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WHAT IS PPT?

Project Preparation Trust of KwaZulu-Natal is an independent public interest organisation with more than 20 years’ experience in the preparation of a range of developmental projects for disadvantaged communities and in mobilising capital funding and other resources for them. PPT has a particular focus on the poorest of the poor, and those in special need such as the residents of highly marginalised rural communities or urban informal settlements, vulnerable children, or those affected by HIV/AIDS. In many instances, the projects with which PPT is involved are innovative pilots, which test new and improved development solutions and approaches. PPT’s approach is participative, systematic and holistic. PPT was registered with the Master of High Court in 1993, the year before the election of South Africa’s first democratic government. PPT is a registered not-for-profit organisation.

PPT’s Vision

PPT’s vision is a society in which all citizens of South Africa have equitable access to basic services and economic opportunities, and where there is normalisation of the spatial and economic environments.

PPT’s Mission

PPT’s Mission is to enable sustainable socio-economic and built environment development for the benefit of disadvantaged and vulnerable communities including those in special need. PPT achieves this mainly through:

a. Undertaking a range of prioritised and sustainable developmental programmes;

b. Providing project preparation support and expertise to communities, funders, all spheres of government, and other development stakeholders;

c. Obtaining and managing funding for project preparation;

d. Unlocking capital and other resources for project implementation; and

e. Promoting and mainstreaming good methodologies and practices, including those relating to: project preparation, inclusion of the poor, participation, and integrated and sustainable development.

PPT’s Main Programmes

PPT is involved in a range of mutually supporting developmental programmes and wherever possible pursues a holistic and integrated approach.

- Informal settlement upgrading;
- Special needs housing;
- Informal economy and enterprise development;
- Basic municipal infrastructure;
- Mass low-income housing;
- Community participation and facilitation;
- Policy and strategy work (on a targeted basis);
- Sustainable household energies;
- Skills transfer and capacity building;
- Integrated development planning; and
- Land reform.

During 2014, PPT developed comprehensive Informal Settlement Upgrading Plans for Umhlathuze Municipality on contract to the National Department of Human Settlements and the National Upgrading Support Programme. Seven major informal settlements were covered. Site suitability assessments formed part of the pre-feasibility phase.

During 2014, PPT continued its ground-breaking Informal Economy Support Project (IESP) in eThekwini Municipality. Here participative economic action planning (PEAP) participants map their local assets.
In the democratic era, PPT stands tall as one of the most successful non-governmental organisations working in the field of development and livelihoods in South Africa. Over this period (1993 to 2014), no less than R1.81 billion has been leveraged for 170 projects “to change the lives of the poor through appropriate and sustainable development” benefitting 194,716 households. By any measure, this is an outstanding achievement of which the organisation is proud.

The year 2014 marked PPT’s 21st anniversary. In itself, this was a good year for PPT as shown by the result indicators that are summarised in the Highlights of 2014. In parallel, and possibly of even greater significance, this was the year in which PPT made notable progress in implementing its turn-around financial sustainability plan. This plan was the culmination of a strategic reflection and review process that commenced in 2011. The multifaceted plan, which was adopted in May 2013, places an increased emphasis on cost recovery and financial sustainability and accepts that various trade-offs and compromises will be necessary. The objective is to move as rapidly as possible towards a full break-even on PPT’s operating budget. The target is to achieve this by FY 2015, with an intermediate target of 75% in FY 2014.

The plan identified a range of key actions:

- Reprioritising PPT’s programmes, focusing on a smaller number which are developmentally relevant but which have the greatest cost recovery benefit to PPT.
- Focusing more on programmes that are large and where projects can be bundled together to increase cost efficiency. At the same time, focusing more on programmes where existing PPT staff have the greatest expertise, and where we can derive economies of scale based on our expertise, toolkits and replicable models. Arising from this review, PPT’s core projects are: informal settlement upgrading, informal economy and enterprise development, special needs group housing, and project preparation for municipal infrastructure;
- Streamlining fundraising, focusing on bigger blocks of funding which are more cost effective; and
- Streamlining human resources, corporate affairs and administrative work.

PPT’s team achieved, and in some cases, exceeded the year’s ambitious targets across these objectives and is well placed to continue this progress in 2015. One of the high priorities is to further strengthen PPT’s human resources.

2014 was also a year that saw returns for PPT’s sterling work on policy and strategy in relation to informal settlement upgrading, special needs group housing and informal economy support (see the reports on Highlights of 2014 and the Programmes).

Looking forward, PPT intends to maintain and enhance its track record of working effectively with donors, private sector organisations and all spheres of government. These relationships are based on the organisation providing reliable, high quality, state-of-the-art services in sectors of the development arena where other organisations are not playing an effective role.

Finally, we would like to express our gratitude to the work the Board is doing to contribute to the sustainability of PPT as an NGO. The commitment of the trustees, and the suggestions they have put forward have contributed immeasurably to the performance of PPT. We are similarly most appreciative of the commitment and effort made by PPT’s core staff.
CEO’S FOREWORD

PPT remains one of South Africa’s leading development organisations with an established track record in the effective planning and preparation of a range of pro-poor developmental projects for especially vulnerable communities or groups, and in assisting with service delivery and poverty reduction. 2014 was another successful year for the organisation in which it again made many significant contributions both in terms of project delivery as well as the development and implementation of more effective policies and strategies at provincial and national levels.

PPT continues to promote, maintain and develop a wide range of innovative, mutually reinforcing and well integrated programmes and carries a high project load ranging from informal settlement upgrading and municipal infrastructure to informal economy support and special needs housing.

Working in close collaboration with various spheres of government and community partners, the organisation is involved in 59 projects and initiatives. Projects under preparation have the potential to leverage over R367 million for 101,272 disadvantaged households. 74 informal enterprises and job creation initiatives were supported during the year and 750 people received capacity building and practical training consisting mainly of basic ‘IsiQalo’ business skills for those within the informal economy and also involved in school food gardens.

Further success was realised in respect of PPT’s policy and strategy work. This included significant headway in achieving an enabling national policy for special needs group housing and in large scale implementation, in several provinces, of the rapid assessment and categorisation methodology for informal settlements that PPT pioneered in 2010. Several new practical knowledge resources were developed and made available to sector stakeholders.

Despite ongoing funding constraints, PPT has maintained the vibrancy of its developmental programmes and remains in a healthy financial position. Good progress was made in implementing the financial sustainability plan adopted in 2013 with increasing operational efficiencies, refocused human resources and streamlined developmental programmes.

Strengthening our partnerships with government remains a high priority for 2015 given the long-standing history of co-operation and PPT’s ability to add particular value to the work of government in many important areas. Raising significant additional donor funding for key programmes also remains a priority as does ongoing optimisation of our core programmes from a qualitative point of view, and strengthening our human resources and internal skills base.

The organisation extends its thanks to its various funders as well as to the many spheres of government, partner NGOs and development professionals with whom it has worked collaboratively during the year.

PPT continues to promote, maintain and develop a wide range of innovative, mutually reinforcing and well integrated programmes...
HIGHLIGHTS OF 2014

Result Indicators
- **A high project load:** PPT is involved in 59 projects or initiatives at varying stages of preparation and implementation that have the potential to leverage R367 million in project funding benefiting 101 272 disadvantaged households and addressing a wide variety of developmental needs.
- **Significant training and mentorship:** 750 people (mainly informal entrepreneurs) were trained, capacitated or mentored (141% of the annual target)
- **High volume of funding approvals in the pipeline:** R250 million of capital leverage is expected in the near future based on funding applications submitted but not yet approved. This will benefit 70 590 disadvantaged households. Of this amount, R142 million (benefiting 42 891 households) has been already conditionally approved by funders.
- **Programme diversity and integration:** While PPT continues to maintain a range of mutually reinforcing and well integrated developmental programmes, it is focusing increasingly on five core programmes (in line with its current strategic focus).

Vibrancy of Core Programmes
Significant progress was realised in PPT’s five core programmes, namely informal settlement upgrading, informal economy support, special needs group housing, municipal infrastructure, and mass low income housing, as well as in several other support programmes such as community participation, facilitation and policy development. Refer to Programme Profiles for details.

Policy Impacts, Innovation and Replication
Notable policy and strategy achievements were accomplished in 2014. These achievements are helping to bring about meaningful change in South Africa with particular success realised in achieving an enabling national policy for special needs group housing and in mainstreaming more rapid, broad-based and inclusive developmental responses for informal settlements at local, provincial and national levels. PPT has continued to refine its existing developmental approaches and ‘models’, most of which can be replicated at scale. Three significant new guidelines or framework documents were developed for and in collaboration with the Housing Development Agency (HDA). Further details are provided in the Programme Profiles.

