

2026

SUSTAINABLE LIVELIHOODS, NEIGHBOURHOOD DEVELOPMENT AND CLIMATE RESILIENCE

A just urban transition approach to informal settlement upgrading



Knowledge Brief

ACKNOWLEDGEMENTS

This document is an output of the project **Embedding a Just Urban Transition Approach to Informal Settlements in Policy and Practice**, a partnership initiative between Isandla Institute and the National Treasury Cities Support Programme (CSP).

It summarises the presentations and discussions from a national Roundtable titled *Advancing livelihoods and economic development in informal settlement upgrading*, held on 24 March 2026 in Ekurhuleni. The roundtable brought together representatives from The Presidency, National Treasury, CoGTA, metropolitan municipalities, civil society organisations and private sector representatives. The organisers hereby thank Ulrike Britton, Pankie Matomela, Marene Nel, Kate Philip, Crystal West, Carly Wise, Charlton Ziervogel and Sinethemba Zungu for their insightful presentations and all participants for their active engagement.

The project was supported by the UK Foreign, Commonwealth & Development Office.



March 2026

Cover photo: Isandla Institute

Isandla Institute
admin@isandla.org.za
www.isandla.org.za

TABLE OF CONTENTS

Introduction	2
A just urban transition approach	3
Advancing livelihoods in informal settlement upgrading: Priorities for policy and practice	5
Strategic implications	8
Lessons from programmes and practice	9
Leveraging Public Employment Programmes within the JUT approach	9
Positioning the Community Work Programme (CWP) as a JUT platform	13
The need for ‘fit-for-purpose’ fiscal mechanisms to support livelihoods in place-making	15
Lessons from implementing the Social Employment Fund (SEF) in informal settlements	19
Supporting livelihoods and enhancing social value in informal settlements through alternative modalities	25
Lessons and strategic implications	32
Conclusion	36

INTRODUCTION

South African cities face intersecting challenges of climate change, rapid urbanisation and persistent informality. With nearly 80% of the population expected to live in urban areas by 2050 and approximately 12.5 million people currently residing in informal settlements, urban policy must address growing inequality, infrastructure deficits and climate vulnerability simultaneously. Moreover, the urban economy needs to transition to become less dependent on fossil fuel and to significantly reduce the amount of carbon emissions; this transition creates both risks and opportunities for economic sectors and for employment.

Informal settlements often experience the highest levels of unemployment,¹ service delivery challenges and exposure to climate risks such as flooding, heat and extreme weather. In fact, it has been argued that informal settlements are the result of deep and systemic economic disparities and a dysfunctional labour market, which continues to exclude key populations from employment opportunities.² It is vital that these challenges are addressed systemically and as a matter of urgency; it is equally important that informal settlements are not 'left behind' in the transition towards climate-resilient urban economies.

Current informal settlement upgrading efforts tend to prioritise physical infrastructure while giving limited attention to economic development and livelihoods. This weakens the potential of upgrading programmes to reduce poverty, build resilience, advance a sense of place, and create sustainable local economies.

-
- 1 In 2024, the Gauteng City Region Observatory (GCRO) reported that the unemployment rate in informal settlements in parts of Gauteng vary between 50 to 80%. Source: GCRO (2024), [Unemployment in Gauteng](#).
 - 2 Isandla Institute (2025), [Centring the local economy in informal settlement upgrading](#).

A JUST URBAN TRANSITION APPROACH

Applying a [just urban transition \(JUT\)](#) approach to informal settlement upgrading can align climate action with social justice and economic opportunity. A JUT approach integrates **climate mitigation, climate adaptation and economic resilience** while ensuring that vulnerable communities are not excluded from the benefits of the urban transition or disproportionately carry the risks and burdens stemming from the transition. To facilitate a JUT approach, government needs to be intentional about crowding in technical and funding resources for informal settlement upgrading in a holistic and coordinated manner across departments, and through partnerships with civil society.

This approach is grounded in three principles: [distributive justice](#), [restorative justice](#) and [procedural justice](#). Embedding these principles in informal settlement upgrading can transform upgrading processes into drivers of socio-spatial transformation, economic inclusion and climate resilience.



Photo: Isandla Institute

Principles underpinning a just urban transition for/in informal settlements

Just urban transition principles	Meaning	Examples related to informal settlements and informal settlement upgrading
Distributive justice	The risks and opportunities resulting from the transition must be distributed fairly, cognisant of gender, race and class inequities.	<ul style="list-style-type: none"> ● Equal access to sustainable solutions like solar panels, lighting and alternative building technologies ● Facilitate work and livelihood opportunities related to upgrading interventions for informal settlement residents ● Cross subsidisation of basic services to ensure access for poor and low income households
Restorative justice	Historical damages against individuals, community and the environment must be addressed, with a particular focus on rectifying or ameliorating the situations of harmed or disenfranchised communities.	<ul style="list-style-type: none"> ● Prioritise informal settlement upgrading to address historical and systemic neglect ● Address climate-related risks and vulnerabilities of/in informal settlements ● Invest in green infrastructure (e.g. trees, green public spaces/parks, urban agriculture)
Procedural justice	Workers, communities and small businesses must be empowered and supported in the transition, with them defining their own development and livelihoods. It is about embracing the sentiment, “nothing about us, without us!”.	<ul style="list-style-type: none"> ● Community involvement in all aspects of planning, implementation and monitoring (i.e. inclusive and impactful social compacts) ● Community-driven enumeration (that informs planning and interventions) ● Community management and maintenance of local infrastructure ● Budget transparency and accountability

ADVANCING LIVELIHOODS IN INFORMAL SETTLEMENT UPGRADING: PRIORITIES FOR POLICY AND PRACTICE

A JUT approach opens a new economic outlook towards informal settlement upgrading, one that combines livelihoods, resilience and neighbourhood development. By integrating an explicit economic perspective into informal settlement upgrading, opportunities for skills development, income generation and local economic development can be generated. Five priorities guiding a JUT approach to economy and livelihoods in informal settlements can be identified. These priorities are not mutually exclusive but are instead interconnected and overlapping.

1. Integrate livelihoods into informal settlement upgrading

Economic development should be treated as a central component of upgrading rather than a secondary objective. Infrastructure provision, service delivery and housing improvements should be designed to support sustainable livelihoods, local businesses and employment opportunities. Basic infrastructure provision lays the foundation for sustainable livelihoods, but this needs to be complemented by enhanced social service provision and the facilitation of livelihood opportunities (e.g. skills development, access to finance, technical support, regulatory reform). Importantly, livelihood integration should be pursued as part of both the *process* of upgrading (e.g., drawing on local labour in community upgrading) and an *outcome* of the upgrading process (e.g., ensuring that the relevant infrastructure, regulations and land use dispensation are in place to enable economic opportunity and sustainable livelihoods).

