

# ANNUAL REPORT

01 October 2010 to 30 September 2011



Project Preparation Trust  
of KwaZulu-Natal  
est. 1993



**'WORKING TO CHANGE THE LIVES OF THE POOR THROUGH APPROPRIATE AND SUSTAINABLE DEVELOPMENT'**



# TABLE OF CONTENTS

|  |           |
|--|-----------|
| <b>CO-CHAIRS' FOREWORD</b>                         | <b>2</b>  |
| <b>CEO'S FOREWORD</b>                              | <b>3</b>  |
| <b>WHO IS PPT?</b>                                 | <b>4</b>  |
| <b>HIGHLIGHTS OF 2011</b>                          | <b>5</b>  |
| <b>SUMMARY OF IMPACTS AND ACHIEVEMENTS TO DATE</b> | <b>6</b>  |
| <b>PROGRAMME PROFILES:</b>                         | <b>7</b>  |
| Housing, Infrastructure and Informal Settlements   | 7         |
| Special Needs Housing                              | 8         |
| Land Reform  | 10        |
| Pro-Poor Local Economic Development                | 11        |
| Sustainable Household Energies                     | 12        |
| Training and Capacity Building                     | 13        |
| Policy and Strategy Work                           | 13        |
| <b>FINANCES AND SUSTAINABILITY</b>                 | <b>17</b> |
| <b>FUNDERS</b>                                     | <b>18</b> |
| <b>PARTNER ORGANISATIONS AND SERVICE PROVIDERS</b> | <b>18</b> |
| <b>CORPORATE GOVERNANCE AND PERSONNEL</b>          | <b>19</b> |
| <b>PRIORITIES FOR 2012</b>                         | <b>21</b> |



## CO-CHAIRS' FOREWORD



**S'BONGILE MTHEMBU**  
Co-Chair



**PETER ROBINSON**  
Co-Chair

PPT has now been in operation for 18 years, during which time it has achieved far more than its founding Trustees might have anticipated. It is encouraging to look back and to see how much and in what ways it has contributed to bringing about socio-economic transformation in South Africa. There are numerous reasons for PPT's success, but amongst the critical success factors have been its high levels of professionalism and efficiency, its primary focus on project preparation, together with the relationships and partnerships it has built with a wide range of developmental stakeholders over the years.

Through its involvement with many cutting-edge projects, PPT has progressively developed extensive skills, expertise and knowledge. Much of this has been documented and made available to the wider development community through our website. PPT continues to work at scale: no less

than 148 projects have been completed and more than 100 projects are underway. The organisation manages to do all this with a small, highly skilled and dedicated staff and support professionals. This is facilitated by PPT's use of an annual work plan and close monitoring of its operating environment and current projects.

PPT remains firmly on track in terms of delivering on its organisational mandate and is proud of the progress made in the past year. PPT is committed to continue being of service to communities in order to ensure that their quality of life is improved. We are also committed to forging new partnerships with the public and private sectors as well as with other Non-Governmental Organisations that share common goals, including building a legacy of improved project preparation in the development field.

*PPT is committed to continue being of service to communities in order to ensure that their quality of life is improved.*

## CEO'S FOREWORD



**MARK MISSELHORN**  
Chief Executive Officer

2011 was another successful, though at times challenging, year for PPT. Whilst our developmental programmes remain strong and significant impacts were achieved for our poor and vulnerable beneficiaries, additional donor funding is required for programme expansion and new core human resources are still being developed.

Significant capital funding of over R200 million was leveraged in the year for 6 864 disadvantaged households on nine projects. PPT is currently involved in 120

developmental projects and initiatives of various types with the potential for further capital leverage of R679 million for 77,955 disadvantaged households in the near term. The Ukulungisa Project Preparation Fund initiative remains firmly on track with 24 municipal infrastructure projects under preparation and significant capital leverage already achieved.

PPT continues to promote, maintain and develop a wide range of innovative, mutually reinforcing and well integrated developmental programmes, and carries a high load of projects ranging from housing and infrastructure to pro-poor local economic development and sustainable livelihoods.

PPT realised significant success in respect of its policy and strategy work which is undertaken in a targeted and selective fashion. For example, PPT has continued to play a significant role in innovating and mainstreaming alternative approaches to informal settlement upgrading such as the provision of interim basic services at scale as well as developing improved government policies and strategies in this regard.

Despite challenging global economic conditions and ongoing constraints in terms of donor funding availability, PPT has maintained the vibrancy of its developmental programmes and remains in a strong financial position. The raising of significant additional donor funding however remains a priority for PPT in 2012, especially to strengthen and expand programmes in areas where there are particular challenges such as land reform, special needs housing, informal settlement transformation, and pro-poor local economic development.

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 realised significant success in respect of its policy and strategy work which is undertaken in a targeted and selective fashion.*

## WHO IS PPT?

Project Preparation Trust (PPT) of KwaZulu-Natal is an independent public interest organisation with more than 18 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 the 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 communities. PPT achieves this mission mainly through:

- Providing project preparation support to communities, funders, all spheres of government and other development stakeholders.
- Obtaining and managing funding for project preparation.
- Unlocking capital and other resources for project implementation.
- Mainstreaming project preparation.
- Promoting good practice, including holistic and sustainable development as well as the development and dissemination of replicable development methodologies.
- Transferring preparation and other developmental skills to government and other stakeholders.

### 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 and transformation.
- Mass low income housing.
- Basic infrastructure.
- Special needs housing and HIV/AIDS relief.
- Economic development, sustainable livelihoods and poverty alleviation.
- Land reform.
- Sustainable household energies.
- Integrated development planning.
- Skills transfer and capacity building.
- Policy and strategy work (on a targeted basis).



Produce from the Umbumbulu Agri-hub on display at one of their market places.



Development of Participative Community Action Plans at Jeffrey's Bay (Kouga Municipality) in the Eastern Cape.

