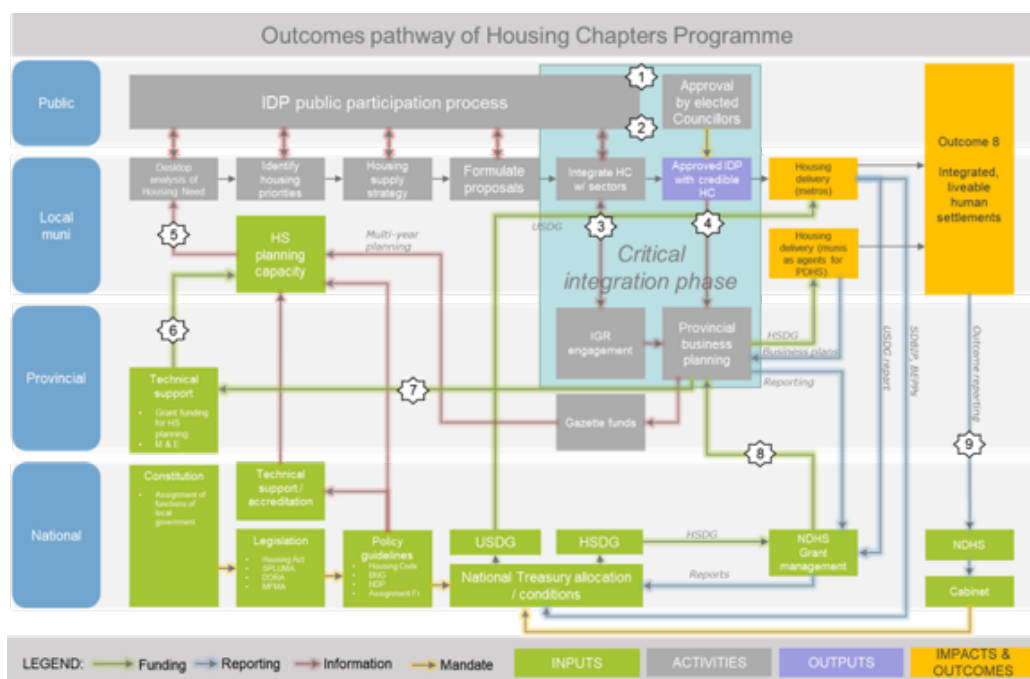
The underlying logic or theory of change is central to evaluation. Within the context of this evaluation, the theory of change is a representation of how the Housing Chapters programme is expected to achieve results and an identification of the underlying assumptions made.

A theory of change must:

- Depict a sequence of inputs the programme will use, the activities the inputs will support, the outputs towards which the programme is budgeting, and the outcomes and impacts expected
- Identify events or conditions that may affect obtaining the outcomes
- Identify assumptions the program is making about causes and effects
- Identify critical assumptions that, based on a review of the literature, the evaluation needs to examine.

The theory of change is illustrated below. It indicates causal relationships between the national housing / planning system, provincial departments and local municipalities. At system level, national legislation and policy provisions are key inputs to the design of the housing programme nationally. Here, the inputs consist of policy provisions, grant allocations, planning support and review, as well as technical support and devolved responsibility where technical capability is confirmed.

Theory of Change



3.4.1 The Housing Chapter and the IDP process

According to the Theory of Change, the Housing Chapters programme is designed to ensure that IDP statutory planning (and annual operational plans) integrates the legislative and policy priorities for housing into pre-existing IDP processes and provisions so that the housing programme finds expression in what the municipality actually does annually. With sufficient technical capacity and political support, it is expected that the formulation of the Housing Chapter will involve meaningful and inclusive public participation, coordination across sectors and spatial prioritisation, guided by a comprehensive legislative and policy framework, managed by adequately capacitated human settlements planning capacity at municipal level, and funded through the HSDG funding mechanism. The Housing Chapter, adopted as part of the IDP process, gives expression to the housing agenda in local and provincial planning processes, and is aligned to key municipal, provincial plans and budgets, and national policy directives. Should the Housing Chapters programme function as intended across the national housing system, with targets and strategies set in the IDP being adequately resourced, then the key outcomes anticipated are integrated planning and implementation at municipal level, the achievement of planned targets in reported results, and ongoing adjustments and revisions to annual plans and budgets in line with policy directives.