2. Promote place-based economic development

Upgrading initiatives should prioritise local employment and support small businesses within informal settlements. This includes:

- Using local labour in infrastructure and service provision and management (including operations and maintenance), including by leveraging public employment programmes to target key demographics (e.g. youth);
- Supporting home-based and informal enterprises through infrastructure provision, neighbourhood/urban design and appropriate zoning and regulations;
- Providing/Facilitating access to business support and skills development programmes.

3. Support place-making for community well-being

Community infrastructure and public space improvements can support both social and economic development. Investments in facilities such as Early Childhood Development centres, food gardens, public safety nodes and community-managed green spaces can create local employment while improving neighbourhood quality of life.



4. Develop circular local economies

Circular local economies promote local production, consumption and waste reduction of goods and services. As such, a circular local economy approach allows us to rethink economic value chains and create new jobs, livelihoods and businesses while reducing environmental impacts.

Opportunities in the context of informal settlement upgrading include:

- Recycling, reuse and remanufacturing of materials;
- Community-based waste management and composting;
- Localised food systems;
- Sustainable building technologies and construction practices.

Informal settlements already host many grassroots initiatives in recycling, repair and material reuse; these activities should be supported through policy, finance and infrastructure.

5. Align public employment programmes with upgrading

Public employment programmes such as the Expanded Public Works Programme, the Presidential Employment Stimulus and the Community Works Programme can – and in some instances, do – play a critical role in supporting local job creation in upgrading projects, environmental restoration and neighbourhood improvement. By leveraging and expanding public employment opportunities in informal settlement upgrading (through place-based, place-making and circular local economy approaches), the dual challenge of unemployment and undignified living conditions can be tackled simultaneously.



Strategic implications

To maximise impact, localised economic initiatives must be supported by broader **city-wide economic development strategies**, including improved transport connectivity and coordinated investment in infrastructure and services.

Secondly, a **programmatic approach** to upgrading – rather than isolated projects – will allow municipalities to scale livelihood opportunities and strengthen long-term economic resilience – of the neighbourhoods in question and the city as a whole.

Moreover, a **partnership orientation** is needed to facilitate public sector, private sector and civil society co-investment.

Lastly, as identified above, there is both an opportunity and a need to leverage the potential of **public employment programmes** to drive economic transformation *and* neighbourhood development (simultaneously) through informal settlement upgrading. This needs to be pursued through intentional programme design, long term project pipeline planning, fiscal support and programme management.

LESSONS FROM PROGRAMMES AND PRACTICE

Public employment programmes (PEPs), first introduced in 2004,³ have a long history in South Africa as nation-wide interventions aimed at addressing high levels of unemployment and poverty. In 2020, in response to the economic hardship posed by the COVID-19 pandemic, the Presidency launched the Presidential Employment Stimulus (PES), which has enabled rapid expansion in public employment. These programmes, and their practical application in informal settlements – especially through the Social Employment Fund, a key component of the PES – provide valuable insights into how PEPs can play a more integral part in supporting livelihoods, climate action and neighbourhood development, thereby catalysing socio-economic transformation.

Leveraging Public Employment Programmes within the JUT approach⁴

In the context of a dysfunctional labour market and low employment opportunities from the formal labour market, it is imperative that local economic development and livelihood activities are supported. Of those who are unemployed, annually only 8.7% will find employment in the formal labour market, while over 90% will not. Even if economic growth strategies are successful and labour demand doubles over the next five years, South Africa will still have an unemployment crisis. This poses a significant risk to social sustainability, with instability in turn a risk to the growth needed for sustainable employment.

3 The Expanded Public Works Programme (EPWP) was launched in 2004; the Community Works Programme (CWP) was introduced in 2007, initially as a pilot, which became a national programme in 2010.

4 This section draws on Kate Philip's presentation at the Roundtable on 24 March 2026, titled *Lessons from the Presidential Employment Stimulus*.

Given the reality is that most people will not transition to a formal job, PEPs become a vital strategy to facilitate their economic inclusion. Depending on the spectrum of the unemployed (i.e. how close one is to the labour market and how likely one can transition into the labour market), PEPs can play differentiated support roles, ranging from support scaffolding that facilitate self-employment to skills development and job search support, amongst others. As such, PEPs are an essential component of a differentiated and multiscalar approach to improving local economic development, support livelihoods and reduce unemployment.

PEPs cannot replace the vital role grants, such as the Social Relief from Distress (SRD) grant, play in reaching millions in need but enable the added value of participation in work – for participants, communities, society and the economy. Across the spectrum of the unemployed, work experience matters as it facilitates access to employment and enables livelihood activities, including self-employment. PEPs facilitate access to work experience by focusing on developing basic skills such as networks building, task management, time management, accountability, communication, admin, IT, problem-solving and more. Youth are an obvious target group for PEPs, as they often can't find work because they don't yet have work experience.

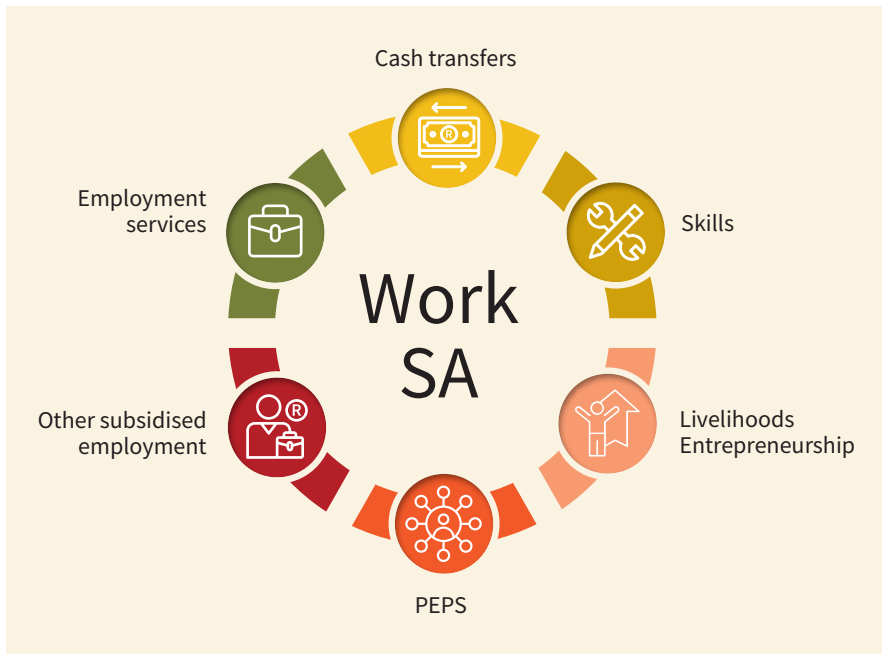
Critically, PEPs have to be designed to provide work skills of value to future pathways, so that long-term impacts of unemployment are addressed. In other words, it's not about any work experience or immediate income relief; these programmes need to identify and align with future economic opportunities and skills requirements.