# HIGHLIGHTS OF 2011

## Result indicators

- *Significant capital leveraged:* R200 million in implementation/capital funding was approved for PPT-prepared projects during 2011 benefiting 6 864 disadvantaged households on nine projects. This is the highest amount approved in a single year to date. An additional R11 million was conditionally approved for two projects and 22,610 beneficiaries.
- *A high project load:* PPT is currently involved in 120 projects or initiatives at varying stages of preparation and implementation that have the potential to leverage an additional R1.23 billion benefiting 125,742 disadvantaged households and addressing a wide variety of developmental needs.
- *Significant training and mentorship:* 846 people (mainly informal entrepreneurs) were trained, capacitated or mentored (180% of the annual target).
- *High volume of funding approvals in the pipeline:* There is currently R679 million of capital leverage expected in the near future based on funding applications submitted but not yet approved. This will benefit 77,955 disadvantaged households. Of this amount, R292 million (benefiting 39,590 households) is already conditionally approved by funders.
- *Programme diversity & integration:* PPT continued to maintain and strengthen a wide range of mutually reinforcing and well integrated developmental programmes.

## Ukulungisa Project Preparation Fund

Ukulungisa is now fully operational with a refined business plan in place and all contractual requirements of the Business Trust having been met. The bulk of Ukulungisa's preparation funding is committed (92%) to 24 infrastructure projects in 12 municipalities in three provinces, potentially benefiting 104,605 disadvantaged households and with the potential to leverage capital of over R910 million. R197 Million in capital funding was leveraged for 7,791 beneficiary households on four projects. Further funding is now

being sought to upscale Ukulungisa's activities and the related municipal and community support it offers. For more information, please refer to page 9 of this report.

## Policy impacts and replication

Significant policy and strategy achievements were accomplished in 2011 which are bringing about meaningful change in PPT's external operating environment, with particular success realised in the areas of mainstreaming more rapid, broad-based and inclusive developmental responses for informal settlements at provincial and national levels (including the finalisation of the KZN Informal Settlement Strategy and revised toolkits). For more information please refer to page 13 of this report.

## Innovation and replicable models

PPT has continued to reflect upon and refine its existing developmental approaches and 'models', most of which can be replicated at scale. Refer to page 15 of this report for more information.

## Financial sustainability

PPT remains on track against its medium-term financial sustainability plans, maintained tight budgetary control and for the 16th consecutive year received an unqualified audit opinion (i.e. every year since its establishment). PPT's effective financial management and controls remain an important asset to the organisation.

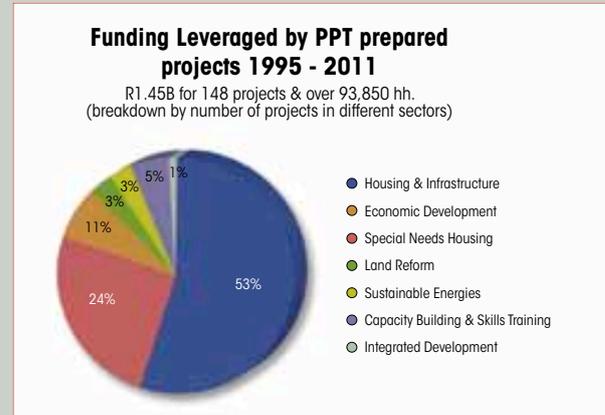
## Human resources

PPT's personnel are its greatest asset and the team was strengthened during the latter part of 2010 through the addition of a new senior project manager, part-time bookkeeper as well as a project officer and project intern. Two new trustees were also formally assumed onto the PPT Board in 2011.

# SUMMARY OF IMPACTS AND ACHIEVEMENTS TO DATE

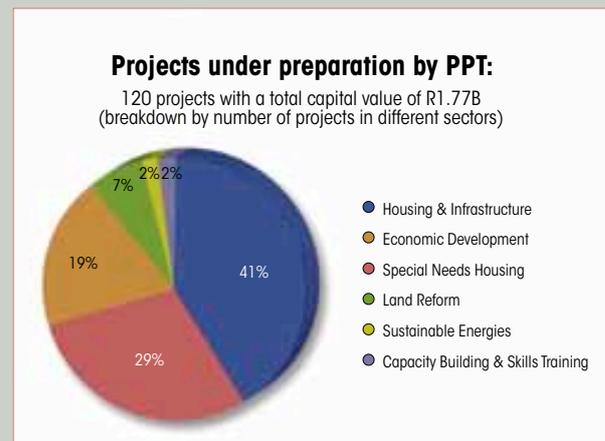
## Capital approvals

The projects PPT has prepared since its inception have resulted in R1.45 billion in capital funding being awarded for 148 pro-poor development projects benefiting over 93,850 disadvantaged households. The projects include housing and infrastructure (including informal settlement upgrading), special needs housing and HIV/AIDS relief, pro-poor local economic development, sustainable energies and capacity building and skills transfer. It is noted that R377 million of this amount is for conditional approvals pending conversion to full approvals.



## Projects under preparation

PPT currently has developmental projects under preparation with an additional potential capital value of R1.23 billion and benefiting 125,742 disadvantaged households on 120 projects. This includes 27 projects where active follow through and monitoring is ongoing in respect of securing funding approvals on funding applications already submitted.



## 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 utilized when measured against the capital leveraged. There is also additional and un-quantified gearing which relates to such benefits as improvements in quality of life, livelihoods, income generation, capacity building and operating funds flowing into projects. The average gearing to date on PPT's preparation funding relative to capital leveraged is 68:1 and on its cumulative operating overheads is 61:1.



# PROGRAMME PROFILES

## Housing, Infrastructure and Informal Settlements

### Description

The Housing, Infrastructure and Informal Settlements programme 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-infrastructure development (e.g. informal enterprise support, special needs housing and fruit trees establishment) 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 on green-fields or rural projects.
- Basic infrastructure for urban, peri-urban and rural settlements (e.g. water supply, sanitation, road/footpath access, electricity).
- Bulk infrastructure (e.g. water and sewer mains, sewer and water treatment upgrades).

### Impacts and achievements to date

**Capital leveraged:** R1.34 billion.

**Projects with capital approvals:** 78 projects benefiting 73,940 households.

**Projects under preparation:** 49 projects benefiting 111,058 households (of these, 25 projects are low income housing, informal settlement upgrading and associated basic infrastructure, 10 are basic infrastructure only, and 14 are bulk infrastructure).

### Progress in 2011

The main areas of focus in 2011 were informal settlement upgrading (seven settlement-specific projects plus significant advisory, policy and strategy work) and the preparation of 24 municipal infrastructure projects via Ukulungisa Project Preparation Fund.