3.4.2 Critical assumptions

Beyond causal linkages, *critical assumptions* are indicated in the numbered stars. These are based on the review of the literature, and is subject to further evaluation:

1. Citizens have insights into housing needs not reflected in desktop analysis.
2. Community voice filtering into IDP through effective public participation processes.
3. IGR engagements in IDP processes are regularly held, and systematically inform provincial planning.
4. Provincial housing depts. account for / incorporate draft IDPs into Prov. Housing Sector plans.
5. Grant-assisted human settlements planning results in credible analysis of housing need.
6. Municipalities are requesting, and receiving, grants to improve housing planning capacity.
7. Provincial housing departments are allocating funding for capacity-building support for LG.
8. Funding distributed by NDHS is sufficient to meet housing need.
9. NDHS and DPME provides sufficient and credible reporting to cabinet to inform appropriate NT allocations.

4. Methodology and approach

The evaluation adopted a mixed method approach where a range of qualitative and quantitative data collection instruments were employed. Primary data collection activities included workshops, semi-structured interviews and structured surveys. Secondary data collection took the form of structured reviews of planning documents and associated municipal and provincial plans and reports. The structured review component was based on a standardized evaluation rubric. A broad range of stakeholders have important insights to contribute to this evaluation. To ensure that the evaluation draws on a sufficient and well-balanced set of inputs, a combination of total sampling, stratified purposive and simple random sampling were conducted to select the stakeholders who will participate. Stratification of respondents is critical given that the stakeholders to be engaged span three spheres of government, including the NDHS, nine provincial housing departments and 234 local governments. Local government was further stratified by levels of accreditation, context (e.g. metros and non-metros) and regions..

Target population

Stakeholder groupings	Sampling units
NDHS	1
Provincial departments	9
Metros	8
Accredited (non-metros)	20
Non-accredited	206
Total	244

4.1 Semi-structured interviews

A key primary data collection instrument is conducting semi-structured interviews with a purposive sample of stakeholders across national, provincial and local government spheres, and external stakeholders.

Interviews completed per stakeholder group

Stakeholder group	Targeted	Completed
Key national stakeholders	4	8
Provincial departments	18	14
Local government	23	18
External stakeholders	9	8
Total interviews	54	48

4.2 Workshops

The following workshops were held:

Workshop attendance

Stakeholder group	Date	Attendees
56	3 rd of April	15
Provincial departments	11 th of June	17
Local government	31 st of July	15
Total		47

4.3 Structured survey

A key primary data collection instrument is the administration of structured surveys to housing officials within local government. The original data collection strategy targeted a survey sample of 99 out of 234 local municipalities in order to achieve a 95% confidence level and 7.5% confidence interval. Due to low response rates, this was adjusted from 99 to 62 of total population of 234 municipalities. This adjusted sample remains scientifically valid with a 95% confidence level and an 10% confidence interval.

Stakeholder group	Surveys
Key national Stakeholders	62

4.4 Structured review

4.4.1 Municipal planning documents

The structured review process forms the heart of the evaluation, entailing a structured assessment of national, provincial and municipal documents evaluated systematically against an evaluation rubric. The structured review includes both qualitative and quantitative elements. For the municipal documents, we have established a sample of municipalities using a random stratified sampling strategy. Municipalities were stratified according to context (i.e. between A and B municipalities) and accreditation (i.e. accredited and non-accredited). Whereas a total sample of metros and non-metro accredited municipalities were added to the sample list, non-accredited B municipalities were randomly sorted. Municipalities were added to the sample list by proceeding sequentially down the randomised list and selecting municipalities until the number of municipalities per province were proportionally reflective of the relative number of non-accredited municipalities per province.

	IDP	SDF	BEPP	Housing Chapter	SDBIP
Non-accredited	44	10	n/a	9	34
Accredited	46	30	n/a	26	36
Metros	21	18	18	19	21
Total	111	58	18	54	91

5. Key Findings

The evaluation has made the following key findings:

De facto role of local government in human settlements planning

The evaluation has found that there is a disjuncture between theory and practice as to the role of municipalities in human settlements planning, and the expected role of accreditation in determining this role is not systematic but subject to varying degrees of capacity in municipal and provincial spheres, and some reluctance on the part of provincial departments to proactively and meaningfully support accreditation. The vast majority of non-accredited municipal respondents perceived the de facto role of municipalities in human settlements planning as limited to needs assessment and identifying suitable land to ensure project readiness for provincial departments rather than meaningful integrated development planning as envisaged in the Housing Code.

Public participation

Key Evaluation Question: Assess the impact on broader society through public participation as provided for in Housing Code

The evaluation has found that, whereas community voices are filtering into the IDP, the assumption that public participation in itself enhances the accuracy of the assessment of needs is questioned. Specifically, stakeholders have raised the problems associated with the compilation of waiting lists. The unintended consequence of this is that the needs assessment is skewed by a stated preference for RDP. The instrumental value of the needs assessment as a means to improve housing delivery is questioned as only a small fraction of housing projects are funded. One conclusion that may thus be drawn is that the instrumental value of public participation is to secure buy-in from communities in furtherance of project readiness. However, there is a risk that the overall programme design – conducting public participation on project ‘wish lists’ with no realistic expectation of funding – may inadvertently undermine trust and legitimacy in the National Housing Programme specifically and in the State generally.