Human Resources
PPT’s personnel are its greatest asset and one that needs to be continually developed and enhanced. PPT’s collective capability was strengthened during the year through a team development process which helped to focus the team more effectively on current strategic objectives and the role of each team member in achieving them. PPT continues to retain highly experienced staff and trustees with very low flux and turnover. PPT’s core staff of 10 has a combined service of 94 years with the organisation and its Trustees have a combined total of 105 years service on the PPT Board. The stability and experience of PPT’s staff and Board are regarded as an organisational strength.

Financial Sustainability
PPT made good progress in implementing its Financial Sustainability Plan, adopted in 2013:
- An 83% break-even on operating budget was achieved, exceeding the annual target of 75%;
- The cost recovery target and total income targets were exceeded;
- PPT has secured the bulk of its programme funding requirements for 2015 and a significant portion for 2016, although additional funding is still required in several key areas;
- An unqualified audit was achieved for the 19th consecutive year; and
- Effective financial management and controls remain in place and are an important asset.
SUMMARY OF IMPACTS AND ACHIEVEMENTS TO DATE

Capital Approvals
The projects PPT has prepared since its inception have resulted in R1.81 billion in capital funding being awarded for 170 pro-poor development projects benefiting over 194,716 disadvantaged households. The projects include housing and infrastructure (including informal settlement upgrading), special needs group housing, informal economy and local economic development, sustainable energies and capacity building and skills transfer.

Project under Preparation
PPT currently has developmental projects under preparation with an additional potential capital value of R367 million and benefiting 101,272 disadvantaged households on 59 projects.

Gearing
The effectiveness of PPT’s focus on project preparation is evident in the high gearing it achieves on both its operating overheads and the preparation funds utilised when measured against the capital leveraged. There is also additional and unquantified gearing which relates to such benefits as improvements in quality of life, livelihoods, income generation, capacity building and operating funds flowing into projects as well as significant impacts in respect of improved policies and strategies. The average gearing to date on PPT’s preparation funding relative to capital leveraged is 57:1 and 51:1 on its cumulative operating overheads.
Housing, Infrastructure and Informal Settlements

Housing, Infrastructure and Informal Settlements has been a core PPT programme since its establishment in 1993. It is a large and complex programme with many constituent sub-programmes and project typologies which deliver various forms of housing and basic infrastructure to disadvantaged communities at scale. Where funding and other conditions permit, PPT at the same time promotes non-infrastructural development (e.g. informal enterprise support and livelihoods support) in order to enable more integrated and sustainable development. The programme includes the following elements:

- Low income housing (basic starter homes) and associated settlement planning – this is usually for informal settlement upgrading but occasionally also for green-fields and rural projects;
- Basic infrastructure for urban, peri-urban and rural settlements (e.g. water supply, sanitation, road/footpath access, electricity). This includes informal settlement upgrading in all its facets as well as conventional municipal infrastructure; and
- Bulk infrastructure (e.g. water and sewer mains, sewer and water treatment upgrades).

Impacts and Achievements to Date

- Capital leveraged: R1.69 billion.
- Projects with capital approvals: 81 projects benefiting 176,471 households.
- Projects under preparation: 21 projects benefiting 93,335 households (of these, 6 projects are low-income housing, informal settlement upgrading and associated basic infrastructure; 6 are basic infrastructure only; and 9 are bulk infrastructure).

Progress in 2014

The main areas of focus in 2014 were informal settlement upgrading (4 settlement-specific projects in addition to significant advisory, policy and strategy work) and the preparation of 21 municipal infrastructure projects via Ukulungisa Project Preparation Fund.

Informal Settlement Upgrading

- Ladysmith Informal Settlement Strategy: PPT developed the Emmambithi/Ladysmith Informal Settlement Upgrading Programme on contract to the National Department of Human Settlements and it was overseen by the National Upgrading Support Programme. The Programme is a comprehensive upgrading strategy and response plan. Rapid assessment and categorisation of seven informal settlements was undertaken including technical site-suitability assessments. A response plan for each settlement was developed addressing infrastructure, tenure, housing and social aspects.
- Rapid Assessment and Categorisation for Various Municipalities: This was undertaken on contract to the KZN Department of Human Settlements. Over 40 informal settlements in the 12 municipalities were assessed including technical site suitability assessments for each settlement and upgrading response plans developed. A prioritised list of projects together with MTEF budgets were developed.
- Umlazi S1,2,3 Feasibility: This is a housing, upgrading and precinct redevelopment project focusing on the Ezakheneni and eMhlabeni settlements in eThekwini. It is a priority node within Umlazi adjacent to the Mangosuthu University of Technology (the Comtech campus). Technical feasibilities, socio-economic surveys, and preliminary planning and design work have been completed. Land issues are still being resolved. PPT has been contracted by eThekwini Municipality and Ukulungisa’s revolving preparation funding is also being utilised.
- Rainbow and Lacey Road Feasibility: PPT is currently assisting eThekwini Municipality with the combined feasibility for these two settlements. Using Ukulungisa’s revolving preparation funding, PPT will provide management support including management of a professional team who have been procured and appointed by eThekwini.
- uMhlathuze – Upgrading Plans for Seven Settlements: Working on contract to the National Department of Human Settlements through the National Upgrading Support Programme, PPT is developing comprehensive upgrading plans for seven informal settlements in uMhlathuze, including technical site feasibilities and preliminary planning.

Richmond Waste Water Treatment Works Project: Through Ukulungisa, PPT successfully leveraged R21.1 million for the upgrading and refurbishment. Ukulungisa funded feasibility work and an application for capital funding from the Municipal Infrastructure Grant (MIG).
Municipal Infrastructure – Ukulungisa Project Preparation Fund

Ukulungisa specialises in the preparation of municipal infrastructure and related development projects principally benefiting under-serviced, low income communities or other people who are vulnerable or in special need. Ukulungisa is a specialist infrastructure preparation fund in the form of an independent non-profit company owned and operated by PPT. Ukulungisa funds and manages the preparation and project feasibilities and applications for capital funding. It was initiated by national government in 2008 with seed funding from the Business Trust to help address service delivery backlogs and is a joint venture between PPT and IPM (Inca Portfolio Managers).

To date, Ukulungisa has successfully leveraged R559 million in capital funding for 16,613 beneficiary households on eight projects. Ukulungisa is currently preparing 23 infrastructure projects in 9 municipalities in 3 provinces potentially benefiting 93,550 disadvantaged households and with the potential to leverage capital of over R252 million. The projects under preparation span a range of infrastructure types including water supply, water and sewer treatment upgrades, community access roads, and informal settlement upgrading. The bulk of the projects are rural in nature, although there is also a significant small town and some Metro focus. Ukulungisa has finalised comprehensive project preparation toolkits (knowledge resources) for nine different project types (seven for infrastructure projects and two for housing projects) and significant feedback was provided to the Construction Industries Development Board (CIDB), who intend to refer to and utilise these toolkits in their new ‘Gateway’ process which is intended to become a compliance requirement for all spheres of government in planning, procuring and delivering infrastructure projects.

Further funding and strategic relationships are being sought to upscale Ukulungisa’s activities and the related municipal and community support it offers. Ukulungisa addresses a critical developmental ‘gap’ in South Africa given the well established challenges pertaining to municipal infrastructure service delivery and the critical role which effective project preparation can play in addressing these challenges.

There is clearly a continued need for the support that Ukulungisa can provide. A study commissioned by Treasury and the Business Trust in 2011 found that the inability to effectively plan, prepare and initiate projects in municipalities was one of the most significant barriers to expediting new infrastructure investments. This corroborated an earlier study by the SA Institute of Civil Engineers, which found that most of the issues causing projects to be stopped before completion could have been avoided or mitigated if sound project preparation had been undertaken.
The New Approach to Informal Settlements

There are at least 1.2 million households residing within informal settlements in South Africa (over 13% of the population) of which 55% are located in the 8 main metropolitan areas.

It is now well recognised that there needs to be a radically different approach to addressing the informal settlement challenge in South Africa. PPT has played a significant role at both provincial and national levels in innovating, establishing and implementing this new approach which is now well accepted at Metro, Provincial and National levels, including within the KZN Informal Settlement Upgrading Strategy (which was developed by PPT for the KZN Department of Human Settlements) and within the methodologies and toolkits of the National Upgrading Support Programme and Housing Development Agency (where PPT has also played an active role).

The historical approach characterised by a philosophy of ‘eradicating’ informality and premised on formalisation and the delivery of ‘RDP’ style housing (a formal and very slow process which delivers a top structure, full level of service and title deed) is now recognised as being unworkable at scale and unsustainable for various reasons. It cannot on its own address the massive informal settlement ‘backlogs’ that persist. It has also often produced a range of negative unintended consequences (such as relocations and a loss of livelihoods).

The shift is towards a more rapid, participative and broad-based response led in most instances by the provision of basic services to informal settlements (in situ) along with basic, functional tenure. While the provision of low-income housing forms part of the overall informal settlement response, it will typically only constitute a small part of the overall delivery.

