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URBANIZATION IN SWAZILAND

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URBANIZATION IN SWAZILAND
Executive Summary

1. Population growth in the urban areas of the M-M corridor is proceeding at almost twice the growth rate in the rest of Swaziland.

2. More than 20% of the Kingdom's total resident population now lives in urban areas, excluding the Ezulwini Valley. At current rates of growth this urban population in the M-M corridor alone will easily exceed 160,000 in 1999 and 260,000 in 2009.

3. At least 60,000 of the corridor's urban residents currently appear to reside in informal settlements lacking access to all or most basic urban services and infrastructure.

4. Critical services to the urban population in general are at or beyond capacity, with pollution from inadequate sewerage treament, degradation of watersheds and overburdened abbatoirs presenting clear health threats.

5. Rapid urban population growth has not, to date, been matched by corresponding development of basic services and infrastructure; the World Bank estimates that over $50 million is required to meet existing and near term demand.

6. The urbanization process in the corridor is not primarily a circular migratory pattern. Most recent arrivals intend to stay permanently, or at least until retirement age.

7. The main engine of this rapid urbanization appears to be industrial employment in Matsapha where 9100 jobs have been directly created since the '70s and an additional 6000 new direct jobs are projected before 2000. Thousands of additional jobs in the formal and informal service sectors have also undoubtedly been created.

8. In spite of this remarkable industrial growth, AID/S and the Bank project that 2000 to 3000 new job seekers will not be able to find employment in Swaziland each year for the foreseeable future.

9. Construction of basic infrastructure including serviced homesites in the corridor is a major, unrealized source of potential economic activity and employment in the kingdom. The urbanization process, when effectively managed, can be a major force for economic development.

10. A variety of GOS institutional constraints prevent, at this point, delineation of a coherent urban development policy. Many of these constraints are basically technical in nature and could be removed through a modest but consistent program of middle and senior level expert assistance.

11. AID/S could play a pivotal role in assisting GOS to develop an efficient institutional and policy framework to guide urban development in the Kingdom. Building upon existing activites with support from RHUDO and Peace Corps, AID/S could provide to GOS a modest program of technical and limited financial assistance which could result in a "model" program of planning and development within 5 years. Mission assistance to GOS could act to encourage private sector development and assist efficient programming of both local and international resources to achieve equitable urban growth in Swaziland which will sustain, rather than hinder, the economic development process.

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URBANIZATION IN SWAZILAND

PURPOSE

This paper examines the nature and extent of urbanization in the Kingdom of Swaziland. The paper was prepared by RHUDO/ESA to support preparation of the FY 1991 CDSS by AID/Swaziland. The paper analyzes demographic, economic and financial data as well as current and proposed institutional arrangements within the Government of Swaziland (GOS) of relevence to urban planning and development. Based upon these analyses the paper suggests a range of actions which may be required to meet the challenges associated with urbanization in Swaziland.

SECTION I- POPULATION GROWTH AND URBANIZATION

A. Overall Trends:

The GOS census of 1986 enumerated a total population of 712,131 compared to about 500,000 in 1976. The 3.3% annual growth rate for the 10 year period is among the highest in the world. About 4% of the 1986 population was recorded as living abroad, mainly as migrant workers in South Africa, leaving a total resident population in the country of 681,059 (CSO 89: 1).

The 1986 census recorded 154,979 people living in urban areas, about 23% of the resident total. More than 65% of the '86 urban population were living in the urban areas of the Manzini-Matsapha-Mbabane (M-M) corridor. The corridor population grew by 61% in the intercensal period, compared to a 33% increase during the period for the balance of the resident population outside of the corridor's urban areas (CSO 89: 4 and 22). Several smaller urban centers affiliated with agribusiness enterprises also grew very rapidly during the period, but only two were approaching 10,000 in total population by 1986. Growth in the M-M corridor alone accounted for more than 20% of the total increase in the Kingdom's resident population during the period. Given the predominance indicated by these data, it is reasonable to limit the analytical scope of this paper to the process of urbanization now underway in the M-M corridor.

The UN projects a 7.17% annual average growth rate for the urban population of Swaziland for the foreseeable future (Hoek-Smit, 88: 3). This rapid rate of growth is projected based, in part, upon the assumption that excess rural labor will move to urban areas in search of work particularly in light of GOS' continued emphasis upon industrial estate development in Matsapha and, to a lesser extent, in Nhlangano.

While the UN's assumption may be debatable, continuation of even the actual 61% growth experienced in the corridor during the decade of 1976-86 will push the urban population over 160,000 by 1999 and over 260,000 by 2009. Absent truly draconian measures to stem the tide of growth in the corridor, it would certainly appear from a demographic perspective that urbanization is already well underway in the M-M corridor and that this process will continue and may even accelerate in the foreseeable future.

