

Annual Report 2010



Project Preparation Trust
of KwaZulu-Natal
est. 1993

'Working to change the lives of the poor through appropriate and sustainable development'

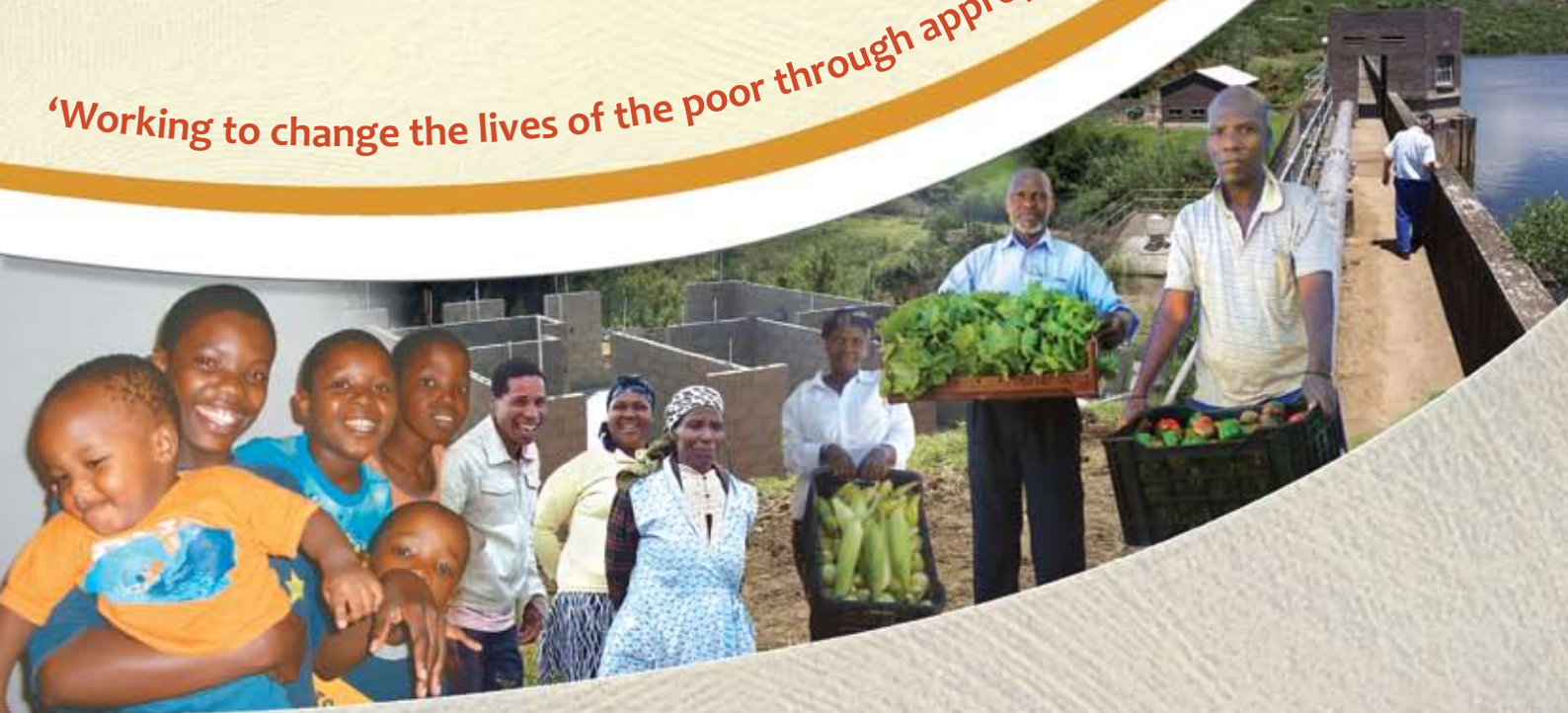


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Co-Chair's Foreword



Sbongile Mthembu



Prof. Peter Robinson

“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, and the relationships and partnerships it has built with a wide range of developmental stakeholders over the years.”

PPT has now been in existence for 17 years, during which time it has achieved far more than its founding Trustees might have anticipated. It is encouraging to look back and 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, and 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. PPT continues to work at scale and currently has 160 projects underway with 140 completed projects. 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.

Sbongile Mthembu and Prof. Peter Robinson

CEO's Foreword

2010 was another successful year for PPT during which it achieved significant developmental impacts for its poor and disadvantaged beneficiaries, continued and refined its key programmes, strengthened its human resources, and made good progress in terms of enhancing pro-poor policies and strategies in South Africa.