Some of the key principles of the new approach to informal settlements are as follows:

- **Ensuring that there is a rapid response at scale** (i.e. ensuring some level of change and improvement occurs in all informal settlements within a short period of time with no informal settlements left on a developmental ‘back-burner’);
- **Giving priority to the upgrading and improvement of informal settlements in situ** with relocations only being undertaken as a last resort;
- **Ensuring meaningful community participation, engagement and local ownership**;
- **Giving priority to the provision of basic services and functional tenure** as the first line of response and ensuring that this is expedited (except in rare cases where relocations are necessary and justified);
- **Maximising the use of scarce land**;
- **Ensuring that livelihoods and economic opportunities** are afforded priority (protected or supported);
- **Improving access to key social facilities and public transport**; and
- **Accepting that functional tenure** (through settlement recognition) is the minimum form of tenure and that conventional tenure (title deeds) are in most instances not rapidly achievable).
Informal Settlement Rapid Assessment Method and Roll Out

PPT has played a leading role in developing the methodology for the Rapid Assessment and Categorisation (RAC) of informal settlements and helping to establish this within Metro, Provincial and National upgrading programmes (including within the KZN Informal Settlement Strategy and guidelines and tools utilised by the HDA and National Upgrading Support Programme (NUSP). In 2014, PPT developed an RAC Guideline for the HDA.

RAC is an activity undertaken at the ‘programme level’ in order to identify and better understand informal settlements within a particular province or municipality, and to thereby categorise them in terms of the broad types of developmental responses which are appropriate and achievable. RAC is quite distinct from pre-feasibility, feasibility and project level planning work which would follow. It makes use of readily available information sources and does not usually entail the initiation of specialist studies. Key RAC outputs include:

- A list of all informal settlements showing broad categorisation of each one (A = full upgrade, B1 = interim basic services, B2 = emergency basic services, C = imminent relocation). For each settlement, the rationale/basis for the categorisation should be indicated, as well as the priority developmental interventions and investments required.
- A base plan showing locality of all informal settlements, and clearly referenced to the list. This information should preferably be spatially referenced so that it can be included in the municipal and provincial geographic information system (GIS).
- A preliminary assessment for each informal settlement that should consist of a short narrative report for each settlement with appended base plans addressing settlement information; developmental categorisation; developability assessment; priority settlement improvement actions; and a preliminary technical and social assessment.
- A multi-year expenditure projection for informal settlement upgrading showing the rough budgetary requirements for settlements in different categories, the expected grant mechanism, the total cost for each settlement, and the disaggregated projection for each over the next three to five years.

The implementation of the RAC process is regarded as the critical first step in implementing improved and more responsive informal settlement upgrading programmes in South Africa, which result in more rapid improvements and investments for all informal settlements.

PPT has extensive experience of delivering RACs for both the KZN Provincial and National Department of Human Settlement and through working closely with NUSP. During this time our product offering and quality have become the benchmark for many service providers in the industry and we continue to improve that product and service on an ongoing basis. PPT’s assessments include GIS base plans which map technical and social information and gauge site developability. PPT has the ability to take RAC work further in terms of spatially referenced socio-economic surveys, participative community planning, technical feasibilities and applications for capital funding (e.g. infrastructure or housing).
PPT has been appointed as the Implementing Agent by eThekwini Metro Housing Unit to manage the Project Packaging, Working Group Submission and approval of the Department of Human Settlement Subsidy Applications for the Umlazi S 123 informal settlement project areas.

This project represents the successful culmination of the process commencing with the identification by eThekwini of six informal settlement areas for preliminary assessment to determine their potential feasibility for development. These pre-feasibilities were funded through the Ukulungisa Project Preparation Fund. Of these, six selected informal settlement projects, two projects – one of which is the Umlazi S 123 housing project – have been advanced to the feasibility stage.

The project aims to provide higher density housing and services to 2,300 residents in the informal settlements of Emhlabeni (S1, S2) and Ezakheleni (S3). The socio survey indicated that the area is relatively unique for informal settlements with a high level of education accompanied with a relatively young age distribution and a high student rental population associated with the Mangosutu Technikon, which these two settlements surround.

It is emphasised that the development objective is a low-income housing project, which pursues innovation in respect of achieving higher densities and thereby ensuring that relocations are minimised. The project represents a successful use of UPPF/PPT project preparation funding which has resulted in the appointment of PPT by eThekwini Metro housing. The project has now reached the final stages of the application process with the compilations and submission of the funding application and working group submission for project approval.
Special Needs Group Housing

Overview and Rationale
Special Needs Group Housing (SNGH) has been a major focus for PPT since 2002. Over the past 12 years, PPT has played a significant role at both the project and policy levels. The programme focuses on the provision of housing or shelter for a range of special needs beneficiaries such as orphans and vulnerable children, the chronically ill, women in distress, and those with disabilities. Significantly, it is the only dedicated SNGH programme in the country.

The main focus of PPT’s work is to assist welfare organisations working at grassroots level to access capital funding from the Department of Human Settlements for housing acquisitions, new buildings or renovations. Typical examples of SNGH project types include foster care homes, child and youth care centres, shelters for abused women and children, group homes of independent living for people with physical disabilities or older persons, halfway houses for people with intellectual and psycho-social disabilities, etc. Care is taken to ensure that projects are viable and sustainable (i.e. that organisations have the necessary skills, capacity and funding for ongoing operations and maintenance, and that the relevant oversight Departments – Social Development or Health – are supportive).

PPT has also played a significant role in respect of putting in place an enabling policy environment for SNGH and in particular facilitating access to state housing grant funding on a national basis for NPOs providing SNGH. The development of a dedicated national SNGH policy is now in progress with PPT acting as service provider to the National Departments of Human Settlements and Social Development.

The rationale for the programme has been the high prevalence of special needs and vulnerabilities in South Africa coupled with the fact that people with special care needs have limited access to state-assisted housing. Government-funded special needs group housing programmes are only found in KZN, Eastern Cape and to a limited degree in Gauteng. SNGH is primarily provided by NPOs, which struggle to raise capital for the housing provision. Local funders support the operational programmes of NPOs but usually do not provide capital funding for building. NPOs are unable to carry the financial burden of housing South Africa’s most vulnerable people without the assistance of the Department of Human Settlements.

Impacts and Achievements to Date
• **Capital leveraged:** R59.75 million.
• **Projects with capital approvals:** 42 projects benefiting 1,039 people in special need.
• **Projects under preparation:** 24 projects benefiting 574 people in special need.

A volunteer of Family Restoration Services (a beneficiary of PPT’s special needs housing programme) assists a child with her homework. Family restoration services is a community based welfare organisation rendering numerous services to vulnerable children in the Motherwell community, e.g. ECD centre and services, soccer club, etc.

Abalindi Old Age Home provides shelter and care to 75 people who are both frail and aged with a mix of both male and female. The home requires extensive renovation and re-arrangement (people will be housed two in a room instead of the current open ward system that accommodates six to eight people in the room). PPT is preparing a housing subsidy application for approximately R11.56 million.
Progress in 2014

- **Contribution to National Policy:** PPT’s SNGH programme entered an exciting new phase during 2014. Whereas the programme was previously only implemented in three provinces (KZN, Eastern Cape and Gauteng), it may soon become a national programme of the Department of Human Settlements working in partnership with the Department of Social Development and others. This is a result of persistent support and advocacy (spanning more than a decade) by PPT and other civil society organisations. The DG Murray Trust has assisted PPT with funding for this purpose including most recently for PPT to act as expert service provider to the National Departments of Human Settlements and Social Development to undertake an SNGH Research and Policy Development Process. Substantial progress was made in 2014 (with the draft policy finalised since the end of the reporting period with multi-stakeholder inputs).

- **Contribution to Provincial Policies and Guidelines:** PPT assisted the Eastern Cape Department of Human Settlements with the preparation of Provincial SNGH Implementation Guidelines and is awaiting final approval. PPT was also actively involved in advocacy processes with the Civil Society SNGH Task Team for the implementation of the Western Cape SNGH policy, which, though approved at provincial-level in 2009, has not been implemented due to the absence of a national policy. A legal opinion that confirmed the mandate of provincial MECs to implement provincial policies was obtained from the Community Law Centre to support these efforts. It is expected that the Western Cape will amend and implement their policy once the national SNGH Policy is adopted.

- **Revolving Preparation Funding:** PPT continues to manage SNGH revolving preparation funding provided over the years by various donors including USAID, the Nedbank Foundation, Ukulungisa and more recently, the DG Murray Trust. The revolving funding is, however, small relative to the scale of needs. There are also often protracted delays in securing capital approvals from provincial departments which prevents the recovery and re-allocation of preparation funding to new projects. Funding with technical support is provided by PPT at zero interest and with no risk to the recipient (registered) NPO. The funding is used for feasibility studies and the preparation of housing subsidy applications. Costs are repaid once the capital funding is approved. The recovered preparation funding is then made available to a new project/NPO. A total of R949 741 is currently allocated to 17 projects under preparation and awaiting approval.