B. Trends within the Corridor:

CSO defines three urban areas within the corridor: Manzini municipality itself, the peri-urban areas adjoining Manzini but outside the town's official jurisdiction, and Mbabane. CSO apparently lumps the Matsapha industrial estate (IE) and town into the "Manzini peri-urban" category. Other population centers in the Ezulwini Valley between Greater Manzini and Mbabane are not considered by CSO as urban areas and are not, therefore, reflected in the M-M corridor urban population figures presented below. The manner in which CSO collects and analyzes data in the corridor makes estimates of total population and growth rates very difficult.

Table I.1
M-M Corridor Urban Area Population

Area	1976	1989*	(% tot.)	1999*	2009*
Manzini Town	10019	21660	21	34873	56146
Man. Peri-urban	18818	33506	33	53945	86851
Mbabane	23109	45962	46	73838	118879
Totals	51946	101028	100	162655	261876

*assuming constant 61% growth per decade.

For functional purposes, Manzini town and its surrounding peri-urban areas, excluding Matsapha, can be considered as a unit. The incorporation of the growing informal settlements found in the peri-urban areas into the Manzini municipal boundaries is apparently only a matter of time and the Town Council has already been directed by the national government to service these areas. Hence, the urban population in the corridor is almost evenly divided between Mbabane (46%) and the Greater Manzini area including Matsapha (54%). Annex A reproduces CSO's latest population data for urban areas throughout the country.

SECTION II- URBANIZATION CHARACTERISTICS

A. Patterns of Growth:

The growth of urban areas within the M-M corridor proceeded at nearly twice the rate in the rest of the country (61% vs. 33%) during the last intercensal period. It is fair to say as this report is being written that little of a precise nature is known about the pattern of this growth. The majority of recent urban growth has been informal in nature; that is, only a minority of urban arrivals since 1976 appear to have settled in serviced residential areas by purchasing or renting established accomodations.

This observation can be only indirectly supported by data; for instance, there has been almost no growth since 1980 in the constant price shares of GDP for the formal construction and owner-occupied dwelling sectors (CSO 88: 13). In 1987 the value of formal building completed in Manzini and Mbabane actually declined to E5.2 m from E5.8 m the previous year (EIU 88/89: 82). Property taxes, or rates, collected by the Mbabane and Manzini Town councils increased by only E200,000 during 1984-86, the only period for which such data is readily available (CSO 88: 47). Government capital expenditure for housing declined from 1980 until 1985 when it almost doubled to only E1.5 m for the entire country, most of which was earmarked for civil servants in any event (ibid: 22).

There is a dearth of accurate historical data to document, either directly or indirectly, the rapid informal growth which has occured in the urban areas of the corridor. For Matsapha, the engine of growth is self evident; more than 5000 jobs have been created in the industrial estate since 1980. Total employment now exceeds 9000 working in over 130 companies within the estate (Min. Com. 88: 1). At a conservative 5 persons per household, employment on the estate may directly support 45,000, constituting the great majority of people living in Manzini, Matsapha and environs. Since little low cost housing has ever been built in these areas, most estate workers' households must reside in informal settlements.

In Mbabane, the Town Council estimated in 1987 that more than 22,000 people lived in four major and several smaller informal settlement areas within the municipal jurisdiction (Mba. TC 87: 16). If accurate, this represents 57% of the total '86 municipal population. Credence is lent to these figures in the Kingdom's National Housing Policy paper prepared under the auspices of the Ministry of Natural Resources, Land Utilisation

and Energy (MNR) with UNDP/World Bank assistance. This paper asserts that 60% of urban Swazi households live in informal, unserviced settlements (CHF 87: 5). Another Bank-assisted MNR study based upon actual field enumeration found 3980 dwelling units in Mbabane's main informal settlement areas which, assuming only 5.5 persons per unit, corroborates the Council's total population estimates for these areas (Hoek-Smit 88: 7).

Thus, while data is limited, that which is available combined with the observations of administrators and local residents supports the assertion that the majority of growth in the M-M corridor over the last 10 to 15 years has been generally unplanned, unserviced and uncontrolled. In short, this growth has largely resulted in "urbanization without development", a pattern which is common in many newly urbanizing areas and which, if unchecked, has eventually led in far too many cases to virtually intractable social, economic and environmental problems.

B. Characteristics and Conditions of Informal Settlements:

The existing population in the informal settlements of the corridor's urban areas appears to be at least 60,000. There is no indication either in the government's current 3 year development plan (EPO 89) nor from interviews with private sector developers that alternatives are likely in the near future and, therefore, it must be assumed that most urban growth in the next few years will also be of an informal nature. Hence, it is useful to examine the conditions under which the urban majority live.