In the context of a JUT approach to informal settlements, lessons from the Social Employment Fund (SEF) are particularly instructive, as it has a strong focus on social value creation. The SEF creates public employment opportunities in community projects that generate social and economic improvements. In 2023/24, the SEF supported 12,691 participants engaged in complementary entrepreneurial activities. Of these, 5,835 new micro enterprises were established while a further 6,162 existing micro-enterprises were supported and mentored through the SEF. Furthermore, 1,651 people have left the programme for full-time employment. These achievements point to the need for appropriate social and organisational infrastructure that further supports local entrepreneurship and enterprise development, as existing enterprise support doesn't reach the marginalised.

Modalities of PEP support to SMEs and livelihoods

Public Employment Mechanism	Function	Link to income-generating or livelihood activities
Complementary activities and livelihood support	Skills training	PEPs can provide formal training to enhance workers' skills to promote livelihood and income generating activities
	Enhanced market access	PEPs can facilitate engagement with markets by aggregate produce or goods, streamline regulatory standards, or secure take-off agreements for participants that would not necessarily be feasible at the individual level
	Entrepreneurship support	PEPs can provide enterprise training or deliberate pathways into economic opportunities, including informal enterprises
	Access to productive assets or inputs	PEPs can provide access to capital or inputs that reduce barriers to entry into livelihood or income-generating activities
	Financial inclusion services	PEPs can facilitate saving groups, improve financial management skills, and increase access to credit so that participants can engage more effectively in income-generating or livelihood activities

Source: Presentation by Kate Philip



Pathways out of poverty need multi-faceted and layered support. Social grants remain fundamental, but other mechanisms to support transitions into wider economic opportunities are needed. PEPS are but one critical component of a broader, strategic ‘Work SA’ approach to facilitate economic inclusion. The PES, EPWP and CWP have agreed to collaborate and co-create a programme of applied reform for PEPS as part of operationalising ‘Work SA’. Municipal waste has been identified to pilot this new approach and provide proof of concept. This collaboration is in its initial stages but can be strategically positioned to advance a JUT approach in informal settlements.

Positioning the Community Work Programme (CWP) as a JUT platform⁵

With its area-based approach and its emphasis on “socially useful work” that improves local living conditions, CWP is uniquely placed to become a JUT platform and support informal settlement upgrading. The proposal is to reposition CWP according to four dimensions. The first is the role of CWP as a development programme that empowers participants with the skills and confidence to lift themselves out of poverty and to build community-owned enterprises. Second, CWP is positioned as a work-readiness platform that provides training and work experience in key sectors to facilitate entry into formal jobs and cooperatives. Third, it is a catalyst for circular economy enterprises where waste is converted into economic resources and local recycling and green livelihoods are supported. Fourth, CWP can become a delivery mechanism for informal settlement upgrading in an incremental and sustainable manner by improving living conditions and building climate resilience through partnerships between government, civil society and the private sector.

The value and potential of CWP lies in its geographic reach, located in all municipalities throughout the country. CWP insists that useful work be undertaken for the benefit of the entire community. Strategically, CWP will focus on waste-to-value livelihoods and informal settlement upgrading. It emphasises waste as both a crisis and an opportunity to create sustainable livelihoods and contribute to resilience. In the context of informal settlements, CWP envisages settlements that are thriving, resilient and self-sustaining. At a settlement level, this means communities are clean and well managed, accessible, flood resistant, fire resilient and safer and organised. At an economic level, local recycling and composting enterprises and local infrastructure maintenance teams are evident, youth-owned businesses are active and circular economy practices are embedded. At a social level, there is active community participation, strong local governance and improved dignity and wellbeing. At a system level, it is envisaged that CWP becomes a permanent national platform for the JUT, integrating infrastructure upgrading with environmental services, climate resilience and sustainable livelihoods.

⁵ This section draws on the presentation by Pankie Matomela (Acting DDG: Community Work Programme, CoGTA) at the Roundtable on 24 March 2026, titled *Positioning CWP as a Just Urban Transition Platform for Waste-to-Value Livelihoods and Informal Settlement Upgrading*.

PROPOSED CWP VISION AND STRATEGIC OBJECTIVES

The vision is for CWP to evolve into a national distributed JUT platform that transforms informal settlements into resilient, productive and inclusive neighbourhood economies.

STRATEGIC OBJECTIVES



Source: Adapted from the presentation by Pankie Matomela

To achieve these settlement level outcomes, CWP would have several programme components, including incremental road infrastructure development, infrastructure maintenance, community resilience & risk reduction (e.g. floods, fires), community safety & security, and local entrepreneurship/business development (especially among youth). Importantly, these programmes would draw on local labour, thereby benefiting local residents. Positioned in this manner, CWP would convert municipal service deliver gaps into livelihood opportunities, build community assets and enable circular local economies.

The implementation of this ambitious repositioning of CWP requires support from Community Development Partners (CDP) who enhance delivery, training and market integration. This includes NGOs, the private sector, training providers, academia and social enterprises. CDPs are crucial in ensuring improved programme quality, providing technical expertise, unlocking markets and supporting enterprise sustainability. Specific emphasis is placed on the role TVET colleges play in providing training, facilities and expertise for participants on the CWP. An MoU to this effect is presently being finalised with the Department of Higher Education and Training (DHET).

The need for ‘fit-for-purpose’ fiscal mechanisms to support livelihoods in place-making⁶

Given the different needs and opportunities for meaningful work and sustainable livelihoods along the employment/unemployment spectrum, government interventions vary depending on one’s proximity to the formal labour market. There are four types of interventions: income support for those out of work (long-term or temporary), support to get ready for work (i.e. human capital development), support to get into work (i.e. improved labour market matching) and support to maintain work. Within these four categories, support for livelihoods is highly fragmented (see Figure 1). There is also a disjuncture between realities on the ground and what funding mechanisms are set up to deal with.

6 This section draws on the presentation by Ulrike Britton (DDG for Public Finance, National Treasury) at the Roundtable on 24 March 2026, titled *Budget Instruments to Support Place-Making and Livelihoods*.

