

UPGRADING LOW INCOME URBAN SETTLEMENTS

COUNTRY ASSESSMENT REPORT

SWAZILAND

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Abbreviations and Acronyms

CA	Cities Alliance
CMA	Common Monetary Area
DRO	Deeds Registry Office
GOS	Government of Kingdom of Swaziland
FHHS	Female Headed Households
FS	Feasibility Study
IA	Implementing Agency
IBRD	International Bank for Reconstruction and Development
MbCC	Mbabane City Council
MHHS	Male Headed Households
MHUD	Ministry of Housing and Urban Development
MzCC	Manzini City Council
NGO	Non-governmental Organization
NTF	Norwegian Trust Funds
PCU	Project Coordination Unit
POF	Project Outreach Facilitator
SACU	Southern Africa Customs Union
SBS	Swaziland Building Society
SEA	Swaziland Environmental Authority
SEB	Swaziland Electricity Board
SGO	Surveyor General's Office
SNHB	Swaziland National Housing Board
SNL	Swazi Nation Land
SUDP	Swaziland Urban Development Project
SWSC	Swaziland Water Services Corporation
UUN	Urban Upgrading Network

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FOREWORD

Background to Study

The *Africa: Regional Urban Upgrading Initiative*, financed in part by a grant from the Norwegian Trust Fund, is examining and selectively supporting urban upgrading programs in Sub-Saharan Africa through a variety of interventions. One component of the initiative focuses on distilling lessons from three decades of urban development and upgrading programs in the region. Specifically, the objective of this component is to assess what worked and what did not work in previous programs for upgrading low-income settlements in Africa, and to identify ways in which interventions aimed at delivering services to the poor can be better designed and targeted.

As a first step, rapid assessment reports were commissioned for five Anglophone countries (Ghana, Namibia, Swaziland, Tanzania and Zambia) and five Francophone countries (Burkina Faso, Cameroon, Cote d'Ivoire, Mali and Senegal). Each of the ten Country Assessment Reports provides an overview of the history of upgrading programs and policies in a given country and presents project or community specific case studies to identify lessons learned. Taken together, these ten reports offer insight into the nature and diversity of upgrading approaches in Africa and highlight some of the challenges in and lessons learned about delivering services to the poor.

Acknowledgments

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1.0 BACKGROUND, PROBLEMS AND CONTEXT

1.1 The Country

Located in the southeast of Africa, Swaziland is a small landlocked country of about 17,360 square kilometers, with a relatively small population of approximately 1 million in 1999. Population density is approximately 57 persons per square kilometer. Swaziland has strong economic links with South Africa and is a member of the South African Customs Union (SACU) and the Common Monetary Area (CMA). In recent years, economic growth in Swaziland has slowed in part due to increased competition, and an economic recession and the lifting of international sanctions in South Africa. Swaziland has some natural mineral resources (coal, asbestos, timber) but is a predominantly market economy based largely on wholesale and retail trade, agriculture and light industries. The Gross Domestic Product per capita is approximately US\$1,300.

Geographically, four physical regions characterize Swaziland: a low veld or bush veld to the east; a middle veld; a high veld to the west; and the Lubombo escarpment (up to 900m). The country is surrounded by South Africa to the north, east and south, and Mozambique to the east. The climate is generally hot in the low veld and more temperate and wet in the high veld.

1.2 Urbanization

Compared to other middle-income countries Swaziland has a relatively low level of urbanization but in recent years this has been growing rapidly, partly due to a drought in 1992 and economic decline leading to some rural to urban migration of people in search of work. In 1992, an estimated 25 percent of the total population lived in urban and peri-urban areas. This is now reckoned to be about 33 percent. There are twelve urban councils and of these, the ones in Mbabane, the administrative capital of the country, and Manzini, are classified as City Councils. Mbabane and Manzini are major urban areas, and together with their hinterlands form dual growth points in the core region centered around the Matsapha industrial estate. They are located in the west-central part of the country where approximately 70 percent of the country's urban population (estimated at over 300,000 in 1999) resides.

The Matsapha Industrial Estate in large part drove urbanization in Swaziland. It began developing as early as 1963 and development accelerated from the late 60s through the 80s when the economy grew quickly, assisted by the toughening of international sanctions against South Africa, which prompted many south African firms or multi-nationals with South African operations to relocate to Swaziland. The creation of job opportunities in and around Matsapha and close to Mbabane and Manzini created housing pressures and although some formal housing was provided, informal settling became more common.

Most urban growth that has taken place in Swaziland has been unplanned and informal. More than 60 percent of the population living in the Mbabane–Manzini corridor live in informal, unplanned communities in sub-standard structures on un-surveyed land without legal title. Less than 50 percent of the urban and peri-urban population have access to safe water and fewer than 20 percent are connected to a waterborne sewerage network. The largely uncontrolled spread of development, much of it on steep land, is causing environmental degradation and pollution of natural water sources, particularly on Swazi Nation Land (SNL) immediately outside the jurisdictions of the two cities.

1.3 Problems

A modest level of informal settling started on Swazi Nation land many years ago, notably in Msunduzi and Nkwalini in Mbabane. During the 1980s, informal settling accelerated and extended to Manzini and the Ezulwini valley, both closer to the estate. Factors that exacerbated the problem of informal settling included:

- Most informal settling took place on Swazi Nation Land, with few formal controls. As the land was not bankable or rateable, there were no incentives for settlers to use it as collateral or for councils and service agencies to develop and service it.
- No central agency was responsible for policy and oversight of urbanization and peri-urbanization.
- Many antiquated policies were in place that made dealing with the problem difficult.
- There were gender issues with regard to land ownership for women.
- The Local Government system was in a state of flux with decentralization underway and the two main towns being restructured to become cities.
- The area had no experience of upgrading and thus no systems, policies or procedures in place to include affordability-based planning and guidelines on cost recovery, etc.

These factors were key determinants in the framing of the Swaziland Urban Development Project (SUDP) and particularly its housing related components, the sites and services scheme and the upgrading scheme.

2.0 CURRENT SITUATION

Mbabane and Manzini

2.1 Housing Characteristics and Location

In the older more established informal settlements within city jurisdictions, plot sizes, shapes and service levels differ widely given the lack of control as well as physical aspects such as soils (e.g., rock outcrops) and terrain. Plot sizes range from 200 to 750 square meters. Some households have access to piped water and have an acceptable on-plot sanitation solution and electricity supply, and some do not. In some cases households have invested substantially in terms of time and money in improving their structures although most have not and housing structures are in poor condition. Many structures are built in the traditional stick and mud construction whilst others have been constructed with concrete blocks. Most have roofs of corrugated metal sheets. Given that the cities are relatively small, trunk infrastructure is generally not too far away. However, slopes and rocky ground conditions (in Mbabane) means that the cost of provision/extension can be very high.

Among low-income residents in the area, some 58.8 percent of the plots contain multiple households (21.3 percent contain 2 households, 21.4 percent contain 3, 18.5 percent contain 4 and 38.8 percent contain more than 4) and 41.2 percent contain a single household. The mean number of rooms per household is estimated at 3.2, while approximately 33 percent of households have only a single room. Of low-income, single-person households, 73 percent have one-room dwellings while 26 percent of multiple-person households share a single room.

However, luxury properties are also being constructed immediately outside city boundaries. This is becoming a serious problem, as there is little or no formal control in these areas. Occupiers of the peri-urban settlements share city amenities but contribute little to the city administration for the maintenance and upkeep of such facilities.

In Mbabane, with its steep and rocky terrain, servicing of unplanned settlements is costly. Many structures have been constructed on sites, which by any definition might be described as hazardous to their occupiers. In Manzini, whereas the terrain and soils are perhaps not quite so difficult, the problem of peri-urban sprawl is probably worse given the proximity to industrial work opportunities in Manzini and Matsapha, location of the country's major industrial estate. Given the absence of any strong administration in these peri-urban areas, the magnitude of the problem in terms of areas, numbers of households, service levels etc., is not well detailed. A physical and social mapping exercise is badly needed.

2.2. Profile of Informal Settlers

The population in informal settlements in Mbabane and Manzini consists of migrants from the rural areas as well as natural growth of the urban population. Women head approximately 37 percent of households and these households tend to have more children, implying a high dependency ratio. Of the female-headed households (FHHS), 41 percent are de facto FHHS. That is, there is a male identified as head of these households, but he has been absent in excess of 6 months.

