

COVERSHEET

Chronic poverty in urban informal settlements in South Africa: combining quantitative and qualitative data to monitor the impact of interventions

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Abstract

This paper relates to a programme of quantitative and qualitative research conducted in four informal settlements in Gauteng Province, South Africa between 1997 and 2001. Methods included a panel survey of 50 households in each settlement, a series of focus groups and interviews using a range of participatory methods, and the daily diaries of eight local people. By combining the analysis of these data, the research identified different socio-economic groups within the populations. This paper addresses the question of whether some individuals or households were chronically poor, and if so, what were the characteristics of this poverty in an urban context. It considers the dynamics of change (or lack of change) in a range of assets at individual and household levels.

The settlements were all involved in upgrading and service-delivery projects associated with the government's housing subsidy scheme. The paper considers the extent to which different groups were able to benefit from these changes. This has wide implications for the subsidy scheme and development policy in South Africa in general. The paper concentrates on the lessons to be learned by NGOs in addressing chronic urban poverty. The first concerns the need to monitor the impact of interventions on the chronically poor. This raises methodological questions about the adaptation and use of conceptual frameworks, and the most cost and time-effective use of quantitative and qualitative research tools. A second, broader lesson concerns the choice of entry points for development interventions: service delivery, income-generation or social mobilisation. The research highlights some of the issues involved in this choice.

Key words: urban, informal settlements, South Africa, chronic poverty, methods.

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Introduction

Urban poverty is a rapidly growing problem. Recent research by UN-HABITAT's network of global urban observatories has found that the numbers of people living in slums and informal settlements in Africa increased by 17% between 1999 and 2003, and by 18% in Asia and Latin America and the Caribbean.ⁱ By 2001, there were already 837 million people living in slums and informal settlements. In response to this challenge, the UN member states adopted a Millennium Development Goal to improve the lives of 100 million slum dwellers by 2020. The numbers of poor in urban areas is currently undifferentiated. We do not know the extent to which chronic poverty is an urban phenomenon. Amis (2002: 2) found that 'the literature on chronic urban poverty is almost non-existent'. If we find that it is a significant problem, what implications will this have for our efforts to achieve the Millennium Development Goal? Is there a danger that, as Hulme and Shepherd (2003) point out, we will focus on the 'easy to assist poor' and that the chronic poor will not be reached?

Amis (2002) challenges the view that chronic poverty is overwhelmingly a rural problem. In this paper, I seek to support the view that chronic poverty exists in urban areas. I describe some of its characteristics by employing a livelihoods framework, focusing on a range of assets. This is based on the analysis of a range of data from quantitative and qualitative sources which combine to provide important insights into the way that households find themselves trapped in a cycle of poverty. I then assess the extent to which the chronically poor can benefit from settlement upgrading, and I conclude by highlighting some of the lessons for NGOs in addressing chronic urban poverty.

The data I present were part of 4-year study (1997–2001) by the South African NGO C A S Eⁱⁱ (Community Agency for Social Enquiry) on behalf of the Gauteng Department of Housing. The research focused on four case study informal settlements located in different parts of the province. These were Eatonside, Johandeo, Albertina and Soshanguve South Extension 4.ⁱⁱⁱ Two (Johandeo and Extension 4) were newly established (the first residents moved there in 1997) under the provincial government's rapid land-release scheme called the 'Mayibuye Programme'. The other two (Eatonside and Albertina) were longer-established settlements, which had grown rapidly during the early 1990s. All four were targeted for upgrading as part of the national government's housing subsidy scheme.

A wide range of methods were used to track the progress and impact of upgrading interventions. The major quantitative tool was a panel survey, conducted on five occasions between November 1997 and May 2001. Two of the qualitative tools used were of particular relevance to the analysis of poverty. One was a series of focus groups in each settlement held on two occasions (January 1998 and May 2000). The second series of groups incorporated a range of participatory techniques. A second tool was the appointment of eight 'site monitors': a man and a woman from each settlement. These were community members nominated by their community committee who recorded local events, progress with development projects, and everyday observations in diaries spanning the whole period of the research. The site monitors met with members of the research team every month to discuss recent events and issues.

Is there chronic poverty in urban South Africa?

Amis (2002: 1) points out that despite a growing interest in urban poverty over the last 10–15 years, there remains a 'tendency to see poverty as a rural phenomenon'. The assumption follows that chronic poverty will also be concentrated in rural areas. In South Africa, a number of large national surveys have pointed to the rural concentration of most of the poor (May 1998b; SALDRU 1995; Whiteford, Posel, and Kelatwang 1995; Budlender 1999). The influential report on 'Poverty and Inequality in South Africa', for example, found that the poverty rate (the percentage of households classified as

poor) in rural areas in 1995 was 71% (May 1998b: 8), while in small towns it was 35%, and 15% in metropolitan areas (May 1998b: 43).

Most analyses of poverty in South Africa have been based on once-off surveys, making it difficult to identify the extent of chronic poverty. However, a first attempt has been made using the one available large-scale panel data set: the KwaZulu-Natal Income Dynamics Survey (Aliber 2001) in which some 1,200 African households were interviewed in 1993 and 1998. Overall, 22% of the households were poor in both periods (chronically poor). Broken down we find that, 30% of rural African households were chronically poor, compared to about 8% in urban areas. Some questions can be raised about the choice of poverty line in this analysis (which was based on urban costs of living). There are also problems in South Africa in the distinction between 'urban' and 'rural' areas.^{iv} Nevertheless, we can conclude that the poverty rate in urban areas is far lower than in rural areas, but also that chronic poverty does exist in South Africa's towns and cities.

Defining the chronically poor

Drawing on Hulme and Shepherd (2003), I briefly address questions of identifying the chronic poor in the four case study settlements. My analysis used household income data from the panel surveys. The panel consisted of 50 households in each settlement (200 in total) selected from a baseline survey of 200 in each settlement. Despite the efforts of the fieldwork team, there was some slippage in the numbers in the panel. Some households moved away, or were not available for interview. Altogether members from 156 households were interviewed on all five occasions.

To define a poverty line, I used the Household Subsistence Level (HSL) defined specifically for urban areas (Potgieter 1994). This estimates the income needed by an individual household if it is to maintain a minimum level of health and decency in the short term. Figures were used for the areas nearest to the case study settlements, and were adjusted to coincide with the dates of the case study surveys (Table 1). These figures are the most accurate and locally specific available, reflecting inflation as it relates to a basket of goods and services critical for the low-income households.