Income Support	
Social Security <ul style="list-style-type: none"> • SASSA Social Assistance grants • SASSA SRD370 grant 	Social Insurance <ul style="list-style-type: none"> • DEL UIF • DEL Compensation Fund for persons with temporary / permanent disability
Initiatives to enhance human capital	
Skills Development <ul style="list-style-type: none"> • DHET – SETAs and NSF On-the Job training, learnerships, internships • DHET - National Artisan Development Apprenticeships • DEL-UIF LAP – Employability 	Education <ul style="list-style-type: none"> • DHET – CETs ABET, Apprenticeships, High School Equivalent, Lifelong learning
Initiatives to improve labour market matching	
Light Touch Employer / Employee Intermediation Services (i.e., access to information) <ul style="list-style-type: none"> • DEL ESSA & NPMN (PYEI) • DEL (PYEI) SAYouth 	High Touch Employer / Employee Intermediation Services (i.e., counselling and training) <ul style="list-style-type: none"> • DEL Work Seeker Services • DHET – NSF Job Boost • BPSY (PYEI pilots some with DEL) • NT-jobs Funds Worker Support (e.g., Harambee) • DSD Community Development – Poverty Allviation, Sustainable Livelihoods • DWYPD: NYDA –Decent and Sustainability Employment
Initiatives to retain employment and micro enterprises	
Support to self employed or business enterprises <ul style="list-style-type: none"> • DEL Productivity SA • DSBD – SEDA Support to small businesses • DSBD – SEFA Financing to small businesses • DWYPWD – NYDA Incentives to support Youth start-ups • DEL – UIF LAP – Business support • DSAC Mzansi Golden Economy • DALRRD Post Settlement Support • DALRRD Co-op Development 	Support to social enterprises <ul style="list-style-type: none"> • DEL SEEs • DSD National Development Agency (NDA) – CSO Development
Incentives to provide exposure to work	
Public Employment Programmes / Activation	
<ul style="list-style-type: none"> • DCOG Community Works Programme • DPWI EPWP – Integrated grants for provinces & municipalities • DPWI EPWP Social sector incentive grant for provinces • DPWI EPWP – Non-State Sector • DFFE EPWP – Working for Programmes • DT Working for Tourism 	<ul style="list-style-type: none"> • DSD EPWP – Social Sector • DWYPD NYDA Youth Service • DALRRD National Rural Youth Service Corps • dtic – IDC Social Employment Fund • NT Innovation in PEPs in Metros • DBE BEEI • DSAC Creative Sector Stimulus (PESP)
Tax Incentives	
<ul style="list-style-type: none"> • Employment Tax Incentive (ETI) 	

Figure 1: Government support initiatives for livelihoods

Adapted from the presentation by Ulrike Britton

Public employment can leverage informal settlement upgrading in different ways:

- a.** Through place-making and neighbourhood improvements (e.g. waste management, public space upgrades, greening, recycling, community infrastructure operations);
- b.** By supporting informal and home-based enterprises (e.g. through infrastructure provision, zoning flexibility, neighbourhood design approaches that enable small enterprises);
- c.** By targeting youth and vulnerable groups (i.e. aligning with the distributive justice principle of the JUT approach);
- d.** By integrating circular economies (e.g. recycling, composting, material reuse as well as localised food systems – activities already present and ready for expansion); and,
- e.** By supporting disaster risk reduction (both hard infrastructure and soft interventions).

However, many of the programmes and funding instruments (e.g. CWP, EPWP, PES and ISUPG) that support these outcomes remain uncoordinated; as a result, settlement level outcomes remain unrealised.

One of the underlying factors seems to be a lack of conceptual clarity, or possibly contrasting perspectives, on the future of informal settlements and what informal settlement upgrading will lead to. A paradigm shift is needed, one that recognises that while some informal settlements will transition into more formal communities, not all will follow this trajectory. Rather, informal settlements and elements of informality represent a mode of urbanity that is here to stay.

Improving alignment and coordination of fiscal instruments is, therefore, a top priority.

This means that there must be alignment with all relevant stakeholders, and especially those who write policy, around what the vision for informal settlements is. This requires cooperative governance and inter-departmental coordination. Moreover, it requires that public employment, climate action, upgrading, and local economic development programmes reinforce one another. Therefore, the overemphasis in current upgrading practices on physical infrastructures must be corrected. It also requires alignment of municipal procurement through enabling CSO-led operations and maintenance, community driven initiatives and different performance measurements.

If informality is being redefined not as a temporary state on the way to formalisation but instead as a real and functional form of urbanism, then fiscal arrangements must be geared towards realising this. This is needed to scale livelihoods and build economic resilience. The obvious implication is that there must be a fiscal mechanism around which all of this is anchored. With the Informal Settlements Upgrading Partnership Grant (ISUPG) representing the largest share of the budget to support place making (see Table 1), it may be the natural point of anchorage, but this will have to be further discussed as it is geared towards infrastructure-led approach to informal settlement upgrading.

Rand billion	2026/27	2027/28	2028/29
Community Work Programme	2 426.1	2 699.4	2 783.3
EPWP incentive: municipalities	585.6	613.8	632.8
Informal Settlements Upgrading Partnership Grant	6 342.4	7 066.0	7 254.7
<i>Provinces</i>	1 925.1	1 962.0	1 992.1
<i>Municipalities</i>	4 417.3	5 104.0	5 262.6

Table 1: Budget allocation for place-making initiatives, 2026–2029

Lessons from implementing the Social Employment Fund (SEF) in informal settlements

Various CSOs working in informal settlements have utilised PEPs, specifically the SEF, to support sustainable livelihood activities whilst contributing to social value. This section profiles three case studies, demonstrating how place-making, skills development and livelihoods support can be pursued in tandem, resulting in multiple benefits.

The Community Organisation Resource Centre (CORC)⁷

CORC serves as an implementation partner for the SEF working alongside other community based organisations, including the Federation of the Urban and Rural Poor (FEDUP), Informal Settlement Network (ISN), SA Slum Dwellers International (SDI) Alliance and the uTshani Fund. CORC has extensive experience in leveraging PEPs for informal settlement communities, including the Expanded Public Works Programme (EPWP) and SEF. Over four phases of SEF implementation, CORC has, to date, employed 5 000 people who were previously unemployed. All participants have received some basic training in urban agriculture with 300 receiving accredited training. From this, 40 urban agriculture hubs have been established across eight provinces with sales across these hubs reaching the R1 million mark; some participants who have left the hub were able to start their own small businesses, even employing others. In addition, over 330 000m² of land inside or adjacent to informal settlements and townships have been cleared and turned into productive pieces of land.

⁷ This case study draws on the presentation by Charlton Ziervogel (Managing Director: CORC) at the Roundtable on 24 March 2026 titled *SA SDI ALLIANCE and its interactions with employment programmes and informal settlement upgrading: Lessons from the field*.

For an employment programme, these results are impressive. However, it has become clear that the programme has moved beyond merely employing people but has also increased social public value. The urban agricultural hubs have improved local food security and nutrition, while ecological and environmental benefits have been achieved through greening, improving soil health, reducing heat and demonstrating sustainable water and waste practices. Besides direct employment, the programme has encouraged the development of micro enterprises through the preparation and sales of produce, which is indicative of local economic multiplier benefits.

Moreover, the projects have also resulted in an improvement in social cohesion and community wellbeing. Almost all hubs (38 out of the 40) donate vegetables to local soup kitchens, most vulnerable families, creches and schools. The estimated value of these donations over the past 20 months is R350 000. Households living close to the hubs often serve as security; in exchange, they receive free food from the hub. In addition, the use of grow bags has been spreading, with more and more community members growing their own vegetables at their homes. And building on the Federation's practice of savings, the hubs have also served as an organising tool, with an estimated R1 million saved by participants towards sustainability over the past 20 months. An interesting spin-off is that youth have developed inter-regional exchanges and host soccer tournaments across different hubs, using their own resources.

