Informal settlements:
Improved livelihoods, the informal economy and local job creation

GUIDELINES

PPT

HDA
HOUSING DEVELOPMENT AGENCY

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Abbreviations

ABCD	Asset Based Community Development
ABET	Adult Basic Literacy Training
BR&E	Business retention and expansion
DSD	Department of Social Development
DPW	Department of Public Works
ECD	Early Childhood Development
EPWP	Expanded Public Works Programme
GNP	Gross national product
HDA	Housing Development Agency
LED	Local Economic Development
NGO	Non-government organisation
NPOs	Non-profit organisation
OVCs	Orphaned and vulnerable children
PCAP	Participative Local Community Action Planning
PEAP	Participative (Local) Economic Action Planning
PHP	People's Housing Process
PPT	Project Preparation Trust
RAC	Rapid Assessment and Categorisation
SL	Sustainable Livelihoods
SMMEs	Small, Medium and Micro-sized Enterprises

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Foreword

It is hoped that this short guideline will help to stimulate a different way of thinking about informality and how we respond to it in a more inclusive, flexible, incremental, participative and realistic fashion. Whilst it has been informed principally by PPT's extensive practical experience (and those of other organisations) in undertaking informal economy, livelihoods and informal settlement upgrading initiatives, it is not the result of any process of systematic research. It is therefore preliminary in nature and intended principally as a point of departure and as a means of stimulating new thinking and approaches. Whilst several important principles and methods are outlined, these are not by any means exhaustive nor will specific methods or approaches work in the same way in different circumstances. Approaches should always be responsive to particular local circumstances and adapted accordingly, though they should always be informed by consistent and sound principles. Typically 'good process' results in 'good outcomes' and this is especially so when engaging with informality. There are typically few 'quick fixes' and 'quick wins'. Change is achieved over time through a consistent and sustained approach. Above all, informality needs to be viewed through a different lens which is less value-laden and more practical in its orientation, with the emphasis on producing meaningful and broad-based change. Formal paradigms, regulations and frameworks seldom deliver successfully in the context of informality and new concepts and tools are typically required. Fortunately there is significant local experience and precedent to draw on as we forge a new direction.

Mark Misselhorn
May 2014

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1. Introduction

There is a critical need to move beyond infrastructure and basic services provision to improved livelihoods, job creation and stronger local economies within low income and informal settlement communities. However various state efforts and initiatives to address this need have met with variable success and there is a now a desire to find new approaches which yield better results. A key limitation is that the main developmental programmes of the state tend to be distributive in nature, even though such programmes have delivered significant improvements (e.g. pertaining to access to clean water, improved sanitation and housing). Approaches towards livelihoods and the economy have similarly tended to be distributive and 'supply driven' and have consequently often failed to adequately build local social capital, initiative and independence. Often those who become involved in such state-led programmes are those seeking 'hand-outs' or similar forms of assistance instead of those willing and committed to playing an active role in their own upliftment.

There are however a range of practical approaches and methodologies that can be implemented in parallel with existing state service-delivery programmes in order to more effectively achieve the livelihoods and local economic improvements which are sought. Employing such approaches is especially important given slowed economic and local economic growth and the likelihood that unemployment levels will remain high for at least the medium term. In this context, the informal sector and informal economy should receive special attention, as should measures to improve household-level resilience to external pressures and shocks.

Understanding concepts such as Sustainable Livelihoods (SL), Asset Based Community Development (ABCD), Local Economic Development (LED), 'Arrival Cities' and 'incremental upgrading' are important in developing improved responses within the informal settlement context. So too is learning more effectively from and better accommodating past experience of what has and what has not worked.

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2.   Key concepts and approaches

2.1. What is a 'livelihood'?

Although narrowly defined, a livelihood is often regarded as a means of making a living (a formal or informal job or any other means of subsistence however tenuous); the livelihood itself is directly and indirectly influenced by and inextricably related to a wide range of other factors (e.g. security, access to basic services, access to education and health care, access to economic opportunity, skills and education levels etc.). A livelihood therefore cannot be separated from these contextual factors and livelihoods responses need to respond in large measure to the specific context which prevails. A key factor is that of locational opportunity or disadvantage. Livelihood potentials (especially within the informal settlement context) are significantly affected by locational issues and in particular by the types of access which settlement localities might afford.

> ### *Practical example of how a range of factors affect livelihoods:*
>
> A young single mother of two young children has relocated to an inner city informal settlement due to better proximity to work and other opportunities. However she can only secure and retain a job if her young children have access to an adequate 'crèche' which can care for (and hopefully nurture) them whilst she is at work. The accessibility/ proximity of this is a key factor given the time pressures of getting ready in the morning, feeding children, getting them to the crèche, and getting to work on time. Access to affordable health care is also critical. If the children are sick, she cannot work or has to risk leaving them with relative strangers. Healthy children mean better job security and opportunity for her. The accessibility/proximity of affordable health care is another key livelihood factor. The health and safety of her young family are also directly affected by the adequacy of prevailing water and sanitation infrastructure and the difficulty of getting to and from work is a significant livelihoods stress which can be improved by better road infrastructure and public transport provision.

2.2. How are livelihoods enhanced?

Because a wide range of factors affect, strengthen and enhance livelihoods, a multi-sectoral and multi-disciplinary approach is necessitated. In planning for enhanced livelihoods, due consideration should be given to the local context and people who live there. Priorities should result from community participation, engagement and understanding. Certain actions, interventions or responses can and should be driven principally by local residents (e.g. informal economy and savings). Others (e.g. infrastructure improvements and key social services such as education and health care) may need to be driven mainly by government (but still need to be informed by appropriate participation and an understanding of local issues, needs and priorities). Still others might be co-driven by the community and government (e.g. community-based maintenance of local facilities and Early Childhood Development).

Reponses that improve and strengthen livelihoods span physical infrastructure, skills development, the local economy, social services and governance. Examples of some of these responses are outlined below:
•   Participative local planning (in its various forms).

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- Basic infrastructure improvements (e.g. improved road access, access to clean water, safe sanitation, electricity) – such improvements have significant knock-on livelihoods benefits.
- Social facility improvements (e.g. schools, primary health care, libraries, places to study).
- Economic infrastructure (e.g. improved public transport, affordable manufacturing space, fencing for communal gardens).
- Support for local informal enterprises (e.g. skills training, business development support, mentorship).
- Local Economic Development (in its various facets).
- Early Childhood Development (ECD) support (e.g. incremental support for numerous de-facto informal crèches).
- Support for food gardens, urban agriculture and fruit tree establishment.
- Community-based maintenance and services (e.g. vegetation removal, cleaning road culverts).
- Adult basic literacy training (including basic numerical and reading literacy).
- Support and assistance for those with special care needs (e.g. supporting NPOs providing shelter and care for OVCs, the aged, the disabled and victims of domestic abuse).
- Support for home-based care.
- Improving access to HIV prevention and treatment.
- Improved communication between local government and residents.
- Support for saving and improved management of household money.

2.3. What are 'Sustainable Livelihoods'?

Thinking about poverty and sustainable development has increasingly begun to converge around the linked themes of vulnerability, social protection and livelihoods. Sustainable Livelihoods (SL) encompasses important principles and can be utilised to inform better methodologies for analysis and project planning.

Most SL definitions indicate that:
- A livelihood comprises the capabilities, assets and activities required for a means of living.
- A livelihood is sustainable when it can cope with and recover from external stresses and shocks, and maintain or enhance its capabilities and assets now and in the future.

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A 'livelihood' is considered to consist of the assets, activities and entitlements that enable people to make a living (Singh & Lawrence, 1997). SL also deals with risks, as well as how people cope with stresses and adapt to long-term changes that affect livelihoods (Rennie & Singh, 1996).

A sustainable livelihoods approach is essentially a way of organising data and analysis, or a 'lens' through which to view development interventions. Taking a holistic view of a project (need, focus and objectives), it provides a coherent framework and structure for analysis, identifies gaps and ensures that links are made between different issues and activities. The aim is to help stakeholders engage in debate about the many factors that affect livelihoods, their relative importance, the ways in which they interact and the most effective means of promoting more sustainable livelihoods.

There is no single SL approach, and flexibility in method is a distinctive feature of SL. But in most models the main elements are similar and analysis will address all of these to some degree:

Context. The external environment in which poor people live their lives and which is responsible for many of their hardships.

Assets and capabilities (or 'capital'). The resources poor people possess or have access to and use to gain a livelihood.

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.

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).

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.[1]

Figure 1. Sustainable livelihoods framework

Key:
H = Human Capital
N = Natural Capital
F = Financial Capital
S = Social Capital
P = Physical Capital

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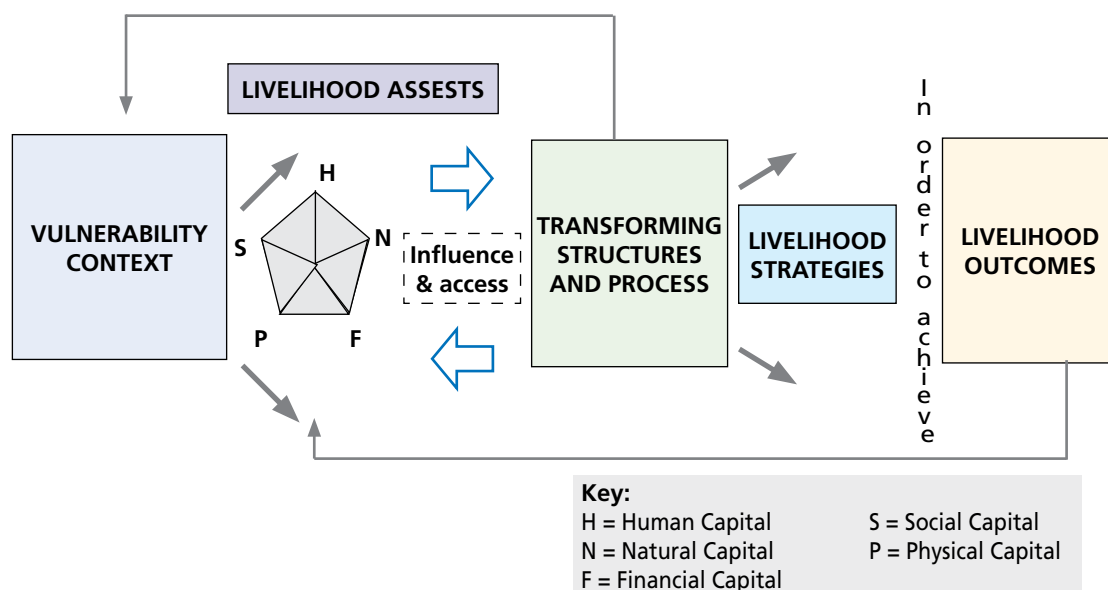
1.   Courtesy DFID (Department of Foreign and International Development) United Kingdom.

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2.4.   What is 'Asset Based Community Development'?

Principles of Asset Based Community Development (ABCD) are key to achieving more effective and sustainable approaches to community upliftment, improved livelihoods and increased resilience and reduced dependency.

ABCD is an approach to community-based development, based on the principles of:
- Appreciating and mobilising individual and community talents, skills and assets (rather than focusing on problems and needs); and
- Community-driven development rather than development driven by external agencies.

It builds on:
- *Appreciative inquiry,* which identifies and analyses the community's past successes. This strengthens people's confidence in their own capacities and inspires them to take action.
- The recognition of *social capital* and its importance as an asset. This is why ABCD focuses on the power of associations and informal linkages within the community, and the relationships built over time between community associations and external institutions.
- *Participatory approaches to development*, which are based on principles of empowerment and ownership of the development process.
- *Community economic development* models that place priority on collaborative efforts for economic development that makes best use of its own resource base.
- Efforts to strengthen *civil society*. These efforts have focused on how to engage people as citizens (rather than clients) in development, and how to make local governance more effective and responsive.[2]

How is ABCD facilitated?

ABCD is a process of self-mobilisation and organising for change. This process has happened spontaneously in many communities. The challenge for an external agency, such as an NGO, is to stimulate this process in other communities without having the opposite effect of creating dependency. There are a set of methods that can be used, but it is important not to consider this a blueprint, but more as guidelines for achieving community-driven development. We are already seeing variations in how ABCD is facilitated by different NGOs.
- Collecting stories.
- Organising a core group.
- Mapping the capacities and assets of individuals, associations and local institutions.
- Building a community vision and plan.
- Mobilising and linking assets for economic development.
- Leveraging activities, investments and resources from outside the community.[3]

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2.   Courtesy of the Coady Institute.
3.   Courtesy of the Coady Institute.

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2.5.   What is Local Economic Development?

Local Economic Development (LED) is an ongoing process in which local economic actors working collaboratively with each other and external stakeholders (including government and established business) to stimulate economic growth, create jobs and optimise an area's comparative advantage (e.g. locational, local assets) through various means such as:

- Removing barriers to competitiveness and business growth;
- Stimulating and supporting local SMMEs and growing new ones;
- Making strategic investments in hard economic infrastructure (e.g. roads, water, power, transport hubs);
- Making investments in soft economic infrastructure (e.g. education and research); and
- Improving local co-operation (e.g. in respect of purchasing or distribution).

LED aims to induce economic development and growth in a locality with the objective of creating jobs and improving the quality of life for everyone by realising a locality's full comparative advantage.

LED is the result of **joint planning by a municipality, its community and business sectors.** This means that all economic forces in the local situation have to be brought on board to identify resources, understand needs and work out plans to find the best ways of making the local economy fully functional, investor friendly and competitively productive.

The fundamental difference between LED and traditional one-dimensional approaches to economic development (like national industrial policy, technology transfer or SME support initiatives) is that **LED combines different approaches to local development into one integrated concept** thereby cross-cutting many different portfolios.

At national level, such a holistic and multi-disciplinary approach would produce enormous complexity with regard to issues and actors. In contrast to this, the focus that LED puts on the local and regional levels reduces this complexity and allows actors to pursue an integrated path of economic development.

Thus, LED recognises that **people, business and governments at local levels are best able to restructure economic situations** that will stimulate growth required to create jobs and to reduce poverty.[4]

2.6.   What is the informal economy and why is it important?

The informal sector or informal economy is that part of an economy that is typically not taxed or monitored by government, generally not subject to usual state regulations and controls, and is typically not included in measure of gross national product (GNP) (in contrast to the formal economy). Whilst it may be cash-based, it also includes barter of goods and services and mutual self-help. By its very nature, it is difficult to observe, study, define, and measure.

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4.   Courtesy of the LED Network in South Africa.

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The informal economy includes a wide range of entrepreneurial activity such as:
• Small-manufacturing (e.g. furniture making, dress making, crafts such as weaving and beading, bottling jams and relishes);
• Specialised retail (e.g. butchers, eateries, filling stations, traditional medicine sellers);
• Unspecialised retail (e.g. street trading, spazas);
• Service industry (e.g. motor mechanics, panel-beaters, hairdressers, tilers, welders, plumbers, electronic repairs, traditional healers, caterers);
• Social services (e.g. early childhood development centres); and
• Small-scale agricultural production.

It is now recognised that the formal economy cannot on its own provide sufficient employment and income generating opportunities. The success of emerging Asian and South American economies clearly demonstrates the importance of the micro and informal economy as a major driver of both employment and sustainable economic growth.

In South Africa however there is no policy or programme to support the informal economy and limited support and assistance for emerging enterprises. Economic actors within economically excluded urban areas (e.g. street/'down-town' trading, townships and informal settlement precincts) are typically not able to optimise economic opportunities due to such factors as a lack of information, poor education and skills, limited local co-operation, restricted market access and a lack of appropriate external support. According to a study conducted by Finmark Trust, in 2010 in South Africa there were close to 6 million micro (less than 10 employees) businesses of which only 17% were formally registered. 66% of micro business owners had not completed their school education and 33% identified business strategy issues as an obstacle to success. 68% of owners started businesses due to unemployment.