Municipal planning capacity

The evaluation has found that human settlements planning capacity varies significantly across municipalities. The survey results were contradictory, with respondents claiming on the one hand that they had capacity, and on the other that they did not have the resources necessary to produce credible Housing Chapters. However, the structured reviews and the interviews appear to confirm the latter view, that municipalities are not producing credible Housing Chapters. It is therefore reasonable to infer that (1) requisite capacity does not exist, and that, (2) where capacity does exist, municipalities are reluctant to take the necessary ownership of Housing Chapters to commit the resources required to ensure credibility.

Credibility of Housing Chapters

The evaluation found that whereas approximately three quarters of IDPs have Housing Chapters, most of them generally fail to satisfy the core criteria for credibility. There is no statistically significant relationship between the disbursement of grant funding in support of human settlements planning capacity, and the credibility of Housing Chapters as perceived by survey respondents. The format of Housing Chapters has not been systematized and varies from municipality to municipality. Housing Chapters are generally not perceived as credible by survey respondents or stakeholders interviewed. Housing demand is generally not adequately described and quantified based on credible desktop analysis. Of particular concern is the readiness of the projects contained in the Housing Chapter. The quality of desktop analysis is poor and has only shown marginal improvement over the evaluation periods. On the positive side, there has been some improvement in integrating the Housing Chapter into the IDP document. Housing-related issues have been elevated over the evaluation period: there is a growing recognition of the importance of housing mix, land availability and infrastructure issues in ensuring desired human settlements outcomes, particularly among accredited non-metros.

Funding mechanisms

Key Evaluation Question: Assess the role of the HSDG as funding instruments for the Housing Chapters

The evaluation found that the design of the Housing Chapters programme is best to poorly resourced non-accredited municipalities, whereas other instruments such as the Municipal Accreditation Assistance programme are better suited for non-metro municipalities in the process of accreditation. The complexity and balance of capacity with metros would indicate that the more flexible USDG offers the preferred funding instrument for capacity-building in metros.

However, there is a perception amongst stakeholders that OpsCap funding is poorly monitored and vulnerable to abuse, where funding intended for municipalities are absorbed by provincial departments for internal purposes. Perceptions of malfeasance and poor return-on-investment may explain why OpsCap allocations have declined in recent years. Within the OpsCap envelope, funding for Housing Chapters programme and Municipal Accreditation Assistance have diminished. Thus, the critical assumption that provincial housing departments are actively allocating funding for municipal capacity-building could not be confirmed by budgetary analysis or interviews.

Horizontal alignment

Key Evaluation Question: Do Housing Chapters find expression in municipal planning documents such as the IDP, the BEPP and the SDBIP?

The survey results and structured reviews of IDPs indicate that Housing Chapters are increasingly finding expression in IDPs over the evaluation periods. However, the extent to which housing priorities such as housing delivery, planning capacitation and public participation are elevated to high-level IDP priorities has declined over the evaluation period. Municipal spatial plans are also increasingly likely to feature housing projects in their plans and maps, but the same cannot be said for strategic alignment between housing and spatial plans (e.g. whether projects are well-located in relation to economic opportunities). Similarly, housing projects may feature in the BEPP maps, but strategic alignment appears superficial. Housing-related indicators rarely feature in SDBIPs, a situation which has remained unchanged over the evaluation periods. This suggests a decline in the degree to which municipalities are willing to take political and executive ownership over the housing agenda.

Vertical alignment

Key Evaluation Question: Do Housing Chapters find expression in the provincial business plans?

The evaluation found that whereas IGR engagements are indeed regularly held between municipalities and province, these engagements do not necessarily inform provincial business plans. In fact, the assumed causal link between Housing Chapters and provincial business plans has been found to run in the opposite direction. In reality, HSDG business plans are primarily informed by provincial priorities which focus primarily on spending their HSDG allocations. It is through this frame that most other actions and interactions by provincial departments can be traced, including its preference for existing, multi-phase 'mega-projects' rather than new, smaller projects, flexibility rather than transparency with regards to multi-year allocations, and encouraging municipalities to maintain an expansive pipeline of project opportunities irrespective of the likely short- to medium-term funding envelope.