- **Beneficiaries and NPOs assisted:** PPT is currently assisting 14 welfare organisations with the preparation of their applications to Provincial Human Settlement Departments in KZN and the Eastern Cape for approximately 410 special needs beneficiaries. In addition, PPT is preparing a pilot project for approximately 30 beneficiaries with the National Association of Social Housing Organisations (NASHO) in the Western Cape. During the year, one project for 19 abused women and children was approved in KZN with the approval of a further seven projects for 77 special needs beneficiaries awaited in the Eastern Cape where there have been delays with processing and approvals.
What is Special Needs Group Housing?

**Description:** SNGH refers to housing opportunities provided by registered and suitably capacitated NPOs for persons who, for a variety of reasons, are unable to live independently in normal housing, or require assistance in terms of a safe, supportive and protected living environment. Such people, therefore, need some level of care or protection on a permanent or temporary basis. Categories of special need include:

- Orphans and vulnerable children (OVCs);
- Older persons;
- Persons with physical disabilities;
- Persons with intellectual and psychosocial disabilities;
- Victims of domestic abuse and similar crimes;
- Terminally ill and frail persons (including those infected by HIV/AIDS);
- Homeless or destitute or those living on the street (including children);
- Persons receiving substance abuse rehabilitation services;
- Parolees and persons released on probation; and
- Other vulnerable people such as victims of serious crime and human trafficking.

**Process:** The process followed for the provision of SNGH is summarised in the flow chart. The NPO identifies the need, confirms the concept with the relevant oversight department and proves their capacity to own and operate a facility. A comprehensive feasibility study covering technical, operational and financial issues is undertaken. If found to be feasible, an application is submitted to the Department of Human Settlements for approval. Once approved, the NPO will enter into a funding agreement with the Department of Human Settlements that will oversee the construction work until completion. Once completed, the NPO will see to the operations and maintenance of the facility and will ensure that the services rendered are statutorily compliant.
Informal Economy and Enterprise Development

Overview and Rationale
The informal economy is now well recognised as being a significant driver of economic growth, employment creation and livelihoods security. However, efforts to support the informal economy have met with variable success and South Africa still has much to learn about how it can more effectively unlock its potential. PPT’s support programme focuses mainly on: business development support for informal or micro-entrepreneurs including skills training and mentorship; PEAP; support for small and micro farmers; fruit tree establishment; and livelihoods improvement. The programme gained momentum in 2003 after PPT identified this as an important ‘gap’ in many of the housing and infrastructure projects in which it was involved. Since then, it has evolved into a major programme with multiple partners and sources of funding. PPT has played a significant role in helping to innovate and mainstream improved developmental responses and interventions.

Impacts and Achievements to Date
• Project funding leveraged: R29.18 million;
• Projects with capital approvals: 26 projects benefiting 12 542 households;
• Trainees: 91 people received Isiqalo training;
• Job creation: 59 created/started (22 in the eThekwini informal Economy Project and 37 in EC Lotto Food Gardens Project);
• Projects under preparation: 11 projects benefiting 6 246 households; and
• Enterprises assisted: 53 during the course of the year (38 in the eThekwini informal Economy Project and 15 in the KZN Community Economic Development Initiative (CEDI) Project).

Progress in 2014
PPT’s informal economy support programme remains vibrant with three significant initiatives underway:
• **The eThekwini Informal Economy Project**: This focuses mainly on business development support for selected informal enterprises, participative economic action planning, the development of improved informal economy tools and knowledge resources, and learning with a view to replication and upscaling. During the year, 38 enterprises were supported with the potential to create 241 new permanent jobs. 91 entrepreneurs, workers and others involved in the informal economy received basic business skills training (Isiqalo). Support is being provided to eThekwini to investigate, plan and provide affordable business space for enterprises in targeted precincts of Umlazi and KwaMashu (mainly involved in small manufacturing). Plans are underway to extend support to small growers at four Agrihubs. (see feature box)
• **The KZN Community Economic Development Initiative (CEDI)**: This is an NGO partnership with and funded by the KZN Department of Economic Development. Full business plans for the implementation of six CEDIs in three district municipalities were submitted to the Department in the tourism, agri-processing and manufacturing sectors with decisions awaited early in 2015 (total capital value of R21million). (see feature box)
• **Angela Mai Programme**: PPT continued with its Angela Mai-funded programme, which provides much valued support to initiatives such as Participatory Economic Action Planning at Limehill (Ndaka Municipality) and Ocean View (Kouga Municipality) as well as support for mealie cookers in eThekwini’s Warwick Triangle and the Richmond Pepper Growers Project. Over the years, this funding has played a pivotal role in enabling PPT to develop new informal economy methods, leverage additional funding, develop its own expertise and establish new collaborations.
Why Does the Informal Economy Matter?

The importance of the informal economy in its many facets is now well recognised in terms of its contribution to long-term economic growth, job creation and improved livelihoods security. This economy includes, among others, large numbers of informal manufacturers and retailers, street traders, emerging and micro farmers, and crafters. It is also now well recognised that the formal economy, on its own, cannot address joblessness and economic growth, especially within the current South African context where slow and declining economic growth and high structural unemployment prevail. It is recognised that the growth in the South African economy has slowed significantly in recent years and that unemployment remains high. Within this context, the informal economy is particularly important. Without its growth, poverty, inequality and joblessness cannot be addressed.

Limited understanding and support: Despite its recognised importance, the informal economy is often poorly understood and inadequately supported. There is not yet any coherent policy or programme to support the informal economy and limited support and assistance for emerging enterprises. Informal enterprises 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, there were close to six million micro (less than 10 employees) businesses in South Africa, 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.

Where have we gone wrong? Most support programmes and policies are premised on and orientated towards the formal economy and formal job creation and have consequently in most instances proved relatively ineffective. Most interventions 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. These historically ‘supply-led’ interventions have had limited success, often worsened poverty, and created dependency. They have also often resulted in heightened and unmet expectations.

Specific historical problems: Specific problems with the historical approach have included: a) A failure to support and nurture existing entrepreneurs; b) Business plans are not developed by entrepreneurs themselves and hence are mismatched to owners’ skill and capacity levels; c) Insufficient business skills and sector skills training; d) Insufficient access to business development support expertise; e) Excessive focus on formal enterprise processes such as business and tax registration too early on; f) Utilisation of co-operatives as the default model without assessing its suitability; g) Excessive focus on providing capital funding before the business and entrepreneur are ‘ready’; h) Initiatives are too often government-led.

What can we learn? To improve support for the informal economy we need to understand it better and adapt our responses and programmes of support accordingly. We should be prepared to work incrementally to support the informal economy and need to accept that many aspects of informality may persist. A range of complementary interventions and actions will be necessary to achieve meaningful change.
KZN Community Based Economic Development Initiative (CEDI)

What is CEDI? In 2013, PPT was successfully selected, along with one other NGO, to provide NGO support for the Community Economic Development Initiative (CEDI), following a competitive bid process. The initiative was launched in 2012 by the KZN Department of Economic Development and Tourism (DEDT). It is based on collaboration between the Department and leading local NGOs.

Overall Objective: Through the NGO collaboration, CEDI provides support to local, legally-registered community-based entities (CEDIs) within the rural areas of KZN. Eligible sectors include agro-processing, tourism, textiles, arts, crafts and cultural industries, and manufacturing.

Phasing: The initiative consists of two phases: Phase One: Project Identification and Packaging (consisting of a concept note followed by a full application); Phase Two: Project Implementation Support. The initial NGO contract was for Phase 1, with contracting for Phase 2 dependent on projects approved during Phase 1.

PPT Role: The role of the support NGOs such as PPT in Phase 1 is to: a) Identify, assess and prioritise initiatives within specific district municipalities; b) Provide support to targeted initiatives (e.g. technical assessments, business development, market access, institutional and legal issues, capacity building, etc.); c) Assist initiatives in developing business plans and proposals and to ensure submission, motivation and follow-through. For projects approved for Phase 2, PPT will contract with the KZN DEDT and be responsible for project management and project delivery, working closely with each CEDI.

Progress: PPT’s role commenced in August 2013 when it was assigned four district municipalities (uMkhanjakude, Amajuba, Sisonke and Ugu). More than 28 potential initiatives were screened and assessed. Of these, 15 were selected, packaged and put forward at the Concept Note phase. Eight of these were approved and six were put forward at the full application stage. While the CEDI timeframe was to have full applications finalised by May 2014 and decisions on funding allocations by June 2014, the process ran slower than expected. Final applications were made in October 2014 and decisions from the KZN DEDT still awaited, but expected in the near future.

