

Annual Report

2004/2005



DEVELOPMENT ACTION GROUP





“

One of the challenges of our time...

is to re-instill in the consciousness of our people that sense of human solidarity,

of being in the world for one another

and because of and through others.”

Nelson Mandela



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Vision and Mission

DAG is committed to:

- Building people's skills
- Redressing economic and spatial imbalances inherited from the past
- Facilitating the redistribution of resources to people who need them most
- Promoting democratic practices and accountability
- Creating a policy environment which enables community based development
- Developing integrated urban environments

DAG's mission:

To support and implement community housing and development projects and processes and to work towards the creation of an enabling, community sensitive policy environment.

We will do this by:

- Integrating social and physical development processes;
- Working on housing delivery projects with marginalised communities, building on their experience and resourcefulness;
- Facilitating appropriate training and disseminating information that will enable communities to be involved in their own development;
- Critiquing, initiating and influencing housing policy, practice and institutions at local, regional and national levels.

DAG's guiding philosophy:

We believe change is possible.

We are committed to principles of democracy and accountability, and to ensuring that our work is open to our clients and members.

We aim to adopt methodologies that facilitate community control and empowerment.

We are committed to developing a gender and environmental consciousness and sensitivity which will guide our work.

We aim to ensure that development processes in which we are involved are sustainable.

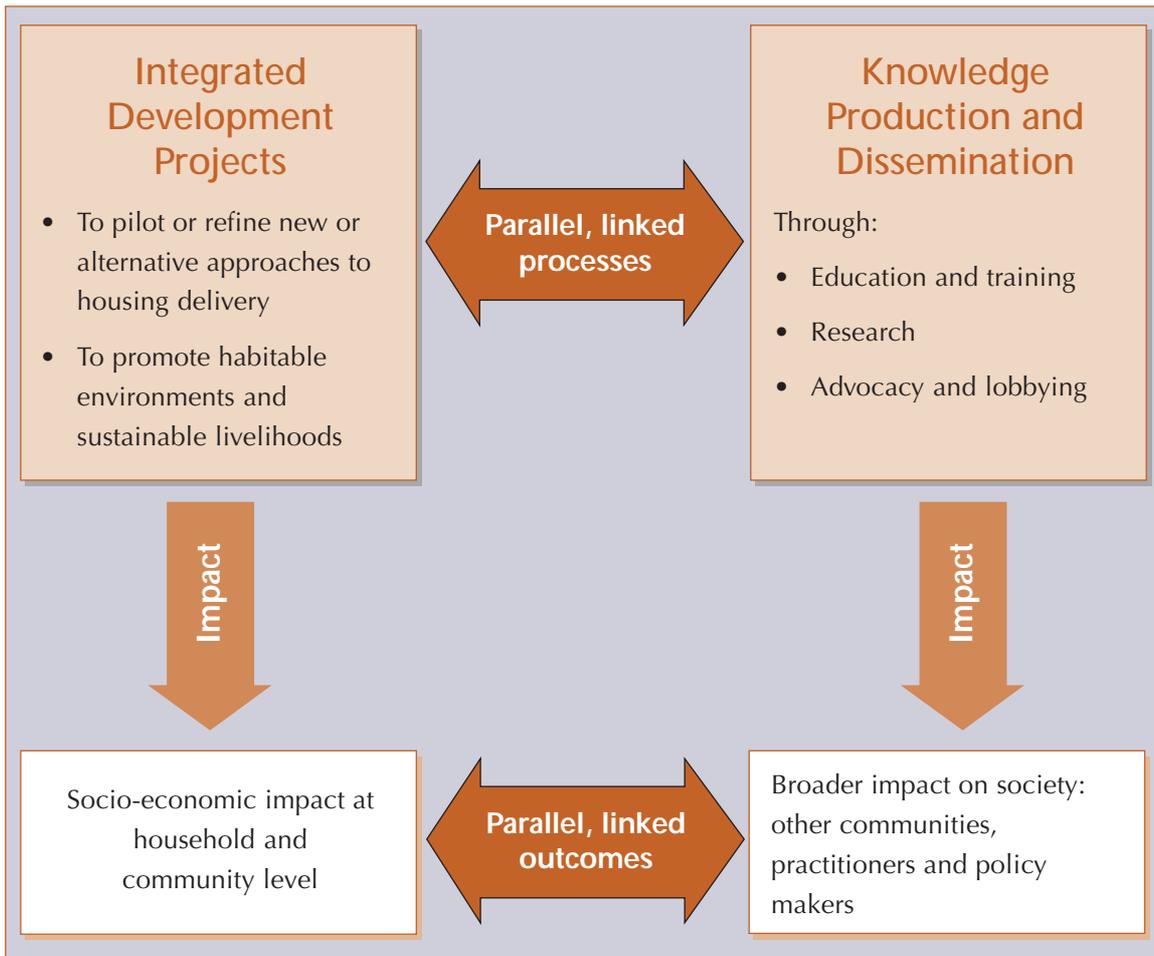
We aim to learn from our successes and failures and to share our experiences with others.