In Mbabane only about half of informal settlers have access to piped water, barely an improvement upon the 43% nationwide who enjoy such access (Hoek-Smit 88: 16; CSO 89: 18). In Mbabane and Manzini, 94% and 82% of informal settlers respectively have no form of sanitary toilet facilities, figures which are again similar to those nationally. Only 1% in Mbabane and 9% in Manzini have electricty. More than 90% in both areas have no indoor bathing facilities (ibid). Roads and drainage are inadequate throughout the informal settlements, although this problem is shared by many private subdivisions. Lacking access, the Town Councils cannot collect garbage and predictable health problems result. In sum, the majority of urban area residents in the M-M corridor appear to live in conditions which are no better than those found in the rural areas. As informal settlement densities increase living conditions may be substantially worse than on the homesteads, particularly with regard to sanitary disposal of human waste and garbage and reliance for drinking water on rivers which, according to several studies, may already be polluted (Man. TC 88: 4; Min. Com. 88: 9).

C. Household Characteristics:

The 1988 Hoek-Smit study contains a variety of interesting information on households in the low income areas and informal settlements within the corridor. This data is derived from a sample survey conducted among 576 families in Mbabane and greater Manzini. This study appears to be the sole source of detailed data for informal settlers in the corridor.

Few of the households are new to the corridor with only 15% having arrived in the 2 years previous to the study, but the great majority have been in the area for less than 10 years. About 35% of household heads have spouses and/or children in the rural areas and 60% of all households send money when they can to the homestead. Among heads, 86% have permanent, full time jobs and median monthly household income is under E400, close to the E365 monthly average reported in 1986 for clerical, skilled, semi- and un-skilled workers nationally (H-S 88: 28; CSO 86: 34). No data is available for the employment status of other than household heads. Savings of more than E100 were reported by 84% of households.

Almost 80% of household heads were born in rural areas and 35% consider urban living as a temporary stop on the circular path back to the farmstead to eventually retire or farm (H-S 88: 19). Not surprisingly, this figure equals the number of heads with nuclear family members still on the homesteads. The fact that 65% of the low income and informal settlement residents in the corridor intend to remain permanently in the urban areas is somewhat surprising. This may be partially explained by the fact that 58% of all heads have attained education at the Form 1 level or higher compared to only 28% nationally (H-S 88: 21; AID/S 88: 5). Only 16% of household heads have no formal education. These better educated holders of permanent jobs would be more likely to view rural opportunities as limited.

D. Tenure:

A major perceived obstacle to the provision of basic services in the corridor's informal and low income settlements is the lack of secure land tenure. Only 10% of house owners in these areas hold a title deed to their homesite, and an additional 10% lease their domiciles. Of the 80% balance the majority are occupying Swazi Nation Land (SNL) under the traditional khonta arrangement, while 6% are squatting and the remainder reside on Crown Land under temporary permits usually issued by the regional administrators of Hhohho District, in the case of Mbabane, and Manzini district at the opposite end of the corridor (H-S 88: 39).

These figures are remarkable in comparison to other developing cities where illegal squatters frequently make up from 30% to 70% of total populations. The traditional Swazi leaders titularly control most of the land in the M-M corridor. However, rapid growth in recent years has apparently created a class of "homestead middlemen" under the chiefs. This group apparently secures fairly spacious homestead grants either under the traditional khonta system or from district authorities and then sublets building sites, houses or rooms on their own account. While no reliable figures seem to exist, knowledgeable observers in the Town Councils estimate that rental incomes to middlemen are substantial.

There are, then, vested interests which might oppose alteration of traditional forms of control over much of the urban land in the corridor. Authority to grant or rent informal homesites is a sensitive issue in the country and change will not come easily. On the other hand, neither the public or private sectors would be well advised to invest in either infrastructure or housing on land over which they have no control. This stalemate has been recognized and analyzed at some length in recent years and various initiatives are said to be pending with Parliament. Its satisfactory resolution is one of the main conditions precedent to delineation of an equitable and economically viable development program within the corridor.

E. Housing Demand:

The Hoek-Smit study provides some surprising insights into the level and type of housing demand among low income informal settlers in the corridor. Among renters, about 55% are satisfied with their present housing (H-S 88: 34). Included in this group are a number of inhabitants of the relatively high standard NHB (formerly IHC) flats in Matsapha whose satisfaction is understandable.

Among the dissatified renting minority, improved access to water and electricity was the leading desire. About 85% of this group aspire to homeownership. Interestingly, survey respondents appeared to believe that self-financing was the only avenue to ownership. In a subsequent survey inquiry concerning possible loans to buy or improve homes, over half of those who had previously expressed a continued preference for renting opted instead for ownership (H-S 88: 48).

This about face seems to indicate that the possibility of home mortgage financing, which is now unavailable to all but the wealthy in Swaziland, is not a concept with which most low income corridor residents are even familiar. To the extent

that this is true, the survey design of the Hoek-Smit study may not have elicited responses which accurately represent the potential for investment in serviced homelots and/or housing by low income urban residents.

The study does show that monthly rental payments of E30 to E50 are about average. An E50 monthly payment on a 25 year mortgage carrying a 12% interest rate would service an initial investment of more than E4900, an amount which several members of the private construction industry confirmed as adequate to provide an ample, fully serviced lot and reasonable core structure at current prices.

