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The aim of the Khayalethu Initiative is to advance models for participatory informal settlement upgrading through knowledge sharing, collaboration and experimentation. Isandla Institute's role in the Khayalethu Initiative is to inspire and inform communities of practice through research and the facilitation of engagement between practitioners in the field of informal settlement upgrading. One of these engagements takes the shape of a Cape Town-based Community of Practice. This document distils the knowledge emerging from the local community of practice engagements, and offers lessons from both theory and practice.

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Residents in informal settlement make a living by employing a range of livelihood strategies. In order to develop responsive and enabling upgrading interventions that support sustainable livelihoods, practitioners must first cultivate a robust understanding of the strategies that residents employ and the realities that inform – and often restrict – their choices.

This practice brief thus considers the potential for upgrading interventions to support the livelihood strategies of residents living in informal settlements. Using the Sustainable Livelihoods Framework (SLF), it considers the multiple interrelated factors that affect the sustainability of livelihoods, and explores methods that can be used to make sense of local realities. The practice brief offers a sober reflection on the challenges that practitioners may face when approaching informal settlement upgrading through the lens of sustainable livelihoods, and concludes with lessons learned from the Cape Town-based community of practice.

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INTRODUCTION

Informal settlements are considered to be spaces of deprivation, where residents are exposed to living conditions that diminish their quality of life. Here, many residents are engaged in a daily struggle for survival, as they attempt to access the resources needed to feed, shelter and provide safety for themselves and their families.

But informal settlements can also be viewed as spaces of opportunity within which residents are able to establish and maintain social relationships that facilitate access to physical, financial and socio-economic resources. Informal settlements provide opportunities for engaging in informal income generating activities and, depending on their location, can encourage participation in the formal economy. Such a shift in perspective – seeing informal settlements not only as spaces of deprivation, but also of opportunity and resourcefulness – is useful for practitioners aiming to intervene in informal settlements, and ultimately to improve the quality of life of the urban poor. By emphasising the strategies that the urban poor already employ in their attempts to secure a living, practitioners can develop enabling interventions.

The purpose of this practice brief is therefore to consider the link between informal settlement upgrading and sustainable livelihoods. We show that a deep understanding of the livelihood strategies of the urban poor is a vital starting point for interventions intended to bring about lasting change. Because a complex range of factors affects livelihoods, various informal settlement upgrading interventions have the potential to contribute the sustainability of these. If, however, these interventions are not well aligned with the lived realities of residents in a particular settlement, practitioners run the risk of perpetuating existing conditions or jeopardising existing livelihood strategies.

Following the introduction, **section 2** defines what is meant by both livelihoods and sustainable livelihoods. This section also considers the value of a sustainable livelihoods approach to development and sets out its core elements. **Section 3** explores the informal settlement upgrading interventions through which sustainable livelihoods can be supported. Given our emphasis on an understanding of existing livelihood strategies as a starting point for intervention, this section focuses on methods that can be used to make sense of local realities and to identify community priorities. The practice brief also offers a sober reflection on the challenges that practitioners may face when approaching informal settlement upgrading through the lens of sustainable livelihoods, and concludes with lessons learned from the Cape Town-based community of practice.

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POLICY PROVISIONS

National Development Plan (2011)

The National Development Plan recognises that the extent to which a livelihood can be considered sustainable is determined by a range of contextual factor. The document therefore notes that, in the interest of supporting sustainable livelihoods, all individuals – regardless of income – should enjoy access to quality education, health care and public transport. The National Development Plan also notes that the government must provide public works programmes, through which the urban poor can access employment. In line with the argument made in this practice brief, the National Development Plan suggests that there is insufficient understanding of informal livelihood strategies and the informal economy, as well as the relationships between where people live and the opportunities that they are able to access.

Integrated Urban Development Framework (2014)

While the informal sector allows the urban poor to gain increased access to resources, the Integrated Urban Development Framework (IUDF) acknowledges that in South African cities a tendency exists to dismiss informal livelihood strategies and the informal economy as undesirable. It notes that cities are likely to restrict informal livelihood activities, rather than enabling them to grow. In response, the IUDF recommends that policy begin to accommodate the informal economic sector through a progressive land-use and planning system. It also recommends that barriers to entry for community-based enterprise development be removed through the provision of adequate infrastructure, and the creation of safe and conducive living environments.