We aim to attain excellence in all the work we do.





Strategy



Our work has two main thrusts:

- Delivery via integrated development projects
- Knowledge production and dissemination to achieve a wider impact

These two thrusts are designed to complement, support and inform each other. Lessons learned in projects are applied in training courses. Stumbling blocks experienced in projects inform our research agenda. In turn, the findings of our research inform our practice in projects. All of

these give rise to key issues for lobbying and advocacy and create a basis for networking with other organizations.

The production and dissemination of knowledge is a powerful tool to enable innovation in development, and is essential for successful development. By influencing other roleplayers in urban development in South Africa, DAG is able to have a much more significant impact than it could if its impact was limited to direct involvement in projects and training.





Chairperson's Report

Another challenging year. DAG could say that the degree of difficulty remains the same, only the source changes. One of the pillars of our continued ability to deliver on our mission is the ability of staff, management and the board to move with the times and engineer change to match the migrating national and international context that the world throws at us.

South Africa is buffeted by the tides of global affairs. The consequences of the tsunami, justifiably and for humanitarian reasons, saw aid budgets and plans being shifted whilst Iraq captured the focus of the world as crude battles for power took their toll on the civilian population.

At home, the ANC-led government has, by many measures, been an economic success story: low interest rates, achieved inflation targets and growth rates and, especially in terms of contributions to Gross National Product, a modernising of the structure of the economy. Unfortunately, little has trickled down to the poor. Urbanisation, the failure to school and train adequately, and the continued focus on larger rather than smaller or micro-enterprise procurement, have contributed to a growing necklace of impoverished and marginalised communities around our towns and cities. Sadly, when one looks over Khayelitsha from

the R310 towards Table Mountain, there can be no doubt that DAG, and related organisations, will be needed for years to come.

One cannot review this year without mention of the N2 Gateway Project - a dramatic intervention and significant change in the practice of government in the Western Cape. With a target of 22 000 units during the next 18 months, one can but congratulate the powers-that-be for their intent. If this is the start of a programme of action for the next 10-15 years, we will see a dramatic and positive re-shaping of our city, as well as a jump in the quality of life of the citizens of Cape Town.

At the start of any ambitious programme such as this, mistakes will be made. It is vital that we examine these carefully and jointly re-shape the practices, processes and designs to improve as we go. Among other issues to be examined are the degree and form of consultation with communities, organisations and the city's public; the selection process for beneficiary communities and the roll-out from one community to another; the rate of delivery will be impacted upon by inadequate resource planning - human (engineers and bricklayers), natural (cement, stone and bricks), financial (whose money, debt management); environmental (ensuring that the





veils, birds and bees survive for future generations and for tourism).

Our two biggest challenges involved the USN and funding. As most who read this will know, the USN failed to move with the times, suffered catastrophic management failure and is heading for closure. Our best hope is that the shutdown is well-managed from the inside and not imposed by legal action from any donors. Fallout is potentially dire, with very serious consequences to member organisations as well as to the South African development community's reputation as worthy of aid. The management of the member organisations have been forced into a governance role and are trying to mitigate the effects of failure.

One of the impacts on DAG has been financial. The USN acted as a channel for consulting work from government and this source of funds dried up, 'costing' DAG a budgeted R500 000. Also, as our EU funding came via the USN office, its mismanagement of reporting and accounting

meant that the last tranche of EU money has not been paid. When combined with exchange rate losses in foreign currency-designated contracts, the cost to DAG was more than R2 million. Fortunately, our reserves were able to cope (though barely) and we have some time to re-shape some of our funding and consulting activities.

To end on a positive note: Kuyasa, the savings and housing microfinance organisation birthed by DAG, has grown from strength to strength and is poised for significant geographic and product growth. We wish them well.

The Director's Report details the projects we have worked on, and with which we, as the board of DAG, are proud to be associated. It has been another very good year.

Thanks to the staff and management of DAG, and strength to Anthea's arm!