Approximately 51 percent of all households have one person in paid employment. Only 7 percent of households do not have anyone in paid employment. Of household incomes, 63 percent are derived from paid employment, 4 percent from agriculture, 16 percent from small-scale business, 6 percent from remittances and 11 percent from other sources. Female-headed households are less reliant on wage employment (69 percent for male headed households (MHHS) and 46 percent for FHHS), and significantly more reliant on small-scale businesses (15 percent for MHHS and 46 percent for FHHS). Where individuals are employed, they tend to be in long-term employment (44 percent employed over 10 years).

The median income in 1993 was estimated at E842. It should be observed that there is a wide variation amongst households, with the lowest 20 percent earning up to E300 and the highest 20 percent earning more than E1,000. The female-headed households tend to have lower income but a higher ability to save. Overall, 75 percent of all households have at least one person who saves out of his or her income.

3.0 POLICY CONTEXT AND INSTITUTIONAL FRAMEWORK

3.1 Policy Context

National

The Urban Government Act of 1969 provides the basis for the establishment of local authorities in Swaziland as the primary legal instrument defining their powers and functions. In 1988, the Human Settlements Act was passed, which established a Human Settlements Authority. A National Housing Policy for Urban Areas was adopted more recently and government issued an Urban Policy Statement that was included in the World Bank's Staff Appraisal Report for the Swaziland Urban Development

Project (SUDP). The policy and statement clearly define objectives and steps to be taken in several key areas including housing markets, housing finance, institutional development and land. The policies emphasize cost recovery, Government's role as facilitator of private sector housing delivery and its intention to ensure an adequate supply of land for housing with secure tenure; take steps to increase access by low and middle income urban households to formal housing finance; improve land delivery systems; and develop appropriate, bankable building standards. It also emphasizes employment generation, particularly for the urban poor; improved access to basic services, particularly for women and children; and improvements in urban environmental problems. In late 1991, the establishment of the Ministry of Housing and Urban Development (MHUD) resolved many of the central agency jurisdictional issues with the transfer to the Ministry of urban management functions previously carried out by four other ministries. The MHUD has enabled focus on urban development, housing and urban land issues and has driven a number of new policy initiatives.

Following these policy initiatives, and to permit the SUDP upgrading component to address the allocation of occupied and unoccupied serviced plots, Allocations Criteria and Procedures were issued in 1994 and a Resettlement Policy and Guidelines in 1996. A 99-year leasehold agreement was also formulated (see Section 4). The Resettlement Policy and Guidelines took much from the Involuntary Resettlement Policy of the World Bank.

Local

With regard to urban management there are a number of acts that urban authorities are bound by and which are in need of modification. The 1961 Town Planning Act for example established the fairly complex and tortuous arrangements for establishing townships, a process that has to be followed for legalizing all new residential developments within their jurisdictions, including presently unplanned, informal settlements. The approval of up to nine different agencies is normally required in order to obtain approval for township development plans. Recently the two City Councils have prepared Strategic Development Plans which have identified priorities and are assisting efforts to address critical issues such as informal settlement, servicing, cost recovery, and funding for development and operations and maintenance.

3.2 Institutional Framework

The Ministry of Housing and Urban Development (MHUD) is the central government agency with overall responsibility for housing and urban development in Swaziland and as such is responsible for national policies and strategies for dealing with human settlements, formal or informal. In urban areas Town or City Councils are generally responsible for planning, development control, local environmental health matters, provision of some infrastructure and services (e.g., roads, storm drainage, solid waste management), setting of by-laws and administration of local taxation measures (e.g., property tax), etc.

The City Councils of Mbabane and Manzini have considerable interest in the program given their responsibilities to citizens, the fact that access and drainage infrastructure is to be maintained by them as well as that in time the communities are to be brought into the property valuation and rating system. Councils are also concerned with the wider interest of replicating the upgrading approach in the future to peri-urban areas and the jurisdictional and fiscal implications of this.

The Swaziland Water Services Corporation (SWSC) is responsible for the supply of potable water and the provision of sewerage and sewage treatment in urban areas. The Swaziland Electricity Board (SEB) is responsible for the generation, transmission and distribution of electricity. Environmental impact

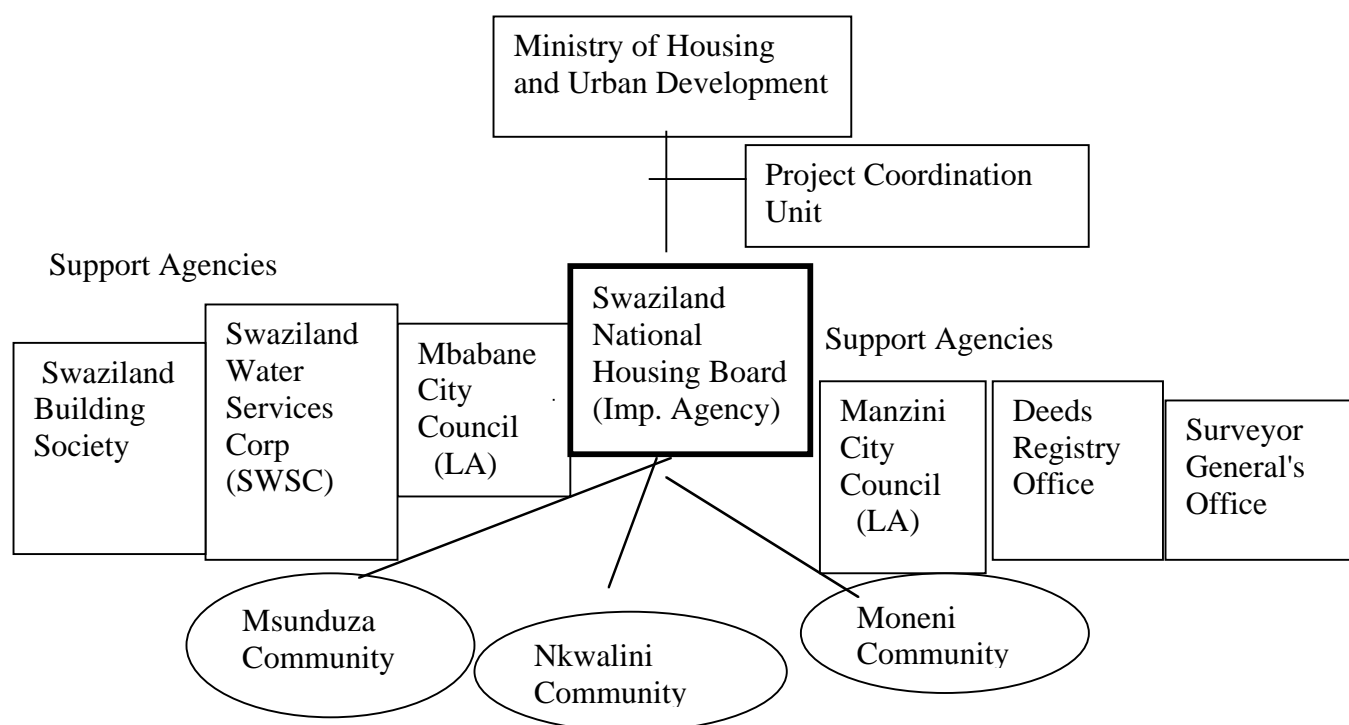
assessments and the issue of environmental compliance certificates is under the purview of the Swaziland Environmental Authority (SEA).

The Swaziland National Housing Board (SNHB), a parastatal organization established in 1988 based on donor recommendations, is the body broadly responsible for public housing and housing related matters. Its stated functions are to develop affordable housing on a financially self-sustaining basis; manage existing public housing stock on behalf of government; and, implement shelter-related policies. Given this mandate the responsibility for implementing the upgrading initiatives identified for support under the SUDP were given to SNHB.

The Surveyor General's Office (SGO) is responsible for the surveying and certification of township plans and the Deeds Registry Office (DRO) for the issue of formal leases on property. The Swaziland Building Society (SBS) is the country's housing finance institution and has intimated its willingness to provide finance for upgrading program beneficiaries for plot purchase should this be required.

The institutional arrangements for upgrading to date in Swaziland are shown in Figure 1.

Figure 1 – Institutional Linkages for Upgrading Schemes



The major problem occurs in peri-urban areas outside of city jurisdictions. Here there is no clear responsibility for delivering “non-remunerative” services (e.g., roads, storm drainage and planning, development control, building regulation and environmental health functions) and for “remunerative” services. For water supply in particular, there is little incentive for the national monopoly utility to supply water and sewerage services to these more marginal consumer populations.