In sum, the low income majority now residing in unserviced, insecure circumstances in the M-M corridor appears to number at least 60,000 excluding residents of the Ezulwini Valley. This population is well educated by Swazi standards, gainfully employed, and in the main committed to urban life. Desire and capacity to pay for improved urban services, especially water and electricity, exists. However, the prevailing system of land administration is a substantial impediment to both provision of services and regularization of tenure.

F. Urban Services in General

With the exceptions of roads and electricity, the basic urban services in the urban areas of the M-M corridor are all near or beyond capacity. As alluded to earlier, the sewerage systems in both Manzini and Matsapha are beyond capacity and barely treated effluent is discharged into rivers. In both cases, substantial health hazards may occur especially during the April to September dry season when riverine dilution factors are low. The two urban areas share the same water source; demand in Manzini is expected to exceed the available 200 l/sec. supply in 1990. With the Matsapha IE in the process of adding an additional 130 ha. of serviced industrial land it is not clear how the two urban areas will meet future water requirements (Man. TC 88: var).

The abbatoir in Manzini is over 30 years old and operates at approximately twice its design capacity (but meeting only about 50% of actual daily demand) to service the rapidly growing urban area. The Municipal Health Inspector has certified that the facility is a health hazard which needs extensive refurbishment or completely new construction. Solid waste disposal is not, at this point, a major problem in Manzini. However, the impending incorporation of informal settlements adjacent to the municipal boundaries will require alternative collection methods and equipment not currently available to the Town Council (Man. TC 88: var).

The supply of water in Mbabane is adequate but the existing reticulation system serves only about 60% of the population. The sewerage system, on the other hand, serves only about 40% of the population. Extension of sewers to many areas is difficult owing to the steep terrain around the city center. Ejector systems will be required to connect several rapidly growing neighborhoods.

The solid waste dumpsite in Mbabane is inadequate as it is located in a residential area in Mahwalala. No filling or covering of waste is undertaken and a nearby stream is polluted by runoff. As in Manzini, the Town Council does not have appropriate equipment for collecting solid waste in the growing informal settlement areas which lack adequate road access (Mba. TC 87: var).

Annex B reproduces from the Mbabane Structure Plan a chart showing the service responsibilities shared between TC and various other agencies of government. Of the three major urban areas in the corridor, only Matsapha Town has concrete plans to deal with service deficiencies as the Ministry of Commerce and Industry (MCI) will meet all existing requirements as part of its industrial estate construction program. Unfortunately, this program does not extend to provision of basic services and homesites for workers as all available space within the town boundaries is already committed to other uses.

In sum, each of the urban areas in the corridor has specific service deficiencies, some of which are quickly reaching the critical point. However, as shown in Annex A no single agency has coordinative authority, except in the special case of Matsapha IE/Town. This point will be examined in more detail in Section IV of this report.

SECTION III- ECONOMIC ASPECTS OF URBANIZATION

A. Benefits:

It is beyond the scope of this paper to undertake a formal analysis of the costs and benefits attendant upon the urbanization process in the M-M corridor. It is useful, however, to examine to the extent possible indicators of benefits which may be accruing to the economy, potential benefits as yet unrealized, and identifiable costs which may be associated with the process.

Economic activity in the corridor, particularly of an industrial nature, is playing an increasingly important role in Swaziland's overall production. The three leading contributors

to 1986 GDP were agriculture at 23% of the total, manufacturing at 23%, and government services at 18% (EPO 89: 8). The manufacturing cum industrial sector is somewhat broadly defined by CSO, including basic processing of sugar, fruit, and timber products.

The agro-processing industries showed reasonable growth for '80 through '86. However, by far the fastest growing industrial component in recent years has been "Other Industries", production from which skyrocketed by almost 250% from '85 to '86 (CSO 88:54).

The "other" catergory of industries appears to be virtually synonomous wtih the enterprises located in the Matsapha Industrial Estate (IE) where, as previously noted, more than 130 companies are now operating and more than 5000 jobs have been created since 1980 (MCI 88: 4). In 1986 total private employment in the formal sector for the country was enumerated as 52,970, of which about 8000, or 15% of the total, were directly employed by companies operating at Matsapha (CSO 86: 7).

While formal sector employment has been growing rapidly at the IE in this decade, jobs in private sector agriculture and forestry have been decreasing from about 24,000 in 1981 to 20,591 in 1986 (CSO 86: 7). Employment at the IE is estimated in 1989 at over 9100 and is expected to exceed 15,000 at full development before 2000. As such, the IE now appears to be the Kingdom's single largest concentration of formal sector employment, outside of government, and this primacy will continue to grow in coming years.

Associated employment created by the IE is also significant. In most cases, each permanent industrial job will normally support from one to three additional jobs in the formal and informal service sectors. The Matsapha IE has, therefore, probably generated at least 18,000 direct and indirect employment opportunities in the corridor, with the bulk of these new jobs occurring in the last several years when industrial output has advanced so rapidly.