### Informal Settlement Upgrading

- **eThekweni pre-feasibilities:** PPT finalised pre-feasibility studies for five potential informal

settlement upgrade projects and will now take two project combinations forward into full feasibilities (i.e. Umlazi S1, 2 & 3 and Rainbow Ridge/Lacey Road). One of these projects (Umlazi) is a precinct redevelopment project being undertaken collaboratively by eThekweni Housing and the eThekweni Economic Development Unit.

- **eThekweni's large scale Interim Services Programme:** This programme, which targets approximately 77,000 households in 166 prioritised settlements (and on which PPT plays an advisory role), has progressed well. Steps are now being taken to undertake the up-scaled rollout phase of the Programme, including improved community participation, urban management, local economic development planning and livelihoods support (refer to page 8 for more information).
- **Emergency Housing:** PPT provided support and assistance in the development of the new Emergency Housing Implementation Guidelines (refer to page 14 of this report under 'Policy and Strategy Work').
- **KZN Informal Settlement Strategy:** PPT finalised this important and ground-breaking Strategy for the KZN Department of Human Settlements in 2011 (refer to page 14 under 'Policy and Strategy Work').
- **PPT-HDA collaboration:** PPT entered into a formal one-year Collaboration Agreement with the Housing Development Agency (HDA) in May 2011 in respect of providing support to the HDA in developing knowledge resources and providing technical support relating to informal settlement upgrading. Amongst other things, PPT has provided the HDA with various existing and refined PPT informal settlement toolkits, undertaken municipal and settlement level desktop evaluations, municipal site visits to and presented at various HDA capacity building conferences in respect of various themes. This fruitful collaboration is likely to be extended in 2012.
- **National Upgrading Support Programme (NUSP) Collaboration:** PPT collaborated informally with NUSP principally by sharing information and knowledge resources and participating in a national NUSP 'think-tank' workshop.

- **Urban Settlement Development Grant (USDG):** PPT played an instrumental role in the creation of the new USDG for informal settlements through assisting eThekweni Municipality with its successful submission to the City Budget Forum hosted by National Treasury.
- **Infrastructure:** Over and above basic infrastructure associated with PPT's housing and informal settlement work, UPPF is the principle vehicle through which PPT is addressing the basic infrastructure challenges facing communities and their municipalities. For more information refer to page 9 of this report.

## Special Needs Housing

### Overview

Special Needs Housing (SNH) has been a major focus for PPT since 2002. PPT has played a significant role at both the project and policy levels over this period. This programme focuses on the provision of housing (shelter) for a range of special needs beneficiaries such as orphans and vulnerable children, the chronically ill, women in distress, and those with disabilities. The main focus is to assist welfare organisations working at grassroots level to access capital funding from provincial Departments of Human Settlement for housing acquisitions, new builds or renovations. Care is taken to ensure that projects are viable and sustainable (e.g. that

## eThekweni Interim Services Programme targeting 77,000 households in 166 prioritised informal settlements

PPT has continued to play a substantial advisory and support role on this ground-breaking initiative, which is regarded as significant since it is the first systematic programme of its kind in South Africa which provides basic infrastructural services to informal settlements at City scale along with a range of other developmental responses. The initiative, which targets approximately 77,000 households in 166 prioritised settlements, is now moving from its pilot phase into a scaled up 'rollout' phase necessitating amongst other things the procurement of the necessary expanded professional and contractor capacity by the City on a programmatic (as opposed to settlement-specific) basis. There are also implications for the City's own internal management and participation capacity and the need to establish a dedicated programme management structure. These are seen as key elements of establishing and sustaining an effective urban management model within the City's informal settlement precincts. The continued development and use of precinct level master plans for roads and footpaths will help bring about spatial restructuring and enable investment in a prioritised and spatially coherent fashion.

The programme reflects a new national consensus that conventional upgrading and housing delivery are inherently slow and costly processes and that more rapid responses are necessary to address the day-to-day challenges of the urban poor. The programme provides a range of basic infrastructural services such as basic roads and footpaths (informed by preliminary master plans); communal sanitation blocks (water-born); electrical connections to individual shacks; and standpipes for water supply. These are to be augmented with additional supportive interventions such as improved community participation and engagement, participative local economic action plans, the provision of key social facilities, and livelihoods responses. For more information, please refer to PPT's 2010 Annual Report as well as the case study profile on PPT's website.



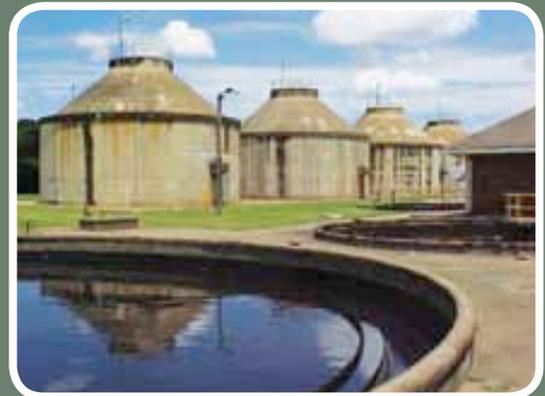
A local construction team mixes the concrete which will be used on the new road being built in Redcliffe informal settlement.



Local labourers Nkosinathi Mkence, Themelani Limaphi and Lungile Mbangi work on building footpath steps in the Redcliff informal settlement near Verulam. This is part of the municipality's drive to provide better infrastructure to informal settlements in eThekweni.

## Ukulungisa Project Preparation Fund

Ukulungisa is an independent Section 21 company which specialises in the preparation of municipal infrastructure projects. 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 Inca Portfolio Managers (IPM). Ukulungisa is preparing 24 infrastructure projects with a projected capital value of R910 million and servicing more than 104,611 beneficiary households in 12 municipalities in various parts of South Africa. R197 million in capital funding for four projects has already been approved benefiting 7,791 households. Preparation finance on two of these projects has already been repaid and re-allocated to new projects. 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 Industry Development Board 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. During 2011 Ukulungisa successfully closed out its contractual relationship with the Business Trust and extends its appreciation for the confidence shown in it. Ukulungisa is now actively seeking additional funding in order to service additional projects and municipalities.



Sundumbili Waste Water Treatment Works. Digestors in the Treatment Works require refurbishment to cater for additional residential expansion and new low income housing projects in the 3000 site Inyoni Development.