Significant capital funding of over R124 million was leveraged in the year for more than 5,600 disadvantaged households. Projects with a further potential capital value of R732 million for over 118,000 households are under preparation. The Ukulungisa Project Preparation Fund initiative is firmly on track with 24 municipal infrastructure projects now under preparation.

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.

Special mention is made of PPT's success in its policy and strategy work which is undertaken in a targeted fashion where changes in developmental policies or approaches are important and where PPT has particular expertise and experience. One important area of focus has been that of informal settlement upgrading where PPT has played a significant role in innovating and mainstreaming alternative approaches such as the provision of interim basic services at scale and in developing government policy in this regard.

Despite challenging global economic conditions, which have impacted negatively on the availability of development funding and have seen the closure of many NGO's, PPT 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 2011 in order for it to maintain and strengthen its programmes, and in particular to engage new projects and initiatives in areas where there are particular challenges such as land reform, special needs housing and pro-poor local economic development.

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

Mark Misselhorn



“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.”

Who is PPT?

Project Preparation Trust of KwaZulu-Natal is an independent public interest organisation with more than 17 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 people residing in 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 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;
- Mass low income housing;
- Basic infrastructure;
- Special needs housing and HIV/AIDS relief;
- Economic development, sustainable livelihoods and poverty alleviation;
- Sustainable energies;
- Integrated development planning;
- Skills transfer and capacity building;
- Policy and strategy work (on a targeted basis).

Highlights of 2010

Result indicators

- **Significant capital leveraged:** R124 million in capital/ implementation funding was approved for PPT prepared projects during 2010 benefiting 5,699 disadvantaged households in eight communities. This is the second highest figure achieved by PPT in any single year to date.
- **A high project load:** PPT is currently involved in 270 projects of various types and at various stages of preparation or implementation (211% of the annual target).
- **Entrepreneurs assisted:** 246 entrepreneurs were trained and/or mentored on PPT programmes (129% of the annual target).
- **Homestead gardens:** 142 home growers were assisted (203% of the annual target).
- **High volume of new projects identified:** 153 new projects were identified (403% of the annual target).
- **High volume of funding approvals in the pipeline:** There is currently R658 million of additional capital leverage expected in the near future based on funding applications submitted but not yet approved. These will benefit 42,702 disadvantaged households. Of this amount, R282 million (benefiting 217,020 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

The concept for the Fund was successfully re-formulated to overcome past challenges. All available preparation funding of R7.5 million was allocated and 24 infrastructure projects are now under preparation with the potential to leverage approximately R732 million in capital funding for more than 136,000 disadvantaged households. For more information refer to page 10 of this report.

Policy impacts and replication

PPT achieved a range of significant policy impacts across a range of different spheres of development during 2010. Some of the important areas of success are outlined below (for more information refer to page 14 of this report): Interim basic services for residents of informal settlements; Alternative housing approaches which promote densification and urban efficiency; Systematic project preparation within national infrastructure delivery programmes; New 'People's Housing Process' Policy; Informal settlement development strategy for KZN; 'Land First' initiative and further mainstreaming of special needs housing in South Africa.

Innovation and replicable models

PPT has continued to reflect upon and refine its existing developmental approaches and 'models', most of which are replicable at scale. Refer to page 16 for more information.

Financial sustainability

PPT remains on track against its medium term financial sustainability plans, maintained tight budgetary control and for the 15th consecutive year received an unqualified audit opinion. PPT's effective financial management and controls remain an important asset to the organisation.

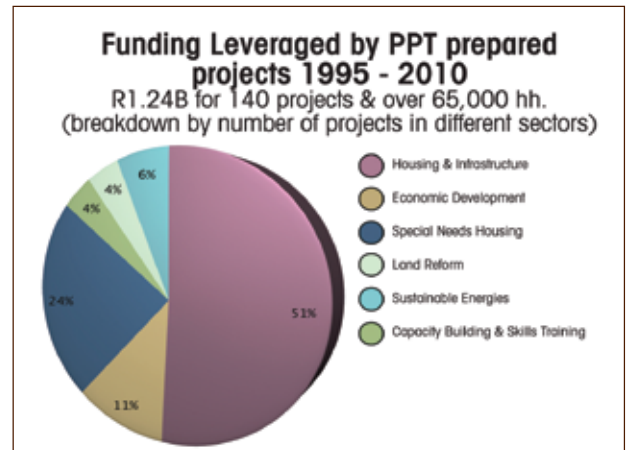
Human resources

PPT's personnel remain its greatest asset and the team was strengthened during 2010 through the addition of a new senior project manager as well as a project officer and an intern. Two new Trustees were also identified and will be formally assumed onto the PPT Board early in 2011.