¹ The local community of practice consists of Cape Town-based organisation involved in the upgrading of informal settlements. These include, along with Isandla Institute: Community Organisations Resources Centre, Development Action Group, Habitat for Humanity South Africa, People Environmental Planning and Violence Prevention through Urban Upgrading.

- THROUGH INFORMAL SETTLEMENT UPGRADING SUPPORTING SUSTAINABLE LIVELIHOODS

DEFINING LIVELIHOODS, SUSTAINABLE LIVELIHOODS AND THE SUSTAINABLE LIVELIHOODS APPROACH

A livelihood is defined as 'a means of making a living (a formal or informal job or any other means of subsistence however tenuous)' (PPT and HDA 2014: 5).

Similarly, the National Upgrading Support Programme (NUSP) suggests that a livelihood is the 'combination of the resources used and the activities undertaken to live' (NUSP 2016: no page number). When defining livelihoods it is important to keep two things in mind. Firstly, livelihoods consist of more than income generating activities (Beall and Kanji 1999; CARE International UK 1999). While residents in informal settlements make a living by working, they also do so through other means such as government support or reciprocal social relationships. The social capital that these relationships provide may ensure access to other forms of capital (see Figure 1). Neighbours may, for instance, take care of one another's children in exchange for food. Secondly, there are a range of contextual factors that determine what livelihood opportunities are available to the urban poor (PPT and HDA 2014). The location of a settlement, the level of access to basic services that its residents enjoy, and the availability of adequate healthcare and education will impact significantly on the strategies informal settlement residents are able to employ in their attempts to survive and flourish.

For a livelihood to be sustainable, it must be able to 'cope with and recover from external stresses and shocks, and maintain or enhance its capabilities and assets now and in the future' (PPT and HDA 2014: 6; see also Chambers and Conway 1992). If, for instance, an informal settlement resident practices urban agriculture as a means of securing access to food and supplementing her income, contextual changes are likely to impact on her ability to continue pursuing this livelihood in informal settlement related policies are just as likely to threaten the resident's livelihood. If – for instance – policy provisions are geared towards housing development and relocation rather than in situ upgrading, or if these encourage increased regulation of informal economic activities in informal settlements, the ability of residents to continue existing livelihood strategies may be undermined.

strategy. While flooding or drought are obvious examples of external stresses, shifts

Figure 1: Sustainable Livelihoods Framework



The concept of sustainable livelihoods thus describes, on the one hand, livelihoods that are able to endure and grow despite the shocks that they may suffer. On the other hand, however, the concept also denotes a particular approach to development. The sustainable livelihoods approach emphasises the capabilities and assets of the urban poor, and positions informal settlement residents as active agents of development (Beall and Kanji 1999; Wood and Salway 2000; PPT and HDA 2014; NUSP 2016). The core elements of a sustainable livelihoods approach are illustrated in figure 1. These include 2:

Vulnerability context	This is the external environment within which poor people live their lives and which is responsible for many of their hardships.
Assets and capabilities (or 'capital')	The resources that the urban poor possess or have access to and use to gain a livelihood. The pentagon in figure 1 represents the five types of assets (or capital) that the urban poor could have access to. These include: human capital (skills, knowledge, and well-being), physical capital (transport, shelter, water and sanitation), financial capital (savings, loans and grants), social capital (groups, networks and relationships) and natural capital (land and water).
Policies, institutions and processes (sometimes called transforming structures and processes)	The institutions, organisations, policies and legislation that determine access to assets and choice of livelihood strategies. This may include the institutions of government, the provisions of the National Development Plan and the Integrated Urban Development Framework, and the provisions of the Spatial Planning and Land Use Management Act.
Livelihood strategies	The ways in which poor people deploy their assets and capabilities to improve their livelihoods (i.e. consumption, production, processing, exchange and income-generating activities).
Livelihood outcomes	Successful livelihood strategies should lead to more income and more economically sustainable livelihoods, increased well-being, reduced vulnerability and more sustainable use of the natural resource base.

The sustainable livelihoods approach is valuable for informal settlement upgrading because it makes explicit the links between contextual realities, the capabilities of the urban poor, and the choices that the urban poor are able to make with regard to their livelihoods. By identifying these linkages, practitioners can ensure that their interventions enable the urban poor to achieve sustainable livelihoods. In the following section we consider the methodologies and interventions that can be utilised in support of sustainable livelihoods.

