

**Alleviating urban  
energy poverty in  
the informal  
sector: The role for  
local government**

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**OVERCOMING  
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# **Alleviating urban energy poverty in the informal sector: The role for local government**

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## **Abstract**

The depth and severity of poverty and inequality persists in South Africa, despite progressive pro-poor policies. Strong evidence also points to the unbridled growth in informality and remaining as a long-term feature of our landscape. Energy poverty is most severely experienced by those living in this sector. Against this backdrop, this paper sets out to explore through the analysis of urban energy poverty in informal settlements the challenges of developmental local government in its approaches to energy service delivery to this sector. It concludes that these developmental challenges require transformation at multiple levels of government in order to truly fulfil the constitutional objectives of poverty alleviation and to promote development and growth in South Africa. At the local level responsive solutions and capacity to undertake this is required, while at the macro-level, strengthened leadership and enhanced intergovernmental coordination is required to change the status quo.

**Keywords:** informality, energy poverty, energy service delivery, transformation

## **1. Introduction**

It was a sunny Cape Town winter's day but as we sat in Lorraine's shack we steadily grew colder. No sunlight streamed through the small window of her home, there was no ceiling just a makeshift corrugated iron roof and the walls were constructed from old wooden planks offering scant protection against the elements. Her walls were adorned with faded photographs – this is her home and she had made it as homely as possible. An old car battery in the corner of the 'living-room' is used to power the TV when the household budget allows as there is no electricity provision in this settlement. We were there to talk about her energy uses and needs.

Lorraine is among 56 families living in this informal settlement in Grassy Park on the Cape Flats. They moved there in 2006 from overcrowded backyard shacks, or evicted from inability to pay rent or simply homelessness. This land will not be serviced by the City of Cape Town (CCT) as it is swampland and not approved for human settlement. Residents live precariously from day to day. There is a constant insecurity of being removed to a settlement on the outskirts of the city far from economic opportunities and serviced infrastructure.

Poverty and hardship are pervasive in the lives of the majority of families in informal settlements and backyard shacks. This was affirmed by interviews held with informal households in various metros throughout the country. Sixteen years into our new democracy, poverty has deepened for the majority of South Africans in stark contrast to the minority middle and upper income lifestyles of comfort, with electricity, indoor toilets, running hot and cold water, ceilings, heating and more.

Trends indicate that informality is here to stay and is growing at an unprecedented rate not only in South Africa but across the developing world (Misselhorn, 2010; SANERI, 2008, UN-HABITAT, 2003). At least 10% of South Africa's population (4.7 million people) reside in urban informal settlements comprising more than 1.3 million households (Misselhorn, 2010). South Africa's nine largest cities alone are estimated to be home to 23% of households deemed to be without adequate shelter (SACN & CA, 2007).

Despite many progressive and laudable pro-poor policies of national and local government (LG), poverty persists and inequality has deepened in South Africa (Hoogeveen & Ozler, 2004; Adelzadeh, 2006). Policy implementation has yet to be robust in advancing access to physical and social assets to the disadvantaged communities.

This paper sets out to examine through an analysis of urban energy poverty in the unelectrified informal sector, the challenges of developmental local government in its delivery of energy services to this sector. The ability of government to meet the Constitutional objectives of achieving universal access to services, poverty alleviation, redistribution and development requires a fundamental shift both across the national and local levels of government as well as at the points of articulation between these spheres of government (for the purposes of this paper only the national and local spheres of government will be addressed). In other words transformation must be elaborated from a micro- and macro- level. At the micro-level work from within LG is essential. As the seat of delivery of basic services (land, water, energy, sanitation and solid waste), the platform for redistribution and the sphere closest to the communities it serves, LG is the key site for enormous opportunity to develop pioneering, 'learn by doing' and

transformative solutions. However, innovative, responsive and transformative shifts at this level, while crucial are not sufficient, as will be discussed. Change also needs to occur from a macro-perspective through an overarching framework that enables the systems and the institutional form to align and support implementation at the local sphere. Moreover, enhanced leadership, guidance and appropriate support for cooperative governance and delivery to take place are required from the external or macro-level.