Eshowe's existing old reservoir is to be replaced with a new reservoir.

organisations have the necessary skills, capacity and funding for ongoing operating and maintenance) and that the relevant government departments dealing with welfare or health are supportive. Projects have historically been located mainly in KwaZulu-Natal, the Eastern Cape and Gauteng.

### Impacts and achievements to date

**Capital leveraged:** R40,39 million.

**Projects with capital approvals:** 35 projects benefiting 852 people in special need.

**Projects under preparation:** 34 projects benefiting 1,426 people in special need.

### Progress in 2011

- The preparation on six new SNH projects potentially benefitting 142 people in special need, commenced utilising historical USAID funding sources (the major focus being foster care homes and a shelter for abused women and children).
- Progress was made in resolving the blockages to the SNH programme in the Eastern Cape with a new agreement between the Eastern Cape, Department of Human Settlements (DHS) and Department of Social Development at last being signed.
- PPT provided significant assistance to the Western Cape DHS for their SNH programme principally through the development of operational procedures and systems. PPT also assisted in the assessment of nine pilot SNH projects, which has confirmed a high need for SNH in the Western Cape. Subsequently, further advocacy work has been required in order to "unblock" the Western Cape SNH programme and efforts are ongoing in this regard.
- After years of delays due to a lack of funding from the Gauteng DHS, two SNH projects prepared with PPT funding for Yeast City Housing in Gauteng have been approved and subsidy agreements with the relevant welfare



*Leyds Street Outreach Centre for girls at risk and single headed households, under construction for Yeast City Housing, Gauteng.*

organisations were signed (Leyds Street Outreach Centre for girls at risk and single headed households, and the Gilead House for residents with mental health challenges). Gilead House was officially opened in August 2011 while the Leyds Street Outreach Centre is expected to be completed in 2012.

- Due to the absence of an enabling national SNH policy directive, a lack of SNH policies and programmes in most provinces, as well as challenges experienced in provinces where SNH policies exist, such as the Eastern and Western Cape, PPT has embarked on carefully focused advocacy work in order to bring about much needed change. PPT's view is that special needs housing is provided for in principle in the Constitution of South Africa as well as

the Housing Act (No. 107 of 1997) and should be prioritised given that it caters for the most vulnerable. PPT will collaborate with other NGOs and advocacy organisations in this regard.

- PPT submitted a funding proposal to enable it to continue with this SNH advocacy work (currently funded principally out of PPT's operational reserves) as well as to acquire additional preparation funding. Discussions with a funder are ongoing.

## Land Reform

### Overview

This programme 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. It is noted that land acquisition for development projects in South Africa is typically a lengthy, resource intensive and technically challenging process requiring special expertise. Initially PPT's involvement was in respect of preparing housing and infrastructure projects, but given the ongoing challenges with land reform in South Africa, PPT is now in the process of expanding its role to also include rural land reform, agrarian reform, land restitution and agri-business projects, and is actively seeking donor funding and new partnerships in this regard.

### Impacts and achievements to date

**Capital leveraged:** R54.12 million.

**Projects with capital approvals:** Six projects benefiting 11,957 households.

**Projects under preparation:** Eight projects benefiting 12,235 households,



*The official opening of Gilead House, a Yeast City Housing project to assist people with mental disabilities, was attended by various dignitaries from the Gauteng Department of Human Settlements (DHS), Social Housing Regulatory Authority (SHRA), National Housing Finance Corporation (NHFC) and other organisations.*



The Middelrus Valley outside Mooi River is the site of a land reform and agri-business project. PPT is assessing the feasibility of providing improved housing to the beneficiaries of the project.

### Progress in 2011

- **PPT-ADA Collaboration:** PPT signed a Memorandum of Agreement with the Agribusiness Development Agency (ADA) in September 2011 in respect of the preparation of land reform and agribusiness projects. This MOU confirms the intention of jointly establishing a revolving land reform preparation fund for selected projects.
- **Middelrus Project:** PPT conducted a preliminary assessment of this land reform project (near Mooi River in KZN) for the ADA with the objective of the possible provision of improved housing and local spatial planning. The preparation of the project will commence once funding has been released to the ADA by the Department of Rural Development and Land Reform. Significant agribusiness development work in the area is already underway by the ADA.
- **Zanzibari Project:** The Environmental Impact Assessment for the Zanzibari restitution-related low income housing project on the Bluff in eThekweni has been completed and an application for housing subsidies is imminent.
- **Funding:** Efforts are underway to capitalise a dedicated land reform preparation fund. A response to a Jobs Fund application is awaited and further fundraising efforts will continue in 2012.

## Pro-Poor Local Economic Development

### Overview

This programme commenced in earnest 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 significant programme in its own right with many constituent sub-programmes and project typologies which address various aspects of pro-poor local economic development and livelihoods security. The programme focuses mainly on participative local economic action planning, training and business development support for emerging micro-entrepreneurs, small scale agriculture, food gardens, fruit tree establishment, and livelihoods security.

### Impacts and achievements to date

**Capital leveraged:** R8,3 million.

**Projects with capital approvals:** 17 projects benefiting 6,167 households.

**Projects under preparation:** 23 projects benefiting 329 households.

### Progress in 2011

- The Angela Mai funded LED extension programme continues to support the Richmond pepper growers who are now in their third growing season with PPT support. During this time PPT assisted the growers to strengthen their institutional capacity, their co-operative relationship with their main buyer (export-focused Moyeni Farms), mutual co-operation and identification of new buyers (e.g. for under-sized peppers). A small revolving loan fund has provided bridge-funding for inputs (seedlings, fertiliser, tractor hire etc).
- The Umbumbulu Agri-Hub continues to operate and now serves 140 small scale farmers and 40 co-operatives. This is a demand-led project

operating on market principles which provides improved income and food security to the farmers. One farmer is now moving into larger scale commercial production of mushrooms.

- Angela Mai funded new and successful Participatory Economic Action Planning at Limehill (Ndaka Municipality) and Ocean View (Kouga Municipality). Setup for similar support for informal traders in eThekweni's Warwick Triangle was done and participative work will commence during 2012.

## Sustainable Household Energies

### Overview

This programme 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. The programme dates back to 2005 and has been focussed mainly on two pilot projects which have demonstrated the potential for replication at scale. The PPT model utilised 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 also provided.