4.0 UPGRADING PROJECTS AND PROGRAMS

4.1 Overview of Initiatives

In Swaziland the only major upgrading effort that has taken place to date has been under the Swazi Urban Development Project (SUDP) to upgrade the main informal areas in Mbabane (Mzunduzi and Nkwalini) and one such area in Manzini (Moneni) (see Box 1). The project also proposed that at the “greenfield” site at Mhobodleni, a low cost housing scheme would be supported by the provision of municipal infrastructure for the scheme (not the housing itself). Given that this informal peri-urban settlement is outside but contiguous with the Manzini City Council boundary, this plan has been reviewed and all stakeholders agree that the area should be considered holistically and that upgrading of the existing settlement as well as development of sites and services for the greenfield site should take place. A plan for the whole area is now being prepared. The lessons learned from this holistic approach will serve to help guide the planning and development of future programs to address the rapidly growing peri-urban settlements and housing needs around Swaziland’s two cities and possibly other urban areas in the country.

Apart from the upgrading of secondary and tertiary infrastructure (i.e., access, drainage, water supply, sewerage/sanitation, streetlighting) and formalizing of the informal settlements of Msunduzi, Nkwalini and Moneni, the support of trunk or citywide infrastructure is also being provided under the SUDP. The provision of trunk infrastructure to support local infrastructure and service provision is critical to the success of upgrading schemes. This latter infrastructure includes expansion of water treatment facilities, pumping and storage capacity, new sewage treatment facilities (all the responsibility of the SWSC) and a new landfill site and major road improvements (both City Council responsibilities).

Some 4,200 existing plots on the sites are planned to be upgraded and 800 new plots created at the Moneni site and the greenfield site at Mhobodleni. The funding for this Residential Housing Sites or upgrading component of the SUDP was designed such that following initial seed funds (US\$2 million) to the implementing agency (IA) to carry out the first scheme in Msunduzi, subsequent schemes would be financed from funds generated from plot sales at Msunduzi (i.e., from a “revolving fund”). It was also envisaged that all of the components of the SUDP would be completed within a five-year time frame.

Box 1– Upgrading Program Data

Msunduzi	1350 existing plots; 430 in-fill plots (i.e., plots arranged in open spaces between existing plots); 80 non-residential plots
Nkwalini	730 existing plots; 1050 in-fill residential plots; 50 non-residential plots
Moneni	160 existing plots; 310 in-fill residential plots; 30 non-residential plots

Necessary policies, strategies and agreements were put in place to proceed with the SUDP and, more particularly, its upgrading component. These included resolving the sensitive land issue for the SUDP sites, the new housing policy (including an acceptable policy with regard to resettlement and

compensation), and the acceptance of the concept of upgrading and formalizing of the informal settlements.

Transfer of Swazi Nation Land (SNL) for development of the Mhobodleni site for a sites and services scheme was also agreed to and may be significant because, unlike the other sites, the Mhobodleni site is outside an existing urban jurisdiction. Thus there is a precedent for transferring peri-urban SNL to urban development. After implementing the upgrading schemes in SUDP the major problem is to upgrade those situated outside of city council jurisdictions in peri-urban areas. Securing SNL to enable this to happen and for the areas to be managed in the future is now the major urban development challenge facing Swaziland (see section 7.0).

4.2 Objectives and Approach

The objective of the upgrading component in SUDP is to increase the delivery and effectiveness of urban services and improve living conditions through pilot land reform and participatory development, all to provide housing solutions for low-income urban households. The approach is to upgrade on-site infrastructure consisting of roads, footpaths, drainage, water supply, sanitation (including sewers) street-lighting and landscaping to standards that are affordable, that minimize relocation and achieve cost recovery by enabling existing occupiers to purchase title to their plots for the cost of the infrastructure provided.

In terms of the selection of communities, priority is normally given to those settlements that have the most acute infrastructure, environmental and health problems. Other considerations include the willingness and commitment of the specific settlement dwellers to participate (and contribute) to upgrading proposals and the presence of some form of community structure(s). Under SUDP the settlements selected were obvious choices as they displayed all of the above characteristics and were the largest and most well established. For the upgrading component in SUDP all of the principles outlined above have been adopted and the integrated approach to planning, design and implementation has been followed.

The Swaziland upgrading example may be described as the “classic” example or model for upgrading informal settlements in that the plots are to be formally sold to the existing occupiers, following upgrading of infrastructure and services, and the cost of provision of the infrastructure is to be recovered from the beneficiaries through the sale of the serviced plots. For comparison, other typologies often include only infrastructure that is provided either sectorally or multi-sectorally, with or without any cost recovery (see Annex C).

In the “classic” example adopted in Swaziland, the total cost of infrastructure plus other software costs (e.g., survey, township registration, IA management) is divided by the saleable square meters to give a cost per square meter from which the costs of respective plots are derived. Because not all plots have a road frontage, nor access to a sewer, then a system of differential plot pricing has been adopted to ensure that the level of service provided is reflected in the plot price.

It can also be argued that major elements of infrastructure that have a citywide benefit should be funded from general revenues (of central or local government). This argument was used, quite legitimately, in the SUDP (e.g., Msunduzi for the spine road where government agreed to grant funds for this element). Therefore the costs were not included in the plot price calculations, which ultimately made plots more affordable. In the classic model, land may or may not be valued and included in the plot price. In the

SUDP, for affordability reasons, government made the decision that the land not be valued and included in the plot price but instead be treated as a government subsidy to the scheme's beneficiaries.

4.3 Land Ownership

Land holding arrangements are complex and sensitive. Of the three forms of land tenure (Freehold, Crown and Swazi Nation Land), SNL is the most common. About 60 percent of rural and peri-urban land is classified as SNL (i.e., land held in trust by the King for the Swazi nation) and most of the informal, unplanned settlement that takes place occurs on SNL. Traditional chiefs normally allocate this land to Swazi nationals, on behalf of the King. The allocation does not, however, confer permanent rights. Thus the land, which is generally unsurveyed and unregistered, cannot be used as security for raising capital. As a result, the SNL form of land tenure has severely curtailed development of formal housing and extension of urban services. However, the SUDP initiatives on upgrading, which centered primarily on land, began the shift to a more orderly urban development.

The introduction of the 99-year lease on SNL in Mhobodleni provided a significant step towards finding mechanisms to secure land for urban development. The lease concept was subsequently applied to the residential sites within the city boundaries and therefore bound by city rules and regulations. It has also created an opportunity to investigate the possibility of a wider application of the concept at a national level, particularly to the peri-urban areas located outside but close to the boundaries of the two cities. A land policy that enables both the SNL and peri-urban development issues to be addressed seems of fundamental importance if there is to be some guidance, control, servicing and sustainable urbanization in the country.

4.4 Legal Aspects of Land

Building consensus on mechanisms to secure land for urban development has been a delicate and protracted process in Swaziland. All SNL is held in trust in perpetuity for the Swazi Nation by His Majesty the King, as has been the tradition in Swaziland since the formation of the Swazi Nation. Under the authority of the King, a chief may allocate a plot of land to a Swazi for his use (i.e., to live on, farm, etc.), but no actual transfer of land ownership occurs. Under this system, no individual Swazi may own, transfer, or pledge SNL.

The MHUD approached the King who agreed to consider options, provided that the interests of the Nation would be preserved. A special committee was established which also considered the difficulties under existing Swazi traditional and civil law of issuing plot titles to women who head almost 40 percent of the households in the SUDP informal settlements.

A key issue in the housing sector in Swaziland is that of gender and access to land. The marital powers in marriages governed by Swazi Law and Custom is undefined as the Law is not yet codified and the Marriages Act of 1964 is open to interpretation such as assigning marital powers to the husband as well as the extended family, a major problem for abandoned wives and widows. The Deeds Registry Act of 1968¹ also impinges on urban development by restricting the property rights of women. The Crown

¹ The Deeds Registry Act of 1988 restates the position of the Marriages Act that, in brief, immovable property or other real rights shall not be registered in the name of a woman married in community of property or in the case of a woman married out of community of property without an explicit exclusion of the marital power from the husband

Lands Disposal Act enables title to be conferred on all categories of women without going through the rigorous requirements of the other Acts and has enabled some of the restrictions of the Marriages Act and Deeds Registry Act to be circumvented to enable women-headed households to take the 99-year leasehold titles. Nevertheless much of the existing legislation affecting urban development and housing is in need of review and amendment.

Two important compromises were reached:

- The King agreed to a form of a 99-year lease with the important provision that the land would retain its status as “held in Trust for the Nation by the King” and would revert back to the Nation at the end of the lease period. This form of lease was also acceptable to the lenders as it allowed the leaseholder to pledge his interests in the lease.
- The issuance of plot titles in the SUDP areas through the Crown Lands Disposal Act, rather than the more constraining Marriages Act and Deeds Registry Act) to enable plots to be sold to women.