Undoubtedly, significant value is experienced at an individual level. With many participants employed in their first "formal" structured job, the programme has not only contributed to skills development; it has also resulted in increased levels of self-worth associated with being able to contribute towards the household, enrolment in tertiary studies, gaining a driver's license, and starting entrepreneurial enterprises. About 130 people also held supervisor level positions where they were tasked with managing participants, preparing work schedules, track sales, manage biometric clock ins and other administrative tasks, thereby learning highly valued skills.

This case study shows the important role PEPs play in combining sustainable livelihood activities with place-making initiatives that produce social value. They can have far greater impact through a programmatic approach while supporting work already done by capable and capacitated CSOs. With many of these programmes being short-term, there is an opportunity to programme for the longer term to effectively support participants who exit the programme. When embedded in a larger development vision, PEPs can evolve from short-term relief into engines for building the value chains needed for South Africa's future economy. In informal settlement upgrading, these programmes can catalyse community-driven development while creating structured pathways into (sustainable) construction, maintenance, materials production, and long-term urban services. By aligning skills development and enterprise support with public employment, South Africa can generate durable employment pipelines that respond to infrastructure backlogs, urbanisation, and socioeconomic vulnerability. When designed for climate resilience, public employment can seed new green industries — from ecosystem restoration and water management to sustainable construction — turning climate challenges into opportunities for inclusive, long-term livelihoods. Approached in this manner, public employment can be a catalyst for South Africa's future economy.



Photo: Courtesy of BESSG

The Built Environment Support Group (BESG)⁸

BESG implemented a short-term SEF project, running for a period of four months. The project employed 276 informal settlement residents, with 54% being women. The project was centred around four types of work, linking livelihoods with social value: greening and cleaning; improving food security through household and communal gardening; environmental services; and, community safety including GBV mapping, first aid and fire safety.

The project saw the removal of 20 900 kg of waste in two months. It also resulted in the development of multiple gardens, including trench, tower and communal gardens, using innovative techniques to overcome the space constraints. In addition, community mapping was completed in multiple settlements and various safety systems, specifically to respond to the threats of gender-based violence and fire, were introduced.

Participants identified a range of positive results, including cleaner environments (through reduced illegal dumping), improved safety through reducing crime risks and clearing vegetation, improved food security through harvesting, selling and eating from the gardens, and improved social capital and cohesion through the establishment of new CBOs. Other than these visible changes in the community, the overall effect has been increased dignity and motivation. The project has showed how communities are willing and able to work when supported. However, it has also revealed some shortfalls related to inadequate timeframes for meaningful impact; the need for municipal support; the effects of gatekeeping and local politics impeding implementation; the lack of post-programme support; and, challenges with social grants post-project.

⁸ This case study draws on the presentation by Sinethemba Zungu (Facilitator: BESG) at the Roundtable on 24 March 2026, titled *Implementing the Social Employment Fund in informal settlements: Lessons and opportunities for the CWP*.

Key lessons for future implementation of PEPs, in particular CWP, is that a place-based orientation is vital, as this allows for significant social value to be created. In the context of informal settlements, aligning PEPs with upgrading processes (including ongoing maintenance of infrastructure and spaces) is therefore key. Partnerships, especially with CSOs, who can leverage existing relationships, build community trust and replicate initiatives across partner communities, is particularly important for the successful utilisation of PEPs for informal settlement upgrading.

Violence Prevention Through Urban Upgrading (VPUU)⁹

VPUU employs a place-based, community-driven development model, combining livelihoods, service delivery and informal settlement upgrading. Over three rounds of SEF implementation, more than 3 310 participants from 10 neighbourhoods were involved in a variety of initiatives, including: early learning (ECD); activating and maintaining public spaces; organic waste recycling; urban gardening and ECD nutrition programmes; service monitoring; community enumeration; alternative sanitation; public safety; and, construction materials development (twist blocks).

As a result, over 3 300 participants have received income support and opportunities for skills development, with a third of the participants further benefiting from job readiness training. In terms of public value, the initiatives have resulted in cleaner, safer public spaces, reduced waste and improved environmental conditions, strengthened food security and local economies, and improved early childhood development outcomes.

9 This case study draws on the presentation by Marene Nel (Project Manager: VPUU) at the Roundtable on 24 March 2026, titled *Towards building a community circular economy: Implementing the Social Employment Fund in informal settlements*.

The project revealed that what worked was a strong alignment with city programmes and data systems that support planning and service delivery, including maintenance and repairs. Emphasis is therefore placed on developing community-based monitoring systems. Significant challenges included issues with contracting (bringing over 3 000 people onto the organisation's payroll and HR system), the short-term nature of funding cycles and the lower level of income for urban areas. There are opportunities to develop longer-term and flexible contracting models, increase the level of income per geographic area, and develop stronger integration with municipal systems and budgets. Partnering with government also highlights the fundamental role CSOs play in PEP and SEF, specifically in developing community trust. Moreover, it reveals the significance of place-based approaches to informal settlements and the role social employment plays in local circular economies.

To scale and institutionalise a similar approach, the place-based delivery model needs to be standardised. Furthermore, it is important to shift from short-term employment to long-term systems and to formalise the long-term role of intermediary organisations. It is critical also that programmes are aligned with municipal plans and operational and maintenance budgets. Lastly, it is crucial that output tracking and reporting frameworks are strengthened.



Photo: Isandla Institute

Supporting livelihoods and enhancing social value in informal settlements through alternative modalities

The previous section has demonstrated that PEPs, in particular the SEF, can be designed to combine livelihoods opportunities with community benefits and climate action in informal settlements. Similar objectives can be pursued outside the use of PEPs, as the examples of Asivikelane and GreenCape show.

The Asivikelane Campaign: Community-based repairs and maintenance of informal settlement services¹⁰

Asivikelane's hub model for addressing service delivery problems

Asivikelane is a coalition of 8 grassroots organisations that amplify the voices of informal settlement residents about service delivery. The campaign has created a platform for urban informal settlement residents to engage with government about basic service delivery reforms. Since its inception in 2020, Asivikelane has helped improve services to over 8 million people.

Asivikelane has adopted a scalable multi-stakeholder hub model that brings together informal settlement residents, government officials and supporting organisations and other stakeholders. Hub participants co-design and implement lasting solutions to service delivery problems and their underlying budget challenges. This programme currently works in Cape Town, Tshwane, eThekweni, Knysna, Mangaung, Johannesburg, Nelson Mandela Bay and Buffalo City.

For more information, go to www.asivikelane.org

¹⁰ This case study draws on the presentation by Crystal West (Programme Manager: DAG) at the Roundtable on 24 March 2026 titled *Community-based repairs & maintenance of informal settlement services: A scalable model to improve service delivery, create jobs and strengthen communities*.

The Development Action Group (DAG) is an implementation partner of Asivikelane, working specifically in informal settlement communities in Cape Town and Knysna. In their work, they have found that service delivery fails at the maintenance level and that most infrastructure failures are small and fixable locally. Data collected from over 5 000 residents in 8 municipalities revealed that the majority of communal taps are unstable (79% of respondents), with low water pressure being another concern (reported by 61% of respondents). 61% of respondents noted that communal flush toilets are not working/are blocked (61%), with 43% indicating that toilets are leaking. While there are significant variations across the 8 cities, on average 84% of respondents had been waiting for more than a week for a reported fault to be fixed and 63% had been waiting longer than a month for faults that are often small and locally fixable.