This paper is informed by practice and although reference has been made to the academic discourse on informality, energy poverty and service delivery, the recommendations and understanding reached emerges from years of experience and work with LGs throughout South Africa. The paper begins with setting the context for urban energy poverty in informal settlements in South Africa, followed by a description of practice via a case study of a current and ongoing project in which the authors from Sustainable Energy Africa (SEA) are involved. The paper proceeds with an analysis of the problem from which emerges the conclusive understanding that key shifts at the macro-level is fundamental to complementing and supporting the sustainable energy development work taking place within the municipality at the micro level.

## **2. Energy Poverty in Urban Informal Settlements in South Africa**

### *Energy poverty*

Energy is central to meeting basic human needs and improving living standards. Households require energy for the essential services of cooking food, heating water, space heating and illumination in order to satisfy basic human needs. Lack of choice in accessing adequate, reliable, good quality, safe and environmentally benign energy services to sustain economic and human development is the way in which energy poverty manifests itself. (UNDP, 2000:3). These households are burdened with relatively high energy costs, the use of unsafe and unhealthy fuels and associated appliances and thermally inefficient dwellings. Poor households often spend 20% or more of their household budget (a ratio used to express the energy burden of a household) on energy compared with the 2 or 3% for wealthier households (SEA, 2006). While energy is considered a basic need by government (White Paper on Energy, 1998), the poor continue to largely rely on unsafe, unhealthy and expensive fuels such as paraffin, biomass or coal (and associated appliances) as sources of energy for cooking and heating, the two primary and most energy intensive domestic activities which continue to entrap households in poverty.

These fuels cause major ill health through indoor air pollution arising from their combustion in poorly ventilated spaces and the use of inefficient appliances. Paraffin and candles are known to be the leading cause of fires and associated fatalities and burns particularly in dense informal settlements. Poisoning of children through accidental ingestion of paraffin is another major problem. The 2003 National Treasury Report, estimated the annual South African cost of paraffin related incidents to be R104 billion (PDC & SCE, 2003).

### *Informality*

Energy poverty is most severely experienced by those residing in the urban informal sector. This sector is broadly poor urban settlements that have arisen through the unauthorised occupation of land and living in varying extents of unhealthy and hazardous conditions attributed in part to overcrowding and lack of basic

services. Informality includes those households living in backyard shacks of formal properties (serviced plots) in overcrowded conditions. These are generally separate dwellings built onto the main house in the backyard, accommodating families who can't afford to live independently.

It has been widely acknowledged by academics, practitioners and more recently by national government that informality will be a long-term feature of the urban landscape in South Africa. Figures indicate that urbanisation is accelerating in South Africa – currently 64% urbanized (AMPS, 2008). The country is confronted with the critical challenges of an increasing low-income housing backlog and the provision of services to meet this growing demand, and all to be done within substantial resource constraints. The trends indicate that the informal housing sector is growing at a faster rate (3.5%) than the formal housing growth rate of 2.5% (SANERI, 2008). Thus many poor households will remain inadequately serviced and without formal housing in the long-term. Misselhorn (2008) has shown that the cost of providing housing and basic services to all poor households is prohibitive to the state.

### *Pro-poor policies*

With the onset of democracy in 1994, the ANC-led government developed policies which sought to redress the historic inequalities of the Apartheid era and promote sustainable development. Significantly, government undertook an ambitious and impressive national electrification programme, widening access to electricity to homes throughout South Africa from a rate of 36% (approximately three million households) of the population in the early 1990's to 74% by 2000 (seven million households). By 2004, national government committed to achieving universal access to electricity by 2012 in line with the objectives of the White Paper on Energy (DME, 1998). However government soon recognised that due to significant electricity generation capacity constraints, increasing growth rates in household electricity demand and the associated increased costs to electrify poor urban households typically located on the margins of the city, this goal would be difficult to achieve within this timeframe.