As a result, the land in the upgrading areas was transferred to government through the MHUD. It was then transferred to the IA on a 99-year leasehold basis. It could then be on-sold to the project beneficiaries (for the most part the existing occupiers) on the same basis, after upgrading and payment of an agreed purchase price. The 99-year lease was introduced to provide a uniform instrument to facilitate the transfer of various forms of tenure from government to individuals and to reduce plot costs for the beneficiaries by removing the charge of land and concentrating on the infrastructure development costs instead.

4.5 Principles, Standards and Guidelines for Upgrading

The key principles for upgrading projects, which are in line with the government’s housing and resettlement policies, were that schemes were to:

- i) aim for cost recovery;
- ii) ensure there was a minimum of involuntary resettlement and, where there was resettlement, carry it out according to a resettlement plan approved by interested parties;
- iii) involve the respective communities in the whole process from scheme formulation through to implementation.

Also, as mentioned earlier, an integrated approach to upgrading specific settlements was to be followed (rather than a sectoral approach) to avoid continual disruption in a particular settlement and to achieve a significant impact. Such an approach, although more complex, also places less burden on managing the construction process for the different sectoral interventions on the Implementing Agency (IA) and more on the contractor.

Because of differences in terrain and patterns of existing settlements, plot sizes in the various communities vary considerably. To address this fact, service standards were adjusted to ensure that serviced “re-blocked” plots were affordable to the existing householders who were to purchase them. For example, road access was not provided to houses where this would have proved very expensive, but footpath access was planned instead. Also plots more remote from roads, and without nearby sewers to

which to connect were to receive only an on-plot sanitation option not a sewer connection. Geometric and design standards for roads and footpaths were also modified to fit the terrain and soil conditions where this would not seriously hamper traffic movement and safety.

According to the design concept, wherever possible occupiers should remain in their existing shelters but plot configurations would be adjusted (re-blocked) where necessary, to adjust their size and shape to create additional plots and permit the infrastructure to appropriate, affordable standards. Where resettlement was unavoidable and where land was lost due to plot “re-blocking” this was to be done in accordance with a resettlement plan, prepared in accordance with the new resettlement policy, and appropriate compensation paid.

4.6 Community Participation

Along with policy development, a Project Concept Plan was prepared under the auspices of the MHUD. Through the community liaison personnel, community leadership and Project Outreach Facilitators (POFs), communities were engaged and through consultation, each community scheme was developed and community commitment and acceptance of the plan was gained. Socio-economic information about the beneficiaries was obtained through a Land and Housing Market Study. This was used to structure the participation process to ensure equitable representation of all groups. A Community Development Committee was established and was chaired by the Community Liaison Officer in the PCU whose task was to promote beneficiary involvement in the project. A series of meetings, convened by community leaders, were held prior to, and during preliminary engineering design to engage residents in discussions on service options and costs, location of roads and services. The participating communities appointed Project Steering Committees to work with the IA and design engineers during the detailed design phase.

Throughout the long lead time up to tendering of works, awarding of contracts, finalizing of the plot pricing structure, fixing of final plot prices, and construction, the community in Msundu been kept informed and consensus was gained through the Project Outreach Facilitators (POFs) The detailed arrangements for community involvement followed in Mzunduzi are discussed in Section 5. In addition to these, various media such as radio, print and publication of information brochures addressing specific questions raised by the community have been used for information dissemination.

In framing the project there has always been recognition of the need to give special attention to vulnerable groups such as women-headed households, single-person households, the disabled, the elderly and the destitute. These groups were identified during the plot application and sales process. Where residents fell into this category various assistance was, and continues to be, given.

With regard to resettlement the additional assistance over and above that included in the resettlement and compensation policy included:

- priority in the selection of new plots to permit early planning of their move;
- assistance for acquiring a temporary building permit by the City Council;
- assistance for moving - dismantling present structures, moving furniture, and re-establishing these at the new site organized by the POFs using community volunteers;
- assistance for the self-employed- compensation for disturbance to their business in order to permit them to cater to recurrent household expenditures and effectively re-establish their business in the new location.

4.7 Financial Aspects

The SUDP envisaged that the upgrading component would, after injection of seed capital to fund the first scheme (Msunduzi), generate sufficient funds from plot sales such that the subsequent schemes could be embarked upon. The project budgeted for seed capital of up to US\$2 million (funding for Msunduzi contracts). As explained in the overview, plot costs were to be determined based on an agreed plot pricing structure which included construction costs, supervision costs and some SNHB overhead costs (see Box 5).

Whereas the “revolving fund” principle was a correct approach, its application has proven to be overly optimistic with respect to time; the five-year project period was insufficient for the “series” rather than “parallel” approach to implementation of the whole upgrading component. This is discussed in more detail in the Case Study under Project Outcomes and Evaluation. Consideration is now being given to further SUDP funds being used to fund the remaining upgrading schemes thus allowing them to commence while revenue from plot sales gradually accumulates. This revenue could be used to fund future upgrading initiatives.

With regard to what was to be included in the plot pricing structure and calculations it was eventually agreed that major infrastructure through the sites that could be deemed to have a city-wide benefit could be funded centrally on a case-by-case basis and that the land would not be priced and thus was, in fact, a subsidy. In the case of Msunduzi, apart from the land, the spine road (E2 million) was funded by government, and excluded from the plot pricing exercise.

A Land and Housing Market study undertaken in 1993 provided guidance on the likely affordability levels of the residents of the various project areas and this was used to guide the project design process. A plot pricing mechanism incorporating infrastructure development and financing costs was then developed. Government fostered the creation of a non-conventional mortgage facility by a private mortgage institution, the Swaziland Building Society, making mortgage finance available to individuals in the informal sector and underwriting the loans to those who have irregular sources of income who would normally be regarded ‘non-bankable.’ The facility poses a low level of risk to the Government, as it is not a cash guarantee but a guarantee of loss that would be incurred on resale on any foreclosed property. The involvement of a private mortgagor was preferred over the alternative of the Swaziland National Housing Board acting as a mortgagor, to minimize financing charges that would have to be passed on to the beneficiary. An analysis of the affordability levels and mortgage costs demonstrated that the proposed facility would be affordable to the target beneficiaries.

An analysis of savings mobilization and proposed mechanisms for financing future improvements was done as part of the Land and Housing Market study to determine households willingness to raise finance for and expenditure on housing. Although this does not confirm individuals’ willingness to pay for the project, it is indicative of their willingness to spend on housing.

4.8 Overview of Implementation Arrangements

Implementation responsibility for the upgrading schemes being carried out under the SUDP rests with the SNHB with support of the Project Coordination Unit. The PCU has engaged a Community Liaison Officer who oversees local POFs. The concept for program implementation was that, based on

consultation between all stakeholders and broad consensus, consultants would be engaged to finalize designs and manage construction on behalf of SNHB.

It was agreed that construction would follow two approaches:

- The major network infrastructure (e.g., water supply, sewerage, roads, drains and streetlighting) would be carried out as an integrated package by one main contractor. This would ease construction management headaches for the Implementing Agency (SNHB) as well as create visible impacts fast.
- To provide some economic stimulus to the beneficiary communities, small works (e.g., footpaths) and on-plot works such as pit latrines would be carried out under labor-based works contracts by small contractors formed within the respective communities. Procurement, contract management and construction supervision would be carried out by local consultants employed by SNHB. This model is being adopted for the first scheme (Msunduzi) and appears to be working satisfactorily.

Apart from the respective City Councils which have a strong interest in the upgrading schemes, and are providing local support, central support agencies include the Surveyor General's Office for survey and preparation of township plans; the Deeds Registry Office for issue and registration of leasehold titles; and, the Swaziland Building Society, available to provide finance for plot purchase. Detailed implementation arrangements are discussed in Section 5 – Musunduzi Case Study.

4.9 Operation and Maintenance

The design of the upgrading schemes and standards adopted were discussed and agreed with the respective agencies responsible for the delivery of infrastructure and services being provided under the upgrading component of SUDP. The standards/service levels might be considered high when compared with upgrading schemes elsewhere but were the result of consultation and agreement with all stakeholders and were based on both the willingness and ability of the beneficiaries to pay for infrastructure provided. Another important consideration was the future operation and maintenance of the infrastructure. It was decided that as the informal settlements were now to be legally brought into the cities they should be treated similarly to the already legal settlements. Thus it was planned that infrastructure provided would be taken over by the responsible authority for subsequent operation and maintenance.

To ensure this, the standards and service levels were agreed by the agencies at the design stage and the construction is being monitored throughout by the agencies to ensure it is being constructed to the agreed specifications. Communities themselves should be responsible for managing, operating (where required) and maintaining the infrastructure's facilities.