RALPH FREESE, CHAIRMAN



DAG BOARD OF DIRECTORS

Left to right:

Back row: Ralph Freeze (Chairman), Pete Smith (Treasurer)

Middle row: Anthea Houston (Executive Director) Bob Hindle, Wilhelmina Trout

Front row: Tasleema Mohamed, Vincent Saldanha, Quraisha Nagdee (Vice Chairperson)

Not pictured: Zohra Ebrahim and Batembu Lugulwana





Executive Director's Report

'Finding the balance'

Our cover picture is of a home in Wallacebene, delicately poised somewhere between formality and informality. Similarly, our year was coloured by a number of dichotomies and our main challenge has been finding the balance between the various forces that push and pull us in different directions.

Despite these contradictions we have remained true to our mission of challenging conventional and inadequate responses from the state to the immense urban development problems facing us and building the capacity of ordinary poor people to develop, explore and demonstrate alternatives and to be the architects of their own development.

'The more things change the more they stay the same'

Shifts in the political context

The national government elections early in 2004 led to changes in both the national and provincial cabinets. Changes were subsequently introduced at senior levels in national and provincial departments of housing, breaking continuity on one hand, but, on the other, promising more effective delivery. As provincial political leaders settle into

their new roles, politicians at local authority level assess their delivery track records as they prepare for the up-coming local elections. The constant reorganizing in the City of Cape Town is disruptive and inefficient but will no doubt continue.

The Western Cape has been fraught with political dynamics and power struggles between parties. This did not cease when the African National Congress took over the province's governance after the 2004 elections, instead, there has been a new wave of power struggles within the party itself, both nationally and provincially. This destabilises the momentum and quality of service delivery as it distracts political leaders and impacts negatively on the sense of security and confidence levels of senior officials charged with implementing policy.

In September 2004 the National Department of Housing introduced a new housing policy framework titled 'Breaking New Ground'. It aims to reduce poverty and build sustainable human settlements and incorporates many issues that DAG has lobbied for in the past. Although we celebrate this much-needed shift, we recognise that the plan's successful implementation is undermined by the tight delivery targets set by politicians concerned with quantitative rather than qualitative results.

A massive project to upgrade informal settlements along the N2 freeway in Cape Town was selected as a pilot to test and explore some aspects of the new policy framework. The N2 Gateway project





will offer valuable lessons and dramatically influence settlement upgrading and housing delivery in the future. It is already the subject of much debate as the project's rapid roll-out has thus far taken place without the meaningful engagement of the communities who are intended to benefit from the project. In many respects, the approach adopted by officials and the professional team fails to take on board many of the recent policy shifts and will not adequately advance our strategies for sustainable informal settlement upgrading.

The lack of space for community participation in planning and decision-making with regards to the N2 development points to a bigger, more systemic political problem, that of limited - and shrinking - space for citizens' engagement in development processes. Although it still has shortcomings, the South African housing policy is well past the formulation stage and, in accordance with the priorities set by the national cabinet in 2004, delivery is set to intensify. Platforms for community involvement in delivery and implementation are, however, very limited. Over the past few years, when democracy should have been deepening, space for participation is narrowing as the N2 project illustrates.

The State is rekindling its romance with the private sector, favouring public-private partnerships over municipal-community partnerships. This courtship re-entrenches technocratic practices that extend the footprint of apartheid which remains embedded in the unperturbed spatial patterns notwithstanding full-scale housing delivery and development over the past 11 years. It is evident that this legacy cannot be erased without the willingness of political leaders to challenge and overcome resistance to integration of the city as is manifested in the not-in-my-backyard (NIMBY) syndrome. Despite many speeches and plans made by political leaders at the highest level, the site and form of the battle where NIMBY issues will be fought has not been revealed and it is likely that the spatial and economic imbalances created by apartheid planning will continue undisturbed.

In light of these shifts, during the past year, we have often felt torn between being a critical partner of government – embracing the contradictions that this role comes with while guarding against co-optation - and championing the right of people to participate actively in decisions that impact on their lives. To cope, we have maintained focus on our core purpose, relying on our values to guide our strategic and operational decisions.

'Tightening the belt'

Shifts in the funding context

Non-governmental organisations (NGOs) presently face a funding slump of the magnitude last experienced in the 1990s. Several organisations have closed down in the past year and others have had to tighten their belts and scale down operations. DAG has not been spared and





the year behind us was particularly difficult, causing us to rely on our reserve funds to carry us through. The scarcity of funding for the NGO sector is attributable to various factors. The nature of funding relationships between North and South is shifting, as South Africa is increasingly perceived as a prosperous, peaceful and democratic nation. Fewer funds are being earmarked for South Africa and more of these funds are being directed into bilateral agreements with the South African government. This trend is juxtaposed with an ever out-of-reach pool of local development funds entrusted to agencies that fail to overcome their internal inadequacies, thereby remaining eternally ineffective.