Table 1: Household Subsistence Level, per adult equivalent, at dates of panel surveys

| (R) | Nov. 1997 | Jan. 1998 | Aug. 1998 | Sept. 1999 | May 2000 | May 2001 |
|---------------|-----------|-----------|-----------|------------|----------|----------|
| Pretoria | - | 344.04 | 364.40 | 387.58 | 413.74 | 454.39 |
| Vaal Triangle | 334.18 | 337.46 | 348.92 | 378.51 | 404.98 | 448.48 |
| Benoni | 344.68 | - | 357.23 | 385.25 | 410.05 | 443.89 |

Note: Baseline surveys in two of the settlements were conducted in November 1997, and in January 1998 in the other two. The HSL presents data for low-income households of six. I calculated the per adult equivalent using adjustments for children under 16 years, and for the economies of scale of larger households. Formula: Income per head = total income / (adults + 0.5*children)^{0.9}. The HSL for the survey dates is calculated assuming a steady increase in prices between the HSL survey dates. Source: Potgieter (1994) and personal communication with the author.

Households were divided into the following categories (after Baulch and Hoddinott 2000):

- Always (**chronically**) poor: Income per head below the HSL in every survey.
- Usually poor: Average income per head below the HSL, but not poor in every survey.
- Occasionally poor: Average income per head above the HSL, but poor in at least one survey.
- Never poor: Income per head above the HSL in every survey.

This definition is somewhat conservative, as it excludes the category of 'churning poor' identified by Hulme and Shepherd (2003).^v This category was difficult to define for these data where incomes fluctuated very widely (by an average of 40%) from one survey to the next. A conservative definition is warranted in this case for at least two reasons. First, the surveys spanned a period of three and a half years which is shorter than the recommended five year span. Second, the poverty line relates to

incomes which fluctuate much more widely than consumption (Lipton 1997), exacerbating problems of identifying the chronically poor, especially when incomes fall near to the poverty line (Baulch and Hoddinott 2000). Nevertheless, using income as a measure of poverty follows a trend globally (Amis 2002) and in South Africa (see e.g. May 1998b; SALDRU 1995; Whiteford *et al.* 1995; Budlender 1999). Focus group participants also identified income as an important part of their understanding of what it means to be poor.

Participant: The problem is Daddy is working gardens and the money that he is receiving is very little and you find that there is no maize meal at home and you also find that the electricity is finished. And at school they want a uniform and school fees, and he can't afford to do them all. And the other child wants shoes, uniform, school fees and books. And the young child also needs things as a child such as nappies and clothing. So Daddy is having a problem.
Facilitator: ... So what is it that they need in life? ...
Participant: If Daddy can get a good job, because life is money... (unemployed men, 30/50 years, Johandeo, 25/5/00)

Even when applying this conservative definition, between 30% and 40% of the households in the four settlements were 'always' poor (Figure 1). In any one survey, the proportion of the poor who were chronically poor ranged from 57% to 45% (Figure 2). These figures are as high, or higher than those found for rural areas in KwaZulu-Natal where 30% of households were chronically poor (Aliber 2001). The data confirm that chronic poverty exists in urban South Africa, and that it is concentrated in informal settlements. Data from other surveys suggest that the poorest urban residents tend to be those living in free-standing informal settlements, like the case study sites (Sapire and Schlemmer 1990), which housed over a million households (12% of all households) in 1996 (Statistics South Africa 1998). As living costs rise (Table 1), the proportion of residents who are poor is growing (Figure 2). Chronic poverty is likely to rise in line with this.

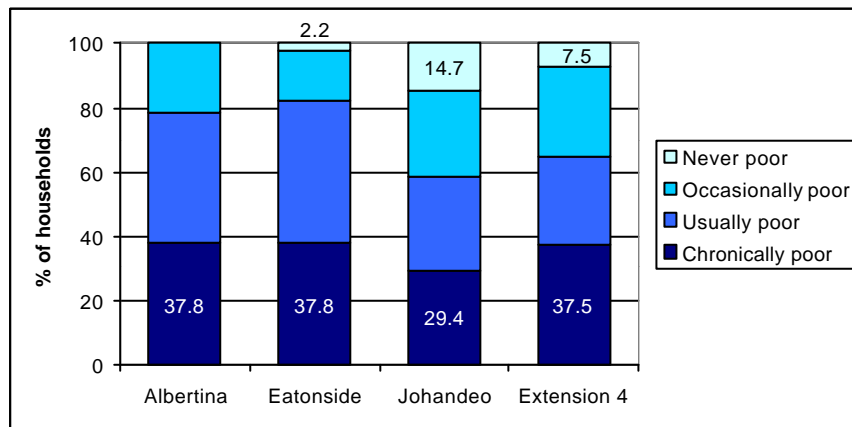


Figure 1: Households 'chronically', 'usually', 'occasionally' or 'never' poor by settlement.

Note: Selected households are those where a member of the same household was interviewed in all five surveys (N=156).

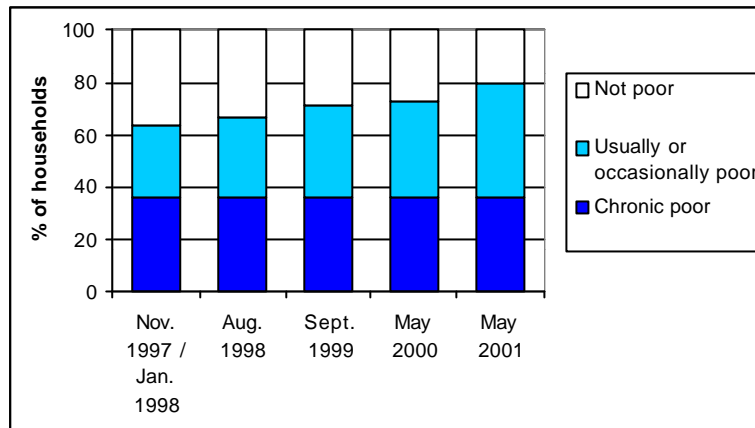


Figure 2: Proportion of residents who were chronically poor, poor, or never poor.

Note: Selected households are those where a member of the same household was interviewed in all five surveys (N=156). Income poverty rose over time as living costs increased (Table 1), but incomes failed to keep pace.