5.0 CASE STUDY

Musunduzi Community Upgrading Scheme

Overview

In Msunduza it has taken over four years to complete the land purchase, peg the plots according to the new agreed layout, obtain approval for the township plan, finalize and agree with the community the plot pricing structure, and agree on measures to strengthen the Deeds Registry Office (DRO) so that it is in a position to process the land titles, procure contracts and commence works. Following receipt of tenders and award of a contract for the major infrastructure, the final “per square meter” costs were determined in accordance with the agreed plot pricing structure and the final price of the various plots calculated.

By May 2001, the contract for the major network infrastructure at Msunduza had been awarded and was about 60 percent complete. Of the 1,800 plots in the scheme, “Offers to Lease” letters had been sent to about 1,300 to date; some 450 had paid the required commitment fee of E400 (US\$50 approximately) and 24 had already paid the full price to SNHB and were awaiting their leasehold title deeds. All of these had paid the full price in cash and thus the SBS has not yet been called upon to provide finance for plot purchase.

Because of the terrain and soils of Msunduza reducing the amount of land that can reasonably be built upon, plot sizes are large and often include steep slopes, trees and significant rock outcrops. The choice of standards has thus been more critical than normal given the need to adequately service a relatively low number of plots per hectare while, at the same time, making provision affordable.

Box 2– Msunduza Upgrading Scheme Data

Msunduza 1,350 existing plots; 430 in-fill plots (i.e., plots arranged in open spaces between existing plots); 80 non-residential plots

Msunduza area approximately 1 sq. km. (100 ha)

Msunduza population approximately 10,000

Msunduza density approximately 100 persons/ha

Msunduza Infrastructure (Main Contract Package)

- 3.5 km of bitumenized, or tarred, surface roads up to 6 m wide
- 5.0 km of concrete surfaced footpaths 0.8 m wide
- concrete lined drains to main roads
- water reticulation to serve 1800 plots via standposts or individual connections
- waterborne sewerage to serve 500 plots – others provided on-plot solutions
- streetlights
- 2 play areas

Msunduza Small Works (Labor Based contracts – as opposed to normal civil works contracts) for footpaths and pit latrines.

Objectives and Approach

The objectives for the complete upgrading program are to: (1) change the status of the land to Crown land thus permitting its sale, (2) legalize the settlement (surveyed and gazetted as a township), (3) upgrade its infrastructure and general environment, and (4) encourage and enable existing occupiers to purchase the plots that they already occupy (in some cases re-blocked) on a 99-year leasehold basis.

The purchase price of the plots is based on the actual construction costs plus survey and registration costs and contribution to the Swaziland National Housing Board (SNHB) costs for administering the schemes. With plot titles available for collateral, the housing finance institution (SBS) is able to offer loans for plot purchase.

To achieve affordability, particularly with relatively low densities, usual infrastructure standards have been scrutinized and modified, where appropriate, to provide functional but affordable planning, design and construction standards. In Msunduza, given the terrain, soils, level of rainfall and intensity of storms it was important to retain good design and construction standards while relaxing normal space and geometric standards. Unless this was done, savings in capital expenditure would be offset by increased maintenance costs.

Financial Aspects

The following boxes (3, 4 and 5) summarize the main infrastructure costs for Msunduza, the plot pricing structure agreed and the actual calculated plot prices. These were deemed affordable by all but the beneficiaries determined to be “destitute” during the community participation process. To address the concerns of the destitute, a policy statement detailing various options was adopted to assist such residents. These included allowing for plot swaps, joint purchases, direct intervention by non-governmental organizations (NGOs) to assist individuals, relaxing repayment conditions, establishment of community trusts and, off-setting of plot costs through premiums earned from the sale of commercial plots. At all stages of planning and engineering design, cost estimates have been made and their affordability and acceptability tested on the communities. This has been done through the community structure established for, and modified during the project (e.g., appointment of POFs). This followed a survey prior to completion of final design that determined affordability of actual plots for existing residents and feasible plot size adjustments to better achieve affordability.

As outlined in Section 4, those infrastructure elements (e.g., main access road through the site) that were considered to have a more city-wide benefit, from health, environmental, efficiency and equity viewpoints, were not included in the pricing of plots. Land for the plots was not priced in the plot pricing exercise so as to increase the affordability of the plots to the residents. Government agreed to fund such discrete elements and their exclusion from the pricing exercise helped to keep plot sale prices affordable and within the ability of the existing occupiers to pay. The analysis done as part of the Resettlement Action Plan did not indicate a significant change in the affordability estimates.

The introduction of the 99-year lease agreement is expected to stimulate the low-income housing market as it allows for the transfer of leases from one occupant to another and for succession of title. There are no conditions in the leases with regard to future trading of houses and preliminary indications suggest that plots might trade for up to four times these prices, but as yet there is no market in these plots and thus concrete evidence of this. Possible financing for plots and the sales process is discussed below. Once the informal settlements are legally brought into the city, future property taxes may be levied to contribute to the maintenance of the infrastructure provided.

Box 3 - Msunduza Main Infrastructure Contract Costs (Contractor costs under contract to SNHB) (Figures rounded)

General Items.....	E 1.35 million (US\$ 225,000) [18 percent]
Roads and Stormwater Drainage	E 2.6 million (US\$ 338,000) [27 percent]
Water Reticulation.....	E 1.2 million (US\$ 200,000) [16 percent]
Sewer Reticulation	E 1.2 million (US\$ 200,000) [16 percent]
Streetlighting.....	E0.45 million (US\$ 80,000) [6 percent]
Contingencies	E 1.2 million (US\$ 200,000) [16 percent]
 Total Cost.....	 = E 6.80 million (US\$1,240,000) [100 percent]

Note 1: 1 Lilangeni = 1 Rand & 2: Approx. E6 = US\$ 1 at time of contract

Box 4 – Plot Pricing Structure (Emalangeni)

Construction Cost Main Contract.....	6,776,025
(Roads, Water Supply, Sewer, Streetlighting)	
Construction Cost Small Works Labor-Based Contracts.....	3,500,000
(Footpaths, Comm. Structures, Pit Latrines, Landscaping)	
Price and Physical Contingency (17.5 percent).....	185,804
Total Base Cost (A).....	11,146,829
add Extra costs due to design review changes.....	740,275
add Extra cost due to delay in contract award.....	286,692
Total Infrastructure Cost (B).....	12,488,796
deduct City-wide infrastructure subsidy.....	2,000,000
deduct Foreign exchange rate gain on Credit.....	1,700,000
Sub-total (C).....	8,788,796
add IA Overhead Cost at 7.5 percent (C+ prof/eng fees).....	659,159
Sub-total (D).....	9,447,955
Add Registration Cost.....	107,640
Add Project Outreach Facilitation Cost.....	120,000
Add Marketing Costs.....	285,000
Add Project Costs.....	191,800
Add Community Representative Cost	129,000
Sub-total (E).....	10,281,397
Add Finance Charges at 12 percent of E.....	1,233,767
Total Costs to be recouped from plot sales.....	11,515,165
Total Saleable Area in square meters.....	969,134
Thus Square meter cost.....	11.88
Adjusted according to service level as follows:	
<ul style="list-style-type: none"> • Sewered with Road Frontage • Sewered with No Road Frontage • Unsewered with Road Frontage • Unsewered with No Road Frontage 	
Per Square Meter Cost for Each Option Determined and applied to area of each plot with such service level.	

Notes to Box 4:

1. The budget for Msunduzi main works (Package 13 through ICB was US\$1,572,000) which at the time of appraisal was equivalent to approximately E5.03 million and at the time of contract approximately E9.4 million).
2. The budget for Msunduzi Small works (Package 21 – but various contracts through LCB) which at the time of appraisal was equivalent to approximately E2 million and at the time of the first contracts approximately E 3.7 million).