PPT-supported CEDIs Targeted:
- Bhangazi Boat (Hlabisa): Commercial boat tours on Lake St Lucia (with concessions and commercial operator relationship in place). The CEDI is the Bhangazi Community Trust, which represents approximately 5 500 beneficiaries who benefited from a past land claim award;
- Bhangazi Lodge (Hlabisa): Development of a 60-bed lodge with tourist activities such as guided walks and community/heritage tourism (with support from a commercial operator). The CEDI is the Bhangazi Community Trust;
- Zintwala Honey and Jam (Ubuhlebezwe/Ixopo): Manufacture and sale of honey (Umzimkhulu) that provides income to many local families with expansion into the production of jam and sunflower oil. The focus is on high quality products to high-end consumers;
- Mount Currie (Kokstad): Incubation of micro South African manufacturers to use open-source, DIY, off-grid and digital fabrication techniques and technologies to solve local challenges (e.g. affordable access to ‘green’ household energy);
- Kulise Essential Oils (Hlabisa): Essential oil production (mainly organically grown rose/geranium) for the cosmetic/export market; and
- Dannhauser Leather (Dannhauser): Processing of hides and production of high quality leather products including handmade handbags, cushions, floor mats, wall hangings, tanned trophy hides for hunters, lounge furniture, and tribal regalia with direct sale to outlets/buyers.

Funding: R10.4 million was applied for with an additional R6 million provided in co-funding from the CEDIs.
Overview: The Project provides a range of complementary interventions and supports in an area-based and structured way so as to lay the platform for replication and upscaling within eThekwini and elsewhere. It is the first of its kind in South Africa and is co-funded by the Jobs Fund and eThekwini Municipality. The project duration is 3 years (ending September 2016) and its combined budget is R7.5 million.

Project Goal: To demonstrate, refine and mainstream an improved programme of support and enablement for micro-enterprises and the informal economy by means of:

• Enabling the growth and sustainability of 75 informal or micro enterprises in eThekwini, resulting in the creation of 216 new, permanent jobs;
• Enhancing and strengthening eThekwini Municipality’s informal economy programme; and
• Providing access to new knowledge resources and empowering people to understand and utilise them.

Key Activities: The key enterprise support activities are: a) The identification, screening and selection of the most viable micro and informal enterprises; b) Business plan development and optimisation; c) Provision of appropriate training and skills development where required (e.g. advanced business skills training, sector skills training such as agriculture); d) The provision of ongoing mentorship and support to micro and informal enterprises for a minimum of 18 months. In addition, the Project aims to integrate with and significantly strengthen the City’s new pro-poor local economic development programme that is currently in its setup and pilot phase by means of: a) The roll out of PEAPs in six precincts; b) Support to eThekwini to roll out an upscaled PEAP process; c) Support to PEAP service providers; and d) Training of eThekwini personnel and contractors in respect of local economic development and enterprise development in the context of the informal economy.

Progress Realised: 134 enterprises were identified and assessed, and 39 of these were selected and are receiving business development support with the potential to create 171 new permanent jobs (of which 22 have started). 74 entrepreneurs and workers trained in basic ‘Isiqalo’ business skills and five trained in sector skills (e.g. carpentry and metalwork). Six PEAPs are underway and PEAP toolkits were refined. Plans are under formulation for the provision of affordable business space in three precincts. A plan was developed for the provision of structured support to micro growers at four Agrihubs with the job creation potential of at least 80 and with the intention of helping to lay the platform for greater sustainability and market access.

Khumalo crafters are being supported via a PPT-Africa!Ignite collaboration to improve their product quality, gain access to new markets and develop a stronger business model. Basic ‘isiQalo’ business skills training has been provided by PPT.
School Vegetable Gardens and Greening Eastern Cape

The National Lotteries Board approved the School Vegetable Gardens and Community Greening Project for the Eastern Cape in May 2013 to the value of R929 000 for two main activities:

1) Edu-maintenance Programme: Progress/Impacts:
   - The establishment of seven 100m² school vegetable gardens at seven rural schools including the provision of water tanks, fencing, compost containers, tools, etc;
   - An eight-week training course (e.g. permaculture, planting, site selection, composting, companion planting, organic fertiliser, watering, earthworm farming, pest control) was facilitated by Urban Harvest at seven participating schools reaching 566 children, their class teachers and principals;
   - Increased food security by providing more than 2 000 children with access to organically grown vegetables and fruit via school feeding schemes;
   - Enabled savings for school feeding schemes – The Rainbow Care Centre reported a R200 decrease in food costs per week since the food garden has been used regularly by the kitchen. This school also shares their vegetables with needy families in the community;
   - 11 temporary and 3 permanent jobs were created for garden caretakers;
   - Permaculture methodologies have improved the soil and these methods are being transferred to neighbours, family and friends (via caretakers);
   - 301 trees were planted at the seven schools (an average of 43 per school);
   - Four schools entered the national EduPlant Competition sponsored by Engen and The Woolworths Trust and received positive and encouraging feedback on their newly established gardens. The participation of teachers, administrators and learners throughout the competition was beneficial and increased the value, pride, community building and learning associated with the gardens; and
   - This programme has been well received at schools by all stakeholders and inspired children to stage plays, sing songs, etc., to tell the rest of the school what they experienced.

2) Greening of Three Low-income Housing Developments in Rural Communities: Progress/Impacts:
   - Urban Harvest facilitated two x two-day Community Tree Planting Training Sessions attended by 22 community tree planters recruited from local communities. Hands-on training focused on the type of trees to be planted, tree planting techniques, care of these trees, and medical and culinary uses and benefits of these trees;
   - 1 082 fruit, indigenous trees and shrubs were planted by local community tree planters who educated 428 participating households on tree planting and care;
   - The programme contributes to greening of low-cost housing developments where contractors cleared the area of vegetation; and
   - The tools provided and used for tree planting are kept at the local community office for community use on a loan basis.
PPT Facilitation Unit

Overview and Rationale
Effective engagement, communication and participation are central to effective developmental projects and initiatives, whether they are focused on service delivery or better mobilisation of community initiatives. They are also central to building more functional relationships between communities and government in respect of development planning and ongoing governance. Inadequate engagement is a common cause of project delays or failures as well as initiatives being poorly designed and insufficiently locally owned. Costly corrective actions are often required to address these challenges.

In this context, PPT’s extensive facilitation experience over the past two decades is a valuable resource. Much of this experience has involved ensuring that projects are effectively and participatively planned and that risks (including social risks) are dealt with at the early stages of the project preparation process.

In 2012, PPT launched a Facilitation Unit in order to provide some of the facilitation and related services it has historically provided on a more structured and focused basis. These services include:
- Participative community action planning (PCAP);
- Participative Economic Action Planning (PEAP);
- Socio-economic surveys;
- Informal enterprise and local economic development (LED) facilitation;
- People’s Housing Process support;
- Emerging NPO support and capacitation; and
- General facilitation and participation, including for project planning purposes.

These services can be provided as part and parcel of a broader preparation service, or as a stand-alone service provided to other organisations, or to Government. Among other things, PPT’s Facilitation Unit initiates processes of pro-actively engaging with peoples’ concerns from an early stage in the project cycle in order to minimise the potential for disagreement and conflict, encourage collective ownership between the developer and intended beneficiaries, and mitigate risks for clients.

PPT has established a highly experienced, multi-disciplinary team under its Facilitation Unit consisting of six inhouse personnel and six outsourced contractors, most of whom have a long history of working with PPT and are independent PDIs. Additional capacity can be procured as is required.

INK ABM PEAP: Participants at PEAP workshop mapping their local assets in Besters community.

Umhlatuze Project: Fieldworkers entering socio-economic data from hard copy questionnaires into Android tablets using PPT’s cloud-based survey tool.
Selected Impacts and Achievements to Date

- Participation and facilitation within more than 228 developmental projects over the past twenty years ranging from housing and informal settlement upgrading to informal economy and area-based planning;
- Provision of livelihoods planning through Participatory Community Action Plans (PCAP) for selected informal settlements in eThekwini during 2011;
- PEAPs within 15 local areas/precincts since 2011, the development of detailed methodology and toolkits for PEAPs and support to eThekwini in planning for and rolling out PEAPs in at least 20 precincts;
- Provision of support to Project Empower to introduce the livelihoods research programme in Kenville, benefiting 500 households during 2012;
- Participatory planning process for Job Linkage Centres (a pilot to create a meeting space for informal settlements) in Havelock Informal Settlement, benefiting 400 households in 2013;
- Participatory planning workshops using PCAP method for rapid assessment and categorisation of informal settlements as part of the Ladysmith/eMnambithi Upgrading Programme benefiting 2,956 households in 2014;
- Socio-economic surveys at Umlazi S1, 2, 3 (Ezakheleleni/ eMhlabeni) benefiting 2,300 households and making use of seven fieldworkers in 2013; and
- Participatory planning and socio-survey services for seven informal settlements at Umhlanhuze as part of a Municipal Upgrading Plan (processes began in 2014 and are to be finalised during 2015).