Only 1.2% of total government expenditure is currently spent on housing. This is inadequate to deal with the housing backlog, which has grown steadily since 1994. It is estimated that approximately 2.4 million households in South Africa need adequate housing and that the urban housing backlog increased by 20% between 1996 and 2001. In addition, funds allocated by government for housing are underspent due to either policy blockages or capacity constraints at local government level. It is equally disappointing to note that less than 0,5% of all corporate social investment in South Africa is spent on housing. We recognise that our sustainability is linked to generating more financial support within South Africa. More importantly, it is evident that with such limited public and private sector investment it is unlikely that our country's housing crisis will be overcome within the next decade.

In this financial year our own funding situation has also been impacted by exchange rate losses on three multi-year contracts with Northern partners. The demise of the Urban Sector Network, previously an important channel of cost-recovery work for DAG, has also affected us. We will pay attention to sourcing this work directly in the future.

We have tried to face our funding shortage without compromising our independence from govern-

ment or succumbing to the fashions of capricious donors. Our board's foresight and strategic direction helped us act with faith and courage as we watched our hard-earned reserve funds diminish.

'Weathering the storm'

Internal shifts and DAG accomplishments in 2004/5

Mandate

Changes in our context have forced us to reflect on our role, internal organisation and financial sustainability. Our mission and strategy remained constant throughout the year but as the context shifts we have begun to reassess our position and will deepen this discussion internally during 2005.

In 2004 an external review of our work over the past 10 years was undertaken, considering our contributions to development during this period and how to enhance our impact. It found that we had a positive impact and made a substantial contribution to the housing and urban development sector. The results were shared with donors and incorporated into our planning processes.

During the year we revisited an old debate about the role we play in community-based projects and whether our impact could be enhanced by shifting from adviser or facilitator to project manager. This debate tends to emerge in the detailed design phase as projects prepare for construction and as we are faced with constraints imposed by professional teams who are unable to adapt their standard products to the peculiar needs of community-managed housing projects. The debate is ongoing and we are continually challenged to find the balance between facilitation and activism within our development practice.

Project work

We provided direct and ongoing assistance to 11 communities in Cape Town. Collectively these projects aim to mobilize R68 million in the form of subsidies and grants for housing construction.





R24 million has already been secured in four projects. These funds do not pass through DAG's books but are accessed by the communities as a direct result of our support. The 11 communities collectively represent over 3 000 households who will eventually be accommodated in the projects.

Several projects reached implementation stage during the review period. Infrastructure development in Netreg is under way and will also begin soon in Freedom Park. Wallacedene began housing construction in November. This progress is the result of hard work and our staff will be challenged to balance the demands of several projects that are at construction stage.

Five training courses were attended by 106 people, of whom 56% were women, with more than 72% coming from community-based organisations. We developed a new advocacy strategy and plan that identified four priority advocacy areas, which are the focal points of our research, training and community-based projects. These are access to

well-located affordable land for housing, affordable social housing, informal settlement upgrading and community participation and grassroots involvement

The participatory livelihoods assessments in Netreg and Freedom Park corroborate our assertion that the nature of urban poverty and people's responses thereto are not properly understood by those who plan and implement development interventions, and that some of the most poorly housed and vulnerable households are indeed located within the city. The studies have enriched our interventions in these communities and have also offered new insights for our advocacy agenda.

Our People's Housing Process (PHP) programme was selected as a best practice in the prestigious United Nations Human Settlements Programme (UN-HABITAT) and the Dubai Municipality Best Practice Awards. Dubai Municipality also selected The Kuyasa Fund as a Good Practice, confirming that PHP in South Africa is a successful form of



DAG STAFF

Back row from the left:

Pumeza Hintsho, Berenice Eckhardt, Diana Herring, Nomvuyo Simetu, Phumeza Vellem, Fikiswa Mahote, Anthea Houston, Anzabeth Tonkin, Aaron Hobongwana

Seated from the left: Nigel Tapela, Maureen Adams, Kathy Aranes, Warren Smit, Lutfi Omar

Not pictured: Shamil Manie, Moegsien Hendricks, Eugene February, Crystal West, Helena Hendricks. Also not pictured are Jolene Adams, Mongameli Mtshwelo, Sindiswa September, Mzwabantu Pongolo and Xolela Batembu who left DAG during the year.



housing delivery. We were also selected again by the Department of Trade and Industry as one of the top 300 South African companies in our sector in 2004/5.