In this context, most 'pro-poor' economic development interventions in South Africa are ineffective and do not address the underlying problem. They tend to be 'supply-led' (e.g. the provision of grant funding to set-up new businesses or co-operatives often where there is no market demand or where those involved are not real entrepreneurs). Interventions have also tended to focus on capital expenditure and have utilised formal economy business concepts not appropriate for the entrepreneurs. These historically 'supply-led' interventions have had limited success, often worsened poverty and created dependency. They have also often resulted in heightened and un-met expectations.

Specific problems with the historical approach have included:
• Failure to work with and nurture existing micro-entrepreneurs;
• business plans have not been developed by entrepreneurs themselves and hence have often been mismatched to owner's skill and capacity levels;
• Insufficient business skills and sector skills training and mentorship for micro-enterprises including assisting them to develop or refine more viable and competitive business plans;
• Excessive focus on formal enterprise processes such as business and tax registration too early in the development of the enterprise;
• Insufficient provision of professional expertise to support micro-entrepreneurs (e.g. mentorship, training, business planning);
• Utilisation of co-operatives as the default model without assessing the model's suitability;
• Excessive focus on providing capital funding for projects before the business concept has proven viable and the entrepreneur is 'ready'; and
• Enterprise and LED projects are too often government-led.

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2.7. What is participation and participative planning?

One cannot separate the idea of participation from who initiates it and what purposes it is serving. Participation can mean very different things in different contexts to different people. On one end of the spectrum it can mean (e.g. to a municipal official) consulting with a community over a particular decision in order to obtain buy-in and agreement, whereas on the opposite end of the spectrum (to a community leader) it can mean local community members jointly developing their own developmental agenda and priorities, leading change through local initiatives and engagement with government.

There tends to be an assumption that participation means that there is an external actor (e.g. government, a donor, an NGO) which is 'acting on' or perhaps 'acting with' a local community in achieving certain ends. This can easily become disempowering to a local community or even patronising towards them.

A key factor is that of power-balance and in particular who sets the developmental agenda, issues and 'rules of engagement'. There is inevitably some level of 'power-play' occurring as different actors pursue their own interests and agendas.

It is suggested that, for participation and participative planning to be better understood and undertaken and in particular in the context of improving the working relationship between municipalities and local communities, that there is a recognition of the following key principles:

The *principle of 'negotiation' and 'negotiated solutions'* be adopted as the best and most realistic way in which developmental agendas and in particular state investments and supports be determined. It must be recognised that both communities and municipal officials/ Departments will have particular sets of interests and perspectives. Even though municipalities should ideally be responsive to and representative of local issues and agendas, they also face particular constraints (e.g. pertaining to available government grants and other funding, timeframes for certain processes such as approvals and authorisations, prevailing laws and regulations etc.). They also have certain pre-existing and adopted plans, programmes, policies and strategies which have usually been decided as well as certain political constraints or imperatives which might constrain them. Communities need to 'negotiate' to get their priorities included into municipal plans and budgets and at times persuade municipalities to change the way there are doing things. Municipalities need to be open to this sort of discourse on an ongoing and sustained basis.

Communities need to play a direct and leading role in formulating their developmental priorities and agenda. It is impractical and ineffective for local developmental priorities to be determined in a top-down fashion. It also ultimately results in a passive citenzry and perpetuates an unsustainable paradigm which positions the state as the sole 'provider' of solutions. There are also many initiatives and changes which local residents can and must drive themselves. Refer also to Annexure A (PPT Participative Community Action Planning Toolkit). It is noted that the current system whereby Ward Councillors and ward development committees determine such priorities and agendas is generally ineffective and problematic. Not only does the process tend to become subject to political influence and patronage, but the facilitative skills required for effective participation are generally lacking.

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2.8. 'Arrival Cities' – understanding informal settlement opportunity

The idea of seeing informal settlements as 'Arrival Cities' and understanding them better in terms of the economic opportunity and social mobility they afford to informal settlers has been recently articulated by journalist Doug Saunders in his book entitled *Arrival City – How the largest migration in history is changing our world*[5]. The following excerpts are taken from a base document developed by Professor Peter Robinson for the publication *@Liberty*[6] in May 2014:

"Informal settlements can be good" according to some of South Africa's most progressive urban development professionals and the author of a recently published book, drawing on experience world-wide, from developed and developing countries. The reason for this assertion is that informal, shack settlements are places which provide poor migrants with a foothold in the cities. These are places which provide an opportunity to build a future for themselves and their children as part of the urban economy; an opportunity for them to make their way into the middle class of South African society. We need to devote far more attention to these places, for they are not just sites of potential conflict and violence, but also the neighbourhoods where the transition from poverty occurs, where the next middle class is forged, where the next generation's dreams, movements and governments are created. But at the same time, these places are the loci of discontent and protests if they are not managed carefully and provided with adequate infrastructure, social and economic support. *What makes the difference?*

In South Africa at least 10% of the population (or households) live in informal settlements. Some of these residents have been living there for more than two generations, the outcome of an urbanisation process that started gaining momentum in the late 1970s in all South African cities and many smaller towns, and remains the main driver of urban population growth. All these residents aspire after the same things: jobs or opportunities to earn a livelihood for themselves and their families; security; shelter; and access to basic services. In a nutshell, they seek to establish an urban base and improve their lot in life, for themselves, for their families back in the rural areas, but most particularly for their children.

This is by no means just a South African phenomenon. Evidence from a book by journalist Doug Saunders entitled *Arrival City - How the largest migration in history is changing our world*, points out that this process has been driving urbanisation into cities around the world from the Industrial Revolution to the present, from developed countries to those of the developing world. He argues that, apart from the effects of climate change, what will be remembered most about the 21st century, is the great, and final shift of human populations out of rural, agricultural life and into cities.

Mismanaged urbanisation

But Saunders cautions that we are not paying enough attention to the places in our cities into which these migrants are moving (or have moved into during the past several generations). There are all too many examples of mismanaged urbanisation. He quotes examples of tragic urban housing policies in the West, of the sort that led to riots in London in the 1980s, murderous violence in Amsterdam in

5.   Published April 2012 by Vintage.
6.   This is a publication by the S.A. Institute of Race Relations. The related article is not yet published.

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the early 2000s, and made Paris erupt in 2005. Neglect, or misunderstanding of these places leads to even worse policies in the cities of Asia, Africa and South America, to slum clearance projects in which the futures of tens or hundreds of thousands of people are recklessly erased. In other cases these places are written off as slums to be eradicated, or treated as prisonlike neighbourhoods, guarded by hostile police, abused by exploitative corporations.

Arrival cities – sets of functions

In spite of all the valuable research that has been done in migration and urban studies, the larger message is lost to many citizens and leaders: the great migration of humans is manifesting itself in the creation of a special kind of urban place. Saunders coined the term '*Arrival City*' to change mindsets, to break away from the conventional scholarly and bureaucratic language – "informal settlements", "shacks", "squatter settlements", "immigrant gateways". There has been a tendency to misrepresent these special urban places, to view them as fixed entities comprising an accumulation of inexpensive dwellings containing poor people, often in squalid conditions. In the language of urban planners and governments, these enclaves are too often defined as static appendages, cancerous growths on an otherwise healthy city. But these views misrepresent arrival cities by disguising their dynamic nature, their role as places of transformation which provides migrants (and immigrants) with the opportunity to become insiders within urban society and the economy.

Rather than dismissing these neighbourhoods as changeless entities or mere locations, Saunders argues that we need to start seeing them as a set of functions:

- Creation and maintenance of **a network – a web of human relationships** connecting village to arrival city to established city. These networks, aided by communications technology, money transfers, and more traditional family and village relationships, provide a sense of protection and security (always of primary importance in an arrival city); they generate a sense of leadership and political representation; and they give the arrival city enclave a self-identity.
- The arrival city functions as an **entry mechanism**. It not only takes people in by providing cheap housing and in finding entry-level jobs (through the networks) but it makes possible the next wave of arrivals in a process known as chain migration.
- The arrival city functions as an **urban establishment platform** – it provides informal resources that allow a village migrant, after saving and becoming part of the network, to purchase a house (through credit and informal or legal deeds), to start a small business (through loans, buildings, relationships), to reach out to the larger city for higher education, or assume a position of political leadership.
- A properly functioning arrival city provides **a social mobility path** into either the middle class or the sustainable, permanently employed and propertied ranks of the upper-working class. These paths into the core city are provided through housing values and legalisation, business success, higher education opportunities for migrants or their children, employment opportunities in elite or 'official' enterprises, or even through simple physical connections to the city through upgrading of streets, plumbing, housing, and transit, allowing the arrival city's own rising property values, and the opportunities provided by sale or rental income, to create an exit path. (Saunders, pp20-1).

In these ways, transitional urban places offer a solution. Arrival cities are the places where the next great economic and cultural boom will be born, or where the next explosion of violence will occur. The difference, says Saunders, "depends on our ability to notice and our willingness to engage. It is here rather than at the 'macro' state or 'micro' household level, that serious and sustained investments from governments and agencies are most likely to create lasting and incorruptible benefit."(Saunders p 3).

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3. What can we learn from past experience?

Much can be learned from past experience in respect of livelihoods support, informal economy, job creation and LED. For example:

- The informal economy is a critically important economic sector which requires more effective support and recognition. It supports large numbers of jobs/livelihoods and is the fastest growing part of the economy.
- The livelihoods of the urban poor are fragile and easily disrupted or threatened, even by well-intentioned actions by authorities (e.g. relocation of informal settlements in marginal localities).
- Locational factors are critical within the context of informal settlements and care should be taken to understand these factors when planning and undertaking developmental responses.
- Most government approaches tend to be supply-driven and distributive in nature instead of demand-driven and enabling, and consequently inadvertently encourage dependency instead of entrepreneurship and resilience.
- Government's LED and livelihoods programmes are typically not built on a platform of effective and sustained consultation and participation but rather tend to be 'top-down' in nature. They generally don't encourage real local ownership.
- There is typically a disjuncture between most LED plans and the actual livelihoods and informal economies which prevail at grassroots level.
- There is ambivalence towards the informal economy – despite a recognition of its importance, there is also a desire to regulate and control and a fear of illegality.
- There is a tendency to work against instead of with informality in all of its facets.
- Public realm investments are typically not optimised so as to most effectively support Local Economic Development, informal economy and livelihoods in a way that is really responsive to day-to-day issues on the ground.
- There tends to be a focus on building physical and infrastructural assets instead of social skills and social capital.
- There is a critical need to improve the relationship and dialogue between local government and communities around practical developmental agendas and to sustain this over time.

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4.   Key principles for responding better

Improving people's livelihoods is about improving their living conditions, quality of life and prospects for the future. A key factor must be to be moving in a direction of increased resilience and reduced dependency on outside support. The following are suggested as some of the most critical principles and actions which all stakeholders need to take on board in order to achieve realistic and meaningful change.

4.1.   Understand the new approach to informal settlements

The new approach to informal settlements needs to be appreciated in the first instance. This new approach: a) recognises and accepts informal settlements and includes their residents within the City in terms of service provision, governance and planning; b) accepts that upgrading/improvements need to be locally supported or driven with adequate participation, with government's investments in improvements such as basic services negotiated between the state and local residents, and with decisions that are locally owned; c) promotes incremental upgrading in-situ with relocations regarded as a last resort. This is consistent with current policies and strategies at Metro, Provincial and National levels (including Outcome 8). Upgrading may include basic infrastructural services improvements (e.g. water, sanitation, electricity), improved social services (e.g. education, health care, Early Childhood Development), support for informal enterprises and those involved in other livelihood activities (e.g. food gardens, informal crèches), tenure improvements, and shelter improvements. Improved long-term urban management and sustained engagement between the state and the urban poor is a key success factor.

The new approach identifies four main categories of developmental response in respect of addressing basic infrastructure and housing as outlined below. It is noted that this protocol of categorization is informed largely by the need to determine, at a relatively early stage, the potential for long term formalisation on land which is informally occupied. Site developability is therefore the main determinant:

1) <u>Full upgrading</u> consisting of full services, top-structures and formal tenure (i.e. formalisation) where appropriate, affordable and viable (category 'A').
2) <u>Interim basic services</u> (leading to eventual formalisation) where informal settlement sites are viable and appropriate but where such formalisation/full upgrading is not imminent (a situation which often prevails) (category 'B1').
3) <u>Emergency basic services</u> for informal settlement sites where long-term formalisation (full upgrading) is not viable or appropriate but relocation is not urgent or possible (a situation which also often prevails) (category 'B2').
4) <u>Relocations</u> as a last resort for settlements where there are urgent health or safety threats which cannot be mitigated and an alternative relocations destination is readily available (category 'C').

Please refer to the HDA-PPT 'Rapid Assessment Guideline' pertaining to informal settlements for more information in this regard.

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4.2. Settlement relocations – avoiding negative livelihood impacts

It is again emphasised that the new approach to informal settlement upgrading recommends in-situ development with relocations only to be undertaken as a last resort. The reason for this is principally because of the negative livelihoods and socio-economic impacts which typically result from relocations. If relocations are nonetheless being considered, then the negative impacts need to be carefully and realistically considered, and in particular in respect of the significant negative impacts on residents' livelihoods which can often result. Prevailing livelihood strategies and locational factors need to be carefully considered. Please refer also to section 2.7. pertaining to 'Arrival Cities'.

In most cases, informal settlements are established due to the specific locational advantages or opportunities which a particular site affords. Although the land on which informal settlements is established is often not ideal from a housing perspective for various reasons, there is usually no better-located land available and it represents the best available option for the informal settlers.

Typically residents have a variety of income earning and livelihood opportunities or strategies which are locationally-specific and which will typically be significantly disrupted or destroyed if they are re-settled at another location. The locational advantages typically relate to such factors as:

- Access to formal jobs;
- Access to informal economic opportunities;
- Access to schools;
- Access to clinics and other health care services;
- Access to shops; and
- Access to informal social support networks (e.g. for child care)[7].

Because informal settlement residents typically have limited available income and have low resilience to external shocks and stresses, the negative impacts of relocations can be particularly severe and careful consideration should be given to these impacts prior to any relocation decision being taken. In all cases, informal settlement residents should be consulted, their livelihoods strategies understood and the potential negative impacts of relocations considered.

In reaching a decision on relocations, the potential advantages of the relocation (e.g. improved housing quality, bigger sites, happier formal rate-payers residing on adjacent land) need to be carefully balanced with the negative impacts on the informal settlers (e.g. significantly increased transport costs, loss of access to jobs and other livelihood opportunities, poorer access to education and health care, loss of social support networks etc.).

Often the land to which informal settlements are to be relocated has a poorer location (e.g. it is further away from the town centre or activity node around which residents' livelihoods centre). In the case of small towns, residents are often able to access jobs, livelihoods opportunities and social facilities without incurring any public transport costs (i.e. access by foot) but once relocated may face significant daily transport costs (typically of between R10 and R20 per day). In the case of cities, whilst public transport costs are often already being incurred, they will typically significantly increase.

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7. It being noted that relocations often fracture these networks even though they are not in themselves necessarily locationally-dependent.

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If relocations are indeed unavoidable, then there should be clearly defined mitigation plans in place (e.g. pertaining to public transport, social facility access etc.). Relocations need to be thoroughly workshopped and negotiated with informal settlement residents, planned and undertaken only in close consultation with the community, and only pursued if an alternative and suitable re-settlement location has been identified and is readily available.