Progress in 2014

- Development of a refined socio-survey tool making use of hand-held Android tablets to capture socio-economic data in the field and making use of customised and locally developed ‘Kandu’ software;
- PEAPs in six areas within the eThekwini Municipality as part of the eThekwini Informal Economy Project;
- Provision of capacity building and facilitation with regard to sustainable energy products in collaboration with the Umdoni Municipality and Promoting Access to Carbon Equity (PACE) benefitting 626 rural households; and
- ‘Isiqalo’ training (a basic business skills training workshop adapted from SaveAct) for 74 participants from informal enterprises in five areas of eThekwini Municipality.
Sustainable Household Energies

Overview and Rationale
Many poor rural households are not yet connected to grid electricity (though often on a waiting list) and are thus exposed to energy poverty, which makes them vulnerable in various ways. Affordability becomes an issue once the grid is accessed. This programme consequently focuses mainly on the provision of alternative and appropriate household energy products such as small photovoltaic systems, solar water heaters, gel fuel, small wind turbines and solar cookers. Two pilot projects (using USAID and PACE funding) have been undertaken which have demonstrated the potential for replication and upscaling. The PPT model helps to match low-income consumers with suppliers of various products by means of a facilitated and managed process which reduces the risks to both contracting parties. A partial subsidy on the cost of product acquisition is typically provided.

Impacts and Achievements to Date
Distribution of a range of alternative and more sustainable energy products to 792 low-income, energy poor households thereby reducing energy poverty for approximately 4,356 people, including:

- 136 small and micro solar photo-voltaic systems (35 small 65w systems and 101 micro 10W systems);
- 370 compact fluorescent light bulbs;
- One wind generator (150w);
- 23 solar water heaters;
- 525 efficient burning wood stoves (for cooking and water heating);
- 94 gel fuel stoves with 24 months gel fuel supply;
- 94 hot bags for slow cooking; and
- 14 solar cookers.

Progress in 2014
- The Umdoni-PPT-PACE Project was successfully completed (see feature box); and
- PACE and PPT see ongoing value in collaborating on projects to address energy poverty for low income households. PPT is currently looking for additional gel fuel distribution projects which could be utilised to access more carbon credit for further rollouts.

Umdoni – Utilising Carbon Credits to Address Household Energy Poverty
PPT was instrumental in establishing a ground-breaking collaboration between itself, Umdoni Municipality and Promoting Access to Carbon Equity (PACE) for trading carbon credits to provide a range of clean energy products for energy-poor, low-income households in rural Umdoni. Through a process of community consultation, two sustainable energy products were selected: a small photovoltaic system for basic lighting; and an efficient wood-burning charcoal stove for cooking and heating water. A total of 101 micro 10-watt photovoltaic systems and 525 energy efficient wood burning stoves were provided to 626 energy-poor rural households. This has resulted in significant household benefits such as reduced energy costs, improved energy availability and reduced energy poverty. There is the potential to replicate and upscale the initiative but functional municipal partnerships and available carbon credits would be required (e.g. from government gel fuel programmes).

The efficient rocket stove using wood/charcoal provides a low-cost, low emission and environmentally friendly solution for households wanting to save on electricity or not having access to Eskom electrical supply.
Training and Capacity Building

Overview and Rationale
The development of skills, knowledge and expertise is recognised as a high priority for South Africa and is a particular need within low-income communities as well as within many parts of Government. PPT’s programme focuses mainly on the following beneficiary groups and capacity development may occur via formal training courses, workshops or mentorship:

- The transfer of project preparation and related skills to those doing development work within government entities;
- The capacitation and strengthening of grassroots organisations involved in development work; and
- The training, capacitation and mentorship of micro-entrepreneurs and those involved in micro, survivalist or livelihoods activities (both in respect of business skills such as bookkeeping and marketing and sector skills such as carpentry, metalwork or vegetable growing).

Impacts and Achievements to Date
- **Cumulative to date:** 40 training and mentorship projects undertaken (14 in formal training, seven enterprise training and 19 workshop-based training) benefitting 4,340 individuals; and
- **Projects under preparation:** Two training and mentorship projects benefitting 517 individuals.

Progress in 2014
The bulk of the capacity building undertaken in 2014 took place within the eThekwini Informal Economy Project in respect of ‘Isiqalo Express’ (basic business skills training) for informal enterprises (91 beneficiaries) and for caretakers of school food gardens in the Eastern Cape (590 beneficiaries). Isiqalo Express is a three-session (day) version of the original five-session (day) ‘Isiqalo’ course developed by SaveAct. This course has been designed to cater for people with low levels of literacy and no prior business skills training who plan to start, change or grow a micro-enterprise. The sessions include: a) Choosing the right enterprise; b) Profit, cash and capital and; c) Sources of capital, risk and working together.

Land Reform

Overview and Rationale
This programme historically focuses mainly on the effective, appropriate and well planned acquisition of land for communities and their projects and includes all associated feasibility and planning work. Initially, PPT’s involvement was in respect of securing tenure rights and land acquisition for informal settlement upgrading, housing and infrastructure projects, it being noted that land acquisition is typically a lengthy, resource intensive and technically challenging process requiring special expertise. Given the ongoing challenges with land reform in South Africa, PPT has considered expanding its land reform role to include rural land reform, agrarian reform, land restitution and agri-business projects and has undertaken a few such projects in recent years. When funding and capacity permit, PPT may seek donor funding and new partnerships in this regard and establish a dedicated programme.

Impacts and Achievements to Date
- **Capital leveraged:** R23.82 million;
- **Projects with capital approvals:** Five projects benefitting 2,457 households; and
- **Projects under preparation:** Land acquisitions and tenure planning was undertaken on several informal settlement upgrading projects (including on Umlazi S1, 2, 3), however, no dedicated land reform projects (e.g. restitution or restoration) were undertaken during the year.

Progress in 2014
Due to funding and capacity constraints, PPT has placed the development of a dedicated land reform preparation fund on hold and will review its viability during the course of 2015/2016. PPT did, however, continue with extensive informal settlement upgrading and housing work, which includes tenure enhancement (both formal and functional) and often also land acquisition.

Policies, Strategies and Methodologies

Overview and Rationale
PPT’s policy and strategy work is undertaken on a selective basis to help bring about change in critical areas so as to create more conducive conditions for development. It is always informed by PPT’s project-level experience and development expertise and; PPT does not engage in this area of work at a purely ‘academic’ level. The objective is to help to bring about improvements in government policies, practices and investments in development. This work has both an advocacy component (i.e. where we seek to create awareness of key issues in order to bring about change) as well as a policy and strategy development component (e.g. where PPT is commissioned by Government to develop a particular strategy or invited to make inputs into a particular policy). Innovating, developing and disseminating toolkits and replicable methodologies (based on its practical experience) is also an important part of PPT’s work and is often closely related to and supportive of its policy and strategy work. These are freely available on PPT’s website under ‘knowledge resources’ at www.pptrust.org.za.
Impacts and Achievements to Date

Although policy and strategy work is not PPT’s core business, it has achieved much in this respect since its establishment. Some of these achievements are outlined below.

• **Informal Settlement Upgrading:**
  - Pioneering and mainstreaming new approaches to informal settlement upgrading, which are more rapid, broad-based and inclusive, including the delivery of interim basic services at scale, more participative processes of community engagement and systematic preparation and planning;
  - Developing comprehensive toolkits for various informal settlement responses (e.g. rapid assessment and categorisation, interim basic services, emergency services, full upgrading, land acquisition and serviced land release) – all are freely available on PPT’s website and were last updated in 2011;
  - Developing the KZN Informal Settlement Upgrading Strategy for the KZN Department of Human Settlements in 2011 (the first such provincial strategy in South Africa reflecting the new approach to upgrading);
  - Developing the methodology for RAC for informal settlements to enable a systematic and incremental response programme (developed for KZN in 2011 and mainstreamed subsequently on a national level, including a national RAC Guideline for The HDA);
  - Playing a significant role in the development of eThekwini Interim Services Programme (2009-2012), which is providing interim basic services and master planning for approximately 77 000 households in 166 settlements within the City;
  - Assisting the National Upgrading Support Programme (NUSP) and Housing Development Agency with their support programmes and methodologies.