Characteristics of chronically poor households

The quantitative measure of chronic poverty described above provides an indication of the extent of the problem. However, participatory poverty assessments continually emphasise the multi-dimensional nature of poverty, with incomes or consumption forming only one element. In this section, therefore, I combine quantitative and qualitative measures to add to our understanding of what it means to be chronically poor in a similar approach to that taken by Amis (2002) and Aliber (2001). To encompass a range of dimensions of poverty, I use a livelihoods approach, focusing on the assets identified by Moser (1998).^{vi} The difference between poverty and chronic poverty is not necessarily in its depth, but in its duration (although the poorest are more likely to be chronically poor). I therefore seek to explore the strategies adopted by the poor for immediate survival which may perpetuate poverty in the longer term.

Livelihood strategies

I analysed the source of the majority of each household's income. The findings support the conclusions of, for example, Amis (2002, 1994) who found that chronic urban poverty not only affects those who are unable to participate in the labour force, but also those who do participate, but received extremely low remuneration in unskilled work (Figure 3). Any study, therefore, of the causes of and solutions to chronic poverty will need to explore the dynamics of the wider economy. In the South African case, while there was economic growth during the late 1990s, it did not create many new jobs.

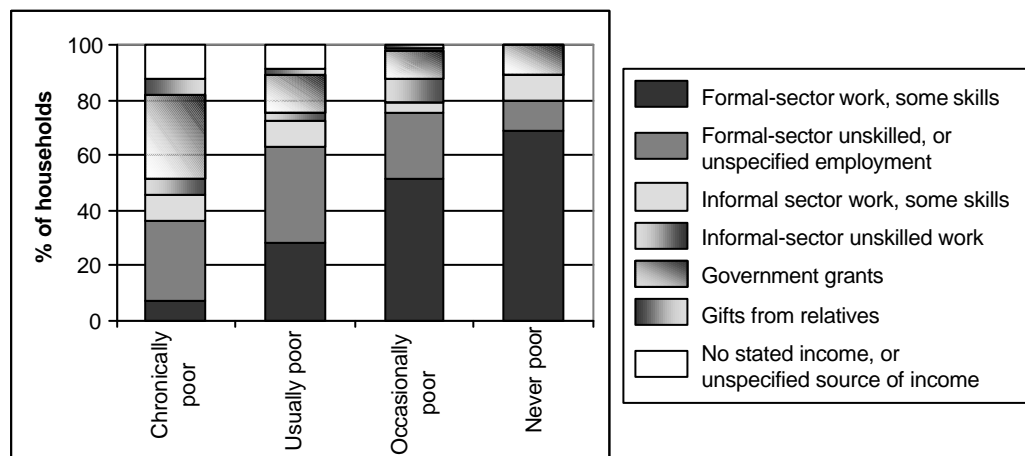


Figure 3: Livelihood strategies of the chronically poor, 'sometimes', and 'never' poor

Note: Graph shows the average % (over 5 surveys) of households receiving the majority of their income from a particular source.

The results from participatory exercises confirmed these findings and revealed more details about the livelihood strategies of chronically poor households. Participants used silhouette figures to talk about the composition and activities of 'typical households' in their settlements. Twenty four such households were described covering a wide range of livelihood strategies. Just under half (11) were struggling to survive on very low incomes.

Examples of 'typical' households which were chronically poor include the 'Sikhosana' family (Figure 4) who depend on the irregular money Mr Sikhosana makes as a casual builder's labourer, supplemented by the small amount Mrs Sikhosana makes selling tomatoes. The income from labouring is highly irregular, depending on the season, weather and trends in the construction sector. The household's income is eroded by Mr Sikhosana's spending on alcohol. Focus group participants commented that 'when [the children] come back from school, they find that there is nothing to eat. They are just eating *pap* [maize meal] and vegetables with no *fats* [meat]'.

In the 'Mabina' family, Charles and Norah, their three children and a grandchild, depend largely on Charles' father's pension (Figure 5). Charles himself cannot work because he had a stroke, and like Mr Sikhosana, he spends some of the household income on drink. Norah occasionally finds domestic work to supplement her father-in-law's pension. In both households, the women cultivate some land in their yards to grow a little extra food for the family.