Construction of the estate itself creates significant employment and economic activity as well. About E15.5 m of rehabilitation and expansion works are scheduled for implementation in the next 3-5 years at the estate (EPO 89: 151). Given a typical labor component of 35% in this construction, about E5.4 m will go to wages creating 904 man years of direct employment at a liberal rate of E6000 p.a./job. Privately financed construction of vertical infrastructure on the serviced industrial plots will create significant additional employment until the end of this century.

The Kingdoms's total private sector wage bill for June 1986 is recorded as E15.73m ((CSO 86: 10). Assuming that the 9100 workers on the IE are paid on average E350/month, about E3.2 m or 20% of the Kingdom's private sector wages are generated directly from the estate. Total annual wages from the estate should exceed E32 m and probably constitute the largest single block of consumer demand in the country. There are no readily available estimates of rates paid, income and sales taxes, and other revenue accruing to GOS from the IE but these must surely be substantial.

It is clear, therefore, that the Matsapha IE is a major contributor to the national economy in Swaziland. Studies available from and interviews conducted with MCI and other government agencies do not indicate that the magnitude of this contribution nor its implications in terms of urban development are well understood. The estate's rapid growth has to a large extent driven the rapid rate of urbanization in the corridor over the last 8-10 years. Literally tens of thousands of formal and informal employment opportunities have been created in a very short time span and GOS is clearly committed to pursuing the estate's expansion to accomodate at least 270 companies with at least 15,000 direct employees by 2000 (MCI 88: 5).

Judgements as to the wisdom and sustainability of the government's industrialization policy will vary and are beyond the scope of this paper. It is clear, however, that the inevitable corrolary of this industirial growth is and will be a continuing rapid rate of urbanization in the corridor.

B. Unrealized Potential Benefits:

Under most circumstances, industrial development generates "spin off" economic development of other varieties. This spin off generally involves the growth of sectors to provide transport, consumables, infrastructure, communications, housing and a variety of other services and goods required by industry and workers.

Employment in the distribution and transport sectors in the Kingdom has increased significantly since 1987, no doubt due at least in part to industrial servicing requirements as many of the IE's products are exported (CSO 86: 7). Increased commercial development is visible in both Mbabane and Manzini and demand for additional commercial space is high (up to 6000 sq.m. in Mbabane alone according to Tate and Lyle Engineering).

However, other important economic sectors have not shown much movement. Construction, for instance, contributed only about 4% to GDP at factor cost in 1986, a remarkably low figure compared to many other developing countries (CSO 88: 13). In 1985, the last year for which figures are apparently available, 90% of all formal sector construction in the country was carried out for government and its parastatals/corporations (EIU 88/89: 82). In that year, therefore, the 10% of total construction undertaken privately amounted to only E2.48 m for the entire country (CSO 88: 14).

The absence of an active construction sector in the Swazi economy is not, at least in the M-M corridor, due to lack of demand for basic infrastructure. As shown in Section II and amplifed in this section, there are as many as 80,000 inhabitants of the corridor, many with stable sources of household income, who have no alternative to living in unserviced informal settlements. From an economic point of view, this latent demand for construction of basic infrastructire represents a substantial unexploited opportunity to create employment.

By way of example, construction of basic infrastructure in a reasonably labor intensive manner usually involves about a 40% labor component; this ratio was confirmed as applicable in Swaziland by the construction manager of Roberts Construction. Thus each E1 m invested in provision of basic infrastructure would, in theory, directly produce about 600 construction jobs assuming an average wage of E500/month/job. It is not possible at this point to precisely define the investment required for basic infrastructure in the urban areas of the corridor. The World Bank has notionally earmarked the rather startling sum of $54 m for a proposed four year urban development project; detailed feasibility studies for this project will commence shortly under the supervision of MNR.

It is sufficient to note at this point that the Bank (85: 33-34) and AID/S (88: 5), among others, concur in estimating that between 2000 and 3000 jobseekers annually will, for the foreseeable future, be unable to find work in Swaziland unless the economic growth rate substantially exceeds 4% on a sustained basis, a possibility which is not thought to be likely. Recommendations to deal with the growing problem of unemployment in the Kingdom vary. A major impact on this problem could be made by a relatively modest program to invest E5 m annually in construction of urban services, thereby starting to meet the needs of the growing low income majority in the corridor and creating approximately 3000 jobs in the construction industry at the same time.

It is clear that provision of cost recoverable, basic urban services to the corridor's burgeoning informal settlement population represents a a major unexploited economic opportunity for the Kingdom.