Structure and systems

We have not made any changes to our organisational structure and our decision to introduce the Operations Manager post was confirmed, as our strategic oversight and operations improved with the introduction of a comprehensive monitoring and evaluation system. The system enables us to track project progress against plans and budgets, thus providing management information and facilitating the preparation of donor reports.

Our journey toward more conscious institutional learning continued and we tried to find a healthy balance between learning and doing. We began to look at the interrelationship of various learning spaces within DAG and to identify how these help us to develop responses at an institutional and project level to external shifts. We started developing a handbook for field staff to support and guide their processes in the communities.

We experienced our usual level of staff turnover but did not fill every vacant post in order to cope with the funding shortage. Careful management was thus needed to reconcile the resource needs of the programmes with our financial and human resource capacity constraints. We tried to focus on maintaining or increasing efficiency and balancing this against the fact that real development requires patience, however urgent the need for change. The handbook will help to improve levels of efficiency, and we have renewed intentions of improving our project documentation and writing up more case studies of our work.

'If one part shifts the whole shifts'

The funding scenario helped to shift us into a different gear which, along with uncertainty and insecurity, also generated creativity and vision

within DAG. These changes, though disconcerting, ultimately strengthen the organisation.

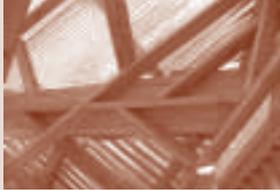
Contradictions within policy – and between policy and practice – are becoming glaringly obvious. While critique of a decade of housing delivery has led to the policy shifts in 2004, these changes are only useful when they begin to impact on implementation. In the name of speedy delivery, policy and common sense are too frequently set aside. This fixation on the delivery of numbers leads to the ongoing creation of concrete slums.

The top-down approach in the N2 project undermines its overall sustainability and rather than piloting the 'Breaking New Ground' framework, this project's most important accomplishment will probably be illustrating the void between policy and implementation and the incongruence between the goals set at various tiers of government.

The casual, continued and increasing practice of excluding people from decision making about development processes that directly affect their lives is an obstacle that communities are unlikely to tolerate for much longer. In our last report we cautioned that the material conditions of the very poor need to change more substantially, or social cohesion and democracy will be threatened. In a context where resources are scarce, an important step to changing conditions more substantially and incrementally, would be to develop strategies that recognise that people's participation matters. Failure to accommodate community participation is short-sighted and self defeating as it puts government on the warpath with its constituents.

These challenges, the absence of a coherent urban development paradigm and the growing emphasis on the private sector and market forces in housing delivery motivate us to pursue our mandate with renewed vigour. As we gear up for another year we are aware that the future holds many uncertainties but are assured that DAG has an important contribution to make in redressing the historic economic and spatial imbalances.





Community Housing Programme

“We have come to respect the power of information and the value of building capacity.”

The media has drawn public attention to the string of community protests over inadequate service delivery. The protests highlight the housing backlog and the slow pace of housing delivery, radically contrasting government’s celebration of the delivery of 1.8 million new houses and improved access of 4 million new households to clean water. This winter of discontent tells us that no matter what the nature or the magnitude of the challenges faced, the poor cannot simply be excluded from decision-making about service delivery. The necessity for beneficiary involvement is amplified in the context where resources are scarce and insufficient to meet the needs of everyone simultaneously.

The approximately 280 000 households currently in need of housing in the City have no sense of how or when their needs will be met. They do not know how to access the housing system and are only likely to be engaged with when their names are eventually prioritised from the housing waiting lists. This has led to frustration which has forced people on to the streets around the country. Ironically, in assisted self-help housing projects people are no longer constrained by the housing waiting lists and are able to engage proactively with a clearly defined process.

Through our work in community-based housing projects we have learned to respect the power of information and the value of building capacity. This allows beneficiaries to actively participate in determining the priorities and making decisions with full awareness of the trade-offs involved. Selective information sharing that amounts to little more than speech-making and the ongoing exclusion of people from decision making that directly affects their lives can only ignite the fuse of discontent.

Our programme report reflects on the challenges faced and the milestones reached in the 11 community based projects that we have supported throughout the year. Our interventions in communities has revealed new insights into the livelihoods and survival strategies of poor people which ultimately equips us to contribute to the development of sustainable human settlements.