Strategic alignment

With regards to alignment between municipalities and national strategic imperatives, the evaluation found that (1) the quality and frequency of IGR between municipality and NDHS is generally poor; (2) whereas provincial MYHSPs do superficially refer to the MTSF, policy documents like the IUDF not linked to the HSDG do not feature in provincial plans; (3) that the extent to which MTSF features in provincial documents may be compliance-based rather than reflective of strategic alignment, and (4) that this may be attributable to a combination of weak IGR communications coupled with the perception that the MTSF outcomes and DORA requirements are out of touch with non-metro environments and not sufficiently differentiated and flexible across local contexts. The evaluation found that the extent to which NDHS is enforcing compliance to national policy imperatives as reflected in legislation and policy documents is insufficient, and that NDHS and DPME do not systematically provide credible monitoring and evaluation of sub-programme deliverables to Cabinet to inform appropriate NT allocations in pursuit of the realisation of Outcome

8. This may be due in part to a lack of capacity and poor data integrity across the housing environment, and the manipulation of financial and non-financial performance data by provincial departments.

Critical assumptions

Before reaching a conclusion as to the impact of the Housing Chapters programme on broader society, it is first necessary to take stock of the findings on the critical assumptions in the Theory of Change:

Validation of critical assumptions

No.	Critical assumption	Finding
1	Citizens have insights into housing needs not reflected in desktop analysis.	Supply-driven delivery model may induce maximising behaviour amongst households.
2	Community voice filtering into IDP through effective public participation processes.	Supported by findings.
3	IGR engagements in IDP processes are regularly held, and systematically inform provincial planning.	IGR engagements are regularly held, but do not systematically inform provincial planning.
4	Provincial housing depts. account for / incorporate draft IDPs into Prov. Housing Sector plans.	Contradicted by findings.
5	Grant-assisted human settlements planning results in credible analysis of housing need.	Neither supported nor contradicted by findings. Statistically insignificant relationship suggests limited impact.
6	Municipalities are requesting, and receiving, grants to improve housing planning capacity.	Supported by findings, although the HSDG allocation in support of technical capacitation is declining.
7	Provincial housing departments are allocating funding for capacity-building support for LG.	Not clear. OpsCap is poorly monitored and overall allocations continues to decline.
8	Funding distributed by NDHS is sufficient to meet housing need.	Funding relative to backlogs and building costs have declined over long-term. Backlogs won't be fully resolved under current delivery model alone.
9	NDHS and DPME provides sufficient and credible reporting to Cabinet to inform appropriate NT allocations.	Not supported by findings. Tracking of MTSF outcomes of variable quality, particularly integrated spatial outcomes.

Revisiting the Theory of Change

Based evaluating the validity of the causal links and critical assumptions underlying the Theory of Change, it is possible to graphically illustrate the evaluation findings in the figure below.

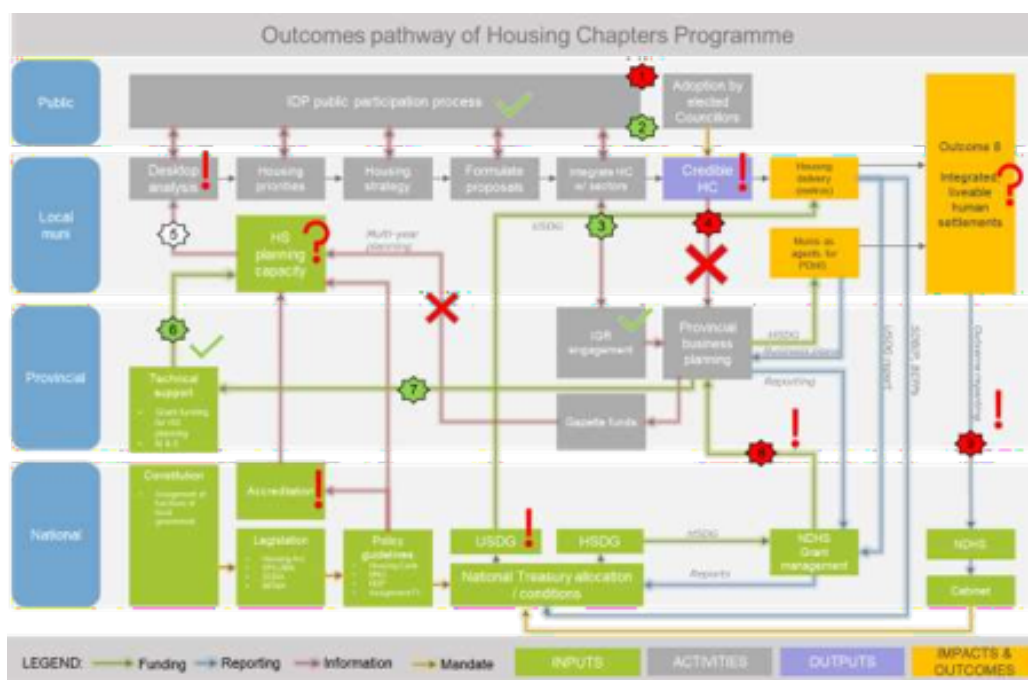
The Housing Chapters programme does ensure that IDP statutory planning (and annual operational plans) integrates the legislative and policy priorities for housing into pre-existing IDP processes and provisions so that the housing programme finds expression in the draft IDP. However, due to the disjuncture between the housing list and the provincial business plan, the IDP ceases to drive development in the municipality. It becomes a wish list divorced from reality, and, although the underlying public participation does give voice to the community, the outcome of the process is very weakly linked to what gets funded, and thus what happens on the ground.