Summary of impacts and achievements to date

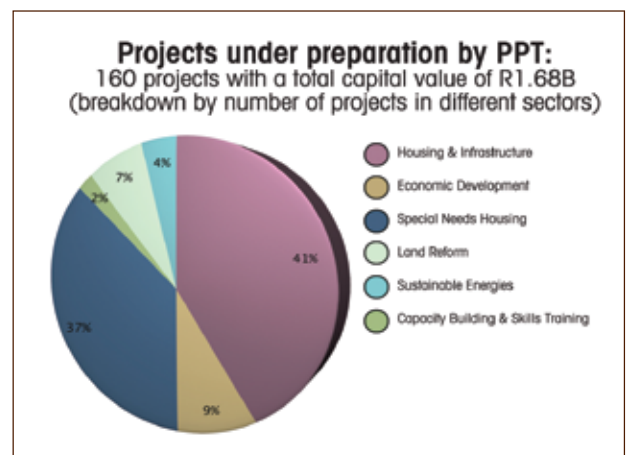
Capital approvals

The projects PPT has prepared since its inception have resulted in R1.24 billion in capital funding being awarded for 140 “pro-poor” development projects benefiting over 65,000 disadvantaged households. The projects include housing and infrastructure, special needs housing and HIV/AIDS relief, pro-poor local economic development, sustainable energies and capacity building and skills transfer.



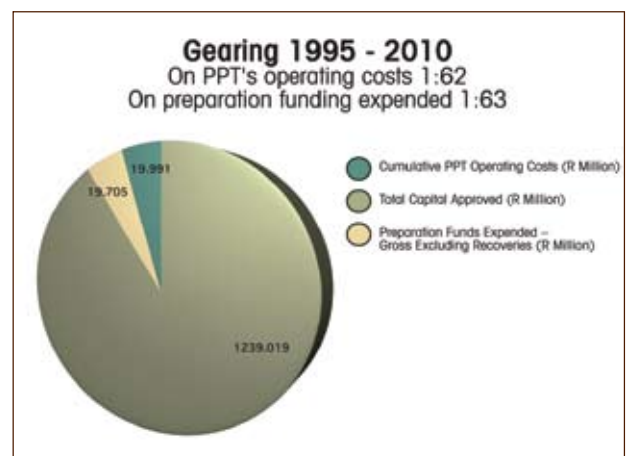
Projects under preparation

PPT is currently preparing 160 projects benefiting 220,000 households with a projected capital value of R1.68 billion.



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 preparations funds utilised when measured against the capital unlocked. There is also additional and un-quantified gearing which relates to such benefits as improvements in people’s quality of life, livelihoods, income generation and operating funds flowing into projects.



Programme Profiles

Housing, Infrastructure and Informal Settlements

Description

This 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 infrastructure to disadvantaged communities at scale. Where funding and other conditions permit, PPT at the same time promotes non-infrastructure development (e.g. livelihoods, economic development, fruit trees) 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 (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 access).
- Bulk infrastructure (e.g. water and sewer mains, sewer and water treatment upgrades).



Informal dwelling at Rainbow Ridge.



Lacey Road Informal Settlement: Professional team site visit during pre-feasibility for potential medium density low income housing development.

Impacts and achievements to date

Capital leverage: R1.14b

Projects with capital approvals: 70 projects benefiting 44,589 households.

Projects under preparation: 50 projects benefiting 178,881 households (of these, 25 projects are low income housing and associated basic infrastructure, 10 are basic infrastructure only and 15 are bulk infrastructure).

Progress in 2010

The main areas of focus during the year were on informal settlement upgrading (7 settlement specific projects, support on eThekweni Municipality's major Interim Services Programme and development of the KZN Informal Settlement Strategy) and the preparation of 24 infrastructure projects via Ukulungisa Project Preparation Fund. Please also refer to PPT's website www.pptrust.org.za for various related programme profiles.