C. The Costs of Urbanization without Development:

It is never easy to satisfactorily quantify the social and economic costs associated with urbanization, and the type of data required for such an analysis does not seem to exist in Swaziland. Interviews with public health officials and community workers indicate that lack of sanitary methods to dispose human and solid waste in the corridor's informal settlements is the cause of predictably elevated rates of disease and illness. Several interviewees cited a breakdown of "traditional Swazi values" in the informal settlements especially among children. Overcrowding and lack of privacy, and the disruption of nuclear families were cited as leading causes of this breakdown.

General public health may also be threatened by the corridor's rapid urban growth. Aside from the deficiencies noted in the previous section of this report, a recent study completed for MNR with UNDP assistance identified a number of growing informal settlements where lack of sewerage systems threatens to pollute watersheds serving the larger urban areas (CHF 87: 8-9).

Many officials and residents of the corridor also beleive that rising crime rates are attributible to increasingly anomic social conditions in the settlements, although offical statistics in this regard are understandably unavailable. No hard data exist to confirm any of these and numerous other problems described by corridor residents but lack of suitable low cost living environments is consistently identified as a major causal factor.

It is clear, however, that problems, while still manageable, do exist and are becoming increasingly severe. The basic anomoly in the corridor is that constraints typically found in other developing urban areas do not appear to be present. The Kingdom enjoys an abundance of buildable land, sufficient technical expertise and construction capacity, a solid and relatively diversified urban employment base, and a stable, financially solvent government (1986 debt service ratio of only 7.1%; EIU 88/89: 90). The primary cause of the process of urbanization without development now underway in the M-M corridor appears to be largely institutional in nature, the subject of the next section of this paper.

SECTION IV- INSTITUTIONAL CONSTRAINTS UPON URBAN DEVELOPMENT

A. Responsibilities for Basic Services:

Annex B presents the responsibilities for urban services and infrastructure shared among various government agencies. This chart is applicable within the municipal boundaries of Manzini and Mbabane, and will be applicable in Matsapha town eventually when MCI completes development of the IE and turns administrative responsibility over to the Town Board.

The Urban Government Act No. 8 of 1969 provides the legal basis for the establishment of municipalities and towns in Swaziland. The Act sets out the wide ranging powers and duties of local government units which are not dissimilar from those typically found in US cities. A town manager system of administration is in operation staffed by professional civil servants under the direction of the Town Clerk. Councillors are appointed to the Town Council (TC) or Board annually by the Prime Minister, with 15 members currently serving in both Mbabane and Manzini.

The main source of local government revenues is property taxes, or rates. Assessment and collection procedures are detailed in the Rating Act No. 24 of 1967 as amended by Act No. 11 of 1971. Valuations of real property are established in 5 year cycles by private appraisers; rates are established annually as proposed by TC subject to the Prime Minister's approval. Additional revenues accrue to local governments in the form of fees for garbage collection and the operation of facilities such as abbatoirs and public markets. The schedules for these fees are established by national government.

In attempting to meet their legal responsibility to "generally promote the public health, welfare and convenience, and the development, sanitation and amenities of the municipality" the TCs of the Kingdom's two municipalities face two fundamental constraints (Act No. 8 69: VI(1)(h)). First, local government revenues are inadequate. Second, provision of critical services and infrastructure are beyond the TCs' control.

Revenues from rates are inadequate for a variety of reasons. Within the jurisdictions of both municipalities large areas of government (Crown) land are exempted from rates; in Mbabane this is compounded by exemption of numerous diplomatic facilities. Former farm lands, now mainly the sites of informal settlements, are assessed at substantially lower rates under "agricultural certificates" (Act No. 24 67: III 13).

Both TCs, and particularly Manzini, are required to provide services to peri-urban areas outside of their jurisdictions from which they derive no revenue at all. Procedures to collect delinquent accounts are cumbersome, requiring up to 2 years to enforce, and interest penalties are inadequate (ibid: IV). The level of annual rates established by the Prime Minister is usually set to fund only recurrent expenditures, virtually eliminating any possiblity of TC capital investments.

Maintenance and administrative services provided by TCs are governed by nationally mandated, uneconomic fee schedules. Manzini subsidizes maintenance of national roads within its jurisdiction by 86%. Mbabane loses over E100,000 annually in subsidies to market and abbatoir operations and road maintenance. Stall rental fees in Mbabane's public market are fixed at 50¢ a month, although individual operators net at minimum E200. Public bus terminals owned, built and maintained by the TCs are used free of charge by private bus operators. TCs collect the Kingdom's recently enacted sales tax but receive no share.

While the absolute amount of subsidies required from TCs is not earthshaking, the underlying principle involved is a major constraint upon the local governments' abilities to meet the service requirements of their growing constituencies. In 1985/86 the TCs were forced to devote 87% of their total revenues to wages and consumables leaving less than E.5 m for total capital investments in the two municipalities (CSO 88: 47, 49).

The TCs' financial inability to directly provide urban services is compounded by their lack of authority to cause provison of critical services by other agencies. The National Water and Sewerage Board (NWSB), Swaziland Electricity Board (SEB) and the Roads Branch of the Ministry of Works and Communications (MOWC) all undertake national construction programs with little or no regard for requirements in the corridor's urban areas.