KEY:

H = Human Capital

For a livelihood to

be sustainable, it

must be able to

'cope with and

recover from

and shocks'.

external stresses

N = Natural Capital

F = Financial Capital S = Social Capital

P = Physical Capital

Adapted from PPT and HDA 2014 and NUSP 2016.

³ For a summary of relevant methodologies see PPT and HDA (2014).

The disjuncture between the intentions of practitioners and the livelihood practices of residents can result in ineffectual projects that have no real impact or, worse still, serve to undermine the

precarious livelihood

strategies of local

residents.

STRATEGIES FOR MAKING LIVELIHOODS SUSTAINABLE

The sustainable livelihoods framework outlined in figure 1 illustrates the impact of a range of interrelated factors on the livelihoods of the urban poor. Because so many factors inform the choice that residents living in informal settlements are have, there are also many interventions that could potentially be implemented in the interest of enhancing the sustainability their livelihoods.

For example, investments in infrastructure – such as the provision of improved services such as water and sanitation - may improve the physical capital residents in informal settlements have access to, while interventions aimed at capacity building – such as skills training – may enhance human capital. So two, policy advocacy campaigns can influence the institutional context that either enables or restricts the livelihood options of the urban poor. If, for instance, community-based organisations mobilise for improved services in their settlement, they may contribute to the development of a more enabling living environment where improvements in residents' health allow them to take up livelihood opportunities.

But while there are numerous potential interventions through which to enhance sustainable livelihoods, determining which methodology – or combination of methodologies – is best suited to a particular community is a vital starting point in this process. According to PPT and HDA there is 'typically a disjuncture between most [Local Economic Development] plans and the actual livelihoods and informal economies that prevail at grassroots level' (2014: 14). This disjuncture between the intentions of practitioners and the livelihood practices of residents can result in ineffectual projects that have no real impact or, worse still, serve to undermine the precarious livelihood strategies of local residents. If investment is made in infrastructure upgrades, but the community in fact requires capacity building, then the strategy does not address local priorities and will not contribute adequately to the enhancement of sustainable livelihoods. Informal traders in a settlement may, for instance, require improved business skills to ensure that they are able to keep track of their stock and revenue. In this case, an intervention that results in the formalisation of trading spaces (through the provision of stalls in a designated area, for instance) does not address the needs of the community and is unlikely to increase the sustainability of existing livelihood strategies.

That is not to say that investments in infrastructure cannot have a positive impact on the livelihoods of residents living in informal settlements. Rather, we are pointing to the need to ensure that interventions aimed at enhancing sustainable livelihoods are designed in line with the existing livelihood practices and needs of informal settlement residents. In fact, misaligned interventions can undermine the livelihoods of the urban poor, as these are 'fragile and easily disrupted or threatened' (PPT and HDA 2014: 14). It is also noted that government attempts to enhance sustainable livelihoods often gravitate towards regularisation and control (Charman, Herrick and Peterson 2014; PPT and HDA 2014). In a context where the formal economy is not able to absorb unemployed and where the informal economy therefore serves as an important source of livelihood opportunities, regularisation and control are more likely to burden than benefit the urban poor. It may also inadvertently lead to the creation of a more illicit economy, whereby residents seek to avoid the burden associated with regulation and control, yet continue pursuing strategies that support their livelihoods.

In order to ensure that the methodologies used to enhance sustainable livelihoods respond to local realities, residents in informal settlements must be recognised as active agents with important roles to play in transforming their neighbourhoods. In this way, practitioners encourage local ownership and avoid cultivating dependency (PPT and HDA 2014). By working closely with communities, practitioners can deepen their understanding of existing livelihood practices and collaboratively work towards the identification of the most appropriate interventions. A shift away from top-down interventions also allows practitioners to take on a more enabling role. From the outset it is therefore important that practitioners who aim to enhance sustainable livelihoods in informal settlements adopt participatory planning methodologies (NUSP 2016), such as Participative (local) Economic Action Planning and Participative Community Action Planning (PPT and HDA 2014). According to NUSP (2016) it is also important to take cognisance of power dynamics within communities, as a resident's position in society (in their community, in their household and family) is likely to inform the extent to which they are able to access capital - whether human, physical, financial, social or natural.