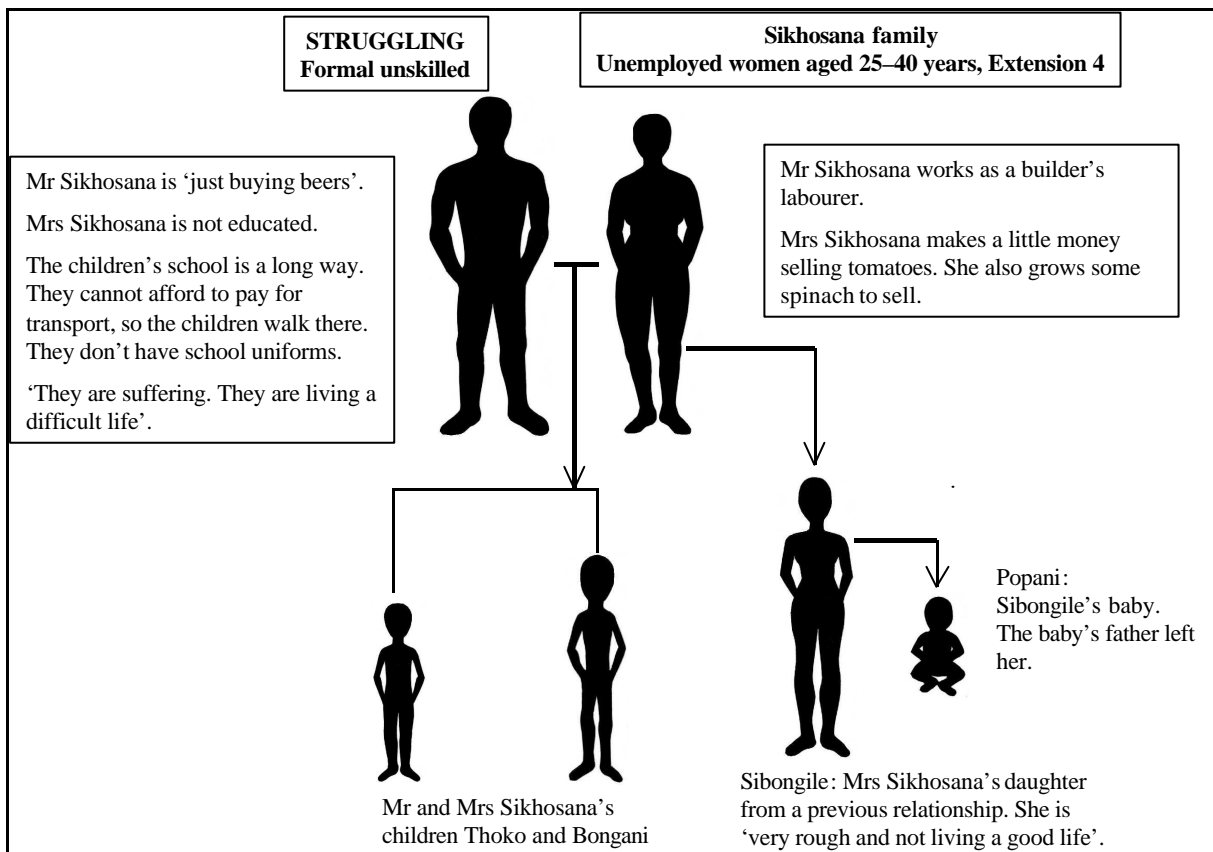


Figure 4: Typical family discussed in a focus group, Extension 4, May 2000

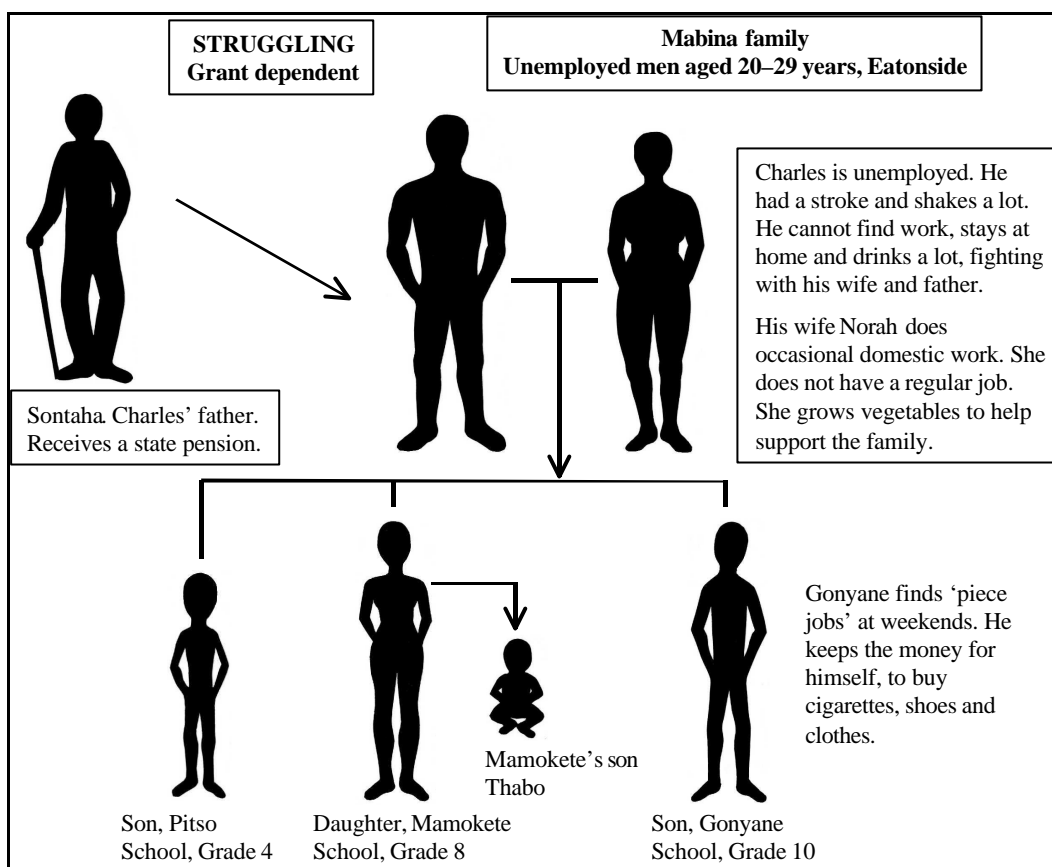


Figure 5: Typical family discussed in a focus group in Eatonside, May 2000

Access to labour resources

Given the significance of the ability to work and position in the labour market, household access to labour resources is a key factor in the characteristics of chronic poverty. Evidence from the panel survey found that women are disadvantaged in the labour market. They are more likely to be unemployed, or to be in poor remunerated work. Female-headed households, therefore, were over-represented among the chronically poor: 46% were chronically poor, compared to 36% of the sample as a whole (Table 2). Among the households headed by women, those containing no economically active men were particularly disadvantaged. Chronically poor households also had significantly higher dependency ratios^{vii} and were often extended^{viii} (Table 2). As focus group participants pointed out, high levels of dependency can prevent women like Mrs Sikhosana from looking for work outside the settlements, restricting them to informal sector activities which tended to provide very low incomes. Interestingly, focus group participants did not mention HIV/AIDS as a problem affecting who was able to work in the household. Nevertheless, rates of HIV/AIDS infection in South Africa are very high,^{ix} and site monitors reported several deaths of friends and relatives from AIDS related diseases.

The average age of the household head and his/her spouse or partner was highest for households which were chronically poor.^x We have seen that many chronically poor households rely on government grants (mostly pensions) for the majority of their income (Figure 3), as in the Mabina family. This suggests that households which are headed by older people looking after a number of their own children and grandchildren are often chronically poor.

Table 2: Characteristics of chronically, usually, occasionally, and never poor households

| | Categories of household: whole sample | Extended households | Households headed by single women | Average number of children per adult | Average age of household head(s) |
|-------------------|---------------------------------------|-----------------------|-----------------------------------|--------------------------------------|----------------------------------|
| | avg. % over 5 surveys | avg. % over 4 surveys | avg. % over 4 surveys | avg. over 5 surveys | In Sept. 1999 |
| Chronically poor | 35.9 | 50.3 | 45.5 | 1.16 | 45.7 years |
| Usually poor | 35.9 | 36.3 | 35.6 | 0.97 | 41.7 years |
| Occasionally poor | 22.4 | 11.4 | 15.9 | 0.74 | 39.6 years |
| Never poor | 5.8 | 2.0 | 3.0 | 0.70 | 38.7 years |
| TOTAL | 100.0 | 100.0 | 100.0 | | |

Note: Selected cases were those where a member of the same family was interviewed in all five surveys. 'Children' were defined as those aged 15 years and under, or over 15 years but still studying. Household heads were defined here as the respondent *and* his/her spouse or partner.