A survey conducted by Asivikelane recently found that between 60 to 91% of residents in the 8 municipalities are willing to fix communal taps, toilets or pipes in their settlement, if provided with the right tools and basic training. This has informed the development of the community-based repairs and maintenance hub, focused on informal settlement water and sanitation infrastructure. maintenance model was established. It is a partnership model between communities, municipalities and training providers that trains unemployed residents as community plumbers and establishes local task teams to fix minor fault and escalate major faults. In 2024, 110 residents were trained and in 2026 an additional 100 informal settlement residents from Knysna and the City of Cape Town have been enrolled. The 2026 programmes are NQF accredited and provide residents with the necessary skills to perform basic plumbing or handyman tasks in their settlements.

The model equips residents with skills training, thus creating pathways into employment or self-employment. It allows trained residents to immediately apply their trade through community plumber task teams, strengthening work experience and employability. It furthermore builds a local service economy while creating opportunities for future internships, job shadowing and accreditation pathways linked to municipal technical departments. It also empowers women and youth with technical skills.

Public and social value is created through improving the reliability of communal water and sanitation services to the benefit of entire settlements. Faster repairs also reduce water loss and public health risks. Having a hand in fixing faults strengthens community ownership, reducing vandalism and theft. Partnerships between communities and municipalities promotes relationship building and improves trust and collaborations. Moreover, neighbourhood level upgrading is supported by improving the functionality and lifespan of existing infrastructure while long-term upgrades are planned and developed by the municipality. Finally, community organisation and collective problem solving is enhanced, which contributes to safer and more resilient neighbourhoods.

The model provides a cost-effective way to improve service delivery. At present, it is voluntary work, but a stipend is allocated through the SETA. However, there is a need to link this with public employment funding. The model also allows municipal technical teams to focus on major infrastructural failures while community teams address routine maintenance needs. Institutionalising the model does require municipalities to establish clear operational systems that define minor and major faults, supply tools, establish communication channels with communities and integrate fault-reporting systems. This model also strengthens local economic development through skills development and community-based opportunities while supporting municipalities in meeting their constitutional obligations for basic services. Finally, it improves data and monitoring on infrastructure performance through community-led evidence collection. In sum, the model provides a practical solution that delivers jobs, services and stronger communities.



Photo: Isandla Institute

Basic services implementation in informal settlements: An alternative service delivery (ASD) model¹¹

GreenCape has developed the ASD model to improve basic service delivery as fundamental to advancing livelihoods of informal settlement communities while driving local economic development. The ASD is defined as an additional to traditional and municipal services: it is not meant to replace these services, but rather add to them by providing interim solutions while people wait for grid connectivity. It actively involves community participation in the design, implementation and management of services, thus shifting service provision from centralised to decentralised, community-driven solutions. It further leverages local businesses to support capacity building for local stakeholders, thereby enabling public-private partnerships.

ASD is based on asset-based community development (ABCD), acknowledging that communities know their contexts the best. This approach leverages community knowledge, resources, networks and skills (i.e. assets) while encouraging local buy-in. Based on identified community assets, options for clean, off-grid energy provision can be explored. This enables underserved low income settlements to exercise their infrastructure choice to get equitable access to interim basic services while fostering economic empowerment and sustainable livelihoods. It is an approach that is technically sound, financially sustainable and socially inclusive.

Adopting the ASD approach in Nomzamo Agricultural Village in Ermelo, Mpumalanga, between October 2022 and June 2025 alternative energy services were provided to over 600 households. The alternative power solutions were provided by a Peco Power, a South African company that has developed the PowerBrick, a solar-powered modular energy solution.

11 This case study draws on the presentation by Carly Wise (Analyst: GreenCape) at the Roundtable on 24 March 2026, titled *Basic services implementation in informal settlements using an alternative service delivery model*.

The project has resulted in important economic impacts, including the creation of 72 temporary jobs (community enumeration), 4 installer jobs to install roof-top panels and 2 Peco champions (local residents/entrepreneurs who promote Peco Power solutions in their community). The monthly average saving for all households is estimated to be at least R38 000. In addition, extra money was placed in the community fund and local businesses were strengthened through subsidised energy solutions. Moreover, the cabbage harvest was sold to the local Checkers in Ermelo, providing further income for the community.

Learning and skills programmes were the most notable social impacts, with 17 members participating in leadership training, 12 members in small business skills training, and 6 members in first aid training. In addition, successful urban farming learning exchanges were held.

Key to the success of the ASD model is its emphasis on community centred design and ownership, taking the time to build trust and relationships. Another successful factor is the co-payment model, informed by ‘a hand-up, not a hand-out’ principle. Support from the municipality is key, as it plays a central role in site-selection and overcoming other barriers.

Scaling and institutionalising this model would require more intermediaries to do the same, as well as buy-in from Department of Electricity and Energy (DEE) and the South African National Energy Development Institute (SANEDI). The creation of an off-grid management authority that is able to scale, create a pipeline of communities, vet service providers and develop sustainable funding mechanisms could be another useful strategy for going to scale.

Advancing livelihoods and economic opportunity in informal settlements: Summary

	Location	Duration	Livelihoods and economy
CORC	City of Cape Town and eThekweni	20 months	<ul style="list-style-type: none"> • 5 000 people employed • 300 people accredited training • 40 agriculture hubs with sales reaching R1 million • Micro enterprise development
BESG	eThekweni	4 months	<ul style="list-style-type: none"> • 276 people employed
VPUU	Cape Town: Bonteheuwel, Hanover Park, Tambo Village, Gugulethu, Lotus Park, Nyanga, Siqalo, Harare, Monwabisi Park, New Monwabisi Park	2–3 years (3 SEF phases)	<ul style="list-style-type: none"> • 3 310 participants onboarded including changemakers and supervisors • 249 changemakers employed • Improved skills development • 1 130 enrolled in job readiness training
Asivikelane (DAG)	8 metros (Cape Town, Tshwane, eThekweni, Knysna, Mangaung, Johannesburg, Nelson Mandela Bay and Buffalo City); implementation of maintenance hub in Knysna and Cape Town	6 years (maintenance hub since 2024)	<ul style="list-style-type: none"> • 110 residents trained in basic plumbing skills in Cape Town and Knysna in 2024; 100 enrolled in 2026
GreenCape	Nomzamo Agricultural Village, Ermelo, Mpumalanga	Phase 1: 2 years; Phase 2: 9 months	<ul style="list-style-type: none"> • 72 temporary jobs • 4 installer jobs • 2 Peco champions • Monthly average saving of R38 000 for all households • Extra money placed in community fund • Local businesses strengthened through subsidised energy solutions