Despite the spectacular progress made by the national electrification programme in the number of households electrified, many households still remain and indeed will remain without electricity well beyond 2012. Unelectrified households comprise approximately a third of all households in South Africa and the numbers are rapidly growing (SANERI, 2008; Marquard et.al, 2007)

While the current national focus is on those that are receiving new housing and therefore energy services, this leaves out the informal sector. This sector has traditionally “fallen through the cracks” in terms of energy supply and housing. The delivery of electrification has not reached all the shacks as various factors exclude them from connection, such as living on land that is not zoned/approved for municipal service delivery namely private land, encumbered land, nature reserves, floodplains and wetlands. Other poverty alleviating energy measures such as government subsidising the use of the electricity to poor households through the Free Basic Electricity (FBE) mechanism, have further marginalised those informal households without an electricity connection to date. This sector therefore largely remains without effective access to safe, clean and affordable energy. Thus meeting basic energy needs and indeed developing human potential is impeded for those living in informal settlements.

Recognising that FBE and electrification will not reach unelectrified households, national government in its bid to close this energy poverty gap introduced policy with a wider approach covering 'free basic energy' and not just electricity. This took the form of the Free Basic Alternative Energy (FBAE) policy introduced in 2007 - a subsidy intended to provide poor households with alternative energy where electricity is not available, as a means to improve their welfare and promote a more equitable share in reliable and affordable services to the growing unelectrified poor households. The objective of this policy is to support indigent households by providing them with the equivalent of R55 per month of alternative fuels/technology such as paraffin, Liquefied Petroleum Gas (LPG) and other energy forms deemed appropriate by the municipality. Municipalities are tasked with implementing the policy by identifying the indigent households and issuing them with an alternative fuel. The policy guides that although municipalities receive FBAE allocations through the Local Government Equitable Share Grant (LGES) disbursed from National Treasury (NT), they will be required to supplement the grant from their own revenues. To date there has been no successful implementation of FBAE in the metros, the reasons for which is the subject of this paper.

In summary the challenges of access to energy services and formal housing by the urban informal poor persist in light of this growing sector of our population.

### **3. From Policy to Practice: A case study of the breakdown of energy service delivery in informal settlements**

The informal settlement in Grassy Park on which our case study is based is provisioned with 17 outside bucket toilets for 270 people, cleaned twice a week and seven outside cold water taps. Most families use LPG for their primary energy needs including cooking, water heating and when they could afford it for heating their homes. A packet of candles a day and paraffin lamps were used for lighting. They spent a large proportion of their irregular income on energy - candles cost R13 a packet, the most expensive form of lighting and between R300 and R600 a month on LPG.

The project team also interviewed informal households residing in backyard dwellings. Such households receive electricity from the main dwelling through an extension cord. As a consequence of essentially two households consuming electricity from a single metered supply, the electricity consumption of both households often exceeded the threshold amount eligible to receive FBE. The backyard shacks were cramped and dark affording little space for the families living there. It became apparent from the interviews that relations between the two households were strained particularly about the amount of electricity that each consumed and paid as there was no possibility of monitoring or equitable cost sharing to take place.

Life is not easy for either group and many people remain entrapped in a cycle of poverty with little prospects of improvement, despite some being on the housing waiting list for 17 years or more.

This field visit is part of an ongoing SEA project. The purpose is to identify key elements of urban resilience in informal communities and to identify ways of practically mainstreaming these within city and national service delivery frameworks through research and stakeholder

consultation process. The focus is on the implementation of FBAE as a means to improve the welfare of this marginalised sector of society.

The project concentrates on the cities of Johannesburg, Cape Town and Durban and meetings have been held with city officials, representatives from national departments and civil society organisations working with informality. The purpose of the meetings was primarily to discuss the barriers and challenges to implementation of FBAE in the context of growing informality and begin to outline practical solutions as a way forward.

A number of critical issues and questions emerged from these meetings which are detailed below. In the following two sections an analysis of the key points will be undertaken concluding with potential solutions to the problem.