A study conducted across eight case sites in township settlements in five major South African cities showcases the value of a mixed-method research approach for understanding informal economic activities. This mixed method approach – referred to as a small area census – draws on both qualitative and quantitative research methodologies in order to address the knowledge gaps that exist as a result of using methods such as selective surveys or ethnography in isolation. The small area census includes the use of censuses, semi-structured questionnaires, focus group discussions, digital story workshops, and unstructured in-depth interviews. It allows for a more robust understanding of the dynamics – particularly the spatial dynamics – of the informal sector in that it facilitates an exploration of the relationship between different enterprises, and between entrepreenurs and other social actors in the environment.

(Charman, Peterson, Piper, Liedeman and Legg 2015)

- THROUGH INFORMAL SETTLEMENT UPGRADING

CHALLENGES RELATED TO SUSTAINABLE LIVELIHOODS

In the preceding sections of this practice brief we have drawn attention to the need for understanding existing local livelihood practices, and for planning interventions in collaboration with residents living in informal settlements.

We have thus argued that, when thinking about ways of enhancing sustainable livelihoods, it is important to recognise the agency of the urban poor. Not only do residents already employ a variety of strategies in order to survive, they are also capable of driving development for the betterment of their neighbourhoods. However, we should not be overly romantic about the agency of the urban poor. As Wood and Salway (2000) point out, some residents living in informal settlements have no access to capital of any kind, and are in fact highly dependent on government support. They thus suggest that we make a conceptual distinction between 'the poor, where self-help forms of social action are possible (with assistance), and the destitute (or some might prefer the term 'highly dependent poor'), where to expect self-help as a substitute for responsibility and programmes of social protection would be immoral' (2000: 673 original emphasis). Here, a careful balance must be struck between, on the one hand, recognising the agency of the urban poor, and, on the other, recognising the extent to which the urban poor (irrespective of their capability for self-help) require the assistance of external stakeholders, particularly government. The absence of such a balance can result in either a 'hands-off' approach, or an overly paternalistic approach to the urban poor.

Furthermore, Wood and Salway suggest that the sustainable livelihoods approach runs the risk of representing 'vulnerability more as a **stochastic** phenomenon, rather than a chronic set of conditions which maintain people in a constant vulnerable state' (2000: 674). This critique is particularly relevant in the South African context, where the living conditions of the urban poor are the result of structural inequality. Here, livelihoods can only be considered sustainable if they are able to endure despite consistent external stresses. In order to support the livelihood strategies of the urban poor, practitioners must therefore cultivate a comprehensive and nuanced understanding of the contextual realities that impact on their sustainability.

Finally, a significant challenge facing practitioners working to enhance sustainable livelihoods in informal settlements is the tendency – on the part of government – to assume that formalisation is necessarily the way to go (PPT and HDA 2014). According to PPT and HDA (2014), this bias towards formalisation results from a lack of understanding of the informal economy and its significance for residents living in informal settlements. It is noted that 'the informal economy allows niches which would otherwise not exist for people due to such advantages as low transactions costs, low barriers to entry, low administrative requirements, low setup costs, and greater flexibility and manoeuvrability' (PPT and HDA 2014: 18). Formalisation, instead, incurs additional costs, and can impact adversely on the sustainability of a livelihood. It is therefore important that practitioners consider how best to support livelihood strategies without in fact jeopardising these.

Research conducted by the Socio-Economic Right Institute (SERI) investigates the impact of regulation on the lived experiences of informal traders in the city of Johannesburg. The research uncovers the inconsistent implementation of regulatory mechanisms such as smartcards and lease agreements. While these mechanisms are intended to provide informal traders with an increased sense of security with regard to their right to trade in the city, traders are often unaware of the process involved in accessing these and uncertain of the purpose that they serve.

Traders who do not have smartcards or lease agreements are subjected to the whims of the Metropolitan Trading Company (MTC) and the Johannesburg Metropolitan Police Department (JMPD) who exploit the vulnerability of these unregistered traders in order to secure bribes. Given this, the rights of registered traders – those with smartcards and lease agreements – are undermined, as the MTC and JMPD may allow unregistered traders who have paid bribes to set up their stalls in front of those operated by registered traders.

