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GENERAL MANAGEMENT ASSISTANCE CONTRACT (GMAC)

Contract No: 674-C-00-01-00051-00

“Building Municipal Delivery Capacity in Strategic Housing Sectors”

Contract or Grantee number: 0168-0206-G-GA55



This report was produced for review by the USAID. It was prepared as a performance milestone under Mega-Tech, Inc.'s prime contract.

The contents of this report address activities performed under USAID/South Africa's Strategic Objective No. 6: Increased Access to Shelter and Environmentally Sound Municipal Services

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Activity Summary and achievements:

The grant program focuses on the following four strategic and complementary focus areas, all of which will strengthen integrated and sustainable municipal level delivery capacity, with a particular focus on the housing sector:

- Compilation of a practical procedural manual for the development and maintenance of municipal housing plans and the provision of associated capacity building, technical support and mentorship to KZN municipalities.
- Development of a replicable model for social housing and associated capacity building within eThekweni Municipality (including assistance in the preparation of pilot social housing projects in the Southern Durban Basin and taking into consideration the new national policy as well as practical experience within the SDB – an eThekweni targeted restructuring zone).
- Gearing up municipal delivery capacity for special needs/HIV AIDS relief housing projects and development and mainstreaming of a replicable model for an area-based approach (with a focus on the Inanda Ntuzuma KwaMashu – INK complex, a presidential lead project area).
- Gearing up municipal delivery capacity for energy efficient housing interventions and development of a replicable model.

In addition, the program supports the following broader key areas:

- Enhancing municipal service delivery through: a) the provision of improved systems and information; b) the building of municipal capacity
- Developing models/approaches for replication, upsizing and mainstreaming.
- Empowering women.
- Promoting a more sustainable and integrated development methodology (building on and extending the themes initiated by PPT under past programs).

Contents of this report:

- 1) Grant Activity Completion Report; (September 2006)
- 2) Final Closeout Report (September 2006)

Grant Activity Completion Report

1. Name of Organisation	Project Preparation Trust of KZN (0168-0106-G-GA55)
2. Grant Activity	Building Municipal Capacity in Strategic Housing Sectors
3. Briefly describe the grant objectives achievements and impact as a result of the grant activities implemented during the grant period.	
<p><u>Objectives:</u></p> <ul style="list-style-type: none"> • Compilation of a practical procedural manual for the development and maintenance of municipal housing plans and the provision of associated capacity building, technical support and mentorship to KZN municipalities. • Development of a replicable model for social housing and associated capacity building within eThekweni Municipality (including assistance in the preparation of pilot social housing projects in the Southern Durban Basin and taking into consideration the new national policy as well as practical experience within the SDB - an eThekweni targeted restructuring zone). • Gearing up municipal delivery capacity for special needs / HIV AIDS relief housing projects and development and mainstreaming of a replicable model for an area-based approach (with a focus on the Inanda Ntuzuma KwaMashu – INK complex, a presidential lead project area). • Gearing up municipal delivery capacity for energy efficient housing interventions and development of a replicable model. <p><u>Impacts:</u></p> <ul style="list-style-type: none"> • Funding leverage / co-funding: <ul style="list-style-type: none"> ○ SO6: Both the Umhlathuze and Mbonambi Housing Plans, with a collective subsidy value of R863.4 million for 22,457 households, were approved by the KZN Department of Housing and relevant municipalities (R485.4 and R378m respectively). ○ Non SO6: A total of R716,076 was levered (including preparation funding for housing plans; preparation funding for the Southern Durban Basin Social Housing Project; co-funding for the INK HIV AIDS relief strategy and action plan; consumer's own contribution (loan payments signed for) on the energy efficient housing projects at Welbedacht and Dududu. • Municipal / government capacity building: <ul style="list-style-type: none"> ○ 55 personnel from 23 municipalities were assisted with capacity building / mentorship (across the range of four delivery sectors). ○ 33 personnel from 7 government departments were assisted with capacity building / mentorship¹. ○ 9 capacity building workshops were held and attended by 152 people (mainly from municipalities and line function departments but also including community based organizations, the private sector and funding agencies). ○ The four manuals or resource documents that were compiled during the programme will benefit not only the 23 municipalities directly targeted by or participating in the programme, but also all of the other municipalities in KZN (see below for details). • Replicable models: The four replicable models / resource documents are a municipal housing manual, a model / resource document for social housing, a model / resource document for an area based approach for special needs housing and a resource document for energy efficient housing. All were documented and will be made available as resources on PPT's website during October 2006. 	