### Impacts and achievements to date

**Capital leveraged:** R949,000.

**Projects with capital approvals:** Four projects benefiting 94 households.

**Projects under preparation:** Two projects benefiting 600 households.

### Progress in 2011

PPT's principal work during 2011 was in respect of

## Angela Mai Pro-Poor LED Programme

Angela Mai is a private funder, of the well-known KwaZulu-Natal Greenacres family, now living in Germany. Since 2007 funds donated by Angela Mai have been utilised for various pro-poor local economic development (LED) initiatives with the main focus having been on participative economic action planning (PEAP), LED extension and support for informal enterprises.

**Impacts and achievements to date:** Angela Mai funds have helped to leverage a further R1.85 million from other funders for pro-poor LED. More than 530 beneficiaries involved in local economies and enterprise activities in poor communities have been supported, empowered or mentored. PPT has also been able to develop and refine important replicable methodologies (principally PEAP and LED extension).

### Learning:

- Significant entrepreneurial and local economic development opportunities exist in poor communities.
- PEAP with follow through support is an effective area-based pro-poor response and is replicable at scale.
- The most successful initiatives are those which support existing entrepreneurs (as opposed to establishing new businesses) and which focus on building the capabilities of the entrepreneurs (as opposed to making premature capital investments).
- Pro-poor LED and informal enterprise support projects typically require a sustained period of support.
- Flexibility in approach and responsiveness to differing local circumstances are important.

**Projects supported by Angela Mai funds:** Richmond Pepper Growers (Inhlazuka and Inkumane); Vukuzakhe Muthi Growers (Eshowe); Welbedacht Micro-enterprise Support (eThekweni); Umbumbulu Agri-Hub (eThekweni); Limehill PEAP (Ndaka); Jeffrey's Bay PEAP (Kouga); Durban Informal Traders (Warwick); Joe Slovo PEAP (P.E.); Impendle LED Extension Support; Chesterville Agricultural Project (eThekweni); Hilton Valley Workshop (Pietermartizburg); Sinani Support Workshop (eThekweni).



Small scale growers display their harvest of beans which will be delivered to the Umbumbulu Agricultural Hub.



Peppers grown as cash crops by 25 small growers in Nkumane and Inhlazuka, near Richmond in KZN, are sold to Moyeni Pickles for processing, packaging and export.

## Alternative household-based clean energies at Umdoni utilising carbon credits

Setup work was completed in respect of a collaboration between PPT, the Umdoni Municipality, and Promoting Access to Carbon Equity (PACE, a Cape Town based NGO). This collaboration will effectively enable PPT to trade in carbon credits (carbon 'offsets' traded through PACE) and thereby access funding which can be utilised for investing in further clean energy products for energy-poor, low income rural households. It results from Umdoni offering its carbon offset to the carbon market through PACE, which has in turn secured private sector carbon buyers (e.g. Nedbank). A PPT-PACE MOU will be signed during 2012 in terms of which an amount of R491,136 will be allocated for new energy efficient interventions in rural Umdoni. PPT will act as 'developer', holding the funds and carbon credits on behalf of the target community and Umdoni Municipality. The project will provide new gel fuel stoves (with adjustable lids to promote more efficient burning) along with efficient biomass stoves, gel-fuel shower heaters and small, 60-watt solar power systems. The initiative is significant as it represents an innovative developmental partnership between Government, NGOs and the private sector. PPT and PACE will assess the potential for an expanded collaboration in other municipalities during 2012.



*Olwasini in Umdoni Municipality. Cooking with firewood produces excessive smoke with heavy health and environmental costs. PPT is the local agent for PACE in promoting gel fuel as a cleaner alternative.*

setting up a collaboration between PPT, Umdoni Municipality and Promoting Access to Carbon Equity (PACE) in respect of trading carbon credits to provide a range of clean energy products for energy-poor, low income households in rural Umdoni.

## Training and Capacity Building

### Overview

This programme focuses mainly on the following beneficiary groups and 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.
- The training, capacitation and mentorship of micro-entrepreneurs and those involved in micro, survivalist or livelihoods activities.

### Impacts and achievements to date

**Cumulative to date:** 30 training and mentorship projects undertaken benefitting 3,286 individuals.

**Projects under preparation:** Two training and mentorship projects benefitting 16 individuals.

### Progress in 2011

The bulk of the capacity building undertaken in 2011 took the form of mentorship to micro-entrepreneurs

in the Richmond Pepper Project, the Limehill PEAP project and the Umbumbulu Agrihub project. Although PPT signed an MOU with Elangeni FET College in December 2010 to provide PPT training courses in an accredited manner, the programme is not yet implemented. This will be taken forward in 2012 with the intention of finalising training materials, assessment tools and a marketing plan.

## Policy and Strategy Work

### Overview

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 intention is principally to bring about improvements in government policies, practices and investments in development. PPT's policy and strategy work has both an advocacy component (i.e. where we seek to create awareness on key issues in order to bring about change) as well as a policy and strategy development component (e.g. where PPT is commissioned by a sphere of government to develop a particular strategy or is invited to make inputs into a particular policy). Documenting and disseminating replicable development approaches and methodologies which PPT has innovated is an important part of this work.



*Produce from the Umbumbulu Agrihub on display at one of their market places.*

## Impacts and achievements

Although policy and strategy work is not PPT's core business it has achieved much in this respect since its establishment - for example:

- a. Helping to entrench and define the scope of systematic project preparation for subsidised low income housing projects in KwaZulu-Natal;
- b. Playing a prominent and at times leading role in pioneering and up-scaling special needs housing in KwaZulu-Natal, Eastern Cape, Gauteng and the Western Cape and developing policies and practices in this regard;
- c. Helping to entrench systematic project preparation within municipal infrastructure delivery in South Africa (mainly through involvement in the Ukulungisa Project Preparation Fund);
- d. Helping to mainstream and define alternative and more appropriate and inclusive responses to the challenge of informal settlements;
- e. Developing comprehensive toolkits for informal settlement responses;
- f. Developing toolkits for the preparation of seven types of infrastructure projects;
- g. Developing two practical manuals for rural housing projects and preparation of housing sector plans for the KwaZulu-Natal Department of Human Settlements. For more information, please refer to PPT's website under 'knowledge resources'.