#### *National Government issues*

From the national perspective (in meetings with representatives from Cooperative Governance and Traditional Affairs and Treasury), as per their constitutional mandate, they developed a policy in response to the needs of those living in informal unelectrified settlements and in recognition that they would be unable to meet their policy goal of 100% electrification. Thus they formulated a policy and funding framework for the delivery of FBAE.

It is the mandate of LG to effect policy into practice through delivery. In the presence of national policy direction and frameworks, they see the task of LG, as agents responsible for energy service delivery, to seek solutions and decide how to fund implementation.

For some national representatives informality is not perceived as a long term phenomenon. Everyone desires access to electricity and formal housing and this must therefore be the priority of government.

The meeting noted that a task team had been convened to review the efficacy and success of FBE and FBAE, but it was unclear to what extent local government is engaged in this process other than through SALGA as a representative.

#### *Local Government issues*

In general the majority of informal settlements are located in the traditionally black township areas which are largely Eskom licensed areas. This has resulted in some tension for municipalities.

While the LGES is intended to assist with the delivery of free basic services, it is not a conditional grant i.e. municipalities are accorded discretionary powers to decide how funds are allocated and actually spent. Subsidising energy may not always be regarded as the most important priority, and a municipality might decide to use the funds for other purposes. The R55 per month allocation was perceived to be insufficient to cover fuels for basic services. Municipalities conceded that the amount allocated does not take into account contracting out to service providers, administration or capital costs associated with delivery.

City officials added that without the robust support from national government including a deepened understanding of LG's constraints to improving the energy welfare of the poor local municipalities will continue to find it difficult to act and deliver on this issue. Many officials

commented on the need to undertake comprehensive planning for implementation of FBAE through close cooperation and engagement between both spheres of government.

Municipalities are constitutionally mandated to reticulate electricity and gas but not alternative energies, thus LG regards FBE as a constitutional responsibility and FBAE not. Related to this they perceive FBAE as a policy and not a subsidy and the lack of adequate regulatory controls over some alternative fuels such as LPG, creates difficulties in fuel pricing and in turn hampers implementation of the policy.

Municipalities recognised informality as a challenge however it was apparent that inertia prevailed in addressing this sector. There was a perception that informality is a short-term problem and therefore not accorded high enough priority among the other competing developmental priorities confronting them.

### *Community issues*

From the community perspective the problems need to be addressed in a holistic manner to avoid duplication or failure to address some issues. Many NGOs working in the informal sector are working in silos (in isolation of each other) in a similar manner to city departments, focusing on for example water or energy.

Health and safety needs of the community are broader than access to energy and need to include, water, sanitation, risk of disease, risk of paraffin poisoning, risk of fires etc.

Whilst cities grapple with the challenges of funding free basic services they tend to lose sight of the ability of indigents to afford the services offered as well to afford the necessary appliances to utilise services. For instance households provisioned with government delivered housing may find difficulty affording all the costs associated with formal living such as rates, electricity and water.

Lack of the community voice emerges as a major tension. Deepened engagement with the community about their needs and priorities and their participation in delivery is critical to the success of implementation.

Lack of capacity of those involved in dealing with the issues and how basic need is defined are problematic.

These emerging predicaments illustrate some of the complexities associated with the problem of FBAE rollout and how an understanding of them at these multiple levels could assist in beginning to form some of the solutions as a way forward.

## **4. Understanding the breakdown in delivery in relation to local government as the site of development.**

In this section the intention is to provide an understanding of the breakdown in delivery by analysing the problem from a micro- and macro-level. The micro-level examines what is



happening within local government whilst the macro-level focuses on the overarching framework that supports the local government mandate.