4.3.   Nurturing 'Arrival Cities'

Better understanding informal settlements as 'Arrival Cities' and the specific opportunities they afford to informal settlers is regarded as being a critical element of successful and proactive upgrading. It is also regarded as being critical for long-term socio-economic transformation, inequality redress and nation-building. The critical role which informal settlements play within broader international patterns of urbanisation, social mobility and socio-economic transformation should be be appreciated. Whilst physically and legally, informal settlements may present a range of challenges and deficiencies when perceived through a formal lense, when perceived through the lens of social mobility and socio-economic opportunity, a different picture often emerges. Most informal settlements afford significant livelihoods opportunities to residents. Providing a range of enabling supports and investments in-situ[8] can produce significant leverage in respect of improving livelihoods and realizing long-term socio-economic transformation. Informal settlements should thus not be merely regarded in terms of their physical form but also in terms of human capital, social mobility and livelihoods opportunity.

Please refer also to section 2.7. pertaining to 'Arrival Cities'.

4.4.   Understand informality and work with not against it

Informality must be understood and accepted. It must not be automatically condemned or judged, but rather dealt with practically and proactively and on a case by case basis, taking the local context into consideration, and with a view to supporting incremental change and improvement. Formalisation is not necessarily the right frame of reference or short-term objective. Often formalisation, if driven externally, results in unintended negative consequences (e.g. fracturing of local livelihood and survival strategies including social networks).

4.5.   Don't automatically try to 'formalise'

There is a tendency to assume that the formalisation of informal enterprises is desirable (e.g. by establishing a legal entity, tax registration etc.) whereas formalisation should only occur when and if it is beneficial for the enterprise in question. Formalisation comes with additional costs (e.g. increased business management and administration) and requires the necessary capacity and profit. It needs to happen only when and if the timing is right.

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8.   As outlined in more detail this document as well as the HDA-PPT "Informal Settlement Rapid Assessment Guideline".

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There is a related tendency to assume that 'migration' from the informal (second) economy to the formal (first) economy is necessary and desirable (whereas this is often not the case and promoting it often creates adverse, unintended consequences for enterprises if the timing and preconditions are not right).

The above tendencies reflect a failure to fully recognise the nature of the informal economy and why it exists in the first place, typically to fill a gap which the formal economy cannot address. The informal economy affords people some level of economic and livelihoods 'purchase' within the urban framework. Even if the mode of operating or type of activity may not be ideal (when measured against formal standards), there is typically no better option available to people. 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 maneuverability.

Ideally and in the long-term, economic growth is the best way to create jobs and address livelihoods and inequality challenges, but in reality, given slow local and global economic growth, high levels of unemployment are likely to persist for at least the medium-term. In this context, the informal economy has a vital role to play, both in terms of creating a broader platform for more inclusive and sustained long-term economic growth, as well as by providing more survivalist-orientated opportunities for people which, though they cumulatively might not make significant long-term economic growth impacts, are nonetheless important in meeting immediate household needs and improving livelihoods.

4.6. Don't automatically try to regulate and control

Regulation and control is anathema to the informal economy. Whilst certain types of informal enterprise (e.g. those committing serious legal offences, causing serious environmental degradation, or causing material health and safety risks) should be actively regulated, controlled and even shut down, most informal enterprises, whilst often not legally compliant in all aspects, nonetheless fulfil a useful economic function and afford important livelihood opportunities. Excessive pressure of regulation and control on such informal enterprises typically drives them out of business or causes them to shut down and open up elsewhere. Greater flexibility and accommodation is required.

4.7. Understand local livelihoods before intervening or responding

It is important to work 'from the bottom up' instead of 'from the top down'. Often interventions and LED programmes are formulated at a relatively high level based on desktop analysis and apparent market gaps or local competitive advantages, but fail because they do not adequately take into consideration and understand local human capital and specific local conditions. It is important in the first instances to build on and support what is already there, including those with the necessary drive and commitment. Top down interventions, however well-intentioned, also often have unintended negative consequences (e.g. the relocation of an informal settlement).

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4.8. Develop responses through participative engagement

It is critical that there is effective participative engagement in formulating responses. Sustainable Livelihoods and Asset Based Community Development frameworks can be referred to in understanding the broad principles and approach. Ideally such engagement should be sustained long-term.

4.9. Encourage local initiative, decision-making and ownership

Whilst improving livelihoods and local economies are related to a wide range of factors, actions, investments and interventions, some of which will inevitably be government-funded or co-driven, in general efforts need to be made to encourage local initiative, decision-making and ownership. A failure to sufficiently do so is a key historical failing in South Africa. There are several practical ways to support and promote this:
- Supporting Participative Local Community Action Planning (PCAP).
- Improving communications between municipal officials and community leadership at local (as opposed to ward committee) level.
- Making municipal plans and budgets more receptive to locally determined developmental agendas and priorities (less 'top-down').

4.10. Move away from a 'distribute mode' of support

Closely related to the above is a tendency towards government being positioned as the main 'doer' and 'provider' with communities increasingly positioned as passive recipients. This usual 'distributive mode' is counter-productive in the long run and is also unsustainable. Refer also to section 2.6.

4.11. Leverage social capital

In the long run, strengthening social capital must be a top priority. It is desirable that state investments in hard infrastructure (e.g. basic services and housing) leverage and gear such social capital. This can be done in various ways, such as:
- Encouraging PCAP *in advance* of housing and infrastructure investments so that improved community understanding informs design and so that other dimensions pertaining to social capital can be accessed (e.g. community-based savings, community-based maintenance, local construction skills development etc.).
- Ensuring that there is more effective community participation and decision making in infrastructure and housing delivery projects.
- Actively promoting true People's Housing Process (PHP) on low income housing projects as much as possible (noting that currently most so-called PHP projects are effectively municipality and small contractor-driven and the revised PHP process and associated guidelines dating back to approximately 2010 have not yet been implemented).
- Actively encouraging community-based maintenance programmes so that communities are better custodians of state-funded assets and more directly responsible for their care.
- In general, factoring in 'social deliverables' as part of housing and infrastructure plans.

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4.12. Adopt asset instead of deficit-based thinking[9]

When thinking about development and change, there are two ways to ask:

Either:

> a) "What is wrong with our community? What problems can we fix? What are the needs of our community? What's broken?"
>
> *OR*
>
> "What are the strengths and assets of our community? What was it like when our community was at its best? What do we value most about our community? What's special about it? What makes it unique and strong?"

When the focus is needs, then:

- The emphasis is on problems, not solutions.
- There is dependency on outsiders, not each other.
- Local people are disempowered, "waiting for delivery". They see themselves as victims, hopeless, helpless, and with no future.
- Leaders must play up deficiencies.
- There are rewards for failure, not success – improvement means funds will stop.
- There is patronage.
- There are attempts to "beat the system".

"Communities have never been built upon their deficiencies. Building community has always depended upon mobilizing the capacities and assets of a people and a place." (J. McKnight & J. Kretzmann *Building Communities from the Inside Out*)

4.13. Establish and sustain participative governance

Participation should not be an occasional intervention or project-linked activity, but rather a sustained mode of operation within a democratic system, especially in developing countries such as South Africa where significant changes, improvements and historical redress are required. Whilst sustained participation may be desirable in developed nations which are generally 'maintaining' and managing an already developed status quo (in terms of public services and infrastructure), in developing countries such as South Africa it is critical that this occurs in order to build up services and infrastructure to acceptable levels, given the relatively fast rate of new investment and change.

Participation therefore needs to be seen as part and parcel of the work government does and how state and civil society relate to each other in terms of developmental agendas. To achieve this, government needs to ensure that effective and meaningful participation takes place as part and parcel of sustained, locally-focused and locally-responsive urban management (or settlement management in rural contexts). In large part, this means linking the increased engagement and participative planning with municipal departments, municipal plans, municipal decision-making and municipal resource allocation and making these municipal processes more receptive and responsive to participative processes. Such locally-focused and responsive urban management is however typically

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9. Thanks to Gerry Delany for his inputs for this section as taken from one of his presentations for a PPT project.

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not adequately occurring and solutions need to be found both institutionally and in terms of putting in place the necessary capacity and human resources.

Refer also to sections 4.7., 4.8. and 4.11.

4.14. Make funding available for enabling support and investments

Whilst the development of more sustainable livelihoods and local economies is not principally about state investments nor achieveable only through such investments, they can and must play an important enabling and stimulating role. Sections 6 and 7 outline some of the practical interventions and methodologies which can be considered. The way in which government makes such investments and provides strategic support can have either have a positive stimulating and enabling effect or, conversely, can also have a disempowering and destructive effect. It is important that government considers the sorts of principles outlined in this document in moving towards a more effective and sustainable 'mode' of investment and support. Investments should most certainly be made but, for example, care must be taken to build on and encourage local initiative and human capital and to avoid creating or perpetuating dependency. Livelihoods-focused investments and supports can best be determined through participative processes such as PCAP and in the context of improved and sustained locally-focused urban management and through effective dialogue and 'negotiation' between municipality and local citizens (as opposed to a rigid, top-down mode as is often the case).

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5.   What role can municipalities play?

Municipalities have a critical role to play in respect of helping to achieve livelihoods improvements. Some of these roles are outlined below. In all cases, care needs to be taken to avoid dependency and to move away from a purely 'distributive' mode of development. The primary objective must be to more effectively leverage local social capital, initiative and resilience with the investments and other forms of support which government provides. Wherever possible, the Municipality should play an enabling rather than a leading role.

In addition, it is critical that municipalities are aware of the potential which informal settlements offer to informal settlers within the 'Arrival City' context (refer to sections 2.7. and 4.3. for more information). The specific locational opportunities which a specific informal settlement affords to residents (e.g. access to employment, livelihoods opportunities, education, health care) need to be clearly understood at the outset and accommodated within developmental plans. Extreme care should be exercised if relocations are intended, especially where the relocations destination is far from the current informally-settled site (refer to section 4.2. for more information). Relocations should only be considered as a last resort and then only in close consultation and engagement with residents and with a clear mitigation plan for potential negative livelihoods impacts.

Municipalities also need to be cognisant of their own capacity limitations. They will need to be strategic about what they prioritise, as well as what they undertake in-house and what they achieve either through partnerships with the private and NGO sectors or else through procurement of outsourced service providers (whether private sector or NGO-based):

- Play an active role in promoting a different and improved approach for supporting livelihoods utilising the principles previously outlined and applying these principles within municipal decision making, processes and resource allocation.
- Increase and improve community and engagement with local communities around livelihoods and informal economy issues (as opposed to only about conventional state service delivery programmes) and move towards sustaining this engagement going forward. In the first instance, this is largely about understanding communities and their 'issues' better and identifying those individuals or groupings within communities who are either involved in various 'self-help' activities or committed to playing an active role in their own upliftment (as opposed to expecting handouts).
- Start building capacity and skills to do the above and prioritise this. This might mean, in the short-term, making use of partnerships or professional services (private sector or NGO-based). In the long-term, however, increased municipal capacity (professional facilitation personnel) should be a priority.
- Improve local-level urban management (as an extension of the above). This means linking the increased engagement and participative planning with municipal departments, municipal plans, municipal decision-making and municipal resource allocation and making these municipal processes more receptive and responsive to participative processes.
- Help improve the co-ordination and communication between Municipal and Provincial Line Departments in respect of livelihoods and local economy issues across the board, it being noted that multiple sectors or Departments need to be involved (e.g. Economic Development, Health, Social Development, Education etc.).

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6.   Summary schedule of relevant methodologies[10]

NOTE: The schedule which follows consists of examples of relevant methodologies and is not intended in any way to be exhaustive.

Name of response/ methodology	Objectives/outcomes	Main activities	Skills required
Participative (Local) Economic Action Planning (PEAP) (local area level, 6-9 month timeframe)	• Mobilise and empower role-players within the local economy – enable improved communication, info. sharing and co-operation. • Enable locally-championed practical action plans – especially focusing on things that can trigger or unblock economic activity. • Facilitate greater local knowledge, capacity and confidence to take LED actions. • Engender asset as opposed to deficit-based thinking.	• Desktop assessment of area. • ID local role-players and facilitate participative workshops. • Agree priorities. • Local action teams formed. • Map/inventory of local assets and successes. • Locally-developed and championed practical action plans. • Review and update plans on 30-day cycle. • Support and encourage action teams.	Participation, facilitation, LED, enterprise development.
Participative Community Action Planning (PCAP) (local area level, 3-6 month timeframe)	• Mobilise and empower local role-players. • Facilitate practical multi-sector action plans – focusing on priority local issues. • Empower and encourage local actors, working in partnership with the Local Municipality and others, to implement plans and initiate change. • Engender asset as opposed to deficit-based thinking.	• Desktop assessment of area. • ID local role-players and facilitate participative workshops. • ID key 'sectors'/issues and set goals. • Map/inventory of local assets and successes. • Local action teams formed. • Locally-developed and championed practical action plans (multi-sectoral e.g. basic infrastructure, home-based care, informal enterprise). • Support and encourage action teams.	Participative planning, community facilitation .

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10.   These relate principally to established PPT methodologies, most of which are available on PPT's website **www.pptrust.org.za**. .

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Name of response/ methodology	Objectives/outcomes	Main activities	Skills required
Informal enterprise selection and support (local area level, 5-20 enterprises, 1-2 year timeframe)	• Identify informal enterprises with potential. • Provide relevant support (e.g. skills training, business plan development, mentorship). • Enhance/expand informal enterprises making them more profitable and sustainable. • Improve enterprise efficiency and competitiveness. • Create new jobs and improve existing jobs. • Strengthen entrepreneurial skills base and 'tenacity'. • Engender asset as opposed to deficit-based thinking.	• Desktop assessment of local economy. • ID and assess de-facto informal enterprises. • Select those with greatest potential (commitment, competitive product/ service etc.). • Support entrepreneurs in critically assessing their enterprise and devising practical plans for enhancement. • Business or sector skills training as relevant (practical and often basic). • Business mentorship, encouragement and support.	Informal economy, enterprise development, business skills training, business optimisation and mentorship.
Enterprise assessment tool	• Effective selection of informal enterprises with sufficient potential. • Definition of clear plan for support which can be provided.	• Initial meetings with entrepreneurs. • Collection of information on the enterprise (e.g. product, market, capacity, logistics, capital, land etc.). • Assessment of viability (e.g. commitment, product/service for which there is a market, profitability etc.). • Final assessment of viability. • Recommendations for structured support (action plan to enhance/ expand business).	Informal economy, enterprise development, business skills training, business optimisation and mentorship.

Enabling LED investments (local area level, 1-2 year timeframe)	• Address and overcome blockages and obstacles in the local economy.
	• Optimise state investments at local level in support of the economy.
		• Engage with local economic actors (e.g. via PEAP) and through engagement with them.
		  ° Identify key barriers or blockages to local enterprise and local economic growth.
		  ° Identify strategic local investments which will address these (e.g. affordable business space, roads, electrical or water supply, distribution hub etc.).
		• Make investments and monitor impacts.
			Participation, facilitation, LED, enterprise development.