Box 5 – Msunduzi Plots Sizes and Costs

Per square meter:	costs range from E9 to E23 (US\$ 1.3 to US\$ 3)
Majority of plots sizes:	range from 300 sq.m. to 900 sq.m
Plot prices:	range from E2000 to E33400 (US\$ 260 to US\$ 4,340) 80 percent of plots in range E2000 to E12000 (US\$ 260 to US\$ 1,550)
Average size of plots:	534 sq.m.
Average cost of plots:	E11.88 per sq.m or E6400 (US\$ 830)
Approx. area:	100 ha
Approx. population:	10,000
Approx. density:	100 persons/ha
Approx. cost/capita:	US\$ 120
Approx. cost/ha:	US\$ 12,000

Implementation Arrangements

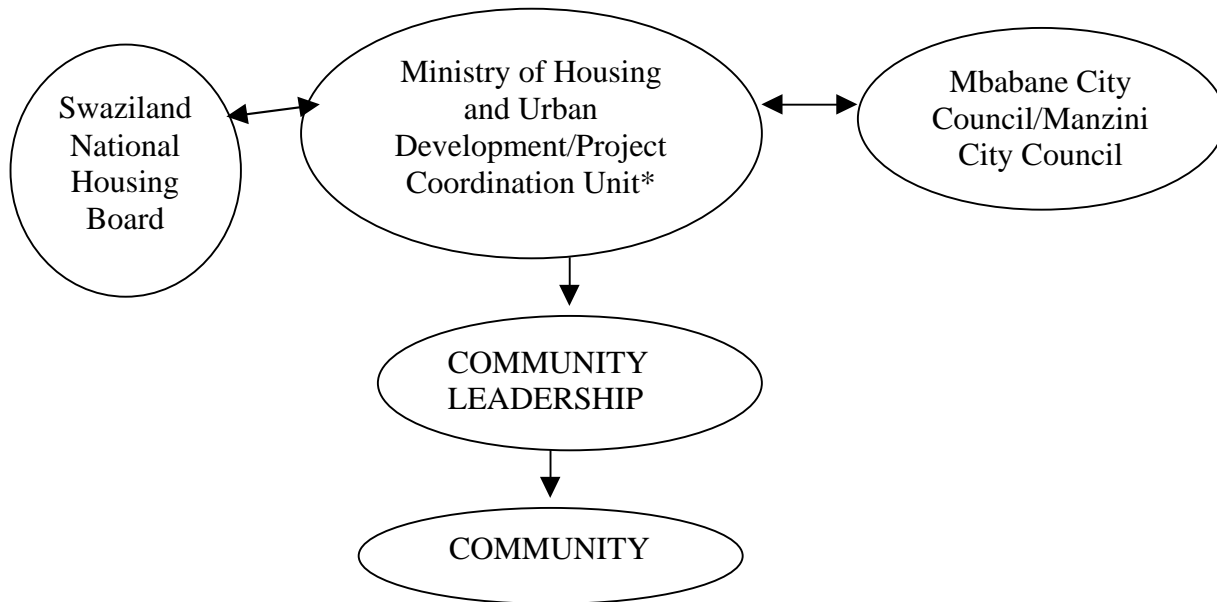
The close collaboration of SNHB with key stakeholders and support agencies has been a key feature in the planning and implementation of this first sub-project. The Mbabane City Council (MbCC) has an active interest in the informal settlements within its jurisdiction and works with the community liaison volunteers or POFs together with SNHB staff. The POFs were only appointed in 1998 after the need for “non-political” access to the community for community consultation was recognized.

The POFs have assisted the Msunduzi community in identifying, for example, destitute households that cannot afford to purchase their plots. Also apart from advising the community on simple technical matters they have assisted in helping with monitoring the resettlement process. A detailed Resettlement Action Plan was prepared and resettlement undertaken prior to construction. They have also explained the role of the SBS as a means of financing the purchase of plots. The MHUD and its SUDP Project Coordination Unit (PCU) provide coordination and program support. The office of the Surveyor General (SGO) has been involved in the approval of the township plan for Msunduzi and the land acquisition process. The Deeds Registry Office (DRO) is being strengthened under the SUDP to deal with the anticipated increase in the issue of leasehold titles requiring to be processed.

To enable the existing occupiers to afford the purchase their upgraded plots it was envisaged that many would need to secure finance. During project preparation, the local private housing finance institution, the SBS expressed interest and committed itself to providing mortgage financing for project beneficiaries (see below). Although other financing institutions were reluctant to participate in providing mortgage finance to the lowest income group, the SBS viewed this as a potential untapped market worth penetrating. It has been kept abreast of progress throughout the formulation of the upgrading component and its implementation although at November 2000 no loans had yet been sought from SBS by Msunduzi beneficiaries as the plot allocation process is still in its initial stages.

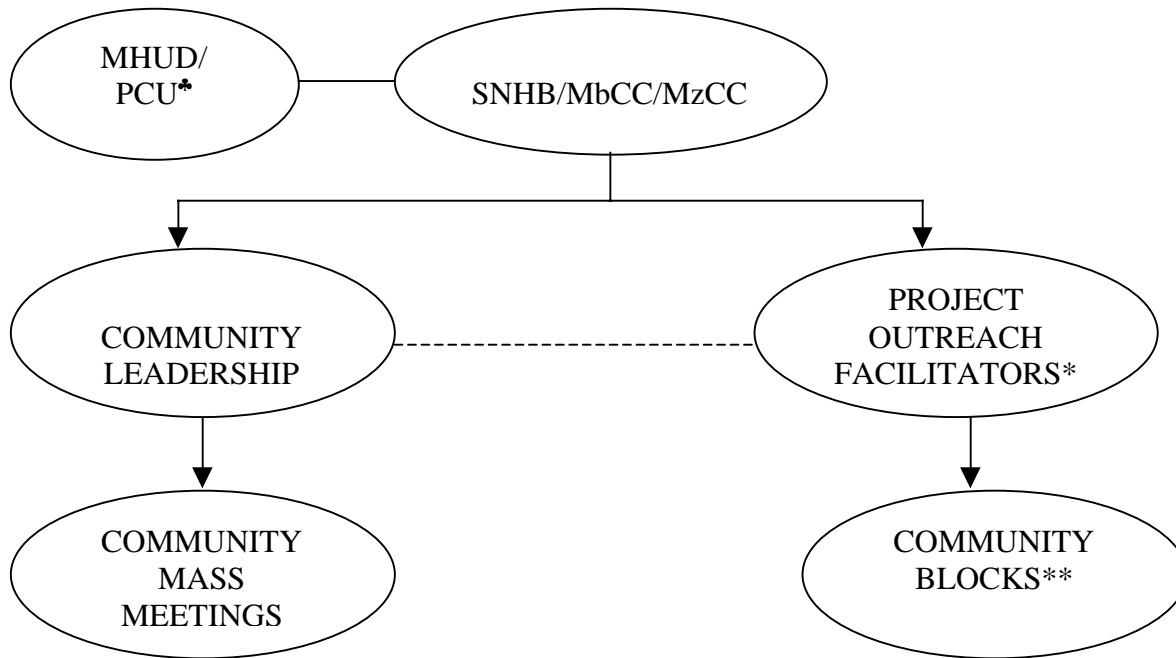
Pre-project and project implementation responsibilities and linkages for the Msunduzi scheme are shown in Figures 2 and 3.

Figure 2. Pre-project Implementation Consultation Process



*The PCU served as the focal point for community consultation prior to project implementation. Capacity for community liaison has been developed in the agencies as part of the institutional strengthening component of the project.

Figure 3. Project Implementation Consultation Process



* The concept of using Project Outreach Facilitator (POFs) provides for individual consultation with residents

** Each POF is responsible for a block of 50 plots

* The PCU provides support in community liaison as required. The main responsibility during implementation rests with the implementing agencies (IAs).

A detailed feasibility was carried out by international consultants and this looked at standards, costs, affordability, plot pricing, plot re-blocking (reconfiguration of boundaries and reduction in size), cost recovery, allocation criteria and resettlement implications following the resettlement guidelines. The consultants surveyed the chosen communities and prepared the physical and cadastral planning, engineering and costing of the sub-projects in concert with the various stakeholders. The works are arranged and planned such that the major network infrastructure (i.e., road, drainage, water supply and sewer networks) is included in one major contract and carried out by an experienced civil works contractor. The tertiary infrastructure (e.g., pit latrines and small footpaths) has been arranged in various small labor-based packages to be carried out by small contractors formed from members of the community. Consultants are assisting the SNHB in various aspects of the schemes such as financial management and construction supervision.

To ensure that secondary (i.e., major on-site) and tertiary (i.e., minor on-site) infrastructure provided to the community are able to operate effectively, critical citywide infrastructure has also been provided, in parallel, through the SUDP by other SUDP Implementing Agencies such as the Swaziland Water Services Corporation (SWSC) and the Mbabane City Council.

The detailed feasibility study was based on a strategic planning framework established during project preparation. This was to ensure that the project delivers the desired number of plots at appropriate

standards, with respect to beneficiary needs and ability to pay, and at the required phasing in the appropriate geographic locations. The strategic planning framework set out the institutional and policy framework, spatial and investment strategies and consultative process to be adopted in project preparation. Adhering to this strategic planning framework resulted in engineering and technical solutions that provide a viable and sustainable urban foundation with acceptable quality and quantity of services based on a rigorous consultative process with the project beneficiaries.