¹ KZN Departments of Housing, Health, Social Welfare, Education, Traditional and Local Government Affairs, Economic Development.

Grant Activity Completion Report

4. Briefly discuss the implementation process, including lessons learned and recommendations

- Municipal Housing Plans:
 - Implementation process: Technical support and mentorship has been provided to four municipalities in compiling their municipal housing plans (Umhlathuze, Mbonambi, Ndaka and Vulamehlo). Four housing plans have been compiled and of which two in the amount of R863,400,00 have been approved for Umhlathuze Municipality (R485.4M) and Mbonambi Municipality (R378M) [co-approved by the KZN Dept of Housing]. A municipal housing plan manual has been produced in close co-operation with the KZN Dept. Housing and four capacity building / information dissemination workshops were held and attended by officials from 20 municipalities as well as officials of the KZN Department of Housing.
 - Lessons:
 - Working in close partnership with the Dept. Housing facilitated project success.
 - Holding three initial inception capacity building workshops followed by a final workshop was an effective format.
 - The use of workshops to disseminate information and obtain buyin from municipalities is an effective strategy. Conversely, the production of capacity building manuals without workshops would be of limited effectiveness.
 - Recommendations:
 - USAID should consider the release of further grant funding to PPT as part of the ISLGS programme in order to enable PPT to provide further follow up support and capacity building to municipalities, both in respect of preparation and implementation of housing plans, as well as in respect of facilitating integrated development.
- Social Housing:
 - Implementation process: The Southern Durban Basis Social Housing project was prepared in close partnership with eThekweni Municipal officials and an application for Job Summit Restructuring Grant funding submitted. A resource document (model) for social housing has been produced which defines the process for social housing and addresses the main risk areas that need to be addressed and which will be placed on the PPT website. This goes hand in hand with a parallel process in terms of which PPT has worked closely with eThekweni Municipality in defining an integrated housing strategy for the City which brings together all housing elements, including social housing and informal settlement upgrading and which focuses on the need to densify / compact the city, avoid relocations, and accelerate delivery ahead of 2010.
 - Lessons:
 - There are substantial constraints in respect of social housing including: a) ongoing lack of clarity with respect to the national social housing policy and extended delays in finalizing the policy; b) constraints relating to social housing institutions (SHI's) especially in setting them up and assuring their sustainability and management capacity; c) financial constraints on both the capital and operating fronts; d) a scarcity of affordable land for social housing; e) difficulties in obtaining penetration of the low income market (below R3,500 per month income; f) lack of capacity within government to initiate / facilitate social housing at all levels: municipal, provincial and national.
 - There is nonetheless significant potential with respect to rolling out social housing.
 - Recommendations:
 - EThekweni Municipality needs to take a range of decisions / resolutions in respect of social housing (eg: in respect of the release of municipal land at nominal cost; facilitating DBSA funding at low interest rates for SHI's; fastracking town planning and environmental approval processes etc).

Grant Activity Completion Report

4 (continued.... Briefly discuss the implementation process, including lessons learned and recommendations

- Special Needs Housing:
 - Implementation process: The special needs housing strategy and action plan for eThekweni's INK ABM has been completed. A special needs housing manual has been compiled and a capacity building workshop held. A feasibility for the Ekuthuthukeni crèche and drop in centre project at KwaMashu L section was completed and an application for 50 Dept. Housing transitional housing subsidies will be submitted by 21st September 2006 along with an application for Dept. Housing preparation funding for an additional 10 projects in the INK area.
 - Lessons:
 - There is significant potential for the rollout and replication of special needs housing.
 - A participative and consultative process which includes both grassroots organizations and government / municipal personnel pays dividends.
 - Recommendations:
 - USAID should consider the release of further grant funding to PPT as part of the ISLGS programme in order to extend its support programme to municipalities for special needs housing to other areas (as part of the integrated development approach outlined under municipal housing plans above).