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Name of response/ methodology	Objectives/outcomes	Main activities	Skills required
Business retention and expansion (BR&E)	• Retain existing jobs. • Create new jobs through expansion of existing businesses (usually formal ones, but not necessarily so). • Grow the local economy. • Create more business-friendly local environment. • Improve communication, local skills and capacity. • Strengthen government-business relationship.	• Local business survey. • ID key issues, blockages/barriers, opportunities. • Engagement with selected businesses (individually and collectively as the situation requires). • Develop and implement action plans (which might include actions both for business and government – e.g. targeted public-realm investments). • Review success and re-plan.	BR&E experience, participation, facilitation, LED, enterprise development.
Fruit/indigenous tree establishment (local area level, 3-6 month timeframe)	• Establish fruit trees within households (e.g. 1,500 trees within 500 selected households in a particular area). • Improve quality of environment – greening. • Improve food security. • Productive use of grey water. • Improve awareness of value of fruit trees. • Establish platform for further income generating projects (e.g. distribution and sale of surplus fruit). • Strengthen local skills and learning.	• Assessment of area. • Identify 'beneficiaries'/participants. • Select suitable fruit tree types. • On-site training for planting, tree care and grey water usage. • Distribution and planting of trees. • Follow up monitoring (including tree survival rates) and advice.	Fruit/indigenous tree planting and production, related training, on-site mentorship.
Homestead gardens (local area level, 6-9 month timeframe)	• Support and mentor local growers (e.g. a group of 30 participants). • Improve output from local gardens. • Improve in growers' skills and confidence. • Improve agricultural production, self-help and food security. • Develop improved agricultural practices (e.g. organic methods, low input permaculture methods). • Strengthen platform for possible income generating/commercial projects (e.g. vegetable distribution co-op).	• Assessment of area. • ID and train local growers. • Support in establishment/ preparation. • Seedling provision. • Support in establishment of a local seedling nursery where there is a local champion. • On site mentorship for six months.	Small garden vegetable production, low input methods (e.g. permaculture/ organic), training and on-site mentorship.

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Name of response/ methodology	Objectives/outcomes	Main activities	Skills required
Early Childhood Development (ECD) enhancement (local area level, 1-2 year timeframe)	• Provide incremental support and investment for informal ECD centres (without formal registration) and thereby: ° Improve the quality of care and education available to young children within informal settlement communities; ° Reduce household stresses (e.g. on mothers); and ° Improve the health, skills and learning potentials of young children, thereby building stronger social capital and long-term livelihoods resilience and economic growth.	• ID and assess informal ECD centres at community/area level in terms of their potential, resources and needs (Municipality together with district office of the DSD). • Categorise ECD centres in terms of the type of incremental investment and support which is appropriate (e.g. basic sanitation, fencing, training, nutrition etc.) – noting that this should be provided even if centres are not formally registered with the DSD as is the case with the majority of them. • Provide structured ECD support and improvements. • Monitor change and improvements and manage risks.	ECD evaluation and training, small infrastructure improvements, facilitation.
Multi-purpose/job linkage centres (settlement level, 1-2 year timeframe)	• Establish small multi-purpose centres which provide space relevant to key local activities and needs (e.g. ECD, learning, safe boxes, computer room, job-linkage centre and advice etc.). • Address a range of strategic local issues which can impact positively on livelihoods and the local economy.	• Assessment of physical settlement conditions (topography, land ownership, vacant land, electricity, road access etc.) • Participative engagement/ workshops including key local interest groups (e.g. ECD, entrepreneurs, parents, pupils, etc.). • ID key functions which address priority needs and opportunities. • Technical work – site studies, architectural plans and estimates. • Operating & maintenance plan. • Construction. Ongoing operating, maintenance, impact monitoring.	Participative planning, community facilitation.
Adult Basic Literacy Training (ABET)	• Improve literacy (numeracy, reading etc.) and thereby impact positively on livelihoods in numerous ways (e.g. ability to read medical and other instructions, manage household budget etc.).	• Determine local demand for ABET. • Provide ABET in consultation with Dept. of Basic Education and its service providers operating in targeted localities.	ABET providers.

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Name of response/ methodology	Objectives/outcomes	Main activities	Skills required
Basic business skills training (e.g. 'Isiqalo'[11])	• Strengthen the numeracy, financial literacy and business skills of targeted entrepreneurs. • Develop and strengthen emerging businesses. • Encourage local co-operation.	• ID and select suitable enterprises. • ID key skills needs/deficiencies and adapt training accordingly (including in response to level of literacy and existing business skills). Keep entrepreneurs in a similar skills category together. • Agree training itinerary (making it possible for entrepreneurs to attend). • Undertake training. Such usually needs to: be workshop-based and flexible (responsive and adapted to the specific learner group); make significant use of trainees' entrepreneurial and livelihoods activities for case studies and applied learning; • Encourage shared and mutual learning. • Training will typically include such elements as: key factors for business success; marketing and customers; profitability (e.g. profit and loss calculations); how to start; how to manage a business (e.g. keeping records and cash-control); separating household from business income; decision-making; managing risk; practical business plan development; co-operation vs. competition etc.	

11 'Isiqalo' is a proven 3-5 day business skills training 'programme' for those who have low literacy or are semi-literate. It was developed by SaveAct. PPT has extensively utilised it and helped to refine it. It is flexible, responsive and practical in its orientation and makes use of trainees' entrepreneurial and livelihoods activities for case studies and applied learning. SaveAct have utilised it extensively and successfully within women's savings groups and PPT has used it extensively and successfully for informal entrepreneurs (both urban and rurally-based).

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7. Suggested responses/ methodologies

7.1. Understanding settlement origins and functions

As a general principal, it is important that the origin and function of informal settlements are understood before physical upgrading interventions (e.g. pertaining to basic services, housing and tenure) or those pertaining to the economy and livelihoods are undertaken. This includes understanding why residents have settled on the land in question and what access to jobs, livelihoods strategies and social services they enjoy (or don't).

In cases where Rapid Assessment and Categorisation (RAC) has already been undertaken by the Municipality or Provincial Department of Human Settlements, some of this information may already be available (please refer to the HDA-PPT RAC Guideline for more information in this regard).

Various methods can be utilised to obtain this information, including:
• Comparative settlement pattern assessments off 'Google Earth' using aerial photography at different dates to establish a broad settlement-establishment and growth time-line.
• Interactions with municipal personnel and Ward Councillors.
• Interactions with community leadership and community members.
• On-site observation (e.g. proximity to an economic activity node where there are obvious employment opportunities within retail or manufacturing enterprises, proximity to a transport hub with obvious informal retail and vending occurring, proximity to schools).
• Where resources permit, a socio-economic survey is also useful in this regard (although it is noted that the information obtained will date quite quickly and the process may raise expectations pertaining to housing and services delivery unless carefully managed).
• Focus group discussions can also be utilised and often provide more valuable and qualitative (as opposed to quantitative) information on settlement genesis.
• Participative Community Action Planning (PCAP) – see section 7.3.

At a minimum it is important to establish at the outset in broad terms:
• The date of and reason for first establishment;
• The growth pattern over time, including the process and reasons for continued settlement (often there are 'waves' of settlement with specific triggers);
• Why people continue to reside there and do they wish to continue to reside there (or prefer to move);
• What sort of jobs or other livelihoods opportunities residents pursue and where these are located;
• Where and how people access key social services (e.g. education and health care) and the adequacy of these; and
• How much people generally spend on routine public transport.

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7.2. Participative (Local) Economic Action Planning (PEAP)

Participative (Local) Economic Action Planning (PEAP) is a facilitated but locally-driven and participative process in terms of which local economic actors take stock of local circumstances, assets, opportunities and obstacles and then develop and implement practical action plans, each driven by a local action team. The PEAP method was developed by PPT in collaboration with various stakeholders and has been successfully utilised in various localities, and is informed by principles of Sustainable Livelihoods and Asset Based Community Development. It is currently being mainstreamed and rolled out within eThekwini Municipality.

The main **characteristics** of PEAP are as follows:
PEAP is **bottom up** and not top down.
Local people are active **participants** rather than passive recipients.
It involves a **learning approach** rather than a big detailed plan.
Proposals focus on **local strengths and assets** instead of needs and deficiencies.
PEAP is more about the **local economic environment** than on individual businesses.
It results in **practical, quickly implementable** proposals to get started.

The broad process for PEAP is contained in the diagram below.

The main **outcomes** of PEAP are as follows:

- **Practical proposals** that build on local assets, organisations and resources and do not rely exclusively or primarily on outside assistance.
- **Local champions and teams** who are willing to implement the proposals each of which has clear goals and a plan that becomes more detailed month by month as experience is gained.
- **Actions** that begin at once and aim to yield tangible results within six months. These actions typically benefit many existing and potential enterprises rather than one at a time.
- **A process** that enables local role-players to learn by doing in order to increase their confidence and skill to tackle more challenging issues
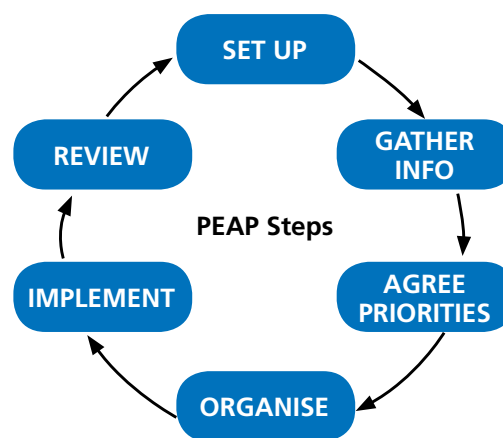
The following 'PASTA' is suggested as a measure in selecting particular proposals for action. Unless a suggestion passes a 'PASTA' test, it is unlikely to succeed and another proposal/idea should be selected:

Popular (has sufficient local support behind it)
Affordable (the local resources exist to achieve it)
Short **T**erm (the action can start immediately)
Achieveable (e.g. realistic, have the capacity to do it).

Please refer to **Annexure B** for more information.

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7.3. Participative Community Action Planning (PCAP)

Participative Community Action Planning (PCAP) is similar to PEAP, with the main difference that it has a much broader focus – specifically the priority 'sectors', interest groups or developmental issues in a community where change is required (e.g. Early Childhood Development, home based care, sanitation, basic infrastructure, tenure issues, shelter, informal enterprise, urban agriculture, public transport, maintenance of local infrastructure etc.). The goal is to identify key achieveable, practical actions which can be taken by local residents (where possible working in partnership with the Local Municipality) which can produce settlement and livelihoods improvements.

PCAP can be undertaken in parallel with the Rapid Assessment and Categorisation of informal settlements (described in a separate guideline) or as a stand-alone initial process of engagement in order to start the process of formulating practical developmental agendas, understanding local issues, and strengthening social capital.

The scope of work for PCAP can be summarised as follows:
- **Identify a pilot cluster of settlements** based on defined criteria which must include the existence of socio-political pre-conditions within the area which are conducive to a participative livelihoods intervention. It is noted that the intervention will either focus on two settlements within a cluster or else cover the entire cluster, where it is sufficiently spatially concentrated and where the population is not too large.
- **Undertake an initial process of engagement** with the community, in order to: a) sensitise them to the objectives and nature of the livelihoods approach and its relationship to the roll-out of interim basic services; b) obtain local buy-in; c) identify key issues in terms of vulnerabilities, local assets (including human capital), existing initiatives etc.
- By means of follow-up participative workshops/mini-workshops:
  - **Identify priority sectors, issues, themes or interest groups**, each of which will be the subject of action planning;
  - Identify a **clear goal for each sector/issue** – it passes the previously-mentioned 'PASTA' test;
  - Sign-up **action teams** to champion each goal for each priority sector or issue; and
  - Support each in defining a **simple plan of action** in which what actions will be taken, who will be responsible, and by when they'll be achieved;
- **Action teams implement action plans**, review progress and, where necessary, re-plan.
- **Follow-through support** and encouragement is provided, including assisting teams to overcome obstacles they might encounter.

It is noted that it is desirable that municipal or provincial departmental personnel, in particular those locally responsible for particular priority sectors or issues, also participate in the process. This will assist in identifying areas where government can provide enabling support or investment. Care must however be taken to avoid shifting to a 'distribute' and 'dependency' mode. Such municipal engagement will greatly assist in refocusing or optimising municipal investments and interventions (e.g. those pertaining to economic infrastructure, basic services, health services etc.). Government personnel might also be able to assist local action teams in securing meetings with municipal or provincial departments.

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7.4. Sustained multi-sectoral community engagement

Methods such as PCAP can be used to help achieve this, including to develop multi-sectoral settlement developmental plans which are more responsive to local issues, assets, needs and opportunities, and which are linked to municipal sector plans and budgets. However long-term, sustained community engagement and communication is necessary around concrete developmental agendas. Again, this should ideally occur within the context of improved and sustained locally-focused urban management and through effective dialogue and 'negotiation' between the Municipality (and other spheres of government) and local citizens. Sufficient and appropriate capacity and human resources with the requisite skills and experience need to be allocated to sustain engagement and communication over time.

7.5. Support for informal and micro-enterprises/ informal economy

As outlined in section 2.4; although the critical importance of the informal economy is at last being recognised (noting that the formal economy cannot on its own provide sufficient employment and income generating opportunities) there is as yet no effective policy or programme in South Africa to support it and there is limited support and assistance for emerging enterprises.

Historically most efforts to stimulate micro-enterprise have had limited success because they have tended to be 'supply-led' (e.g. the provision of grant funding to set-up new businesses or co-operatives often where there is no market demand or where those involved are not real entrepreneurs), focused on capital expenditure and have utilised formal economy business concepts not appropriate for the entrepreneurs.

As indicated in section 2.4; specific problems with the historical approach have included: a) a failure to work with and nurture existing micro-entrepreneurs; b) business plans have not been developed by entrepreneurs themselves and hence have often been mismatched to owner's skill and capacity levels; c) insufficient business skills and sector skills training and mentorship for micro-enterprises including in assisting them to develop or refine more viable and competitive business plans; d) excessive focus on formal enterprise processes such as business and tax registration too early in the development of the enterprise; e) insufficient provision of professional expertise to support micro-entrepreneurs (e.g. mentorship, training, business planning); f) utilisation of co-operatives as the default model without assessing the model's suitability; g) excessive focus on providing capital funding for projects before the business concept has proven viable and the entrepreneur is 'ready'; h) enterprise and LED projects are too often government-led.

A range of positive and practical interventions and supports can be made by municipalities in order to support informal enterprises and the informal economy, such as:
• Participative Economic Action Planning (PEAP).
• Practical business and sector skills training for informal entrepreneurs (noting that such training generally needs to be short and practical in duration and that most formal, SETA-based training is not compatible or useful given entrepreneurs' significant time constraints).
• Mentorship and business development support.
• Strategically-focused enabling LED investments (e.g. in enabling economic infrastructure such as basic, affordable manufacturing space, improved water supply, improved roads and transport hubs, etc.).

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A key success factor is the effective identification, assessment and selection of informal enterprises to ensure that those with the requisite potential and viability are selected for structured support. There are five basic questions to ask:

1. Is the entrepreneur the 'real deal' (i.e. *commitment and entrepreneurial potential*)?
2. Do they know what they want to do (*clearly defined product/service*)?
3. Can they do it (*capacity and resources*)?
4. Will someone buy it (*market and competitors)*?
5. Can they make enough money from it (*profitability*)?

It is important that the selected entrepreneur is receptive to receiving support and that there is a clear plan for business development and optimisation which they have developed or co-developed and which is realistic and achieveable. It is also important that the main focus is not on the provision of funding (though this might also be provided) but more importantly on strengthening the skills, capabilities and confidence of the entrepreneur and improving their business 'model' so as to improve competitiveness and profitability. Refer also to **Annexures C1 and C2**.

It is noted that, whilst in many instances entrepreneurs indicate a need for certain types of skills development, any training provided needs to be directly focused on specific skills development needs and needs to be time efficient (given the limited free time that informal entrepreneurs have available). Conventional training (e.g. SETA-linked) is often too broad, too time-consuming, provided at far-away and inaccessible venues, and often requires absence from the business during working hours. Often more basic, customised training focusing on specific issues or needs (e.g. financial record keeping, order books, use of specific power tools etc.) is far more useful. It assists if such training is locally-provided and scheduled in the evenings or outside of business hours.

7.6.   Strategic LED investments and interventions

As indicated above, strategic LED investments or interventions can play an important role, BUT need to be informed by adequate participation (e.g. PEAP or PCAP) and a sufficient understanding of local issues and dynamics. There is a tendency for investments and interventions to be conceived in a top-down fashion or on purely technical (as opposed to social) considerations and they consequently are often unsuccessful. Care must be taken that dependency is not created and that there is an 'exit plan'.