Informal Settlement Upgrading

Informal settlement upgrading has been a major focus for PPT since its establishment. PPT has played a significant

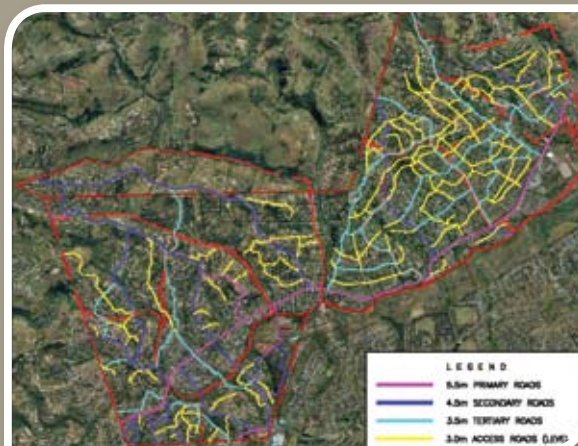
role at both the project and policy levels over this time. Initially PPT's focus was primarily on full upgrading, however over time its approach has become more nuanced. The following are examples of some of the initiatives/areas of work in which PPT was involved in 2010:

- **Informal settlement policy:** Significant progress was made in terms of promoting more effective and appropriate responses to the challenges posed by informal settlements. Please refer to the section Policy and Strategy of this report.

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

PPT has played an advisory and support role on this ground-breaking initiative. It is significant as it is the first systematic programme of its nature in South Africa. It has also been instrumental in the release of the new Urban Settlement Development Grant which for the first time provides infrastructure funding to provide interim basic services to informal settlements. The 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 growing recognition 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 such as shack fires, poor sanitation and poor road access. The programme therefore seeks to rapidly rollout the provision of a range of basic infrastructural services such as:

- Basic road and footpath access based on a prioritised road hierarchy and informed by basic



master-plans for the 15 precincts in which the bulk of informal settlements are concentrated (pictured bottom left).

- Sanitation via communal sanitation blocks which are connected to water and sewer mains (pictured above).
- Electrical supply to individual homes.
- Standpipes for water supply (the norm is one standpipe within 200m of every dwelling).

These will be augmented with additional interventions such as:

- Key social facilities based on plans currently under formulation (e.g. police and fire stations, clinics, schools, sports fields, community halls).
- Participative local economic action plans.
- Livelihoods interventions to empower residents to better optimise their existing assets and resources and become more resilient in the face of external shocks and stresses (and focussed on such issues as HIV/AIDS, food security, and fire protection).
- Fruit tree planting and vegetable gardens.

For more information please refer to the case study profile on PPT's website.

Kenville urban restructuring pilot project:

PPT has played an extensive role in the conceptualisation and preparation of this innovative and important project. The project is a good illustration of how systematic project preparation can enable better and more innovative developmental solutions such as better integrated planning, alternative (more pedestrianised) planning layouts and alternative housing typologies (in the form of low cost double story units arranged in spatially efficient yet people-friendly 'superblocks'). The project will upgrade several informal settlements located within the Kenville precinct which has a prime location within eThekweni (Durban), being located approximately 7km north of the city's CBD. It is home to a population of approximately 7,500 households of which over 2,500 reside in six 'infill' informal (shack) settlements.

The area is predominantly a low-middle income residential suburb and abuts the Springfield Park light commercial and light industrial precinct. It is however characterised by steep slopes, challenging geotechnical conditions and limited developable land relative to the existing informal settlement population. Preparation of the Kenville Project was undertaken at precinct level in order to enable more integrated development and to optimise the resultant urban form. This was especially important given the prime location of the site within the City and its close access to job opportunities and other amenities. This integrated precinct level approach is in contrast to the usual trend in South Africa in terms of which informal settlements tend to be dealt with from a narrow housing perspective and in isolation from the greater urban environment in which they are located.



Ukulungisa Project Preparation Fund

Ukulungisa is preparing 24 infrastructure projects with a projected capital value of R732 million and servicing more than 118,000 beneficiary households in various parts of South Africa. Ukulungisa is a joint venture between PPT and INCA (The Infrastructure Finance Corporation Limited) which specialises in the preparation of municipal infrastructure 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 urban and

peri-urban focus. The initiative has also assisted in project preparation becoming prioritised at the national level. Significantly, the National Department of Co-operative and Traditional Affairs (CoGTA) is now in the process of entrenching systematic project preparation within municipal infrastructure delivery programmes. In addition, Ukulungisa's project preparation toolkits are being utilised as an input into the formulation of practice notes by the Construction Industries Development Board and which are to be utilised by all spheres of government in the future delivery of infrastructure projects.



Waainek Water Treatment Works: Waainek Filters.



Howiesonspoort Dam and Pump Station.

The Refurbishment of Waainek Bulk Water project entails the refurbishment of the existing Bulk Water Supply from Waainek to the Grahamstown area, to maintain increasing demands, which includes refurbishment of the Waainek Pump Stations, Inlet Works, Pipelines and Storage Facilities. The Howiesonspoort dam pictured above is one of three main dams supplying the Waainek Water Treatment Works.