Ending consolidation

Although the **Makukhanye** and **Siyazama** projects were exited early in 2004, we have provided assistance to them on request during the year. These projects continue to operate independently of DAG’s efforts, and along with the **Masiphumelele** project, they have to date completed 579 houses collectively.





Consolidation of another kind

Along with the Kuyasa Fund, DAG entered **Delft** with the intention of helping residents to introduce a Community Based Maintenance Programme (CBMP), a municipal-community partnership which reduces poverty by stimulating the local economy through job creation. The local authority, however, resisted this in favour of a public-private partnership which limits their risks but offers few benefits to the community.

DAG continued to support households to make improvements to poorly constructed contractor-built houses. These improvements were carried out with Kuyasa loans.

DAG set up an advice centre which functioned since October 2004, with a Community Liaison Officer and a Construction Controller providing assistance to residents on a daily basis. Shortly after setting up the office, DAG and Catholic Welfare and Development (CWD) agreed to work in partnership to provide a multi-purpose community centre over a longer period. The advice office will be integrated into this multi-purpose centre where a wide range of community needs will be addressed.

Approximately 7000 new families will be relocated to new developments within Delft as part of the N2 Gateway project. The community of Delft intends to ensure that backyard dwellers from within Delft are also accommodated in the new development.





Informal settlement upgrading

The **Freedom Park project** in Tafelsig has maintained its momentum reaching a series of significant milestones this year. The project has made strides at both organisational and project delivery levels during the year.

At an organisational level the group has matured into a well-run and effective community-based organisation. They are registered as a non-profit organisation with NPO status from the Department of Social Services. Annual general meetings are held regularly and community leaders are properly elected and hold themselves accountable to the members of the community. The executive committee has taken on more responsibility and the group has taken advantage of external opportunities for income generation provided by the Mitchell's Plain urban renewal programme.

At a project level, the capacity of beneficiaries has been developed through participatory layout planning and house design processes, thus enabling them to influence the physical design of their community. The layout plan for the project has been approved and a contractor will be appointed shortly to do the infrastructure. The surveyor has placed block pegs, and a number of homes had to be dismantled and moved in preparation for the infrastructure development. Principles were developed for plot allocation in order to limit unnecessary relocation of homes and to make a concerted effort to preserve existing networks within the community.

In the narrow technical sense Freedom Park is not an *in situ* upgrading project but consists of a series of mini rollovers. Assisting families to break down and rebuild their homes during this period highlighted the need to find ways to upgrade *in situ*. While *in situ* upgrading present

a technical challenge to professional teams, and sometimes impacts negatively on the overall project cost, the decision against *in situ* upgrading is taken far too lightly and without real appreciation for the disruptive impact that these developments have on already very vulnerable households. Whilst an *in situ* upgrade in Freedom Park was possible, professionals and city officials were unwilling to consider it, putting forward technical reasons such as the need to do earthworks and the high cost of infrastructure should the layout not be reconfigured. As a result, all households on the site will have to break down and rebuild their homes at least once and some would have to do this several times before eventually moving into their new homes.

A participatory livelihoods assessment was conducted and the study has been analysed and written up with the involvement of community members. The study is already informing community-based development interventions not directly related to, but integrated into the core housing project. The vegetable gardening and recycling ventures continued to provide additional nutrition for households and also generated some income for those involved. On behalf of the community the project committee has also prepared and submitted a tender to the City of Cape Town for public education on solid waste management (including recycling and cleaning) in the broader Tafelsig area. Residents from Freedom Park also participated in the 21 Households project, part of the City's Local Agenda 21 awareness raising programme. This programme seeks to educate home owners in order to positively impact on household energy consumption and water conservation.

Notwithstanding this phenomenal progress and the significant learning curve of the past year, a number of challenges remain. Several families in the project will not qualify for a housing subsidy and will have to mobilize sufficient savings in order to get a house or will have to





Stop press: At the time of publishing our annual report, the project committee was awarded the tender to provide community education for solid waste management in the greater Tafelsig area.

construct their homes incrementally. The project will eventually accommodate as many as 493 households, but only about 300 presently live on the site and have been involved in the project from the start. Maintaining cohesion within the community once the new families arrive will be a challenge for community leaders. The community has had extensive capacity building and has chosen to self-manage the project in order to maximise on the opportunities

offered by the housing project. This decision may be challenged when more families are included in the project at a later stage.

The project will provide valuable lessons in the context of the changing housing policy and the introduction of a new approach to housing delivery.