7.7.   Early Childhood Development

Early Childhood Development (ECD) is a critical issue which must be rapidly addressed if long-term livelihoods and economic change is to be achieved. PPT has produced a separate report on informal ECD for the Housing Development Agency which can be referred to for more information.

ECD in South Africa is in a state of crisis. A paradigm shift and new programmatic approach are urgently required to create hope for young children from poor households and to break long-term cycles of poverty. Most young children (an estimated 1.8 million) utilise informal, unregistered ECD centres or are entirely unable to access ECD services. However there is no structured programme of incremental assistance and support for such centres which provide the backbone of ECD services for the poor. The significant resources of the state are not being effectively mobilised. "The current system of provision is blind to the majority of young children who are outside the system. It only 'sees' the children who are in registered ECD facilities." (Harrison, 2012). Most informal ECD centres can't

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qualify for assistance because they can't formally register with the Department of Social Development (DSD) and meet its high prescribed standards.

Large numbers of young children therefore receive no state assistance and endure a range of significant challenges. Many face significant health and safety threats. The challenges include poor infrastructure and facilities (e.g. inadequate sanitation and access to clean water, no boundary fencing, poor building ventilation and insulation), poor socio-emotional and learning environments (e.g. inadequate learning materials and equipment, untrained educators), and poor nutrition.

Although ECD has been placed high on the national development agenda (including within the National Development Plan) and whilst there are various efforts underway to achieve change, little has yet changed at grassroots-level. There continues to be a preoccupation with formal standards and modes of response and insufficient willingness to recognise and work incrementally with informal ECD. There is also no overall framework for a response at scale and available infrastructure funding instruments are not being utilised.

It is suggested that a new approach is required: in the form of a new informal ECD categorisation framework and method, and of a different, systematic and more inclusive way in which the state partners with, funds and supports private, informal ECD centres. These will result in significantly enhanced, more affordable and expanded ECD services at scale for the poor. The current framework and method utilised in South Africa is premised on formal ECD norms and standards which require high levels of capacity, household affordability, skills, funding and other resources. There is no 'intermediate' level of basic care and no programme of support for informal ECD to achieve incremental change, inclusion and progressive improvement. By contrast, the proposed new framework is premised on: a) a recognition of the value and importance of informal ECD centres; b) an acceptance that basic but 'acceptable informal ECD services' can be provided by such centres; c) a willingness to provide various forms of assistance and support to informal ECD centres on a systematic, selective and programmatic basis.

A central element of such a new approach is a 'rapid assessment and categorisation' method at area or municipal level which forms the platform for a more systematic, programmatic and scale-able response model. All informal ECD centres will be mapped, assessed and categorised according to their potential, needs and the existence of health and safety threats. 'High-functioning' centres (few in number) which are capable of achieving formal status will be assisted to do so. But more importantly, 'basic-functioning' or 'low-functioning' centres' (i.e. the bulk of informal ECD centres) which have potential, will also be supported in various ways (e.g. infrastructure improvements such as water, sanitation and fencing as well as with training, learning materials, nutritional support etc.) to improve and provide basic, 'acceptable' services. 'Low-functioning' centres with low potential but significant health and safety threats may also be assisted with emergency assistance (e.g. infrastructure, nutrition) to protect the safety of children in the short-term. This is an innovative, much-needed, scaleable and dramatically different ECD model.

7.8. Job linkage/multi-purpose centres

Job linkage centres have been suggested as a way to link local people to the broader job market. eThekwini Municipality is in the process of piloting this concept with a view to possible future roll-out throughout the City. It is likely that there are similar initiatives in various other parts of the country. This is one possible intervention which municipalities can consider in making it easier for the

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urban poor to access job opportunities by having better access to job information, some support in developing and updating CVs and references, and in building up over time employment credibility. Such centres could be linked to skills development and EPWP programmes. The centres can be located at existing community facilities or new ones can also be created within informal settlements in which case they can also potentially be utilised as multi-functional centres providing other services (e.g. ECD, computer access) as with eThekwini's Job Linkage Centre model.

It is noted that such centres can also perform other purposes (e.g. space for early Childhood Development/'crèches', space for learners to study, safe boxes, computer room, etc.). A participative process involving local communities is desirable in order to determine what functions a multi-purpose built space might best fulfil. The process for the development of such centres would include: an assessment of physical settlement conditions (topography, land ownership, vacant land, electricity, road access etc.); participative engagement/workshops including key local interest groups (e.g. ECD, entrepreneurs, parents pupils, etc.); identification of key functions which address priority needs and opportunities; technical work including site developability studies, architectural plans and estimates; an operating and maintenance plan; construction; ongoing operating, maintenance; impact monitoring.

7.9. Business retention and expansion

Business retention and expansion (BR&E) is well recognised as being an important way of not only retaining existing local jobs, but also creating new ones and growing local economies. Whilst there is a tendency to focus on new business creation in order to create jobs and grow the economy, international experience has shown that most new jobs are in fact created by existing, well-established businesses expanding. This is principally because established businesses have obvious advantages over new businesses in terms of established products/services, markets, capabilities, resources, experience, logistics, and competitive advantages. Amongst other things, BR&E creates a more business-friendly local environment, focuses economic investment in priority areas, improves communication, local skills and capacity, and strengthens the relationship between government and business.

There are a variety of ways in which BR&E can be stimulated and supported by municipalities, but this necessitates in the first instance sustained engagement and communication with established business (usually at a local area level) to better understand local constraints and opportunities and thereby how specific interventions or support (e.g. pertaining to regulation, land access or road infrastructure) may be able to remove or reduce blockages or barriers to business expansion and the creation of new jobs (which in turn support strengthened local livelihoods).

BR&E often involves such activities as local business surveys, engagements with businesses individually and collectively, and the development of practical action plans.

7.10 Adult Basic Education and Training (ABET)

Many within informal settlement communities, particularly in the older generations, are not functionally literate. This poses major livelihoods and income-earning challenges to individuals and households so affected. Whilst ABET programmes have received some attention since 1994, such progammes have not yet achieved access to all communities.

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Although the concept of adult basic education is well established internationally, the concept of ABET is uniquely South African (as it is here that the 'T' was added to include training).

The following summary of ABET provided by the Department of Basic Education is useful in better understanding the intentions of ABET, as well as the current 'Kha Ri Gude' programme to roll it out[12]:

"ABET is defined as the general conceptual foundation towards lifelong learning and development, comprising knowledge, skills and attitudes required for social, economic and political participation and transformation applicable to a range of contexts. ABET is flexible, developmental and targeted at the specific needs of particular audiences and, ideally, provides access to nationally recognised certificates.

One of the most successful ABET initiatives in South Africa is the Kha Ri Gude Mass Literacy Campaign. It was launched in 2008 with the intention of enabling 4.7 million South Africans to become literate and numerate in one of the 11 official languages by 2015. Achieving this goal will enable South Africa to reach its UN Education For All commitment made at Dakar in 2000, namely halving the country's illiteracy rate by 2015. In its first year, 357 195 learners were enrolled, with 613 643 in 2009 and a further 610 000 in 2010. In 2011, 658 000 learners enrolled.

Kha Ri Gude, which means "let us learn" in Tshivenda, is managed by the Department of Basic Education and is available in all nine provinces. The learning material teaches reading, writing and numeracy and integrates themes and life skills such as health, gender, the environment and civic education. The campaign makes specific efforts to target vulnerable groups. Recent statistics indicate that about 80% of the learners are women, 8% are disabled, 25% are youth, and 20% are older than 60. Kha Ri Gude provides visually impaired learners with a range of assistive devices, including braillette boards and Perkins Braillers for use in class. Learner packs for the blind include a full set of materials in Braille and a talking calculator.

In addition to adult learning, Kha Ri Gude also offers short-term work opportunities to 40 000 volunteers who are paid a stipend as part of the EPWP.

In August 2012, the Kha Ri Gude Campaign was one of the winners of the Department of Public Works' Kamoso Awards. The Department awarded the campaign an incentive grant of R51.5 million for 2012/13 to contribute to job creation by recruiting and training volunteers. The awards recognise the work of public bodies and non-state organisations for excellence in the implementation of the EPWP."

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12. DBE website 2014.

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Annexure A

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Participative Community Action Planning (PCAP) – Summary Toolkit

1.   Overview

Participative Community Action Planning (PCAP) is a facilitated but locally-driven and participative process in terms of which local actors (often working in collaboration with external actors such as the local municipality) take stock of local circumstances, issues, assets, opportunities and obstacles and then develop and implement practical action plans pertaining to specific priority sectors, themes or issues. Each action plan is driven by a local action team (which may include external members e.g. municipal officials). The PCAP method was developed by PPT based on its extensive experience in participative planning over many years and incorporates collaboration with and inputs from various stakeholders. It has been successfully utilised in various localities.

2.   Objectives / outcomes

The objective is to develop practical, settlement-level action plans (usually 4 – 8 in number) which are locally formulated and, as far as possible, locally-driven (though it is recognized that there may be certain priorities which will need to be largely driven or co-driven by the local municipality - e.g. pertaining to basic infrastructure provision). The action plans are short-term and focused on bringing about rapid change and improvement pertaining to priority issues even though they might be working towards an overall long-term goal.

There are however a range of additional and important functions / benefits which PCAPs achieve including:
➢ Better understanding the developmental agenda for a community.
➢ Better understanding local assets, stakeholders, issues, blockages, etc.
➢ Better understanding the community's agenda and issues (in order to complement the municipality's agenda which is sometimes 'top-down' in formulation).
➢ Empowering the community to help set a more relevant and responsive developmental agenda.
➢ Moving towards a 'mode' of engagement between municipality and community which is characterized more by 'negotiation' and 'partnership' than 'service provision' and 'distribution' of state benefits ('bottom-up' instead of 'top down').
➢ Empowering the municipality to becomes more 'tuned in' and locally responsive in its developmental planning and budget allocation (noting that a common challenge arising from PCAPs is that the 'municipality's doors are closed' when it comes to responding to locally raised issues or initiatives).
➢ Developing settlement development plans which are more participatively informed and multi-sectoral in nature.

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3. Key principles and intervention logic

➢ The PCAP process is informed by principles of Sustainable Livelihoods and Asset Based Community Development as well as PPT's extensive experience in conducting participative planning workshops of this nature.

➢ Key principles include the following:
- o A focus on how local people can better make use of their capabilities and assets to overcome or mitigate obstacles and thereby build stronger capabilities and assets into the future.
- o Achieving change incrementally – realizing practical small 'wins' initially and then building on these / using them as a platform for further actions and increased local confidence and capacity.
- o Learning by doing.
- o Taking into consideration, building on and strengthening various types of local capital (human, natural, financial, social and physical) where they are relevant.
- o Being practical, flexible and adaptable.
- o Determining what active role local residents can play in the improvement and upgrading and improvement of their settlements / communities.
- o Ensuring that municipal investments, initiatives and service delivery are informed by local participation and reflect and support community aspirations and priorities, thereby moving away from a paradigm of beneficiary passivity.

➢ PCAP is especially useful at project level for appraisal and planning (preparation) to identify new priorities and plan new activities and to improve monitoring and evaluation.

4. Scope of Work

4.1. Stage 2: SETUP (via initial engagement):
- ➢ *Objective:* Secure buy-in and understanding from the community leadership and the community and identify key local people / interest groups who need to be involved in the process.
- ➢ *Scope:* Establish communications with local community leadership and other key local actors (in particular those involved in specific local activities). Identify key local individuals or groupings who need to be involved (in an initiation workshop). By means of an initial community meeting / workshop: a) sensitize the community as to the objectives and nature of the livelihoods approach, the participative action plans, and the intended delivery of interim services b) obtain community buy-in; c) identify additional local role-players / interest groups who need to be involved; d) start to identify key issues in terms of needs, vulnerabilities, local assets (especially human capital), and existing activities.
- ➢ *Output:* Short report including workshop records and attendance registers.

4.2. Stage 3: IDENTIFY PRIORITY SECTORS/THEMES (via initial participative workshops):
- ➢ *Objectives:* Orientate the community on the SL approach and methodology, gain further understanding of the key local issues (assets, vulnerabilities, needs, stakeholders), and identify the priority themes, sectors, issues or interests for next phase of participative planning workshops.
- ➢ *Scope:* By means of an initial participative workshop(s), assist local residents / participants to:
  - i. Reflect on and 'map' key local issues, assets, challenges, needs and opportunities.

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ii. Identify priority sectors, themes or key issues which need to be addressed. Typically there will be local groupings with particular interests in these 'sectors'. These will typically related to a specific problems, blockages or opportunities (e.g. informal crèches needing access to educational materials and government nutrition programmes; inadequate water and sanitation; vegetables growers needing access to fencing and water supply; small local manufacturers needing work-space; home-based carers needing improved skills, increased volunteer recruitment and better access to home-care packs; HIV prevention programmes; improving local fire protection measures; priority access to housing for those with special needs etc.).

iii. Identify local people who need to be involved in the next phase of mini-workshops within each sector/theme to plan action.

iv. Set dates for a first mini-workshop for each sector/theme.

➢ *Outputs:* Maps / diagrams of local assets and vulnerabilities. List of main sectors / areas of need where local people can champion change. List of people / stakeholders with contact details for each sector. Workshop records and attendance registers.

4.3. Stage 4: PARTICIPATIVE ACTION PLANNING (multi-sectoral and via theme-focused participative workshops):

➢ *Objectives*: For each identified sector, to further probe issues and develop locally-driven practical action plans to bring about change. It is important that action plans formulated have clearly defined objectives which are realistic and achieve-able in the short term so as to achieve practical change and improvement[1].

➢ *Scope:* By means of a series of follow up participative mini-workshops (usually two) in each prioritized 'sector (typically one or two mini-workshops per 'sector'), support participants to define a simple, practical and realistic plan of action. It is critical that the plan is developed by the local action team and that they really 'own' it and the facilitator avoids formulating or co-formulating the plan- if this occurs then local people will then also typically expect the facilitator to help 'drive' it):

i. 1st mini-workshop: The purpose is to better understand the context, issues, local assets, and opportunities, build consensus and communication, and identify the main priorities which need to be actioned. Key issues to be tackled are likely to include:

▪ What local assets are there relating to the particular 'sector' or 'theme' (e.g. initiatives, existing activities, local skills and experience, buildings, land, etc.)? This includes encouraging participants to start to take stock of what they may already have achieved themselves.

▪ What are the challenges and difficulties? How are these affecting people? What causes the challenges and difficulties?

▪ What opportunities are there (e.g. government support programmes and grants)?

▪ Who do we need to involve (within the community and from outside)?

▪ What are the key priorities which need to be addressed (both short and long term)?

▪ What are the community's roles and responsibilities in relation to these priorities (i.e. what can local people can do)?

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[1] E.g. Using PASTA test (PASTA = Popular, affordable (means the local resources exist), short term (can start immediately), achieve-able (e.g. realistic, have the capacity to do it)).

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- What are the roles of external actors (e.g. municipality) in relation to these priorities?

ii. 2nd mini-workshop: The main purpose is to decide goals and objectives and sign up an action team:

- Discuss and decide the long-term goal or overall change which is desired (this might be achieve-able in the short or long term – links back to the key priorities identified in previous mini-workshop);

- Discuss and decide key short term objectives as a stepping stones / building blocks in moving towards the achievement of the goal.

- Identify priority actions which need to be taken (these might include plans to engage more effectively with the municipality in terms of specific developmental issues where external assistance is necessary).

- Sign up a local action team (e.g. 3 to 6 people) who will drive the action plan (local people with interest and commitment sign up to drive the plan).