Summary of good practice examples

Social and public value	Strategic partners
<ul style="list-style-type: none"> ● Improved food security & nutrition ● Conversion of illegal dump sites into productive land ● Environmental & ecological benefits (improved soil health, reduced heat, sustainable water use) ● Social cohesion & community wellbeing ● Improved security ● Increased levels of self-worth ● Enrolment in tertiary studies ● 130 people held supervisory roles 	<ul style="list-style-type: none"> ● FEDUP ● Informal Settlement Network ● uTshani Fund ● SDI Alliance
<ul style="list-style-type: none"> ● Cleaner, greener settlement and reduction in illegal dumping ● Improved food security ● Improved community safety ● Enhanced social cohesion & social capital ● Increased dignity and motivation 	<ul style="list-style-type: none"> ● SAPS ● Community Policing Forums (CPFs) ● Other local CSOs (not specified)
<ul style="list-style-type: none"> ● Cleaner, safer public spaces ● Reduced waste and improved environmental conditions ● Strengthened food security and local economies ● Improved ECD outcomes ● Development of community data monitoring systems 	<ul style="list-style-type: none"> ● EDP ● IDC ● City of Cape Town ● German Federal Ministry for Economic Cooperation and Development (BMZ) ● KfW Development Bank
<ul style="list-style-type: none"> ● Improved reliability of communal water and sanitation services ● Reduced water loss and public health risks ● Strengthened community ownership ● Reduced vandalism and theft ● Improved relationships of trust and collaborations with municipality ● Improved functionality and lifespan of existing infrastructure ● Safer, more resilient neighbourhoods 	<ul style="list-style-type: none"> ● Asivikelane partners (International Budget Partnership South Africa (IBP-SA), Afesis, CORC, Planact) ● City of Cape Town ● Knysna Municipality ● Dept of Water and Sanitation (DWS) ● Industries Education and Training Institute (IETI) ● Energy & Water SETA
<ul style="list-style-type: none"> ● 17 members in leadership training programmes ● 12 people in small business skills training ● 6 people in first aid training ● Insights gained from farm learning exchanges 	<ul style="list-style-type: none"> ● CORC ● Peco Power ● New Zealand Foreign Affairs and Trade Aid Programme ● Embassy of France ● Embassy of Denmark

LESSONS AND STRATEGIC IMPLICATIONS

A Just Urban Transition approach positions informal settlement upgrading as a catalyst for inclusive urban transformation. By integrating climate action, infrastructure development and sustainable livelihoods, municipalities can reduce vulnerability, address historical inequalities, drive innovation and unlock the economic potential of informal settlements. The good practice examples shared above are suggestive of a JUT approach to informal settlement upgrading that centres sustainable livelihoods and economic development in the context of neighbourhood improvement and climate action. From this, six key insights are noteworthy:

First, informal settlement residents are willing to get involved in community development and are, in fact, assets for neighbourhood development and climate action. Recognising residents as active partners and drivers of change is essential to building resilient, equitable and sustainable neighbourhoods and cities.

Second, appropriate support mechanisms are needed to create livelihood opportunities that allow residents to get involved. This includes access to skills development and accreditation, materials and tools (e.g. plumbing tools), opportunities for connection and relationship-building, and money (e.g. stipends, small capital investment). While some of these support interventions may be once-off, it is critical to embed them in a strategic response that seeks to facilitate long-term impact. Empowering communities to fully participate in the making of their own futures realises the procedural justice aspects of the JUT approach that calls for “nothing about us, without us!”

Third, it is evident that in the face of extreme unemployment and poverty concentrated in informal settlements, the formal economy alone cannot solve the dual crisis of unemployment and housing poverty. By emphasising ‘work for social good’, PEPs can be utilised as strategic instruments to combine livelihood opportunities with place-making and climate action. By facilitating work opportunities related to urban agriculture hubs, community cleaning/waste management programmes, and

community safety task teams informal settlements become more clean, safe, food secure and socially cohesive leading to overall improvements to neighbourhood quality of life. While PEPs are not the only route to these outcomes, as demonstrated by the good practice examples of Asivikelane and GreenCape, the advantage is that PEPs offer a programmatic approach that can be scaled and institutionalised.

Fourth, the socio-economic benefits of well-designed public employment interventions in informal settlements can extend beyond the initial scope or planned impact. Beyond access to skills and income, residents involved in such initiatives also report an increased sense of dignity and self-worth gained from contributing to family and community life. Some set up new micro enterprises (at times even employing other residents) while others replicate new practices at home or elsewhere (e.g. urban agriculture). Illegal dumping is curbed and land is used for productive purposes. Social cohesion is strengthened, as are grassroots support systems (e.g. urban agriculture hubs providing food to local ECDs or adjacent households).

Furthermore, through initiatives such as local waste management (e.g. waste for data/cash exchanges), urban gardening (e.g. selling produce to local retailers) and alternative energy and construction technologies (e.g. installation and maintenance of solar panels and microgrids), local circular economy practices can be (further) developed and sustained. The good practice examples have illustrated how circular economy logics already manifest in grassroots recycling, repair and material reuse in informal settlements. Significant social, public and economic value can be gained if these initiatives are supported and institutionally embedded.

Finally, strategic partnerships are invaluable. When initiatives, including public employment schemes, are implemented by capable strategic partners who know the realities 'on the ground', projects can achieve significant results in supporting sustainable livelihoods activities while strengthening social and public value. Partnering with the private sector can facilitate skills training for local residents, private investment in neighbourhood development, and local economic development. Partnering with SETAs can facilitate formal accreditation, whereas strategic partnerships with national (or provincial) sector departments, such as DEE or the Department of Water and Sanitation (DWS) or entities (e.g. SETAs) can enable institutional learning.

Strategic implications

Municipalities are the primary implementing agents for informal settlement upgrading. To ensure a sustainable livelihoods and **economic development perspective is integral to informal settlement upgrading processes and outcomes, economic planning** needs to be a core component of informal settlement upgrading planning and implementation processes, exploring the potential of place-making interventions, place-based strategies and local circular economies.

Within a broader economic development approach to informal settlements, the utilisation of public employment for social value – Including climate action – in the context of informal settlement upgrading should be embedded in municipal planning. The proposed **repositioning of CWP as a JUT platform** is therefore promising. This requires careful design, adequate resourcing (including for programme management and local partnerships), municipal support and capacitation, and systems for monitoring, evaluation and (critically) learning. It also requires coordination between CoGTA (as the custodian of CWP), the Presidency (especially the Presidential Employment Stimulus), the Department of Human Settlements (responsible for the Upgrading of Informal Settlements Support Programme and its planned revision)¹², and National Treasury.

A key starting point for improved coordination and progressive implementation lies in the development of a clear, shared **vision of informal settlement upgrading** (in terms of both processes and milestones) and the envisaged outcome. What does an incrementally developed (or developing) neighbourhood look like? To what extent will formal and informal realities and practices co-exist and what reform, if any, is needed to allow this reality/co-existence to emerge and thrive? Beyond basic infrastructure and tenure security – the foundations of current upgrading – how can social, environmental and economic resilience be advanced; not as an afterthought, but as an integral aspect of neighbourhood planning and development?