Following the detailed feasibility and planning, detailed engineering design of the various infrastructure packages was carried out by engineering consultants, an international competitive bidding process was followed, which led to a contract, and implementation commenced. The major “network” infrastructure (i.e., the road system, the water supply reticulation and the sewerage system), is being carried out by an international civil works contractor (cost is E 6.8 million) and smaller works (e.g., footpaths, pit latrines) (cost is E3.5 million), in a number of contracts, by local contractors from the community following labor-based methods. A local engineering consultant carried out a design review and is assisting the SNHB in supervising construction.

Sales Process

In anticipation of the project, the SBS increased its mortgage handling capacity by introducing a computerized system, streamlining application procedures, increasing staff and expanding its premises.

At the time of project appraisal, SBS approved mortgage loans only if in excess of E50,000. The average mortgage debt at the time was E70,000 but it agreed to approve loans below E50,000 on a no objection basis which was expected to reduce loan processing time significantly. Thus with these planned changes and its strong financial position, SBS was expected to be able to provide the conventional mortgaging required.

Funding required by all project beneficiaries was then expected to range from E2,500 to E22,000 and SBS indicated that it would be prepared to lower mortgage size to E5,000 on normal terms with 20 percent deposit.

However, whereas this would help the less poor and provide means to purchase sites and services plots, (i.e., other component of SUDP), studies indicated that, “non-Conventional financing was also required. It was found that while 75 percent of low-income households had bank accounts only about 20 percent had ever secured formal credit. Some 40 percent of the households on plots to be upgraded would not qualify for conventional mortgages due mainly to the informal nature of their employment. SBS determined that they could profitably lend to this potential market, given 99-year leaseholds as collateral and a commitment from Government to guarantee 20 percent of any losses that might occur on resale of foreclosed properties. SBS provided a letter of commitment to provide SUDP E38 million (then US\$ 11.9 million) of conventional financing and E5 million (then 1.6 million) of non-conventional financing.

In September 1998 a workshop was held, with all stakeholders present including Project Outreach Facilitators, on the “UDP Sales Process.” Issues raised by all stakeholders from government (MHUD), implementing agency (SNHB), financing institution (SBS), City Councils, POFs and beneficiaries were discussed. A series of recommendations were made and action plans to implement them were agreed. The “one-stop shop” concept was agreed where beneficiaries/applicants, with POF assistance, could complete/supply all necessary paperwork with regard to application, registration, financing, payment etc. Processes to resolve disputes, problems of destitutes, resettlement and, compensation were also agreed

Project Outcomes and Evaluation

The Msunduza scheme is not yet finished due to abnormally wet weather during the 2001/2001 rainy season. The main network infrastructure contract is about 60 percent complete and a number of the small labor-based contracts are in a similar state of completion. Nevertheless outcomes to date are encouraging. Environmental conditions, access and the general quality of the area has been uplifted by the upgrading works. Activity by householders through work on their shelter structures is beginning to occur. As yet it is too early to measure property values for plots upgraded in Msunduza or the level of room rental increases although anecdotal evidence suggests plot re-sale costs are likely to increase by up to four times the original sales price.

The cost of infrastructure provision is considered reasonable, given the relatively high service level (e.g., accessible areas have been provided with sewers), the difficult terrain and soils conditions and relatively low plot/population density. The cost per hectare of about US\$12,000 for the “network” infrastructure compares well with urban upgrading schemes implemented in other countries. The cost of approximately US\$120 per capita (or per household) may be considered somewhat high for an upgrading scheme for low-income beneficiaries but, given the low plot/population density, and medium to high service levels, it is considered reasonable. It has been over 5 years since the project concept and details were formulated during which time inflation, construction costs and interest rates have increased and unemployment has risen. The current construction cost for Msunduza is within the original overall dollar estimate for the scheme. Nevertheless this has impacted on projected affordability levels reducing them by between 10 percent and 20 percent. The above factors, exacerbated by implementation delay (time from appraisal to construction commencement), have effectively reduced the amount agreed to at the outset by SBS to finance purchaser’s serviced plots. Thus the number of plots able to be financed is fewer than originally anticipated. Early indications are that this may not be a problem as, thus far, the initial plots purchased have been purchased with cash. In addition, SBS consider that now, probably only about 30 percent of potential buyers would be able to satisfy their financial criteria.

A number of very positive outcomes are already evident:

- The government has agreed to sell the land and the informal settlers have agreed to purchase their plots for the cost of the infrastructure provided demonstrates that the “classic” typology can work;
- Although plots thus far purchased have been purchased with cash, the premier housing finance institution stands ready to lend for the plot purchase, should people apply;
- Beneficiary communities agreeing to assist the destitutes within their communities (e.g., through provision of small plots created through re-blocking);
- Government officials seeking ways, within existing legislation, for women to own plots.

The acceptance of the multi-sectoral approach for infrastructure provision by the various agencies concerned and the adoption of appropriate functional standards to keep costs down have also contributed to the success of the scheme thus far.

There are, however, two overarching less positive outcomes which implementation of the Msunduza scheme has already highlighted which have been touched upon earlier. These relate to *time (and hence affordability)* and the *implementing agency*.

Time/affordability:

- It has taken a considerable time to complete the land purchase, peg the plots according to the new agreed layout, obtain approval to the township plan and finalize and agree with the community about the plot pricing structure, likely affordability, and to agree on measures to strengthen the DRO so it can process the land titles. Central government and, more particularly, donor agencies, need to understand that interaction with, and participation of, communities, is very time consuming and costly in “software” terms (such as surveys, town registration, IA management and other issues) and places scheme affordability in jeopardy.
- The financing of schemes through revolving funds, as envisaged under the SUDP, which necessitate sequential implementation, are unrealistic unless considerable time is given and funding extends beyond just the first scheme. To design, plan, implement, issue titles and achieve a level of cost recovery such that the subsequent scheme may be embarked upon was, with hindsight, always an overly optimistic scenario. A 5-year project period was never likely to be sufficient and this has proved to be the case.
- In addition, more time means increased costs. Thus it is imperative to keep standards at no more than a functional level to keep costs in check. Although progress has been very satisfactory in Swaziland, there is a risk that upgrading schemes and the project as a whole could be labeled unsatisfactory because of the unreasonable project time expectancy placed upon it at the outset.

Implementing Agency:

- The selection of SNHB as the Implementing Agency created much debate in Swaziland centering around the question of whether a housing parastatal with a mandate based on the need to achieve financial self-sufficiency is the appropriate organization to address social housing issues (e.g., upgrading). Many consider that upgrading schemes, which involve infrastructure and servicing, the need for consultation with and participation of communities, the need to involve the elected local representatives of the area (i.e., Ward councilors), the need to address tenure issues, and the general embracing of informal settlers into the fabric of cities and towns, rather than provision of housing itself (i.e., actual shelter), is more the domain of the respective local councils in which jurisdictions the specific settlements are located.
- In many other countries the local council is the usual “formal” interface with communities. Throughout the planning, design and implementation process, and in agreeing the plot pricing structure, a major, and understandable, concern of SNHB was that the upgrading schemes should not be a financial burden to the Board. When the final plot pricing structure was discussed, prior to SNHB having to send out Letters of Offer to beneficiaries, a number of “soft” items were added by SNHB, in addition to its overhead figure. These had not been included in the earlier plot price iterations, so the declaration of plot prices was delayed until a final structure acceptable to government (and The World Bank) was reached.

Careful consideration needs to be given in the future as to the appropriate implementing agency to deal with upgrading schemes which aim to legalize poor urban communities and bring them into the mainstream of the cities in which they live.

6.0 LESSONS LEARNED

Throughout the planning and design of the three main upgrading schemes of SUDP, and the beginning of implementation of the first scheme, lessons learned include:

- Relevant policies and legislation (e.g., Marriages Act, Deeds Registry Act, National Land Policy, Urban and Peri-urban Land Management Policy) should be in place (approved or amended) to address specific project issues (e.g., gender and land ownership) prior to implementation. These were already in place or amended or have been proposed.
- Mechanisms for coordination (e.g., Project Steering Committee, Project Coordination Unit, Community Development Committee) between various stakeholders are important for effective implementation.
- Project ownership by the beneficiary community is an essential pre-requisite which can only be achieved by effective community empowerment:
 - Politically, through participatory decision making on matters affecting them
 - Economically, through small works contracts and granting secure land tenure
 - Socially, through community meetings and interaction with government through appropriate facilitators recruited from the community and trained.
- Housing finance has to be made available through sympathetic financial institutions willing to participate and lend relatively small amounts with simplified application and processing procedures.
- IAs need access to soft loans and/or subsidies, for some elements of upgrading from government, to undertake upgrading schemes for the poorest urban dwellers.
- The technical and managerial capacity of IAs should be strengthened for implementation and to ensure sustainability through effective operations and maintenance.
- Arrangements (e.g., enhancing affordability) to deal with marginal/destitute group need to be identified to avoid flight from the community and squatting elsewhere (e.g., peri-urban areas).
- Schemes involving interaction with, and participation of communities, are time consuming and their financing through revolving funds, which necessitate sequential implementation, may not be workable in acceptable time frames.
- Schemes where “network” infrastructure is provided in difficult conditions require careful planning and management. Experienced civil works contractors and experienced supervision consultants with local knowledge should thus be engaged.