- Energy Efficient Housing:
 - Implementation process: Three phases of work have been completed in all four of the areas targeted for climate change and energy efficient housing work under this programme (ie: Richmond, Dududu, Madiba and Welbedacht) including initial workshops with the local community and two sets of assessment reports have been completed by the project consultant (Dean Cooper of Parallax). The first phase was an initial assessment of possible interventions and entailed listing and describing all of the possible interventions that could be considered (including description and criteria for success for each possible intervention, financing options, funding sources and M&E parameters). The second phase of work entailed site visits to each locality and meetings with key stakeholders including the local municipality. A site specific assessment and recommendations of a package of interventions for each area was concluded. The third phase of work entailed the delivery of selected implementation packages in the two areas selected for implementation: Welbedacht and Dududu. The cumulative value of all of the packages is R410,857.92. Of this there is a cumulative loan component of R165, 886.00 in the form of repayment commitments from end users for a portion of the capital costs. The following is a summary of what has been delivered in these areas:

Area	Total HH benefiting	Solar Water Heaters	Gel Fuel Stoves	PV Solar power (1)	PV Solar power (2)	Solar Cooker s	Wind Generators	Hotbags	Compact Florescent Lights
Welbedacht	52	23	25	0	1	3	0	25	200
Dududu	90	0	58	1	26	3	1	68	
Total	142	23	83	1	27	6	1	93	200

(It is noted that 68% of the above were funded under this 0168-0106-G-GA55 agreement and the balance of 32% under Agreement 0155-0805-G-GA48)

- Lessons:
 - There is significant potential for the replication and up-scaling of sustainable energies / more energy efficient housing for low income communities and initial work is already being undertaken by PPT to assess how to roll this out.
- Recommendations:
 - USAID should consider the release of further grant funding to PPT as part of the ISLGS programme in order to replicate and up-scale this programme as part of its support to municipalities aimed at facilitating more integrated and sustainable development across a range of delivery sectors.

Grant Activity Completion Report

5. Public Dissemination: GMAC requires that all grant activity deliverable(s) of the grant activity (e.g., a report or survey) must be made available to the general public. Briefly discuss how the grants activities and results were made accessible to interested parties.

- Municipal Housing Plans: The Municipal Housing Plan Manual has already been distributed to all 71 personnel participants involved (41 municipal personnel / 22 municipalities represented). The manual will also be placed on PPT's website as a resource during October 2006 (when the PPT website is next updated).
- Social Housing: The resource document / model will be placed on PPT's website as a resource during October 2006.
- Special Needs Housing: The manual will be placed on PPT's website as a resource during October 2006.
- Energy Efficient Housing: A resource pack was handed out at the capacity building workshop which was held in September. A final and more extensive resource pack, including M&E framework and final project report will be placed on PPT's website as a resource during October 2006.

Signature of Grantee _____ Date _____



21st September 2006

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USAID Funded Programme: “Building Municipal Delivery Capacity in Strategic Housing Sectors” (Agreement 0168-0106-G-GA55)

CLOSEOUT REPORT

1. Context

In terms of PPT's agreement with USAID / GMAC, dated 15th February 2006 and as amended 08 August 2006, the milestone / deliverable for task 2 is: Report to Megatech / USAID on the progress with the key activities listed under 'description'.

2. Overview of results

2.1. SO6 Leverage / co-funding

Planned: nil.

Actual: Both the Umhlathuze and Mbonambi Housing Plans, with a collective subsidy value of R863.4 million for 22,457 households, were approved by the KZN Department of Housing and relevant municipalities (R485.4 and R378m respectively). This is exclusively for housing and on-site sanitation and does not include any provision for other services. It is noted that Housing Plans are now required by the Department of Housing. All municipalities are required to complete such plans which are then approved by the Municipality and Department of Housing and which then form the basis for the future allocation of housing subsidies. Whilst specific projects contained in the plan still have to be approved based on individual subsidy applications, the plan nonetheless provides the basis against which future subsidies will be allocated, and conversely no subsidy allocations can be made unless they are housing plan compliant. USAID will need to assess how it intends to report the results arising from these housing plans.

2.2. Non-SO6 leverage / co-funding

Planned: R690,000.

Actual: A total of R716,076 was levered made up as follows (refer to **Attachment A** for details):

- R400,000 was allocated by the KZN Department of housing in the form of preparation funding for housing plans.
- R120,000 in the form of eThekweni co-funding for the preparation of the Southern Durban Basin Social Housing Project.

- R70,000 by the Department of Housing's Human Settlement Redevelopment Programme for the INK HIV AIDS relief strategy and action plan.
- R126,073 by consumers in respect of personal contribution (loan payments signed for) on the energy efficient housing projects at Welbedacht and Dududu.

2.3. Municipal / government capacity building

- In all projects, PPT teams worked closely alongside departmental / municipal personnel thereby introducing them to new or improved development practices / methodologies and transferring skills and information, mostly on an informal basis.
- 55 personnel from 23 municipalities were assisted with capacity building / mentorship (across the range of four delivery sectors).
- 33 personnel from 7 government departments were assisted with capacity building / mentorship¹.
- 9 capacity building workshops were held and attended by 152 people (mainly from municipalities and line function departments but also including community based organizations, the private sector and funding agencies).
- The four manuals or resource documents that were compiled during the programme will benefit not only the 23 municipalities directly targeted by or participating in the programme, but also all of the other municipalities in KZN (see below for details).