- Set date for report back from action team (usually in 4-8 weeks' time).

iii. Action team meets and fully develops / refines the action plan (external facilitator supports and encourages, but does not intervene or take over).

iv. Action team implements, tracks progress and where necessary revises / updates the plan (external facilitator supports and encourages, but does not intervene or take over).

v. Action team reports back at mini-workshops.

vi. External facilitator produces a report on priorities, goals, objectives, plans formulated and progress and ensure this is also provided to the local municipality so they can factor this into their developmental plans and budgets. This will also assist the municipality in better understanding specific local needs and priorities and in improving their mode of engagement and communication with local communities in a more 'partnership-based' as opposed to 'distributive' approach.

➢ Outputs:

i. Action plans (e.g. using the format of the attached template) for between 6 and 8 priority 'themes'.

ii. Overview report noting overall settlement-level successes realized, local challenges, key local assets etc.

iii. Report back to municipality and key provincial line-function departments which might be relevant.

4.4. Stage 5: FOLLOW-THROUGH SUPPORT:

Objectives: To provide support to local stakeholders in following through on and implementing their plans and in overcoming obstacles in this regard.[2]

Scope: Where necessary facilitate meetings / interactions with key Municipal or other Government Departments / officials in respect of the plans and where necessary / appropriate amend / update the plans. Undertake follow up interactions / mini workshops to support local people in following through on plans, identifying and resolving obstacles, and implementing them

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[2] Where necessary facilitate / support meetings / interactions with key Municipal Departments / officials in respect of the plans and where necessary / appropriate amend / update the plans. Follow up interactions and min workshops to support local people in following through on plans, identifying and resolving obstacles, and implementing them.

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5.   Human resource requirements

Experienced facilitator with livelihoods, informal settlement and municipal service delivery experience.

6.   Costs

Between R30,000 and R65,000 per settlement (between 6.25and 12.5 days of facilitator time) – excluding any significant follow-through support which might be required.

7.   Timeframes

Two to four months, depending on local conditions and complexities. This period can be extended to permit longer term follow-through support, including in revising and updating plans and in engagement between the community and municipality / line departments in respect of 'negotiating' solutions.

8.   Additional notes

Useful tools:
➢   Discussions and 'brainstorming' in plenary sessions or in breakaway / small groups.
➢   Use of cards[3].
➢   Historical time lines[4].
➢   Asset mapping.
➢   Infrastructure services mapping.
➢   Role playing.
➢   Scenario planning.

Useful principles:
➢   Participants encouraged to adopt an asset as opposed to deficit-based thinking.
➢   Participants encouraged to reflect on what they have already achieved for themselves as a community without external assistance e.g. crèches.
➢   Participants discouraged from expressing any derogatory response to inputs from other participants (e.g. laughing at what they say).
➢   Participants switch off their phones during the workshops.
➢   Participants discouraged from talking while another person is talking.
➢   Participants encouraged to listen carefully to what other people are saying.
➢   Participants discouraged from dominating group discussions.
➢   Participants encouraged to be team players.

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[3] Participants write responses to key questions / issues (e.g. participant expectations, problem definition, evaluation of workshop effectiveness) on cards which are then pinned up and grouped together into themes / areas of consensus. The group then reflects on and discusses the outcomes. This helps to increase participation, reduces peer pressure, increases anonymity, and can 'fast-track' results.

4 Facilitated reflection of key issues / themes over a significant historical time frame (e.g. 10 years).

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➢ Participants encouraged to respect other people's views and believes
➢ One card one idea (when using cards).
➢ Participants encouraged to always be punctual.

Examples of action plan formulation process:
Specific examples arising from past PCAPs undertaken:
➢ Health sector: Loss of income for people not able to work for periods due to serious illness was raised as a key challenge / issue within the health 'sector'. Through discussion it was recognized that in the short term what can be done is for people to take better care of themselves health-wise (e.g. nutrition, regular exercise, taking better measures to avoid becoming ill, taking the right medications etc.).
➢ Informal economy: Tavern owners (without liquor licences) facing police harassment and unauthorized confiscation of stock (dysfunctional relationship). Whilst the long term plan was securing liquor licences, the interim measure was an improved and more co-operative working arrangement with the local police with benefits to the local community health and safety-wise as well as to the tavern owners (i.e. tavern owners agree to certain principles pertaining to no underage liquor sales, no noise after certain times and reduced litter and police in turn assist in maintaining security and responding when there are incidents).
➢ Early childhood development: Informal crèches operating from private homes agree that, long term, they would like to secure a communal space / facility to provide improved and expanded community services and DSD support, but in the short term organize themselves more effectively, obtain more information on formal ECD requirements, improve informal care they provide and initiate the process of identifying possible sites/space.

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Template for an Action Plan

What is the 'sector' (e.g. health, infrastructure etc.)	
What local assets do we have?	
What are the key challenges we need to overcome?	
How are these challenges affecting people?	
What are the causes?	
Who do we need to involve?	
What is the 'solution' i.e. the specific goal / outcome / change we want to achieve?	
What are the priority short term objectives?	
What is the action plan (specific steps) to achieve these objectives, who is responsible for each one, and what are the timelines for achievement?	1. [specify specific action], [specify responsible person], [specify timeline] 2. [specify specific action], [specify responsible person], [specify timeline] 3. [specify specific action], [specify responsible person], [specify timeline] 4. [specify specific action], [specify responsible person], [specify timeline] 5. [specify specific action], [specify responsible person], [specify timeline] 6. Etc.
Who progress has been achieved?	
What can we learn?	
Conclusion:	

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Annexure B1

Participative Economic Action Planning (PEAP) in Brief

Many of the problems that plague local economic development (LED) initiatives can be traced to the way they are selected planned and prepared. The Participative Economic Action Planning (PEAP) process is a local planning process which is structured a little differently to many other approaches with a view to reducing dependency on donors, increasing participants' sense of ownership and commitment while identifying initiatives that have a reasonable chance of success.

Characteristics of PEAP

- PEAP is **bottom up** and not top down.
- Local people are active **participants** rather than passive recipients.
- It involves a **learning approach** rather than a big detailed plan.
- Proposals focus on **local strengths and assets** instead of needs and deficiencies.
- PEAP is more about the **local economic environment** than on individual businesses.
- It results in **practical, quickly implementable** proposals to get started.

PEAP step by step

A typical PEAP programme is carried out in six steps and is done by - not for - people who are or want to be actively involved in the economic development of their community.

1. **Set up:** Involves a quick desktop study, briefing role-players and potential participants and an introductory workshop.
2. **Gather information:** Includes an inventory of local assets by participants, individual interviews and mini-workshops for sectors and special interests.
3. **Agree priorities:** Priorities are set in a workshop for all participants who select proposals that will give tangible results within six months and then form action teams to carry them out.
4. **Organise:** Action teams agree goals and broad steps, plan action in detail for 30 days.
5. **Implement:** Teams implement action plans; every 30 days review progress, plan and implement action for next 30 days
6. **Review:** Assess progress after 6 months, report back, set new priorities, start again.

PEAP Steps: SET UP → GATHER INFO → AGREE PRIORITIES → ORGANISE → IMPLEMENT → REVIEW
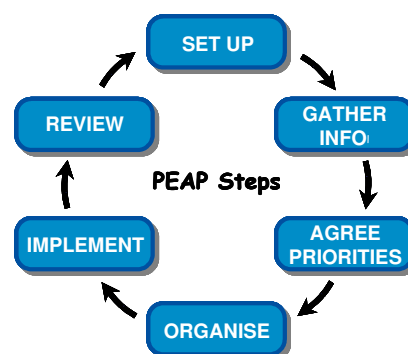
Outcomes

LED is typically undertaken by a range of role-players working together and making their contribution on a voluntary basis, but they often have little experience of LED. This makes conventional strategic planning and management difficult and is why a learning process is more appropriate than the traditional strategic plan. For this reason typical PEAP outcomes are as follows.

1. **Practical proposals** that build on local assets, organisations and resources and do not rely exclusively or primarily on outside assistance.
2. **Local champions and teams** who are willing to implement the proposals each of which has clear goals and a plan that becomes more detailed month by month as experience is gained.
3. **Actions** that begin at once and aim to yield tangible results within six months. These actions typically benefit many existing and potential enterprises rather than one at a time.
4. **A process** that enables local role-players to learn by doing in order to increase their confidence and skill to tackle more challenging issues

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Annexure B2

PEAP Practitioner Guidelines

PEAP Steps: An Overview

In broad terms Participative Economic Action Planning (PEAP) follows the same steps as other participative local economic development (LED) planning processes as can be seen from the diagram below.
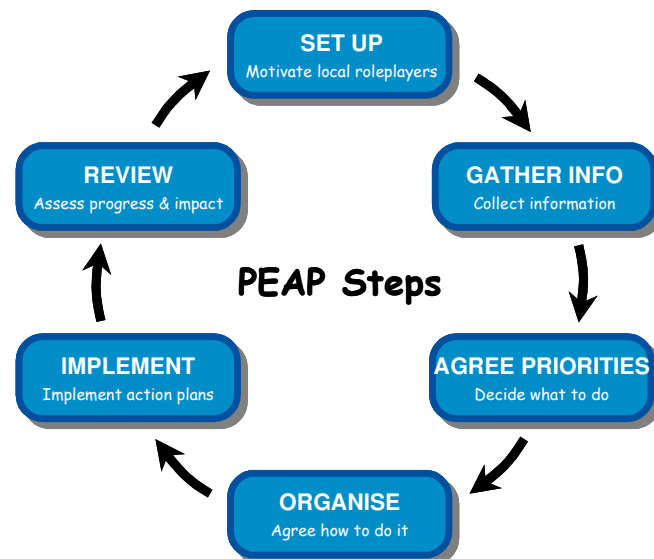
The difference is not so much in the steps themselves but in how they are implemented. In turn this rests on the important assumption that even the poorest communities have a great deal more capacity and opportunity to influence their economic future than is generally recognised, even by the residents themselves. Instead of stifling this by focussing on needs, problems and deficits, PEAP takes an asset-based approach and encourages local role-players to become ***active participants*** in the development of the community rather than ***passive recipients***.
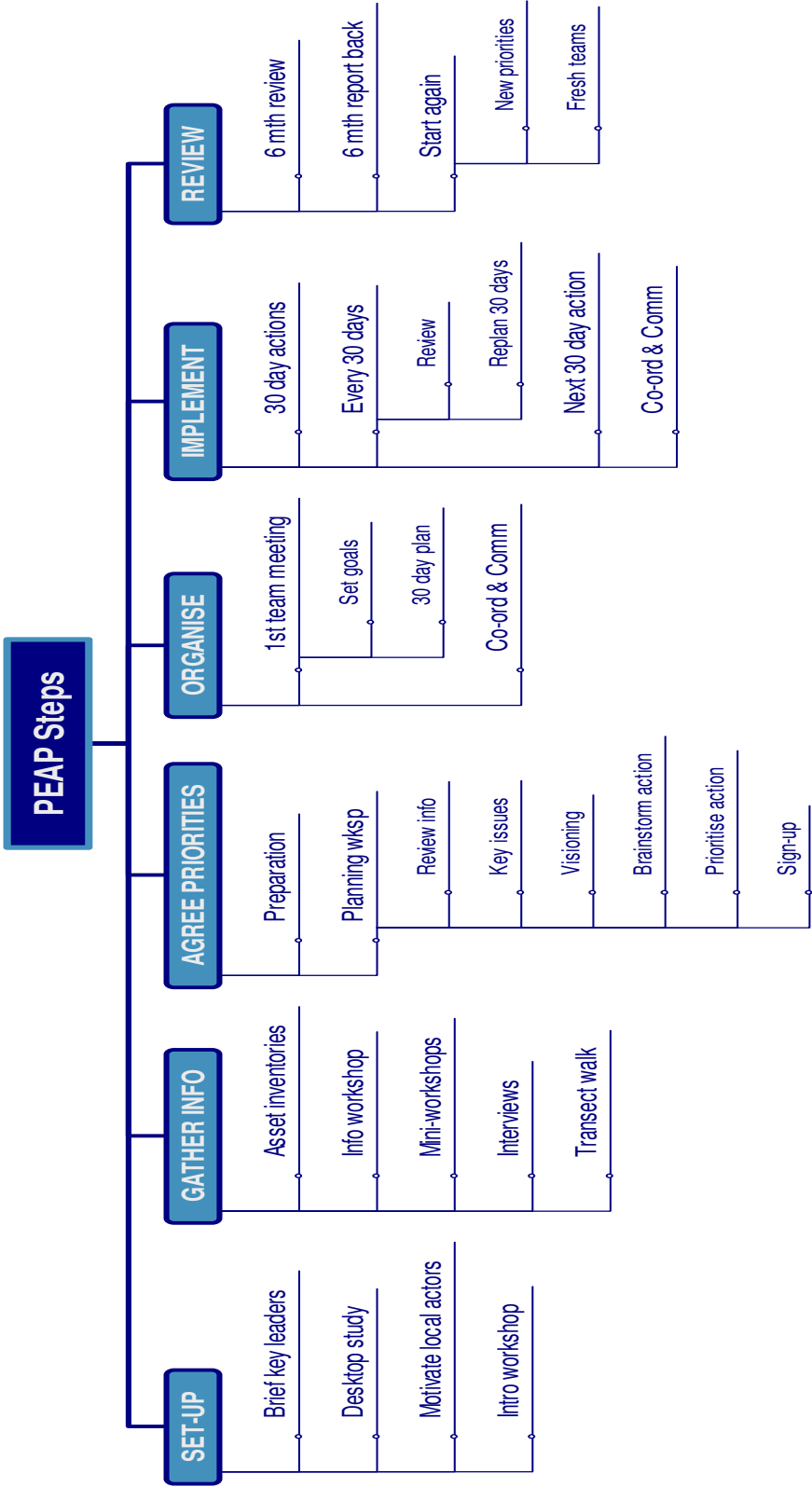
The six step PEAP process can be summarised as follows.

1. **SET UP** involves a quick desktop study, enlisting the support of key leaders, recruiting participants and launching the planning process with an introductory workshop.

2. **GATHER INFORMATION** includes interviews, mini-workshops for sectors or special interests and an inventory of local assets that is undertaken out by local people.

3. **AGREE PRIORITIES** involves participants in reviewing all this information in a group workshop, identifying the key issues to be addressed, developing and prioritising proposals for action in broad terms and forming action teams to carry them out.

4. **ORGANISE** entails the action team for each of the agreed proposals agreeing goals, clear outcomes, broad steps and their initial plan of action for the first 30 days.

5. **IMPLEMENT** is the most important step in which action teams take action over a six month period during which they review progress every 30 days and re-plan in detail for the next 30 days.

6. **REVIEW** means reviewing and evaluating progress on the entire action plan after six months and agreeing new priorities at a report back session.

> **LED Projects**
>
> LED includes attracting investment, starting new enterprises and most importantly helping existing enterprises to survive and grow. It also involves investing in hard infrastructure (like roads, water, power) and soft infrastructure (like education, research and institutions.)
>
> Clearly starting new SMMEs and co-ops is part of LED, but only one part of it. The other parts are every bit as important.