## Progress in 2011

PPT realised or contributed to a range of significant policy impacts and achievements during 2012, the most important of which are outlined below.

- **Mainstreaming new approaches to informal settlements which are more rapid, broad-based and inclusive:** PPT's contributions in this regard have continued. Especially since 2008, PPT has played a significant role, along with others, in helping to bring about much needed change

at national level. This change is now reflected in the Outcome 8 Delivery and Performance Agreements of National and Provincial spheres of government which prioritise the delivery of interim basic services at scale and more participative processes of community engagement.

- **New USDG grant for informal settlements:** A new grant, the Urban Settlement Development Grant (USDG) was announced by National Treasury early in 2011 to enable Metros and major cities to more effectively fund and address basic infrastructure for informal settlements. PPT played a significant role in bringing this about through its high level advisory role on eThekweni's Interim Services programme and by preparing a submission recommending such a new grant which was presented to the National City Budget Forum by eThekweni in October 2010.
- **KZN Informal Settlement Strategy:** PPT finalised a comprehensive informal settlement development strategy for the KZN Department of Housing (finalised in February 2011) which emphasises more broad-based and inclusive responses such as the provision of interim basic services as well as systematic project preparation and funding for it (refer to the case study profile on page 16 for more information).
- **Emergency Housing Guidelines:** PPT provided support and assistance in the development of the new Emergency Housing Implementation Guidelines. Amongst other things the new Guidelines will enable Emergency Housing Assistance to be applied more effectively and appropriately to benefit residents of informal settlements (e.g. in respect of emergency services). The guidelines were developed for the Housing Development Agency by the Development Action Group with PPT's assistance.
- **New PPT toolkits for comprehensive informal settlement responses:** PPT has developed

revised informal settlement toolkits, which are freely available on its website, which cover a range of appropriate informal settlement responses (rapid assessment and categorisation, interim basic services, emergency services, full upgrading, land acquisition and serviced land release). The toolkits are practical and include elements such as a detailed decision making flow chart, summary scopes of work and cost norms, illustrative Gantt charts, an assessment of available grants; guidance notes on land acquisition and tenure, and an overall urban management framework.

- **CIDB 'Gateway' process:** On invitation PPT provided detailed commentary on the Construction Industries Development Board (CIDBs) 'Gateway' process for the planning and preparation of projects as well as alignment of Ukulungisa's infrastructure toolkits to this process so that they can be readily referred to and incorporated by the CIDB. It is noted that the CIDB's Gateway process is intended to become a compliance requirement for all spheres of government in planning, budgeting and procuring infrastructure projects. Subsequent to the end of the reporting period, PPT received a formal letter of acknowledgement from the CIDB for its contribution.
- **Housing Development Agency (HDA) collaboration:** PPT's Collaboration Agreement with the HDA affords it a significant opportunity to promote and mainstream different approaches to informal settlement upgrading at a national level.
- **National Upgrading Support Programme (NUSP) 'think-tank' workshop:** PPT was invited to participate in this workshop which was held in February 2011 in Johannesburg and was aimed at reaching greater insight into appropriate

approaches to addressing informal settlements and putting in place the capacity needed to do so.

- **eThekweni Interim Services Programme:** PPT continues to play an advisory and support role on eThekweni's large scale interim services programme (refer to case study profile on page 8).
- **eThekweni Housing Sector Plan:** PPT provided advisory support in the production of eThekweni's Housing Sector Plan, which is ground-breaking in that it enshrines the rapid rollout of basic services to informal settlements as well as the more strategic investment of housing funding to support spatial restructuring and densification along key transport linkages in the City.
- **Participative LED plans at scale:** PPT provided assistance to eThekweni in conceptualising the development and implementation at scale of participative local economic development plans for 17 identified priority 'zones' in the city.
- **Special Needs Housing:** Significant work was undertaken, especially in relation to the Eastern Cape and Western Cape, and further targeted advocacy work will be undertaken in 2012 to help bring about much needed national and provincial change and develop a national policy (refer also to page 8 under 'Special Needs Housing').
- **NGO and Civil Society workshop:** PPT was invited to present at this national workshop, which was held in February in Johannesburg and aimed at deepening understanding of informal settlement issues and appropriate responses.

### Replicable Models and Approaches

As indicated previously, innovating and disseminating replicable development approaches and methodologies is an important part of PPT's policy and strategy work. There were significant achievements during 2011 in respect of developing new methodologies or revising



Development of Participative Economic Action Plans at the rural community of Limehill near Ladysmith in KwaZulu-Natal (Emnambithi Municipality).

and improving existing ones, including:

- Further refinement of PPT's new and comprehensive toolkits for a range of developmental responses for informal settlements (including basic services and full upgrading).
- Development of refined and additional informal settlement toolkits items through PPT's Collaboration with the Housing Development Agency.
- Further refinement of PPT's new and comprehensive toolkits for the preparation of seven types of municipal infrastructure projects (commenced during 2010 and subsequently completed).
- Further refinement of the methodology for participative local economic action planning and prospective rollout at scale within eThekweni Municipality.
- Development of a preliminary urban management framework/approach for informal settlements to improve the relationship between the State

and the urban poor around developmental agendas and enable improved multi-sectoral development responses and co-operation.

The majority of PPT's replicable models can be downloaded for free from our website ([www.pptrust.org.za](http://www.pptrust.org.za)) under 'knowledge resources'.

## PPT Website

PPT's website ([www.pptrust.org.za](http://www.pptrust.org.za)) is an important instrument of information dissemination. Significant work took place during the year on PPT's new and improved website, which has subsequently been completed. The new website is more interactive and accessible. There continues to be a high level of use of PPT's website as an information resource (refer to table below).

|                          | Downloads | Visits | Hits    |
|--------------------------|-----------|--------|---------|
| 2011:                    | 9,945     | 7,418  | 113,849 |
| Cumulatively since 2007: | 136,434   | 40,179 | 371,021 |

## KZN Informal Settlement Development Strategy

A comprehensive Informal Settlement Development Strategy was developed by PPT for the KZN Department of Human Settlements (DHS) in 2011 and was adopted by them in 2012. The Strategy is believed to be the first comprehensive provincial strategy of its kind in South Africa. There are currently estimated to be at least 306,076 households residing within informal settlements in the Province, with 95% located within 10 municipalities and 78% in eThekweni.