• **Low-income Housing:** Helping to entrench and define the method for systematic project preparation for subsidised low-income housing projects in KwaZulu-Natal dating back to 1997;

• **SNGH:** Playing a prominent and at times leading role in pioneering and upscaling special needs housing in various provinces and at a national level and developing policies and practices in this regard dating back to 2002 and culminating in a new national policy, which is now under development;

• **Emergency Housing:** Assisting with the development of Emergency Housing Implementation Guidelines in 2012 (for The Housing Development Agency with the Development Action Group);

• **Municipal Infrastructure:** Helping to entrench systematic project preparation within municipal infrastructure delivery in South Africa (mainly through involvement in Ukulungisa Project Preparation Fund), developing toolkits for the preparation of seven types of infrastructure projects and making significant inputs into the development of the CIDB’s ‘Gateway’ process for the planning and preparation of projects during 2011; and

• **Housing Sector Plans and Rural Housing:** Developing two practical manuals for rural housing and for housing sector plans for and in collaboration with the KwaZulu-Natal Department of Human Settlements in June 2009 and August 2008 respectively.
Progress in 2014:
PPT realised or contributed to a range of significant policy impacts and achievements during 2014, the most important of which are the following:

- **National Special Needs Housing Policy:** Significant further progress was made with regard to SNGH in improved awareness, stakeholder collaboration, joint civil society submissions to the National Department of Human Settlements and in general creating the preconditions necessary for the development of an enabling national policy. Commitment from the National Departments of Human Settlements and Social Development was secured for a national research and policy process. With the support of these departments, PPT was appointed by the DG Murray Trust (DGMT) to undertake the research and policy work. Consensus was reached on many key policy principles, including the need to make capital funding available to NPOs providing SNGH. Several national workshops and meetings were held and the process of developing a draft policy commenced (to be finalised during 2015);

- **Informal Settlement Categorisation Framework Refinement:** This framework was significantly refined and embedded as a central element within a national training programme of the National Upgrading Support Programme (NUSP). This arose from work done for the National Department of Human Settlements/NUSP as part of a Shisaka-led team;

- **Three New Guidelines/Framework Documents:** These were developed for and in collaboration with The HDA and have been disseminated and published by The HDA and PPT (including via a national workshop at which PPT presented during August 2014):
  - RAC guideline for informal settlements (an essential initial step necessary to achieve and roll out the new upgrading process previously mentioned);
  - Livelihoods, Informal Economy and Job Creation Guideline within the upgrading context; and
  - Informal Early Childhood Development Centres Guideline (preliminary case study work and a new framework/approach for achieving an improved and more inclusive and incremental response at scale). (See feature box.)

- **Informal Economy Toolkits:** PPT’s informal economy toolkits were significantly refined, including those for enterprise assessment, business planning and participative economic action planning.

A site plan for Tarkastad Child and Youth Care Centre for which PPT successfully secured 8 housing subsidies for R445 648.

‘Isiqalo’ basic business skills training at KwaNgcolosi by PPT’s Mandla Sindane.
Support for Informal Early Childhood Development

In collaboration with The HDA, PPT undertook preliminary research into informal, unregistered early childhood development (ECD) centres in informal settlements. The research included visits to informal ECD centres in Mangaung Metro and Mbombela Municipality and interviews with ECD practitioners across South Africa. PPT found that most young children (aged 0-4) either utilise informal, unregistered ECD centres or are entirely unable to access ECD services. There is, however, no structured programme of incremental assistance and support for such centres which form the backbone of ECD services for the urban poor. The significant resources of the state are not being effectively mobilised and most informal ECD centres cannot qualify for assistance (including subsidies) because they fail to meet the high standards required to register with the Department of Social Development. Poor ECD infrastructure is a key barrier to ECD centres registering and accessing support. Although it is universally accepted that ECD is critical to achieving human capabilities required for full participation in society and this recognition is reflected in the priorities of national government, large numbers of young children receive no state assistance and endure significant challenges. PPT is developing a pilot study with ECD organisations which will demonstrate that existing municipal funding (e.g. Urban Settlements Development Grant and MIG) can be used to provide improved ECD infrastructure and thereby unlock conditional registration and other funding and support. This is an opportune time to pilot an ECD infrastructure project as national government is developing an ECD infrastructure policy.
FINANCES AND ORGANISATIONAL SUSTAINABILITY

Despite the on-going global economic challenges which have impacted negatively on the availability of donor funding and placed public sector spending under significant pressure, PPT remains in a healthy financial position. This is due in large part to strong corporate governance, good management, effective budgeting and financial controls, and the adoption of a new financial sustainability plan (in 2013), which focuses on financial, human resources and programmatic dimensions of sustainability.

PPT’s 2013 audit (for the year ending 30 September 2013) was finalised and is unqualified. This is PPT’s 19th consecutive unqualified audit (i.e. every year since its establishment). PPT’s 2014 management finances (year ending 30 September 2014) were approved by both Management and the Board. (Subsequent to the end of the reporting period, the external 2014 audit was finalised and was also unqualified.)

In May 2013, PPT adopted a new financial sustainability plan in terms of which it seeks to move to a full break-even on its operating budget by 2015. This means that it will no longer subsidise its programme work from its own financial reserves but instead will recover its full costs from a mix of donor and government contracts. The plan also outlines a range of key supporting actions which are required in order to achieve this financial sustainability objective such as strengthened human resources and an increased focus on core programmes (programmatic specialisation). PPT is making good progress against the plan in all respects. PPT has secured 91% of its required programme funding for FY2015 and 16% of its requirement for FY2016. Significant progress has also occurred in other respects (e.g. prioritising programmes, strengthening human resources, streamlining administration and maximising existing funding).

Despite some financial pressures, PPT managed to preserve its capital base, achieved a good return on its investments, and is progressing satisfactorily against its financial sustainability plans. Its 2015 Operating and Capital Budgets were approved by the Board in September 2014.

The raising of significant additional funding remains a strategic priority for PPT in 2015, both to sustain and enhance its developmental programmes as well as to strengthen its organisational sustainability.

Summary Income Statement

Summary Balance Sheet

Notes:
1. All of the above figures are audited.
2. PPT’s cash assets in the amount of R11 369 364 consist of R4 104 704 in cash reserves and R7 264 660 in committed programme funding.
3. In addition to the finances set out above, PPT is the sole owner of UPPF as of 1 July 2013. While UPPF’s finances are to be consolidated with PPT’s from 2015, the financial impact is minimal since UPPF only holds a small amount of operating funding for the entity, with PPT holding the preparation funding. UPPF had a deficit on its income statement for the year of R560 423, with total assets of R66 130, no liabilities and equity of R66 130.
PT’s website (www.pptrust.org.za) is an important instrument for information dissemination. Downloads of PPT materials and knowledge resources are increasing steadily. On average 1 003 documents were downloaded per month in 2014. PPT’s informal settlement upgrading toolkits were downloaded 1 021 times, UPPF’s infrastructure toolkits 1 093 times and PPT’s special needs housing resources 1 096 times (mainly of the ‘Overview of the use of Housing Subsidies for Special Needs Group Housing in SA’, which was downloaded 744 times).

<table>
<thead>
<tr>
<th></th>
<th>Downloads</th>
<th>Visits</th>
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<td>2014</td>
<td>12 031</td>
<td>28 042</td>
<td>407 358</td>
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<td>Cumulatively since 2007</td>
<td>169 827</td>
<td>92 323</td>
<td>1 499 560</td>
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Angela and Wolfgang Mai visit mielie cookers at the Warwick Triangle. Angela Mai is a private funder, of the well-known KwaZulu-Natal Greenacres family, who now lives in Germany. She has donated funds since 2007 and this mielie cookers project is one of various pro-poor local economic development initiatives for which her funding has been utilised.

The Georgesamo Co-op is a small farm which focuses mainly on pig production (but includes chicken farming and crop farming). PPT has assisted with a brief analysis of the business and the identification of key impediments to business optimization and a member of the co-op received basic ‘isiQalo’ business skills training.
FUNDERS

PT has, since its inception, successfully managed a wide range of donor funding and has a clean audit history in this regard. Funding sources managed include: United States Agency for International Development; European Union; Flanders Government; Nedbank Foundation; National Development Agency; Gijima KZN; Business Trust; Shared Growth Challenge Fund; UK Charity Aids Foundation; City of Leeds; and private donors such as Angela Mai; The Lotteries Board; The DG Murray Trust; and Corrocoat SA. In addition, PPT has undertaken a wide range of assignments and initiatives for various spheres of government with collaborations spanning many years and in some cases, decades (refer to ‘Partnerships and Collaborations’).

In 2014, the following donor funders provided financial assistance to PPT projects and programmes (or their funding was utilised from contracts in prior years): Jobs Fund; DG Murray Trust; Business Trust (Ukulungisa); Angela Mai; Lotto; Nedbank Foundation; USAID; Promoting Access to Carbon Equity; and City of Leeds. In addition, PPT also utilised government, NGO and private sector sources of funding. The following government funding sources were utilised via contracts and appointments: eThekwini Municipality (Economic Development, Human Settlements, Architecture); the National Department of Human Settlements; HDA. The following NGOs provided funding through appointments and small contracts: Community Organisation Resource Centre (CORC); Sector Task Team for Older Persons (STTOP).

PPT expresses its appreciation to the above funders for their valued support and partnership.

PARTNERSHIPS AND COLLABORATIONS

In addition to the above-mentioned funders, PPT works with a wide range of partner organisations, government entities and professional service providers. PPT values these partnerships and associations which are crucial in achieving its developmental mandate.

