



**energy**

Department:  
Energy  
REPUBLIC OF SOUTH AFRICA

**INFORMAL SETTLEMENTS POLICY  
GUIDELINES  
FOR  
INTEGRATED NATIONAL  
ELECTRIFICATION PROGRAMME  
(INEP)**

Title	Informal Settlements Policy Guidelines
Responsibility	Department of Energy
Date Last Updated	26 November 2018
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## 1) BACKGROUND

In line with the Energy White Paper and the Electricity Pricing Policy (EPP), cognizance is taken of the fact that many people in South Africa are living below the poverty line and have limited ability to pay for goods and services. This fact guides the application of subsidies to lower the barriers of entry and reduce the price to low usage customers.

Supply to residential customers must meet the customers' basic essential electricity needs. This should be done at the lowest possible cost using a combination of appropriate technologies and supply options.

The electrification programme has a goal of reaching universal access to energy. The rate of electrification needs to be accelerated to catch up with the rate of housing growth, if universal access to energy is to be reached.

The Department of Human Settlements has a housing programme which also looks at eradicating informal settlements.

Informal settlements can either be upgraded or relocated. The housing plan supports the eradication of informal settlements through in-situ upgrading in desired locations, coupled with the relocation of households where development is not possible or desirable.

Plans for relocation are usually motivated on grounds of unsuitability of the occupied land for residential occupation. In support of in-situ upgrading, the housing programme also makes funds available for land rehabilitation. In certain cases, upgrading may be possible if extensive land rehabilitation is undertaken to make the land suitable for settlement.

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Challenges or constraints with housing delivery include:

- Shortage of sufficient suitable and affordable land
- Lack of suitable relocation destinations (for example, areas which are suitably located to job opportunities and social services such as schools and health care)
- Slow approval process with regards to planning and proclamation of land for development
- Availability of finance & escalating building costs
- Constraints in terms of adequate existing bulk services

The programme categorizes the informal settlements when planning to eradicate them. The categories are as follows:

Category 1:

Settlements for which housing subsidies and infrastructure funding are already approved, and which are already scheduled for full upgrading or relocation with a suitable destination already or imminently available.

Category 2:

Settlements that do not warrant immediate relocation but for which there is not yet any approved or imminent funding for full scale upgrading or relocation. These settlements require some form of interim servicing or emergency relief. With these settlements, upgrading is possible in the medium to long term and often through a process of incremental upgrading. Or alternatively, a settlement may be difficult or impossible to fully upgrade due to difficult topography or very high densities.

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Category 3:

Settlements where the residents are in immediate danger or at high risk, for example, subject to regular flooding or toxic waste exposure or where land is urgently required for other purposes. Urgent action needs to be taken in order to enable rapid relocation, such as identification, acquisition and planning of alternative land.

This policy guidelines must be read in conjunction with other policies.

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## 2) INTRODUCTION

There has been a high increase in urban population due to the migration of people from rural areas to urban areas. The actual informal settlements electrification backlog in South Africa is hard to determine.

Informal settlements are increasing at an alarming rate and the limited budget/funds cannot cater for the growth and demand. Although they are generally considered 'temporary', informal settlements tend to be there for many years, some for up to 30 years. Living conditions in informal settlements are often poor. These informal, low income and often illegal settlement areas are normally not covered by infrastructure planning of Government and Service Providers.

According to the Constitution of the Country, every citizen has a right to basic services, and this includes electricity, and this is regardless of location. It is the responsibility of Government to ensure that people living in informal settlements are also provided with basic services as they form part of the country's society. This means municipalities, as an extension of Government, have a responsibility to ensure electrification of all citizens within their respective boundaries. However, this does not mean that electricity must be provided in areas that would pose danger to the people of this country, where it would be safe to not provide electricity, but rather relocate the community and then electricity.

The Integrated National Electrification Programme (INEP) focused only on electrifying formal housing in rural and urban areas. However, due to the growing trend in the increasing informal settlements and the Constitutional right of all citizens to basic services, the Department is obligated to provide energy solutions to informal settlements as well. In line with the Energy White Paper,

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Government supports the provision of energy solutions to residential areas.

In this document, informal settlements are defined as residential areas that do not comply with local authority requirements for conventional/formal townships. They exist because urbanization has grown faster than the ability of Government to provide land, infrastructure and homes.

The provision of energy solutions to the informal settlements areas should, preferably, be part of urban infrastructure development and not be treated as a stand-alone activity.