### Key features of the Strategy

- It promotes informal settlement upgrading (as opposed to relocations).
- It promotes a range of informal settlements responses.
- It promotes the rapid, broad based delivery of basic infrastructure to augment conventional housing delivery.
- It promotes systematic project preparation and community participation.
- It provides practical toolkits to assist municipalities and their service providers.
- It promotes rapid assessment and categorisation in order to obtain adequate desktop profiles of all settlements and to determine the appropriate developmental responses which are required (given the lack of adequate information on informal settlements in most municipalities).
- It includes a comprehensive monitoring and evaluation framework to be utilised by the Province in measuring the effectiveness of the new Strategy.

### Key learning arising from the Strategy

- **Tenure and land:** The appropriate minimum form of basic tenure to accompany interim services is settlement level administrative recognition (as opposed to individual tenure). Land acquisition should not be an essential pre-requisite for basic services delivery.
- **Grant instruments:** The UISP grant instrument in its current form is incompatible with the rapid delivery of interim basic services and requires review.
- **Land acquisition funding:** Funding for land identification and acquisition and associated professional services is lacking (inaccessible) and this must be addressed. Such funding needs to be made available well in advance of housing subsidies.
- **Capacity:** The capacity of the State is limited and that the leverage through procurement of private sector and NGO capacity is critical.
- **Preparation funding:** The release of preparation funding to municipalities to procure the necessary private sector/NGO capacity to prepare projects of various types is a critical success factor to order to ensure bankable, viable project pipelines.

# FINANCES AND SUSTAINABILITY

Despite the ongoing global economic challenges which have impacted negatively on the availability of donor funding and placed public sector spending under pressure, PPT remains in a strong financial position. This is due in large part to strong corporate governance, good management, effective budgeting and financial controls, and the use of medium-term financial sustainability planning.

PPT's 2010 audit (year ending 30th September 2010) was finalised and is unqualified, this being PPT's 16th consecutive unqualified audit (i.e. every year since its establishment). PPT's 2011 management finances (year ending 30th September 2011) were approved by both Management and the Board. It is noted that

the external 2011 audit commenced during January 2012 and has since been successfully finalised (and is again unqualified).

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 2012 Operating Budget was approved by the Board in September 2011.

As previously reported, the raising of significant additional donor funding remains a strategic priority for PPT in 2012, both to sustain and enhance its programmes and project work, as well as to strengthen its own organisational sustainability.

## Summary Income Statement for the period ending 30 September 2011

|                                 | FY 2010          | FY 2011          |
|---------------------------------|------------------|------------------|
| <b>INCOME:</b>                  | <b>4,720,883</b> | <b>5,517,263</b> |
| Fees                            | 1,867,718        | 4,786,227        |
| Grants                          | 1,663,293        | 22,580           |
| Interest received               | 780,067          | 628,443          |
| Donations                       | 340,300          | 0                |
| Rental income                   | 69,504           | 80,012           |
| <b>EXPENSES:</b>                | <b>4,569,349</b> | <b>4,391,108</b> |
| Core human resources            | 1,864,693        | 2,320,146        |
| Project expenditure (non-loans) | 1,746,942        | 1,024,122        |
| Rental                          | 197,151          | 220,021          |
| Board remuneration              | 116,875          | 110,500          |
| Audit                           | 29,098           | 32,016           |
| Other expenditure               | 614,590          | 684,303          |
| <b>SURPLUS (DEFICIT)</b>        | <b>151,534</b>   | <b>1,126,155</b> |

## Summary Balance Sheet as at 30 September 2011

|   | FY 2010           | FY 2011           |
|---|-------------------|-------------------|
| <b>TOTAL ASSETS:</b>                        | <b>13,089,840</b> | <b>14,480,402</b> |
| <b>NON-CURRENT ASSETS:</b>                  | <b>10,539,896</b> | <b>11,335,911</b> |
| Long-term investments**                     | 9,050,000         | 9,000,000         |
| Property and equipment                      | 1,462,735         | 1,475,367         |
| Loans to projects                           | 603,879           | 1,353,407         |
| Provision for non-recoverable project loans | -576,718          | -492,863          |
| <b>CURRENT ASSETS:</b>                      | <b>2,549,944</b>  | <b>3,144,491</b>  |
| Short-term investments**                    | 19,405            | 19,405            |
| Accounts receivable                         | 395,477           | 1,886,131         |
| Cash resources**                            | 2,135,062         | 1,238,955         |
| <b>TOTAL EQUITY AND LIABILITIES:</b>        | <b>13,089,840</b> | <b>14,480,402</b> |
| <b>CAPITAL AND RESERVES:</b>                | <b>12,867,810</b> | <b>13,993,965</b> |
| Grants received                             | 12,720,924        | 12,720,924        |
| Trust capital                               | 100               | 100               |
| Accumulated deficit                         | 146,786           | 1,272,941         |
| <b>CURRENT LIABILITIES:</b>                 | <b>222,030</b>    | <b>486,437</b>    |
| Nedbank endowments                          | 0                 | 170,520           |
| Lease deposits                              | 0                 | 12,000            |
| Accounts payable                            | 222,030           | 303,917           |

**Note:** 2010 figures are audited; 2011 figures are Management and Board approved and have subsequently been audited.

**\*\*FY 2011:** PPT's cash assets in the amount of R10.3 million consist of R7.5 million in cash reserves and R2.8 million in committed programme funding (principally advances from the Business Trust for the preparation of Ukulungisa infrastructure projects).

## FUNDERS

PPT has since its inception successfully managed a wide range of 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, U.K. Charity Aids Foundation, City of Leeds and private donors such as Angela Mai and Corrocoat.

In 2011, the following donor funders provided financial assistance to PPT projects and programmes: Business Trust, Angela Mai, Nedbank Foundation,

United States Agency for International Development (recovered/residual funding from past contracts) and the City of Leeds. In addition, PPT utilised the following government funding sources via contracts and appointments: eThekweni Municipality, KZN Department of Human Settlements and the Housing Development Agency. PPT also provided services to the following civil society organisations: Development Action Group and the Community Organisation Resource Centre.