Special needs housing

Overview

Special needs housing 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 or 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 acquisitions, new builds or renovations. Care is taken to ensure that projects are viable and sustainable (e.g. that organisations have the necessary skills and capacity to operate and maintain the shelter), that initiatives are operationally sustainable, and that the relevant



Rehoboth Foster Care Project: Construction of a new foster care home in Murchison situated in the Hibiscus Coast Municipality. PPT and the Ukulungisa Project Preparation Fund assisted the Rehoboth Trust in securing additional funding for the construction of 10 ten new homes. This project follows the success of the first phase in which 10 homes were built. Each home will accommodate 5 children and their foster parent.

government departments dealing with welfare or health are supportive. Projects have historically been located mainly in KwaZulu-Natal, Eastern Cape and Gauteng.

Impacts & achievements to date

Capital leverage: R42million

Projects with capital approvals: 34 projects benefiting 865 vulnerable children and others in special need.

Projects under preparation: 35 projects benefiting 1,401 vulnerable children and others in special need.

Progress in 2010

The main focus during the year was on the preparation of 10 community foster care homes for orphans and vulnerable children (typically 6 children in the care of a foster mother under the auspices of a suitable welfare organisation, noting that some organisations manage more than one Foster Care Home), mainly in the provinces of KwaZulu-Natal and the Eastern Cape. Funding for the preparation of these initiatives was provided mainly by USAID and the Nedbank Foundation. Progress

was also made in respect of promoting the special needs housing policy (refer to the section Policy and Strategy of this report).



Rehoboth Foster Care Project: The above picture shows a foster family in the lounge of their home – this is one of the 10 foster care homes that are managed by Rehoboth Trust. Rehoboth Trust provides home-like care and treatment with a special focus on medical, spiritual, emotional, intellectual and physical aspects for orphaned children.

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 broader 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 and land restitution projects and is actively seeking donor funding in this regard.

Impacts and achievements to date

Capital leverage: R54million

Projects with capital approvals: 6 projects benefiting 11,957 households.

Projects under preparation: 7 projects benefiting 11,957 households

Progress in 2010

PPT's main involvement was in respect of land legal and land acquisition work for various informal settlement upgrade projects. One restitution land reform project, the Zanzibari Project, was also undertaken. This is a residential land reform project located in Durban on the Bluff and is currently in the final stages of detailed design with planning approvals expected soon. Fundraising efforts for further land reform funding are ongoing and PPT is in the process of establishing a working relationship with the Agribusiness Development Agency in respect of providing them with preparation assistance on certain projects.

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



Umbumbulu Pilot Agricultural Services and Marketing Sub-Node Project: Farmers deliver vegetables to the AgriHub for weighing, packaging and distribution.



Richmond Pepper Growers Project: PPT is assisting a group of 25 small growers in Nkumane and Inhlazuka near Richmond, mainly with skills development, institutional development and bridging funding for agricultural inputs. The growers supply cherry peppers as a cash crop to a local commercial farm, Moyeni Pickles, which processes, packages and exports the peppers. One of the subsistence farmers, Siyabonga Mchunu, sold 1,762 kilograms of peppers in 2010. PPT's involvement flowed from a participative economic action plan previously undertaken. Funding has been provided by Angela Mai and the Shared Growth Challenge Fund.

Impacts and achievements to date

Capital leverage: R8million

Projects with capital approvals: 22 projects benefiting 6,156 households.

Projects under preparation: 8 projects benefiting 318 households.



Participative Community Action Planning – eThekweni Interim Services Programme: Participative action planning workshop held in Kenville to introduce the sustainable livelihood approach to the residents and to identify the different types of informal business sectors in the area.

Progress in 2010

PPT's involvement in 2010 was mainly on the development of participative economic action plans made possible through funding from Angela Mai (a private donor). These were focussed on three areas: Nhlazuka and Nkumane (Richmond Municipality), Umbumbulu (eThekweni Municipality), and Impendle (Impendle Municipality). All of these plans have yielded positive results in terms of identifying practical pro-poor Local Economic Development actions that can be taken at the local level in order to address poverty and create economic growth. A project worthy of mention is the Richmond Pepper Growers Project (refer to picture with caption for more information or refer to www.pptrust.org.za). It is noted that this programme

is significantly down-scaled relative to 2009 due mainly to funding constraints as well as other demanding programme commitments. PPT is in the process of seeking additional donor funding for this programme.