Human capital / infrastructure services

A lack of access to infrastructure services is a characteristic of poverty. The poorest faced particular difficulties in accessing water, sanitation, fuel and transport. This can lead to health problems, putting a strain on household resources, perpetuating poverty, as in the Mabina family (Figure 5). In Eatonside, there were a few communal taps. These were sometimes cut off, so residents collected water from neighbouring settlements for which they were charged, restricting access by the poorest. A lack of sanitation was a particular problem in the newly established settlements. A lack of available labour (a characteristic of the chronically poor) was sometimes cited as a reason for not being able to dig a pit latrine, with households sharing or using nearby open land. Energy use was also related to chronic poverty. Most households used paraffin for cooking. However, chronically poor households were more likely to run out of paraffin and use coal or wood fires (41% of the chronically poor compared to 28% of other respondents in May 2001). These produce more smoke which is linked to a range of health problems especially for women and children who are more likely to be exposed to it for prolonged periods.

Sat. 8/4/00: While I am moving around Eatonside, I met the lady of the age of 60 who lives at... The lady called me and asked me for R1 she wanted to buy paraffin for cooking. She showed me the boxes she gathered (sorghum beer boxes). She was busy making fire with these boxes inside her shack. (Diary extract by male site monitor, Eatonside)

Productive assets

Secure access to land and housing are two of the most important assets for the urban poor, without which poverty is likely to be perpetuated. Almost all the residents in the case studies had suffered from insecure tenure where they had lived previously. Not only this, but as Sapire (1992: 678) found, many had previously moved frequently, reducing their ability to develop strong social networks. 'The constant oscillation between backyards, hostels and white suburbs...was a recurrent theme in the life histories of informal dwellers interviewed'.

Before moving, over half the residents of two of the settlements had lived as backyard tenants in nearby townships where they risked eviction or arbitrary rent increases, and restrictions in the use of the property as a place to meet friends and relatives, or to open a small business. The use of the services on the stand was also restricted. Others had lived in accommodation linked to their employment where similar or even greater restrictions applied, and from where they would be evicted if they lost their job. Aliber (2001) highlights the particular plight of retrenched farm workers who may be particularly vulnerable to chronic poverty because their skills are not easily transferred to other work. A quarter of residents in the two settlements in the Vaal, had previously lived on peri-urban

white-owned farms. The data show that these residents were no more likely than any others to be chronically poor. This says more about the nature of informal settlements than about farm workers, however. As Crankshaw (1993) highlights, from the early to mid-1980s, informal settlements provided a refuge for an 'underclass' who had been evicted, could no longer afford to rent, or who were fleeing overcrowding and violence in the townships.

Household relations as an asset

Household relations and ties with close family can be a critical asset for the urban poor. However, when the poor cope by joining a relative's household, this can help perpetuate poverty. As we have seen, extended households are common among the chronic poor (Table 2). Flows of household members were sometimes in the opposite direction, as children were sent to relatives to be cared for. This was the case for nearly a quarter of families (23%) in May 2000. This can be associated with extreme poverty, as in 23% of cases children were sent because the family could no longer afford to care for them. This kind of fostering can have positive consequences in terms of sharing the burden of child care or removing children from violent or abusive households (Moser 1999). However, it can also perpetuate poverty by weakening ties with parents and exposing children to abuse (May 1998a).

Access to social capital

Some elements of social capital and social exclusion were explored in the panel surveys. Most commonly people belonged to churches and burial societies. Participation varied across the settlements, but between 80% and 100% of households included at least one person who belonged to a church, and 50% to 80% belonged to a burial society by the time of the final survey. However, only a small proportion of these organisations was based within the settlements, as people travelled to other neighbourhoods to attend churches or societies where they had lived previously.

Despite the costs of contributions, time and travel, participation did not vary significantly across the income categories.^{xi} This reflects two conflicting trends in coping strategies noted by various authors (Narayan 2000; Farrington, Ramasut, and Walker 2002). Some invest in strengthening their social networks, while others retreat from them because they can no longer afford the time or feel they can reciprocate. Other groups who tend to be socially excluded are foreign migrants. Xenophobia has been a significant problem in South Africa in the last decade. In Johandeo, focus group participants accused a group of Mozambican migrants of isolating themselves: 'Their role is negative because they are not concerned with development ... They don't even attend community meetings'.^{xii}

They live well with their neighbours because their neighbours are just like them. They are not rich people. Even when they do not have enough food, they are able to go to the neighbours to ask for some food... They live well with each other and they are very supportive. They keep telling their neighbours that it will be better soon... They shouldn't lose hope. (unemployed men, 20/29 years, Eatonside, 26/05/00)

Where will I get money to buy paraffin while I am unemployed? I will be forced to sleep without meals or borrow paraffin from my neighbours, and how will I repay them? (employed women, 25/40 years, Johandeo, 18/4/98)

Intangible factors: despair and dignity

Also important to people's understanding of chronic poverty were some intangible factors. Aliber (2001) highlights the prominence of a sense of resignation and despair in people's experiences of chronic poverty. This was evident in some of the focus group discussions. For example, one participant described poverty as 'to live without hope'.^{xiii} Others talked about the stress of coping with poverty, and the resultant problems of alcohol abuse (e.g. Figure 4).

Pressure has come to this Dad. He was retrenched and he doesn't have an income to support his family for the next ten years, so he is stressed. And as a result he is drinking liquor with the aim of relieving his stress. (employed men, 25/40 years, Johandeo, 20/5/00)

Dignity and respect from others in the community were also important. One symbol of this was the ability to afford the cost of hosting the funeral of a family member. This is one reason why burial societies were so common. For the poorest families, members of the community were asked for contributions, emphasising their poverty and involving a great loss of dignity for the family.

Summary: coping strategies and their contribution to chronic poverty

I have sought to identify some of the characteristics of the chronic poor in South African informal settlements. Some of these are related to extremes of poverty, and others to coping strategies which perpetuate poverty. Households particularly vulnerable to chronic poverty include those headed by single women, especially where there are no economically active men in the household. Older people may also be vulnerable where their pensions need to support many dependants including grandchildren. Chronic poverty is also associated with a lack of access to services, insecure tenure, and relationships with extended families and social networks.