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

## PARTNER ORGANISATIONS AND SERVICE PROVIDERS

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 in 2011 to whom PPT expresses particular appreciation:

- **NGOs:** Newlands Mashu Permaculture Learning Centre, Development Action Group, Afessis Corplan, PlanAct and Community Resource Organisation Centre.
- **Government:** eThekweni Municipality, Housing Development Agency, Agri-business Development Agency, National Upgrading Support Programme, numerous local and district municipalities, and various Departments of Human Settlements (National, KwaZulu-Natal, Eastern Cape and Western Cape).
- **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.



*Durban Informal Traders Project: Mandla Sindane, one of PPT's long serving service providers, speaks to one of the many mielie cookers based at Warwick Junction.*

# 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 in respect of the adoption of the 2011 Annual Report and management accounts, as well as the budget and work-plan for 2012. Strong communication and co-operation between the Board and Management continues.

## Core Staff

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



**MARK MISSELHORN**  
Chief Executive Officer



**INBA GOVENDER**  
Finance and Office Manager



**NANA NDLOVU**  
Project Manager



**SARAH BASSON**  
Project Manager



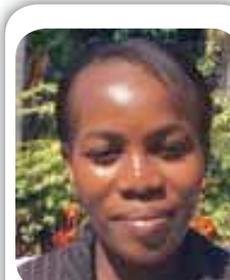
**LIESEL DU PLESSIS**  
Senior Project Manager



**ROBERT MANN**  
National Co-ordinator  
Ukulungisa



**ANGEL NGOBO**  
Office Assistant



**NOKUTHULA MLAMBO**  
Project Officer



**NEVILLE MLOBANE**  
Project Intern



**SIPHIWE QWABE**  
Trainee Project Officer



**JULIAN BARKER**  
Project Intern

## Board

The PPT Board currently stands at nine Trustees with two new Trustees having been identified and appointed onto the Board early in 2011 (Omar Latiff and Nonhlanhla Khumalo). Omar Latiff made a short return to the PPT Board for part of 2011. His re-involvement and further contribution was much appreciated.



**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.



**NKOSINATHI NDELU** is a member of PPT's Operations Committee and a past Co-Chair of the PPT Board (1993-2006).



**DAVE SMYLY** serves on PPT's Finance Committee.



**ILAN LAX** is the Treasurer of PPT's Board and serves on its Finance Committee.



**THOKOZANI ZULU** is the Chair of PPT's Operations Committee and is a founding Trustee.



**PHUMELELE KUNENE** serves on PPT's Operations Committee.



**OMAR LATIFF** served on PPT's Finance Committee for part of 2011.



**NONHLANHLA KHUMALO** serves on PPT's Operations Committee.

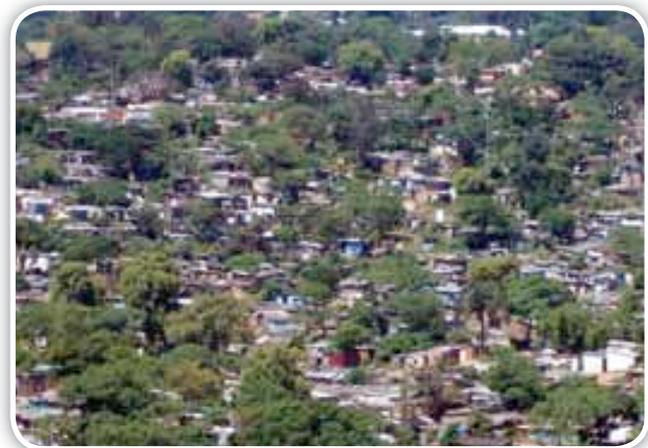
### PAST TRUSTEES:

Michael Sutcliffe (founding Trustee & past Co-chair); Vish Suparsad, Leah Gcabashe, Leonard Mfeka, Michael Archer, Sibusiso Luthuli, Makenete Maduna.

# PRIORITIES FOR 2012

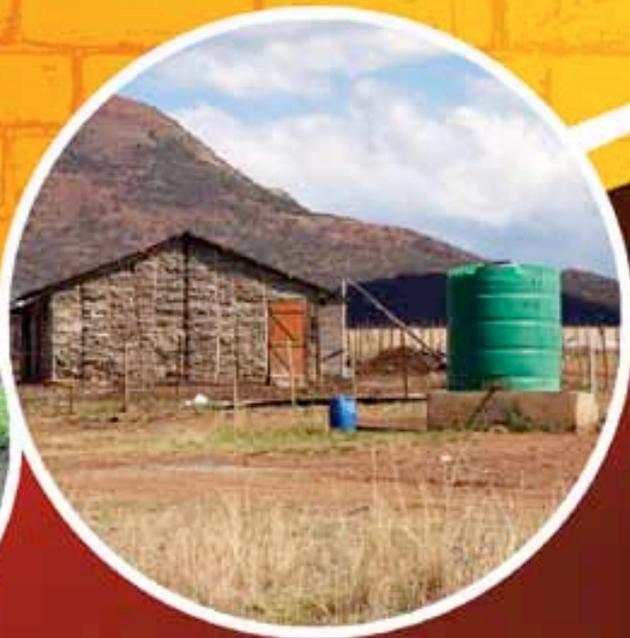
2012 will be a further year of consolidation for PPT in which the following are the main overarching objectives:

- Raise significant additional donor funding to strengthen our programmes, engage in new initiatives in areas of high need, and enhance our own operational sustainability. This will require more careful prioritisation of funding proposals, more networking with funders and more regular meetings of the PPT fundraising team.
- Strengthen human resources through increased in-house training and learning (especially of project officers and interns), targeted recruitment of high-end project and programme skills, and ongoing performance incentivisation.
- Improve financial sustainability through improved fundraising and cost recovery (aimed at reducing operating budget deficits and utilisation of cash reserves).
- 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. PPT will continue to seek donor funding to support this important work, much of which is currently unfunded.
- Enhance the documentation, review and dissemination of PPT's historical learning and replicable models/approaches (including case studies and hosting mini events/workshops on key topics).
- Strengthen our Board by means of taking on one additional Trustee (who has already been identified) and ensure ongoing close communication and co-operation between the Board and Management.
- Undertake an internal strategic review to reflect again on PPT's existing strategies and the implications of changes in its operating environment.
- 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.





**Project Preparation Trust  
of KwaZulu-Natal  
est. 1993**



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