The research conducted by SERI also shows that regulatory mechanism do not ensure an enabling environment for traders, as issues such as waste removal and access to public amenities persist despite their implementation. These inconsistencies result in self management on the part of informal traders, particularly when negotiating storage for their stock and when allocating spaces for trade. SERI's research finds that informal traders are not opposed to management, but rather to the inconsistent implementation of regulatory mechanisms as this threatens the sustainability of their livelihoods. These regulatory mechanisms must also ensure access to more enabling working environments where the lived experiences of informal traders are taken into account.

(SERI 2015)

Stochastic

Describes a phenomenon that is occurs randomly, and cannot be predicted accurately



FROM THE KHAYALETHU INITIATIVE:

This question – how best to support livelihood strategies without in fact jeopardising these – featured centrally at a local community of practice meeting held on 9 September 2016, during which practitioners discussed how to enhance sustainable livelihoods through informal settlement upgrading projects and programmes.

Representatives from the Sustainable Livelihoods Foundation shared the findings of their research on township economies, and set out recommendations for local government and civil society practitioners aiming to support sustainable livelihoods in the context of informal settlement upgrading. During the discussion, the Sustainable Livelihoods Foundation noted that the formal economy is not able to sufficiently absorb the unemployed in South Africa, and that the informal economy thus offers critical livelihood opportunities for the urban poor. Despite its significance, however, the informal economy is still largely ignored or vilified. As mentioned in Section 4, this lack of understanding of the ways in which the informal economy operates results in ill-conceived and ineffective development responses. For practitioners intending to enable local communities, robust engagement with the everyday realities of life in informal settlements is vital. It is only through such engagement that locally relevant, tailor-made initiatives can be conceived.

In line with this, the Sustainable Livelihoods Foundation recommended – firstly that local government and civil society practitioners **better consider the state of informality** in the settlements in which they intervene. With respect to the Sustainable Livelihood Framework (Figure 1) set out above, this means that practitioners must develop a robust understanding of the vulnerability context that either constrains or enables residents living in informal settlements. The Foundation found, for instance, that some businesses in informal settlements are geared toward survival rather than growth. Instead of attempting to regulate these, local government should recognise micro-enterprises as safety nets for the very poor and allow them to operate.

A second recommendation emerging from the local community of practice meeting was that local government and civil society practitioners **develop** and test new approaches, and better connect existing initiatives in the interest of cultivating a robust, progressive informal settlement upgrading practice that better supports sustainable livelihoods. In this respect the work already being done by organisations in the local community of practice represents a body of knowledge that can serve as a valuable foundation for emerging approaches. These include:

- Building the capacity of residents living in informal settlements through participatory planning processes.
- Providing the infrastructure necessary to support livelihood strategies such as waste picking.
- Developing alternative housing typologies that allow for both residential and commercial user.



Continuous reflection on the impact of these initiatives on the vulnerability contexts, livelihoods strategies and livelihood outcomes of residents living in informal settlements – including the successes that these initiatives engender, and the challenges that they bring – will remain critical.

Finally, it was recommended during the local community of practice meeting that stakeholders – including those employing informal livelihood strategies and local government – **enter into partnerships**, as these assist in integrating livelihoods into the mainstream.

SUPPORTING SUSTAINABLE LIVELIHOODS - THROUGH INFORMAL SETTLEMENT UPGRADING



A complex range of interrelated factors determine whether a livelihood can be considered sustainable or not.

CONCLUSION

In this practice brief we have argued that, in order to support sustainable livelihoods through the practice of informal settlement upgrading, practitioners must develop a robust understanding both of the (often informal) livelihood strategies that residents already employ.

Using the Sustainable Livelihoods Framework, this practice brief has shown that a complex range of interrelated factors determine whether a livelihood can be considered sustainable or not. A robust understanding of local livelihood practices therefore necessarily includes careful consideration of the context within which residents living in informal settlements make these livelihood decisions, and the assets and capabilities that residents have access to. It is only through such a robust understanding that practitioners, in partnership with local communities, can develop responsive and enabling interventions. In this practice brief we have also considered the potential challenges that practitioners may face in attempting to support sustainable livelihoods through informal settlement upgrading, and have concluded with recommendations for practice.

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