Special mention is made of the following partners and collaborations in 2014 to whom PPT expresses particular appreciation.

**Government:** eThekwini Municipality, The HDA, Agri-business Development Agency, National Upgrading Support Programme, numerous local and district municipalities, various Departments of Human Settlements (National, KZN, Eastern Cape, Gauteng and Western Cape) and the National Department of Social Development.

**NGOs:** Newlands Mashu Permaculture Learning Centre, Sector Task Team for Older Persons (STTOP); Community Organisation Resource Centre (CORC); Ilifa Labantwana.

**Professional Service Providers:** PPT works with numerous professional service providers. They include engineers, town planners, local economic development experts, social facilitators, environmental and geotechnical consultants, and agricultural experts. Many of these service providers have a long association with PPT and have contributed much to the organisation’s achievements.

**Community Organisations:** PPT works closely with many community-based organisations at the project level. PPT regards these organisations as its most important partners.

**Grassroots NPOs:** PPT works closely with numerous NPOs, principally those involved in special needs housing in the welfare and health sectors.
CORPORATE GOVERNANCE AND PERSONNEL

Corporate Governance
PPT’s strong corporate governance remains an important organisational asset. All required Board meetings were held and all necessary approvals obtained for the adoption of the 2014 annual report and management accounts as well as the budget and work plan for 2015. Strong communication and co-operation between the Board and Management continues.

Core Staff
PPT has a core staff complement of eleven. All, with the exception of Liesel du Plessis, are based at PPT’s Durban office. Liesel is based in the Eastern Cape (Port Elizabeth).

Note: Tanya Dayaram and Sophie McManus joined PPT early in 2015 and Sarah Basson and Julian Barker departed PPT early in 2015.
Board

As at September 2014, the PPT Board has eight Trustees. During the year, two Trustees resigned (Dave Smyly and Imtiaz Vally), and one new Trustee was assumed (Nica Gevers). Dave Smyly has been a PPT Trustee since 1993 and PPT expresses its particular thanks to him for his many contributions to PPT over a period of more than two decades. PPT also expresses its thanks to Imtiaz Vally for his contribution during his tenure as a Trustee, in particular, in respect of finances. PPT welcomes Nica Gevers to the Board and knows it will benefit significantly from her extensive experience as a registered CA who has held various senior positions. The current Trustees have a combined total of 105 years’ service on the PPT Board.

S’bongile Mthembu is Co-chair of the PPT Board and serves on its Operations Committee.

Peter Robinson is co-chair of the PPT Board, serves on its Operations Committee and is a founding trustee.

Ilan Lax is the Treasurer of PPT’s Board and serves on its Finance Committee.

Nkosinathi Ndelu is the chair of PPT’s Operations Committee and a past Co-Chair of the PPT Board (1993-2006).

Thokozani Zulu serves on PPT’s Operations Committee and is a founding trustee.

Phumelele Kunene serves on PPT’s Operations Committee.

Nonhlanhla Khumalo serves on PPT’s Operations Committee.

Nica Gevers serves on PPT’s Finance Committee.

Dave Smyly served on PPT’s Finance Committee until December 2013.

Imtiaz Vally served on PPT’s Finance Committee until March 2014.

Past Trustees:
Michael Sutcliffe (founding Trustee and past Co-chair); Dave Smyly; Vish Suparsad; Omar Latif; Leah Gcacashe; Leonard Mfeka; Michael Archer, Sibusiso Luthuli; Makenete Maduna; Imtiaz Vally.
PRIORITIES FOR 2015

• Strengthen financial sustainability by implementing PPT’s new financial sustainability strategy which, among other things, entails prioritising and streamlining developmental programmes, reducing the number of small stand-alone projects, carefully focused fundraising and partnership building, and strengthening human resources in key areas.

• Prioritise and simplify our programme activities in order to increase effectiveness and efficiency. The current priority programmes are informal settlement upgrading, pro poor LED, special needs housing, municipal infrastructure. Additional high-risk programmes such as land reform should only be undertaken when financial and human resources permit.

• Continue to strengthen human resources, in particular, in respect of ‘high-level’ programme management (e.g. dedicated programme/team leaders for core programmes). Continue to make use of the enhanced performance incentive system and ensure effective use and monitoring of project and organisational plans. Maintain effective internal communications. Consider the recruitment of an additional senior project manager (resources permitting).

• Grow and strengthen our partnerships and collaborations in order to lay a platform for stronger programmes, expanded capacity, refined methodologies, new learning and expanded funding opportunities.

• Raise significant additional donor funding to strengthen our programmes, capacity and organisational sustainability. This will require more careful prioritisation of funding proposals, more networking with funders, and more regular meetings of the PPT fundraising team.

• Follow through on key policy and strategy work in order to help ensure that policy and strategy changes already underway are carried through into implementation (e.g. in respect of special needs housing policy and the RAC method for informal settlement upgrading).

• Maintain and strengthen existing core programmes, including learning from past experience and making enhancements.

• Continue to provide outstanding development results to our community, donor funders and government clients.

Abbreviations

| CEDI | Community Economic Development Initiative |
| CIBD | Construction Industries Development Board |
| DEDT | Department of Economic Development and Tourism |
| DGMT | DG Murray Trust |
| ECD | Early childhood development |
| GIS | Provincial geographic information system |
| HDA | Housing Development Agency |
| IESP | Informal Economy Support Project |
| LED | Local economic development |
| MIG | Municipal Infrastructure Grant |
| NASHO | National Association of Social Housing Organisations |
| NGO | Non-governmental organisation |
| NPO | Non-profit organisation |
| NUSP | National Upgrading Support Programme |
| OVC | Orphans and vulnerable children |
| PAC | Promoting Access to Carbon Equity |
| PACE | Promoting Access to Carbon Equity |
| PCAP | Participative community action planning |
| PEAP | Participative Economic Action Planning |
| RAC | Rapid Assessment and Categorisation |
| SNGH | Special Needs Group Housing |
| STTOP | Sector Task Team for Older Persons |
Project Cycle

Project Preparation Cycle

1. Project Identification and Prioritisation
   - Answers the question: Which projects or initiatives should be prioritised?
   - Purpose and scope: Appropriate where project demand exceeds available resources & rational choices need to be made. Projects assessed against defined selection criteria & prioritised via an initiation timetable. Typically undertaken at the programme level (a group of potential projects or geographic areas) to ensure that local-level spatial planning is in sync with prioritised projects.
   - Cost: Variable, but typically R100K to R500K.
   - Timescale: 1 to 6 weeks.

2. Preliminary Assessment
   - Answers the question: Should preparation funding be released & what are the main risks that require mitigation?
   - Purpose and scope: Lightweight, upfront assessment (pre-screening) of a specific project by a suitable professional. Identifies key risks & opportunities prior to commencing with full scale preparation. Includes collection of available information, desktop assessment, initial stakeholder consultation & site visit. Defines scope & budget for detailed preparation. Phases to follow.
   - Cost: Typically R4K to R8K.
   - Timescale: 1 to 3 weeks.

3. Pre-feasibility
   - Answers the question: What is the project’s risk profile? Can the risks be mitigated? What is the preliminary project concept?
   - Purpose and scope: Risks assessed by a team of suitably skilled professionals. Assessments usually include site suitability (flood, legal, bulk services, geotechnical, topography, environmental etc.), stakeholder support & funding availability. Broad project concept & rough capital & operational costs are defined.
   - Cost: Variable, but typically R40K to R100K.
   - Timescale: 2 to 6 months.

4. Feasibility
   - Answers the question: Is the project feasible and supported, what is the concept & how much will it cost to implement?
   - Purpose and scope: More detailed work undertaken by a team of suitably skilled professionals to resolve any outstanding risks & define planning, design, institutional & cost parameters (capital & operational) of a preliminary level. Project concept finalized with support from all key stakeholders. Ensures project is feasible, appropriate & sustainable. Comprehensive applications to implementation & capital funding mode. Scope & costs may vary considerably depending on stakeholder & further requirements.
   - Cost: Variable, but typically R100K to R500K.
   - Timescale: 2 to 6 months.

5. Follow Through with Investors
   - Answers the question: Has implementation funding been secured?
   - Purpose and scope: Outstanding funder requirements & queries are met. Funding approvals or agreements with implementation partners are concluded.
   - Cost: Variable.
   - Timescale: Highly variable - from a few weeks to over a year.

6. Monitoring and Review
   - Answers the question: Was project preparation effective & how can it be improved in future projects?
   - Purpose and scope: Project preparation effectiveness reviewed. Feedback given to shareholders.
   - Cost: Typically R2K to R6K per project.
   - Timescale: Variable.

Project Viable?

- Yes: Proceed to implementation.
- No: Terminate or take special action.

Graph showing declining influence and increasing cost of change over time

(Rel "Project Management & Control Techniques", Rory Burke, Promatec, 1996)