Due to varying levels of planning capacity and systems, the formulation of the Housing Chapter rarely results in coordination across sectors and spatial prioritisation. Thus, the Housing Chapter does find expression in the draft IDP but not in provincial planning processes. These in turn are principally informed by compliance with DORA requirements, funding allocations on a year-on-year basis, and ministerial policy directives. The key lens through which projects are funded is to ensure HSDG allocations are fully spent through project readiness.

The formulation of a credible Housing Chapter was once funded through the HSDG mechanism, with its coverage limited to a subset of poorly-resourced, non-accredited municipalities. This ceased in 2015 due to poor return-on-investment.

Although provincial departments and municipalities have expressed a need for funding support, the extent to which this support has ensured more credible Housing Chapters remain unconfirmed. This may be attributable to the delivery model of the Housing Chapters programme, which relied on the appointment of external service providers rather than in-house training. The credibility of Housing Chapters have not been systematically monitored over time, and no adjustments or refinements have been made to the program since its inception.

Theory of Change revisited



6. Conclusion

6.1 The housing sector as a political economy

Housing-related legislation and policy emerged out of democratic transition in South Africa, informed by extensive research, analysis and negotiation. Over the years since 1994, South Africa has seen numerous shifts in housing policy, which attests both to the socio-economic importance and political imperative of housing provision in the country. Housing processes are increasingly expected to contribute to, or even drive, further developmental objectives. However, it is important to be reminded that the national housing programme in itself is not a silver bullet for South Africa's structural inequality manifested spatially within its built environment.

The summary conclusion based on the above synthesis of findings is that, whereas the elevation of human settlements planning into public participation may have inherent value in terms of democratic norms, the extent to which the Housing Chapter concept benefits broader society is encumbered by both the deficiencies in the housing delivery model and those associated with integrated development planning processes, such as the formulation of unfunded 'wish lists'.

While South Africa's housing paradigm is described in policy as a government-aided, private sector-driven approach, in practice is implemented as a state-dominated housing provision approach for lower income households who are deemed to comprise a part of the officially-defined 'housing backlog' (Gardner, 2018). The housing policy shifts that have occurred since 1994 were most often reactions to weaknesses in policy implementation or were driven by other agendas such as political pressure or internal departmental politics (Charlton and Kihato, 2006). Even in the absence of a fundamental reform from a State-directed supply-driven model to a true demand-driven public housing model, the effectiveness of the Housing Chapters programme would be significantly strengthened were the Housing Act's call for the progressive delegation of housing functions to local government to hold sway over parochial interests. A determination as to the current and potential impact of the Housing Chapter programme can only be made if the analysis gets beneath the formal structure to reveal the underlying interests, incentives and institutions that enable or frustrate the realisation of Outcome 8.

6.2 Summary evaluation finding

For the Housing Chapters programme to have an impact on Outcome 8, the intended formal structure, as represented by the Theory of Change, requires evidence of a significant causal link between (1) the Housing Chapters programme of the DHS, (2) the formulation of the Housing Chapter as part of the IDP informed by national priorities, public participation and desktop analysis, (3) the preparation of provincial business plans on the basis of the Housing Chapter, (4) the funding and implementation of the provincial business plans and (5) the progressive realisation of Outcome 8 of the MTSE.

Based on analysis of the data collected, this evaluation (1) could not establish a significant causal link between the Housing Chapters programme and the sustained and progressive enhancement of human settlements planning capacity at local government level; and (2) could not establish a significant causal link between the Housing Chapter, the provincial business plans and housing implementation. Thus, while the elevation of human settlements issues in public participation processes may have inherent value, this evaluation could not by means of the Theory of Change confirm the instrumental value of the Housing Chapters programme in helping realise progressive realisation of integrated, liveable human settlements.