As Moser (1996) highlights, households have to make complex decisions in managing their assets, some of which may have knock-on effects, potentially making it more likely that poverty will be transferred to the next generation. Examples of some of these consequences are outlined in Table 3. Many of them emerged during focus group discussions, as illustrated by the extracts below the table about the problems associated with mobilising additional household labour.

Table 3: Strategies for immediate survival which perpetuate longer-term poverty

| Asset | Coping strategy | Long-term, negative consequences |
|---|---|---|
| Labour resources | Mobilise additional household labour | <ul style="list-style-type: none"> • Children may drop out of school early in search of work. • Children's ability to succeed at school may be affected by responsibilities for household chores and child-minding enabling parents (especially mothers) to work, or to work longer hours. • Consequences of splitting households if parents choose to stay away for work can be negative (see below). • Less time to devote to community-based activities. • Less time to spend with / supervise children. Parents fear this will make teenage pregnancies or involvement in gangs more likely. |
| Human capital / infrastructure services | Use cheaper fuel sources Spend time collecting water | <ul style="list-style-type: none"> • Health problems are more likely, especially for women and children affected by smoke from wood or charcoal. • Less time available for the development of small businesses or for other household or community activities. |
| Productive capital | Frequent movement between settlements | <ul style="list-style-type: none"> • Less chance to develop social networks based on a particular location. Networks become scattered making community action for development more difficult. |
| Household relations | Household extension Splitting household | <ul style="list-style-type: none"> • Extension can be positive or negative depending on who is added. If dependants are added, households are more likely to remain poor. 'Nested' households (e.g. a daughter and her children) can remain in poverty within larger households. • Children may be moved between relatives, disrupting their schooling and not providing a stable environment. • Parents may be absent working, placing additional burdens of child care on the remaining adults or older children. |
| Social capital | Withdrawal from social networks | <ul style="list-style-type: none"> • Reduced opportunities to benefit from the emotional, financial and practical help that such networks can offer. |

Note: This table summarises findings from the previous sections relating to the experiences of residents of the informal settlements. It does not to represent a comprehensive listing of coping strategies and their consequences.

The boy [dropped out of] school when he saw that it was difficult in the family. He started working piece jobs ... so that he can help the grandparents and the children with food and at the school. (unemployed women, over 50 years, Extension 4, 27/05/00)

Mum is working in the suburbs ... She sleeps there and comes back at the end of the month ... Dad is not working ... The boy in Grade 8 [15 years old] ... doesn't care about his future. Sometimes he goes to school, and sometimes he doesn't because of the background of his parents ... Dad drinks and once he drinks he is abusing Mum. So the children are doing what they like because Dad and Mum are fighting. (employed men, 25-40 years, Johandeo, 20/5/00)

She left school at any early age ... because she became pregnant and had this boy. So she was supposed to be working in order help the family ... but she is still doing nothing. And her child is now doing Grade 2 ... (unemployed men, 30-50 years, Johandeo, 25/5/00)

A range of factors affect households at all levels of income, but compound the problems of the poor, and make it more difficult for them to escape chronic poverty. For example, crime was high in the case study settlements, with site monitors frequently reporting cases of assault, rape, burglary and muggings. This can constrain the development of social capital (Moser 1999), as people are afraid to go out after dark or leave their homes to visit relatives. A few focus group participants mentioned the problems of children getting involved in street gangs. The examples of 'typical families' (Figure 4 and Figure 5) showed how alcohol abuse, domestic violence and teenage pregnancy can compound poverty. The prevalence HIV/AIDS is also a significant problem. They put a strain on household resources, and also may prevent children from performing well at school, consigning the next generation to poverty.

Did the chronically poor benefit from upgrading programmes?

The upgrading programmes implemented in these settlements were part of the South African Government's Housing Subsidy Scheme. The scheme provided a grant of up to R15,000 (R16,000 from 1999) per household on a community-wide basis.^{xiv} The subsidies were targeted, with approval depending on a range of criteria including total household income. To qualify for the full amount of subsidy, household income should be less than or equal to R800 per month. This paid for the purchase of land, the issuing of title deeds to households, the installation of basic services (water, sanitation and improved roads), and the construction of small two-roomed 'starter' houses. At the same time, electricity and Apollo (high-mast) streetlights were often installed separately by the national power company, for which residents were charged an installation fee. The intention was that residents would begin to pay for the use of water, which was sometimes metered, and pay rates to the council which provided services such as refuse collection and maintenance of the services. These charges were only being issued in two of the four settlements by the end of the survey period.

The upgrading process coincided with the period of research. The fact that I was able to identify a section of the population of the settlements who remained poor throughout (i.e. were chronically poor) suggests that the upgrading process was not successful in immediately improving the incomes of the poor. There was only a minor impact on incomes as a direct result of the schemes because although local people were used as labourers on the projects, only a few short-term unskilled jobs were created. In this section I examine the impact of the upgrading schemes on other dimensions of poverty, and their potential for raising incomes and alleviating poverty in the future. These impacts were felt most directly in the areas of human / infrastructure and productive assets, with some more indirect impacts on social capital.

Human capital / infrastructure services

A lack of access to basic services is associated with chronic poverty largely through its effects on health. Improved access can bring a range of benefits, some of which affect all residents, including the chronic poor. Benefits included the time saved by no longer needing to collect water, and benefits to

health from access to clean water and sanitation (especially for children). Even the smallest businesses benefited from access to water because of the time saved fetching water which could now be devoted to the business. Easy access to water also made it easier for residents to grow vegetables in their yard.

The poorest households could not afford to buy expensive electrical appliances such as fridges or two-ringed stoves. This applied to businesses too, where only the more profitable businesses could afford to buy appliances. The biggest change for chronically poor households was the switch from candles to electricity for lighting. They reported that this was cheaper, and removed some of the danger of shack fires. It also meant that children could do homework in the evenings. Small businesses run by women also stayed open later (after dark) because they felt more secure. Apollo lights, similarly, had significant benefits for the whole population, deterring criminals, and allowing people to socialise more in the evenings. The upgrading as a whole had important impacts on the image of the settlement and the pride of its residents.

These benefits were illustrated by discussions about the Sikhosana (Figure 4) and Mabina families (Figure 5). The Mabina family balanced the improvements brought by access to services against their continuing problems caused by a lack of income.

MABINA: Their family life is not really okay, but it is better than before. They all depend on the grandfather's pension fund and they cannot afford to pay for these services... The pension fund is not really enough for the family. They usually run out of electricity during the month... The mother also tries very hard to make sure there is food on their table. She ploughs potatoes and other vegetables and it is now easier to water her garden because they have a tap now... The old Eatonside was not a healthy area to live in, but now we have clean running water and flushable toilets, it is better.