Sustainable and Clean Energies

Overview

This programme focuses mainly on the provision of appropriate household energy products such as small photovoltaic systems, solar water heaters, gel fuel, small wind turbines and solar cookers. This is a relatively new PPT programme, dating 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 leverage: R599k

Projects with capital approvals: 5 projects benefitting 1,004 households.

Projects under preparation: 4 projects benefitting 1,510 households.

Progress in 2010

This programme has seen limited activity during 2010 due to a lack of available funding combined with heavy commitments on other demanding PPT programmes during the year. PPT did however assist the KwaZulu-Natal Office of the Department of Mineral and Energy Affairs (in co-operation with the National Development Agency)



Sustainable energy project in Dududu that was undertaken by PPT in recent years.

in formulating an internal funding proposal for pilot mini-energy centres in KwaZulu-Natal, although funding was not ultimately approved. Limited follow through on previous pilot projects at Welbedacht and Dududu occurred. Fundraising efforts are ongoing. Please refer to the PPT website www.pptrust.org.za for a profile of PPT's pilot projects.

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 survivalist or livelihoods activities.

Impacts and achievements to date

Cumulative to date: 35 training and mentorship projects undertaken benefiting 3,368 learners.

Projects under preparation: 3 training and mentorship projects benefiting 758 learners.

Progress in 2010

The main focus during 2010 was on the training and mentorship of small growers involved in the Umbumbulu Agri-hub. Other activity was limited during 2010 due mainly to a lack of available funding. PPT is however in the process of finalising an agreement with Elangeni Further Education & Training College (a registered public further education institution) to provide the training developed by PPT with certification by the Department of Education. The agreement has subsequently been signed.

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 purely at an 'academic' level. The objective is usually 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 invited to

make inputs into a particular policy). There is an obvious overlap between these two components. Documenting and disseminating replicable development approaches and methodologies which PPT has innovated is an important part of its policy work.

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, 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 if not leading role in pioneering and up-scaling special needs housing in KwaZulu-Natal, Eastern Cape, Gauteng and 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 Ukulungisa Project Preparation Fund);
- d) helping to mainstream and define alternative and more appropriate and inclusive responses to the challenge of informal settlements;
- e) the development of two practical manuals for rural housing and for housing sector plans for the KwaZulu-Natal Department of Human Settlements. For more information please refer to www.pptrust.org.za.

Progress in 2010

PPT achieved a range of significant policy impacts across a range of different spheres of development during 2010. Some of the important achievements in the year are outlined below:

- Innovating, implementing and mainstreaming interim basic services for residents of informal settlements,

with a focus both on the practical methodology required as well as the grant funding requirements. This included the publication of 'A New Response to Informal Settlements' via Afesis Corplan; the compilation of a briefing document on grant requirements for interim services and serviced land release which was submitted to and well received by the City Budget Forum (a high level national government forum); significant advisory work with eThekweni Municipality relating to its large scale planning and rollout of interim basic services to 166 informal settlements (77,000 households).

- Innovating, promoting, and mainstreaming alternative approaches to conventional informal settlement upgrading in terms of denser, double-story housing typologies and more pedestrianised layouts in order to promote a more space efficient urban form in major urban centres. This occurred mainly via work in preparing pilot projects such Kenville and Kennedy Road.
- PPT's development of an informal settlement development strategy for the KwaZulu-Natal Department of Human settlements (work in progress). Importantly this strategy:
 - a. has a primary focus on informal settlement upgrading (as opposed to relocations);
 - b. promotes a rapid broad based response in the form of interim basic services to augment conventional housing delivery;
 - c. promotes systematic project preparation and will provide toolkits in this regard to assist municipalities and their service providers.
- Success in obtaining in-principle buy-in from the National Department of Co-operative Governance and Traditional Affairs to mainstream systematic project preparation within infrastructure delivery

programmes on a national basis.

- Significant progress in assisting the Western Cape Department of Human Settlements to operationalise its special needs housing policy (which was itself triggered by a prior PPT submission and interactions dating back to 2006).
- Assistance to the KwaZulu-Natal Department of Human Settlements to refine its existing special needs housing policy in respect of dealing with retrospective funding (i.e. projects already built or under construction at the time of subsidy approval) and quality assurance of top-structures.
- Significant input into the new People's Housing Policy through participation in the national reference PHP group and assistance with a National Department of Human Settlements policy workshop.
- Direct involvement in the 'Land First' initiative as a signatory of the Land First Charter and participation in a range of related activities.
- Input into the KwaZulu-Natal Sustainable Human Settlement Strategy which was drafted in late 2009 and is now finally close to finalisation and adoption by provincial government.