7. Recommendations

Enormous progress has been made in housing and human settlement delivery. The sector has been instrumental in improving the quality of life of millions of South Africans. The sector has proven itself responsive and capable at the policy level, as evident in its ability to move decisively into the informal settlements upgrading space.

For the Housing Chapter programme, the question is whether or not the programme is having the intended impact, that is, the progressive realisation of Outcome 8. The second question is whether the scale of the intended impact is commensurate with the cost of the programme, which includes direct costs, administrative costs and opportunity costs. This study could not confirm that the programme achieved the intended impact in relation to Outcome 8. Since the programme is not actively administered, the programme's direct costs are effectively limited to HSDG allocation to the programme, which in turn ended in 2015. Thus, the study finds no impact but also no direct cost. However, the existence of the Programme may incur broader indirect costs: (1) the existence of the Housing Chapters programme in the Housing Code creates the perception that active mechanisms exist whereby municipalities are receiving technical assistance in furtherance of human settlements planning capacitation, thus crowding out initiative by DHS in proactively addressing evident weaknesses in this area; (2) the expectation on municipalities to produce Housing Chapters on an annual basis compels these entities to commit scarce resources to the preparation of documents which, in some ways, serves the interest of the MEC rather than the municipality itself; (3) the public participation requirement of the Housing Chapters component of the annual IDP process creates expectations on behalf of potential beneficiaries that the housing list arising from the process will be drawn into the provincial business planning process, and, as the study have found this expectation to be largely based on a fiction, the failure to meet these expectations may in time undermine the credibility of the National Housing Programme.

The question arises as to whether the causal weakness between the programme and Outcome 8 may be attributed to a flawed or outdated theory of change: the theory of change would be flawed if one or more causal relationship or assumption were misplaced or outdated if something in the environment has changed to call into question the validity of those underlying assumptions and relationships. The latter has been confirmed.

The weakness of the causal link between the Housing Chapter programme and Outcome 8 is primarily due to the disconnect between, on the one hand, the legislative framework and intended formal structure, and a political economy presiding over a problematic human settlement delivery model.

As it is fair to assume that the overall delivery model is not likely to fundamentally change in the short to medium term, proposed interventions aimed at addressing weaknesses in the causal chain should be politically feasible (in being cognisant of the political economy). This evaluation study concludes with a set of recommendations that are politically feasible given the existing housing environment. This section consists of an unranked list of high-level and discrete proposals to stimulate discussion and reflection rather than a comprehensive strategy of mutually-supportive interventions.

7.1 Rationalise municipal human settlements planning processes

7.1.1 Elevate role of 5YHSPs to secure multi-year IGR commitment to project pipeline

Elevate the status of the 5YHSP as the primary IGR planning and budgeting alignment instrument. Focus technical assistance on the development of credible 5YHSPs rather than annual plans, and ensure that MECs provide Mayors with clarity on the medium-term funding envelope and the provincial department's capacity to deliver housing units, to ensure that the project pipeline in the 5YHSP is reasonably aligned to the envelope.

DHS should ensure that the Terms of Reference for 5YHSPs are systematised across provinces and closely aligned to reflect national priorities. Consultant-driven technical assistance should be limited to the development of high-quality, credible 5YHSPs supported by clear guidelines, a DHS toolkit and data resource hub (see below).

Non-metro municipalities should be required to make use of systematised and pre-populated templates, ToRs and guidelines in the development of their 5YHSPs. Metros however should be given the latitude to develop their own 5YHSPs provided that they meet a set of core criteria, particularly in relation to alignment to longer-term frameworks such as the City Development Strategies. Funding in support of the development of credible 5YHSPs by metros through direct grants from National should continue to be made available.

7.1.2 Reduce scope and status of annual Housing Chapters

If in practice the Housing Chapters do not inform business plans, then the question arises as to what their purpose is? It is recommended that National DHS advocate for a shift in the perceived role of the Housing Chapter: instead of being expected to direct the implementation of subsidy housing, Housing Chapters should be about the role of human settlements in the growth of the municipality – in other words, to inform other sectors where houses are likely to be built and the anticipated impacts on other services and transport networks. Thus, the annual Housing Chapters should serve to report, firstly, on progress of projects in the five-year project pipeline, using, by way of example, an accessible version of the Project Readiness Matrix⁴; secondly, to identify through public participation processes how these projects can best be supported through sector programmes (e.g. transport, infrastructure, social facilities). The burden of annual Housing Chapters on both planning capacity may be significantly reduced and credibility enhanced if DHS provides templates pre-populated with key quantitative and spatial data. Over time, the function of the Housing Chapter should progressively be integrated into the IDP for reasons other than HSDG grant allocations. This would form part of a broader shift away from regarding the subsidy as a lever to promote liveable human settlements. It should also facilitate engagement with private developers (e.g. where infrastructure, public transport is needed).