*Micro-level: Local government as the engine of innovation*

LG is in a remarkable position to be pioneering and to bring about change. SEA through its work, has witnessed this level of innovation and potential for transformation – the building of capacity, development of energy and climate change strategies, and learning from experience through network exchanges, research and training. LG's leverage lies in its engagement on the ground and closeness to the communities it serves, which is a key mandate outlined in the constitution. Its ability to deliver is achieved through learning by doing and working in partnerships. Although the changes may seem small, they are incremental and essential in building from within, developing capacity and implementing on its developmental agenda. LG as the engine of innovation is able to identify blockages and opportunities for delivery, to test new ideas and see what the next steps could be. National government to some extent works with policy in a vacuum, whilst LG has the advantage of seeing the whole picture.

LG has delivered significantly in a number of areas notably electrification, housing, water and sanitation provision. From the case study there is clear evidence of emerging innovative delivery solutions. There were increasing levels of understanding of the challenging issues facing both spheres of government as well as the needs of the community and the plight of people living in informal settlement. For instance the CCT stated that they had prioritised electrification over the provision of other energy forms. From the meeting there was recognition that there is a gap between achieving 100% electrification and the presence of a growing informal sector without adequate access to energy and other resources. As a result they plan to run a pilot project to implement FBAE and if successful will be shared with other municipalities. Although this work will not resolve the problems of informality it may assist in making the lives of people living in poverty with limited access to energy services, where choices might be between being able to cook a meal or have some light for homework, a little easier. A further outcome of the meetings was a decision to hold a network meeting with cities and national government representatives on the challenges related to the roll out of FBAE.

Despite these measures and the fact that government has made a firm commitment to poverty alleviation, building development and growth and that all policies and frameworks since 1994 speak to this commitment, the problems remain deeply rooted. The reason for this is that to a large extent that commitment is notional as it is hampered by the systems in place which in reality are not aligned and in fact pull the country in another direction. LG can introduce as much innovation as is desirable but in the absence of the crucial guiding systems and underlining macro-framework to support their work substantive change is hampered. . This includes leadership, funding and financing mechanisms and the institutional form. In this section we will examine in some detail each of these areas.

*Macro-level: leadership and mandates*

In an energy sector characterized by a lack of capacity in some key local and national government departments and strong vested interests, neither national nor local governments will achieve significant progress in isolation. Energy transition requires a less fragmented governance and stronger intergovernmental coordination. (Jaglin, 2009:20)

This sense of fragmentation and weak intergovernmental coordination was evident from all the FBAE government meetings in terms of poor understanding of each other's position and disjointed positions around mandates and roles.

The 1996 Constitution outlined the roles of the three spheres of government and firmly placed the developmental agenda in the hands of LG. National government develops policy, provides funding, whilst provincial government is more directly involved in the allocation of social grants for children, disability, pension, education and health. LG was to be strongly linked to the community by being far more participatory and closer to their needs (Parnell et al., 2004).

Underpinning the constitution is the concept of interrelatedness and interdependence between the spheres of government. Whilst each sphere is distinctive, intergovernmental cooperation, support and coordination is essential. This is crucial in areas of overlap of responsibility and where each sphere has a specific mandate. Some of the critical issues emerging within government lie in its lack of ability to coordinate activities, to support each other appropriately and to understand the constraints confronting them, resulting in weak adherence to a fundamental element of the constitution. In the case study, it became apparent that insufficient cooperation and support existed between the spheres in terms of energy service delivery. Both parties appeared at opposite ends of a spectrum locked in their own internal constraints and limitations in understanding each other. Significantly, what emerged was lack of robust leadership at national level with a concomitant lack of authority within some sectors of LG, hampering either sphere from making significant shifts.

Strong leadership and supervision by national government is essential particularly in areas of overlap of function between the spheres of government, to help alleviate challenges experienced with delivery and to help define the roles of each sphere more clearly. Despite the crucial role of LG, some national policies fail to accord adequate authority to the local level. There is essentially a disjuncture between the two spheres so much so that the concepts of interrelatedness and cooperation are absent, as illustrated through the experience of FBAE policy implementation. Since its introduction, three years ago, only one metro has made an attempt at implementation, albeit unsuccessful. To date no comprehensive review has been undertaken to understand where the blockages hampering implementation have occurred. This is in part attributed to FBAE not having an institutional place within the local mandate. Cities provide services and national government supplies the framework to implement those services and where there is a break in this relationship, delivery becomes problematic resulting in each sphere pushing the responsibility elsewhere which was apparent in the government meetings.