Replicable Models and Approaches

As indicated previously, innovating and disseminating replicable development approaches and methodologies is an important part of PPT's policy work. There were significant achievements during 2010 in respect of developing new methodologies or revising and improving existing ones including:

- Development of new and comprehensive toolkits for a range of developmental responses for informal settlements (including interim services and full upgrading).
- Development of new and comprehensive toolkits

for the preparation of seven types of municipal infrastructure projects (commenced during 2010 and completed subsequently).

- Refinement of methodology for the preparation of participative community action plans for informal settlements (via two pilot projects).
- Refinement of methodology for participative local economic action planning through an 'LED extension' approach.

Most replicable models can be downloaded free from PPT's website (www.pptrust.org.za).

PPT Website

PPT's website (www.pptrust.org.za) is an important instrument of information dissemination. There continues to be a high level of use of the site as an information resource (refer to the table below). PPT is currently in the final stages of re-vamping and modernising its website in order to:

- make it more user friendly and interactive;
- make it a more effective marketing tool for PPT;
- make it more functional as a repository of knowledge and resources;
- provide PPT with more information about users/visitors; and
- enable free downloads of certain Olive-PPT publications.

	DOWNLOADS	VISITS	HITS
2010	48,265	11,450	115,425
Cumulatively since 2007	126,489	32,761	257,172

Finances and Sustainability

Despite the challenging global economic climate which has 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 2009 audit (year ending 30th September 2009) was finalised and is unqualified, this being PPT's 15th consecutive unqualified audit (i.e. every year since its establishment in 1993). PPT's 2010 finances (year ending 30th September 2010) were approved by both

INCOME STATEMENT for the year ending 30 September 2010

NOTE: 2009 figures are audited; 2010 figures are Management and Board approved but not yet audited.

	FY 2010	FY 2009
INCOME	4,013,358	3,828,101
Fees	1,867,718	1,624,370
Grants	955,768	923,449
Interest received	780,067	1,140,291
Donations	340,300	0
Rental income	69,504	89,225
Competition	0	50,000
Profit on disposal of asset	0	766
EXPENSES	4,569,349	4,222,677
Core human resources	1,864,693	1,870,980
Project expenditure (non-loans)	1,746,942	1,469,138
Rental	197,151	144,059
Board remuneration	113,125	88,938
Audit	29,098	24,140
Other expenditure	618,340	625,422
SURPLUS (DEFICIT)	-555,991	-394,576

management and the Board and the external 2010 audit commenced during January 2011.

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 2011 Operating Budget was approved by the Board in September 2010.

As reported previously, the raising of significant additional donor funding is a strategic priority for PPT in 2011, both to sustain and enhance its programmes and project work as well as to access additional operating income in order to promote its own organisational sustainability.

BALANCE SHEET as at 30 September 2010

NOTE: 2009 figures are audited; 2010 figures are Management and Board approved but not yet audited.

	FY2010	FY2009
TOTAL ASSETS	13,085,900	13,847,174
NON-CURRENT ASSETS	10,539,897	11,594,979
Long term investments	9,050,000	9,800,000
Property and equipment	1,462,736	1,477,936
Loans to projects	603,879	1,608,152
Provision for non-recoverable project loans	(576,718)	(1,291,109)
CURRENT ASSETS	2,546,002	2,252,195
Short term investments	19,405	190,405
Accounts receivable	395,477	707,625
Cash resources	2,131,121	1,354,165
TOTAL EQUITY AND LIABILITIES	13,085,899	13,676,174
CAPITAL AND RESERVES	12,867,811	13,423,801
Grants received	13,428,450	13,428,449
Trust Capital	100	100
Accumulated deficit	(560,739)	(4748)
CURRENT LIABILITIES	218,088	252,373
Accounts payable	218,088	252,373

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 2010, the following donor funders provided financial assistance to PPT projects and programmes: Business

Trust, Angela Mai, Nedbank Foundation, USAID (residual funding from past contracts), Olive Organisational Development and Training and the Danish Embassy. In addition, PPT also utilised the following government funding sources via contracts and appointments: eThekweni Municipality, KZN Department of Human Settlements and The Department of Rural Development and Land Reform.

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

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 2010:

- **NGO's:** Newlands Mashu Permaculture Learning Centre and SaveAct.
- **Government entities:** eThekweni Municipality, various Departments of Human Settlements (National, KZN, Eastern Cape and Western Cape).
- **Professional Service Providers:** PPT works with too many professional service providers to mention them all. 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.



Umbumbulu Pilot Agricultural Services and Marketing Sub-Node Project: Newlands Mashu Permaculture, one of PPT's partners, provides assistance to the Umbumbulu farmers by collecting their produce.