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PEAP Practitioner Guidelines

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PEAP Steps

SET-UP
- Brief key leaders
- Desktop study
- Motivate local actors
- Intro workshop

GATHER INFO
- Asset inventories
- Info workshop
- Mini-workshops
- Interviews
- Transect walk

AGREE PRIORITIES
- Preparation
- Planning wksp
  - Review info
  - Key issues
  - Visioning
  - Brainstorm action
  - Prioritise action
  - Sign-up

ORGANISE
- 1st team meeting
  - Set goals
  - 30 day plan
- Co-ord & Comm

IMPLEMENT
- 30 day actions
- Every 30 days
  - Review
  - Replan 30 days
- Next 30 day action
- Co-ord & Comm

REVIEW
- 6 mth review
- 6 mth report back
- Start again
  - New priorities
  - Fresh teams

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PEAP Practitioner Guidelines   3
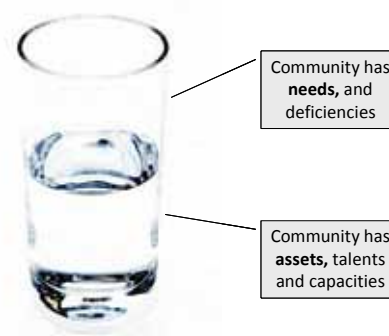
STEP 1: SET UP

In the set up or preparation stage the desktop study, recruitment of participants and preparations for the workshop may all be done in parallel once local leaders have been briefed.

- **Brief local leadership:** The support of key local leaders should be secured before committing significant resources to the initiative in a particular locality. This will often involve briefing sessions for local councillors or traditional leaders, for example, in which the objectives and process are explained and their questions or concerns addressed.[1]   It may be helpful to explain that PEAP is not about the allocation of grant funding to community projects, but rather about providing facilitative support to local initiatives. Their tacit support is sufficient and any attempt to take over or act as "gatekeepers should be resisted. Where this is not possible or their support is not forthcoming sponsors and facilitators should be prepared to withdraw and focus elsewhere.

- **Recruit active participants:** While being open to anyone who wants to take part, the objective is not to "involve everyone" in large meetings but to recruit those most likely to be active participants rather than passive recipients. This often means involving those who are actually doing things locally, who have the energy and interest in collaborating with others to produce change, and who do not have expectations of receiving handouts. It will be quite enough at this stage if 30-40 people attend the Introductory workshop. The help of knowledgeable local people is invaluable in identifying participants but over-reliance on them may result in favouring some interest groups at the expense of others.

- **Quick desktop study:** The facilitation team, participants and other role-players need some idea of what has already been written about or planned for the community. This is provided by a quick desktop study from which a crisp economic profile is prepared and made available to all who need it. Reference should be made to any local studies, area plans or strategies, the municipal IDP, etc.[2]

- **Introductory workshop:** The purpose of the introductory workshops[3] is to brief people about the aims of the initiative, to describe the process to be followed and explain some of the thinking behind it, to motivate them to take part and to prepare them for the process of gathering information.

  A local dignitary may be invited to welcome everyone but should be well briefed beforehand so as to avoid sending a confusing message or creating unrealistic local expectations.

  To introduce the programme the facilitation team draw on asset based community development (ABCD) thinking to explain how PEAP differs from the approaches they may have come to expect. ABCD focuses on local assets rather than needs and depends on the active participation of all present to collect information, identify opportunities, set priorities and take the lead in implementing action.

Community has **needs,** and deficiencies

Community has **assets,** talents and capacities

  Participants can be invited to speak about people, initiatives or events in the community that made them feel proud. The need to conduct an inventory of local assets is explained and teams are then formed and briefed on how to do this over the coming weeks in preparation for the planning workshop.

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PEAP Practitioner Guidelines   *4*

STEP 2: GATHER INFORMATION

Getting local people to collect information is a vital element of the whole process. That is because they are more likely to believe what they discover for themselves than what someone else tells them. As a result they will be more inclined to take action afterwards.

'Every community has more potential resources than any one person knows'. (Mike Green)

- **Asset inventory:** Immediately after the introductory workshop 3-6 small teams of local people begin to gather details of local assets, i.e., skills and talents, formal and informal associations, local institutions, culture and heritage, physical assets and economic assets.[4]

- **Information workshop:** This serves two purposes. The first is to monitor the progress of the teams conducting the asset inventory, address problems or misunderstandings and maintain enthusiasm. The second is to start developing their understanding of the local economy using an exercise such as "leaky bucket".[5]

- **Special interest mini-workshops:** Sometimes referred to as "sector" workshops, these small (8-12 people), quick (less than two hours) workshops are for groups of people that have something in common.[6] For example they might all be engaged in retail, services or construction activities or they could be from similar associations like stokvels, savings and credit groups, farmers associations and various support organisations or they might share an interest in fashion, culture, heritage or tourism. While the workshops provide facilitators with information they also inform participants and enable them to start identifying key issues, opportunities and ideas for action.(see step 3).

- **Interviews:** Interviews with half dozen or so key individuals can yield insights that might not be gained in a workshop setting.[7] In addition much can be learned form those seldom-noticed local people who have devised their own solutions to some of the problems confronting the community. Interviews should be conducted by a member of the facilitation team accompanied by one or two local PEAP champions.

- **Transect walk:** A transect walk (or motorised equivalent) may be done if appropriate. The facilitator should be accompanied by 2-3 local champions and make a systematic record of what is observed as well as details of discussions held with anyone encountered on the way. Again the objective is to inform PEAP participants, not just the facilitator.[8]
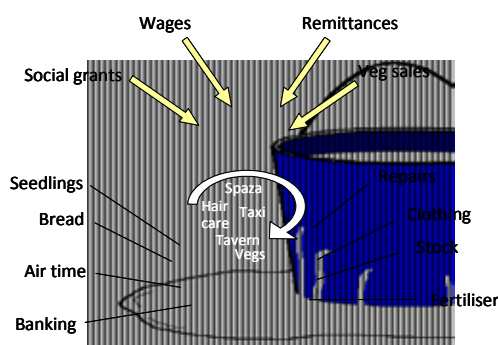
STEP 3: AGREE PRIORITIES

Everyone who has taken part in the previous steps is invited to the planning workshop[9] along with any potential role-players identified along the way. The purpose of the workshop is to share all the information that has been collected and use it to identify the key issues where change is desired, to develop and prioritise broad proposals for action and then to establish action teams to implement each proposal.

The asset inventory is displayed in the form of wall posters along with any maps and diagrams such as the "leaky bucket" prepared in earlier workshops. Facilitators present a summary of their findings and the key issues are identified. A visioning exercise may follow before ideas for action are proposed and prioritised. Participants are then invited to

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PEAP Practitioner Guidelines   *5*

"sign up" and form small action teams (typically three to six in number) to take each proposal for action forward including developing and implementing actions plans (step 4 below).

STEP 4: ORGANISE

Much depends on how quickly the action teams first meet and start work. Ideally this should be within 48 hours of the planning workshops – even the same day. Any longer than a few days, a week at most, and the chances are they will do nothing at all.

Team members begin the first meeting[10] by reviewing what skills, networks and access to resources each brings to the team. The can co-opt additional members to fill any critical gaps as the need arises. Then instead of developing a detailed plan they prepare for a learning process. They first agree the desired outcomes (what they intend to achieve in respect of the proposal for action they have signed up to champion) in quantifiable and practical terms before discussing the broad action steps they will take to achieve them. They then plan in detail only what they will do in the next 30 days, who is responsible for each action, and agree how to stay in touch and when to meet again. Facilitators play an important part during these meetings in guiding teams through the process and providing information where necessary.

STEP 5: IMPLEMENT

Action teams follow a learning process and implement their plan in 30 day cycles over a 6 month period. They meet at the end of each cycle to see what progress they have made, what lessons have been learned and what they would do differently in future as a result. They then decide what to do for the next 30 days in a new, detailed, short-term action plan with assigned responsibilities.

Each team is represented on a co-ordination and communication group made up of assigned representatives from each action team. This enables them to stay in touch with what the other action teams are doing, communicate progress to other stakeholders and keep an eye out for any team that needs help.

Some form of support is still needed at this stage, although not necessarily from the facilitation team. It may amount to no more than making regular enquiries about progress and attending meetings of the co-ordination and communication group.[11] Occasionally it may be necessary to intervene, e.g., to provide information or links to resources, address overlaps or duplication between teams, assist teams in overcoming specific obstacles or encourage those that are losing momentum.
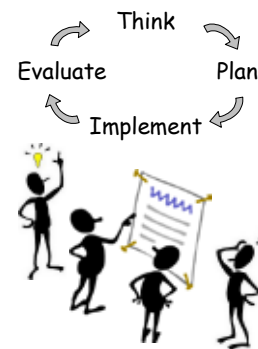
STEP 6: REVIEW

Since one of the criteria for selecting proposals for action is that they should yield tangible results within six months, it is necessary to review progress at that point and report back to stakeholders.[12]

- **Six month review**. The co-ordination and communication group meets to share and summarise information on the progress made (*What have we achieved?*) and lessons learned (*What were our biggest surprises? What would we do differently next time?*). Recommendations for the following six months are also agreed (*What should we do next?*) using criteria similar to those used in the planning workshop   .

- **Report back.** Everyone involved at any stage of the PEAP process as well as any other role-player with the potential to play a part is invited to the report back meeting. Team representatives present a summary of the progress made and lessons learned. Achievements are celebrated and particular contributions by individuals or teams are recognised.

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PEAP Practitioner Guidelines *6*

Proposals for the next six months are discussed and if necessary prioritised in the same way as at the planning workshop. Teams to implement the new programme are formed by signing up as before.

OUTCOMES

The outcomes of a typical PEAP process are therefore as follows.

1. A limited number of **practical proposals for action**, typically half a dozen, that are chosen by the PEAP participants, build on local assets, capacity, organisations and resources and do not rely exclusively on outside assistance.

2. Each proposal has a clearly identified **local champion and a team** of local role-players willing to play an active part in implementing it.

3. **Actions taken produce tangible results within six months**. The selected actions can begin at once and aim to yield tangible results within six months. Rather than developing the local economy one business at a time by focussing on individual businesses these actions are generally designed to remove obstacles and improve the environment for many businesses both existing and potential. This by no means rules out proposals to assist individual business that for one reason or another make an important contribution to the local economy or which offer products or that are important to the success of other businesses.

4. A **learning process** is put in place (at local level). Actions are implemented through this learning process that enables local role-players to continue to learn by doing. Each team sets clear goals and identifies the broad steps needed to achieve them. They are implemented them through a series of 30 day cycles of detailed planning, implementation and review over a period of six months. At the end of the six months the programme of action is reviewed, learning points identified, success celebrated and a new programme of action should be agreed for implementation over the next six months (for which a degree of extended support would usually be necessary (perhaps. by a municipal local LED official or contracted service provider). Over time this process can develop the confidence and skill to tackle ever more challenging issues.

TIMEFRAMES

1. **SET UP.** The duration of this step can be difficult to predict as the initial response of councillors or *amakhosi* can vary from enthusiasm to extreme caution. Simply securing their support can delay the start for a month or more and it would unwise to allow less than two months for the whole of Step 1. *[1-2 months]*

2. **GATHER INFORMATION.** The asset inventory, information workshop, interviews and mini-workshops should not take longer than 3-4 weeks. *[3-4 weeks]*

3. **AGREE PRIORITIES.** Although the one day planning workshop comes straight after Step 2, an extra week may be required to allow for a suitable date. *[1 week]*

4. **ORGANISE.** All action teams should meet within a week of the planning workshop. *[1 week]*

5. **IMPLEMENT.** The initial implementation stage extends over six months. *[6 months]*

6. **REVIEW.** The reviews and report back should take place six months after the planning workshop and can be done in a week or so. *[1 week]*

Steps 1-4 will therefore take at least three, normally four months to complete and should be started in time to ensure they are not interrupted by the year end holidays and that the implementation programme (Step 5) is well under way by that time. The overall timeframe for completing a PEAP cycle is between 8½ to 10 months from inception to completion.

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PEAP Practitioner Guidelines 7

LONGER TERM

After completion of the initial PEAP intervention, it should be possible to continue for several six month cycles in this way and to start tackling more ambitious projects as experience is gained. While progress will continue to rely on the voluntary efforts of local role-players, the need for some sort of institutional and facilitative support will remain. Largely secretarial in nature this support could be provided by the local municipality or development agency, a local business organisation, an NGO or an institution for tertiary education. An alternative might be to allow the co-ordination and communication group to evolve into something more formal.

Whatever the circumstances care should be taken to ensure ownership and initiative remain in local hands as an inappropriate structure could easily encourage people to revert to the deficit ("glass half empty") approach to local development and thus undo what the PEAP process aims to build up.

Update as at 31 October 2013

ENDNOTES

[1] The presentation *1B Quick Overview* may be useful.

[2] Some tips are given in *3C. Process Details: Set Up.*

[3] Also see *3C. Process Details: Set Up* for detailed information on how to run the Introductory workshop.

[4] Details of what this involves are included as part of the workshop details in *3C. Process Details: Set Up.*

[5] Information workshop details including the "leaky bucket" exercise are included n *3D. Process Details: Info.*

[6] See *3D. Process Details: Info for more i*nformation on running mini-workshops

[7] See resource *R. Informal biz interviews* for suggestions on how to conduct an interview

[8] Some guidelines are given in *3D. Process Details: Info.*

[9] More details on preparing and running a Planning Workshop will be found in *3E. Process Details: Agree Priorities.*

[10] Suggestions on how to facilitate this critical first meeting will be found in *3F. Process Details: Organise.*

[11] See *3G. Process Details: Implement* for ideas on the short and long term role of the Co-ordination and Communication group.

[12] Notes on how to conduct the review and report back are available in *3H. Process Details: Review.*

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Annexure B3

Project Preparation Trust of KZN   PO Box 5609   Durban 4000   Tel 031 305 1288   Fax 031 305 1227   www.pptrust.org.za

PPT

03rd October 2013
C:\Users\User\Dropbox\Jobs Fund eThekwini\Toolkit PEAPs\2. PEAP Terms of Reference r3.docx

Terms of Reference for Participative Economic Action Planning (PEAP)

NOTE: These terms of reference are intended for utilization by PEAP service providers in understanding what PEAP is and how they should facilitate it. It will also be useful to municipal personnel and others wishing to appoint service provider to undertake PEAPs.

A. PEAP RATIONALE:

Many LED projects and initiatives fail because of the way they are initiated, planned and prepared. They are often rely too heavily on outside actors and are not sufficiently locally-driven. PEAP addresses this with a different LED planning approach which focusses on local ownership and learning, acts on local priorities, and achieves overall change through a series of practical, short-term 'winnable' results.

B. PEAP OUTCOMES:

"Local people have prioritised meaningful goals ('initiatives') and for each of these goals are actively implementing action plans which they developed themselves and which they own, control and manage. The plans are realistic and achieve-able and will yield tangible results (change) within a 6 month timeframe."

C. PEAP PROCESS:

The six-step PEAP process can be summarized as follows with the main responsibilities of the PEAP service provider being hightlighted. It is important throughout to encourage, capacitate and empower local people / actors (formal and informal) to take initiative and ownership. Please refer to PPT's PEAP guidelines for more detailed information.

1. **SET UP:**
    a. Undertake and document a *quick desktop study* (including existing economic activities, economic infrastructure, plans, strategies, IDP etc.).
    b. *Identify key local stakeholders.*
    c. *Secure support of community leadership* (including councilors and traditional leaders) and brief them on PEAP purpose and process (noting that PEAP is not a grant-distribution programme for local initiatives).
    d. *Recruit active participants* with requisite interest, commitment and especially those with some involvement in or influence over local economic activities.
    e. *Launch the process with an introductory workshop* on the purpose and process of PEAP, principles of asset based community development (ABCD) versus deficit and need-based thinking. Reflect on and start to identify local assets and opportunities.
2. **GATHER INFORMATION:**
    a. Facilitate an *inventory of local assets* that is undertaken out by local people (3-6 small teams do this immediately after the introductory workshop).
    b. Undertake a *transect walk* with a few people (2-3 local champions) through the area.
    c. Facilitate an *information workshop* to: a) monitor, motivate and support teams doing asset inventory; b) start teams' understanding of local economy (e.g. using 'leaky bucket' exercise).
    d. *Conduct interviews* with local people, especially economic actors, to better understand local conditions, stakeholders, issues, assets, and opportunities.