- The choice of Implementing Agency is critical. The constitution of the SNHB requires it to remain profitable. Also SNHB is not directly answerable to city residents unlike local authorities. Thus City Councils may be the more appropriate IAs for such schemes.

7.0 CHALLENGES AND PROPOSED NEXT STEPS

7.1 Mbabane and Manzini

Thus far the “classic” model/typology for upgrading the informal settlements under SUDP appears to be working reasonably well (although to date the implementation of only one scheme has been embarked upon and the plot selling process has only recently commenced). However it would be important for the implementation process for the other two sites to begin immediately if the gains and momentum made to date are not to be lost. The SUDP closing date is looming and thus it would be important to move ahead quickly. If this is to be done, the use of the revolving fund concept for funding of these next schemes needs to be re-visited. When the upgrading schemes under SUDP have progressed further (e.g., Msunduzi completed) the advantages and disadvantages of this concept should be more thoroughly analyzed.

7.2 Peri-Urban Areas

Following completion of the upgrading of the major priority informal settlements included in the SUDP, the major challenge facing Swaziland’s politicians, central and local government officials, traditional leaders and communities will be how to deal with the growing peri-urban informal settlements which are growing rapidly, mostly on Swazi Nation Land immediately outside existing city jurisdictions. These areas are largely unserved, are creating environmental and health risks, involve government in expenditure but contribute little either to the provision and upkeep of the basic lifeline services that are provided or to citywide facilities. Responsibility for these areas is both unclear and weak. There would appear to be a number of priority tasks required as pre-requisite to developing a program to address peri-urban areas. These include:

Task 1

The magnitude of the problem needs to be established in terms of area, numbers of structures and households, service levels and existing provision. To achieve this a physical and social mapping exercise needs to be carried out within and around Mbabane, Manzini, Matsapha and the Ezulwini valley between the two cities. This will also include the actual determination of land ownership (thought to be predominantly Swazi Nation Land). The first step in this task would be to draft Terms of Reference for the mapping exercise and identify funding and the modalities carrying out the assignment.

Task 2

The jurisdiction of the areas in which the various settlements are located needs to be clarified with regard to planning approval, development control, infrastructure and service provision, property valuation and taxation.

Task 3

How trunk infrastructure, secondary and tertiary infrastructure is to be funded, who is to be responsible for planning, designing and implementing upgrading programs in such areas and how the land and tenure

issues are to be resolved are fundamental considerations in program design. Lessons learned from the SUDP upgrading experience to date will be useful as will outcomes of the pilot project for the comprehensive planning exercise for Mhobdleni Upgrading and “greenfield” housing development at the site contiguous with the Manzini City boundary.

7.3 Small Towns

The situation with regard to the extent of unplanned, informal settlements in Swaziland’s other urban areas (small towns) also needs to be ascertained. If such settlements do exist, then a similar mapping exercise as for peri-urban areas would be useful as a pre-requisite for developing an upgrading program for small towns.

Annex A

Country and City – Basic Data

Ref	Country-Swaziland	Data
1	Area	17,363 sq. km
2	Population	1 million approx.
3	Urban Population	330,000 approx.
4	Population Living Below Poverty Line	
5	Households without safe water & sanitation	119,139
6	Capital City	Mbabane
7	Urban Local Governments	12
8	Number of Urban Settlements	24
9	GDP per capita	1300
	Mbabane	
1	Area	8,035 ha
2	Population	58,000 approx.
3	Population Density Range in Low Income Areas	180 persons/ha approx
4	Population Living Below Poverty Line	35 percent
5	Households without safe water and sanitation	6,000 approx
6	Number of Informal Settlements	6 over 2,000 ha approx.
7	Population in informal settlements	36,400 approx
8	Households in informal settlements	9,900 approx
	Manzini	
1	Area	2,447 ha
2	Population	70,000 approx.
3	Population Density Range in Low Income Areas	296 persons/ha approx.
4	Population Living Below Poverty Line	
5	Households without safe water and sanitation	7,150 approx.
6	Number of Informal Settlements	7 over 2000 ha approx.
7	Population/households in informal settlements	42,500 approx.
8	Households in informal settlements	11,900 approx

Annex B

Bibliography of Key Documents Studied

Ref	Report/Doc. Title	Author	Date	Content Summary
1	Swaziland Urban Development Project – Staff Appraisal Report	World Bank	Oct. 1994	Describes the SUDP and the Upgrading component within it (called Residential Housing Sites Including On-Site Infrastructure).
2	Upgrading of Informal Settlements in Swaziland's Cities	Cities Alliance	Jan. 2001	Part of the CA Short Note series which describes in summary form the Swaziland Upgrading experience to date.
3	Resettlement Policy Implementation Guidelines	MHUD	1998	As title
4	Resettlement Plan-Infrastructure Removals	MHUD	1998	Details the resettlement arrangements inc. objectives, cases, compensation, resettlement committee, tasks, vulnerable groups, the detailed plan and monitoring and evaluation
4	Workshop Report on UDP Sales Process	PCU	1998	Sets out issues discussed, recommendations made and Action Plans for carrying the recommendations
5	Various SUDP Quarterly Progress Reports	PCU	Var.	Sets out previous 3 months progress on all SUDP components
6	Draft Report on the Conveyancing and Titling System in Swaziland	Conslts	?	Analyses status of properties and steps in acquisition, sub-division, consolidation, general plan, registration, allocation of plots and financing
7	SUDP Mid Term Review Issues Paper	PCU	2000	Sets out all issues discussed at the MTR Workshop in April 2000

Annex C

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Annex D

Summary of Upgrading Typologies (All countries in SSA)

	<u>Typology</u>	<u>Description of Typology/Method/Approach</u>	<u>Advantages/Disadvantages</u>	<u>Examples in following countries in SSA</u>
1	Classic – plots sold (CS)	Comprehensive, multi-sectoral, integrated with land title/plot title given and based on cost recovery with plots priced to cover capital cost of infrastructure provision calculate on a “saleable square meter basis and plots priced according to size. Plots become “legal” and ultimately contribute to costs for maintenance through formal local taxation system (e.g., property rates)	<u>Advantage</u> Sustainable (covers capital costs) and “legalizes” beneficiaries, bringing them into the city and into payment for O&M <u>Disadvantage</u> Complex and time-consuming and expensive for low income and thus protection for “destitutes” required.	Swaziland Namibia
2	Classic- plots rented (CR)	Comprehensive, multi-sectoral, integrated with no land title/plot title given but a rental agreement and rentals based on partial capital cost recovery over time through rent	<u>Advantages</u> Legalizes beneficiaries and gives them some security. Provides a formal housing option for those unable to afford. <u>Disadvantages</u> Long term financing required and housing management by LA of Housing Authority needed.	Namibia
3	Integrated Infrastructure with cost recovery (ICRNT)	Comprehensive, multi-sectoral, integrated but with tenure issues not addressed and with capital cost recovery via a betterment levy or similar payment for infrastructure provided.	<u>Advantages</u> Sustainable. <u>Disadvantages</u> Loses opportunity to give beneficiaries secure tenure.	

(continued on next page)

4	Integrated Infrastructure without cost recovery (INCRT)	Comprehensive, multi-sectoral, integrated but with tenure issues not addressed and without capital cost recovery thus a government-subsidized approach.	<u>Advantages</u> Comparatively quick and easy to implement. <u>Disadvantages</u> Subsidized.	Ghana Tanzania
5	Sectoral with cost recovery (SCRNT)	Single sector (usually) but with tenure issues not addressed but capital costs recovered from beneficiaries direct.	<u>Advantages</u> Comparatively quick and easy to implement <u>Disadvantages</u> Loses opportunity to give secure title, to create a visible impact thus encouraging people to maintain infrastructure provided. Can create an imbalance in infrastructure provision and create inefficiencies in future with piecemeal provision and disruption and waste.	
6	Sectoral without cost recovery (SNCRT)	Single sector (usually) but with tenure issues not addressed and without capital cost recovery thus a government/utility subsidized approach	<u>Advantages</u> An improvement in service level in sector(s) upgraded <u>Disadvantages</u> As for above plus relies on subsidy.	Zambia