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 2010 annual report and management accounts as well as the budget and workplan for 2011. Strong communication and co-operation between the Board and Management was evident.

Core Staff

PPT has a core staff complement of ten. 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 BRIGGS
Project Manager



LIESEL DU PLESSIS
Project Manager



ANGEL NGCOBO
Office Assistant



NOKUTHULA MLAMBO
Project Officer



NEVILLE MLOBANE
Project Intern



SIPHIWE QWABE
Trainee Project Officer



ROBERT MANN
National Co-ordinator
Ukulungisa

Board

After having served on the PPT Board for 17 years and been a founding Trustee, Michael Sutcliffe stood down as a PPT Trustee in 2010 due to his other extensive commitments including his position as Municipal Manager for eThekweni Metro. The organisation extends its thanks to Michael for his outstanding contribution and wishes him well in his future endeavours.

The PPT Board currently stands at nine Trustees with two new Trustees having been identified and due for assumption onto the Board early in 2011 (Omar Latiff and Nonhlanhla Khumalo).



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 and serves on its Operations Committee and is a founding trustee.



THOKOZANI ZULU is the Chair of PPT's 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 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.



PHUMELELE KUNENE serves on PPT's Operations Committee.



OMAR LATIFF serves on PPT's Finance Committee.



NONHLANHLA KHUMALO serves on PPT's Operations Committee.

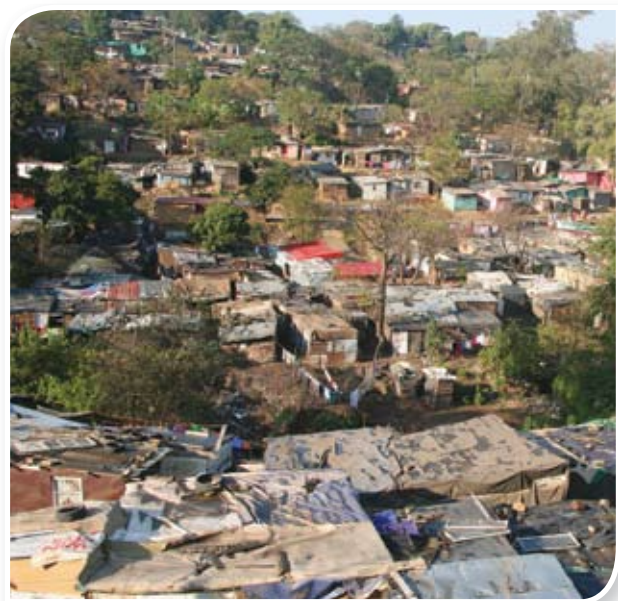
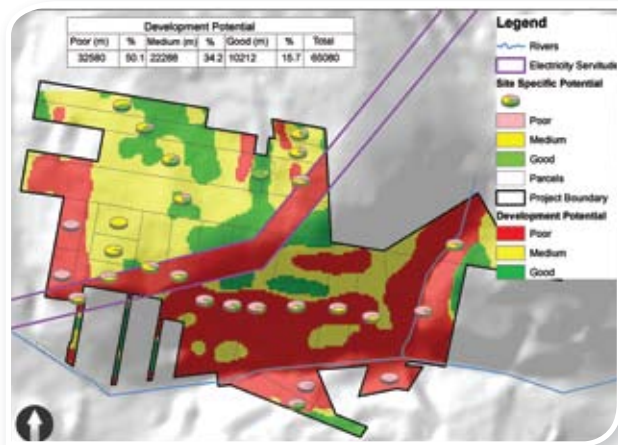
Past Trustees:

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

Priorities for 2011

2011 will be a further year of consolidation for PPT in which the following are the main overarching objectives:

- Maintain and strengthen our 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.
- Raise significant additional donor funding to strengthen our programmes, engage in new initiatives in areas of high need, and enhance our own operational sustainability. A dedicated fundraising team has been established to implement PPT's 2011 fundraising plan.
- Follow through on key policy and strategy work already underway in order to help ensure that policy and strategy changes already underway are carried through into implementation. PPT will also assess the potential to raise donor funding for this work, much of which is currently unfunded.
- Increase 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).
- Further strengthen human resources through increased reflection and learning within the team, participation in selected external conferences/ workshops, and enhancements to performance incentivisation. Consideration will also be given to taking on a new project officer or project manager depending on affordability and workload.
- Strengthen our Board by means of taking on at least two new trustees (who have already been identified) and ensure ongoing close communication and co-operation between the Board and Management.





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