*Macro-level: Funding and financing mechanisms*

This is a critical area and provides the mechanisms for local government to function. Social and economic development can be severely hampered, in the event of a disjuncture between the mandate of local government and the financial mechanisms in place to support service delivery.

In general municipalities receive a substantial amount of their revenue from the sale of electricity and water and from property rates as well as grants they receive from national government. One such grant is the Municipal Infrastructure Grant (MIG) which is a conditional grant to support municipal capital budgets to fund new and upgrade existing infrastructure. Another is the LGES and is the means by which free basic services can be financed. As an unconditional grant each municipality can decide how that money is spent in accordance with their mandates. Many municipalities are struggling financially and do not have sufficient funds to deliver on some of their developmental mandates.

The amount of money granted by NT through the LGES is calculated using a complex formula based on the number of indigent families and size of the municipality amongst other variables. The model developed for municipalities is progressive and based on the notion of redistribution in favour of the poor. However the municipal service delivery model (based on the corporatisation of municipal services since 2000, when LG underwent a massive restructuring process and reorganisation of municipal delivery systems) has been influenced by neo-liberal principles and emphasises a cost recovery and technocratic approach to delivery which is often conservative in approach and does not address the needs of the informal adequately (Parnell & Pieterse, 2002, Smith, 2004; Jaglin, 2009). Thus ultimately the systems do not match the constitutional developmental brief.

Often informal settlements fall within the Eskom licensed areas for electricity distribution and lie outside the city jurisdiction in terms of electricity reticulation. In Cape Town the municipality supplies 60% of its jurisdiction with electricity and Eskom the remaining 40% (Jaglin, 2009). While Eskom has historically supplied electricity to the black township areas, the municipalities are still responsible for the free basic electricity provision within their jurisdiction irrespective of the entity distributing electricity. The area of contention lies in the fact that cities are often compelled to provide additional human capacity and infrastructure capital expenditure in servicing these informal communities. Thus in practice the responsibility of who provides services such as electricity supply to poor settlements becomes vague, hence affecting delivery decisions between Eskom, national and local government.

As a result of these complexities and the difficulties in implementing the FBAE policy, this provision tends to fall by the wayside. It is hard to control and administer, unlike free basic electricity which can be distributed at source. It is evident from the case study that funding constraints affect the delivery and roll out of FBAE. Unless national government looks to a radical overview at how municipalities are funded for energy services and unless municipalities demand such an overview as well as review their delivery models, the problems relating to the poor will persist with the informal sector in particular continuing to fall through the cracks. Offering free basic services means a loss of income for municipalities as well as a large expenditure outlay.

*Macro-level: institutional form*

South Africa has numerous progressive policies in place which started with the Reconstruction and Development Programme (RDP) as a means of transforming the country from a segregated to a democratic state, based on the premise of social and economic advancement in an equitable manner and a central focus on the development of infrastructure in poor communities. However, 16 years on, the apartheid spatial form, poverty and inequality persist. Many of the policies and strategies that have followed, although in their own right, are progressive and impressive, sit in isolation of each other and are not adequately integrated. As a consequence they have not achieved the fundamental changes necessary for poverty alleviation and to this end have not addressed some of the major development challenges adequately. As with the financing and service delivery models, these policies and systems are not in alignment with the developmental agenda and to this end simply perpetuate an unequal system despite all good intentions.

For instance the White Paper on Local Government (1998) and related Municipal Systems Act (2000) were intended to support South Africa in building a developmental local government system and establish a framework within which municipalities could plan and deliver equitable services, and promote local economic development. The Energy Act (2008) and related strategies and policies have had bearing on local government through the objectives of improving energy access, efficiency and energy security. FBAE and FBE were specifically developed with the poorest of the poor in mind. Yet challenges abound around delivery for the poor. This is in part due to policies residing within specific departments with little clarity on where the mandate for implementation sits or as has been shown the mechanisms for implementation are not aligned between the spheres of government.