SIKHOSANA: The Sikhosana family is trying with the money that they [make from] selling tomatoes. They buy electricity for R50 and it will last them for three months... Because of water they now have a vegetable garden, such as spinach, beans, and they can also sell the spinach... Sometimes when there was rain for the whole day, they never had a chance to go and fetch water... and they sometimes had no water to drink... but now they have water near them.

MABINA: Back then we were not very happy about our place because when we went to other places we felt inferior, because they had all these services. Now we feel like we live in a township because we have streetlights, water and tarred roads. Even people from other places call Eatonside a township now. It no longer looks like a rural area.

A significant negative consequence of service delivery, however, was the associated costs, referred to by the Mabina family. Despite a history of non-payment of rates in South Africa as a form of anti-apartheid protest, the majority of residents agreed that they should pay for services. However, where they were charged, residents quickly fell into arrears as other needs took priority. By May 2001, 91% of residents in Albertina and 71% in Extension 4 were in arrears. The system for paying for electricity was different, with residents buying pre-payment cards for units, after the initial installation charge. Many were happy with this as it helped them to control their use, and avoid building up debts. However, some of the poorest could not always afford to buy the units. In one settlement, the installation charge was much greater than in the others because the council had decided to install a higher specification system. A significant minority (14%) of residents failed to find the money, and therefore missed out completely on the opportunity to have electricity. Almost all of these were chronically (63%) or usually (25%) poor. A second problem occurred in Extension 4 where residents were barred from buying electricity unless they were sticking to an agreed payment plan to repay their rates arrears. The result of the combination of service costs was that a small minority (7%–8%) were considering leaving. Again the majority (80%) were chronically or usually poor.

Some very poor families will maybe think about leaving the area because they cannot afford to buy electricity or pay for water services. They will feel like they cannot live up to standards and then think about going to live in a squatter camp where they will not have these services and therefore not worry about how they will pay for them. (unemployed men, 20-29 years, Extension 4, 27/5/00).

Productive assets

Along with access to essential services, security of tenure was one of the things residents appreciated most about the upgrading process. There was a great sense of pride and confidence that came with knowing that they were no longer at risk from arbitrary eviction. Residents were able to operate and invest in home-based enterprises. They were also able to use their stands to accommodate relatives from time to time. A few were renting out space to tenants, especially in the one settlement where formal houses had been built alongside the original shacks. In Eatonside, the process meant that stands were laid out and boundaries defined. This improved life for the Mabina family because 'in the beginning there would be conflict between the neighbours because the one would claim more yard'... 'now there is no longer that much conflict over yards'.

These benefits were available to all residents, irrespective of their incomes. However, a few were excluded from secure tenure because of the way the subsidy scheme operated. Only South African citizens who were either married (or living with a long-term partner), or had dependants, qualified for a subsidy, and therefore stand ownership. Immigrants, therefore, were excluded. Residents could also only apply for a subsidy once. In some situations, women had qualified with their husband or partner, but were thrown out after a domestic conflict. Legally they should be able to claim their half of the property, but effectively were left with nowhere to live, and without the possibility of applying for a subsidy in their own right with their children elsewhere. There were a few cases, too, where the owner of a stand moved away from the settlement, and rather than selling the property, rented it out. Tenants had very few rights as no formal agreements were made, and could be rapidly evicted by the landlord. Similarly, those who had 'bought' stands from the original owners were vulnerable where this transaction had been completed without documentation and without officially transferring the title (a relatively expensive, complicated legal process).

Social capital

There were some indirect benefits from the subsidy process on relations between neighbours. The installation of services removed some of the sources of conflict over, for example, the use of shared pit latrines, or where stand boundaries lay. Over time, as people became more settled, social networks began to strengthen. Membership of organisations increased and more were based within the communities.

The implementation of the subsidy scheme required the participation of 'the community' in some of the decision making and management of projects. This was generally through community committees which operated with varying degrees of democracy. In some cases, however, lobbying the authorities for services to which they felt entitled was a focus for mobilisation and empowerment. Examples included marches that were organised to demand that the electricity supplier kept to their promised timetable for installing electricity. In another settlement, residents protested about a dangerous road that ran alongside their settlement and demanded that speed humps were installed. Elsewhere, a long-term campaign was waged for the establishment of a primary school and its official recognition by the authorities. These processes suggest that service delivery can be the focus of greater mobilisation and empowerment.

Summary

The targeted subsidy of the government's housing scheme has provided improved access for many of the chronically poor to services and secure tenure. There is also evidence of some social mobilisation and empowerment linked to service delivery. This has alleviated poverty in certain respects, although not initially in terms of income. Rather, it has provided *opportunities* for reduced income poverty through freeing up time spent accessing services, and improving health. It has widened opportunities for small businesses through access to electricity and secure tenure. At the same time, however, there

are concerns that some will remain poor because they cannot afford the costs associated with upgrading and formalisation, or are excluded from the benefits of secure tenure.

Lessons for NGOs

There has been widespread criticism of the housing subsidy scheme, largely in terms of its delivery-oriented, supply-side focus which placed too much power in the hands of large private-sector developers; and its promotion of a single form of (freehold) land tenure (Huchzermeyer 2001). My assessment of the impact of the subsidy scheme sought to highlight its achievements as well as some of its problems. One lesson for policy-makers relates to subsidies, which have come to be more accepted by international agencies such as the World Bank over the last 10 years (World Bank 1993), so long as they are well-targeted, and avoid distorting market prices. Evidence from this research supports the view that where possible, subsidies rather than full cost recovery, will ensure that a higher proportion of the poor (and chronically poor) benefit. However, there are limits to the extent to which large-scale programmes such as this can be expected to have an impact on the socio-economic structure of South Africa. Such programmes face obstacles in the wider economy, especially, for example, in South Africa's current pattern of jobless growth, and in terms of the legacy of apartheid in society, the economy, and the fabric of urban areas.

Of interest to the NGO community, is what implications this study has for our attempts to improve the livelihoods of the poor in the rapidly growing cities of the developing world. A first point is that we must monitor the impact of our interventions in a differentiated way which can separate the chronic poor from the transient poor. The question follows of how this can be achieved in a cost-effective way. This research showed how a livelihoods approach can be usefully applied. It also demonstrated the value of less costly qualitative methods that can provide nuanced insights into the impacts of developments. The tool of discussing 'typical families' could be adapted to focus specifically on the chronic poor. These can complement some use of quantitative surveys.