2.4. Replicable models

The four replicable models / resource documents are a municipal housing manual, a model / resource document for social housing, a model / resource document for an area based approach for special needs housing and a resource document for energy efficient housing. All were documented and will be made available as resources on PPT's website during October 2006.

3. Progress with projects

3.1. Municipal housing Plans

Project description: Development of a practical procedural manual for the development and maintenance of municipal housing plans (including M&E parameters) with associated capacity building workshops and provision of technical support to four municipalities in compiling their housing plans.

Locality: Assisting 22 KZN municipalities at various levels (see below).

Progress: The following are the main activities undertaken:

- Technical support and mentorship has been provided to four municipalities in compiling their municipal housing plans (Umhlatuze, Mbonambi, Ndaka and Vulamehlo). Four housing plans have been compiled. Of these, two with a combined subsidy value of R863,400,00 have been approved for Umhlatuze Municipality (R485.4M) and Mbonambi Municipality (R378M) [co-approved by the KZN Dept of Housing].
- A municipal housing plan manual has been produced in close co-operation with the KZN Dept. Housing and will be placed on PPT's website during October 2006 as a resource.

¹ KZN Departments of Housing, Health, Social Welfare, Education, Traditional and Local Government Affairs, Economic Development.

- Four capacity building / information dissemination workshops were held and attended by officials from 22 municipalities² as well as officials of the KZN Department of Housing. 71 municipal officials benefited from these capacity building workshops.

3.2. Social housing

Project type: Preparation of a social housing project in eThekweni's 'Southern Durban Basin', mentorship / technical assistance to municipal personnel and production of a practical manual / resource document for social housing.

Scale: 500 social housing units in the SDB.

Locality: eThekweni

Progress: The following are the main activities undertaken:

- Extensive preparation work has been completed on the Southern Durban Basin social housing project. The process has been significantly complicated by the failure of the National Department of Housing to finalise its social housing policy, which is now a year late. The biggest problem is their failure to finalise the value of the capital restructuring grant and release their financial model for calculating the subsidy. Other constraints which have impacted negatively on the project include ongoing lack of clarity with respect to the release of eThekweni land and the emerging status of eThekweni Housing Association (eThekweni's preferred social housing institution to run the project). Notwithstanding this, an application for Job Summit funding (social housing subsidies using poverty relief funding) has been lodged for the SDB project (subsidy value of R50million). A response is still awaited from the National Department of Housing / NHFC.
- A replicable model for social housing / resource document has nonetheless been compiled which defines the process for social housing and addresses the main risk areas that need to be addressed in preparing and implementing social housing projects. The document is intended for municipal and Department of Housing personnel. It will be placed on PPT's website during October 2006 at which time PPT will also undertake a workshop for the dissemination of the resource document.
- The resource document and preparation work has gone in hand with a parallel process in terms of which PPT has worked closely with eThekweni Municipality in defining an integrated housing strategy for the City which brings together all housing elements, including social housing, utilization of inner city buildings for rental residential stock, and informal settlement upgrading. The strategy focuses on the need to densify / compact the city, avoid relocations, and accelerate delivery ahead of 2010.

3.3. Area based model for special needs housing

² Abaqulusi; Emnambithi; Endondakusuka; Eziqoleni; Greater Kokstad; Hlabisa; Indaka; Ingwe; Mapumulo; Mbonambi; Msinga; Mthonjaneni; Ndwedwe; Ntambanana; Umdoni; Umhlathuze; Umlalazi; Umshwathi; Umvoti; Ukhahlamba; Vualmehlo & Umngeni

Project description: Documentation of a replicable area based approach to special needs housing, mentorship of INK³ ABM⁴ officials, capacity building workshops, preparation of a pilot project and submission of an application for special needs subsidies.

Locality: eThekweni's INK area

Progress: The following are the main activities undertaken:

- The special needs housing strategy and action plan for eThekweni's INK ABM was completed.
- A special needs housing manual has been completed which documents the replicable area based approach to special needs housing. This will be placed on PPT's website as a resource during October 2006.
- Three capacity building workshops were held benefiting 53 people including 9 officials from eThekweni and four government departments (Housing, Health, Social Welfare and Education).
- A feasibility for the Ekuthuthukeni crèche and drop in centre project at KwaMashu L section were completed and an application for 50 Dept. Housing transitional housing subsidies will be submitted by 22nd September 2006 along with an application for Dept. Housing preparation funding for an additional 10 projects in the INK area.