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    e. *Identify key sectors or special interest groups* (e.g. informal retailers; fresh produce growers; local contractors, street traders, crèche owners, tavern owners etc.)*.*

    f. *Hold mini-workshops* for 'sectors' or special interest groups to identify and probe key issues, assets and opportunities.

3. AGREE PRIORITIES:

Facilitate a *group workshop* involving all participants involved in previous stages / activities to:

a. *Review information obtained,*

b. *Identify key issues, generate broad proposals to address the issues and prioritise them*[1] (typically 4-8 in number and usually relating to specific sectors or interest groups previously identified) which should be pursued in order to create local change.

c. *Form action teams* to carry them out (3-6 people with the requisite interest and commitment sign up for each priority/issue).

4. ORGANISE:

Support and motivate each action team in identifying priority goal, outcomes, broad steps and an initial plan of action for the first 30 days. The plans should be practical and focused on achieving short term, tangible results and should focusing mainly on what local actors can do for themselves (although this may in some cases be in in concert with other external stakeholders). They need plans need to be realistic and achieve-able within existing capacity and other resource constraints. Whilst they eventually lead to some outside (e.g. City) investment or support, this should not be the foundation of the plans. A 30 day action plan should include the following elements:

a. *Goal and intended outcome:* This must be specific, realistic and achievable and have a local champion. The intended outcome must be 'measurable'. What will be achieved and how will we be able to assess whether or not its been achieved? Its important to specify some measure of success (e.g. if bulk buying is the goal, measures of success might include the number of people involved and expenditure on joint buying per month).

b. *Broad steps:* overall main actions / steps to achieve the outcome (not detailed, identifying the main overall actions required to achieve the goal only).

a. *Specific 30 day action plan:* detailed, specific and achieve-able actions over the next 30 days which will meaningfully create progress towards the overall goal and intended outcome with the name of each person responsible against each defined action and the timeline for each action to be taken.

b. *Communications:* how the action team will communicate e.g. sms, chell phone, meetings).

c. *Next meeting for report back:* date and venue where action team will meet for report back and re-planning.

5. IMPLEMENT:

Support action teams over 6 months to:

a. *Take action* (implement 30 day plans).

b. *Review progress monthly* against the plans

c. *Re-plan the next 30 days*.

d. *Identify and overcome particular obstacles* or challenges they might encounter.

e. *Remain motivated and committed*.

6. REVIEW:

At the end of the 6 months cycle of action teams implementing action plans:

a. Support PEAP actions teams to *review progress, achievements, and lessons learned.*

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[1] E.g. Using PASTA test (PASTA = Popular, affordable (means the local resources exist), short term (can start immediately), achieve-able (e.g. realistic, have the capacity to do it)).

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b. Support them hold a *report-back workshop* to which everyone involved in the PEAP process to date is invited and at which the progress, achievements and lessons are discussed and 'celebrated'.

c. Support and encourage participants to *start another PEAP cycle under their own initiative commencing with identifying a new set of key priorities/issues with action teams signing up to champion each one.* Some level of ongoing institutional support and facilitative support will typically be beneficial. This could be provided by the local municipality, its appointed service providers, or a local support NGO.

D. PEAP OUTPUT / PRODUCT:

For each of PEAP undertaken a report will be required which addresses the following:

1. **AREA PROFILE:** A short economic overview report for each sub-precinct addressing the main characteristics, economic activities, active enterprises, main economic actors, sectors.

2. **PROCESS REPORT:**
    a. An overview of the process followed, how it might have deviated from that outlined above, why, what challenges were experienced with the process, what can be learned.
    b. A record of all meetings, workshops and interactions held with dates and including a summary of all key issues discussed and decisions made. Attach attendance registers.
    c. Main economic sectors identified.
    d. Priorities/issues/initiatives which were selected by participants for action planning (4-8 in number).
    e. Action teams formed - including names and contact details of team leaders.

3. **ACTION PLANS & IMPLEMENTATION:** <u>For each action plan</u> generated in a target PEAP area (i.e. for each priority/issue to which an action team signed up) the following outputs should be produced and included in the PEAP report. *It is expected that there are at least four but preferably not more than eight sets of actions plans (goals/initiatives) per area*. The following should preferably be a summary of what is contained in flip charts arising from participative planning sessions held and these should be appended to the report or contained within it where applicable:
    c. **Goal and outcome** to be achieved within the 6-month period and progress realized in achieving them.
    d. **Broad steps** which were defined.
    e. **Action plans**: Specific 30 day actions formulated and 'score-card' of achievements realized against these plans. Record of main challenges experienced and any actions taken to overcome these. Main successes realized. Main lessons learned. Record of follow-through engagement and support provided to action team.

4. **GOVERNMENT ACTION AND INVESTMENT OPPORTUNITIES:** Recommendations to government (usually the local municipality) as to priority actions it can take in concert with local economic actors to promote LED including any key strategic LED investment opportunities.

5. **ENTERPRISE SUPPORT OPPORTUNITIES:** Recommendations to the Municipality as to any local enterprises that might benefit from more structured and specific enterprise development support including training, mentorship or investment.

6. **LEARNING:** A summary of the main successes, challenges and lessons learned.

7. **ATTACHMENTS:**
    a) **ATTENDANCE REGISTERS** of all meetings and workshops.
    b) **FLIP CHART PHOTOGRAPHS** of participative planning processes (e.g. using "PASTA") to select initiatives (goals) to be implemented plans for each priority/initiative etc.
    C) **PHOTOGRAPHS** – either as attachments or included in the body of the report including of local initiatives, economic infrastructure, or workshop processes.

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E. **TIMEFRAMES:**

It is expected that the following timeframes apply:

- SETUP: 1-2months
- GATHER INFORMATION: 3-4weeks
- AGREE PRIORITIES: 1week
- ORGANISE: 1week
- IMPLEMENT: 6months *(6 x monthly re-planning and action cycles)*
- REVIEW: 1week

[total timeframe of between 8 ½ and 10 months]

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Annexure C1

Project Preparation Trust of KZN   PO Box 5609   Durban 4000   Tel 031 305 1288   Fax 031 305 1227   www.pptrust.org.za

PPT

15th October 2013
\\INBA\Sharedppt\PPT CURRENT FILES\PROGRAMS\749 HDA Support\Products\Livelihoods & Informal Economy Guideline\attachments\superceded\1 131014.assessment criteria for an enterprise r8 branded.doc

Enterprise Assessment & Selection Criteria

(Arising from PPT's Informal Economy Project in eThekwini Municipality - co-funded by Jobs Fund and eThekwini and focussing on informal enterprises with intentions and potential for business enhancement or expansion and job creation)

1. **What is the proposal for job creation (resulting from business expansion / optimisation or new business establishment)?**

If it's the expansion / optimisation of an existing business which will create the jobs (preferable and less risky than a start-up) then jobs will be created:
   Either via:
   a. **Increased volume of sales** (selling more) in which case is this selling more to existing buyers/customers or selling to new customers? If so who are the new customers? In either case, why will they buy? Is it an existing or refined/improved or entirely new product / service? *And / or via*:
   b. **Increase margins / profits** to existing or future customers in which case is this due to: decreased costs resulting for example from increased efficiency of production (could be related to cost efficiencies resulting form increase scale of production) or else from increasing selling prices?
   Note: In addition to 'a' and 'b', new jobs could also theoretically be created via a change of production / business model (e.g. to more labor-intensive / de-mechanised) OR by producing inputs instead of buying them from others. These are unlikely options in the informal sector but should be borne in mind.

If it's an entirely new business which will create the jobs, then this is noted and only section 2 needs to be addressed in detail.

2. **What is the job creation potential?**
How many new jobs can be created? What positions will new workers hold (what type of work will they do)? What are the assumptions for this new job creation to occur (e.g. securing new buyers, developing a new product line, expanding production, improving quality)? Are the new jobs full or part time? If part time, how many days / hours a week? What is the expected duration of the jobs (short vs. long term)?

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3. **Is the proposal viable?**[1]

   NOTE: Where the proposal is for the development/optimisation of an existing enterprise then it is much easier to assess as the status quo can inform the assessment

   a. Is the **entrepreneur fully committed?**

   b. Is the **product/service clearly defined**?

   c. **Can the business/entrepreneur successfully deliver** the intended product / service:

      i. Is there **sufficient capacity and skill** (business owner and workers) - even if some capacity building and skills development is required – is the starting point sufficient. Is there a sufficient match between the available capacity and skill and the intended business complexity and product / service. This includes capacity and skills relating to bookkeeping and record keeping, business administration etc. A track record in business helps answer this question.

      ii. Can the **logistics** work (inbound and outbound) – e.g. how will they get the product to market at an acceptable cost and in a reliable fashion? How will they get inputs / stock / labour to site at an acceptable cost and in a reliable fashion?

      iii. Other: required space, workforce, equipment, legal issues, etc.?

   d. **Is there a market** for the intended product/service? Who will they sell to? What evidence is there that the intended buyers will buy it? (inextricably related to product/service) Is it sufficiently differentiated from what others produce?

   e. Is the business **likely to be profitable**? – income vs. costs . Can it actually make enough money based on reasonable assumptions? What are the assumptions (e.g. sales volumes, turnover, unit selling price, margin, input costs etc.)

   *Additional factors to consider – which may be important: **HR** management; **Legal** / legislative compliance (licences, permits, food quality standards etc.); **Procurement** and purchasing; R&D (research and development); **Selling; Health and safety** issues (both to workers and buyers/customers).*

4. **Can we provide value-adding support?**

   a. **What support will we** offer out of the list of what we can potentially provide: 1) business skills training (refer to the PPT list of likely areas); 2) other / sector skills training; 3) business development support / improving business model; 4) encouragement & mentorship; 5) helping access to capital - either eThekwini micro grants or loans.

   b. **Is the entrepreneur receptive and interested in receiving such support from us?** E.g. do they have enough time to attend skills training?

FINAL ASSESSMENT OUTPUT/RECOMMENDATION:

   A. **Clear plan (proposal) for business expansion / development** leading to job creation.

   B. **Jobs creation potential.**

   C. **Confirmation (motivation) of viability** outlined above (with backing detail).

   D. **Description of what support PPT will provide** in support of the plan/proposal.

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[1] *There are 5 basic questions to ask: Is the entrepreneur the 'real deal'? Do they know what they want to do? Can they do it? Will someone buy it? Can they make enough money from it?*

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Annexure C2

Enterprise Support Nomination Questionnaire: Existing or New Enterprise

(Arising from PPT's Informal Economy Project in eThekwini Municipality - co-funded by Jobs Fund and eThekwini and focussing on informal enterprises with intentions and potential for business enhancement or expansion and job creation)

0. **Overview**:
   Date:
   Name of enterprise:
   PPT Reference number:
   Name of owner and contact details:
   Age of owner:
   Type of enterprise:
   Locality:
   Current number of employees:
   Name and contact number of person filling in form:
   Relationship if any to the enterprise in question:

1. **Job Creation Proposal:**
   (broad/summary plan for business expansion and / or optimisation)
   a. How will the business be optimised or expanded in order to increase income and profits and create additional jobs? *Either: A) Increasing volume of sales (selling more)* in which case is this selling more to existing buyers/customers or selling to new customers? If so who are the new customers? In either case, why will they buy? Is it an existing or refined/improved or entirely new product / service? *B) Increasing margins / profits to existing or future customers* in which case is this due to: decreased costs resulting for example from increased efficiency of production (could be related to cost efficiencies resulting form increase scale of production) or else from increasing selling prices?
   b. What needs to be done to make this proposal become a reality (specific actions)?
      (i.e. what is envisaged to expand or optimise/improve the business e.g. increase scale of production, introduce specified new products/services, expand working space, develop new skills, supply new identified buyers)

2. **Job Creation Potential**:
   a. How many new jobs can be created?
   b. What positions will new workers hold (what type of work will they do)?
   c. What are the assumptions for this new job creation to occur (e.g. securing new buyers, developing a new product line, expanding production, improving quality)?
   d. Are the new jobs full or part time?
   e. If part time, how many days / hours a week?
   f. What is the expected duration of the jobs (short vs. long term)?

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3. **Status quo (only required for an existing enterprise)**:
   a. Who owns the business currently?
   b. How many people do you currently employ (owners + workers)?
   c. Existing premises. (including locality, who owns the site, is it rented, what is the tenure security, state of repair, big enough, electricity and water availability, etc.)
   d. What product or service do you currently provide?
   e. Who are your current buyers?
   f. How long has your business been operating?
   g. Is the business currently profitable and what evidence is there of this?
   h. What problems or challenges (if any) do you currently experience?
   i. What ideas (if any) do you have for business development / optimisation?

4. **Business proposal description:**
   (an expansion of section 1)
   a. Who will own the business?
   b. *What is there level of commitment and what evidence is there for this? (e.g. been in business for many years already, full time in the business etc.).*
   c. What income generating or work activities are those who will own the business currently involved with?
   d. What is the product or service that your business intends to provide?
   e. Can the business/entrepreneur deliver the intended product / service (in terms of capacity, skills, space, workforce, equipment etc.) and why?
   f. Who will buy it?
   g. How will you get your product or service to your customers?
   h. Why will they buy it from you as opposed to someone else?
   i. Who are your competitors? How you compete with them?
   j. What inputs will you need and how will you get them?
   k. Why do you think you will be able to make a sufficient profit? *Note risks of up-scaling an enterprise which currently has unsustainably low input costs (e.g. using free office or home space on a temporary basis, using scraps for inputs, making use of a short term input subsidy, very high sweat equity etc.)*
   l. What assets (including cash) are currently available to the business?
   m. What ability, capacity and experience do you as business owner(s) have to produce the product or service?
   n. What previous experience do you as business owner(s) have in running a business?
   o. What debts/liabilities pertain to your business or to you as business owner(s)?
   p. How many jobs will the business create (owners and workers combined) over the next three years?

5. **Business development support / assistance which PPT could provide (if any)** [1]

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[1] The intention here is to determine what the entrepreneur thinks they 'need' and how they see themselves relative to outside support and to what extent they understand what they 'need'.

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E.g. training and skills development, business development support / improving the business model.

6. **Identified risks**:
   List the main risks (these should then be addressed under the support to be provided and final recommendations) – e.g. unclear/unfocussed concept, lack of business skills, succession (age), inactive co-operative members, dependency on an input subsidy, competition and low barriers to entry etc.

7. **Why the enterprise warrants support**:
   Make the case for why we should provide support and why the enterprise has potential (notwithstanding risks) – e.g. high job creation potential, already successful/track record, proven commitment, high quality product, existing business assets, high demand for product/service etc.

8. **Final assessment & recommendation**:
   a. Final assessment category: (A,B,C)[2]?
   b. Recommendations: Provide a clear outline of what specific support PPT will provide (refer to various preceding sections including the one relating to business development support and risks). Usually the recommendations would be phased: phase 1 for the most critical initial activities of support and phase 2 to be partially dependant on and informed by the outcomes of phase 1.
      - If its category A, then no further assessment is required. It may however also be feasible to start providing some preliminary support in order to obtain further clarity (e.g. Isiqalo and participative assessment and refinement of business plan)
      - If B then specify exactly what follow up is required (usually this would refer to section 5 above – the value adding support PPT could provide or perhaps only certain portions of it initially)[3].
      - If C then the recommendation will be to terminate.

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[2] A = suitable with no material risk or impediments; B = potentially suitable with some further assessment required; C = not suitable.
[3] E.g. It is recommended that this enterprise move forward to final assessment stage and that the following specific issues be further assessed (would usually related to the risks previously identified).