12 Following the release of the White Paper for Human Settlements in 2024, the Department is reviewing all housing programmes and will develop a new Human Settlements Code, which includes the (revised) programme for informal settlement upgrading.

A JUT approach to informal settlements as articulated here requires capabilities, operational modalities and strategic relationships (including intergovernmental relations) that transcend the siloed, largely technical/infrastructure-led, approach that characterises informal settlement upgrading. A programmatic, city-wide approach to informal settlements development – one that actively advances socio-economic inclusion, community resilience and sustainability, and is able to leverage strategic partners and residents as change agents in this pursuit – requires **fit-for-purpose institutions, with requisite capabilities**. This applies especially to municipalities, where capacity for informal settlements is often weak and inadequate, but also to other spheres of government that direct, support and oversee implementation.

A **partnership orientation** to upgrading informal settlements remains critical. Multi-stakeholder partnerships between communities, government, the private sector, CSOs and other relevant actors can help accelerate and augment upgrading interventions, support innovation and, crucially, enable sustainable livelihoods and economic opportunity for those left out of the formal labour market.

Furthermore, driving a JUT approach to informal settlement upgrading requires a review of existing grants and funding arrangements to allow for **improved alignment of grants** across human settlements, infrastructure, livelihoods and urban development. Such a review should determine whether the ISUPG is the appropriate fiscal mechanism to anchor a JUT approach to informal settlement upgrading in relation to social and economic development; if so, how it should be revised; and if not, what alternative mechanism may need to be introduced.

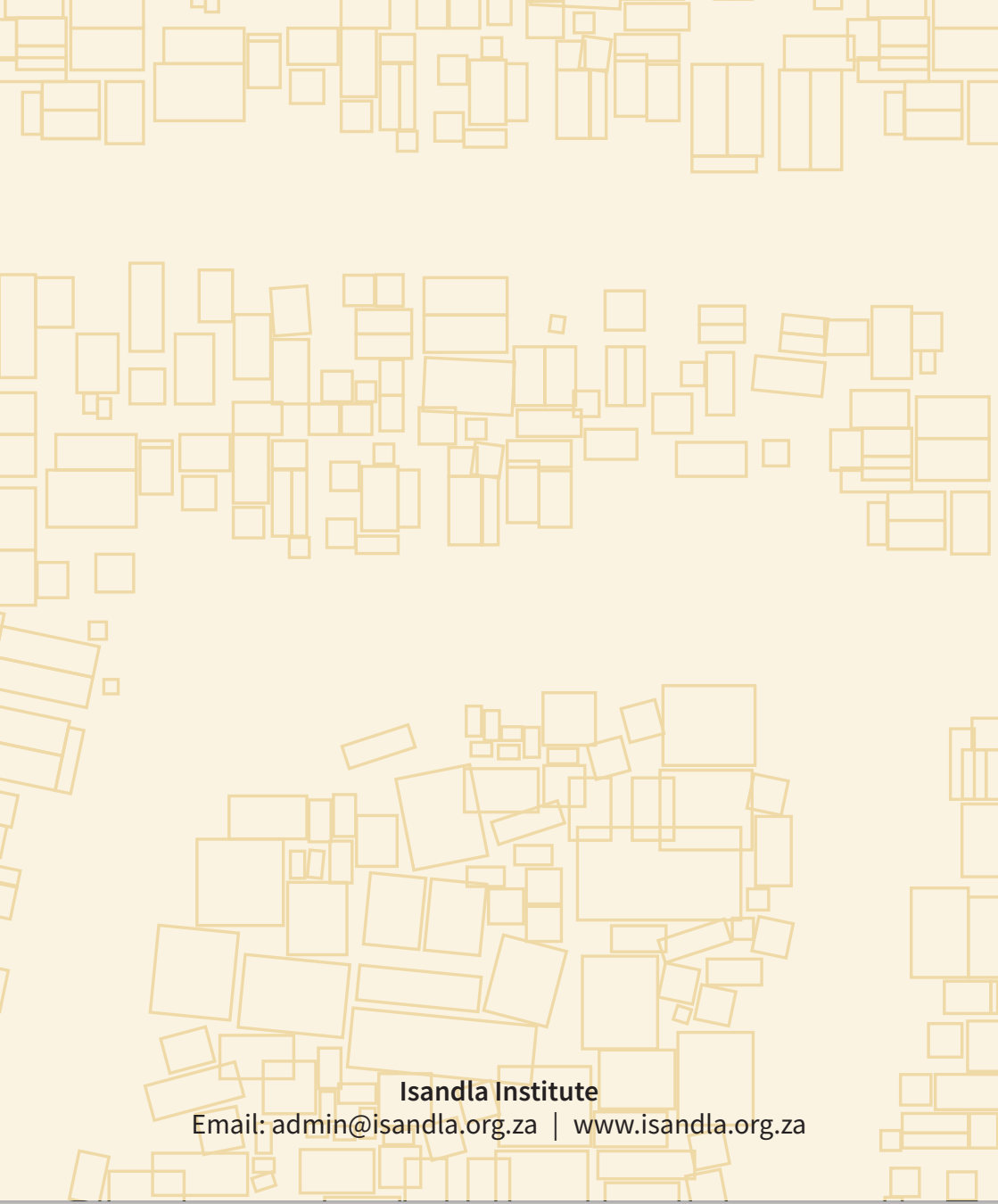
Finally, the current drafting of a new **White Paper on Local Government** provides an opportune policy moment to reinforce municipal responsibilities for informal settlement upgrading and local economic development. Moreover, it offers a strategic opportunity to incorporate the central role of CWP as a key driver of a JUT approach to informal settlements, one that addresses economic development, sustainable livelihoods, climate resilience and neighbourhood development.

CONCLUSION

With poverty and unemployment concentrated in informal settlements, the JUT approach to informal settlements upgrading emphasises local economic development and sustainable livelihood support as vital to the upgrading of informal settlements. Yet, this has often been the hardest aspect of upgrading to achieve.

PEPs, particularly those that combine livelihood opportunities with social value, can help to overcome this challenge. Evidence from implementing the SEF in informal settlements shows that economic and livelihood opportunities can indeed be successfully married to social and public value that transcend individual benefits and contribute to tangible community benefits and an overall improved quality of life. Similar benefits are evident in other (non-PEP) practices that combine a sustainable livelihoods approach with social value, which can be replicated and scaled.

With CWP in the process of repositioning itself as a national JUT platform, this is an opportune time to influence policy and practice and embed more explicitly the JUT approach to informal settlement upgrading. Its success will largely depend on programmatic clarity and coherence, strategic partnerships, targeted and coordinated investment (including through fiscal mechanisms), and municipal uptake. A partnership between CoGTA, the Presidency (PES) and National Treasury (CSP) to pilot this approach in a select number of metropolitan and secondary cities will result in valuable lessons for programme refinement and institutionalisation.



Isandla Institute

Email: admin@isandla.org.za | www.isandla.org.za