This type of institutional overlap is quite common in developing countries where expansion of local government authority has not kept pace with the rate of urbanization. National government agencies and corporations are rarely responsive to direct appeals from local governments. In Swaziland this situation is exacerbated by requirements that all TC requests be channeled through the Townships Development Office of Tinkhundla which, in turn, may seek the views of the Prime Minister's Office which may eventually make endorsements to Parliament and/or the national agencies concerned. Thus, the Manzini TC has spent many months traversing the bureaucratic maze seeking repair by NWSB of a leaking sewer pipe located less than 50 meters from the entrance to that corporation's regional office in Manzini town.

In sum, the responsibilities for providing basic urban serices in Swaziland are fractionated and public sector institutional structures are inadequate for coordinated planning and capital investment programming. Existing public services and facilities are operated on an uneconomic basis requiring direct subsidies from very limited local government revenues. TC professional staffs are overburdened but well qualified and very receptive to technical assistance. A thorough revamp of policies and institutional arrangements governing municapal operations in the Kingdom is clearly in order.

B. Responsibilities for Housing:

Very little truly low cost housing has ever been built by either the public or private sectors in Swaziland. Public institutions charged with providing low and medium cost housing are now in a state of flux. The recently created Human Settlements Authority (HSA) has begun its policy formulation and review functions under the aegis of MNR, but a lack of full time staff has limited its operations. MNR is currently seeking funding for a resident advisor to assist HSA in initiating its operations.

The National Housing Board (NHB) was also recently created, absorbing the assets and liabilities of the Industrial Housing Corporation which include a number of apartment buildings catering to the middle income group. However, transfer of NHB from the Interior Ministry to MNR is stalled and no budget for capital investment is included for NHB in the Kingdom's current 3 year development plan (EPO 89: 115).

Housing finance in the form of mortgages is available only to middle and upper income Swazis. Both the National Provident Fund and the Swaziland Building Society have fairly substantial assets but neither is disposed to provide long term financing to low income people (who form the majority of the Provident Fund's contributors) as long as demand for higher income housing is unmet in the corridor. Construction of a 124 unit apartment building with monthly rents of E290 to E449 in Mbabane is currently being financed by the Provident Fund. The building was oversubscribed within two weeks of its preconstruction offering, and the firm managing this project believes that there is immediate demand within the corridor for at least 1000 additional units of this type.

Even if financing were available, private sector participation in low cost housing delivery is unlikely. At present, plans for proposed residential subdivisions (called, somewhat

confusingly, "townships") must be approved in part or whole by up to nine government agencies and offices depending upon the type of land upon which the development is to be situated. This lengthy and uncoordinated approval process is a major disincentive to potential private developers and requires thorough overhaul, along with the inappropriate national building code (the Building Act No. 34 of 1968), before private construction of low cost housing or serviced building sites will become even theoretically possible.

One bright spot in the current situation is the limited but very determined effort of the Mbabane TC to upgrade services and create infill building sites in the 90 ha. Nkwalini informal settlement area. The national Housing Policy Paper of 1987 defines just such a role for municipal government and the municipal engineer's office in the capitol city is proceeding utilizing limited funding made available by Tinkhundla. This underfunded project is an important first step by government to begin dealing with the growing problem of informal settlements. With so few staff that the municipal engineer must hand draft plans himself, however, TC has no capability at this point to determine lot allocation or cost recovery procedures much less plan additional projects.

In sum, it appears that at this point GOS as a whole has no clear conception of the challenges posed by rapid urbanization in the corridor nor of the institutional and policy reforms needed to meet these challenges. MNR, as the leading advocate of integrated urban development, has included an excellent summary of some of the steps to be taken and projects to be pursued in the current three year development plan (EPO 89: 115-122). Completion later this year of feasibility studies for the proposed Bank-assisted urban development project may bring these issues more clearly into focus. However, this type of finite, project oriented technical assistance is of limited utility in bringing about basic institutional rearrangements such as those which seem to be required if GOS is to effectively meet the service requirements of its rapidly growing urban population.

C. Defining the Challenges:

To be effective, any concerted effort to effect institutional change must proceed simultanteously from the top down and from the bottom up. That is, broad policies and newly created institutional structures must be complemented by capacity to translate objectives into reality through sustainable means. It currently appears that significant "top down" efforts are underway to effect needed change in GOS approaches to urban

development and housing. However, the less glamorous but equally important requirement for assistance at the level of basic planning and implementation is currently unmet.

Government institutions currently or potentially involved with urban development in Swaziland are blessed with a comparative wealth of resources. Unlike many developing countries, basic planning data concerning the Kingdom is generally available, sufficiently detailed, and accurate. Civil servants in both national and local government units are well trained and apparently highly motivated, although they are few in number and frequently overextended. This constraint prevents creation of the plans, project proposals and interagency cooperation which are prerequisites for realization of any broad policy initiatives.