3.4. Energy efficient housing

Project description: Implementation of demonstration energy efficient pilot projects, technical support to the selected municipalities and mentorship of officials, capacity building workshop.

Scale: see below

Locality: Welbedacht (eThekweni) and Dududu (Vulamehlo)

Progress: The project consisted of the following main components:

Component 1: Delivery of pilot packages

This followed on from the initial setup work funded under agreement 0155-0805-G-GA48⁵. Schedules of the products delivered and installed are outlined below. It is noted that follow through M&E will be done by PPT at 6 months and at 24 months after installation. It is further noted that this component of the project was co-funded by USAID under a separate agreement (0155-0805-G-GA48). The main results as reported below are therefore combined results, it being noted that 68% of the implementation packages were funded under the 0168-0106-G-GA55 agreement which is the subject of this report, and that consequently 68% of the delivery results should be attributed to this programme. It is however not possible to disaggregate the results since the funding was combined for this component.

The following products were delivered in the two targeted areas:

³ Inanda KwaMashu Ntuzuma

⁴ Area Based Management unit

⁵ Including: A) Identification, description and evaluation of all potential energy efficient products / interventions and development of a shortlist of those most likely to be suitable for low income communities. B) Area specific assessments from both a technical and social perspective, including demonstration workshops with prospective consumers. C) Signing up customers and development of a local collection mechanism for loan repayments (between 40% and 60% of the total product cost was factored in as a loan). M&E design. Completion of baseline survey.

Area	Total Number of households benefiting	Solar Water Heaters	Gel Fuel Stoves	PV Solar power (1)	PV Solar power (2)	Solar Cookers	Wind Generators	Hotbags	Compact Florescent Lights
Welbedacht	52	23	25	0	1	3	0	25	200
Dududu	90	0	58	1	26	3	1	68	0
Total	142	23	83	1	27	6	1	93	200

The profile of products provided is as follows:

Product	Description	Unit cost (SAR) (excl. vat, installation & handling fees)	Unit cost (SAR) (excl. vat, incl. installation & handling fees)
Solar Water Heaters	100 litre insulated solar water tank with electrical backup plumbed into existing water pipes (eg: shower / sink) - uses direct heating solar panels rather than solar electricity.	3,275	4,475
Gel Fuel Stoves	Gel fuel stove (double burner) with 24 month gel fuel supply (10l per month)	1,626	1,626
PV Solar power (2)	65w system providing sufficient power for three CFL lights, radio, small black and white TV, cell phone charger	3,578	4,266
Solar Cookers	Direct heat solar cooker (dish reflection)	not applicable	1,400
Wind Generators	150w system providing sufficient power for several CFL lights, radio, colour TV, cell phone charger - includes videos color tv	5,256	7,056
Hotbags	Insulation bag (reflective material lined with fabric to accommodate small to large pot)	85	90
Compact Florescent Lights	Low wattage CFL's which use approx. 18% of a standard incandescent light (11w = 60w) and which last significantly longer - supplied in sets of 5	55	55

It is noted that the main focus of the pilot is to demonstrate the efficacy and acceptability of the interventions within the community. Whilst a basic financial model and repayment mechanism has been developed, the project has mainly focused on establishing the principle of co-funding and commitment by end users. In respect of replication of the project, the main source of funding to be targeted is the Department of Mineral and Energy Affairs' R3,500 per household for areas which are 'off grid' and which will be accessed via specific municipalities. PPT is currently assessing the viability of this sort of replication via USAID's current ISLGS programme (on a contract from Berger).

Component 2: Technical support, capacity building workshop and information resources

PPT worked closely with municipal personnel in rolling out the implementation of the project. It is however noted that the availability of such personnel was limited. Significant value and capacity building was however achieved via the capacity building workshop hosted by PPT on 21st September

2006 and attended by 23 personnel, mainly from various municipalities and government departments, but also including the private sector and funding agencies. An information resource document will be produced by PPT and placed on the PPT website during October 2006. It is also noted that community level capacity was significantly enhanced by means of the project in respect of creating an improved platform for further rollout and up-scaling of the project in the targeted areas.

Mark Misselhorn
Chief Executive Officer

Attachment:

A. "Schedule of USAID 4 Funding Approvals" dated 21st September 2006