Green fields

In the **Nomzabalazo housing project** in Wallacedene, progress was achieved in many areas but substantial challenges still remain. After lengthy delays, the Nomzabalazo People's Housing Process project was approved. Following a participatory house design process, house plans were submitted and approved by the local authority. The project costs have increased due to the Oostenberg Administration introducing higher technical standards than the normal standards required for subsidized housing. The housing support centre was set up during this period and is fully functional, operating from a container which was bridge-financed by DAG.

Due to the delayed approval of the project, the project committee felt pressurized to deliver

results and demonstrate the benefits of the assisted self-help approach by building at least six houses before Christmas 2004. A supplier was appointed and construction commenced in November, one month before closure for the holiday season. This decision gave rise to the following challenges which also offered valuable learning opportunities:

- After appointing the supplier it was noted that the company lacked the technical and administrative capacity to supply materials on a household basis as is required in a self-managed project.
- The delays in the approval of the subsidy forced the supplier into a situation where they were bridge-financing materials in order for construction to proceed. This led to a slow rate of materials supply, causing unacceptable delays for the local builders.
- The soil conditions in Wallacedene required 'raft' foundations, posing a problem for local builders, especially on steeply sloping sites.
- Local builders who had been trained in the project were unwilling to work on the project without payment until the completion of each house. Instead, they left to secure employment with private contractors in the broader Wallacedene development project, thereby ensuring their weekly wages regardless of construction progress. This left the Nomzabalazo project with only the least skilled builders to continue, resulting in very poor quality of construction on the first six houses.

Despite these challenges, once houses were constructed, the community of Wallacedene indicated their preference for the Nomzabalazo house design over the designs offered by private sector contractors in the Wallacedene project, evidence that participatory house design contributes significantly to household satisfaction. The Provincial Housing Department has seconded a Cuban engineer to DAG to provide





technical support to the Nomzabalazo project and a new materials supplier has been appointed, resulting in a dramatic improvement in construction quality.

Urban infill

In the past year the **Netreg** project, located adjacent to the N2 freeway, made amazing progress. Immediately after receiving Environmental Impact Assessment approval, the project received a conditional layout planning approval. The subsidies were approved and the infrastructure then went to tender, and the civils contractor has been appointed. During this period, extensive skills development took place, with local residents focusing on bricklaying, blocklaying, painting, carpentry, plumbing and electrical installation. By the end of the period, the infrastructure development was nearing completion. House construction will take place in the coming year.

The members of the project were involved in participatory house design workshops, and the

decision to follow the self-managed route has been re-workshopped with households, confirming their support for this decision. Allocation criteria were developed by the members of the project, which take the livelihood strategies implemented by various households in the community into account. An example of this is that the owners of horse and carts, an important source of income in the community, were allowed to choose sites that are slightly bigger or close to open spaces in order to accommodate their needs.

The savings group was able to deal with conflict in a responsible way and to weed out bad administrative practices. Calculations of the interest earned on savings have been made so that those who no longer belong to the project can be refunded.

Social housing

Relationships ran hot and cold between the **Rainbow Housing Co-operative** and the City of Cape Town throughout the year. In meetings with





city officials early in 2004 it was made clear that the local authority was unprepared to look for social housing opportunities in the inner city. The domestic workers were also told by officials that their only option was subsidised housing on the urban edge. In contrast, the National Minister of Housing in her budget vote raised the need to get social housing back on track and the Western Cape Housing Minister expressed keen interest in addressing the housing needs of domestic workers at a meeting with DAG. The co-operative has remained strong in its commitment to secure housing for domestic workers in Sea Point, and lobbying efforts this year included:

- Meetings with key decision makers and stakeholders who could potentially support the project, such as Standard Bank's Director of Low Cost Housing, the Cape Town Community Housing Company and key municipal officials in the planning, properties and housing departments.

- A strong presentation on the needs of domestic workers was made to the women's parliament at the Parliament of South Africa on 9 August 2004.
- A seminar on affordable social housing was convened by DAG to discuss perspectives and experiences with policymakers, city officials and other practitioners.

These lobbying efforts have been rewarded with the project eventually receiving in-principle support and commitment from the City of Cape Town, who, by the end of the period, had set up a task team headed up by the Director of Housing in the city to deal with the Rainbow project. Our focus at the moment is to develop a feasibility process that will include an affordability analysis, site identification and the design of an appropriate social housing model that fits the criteria of the City of Cape Town and other social housing partners, and which satisfies the needs of the project members.