Our contention is that many policies act as surface alterations at a political level rather than impacting on the fundamental structural form. This is largely because they only address one aspect of the system and not the socio-economic position (Wolpe 1995). Further at a certain level there is an implication/assumption built into the policies that implementation is a given and will occur seamlessly which has not been the case in practice. South Africa struggles with implementation and this is a major obstacle to development. The FBAE policy is a good illustration of this. Whilst in principle the policy is sound, in practice it is unable to address neither the needs of the sector nor the problems of implementation.

Whilst the apartheid spatial form persists many of the problems relating to implementation of pro-poor policies will be compromised. Urban spatial form is a key aspect of energy poverty, but relates to a whole body of different policies and processes which is beyond the scope of this paper and forms the basis for further work.

Parnell et al. (2003:32) argue that the “fragmented” nature of local government inherited from apartheid is a major obstacle to the effective design of indigent support in South African cities. They assert that the historical legacy, lack of resources and affordability of the poor has compromised the effectiveness of local government delivery. De Visser (2009) takes a different position and claims that although local government has an impressive record of service delivery, the problems remain entrenched and he identifies a number of fault lines. One of these relate to the size of the municipalities in terms of their larger areas of control in contrast to European

municipalities which cover much smaller areas, which he views as challenging to LG in realising their objectives of community participation and service delivery.

Parnell (2004) however asserts that more rather than less government intervention is required. She argues that while there has been progress, in the absence of undertaking a critical review of the problems of poverty and inequality in our cities there will be no solution to ‘the post-apartheid dilemma’. She further states that there is a need to include the poor far more proactively in policies and in developmental efforts. What prevents the poor from accessing state resources lies in the relationship between local government’s constitutional mandate to provide for the poor and the ‘institutional mechanisms’ in place to enable access.

In other words the model of service delivery utilised by LG cannot work optimally for the poor. Linked to this in the absence of a system whereby the spheres of government tackle these fundamental issues and policies look to the issue of implementation, substantive changes in the informal urban sector will not take place.

## **5. The Way Forward**

Transformation and improved living conditions for those living in urban informal settlements will only be effective if shifts take place at both the micro- and macro-level. In other words it is essential for work to continue to occur within local authorities. Building LG capacity and assisting them in understanding the blockages and seeking sound and responsive solutions is critical for transformation. But it is clear that this alone will not be effective. National government needs to ensure that the constitution is upheld in particular in relation to the support and cooperation between the spheres. Without the necessary institutional support and alignment, local government will remain relatively powerless to bring significant change.

Some key recommendations include:

- Intensive work at the micro-level is required in unlocking huge opportunity and mobilising resources – chipping away from within municipalities to meet the demands of the informal poor
- Imperative for issues of informality to be integrated in policies at both the local and national level, in the context of high unemployment, increasing vulnerability and irregular household income
- Enhanced leadership from national government is required as well as the need to strengthen the authority of LG and LG to demand a space in that arena
- Finance models to be completely overhauled to make the developmental agenda possible at the local level
- Government needs to initiate deepened community participation and engagement in a much more proactive manner. There is a strong sense that this group falls through the

cracks – in reality informal households remain outside of South Africa’s democracy since in many respects they receive limited material benefits from government programmes and policies. Improved community participation remains the main objective of LG and its developmental agenda.

## **6. Conclusion**

This paper has attempted to work from a position of practice at the LG level to identify some of the blockages hampering the provision of services to the informal sector. It is clear that transformation needs to be driven from the perspective of practice – from within LG at the micro level. But alone this will not achieve the level of change demanded. It is imperative that the macro- level or overarching framework which includes points of articulation between the spheres of government, financing, service delivery models and the institutional form align and change in parallel to the local level to ensure access to services including sustained accessibility and affordability of services to meet the demands of the informal in the face of high unemployment, vulnerability and irregular household incomes.

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