A second implication concerns entry points for development interventions. Two main thrusts can be identified in current NGO approaches to urban poverty reduction. One begins with the need for income generation, for example ITDG's work in Eastern Sudan.^{xv} The other focuses on neighbourhood improvements in housing, basic services and/or infrastructure, for example SEVANATHA's work in Colombo, Sri Lanka.^{xvi}

Each approach faces obstacles, and this research sheds light on the issues involved from the perspective of the chronic poor. Small enterprise development can be hampered by the lack of services or premises from which to operate. Those who were excluded from secure tenure may be unable to open small businesses. The poorest do not have sufficient income to make the most of the opportunities offered by the availability of services. On the other hand, infrastructure projects can be frustrated by a lack of income with which residents can pay for the installation and use of services. Sometimes standards are imposed which are unaffordable, so there is a need for greater access to technologies for production and construction which are cheaper, adequate quality and can be produced locally. Before beginning work on either of these approaches, some NGOs concentrate on social mobilisation, for example the South African Homeless People's Federation. This raises questions of who participates, and whether certain groups (including the poorest) remain excluded.

In its urban work in India, Kenya, Zimbabwe and Sudan, ITDG has been developing an integrated approach to urban development, combining work in income-generation with service delivery and community capacity building. The aim is to carry out activities which are mutually reinforcing, adding value to each other. Our experience in India and Kenya has highlighted the difficulties of targeting the poorest, especially where those controlling access to shelter and sanitation are low to medium-income

landlords. It also highlighted the amount of time needed for improvements in incomes to be translated into developments in shelter and services. This supports Hulme and Shepherd's (2003) view that sustained investments are required with a move away from 'projects' and towards longer-term programmes of interventions.

Overall, however, too little is known about the impacts of these different approaches on the chronically poor. Evidence from this research suggests that service delivery may be a good entry point. It can act as a focus for community mobilisation. It offers benefits on a community-wide basis which, depending on the pricing structure, can improve access by the chronic poor. It opens up opportunities for further work in income-generation, possibly in the delivery and operation of infrastructure services. However, these findings have not been systematically tested or examined in other contexts. It is for this reason that ITDG in partnership with CARE International, IIED^{xvii} and WEDC^{xviii} have recently embarked on a research project which compares eight case studies in Africa and Asia.^{xix} The project aims to examine who the main beneficiaries were, and explore the links between physical, financial and social capital.

Conclusion

This paper has sought to use case studies from South Africa to highlight that chronic poverty does exist in urban informal settlements. I found that a livelihoods framework is a useful way of understanding the multi-dimensional nature of chronic poverty and the changes that are brought by upgrading projects. The research has suggested that a combination of qualitative, participatory techniques alongside panel surveys can provide important insights into the characteristics of the chronically poor. The qualitative material in particular made it possible to highlight the ways in which particular coping strategies can perpetuate poverty in the longer term. It also highlighted how the chronic poor were unable to take full advantage of the opportunities offered by the housing subsidy scheme. Some were excluded from access to services, or secure tenure, as well as from social networks which are already diffuse and spatially stretched.

How can we respond to the enormous challenges of meeting the Millennium Development Goals, while making sure that we address the needs of the chronic poor? What kinds of impact can NGOs expect to have in the context of highly unequal social and economic circumstances? This paper calls for, first of all, careful monitoring of the impacts of development work. There is potential to combine quantitative surveys with innovative qualitative methods to achieve this. Second, it calls for further investigation of the most appropriate entry points for urban development which will have the greatest impact on improving the lives and livelihoods of the poor, including the chronic poor.

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ⁱ Information from www.unhabitat.org

ⁱⁱ See Stevens, L. *et al* (1998-2001) *Upgrading Gauteng's Informal Settlements*. Braamfontein, C A S E. Six volumes: two baseline studies and four follow-up reports. See www.case.org.za for further details.

ⁱⁱⁱ Eatonside and Johandeo Phase II are both in the Vaal to the south of Johannesburg, Etwatwa Extension 22 (30) known as 'Albertina Sisulu' is on the East Rand, and Soshanguve South Extension 4 is located to the north-west of Pretoria.

^{iv} The distinction has been confused by political factors. For example, settlements across 'homeland' borders which housed many workers commuting into nearby cities continue to be official defined as 'rural'.

^v The 'churning poor' were defined as those with average income close to the poverty line, but who are poor in some periods and not in others.

^{vi} Amis (2002: 8) supports this approach, describing the framework as the best way to capture 'the diversity of [urban] poverty without creating unnecessary or unworkable complexity'.

^{vii} Kruskal Wallis test comparing the average number of children per adult for all categories except 'never' poor. P= 0.030.

^{viii} Defined as households including members other than the household head, his/her spouse or partner, and their children.

^{ix} A study in 2001 of women attending antenatal clinics (sexually active women aged 15 to 49 years) found that a quarter (24.8%) were HIV positive. Department of Health (2002) *National HIV and Syphilis Sero-prevalence Survey of Women Attending Public Antenatal Clinics in South Africa - 2001, Summary Report*.

^x Kruskal Wallis test comparing the age of the household head and their spouse/partner if present in the four categories of household: P=0.022.

^{xi} There was a correlation with total household income, but not with income per head. This suggests that those most likely to be excluded were small households with moderate to low incomes. Households with more members were more likely to include at least one member who belonged to one of these organisations.

^{xii} Unemployed men, under 25 years, Johandeo, 17/4/98.

^{xiii} Employed women, over 40 years, Eatonside, 29/11/97.

^{xiv} This equates to about £1,500 to £1,600 in April 1999 (at an exchange rate of £1 = R9.87). Source for exchange rate for April 1999: www.oanda.com/convert/fxhistory

^{xv} This work began with a focus on income generation from building materials (bricks), but has since spread to cover areas of agro-processing and service delivery (water).

^{xvi} SEVANATHA is a Sri Lankan NGO which has been working in urban poor settlements in Colombo, implementing community managed infrastructure projects.

^{xvii} International Institute for Environment and Development: www.iied.org

^{xviii} Water, Engineering and Development Centre, Loughborough University: www.lboro.ac.uk/departments/cv/wedc

^{xix} Understanding Urban Livelihoods: Project Experiences. Funded by DFID, Knowledge and Research, R8061.