With regards to public participation, it is recommended that the role of the Housing Chapters is de-linked from the identification of housing need. One of the key observations from this evaluation study is that the purpose of public participation in relation to Housing Chapters is being crowded out by the narrow preoccupation with identifying need and land in order to assist provincial department's project implementation targets, rather than supporting integrated planning itself. This is not only inefficient on the part of the municipality, but raises false expectations amongst residents. The reliance on and administration of waiting lists as a mechanism to ascertain need has also been shown to be highly problematic. The roll-out of a centralised provincial housing register obviates the need for provincial departments and municipalities to rely on public participation processes to identify need. The annual public participation component of the Housing Chapter process should form an integral part of the overall IDP process, focusing not on identifying housing projects themselves but rather on ancillary issues to those projects such as social facilities, environmental issues and transport. Public participation on the identification and prioritisation of housing projects should instead happen once every five years to assist the municipality and provincial department to negotiate a 5-year project pipeline.

7.2 Enhance National DHS' capacity to provide direct technical assistance to municipalities

7.2.1 Establish unit within DHS to provide direct technical assistance to non-metros

Consolidate capacity-building financial interventions under one roof actively resourced and administered by DHS. Establish actively managed and adequately resourced municipal planning resources unit within NDHS to provide direct technical assistance directly to non-metros, thus mitigating gate-keeping by provincial departments. Harness available IGR mechanisms to ensure transparency and provide robust oversight over negotiations between the provincial department and the respective municipalities with regards to the five-year project pipeline. Ensure that the envisaged DHS unit works closely with its M&E unit to expeditiously unblock bottlenecks regarding the technical implementation of projects.

7.2.2 Develop within DHS a differentiated planning toolkit

Assemble a common toolkit consisting of Housing Chapter templates differentiated across urban/rural and accredited/non-accredited contexts. This may include but is not limited to standardised terms of reference for 5YHSPs. One of the key objectives of providing a standardised toolkit is for DHS to provide more specific definitions for key terms used in human settlements policy, including 'sustainable human settlements', 'well-located', 'spatial efficiency', 'built environment, and 'upgrading'. Currently, guidelines are generally expressed using policy jargon inaccessible to most practitioners and out of touch with the reality on the ground. This encumbers the expedited transfer of information and knowledge.

7.2.3 Develop within DHS a centralised data resource hub

Significant variation in the credibility of quantitative and spatial analysis across municipalities confirm the need for the establishment of a centralised national human settlements data resources hub. Significant efficiencies will be gained if poorly resourced local municipalities are relieved of the responsibility to gather and collate requisite data in-house, or pay consultants to do something which can be automated at a national level. In its place, National DHS becomes the custodian of the quantitative and spatial data required to generate credible five-year plans and annual Housing Chapters.

⁴ The readiness matrix is a tool that was used to check the state of readiness of all the projects in the provinces' business plans. It helped classify the projects as to whether they were high or low risk, and determined the level of readiness (PMG, 2015).

Quantitative data

This data hub should be linked to the toolkit so that Housing Chapter templates are automatically pre-populated with recent and reliable mid-year population estimates, population growth forecasts, income and service levels at ward level for respective municipalities. This may require closer partnership with Statistics South Africa. This may in time be linked to operational systems such as HSS and BAS once the latter has reached a requisite level of data integrity. With regards to housing registers specifically, the DHS should make sufficient resources available to finalise the completion of the provincial housing registers, enabling departments to base their planning to address the housing need in the province on more reliable and complete information, and reducing the burden on municipalities and IDP public participation processes. This also requires close cooperation with the Department of Home Affairs to access the population register. In time, the housing register should remain accessible to municipalities to guide their planning.

Spatial data

The data hub should also include a fully functional repository of spatial data linked to the Master Spatial Plan for Human Settlements (as developed by the HDA). This will allow municipal planners to get access to municipal and district-level spatial data relevant to their planning. This central repository of spatial data could in time as a tool to assist municipalities in channelling housing development. Such a tool could also assist with land acquisition and negotiations. It is conceivable that the centralisation of spatial data will vastly improve National Department's efforts to spatially evaluate the alignment of projects to national spatial imperatives.