Thus, a major unfulfilled need in Swaziland at this point is the provision of steady, mid-level technical assistance at the GOS departmental and town council levels. The requirement here is to provide the "glue" to bind the existing but dispersed pieces together. The existing structure plans for Manzini and Mbabane must be integrated with the Ezulwini Valley Development Plan due to be delivered to MNR at the end of April, 1989. The MCI plans for full development of Matsapha town/IE must be studied, with particular emphasis upon the management of the town itself, as the major industrial construction project which is now GOS' primary focus begins to wind down. The result of this assistance will be compilation of an integrated development plan for the M-M corridor as a piece.

Corrolary to this technical assistance requirement is a need for sustained high level input to focus ministerial attention on the fact that the process of urbanization now underway in the corridor is of a fundamentally different nature than the rural-oriented development process which has dominated the Kingdom to date. The concentration of industrial investment and production in the corridor is an inalterable fact and will fuel rapid urban growth through the end of the century and beyond. At present, it appears that only MNR among national agencies has perceived and is attempting to deal with the challenges of rapid urbanization. The Ministry's efforts deserve support at the policy dialogue level and, to the extent possible, through senior advisory assistance to HSA and the physical planning staff.

The medium term objective of these efforts should be the emergence within government of an integrated policy and institutional framework to effectively plan and implement urban development within the M-M corridor. Similar models have been established in other developing countries where demand for

services and economic opportunities in urbanizing centers present distinct challenges in terms of interagency coordination, capital investment programming, decentralization of authority to local governments, and encouragement of private investment in sectors with unrealized economic benefits. Such models are frequently organized as "metropolitan authorities" or "regional development" bodies with principal planning and implementation instruments such as capital investment folios based upon integrated area development plans. In the Kingdom, such a body might be constituted as the "Capitol Corridor Development Authority" or office with a scope sufficient to bring the various agencies and parties of interest together to achieve common plans and purposes.

In sum, the institutional constraints upon effective urban development in Swaziland are at this point considerable but hardly insoluble. Episodic, project oriented technical assistance and investment alone will not achieve comprehensive and productive development in the corridor. Provision of resident middle and senior level technical assistance to key agencies of government in combination with top level policy dialogue on a continuing basis will enable GOS to focus upon the development challenges arising in the M-M corridor. This, in turn, will allow coherent programming of domestic and international resources to most efficiently exploit the opportunities presented by the rapid process of urbanization now occurring in the Kingdom.

SECTION V- SUMMARY AND CONCLUSIONS:

To summarize the situation, it is clear that urbanization is taking place at a rapid pace in the M-M corridor. Population growth in the urban areas of the corridor is proceeding at about twice the rate of growth in the remainder of the country. This growth is occurring, in large part, as the result of GOS' continuing encouragement of industrialization at Matsapha. This stimulus alone will cause rapid growth in the corridor to continue for the foreseeable future as over 6000 additional direct employment opportunities will be created in the IE within the next 10 years.

Government institutions currently lack focus and coordination in addressing challenges stemming from urbanization. A wide range of institutional reforms and initiatives are required, including:

- Review and revision of acts governing municipal operations, particularly with regard to revenue generation and budgetting, elimination of subsidies, geographical

jurisdiction, provision of basic infrastructure and potential privatization of certain services.

- Revision of the national building code and procedures governing private development of residential subdivisions.

- Definition of a land delivery system which will, at least within the corridor, provide a solid basis for both public and private investment including "bankable" tenure arrangements for individual homeowners.

- Review of existing systems of housing finance with emphasis on mobilizing local resources possibly through long term guaranties.

- Establishment of a central office, board or authority to coordinate planning, provision of services, and programming of capital investments throughout the M-M corridor.

- Revision of CSO data collection and/or analytical methods and frames to provide a broader variety of information describing the urbanization process in, at least, the corridor.

- Development of culturally relevent, affordable self-help housing designs for use by low income residents with technical support and guidance from appropriate, probably local, authorities.

- Design and provision of appropriate communal sanitation facilities to provide interim services in informal communities.

- Investigation of potential income generating activities for un- and underemployed spouses and out-of-school youth particularly in informal settlements, in tandem with an outreach program to provide basic health services.

In closing, while this paper has identified numerous problems and constraints associated with the process of urbanization in Swaziland it must be emphasized that there is excellent potential for efficient, equitable management of the corridor's growth. As earlier noted, many nearly insurmountable obstacles commonly found in other developing cities around the world are not present in Swaziland. Government civil servants appear to be uniformly committed and responsive. The corridor enjoys a diverse economic base with industry and government as anchors and a significant tourist trade in the Valley. In short, given a modest level of technical and, perhaps, financial assistance there is every possibility that a model process of urbanization <u>with</u> sustainable development could evolve within the Kingdom over the next 5 to 10 years.

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