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### **3) OBJECTIVE**

The objective of this document is to provide clear guidelines regarding the electrification of informal settlements as part of the Integrated National Electrification Programme (INEP).

### **4) SCOPE OF APPLICATION**

This document will discuss the rationale for electrifying informal settlements; the criteria for electrification; interim services; the design and construction standards.

The electrification of informal settlement areas policy guidelines is applicable to all electricity distribution licensed entities implementing INEP on behalf of the Department of Energy.

### **5) RATIONALE**

The electrification programme has a goal of reaching universal access to energy. This can only be achieved by ensuring that all residential areas (formal/informal) are included on INEP and have access to electricity.

Electrifying informal settlements will improve the living conditions and reduce the number of accidents caused by illegal connections. Furthermore, the poor people in these settlements are not benefiting from the free basic electricity that they are entitled to.

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There is a high rate of illegal connections in un-electrified informal settlements. These settlements overload the network and do not pay for the electricity consumed. Electrifying these areas will address this and also generate revenue for the licensed entity.

## 6) CRITERIA FOR ELECTRIFICATION

There are criteria that must be met before an informal settlement will be subsidized by the Department for electrification. The Municipality must check the area for the following:

The settlement should not be encumbered by any of the following elements:

- Under high and medium voltage lines;
- road or rail reserve and other servitudes; subject to permission to the relevant entity
- flood-prone area or flood plain;
- environmental issues;
- storm water retention or detention pond;
- private land; subject to the permission of the land owner
- unstable land; subject to geo-technical studies
- In an area that pose any other health or safety hazard such as dump sites.

There is a guarantee in writing with the signature of the Municipal Manager, supported by a Council resolution for the electrification of the settlement.

The municipality must confirm the following in writing to the Department.

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- The area has not been identified for upgrading or redevelopment within three years or be relocated in the next 3 years;
- The municipality has consulted the Ward Councilors regarding the electrification of the settlement;
- The municipality has gained the community's support and the community is willing to co-operate with the opening up of access roads where necessary and keep these access roads clear.

It is recommended that an integrated approach to the servicing of informal settlements, whereby all relevant service providers are consulted with a view to co-ordinate a range of services, is followed.

The municipality should evaluate all their informal settlements to ensure appropriate response. In the light of limited funding, Municipalities need to prioritize their informal settlements considering the characteristics of the land and area, their housing plans and municipal plans.

Municipalities need to prioritize informal settlements according to these categories when electrifying informal settlements. These categories will also be used to determine allocations for funding by the Department.

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Table 1: Categories of informal settlements

Category	Condition/Status	Response
<b>Category 1:</b>	On suitable land (complies with the set criteria and is likely to go through in situ upgrading)	Will be Subsidized for electrification.
<b>Category 2:</b>	Settlements that do not need immediate relocation and will therefore go through the process of regularization which is pre-formalization (putting basic services with plans to relocate in future)	Will be subsidized if the settlement will not be relocated in the next 3 years.
<b>Category 3:</b>	On unsuitable land (do not comply with the set criteria, areas such as on dolomite land, in toxic areas, or in a dangerous area) and need relocation	Settlements that have been there for a reasonable amount of time will be considered on a case by case upon application to the DoE.

It is important to note that where a subsidized connection has been given to a dwelling that is then replaced with permanent (or other) structure, the cost of the relocation will be at the cost of the respective local municipality.

Furthermore, in areas where the settlement will be relocated, the Department will only subsidize once to avoid wasteful expenditure (as prescribed in the PFMA). The municipality will have to fund the electrification of the relocation.

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## 7) FUNDING

Government will make a contribution towards the cost of connection and these connections will be treated as part of Government's electrification targets.

Limited funding is available from the Department of Energy (DoE) for qualifying electrification projects through the Integrated National Electrification Programme. The amount allocated is determined by available funds and the allocation per connection is restricted to the cost of a connection to national minimum design standards.

The DoE will fund the electricity reticulation and service connections of qualifying informal settlements. The DoE will only provide funding for the electrification of settlements in informal areas when the criteria (referred to under no. 6) for the electrification of such settlements are met and considering the 3 categories of informal settlements.

## 8) DESIGN AND CONSTRUCTION STANDARDS

The design of the reticulation network should comply with the recommendations of NRS 034 and system reliability with NRS 048 in order to meet the quality of service standards prescribed by NRS 047.

The minimum service connection capacity shall be in compliance with the suite of supply options and the option to be used shall be agreed upfront with the license entity.

In areas where the medium voltage network is overhead, a bare conductor overhead line extension of the network will be considered.

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