7.2.4 Strengthen monitoring and evaluation capacity within duly capacitated DHS unit

Significantly improve the capacity of National DHS to provide oversight to municipal-provincial negotiations, and to monitor and evaluate provincial business plans emanating from those processes. A more robust role by National DHS must be supported by a systematic process of remedial action in terms of HOD performance, interventions and bilateral meetings with underperforming provinces. DHS should improve the evaluation of business plans on creation of sustainable and integrate human settlements with the aim to realise Outcome 8 of the MTSF. This would require not only enhanced capacity and political support within DHS, but also on strengthened collaboration between national and provincial treasuries. DHS should strive to provide assistance to those provinces who demonstrate a lack of capacity and are struggling to monitor conditional grant expenditure and projects. This may include assisting provincial department to put in place the measures necessary for the continuous monitoring of conditional grants to ensure that poor performances by contractors, failure to achieve targets and late payment of contractors are addressed expeditiously. As a transitional arrangement ahead of the recommended cessation of provincially administered operational capital funding, it is recommended that any disbursement to provincial department is made conditional on progress towards progressive delegation to better resourced municipalities.

7.3 Reformulate delivery model for technical assistance to municipalities

One of the key findings arising from the evaluation is the limited impact that the current consultant-driven delivery model has on municipal capacity, and the adverse impact on ownership by the municipality of the human settlements planning process. It is recommended that the delivery model for providing technical assistance to municipalities in pursuit of municipal human settlements planning shift from being primarily consultant-driven to in-house training and annual workshops, supplemented by providing access to a centralised pool of data and policy resources. DHS could, for instance, hold an ongoing series of workshops which take municipalities through the process of aligning the 5YHSP to sector plans and report on project-tracking metrics as per the fixed HSP pipeline. Technical assistance should however be conditional on political and executive commitment to designate municipal official to document the Housing Chapter process in order to mitigate the impact of staff turnover. The DHS should facilitate peer review sessions to allow municipalities to share good practice and to encourage credible and transparent processes for the identification and prioritisation of housing projects.

7.4 Streamline the Housing Code to core programmes and discontinue provincially administered funding for municipal planning capacitation

The Department wants to revise the code and streamline the Housing Code programmes to only the basic value chain instruments (PMG, 2018). This is supported given constraints to the Department's capacity to implement all its programmes. Allowing a multiplicity of overlapping programmes allows room for deviation from what the DHS provides as policy guidelines. Following the 80/20 principle, this evaluation recommends that the number of programmes is reduced to a smaller but more manageable number to focus on core programmes. Within the context of this evaluation, it is recommended that all funding instruments intended for municipal capacitation which is routed through the provincial departments is phased out. In the short term, the Ministerial Directive with regards to Housing Chapters funding should be sustained and no further allocations made to provincial departments. In the medium term, the funding mechanism should be removed entirely from the Housing Code. In the long term, all HSDG funding aimed at municipal planning capacitation should be discontinued and replaced by direct technical assistance (in the case of non-metros) and a combination of direct technical and financial assistance (in the case of metros).

7.5 Proposed sequencing of recommendations

It is proposed that the recommendations are implemented in a phased approach. From a process perspective, national DHS takes the necessary measures to provide robust oversight with regards to provincial-municipal business planning engagements. At the same time, national DHS prioritises the development of internal capacity to provide oversight and provide direct technical assistance to municipalities, whilst sustaining the moratorium on Housing Chapters funding to provincial departments. In the medium-term, systematise and elevate the status of the 5YHSP as a primary document guiding human settlements planning at municipal level and securing provincial commitments. Reformulate the technical assistance delivery model by NDHS to municipalities from consultant-driven to focusing on the provision of centralised templates, guidelines and data repositories. Extend direct assistance in the form of workshops to those municipalities who formally committed to taking political and executive ownership of the technical assistance process. Having rationalised planning processes and developed in-house technical assistance capacity, the Housing Chapters programme can be removed from the Housing Code. In the long term, an elevated 5YHSP and the availability of direct technical assistance will create the conditions necessary to discontinue all HSDG-linked OpsCap funding via provincial departments.

Phasing of recommendations

Type	Short term	Medium term	Long term
Municipal human settlements planning processes	Strengthen oversight w.r.t province-municipal 5YR planning IGR	Systematise and elevate status of 5YHSP	Reduce scope of annual Housing Chapters as part of IDP
Technical assistance	Strengthen national DHS' capacity to provide direct technical assistance to municipalities, including standardised 5YHSP templates for non-metros	Reformulate technical assistance delivery model for Housing Chapters to focus on guidelines, data and workshops.	
National Housing Programme	Discontinue Housing Chapter funding to provincial departments. Make other non-core funding to provincial depts. contingent on accreditation.	Remove Housing Chapters programme from Housing Code	Discontinue HSDG OpsCap funding

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