This project will be testing the Breaking New Ground policy, which calls for a renewed effort to implement affordable social housing.

Land restitution

Throughout the year the DAG project team struggled to assist the **Ndabeni Trust** to engage in democratic and transparent practices. The lack of capacity of the trustees and a lack of transparency led to beneficiaries losing confidence in the Trust, resulting in the establishment of a concerned group of beneficiaries. These actions created a crisis among the project beneficiaries which ultimately lead to the election of new trustees at an annual general meeting, where the trust deed was also amended. This signaled an





important milestone for the project, which had been stuck in internal conflict until that point.

The critical issues now facing the trust are to develop their vision for the project and to put in place a business plan which will result in the formalization of a development plan. The housing demand in the City of Cape Town has led to renewed interest in the Wingfield site and possibly creates an opportunity to raise some of the R120 million required for bulk infrastructure before the site can be developed.

SEED

In the final year of the Sustainable Energy for Environment and Development (SEED) programme two important demonstration projects were implemented to demonstrate energy efficient practices within the housing development process. An ablution block was constructed for a crèche in Wallacedene using the eco-beam (sandbag) system. This ablution facility demonstrates an alternative low-cost and high-thermal-density technique of construction. A chemical toilet, the enviro-loo, was installed at the Amy Biehl Foundation, demonstrating a dry

sanitation system which produces degraded solid waste that can subsequently be used as fertilizer.

We have continued to educate the public about energy efficiency and environmental sustainability through our participation in the 21 Households programme and through DAG's training courses. Our project teams understand the need to integrate and promote energy efficiency and environmental sustainability into their projects, and several community-based housing projects have made progress on this issue. The Wallacedene project has explored a project that would involve job creation by recycling second hand bicycles whilst improving transportation within the community. The Netreg project is exploring a light weight *in situ* cast concrete construction that will improve the waterproofing and thermal insulation of single skin walls while substantially reducing costs and speeding up construction.

Participatory house design and layout planning in Wallacedene, Netreg and Freedom Park aimed to maximise the number of north-facing sites and to create secure access and safe spaces for residents.

Conclusion

It is clear that as DAG moves away from housing consolidation projects we face increasingly more complex projects providing a challenging environment for delivery. The introduction of the "Breaking New Ground" policy, which embraces social housing, informal settlement upgrading and a more incremental approach to housing delivery, dramatically increases the challenges facing the State. This requires that DAG adopts an advocacy approach which holds government accountable for implementing the new vision of effective housing developments. Our project spread and experience equips us well to play this role and to contribute significantly to the development debate as it applies to the concept of sustainable human settlements.





Education, Training, Research, Advocacy & Lobbying Programme

DAG is essentially an advocacy organisation aimed at influencing urban development policy so that the economic and spatial imbalances of the past are redressed sustainably and resources are distributed more equitably. We understand that sustainable development must by necessity embrace community-centred and integrated approaches, and we promote this thinking in our work. As such, DAG's Education, Training, Research, Advocacy and Lobbying programme is intended to produce and disseminate knowledge so as to influence other roleplayers in urban development and thus broaden the impact of our work.

23 participants, including councillors, officials and people from civil society organisations.

Two People's Housing Process (PHP) courses were run during the year. The first course, held at the Lutheran Centre, Athlone, 20-23 April, was attended by 16 participants from 7 different community organisations. The second course, held at the same venue, 17-20 August 2004, was attended by 22 participants from 8 different community organisations.

One Housing Support Centre (HSC) course was run during the year, at Wallacedene, 29 March to 8 April 2004, for 21 participants from the Nomzabalazo Housing Project.

Education and training

Five formal courses were run during the year, with a total of 108 participants. The average number of days of training per participant was 5.6 days. The table on the next page gives a brief overview of the courses.

The CHDM course was held twice during the year. The first course, held at the Lutheran Centre, Athlone, 7-11 June 2004, was attended by 26 participants from 22 different community organisations. The second course, held at the Tulip Inn in Cape Town, 13-17 September 2004, had

A full-time materials developer was recruited, and the materials for a new Leadership Programme, intended to build leadership capacity in community organisations, are being developed. The programme consists of 11 units, each of 1 or 2 days. The units are: leadership; the leader as a change agent; gender; conflict management in communities; organisational structure; communication and leadership; planning and leadership; meeting procedures; advocacy and lobbying; resource mobilization; and financial management. The programme will be piloted in the coming year.





COURSE DESCRIPTION

Community Housing Development Management (CHDM) Course	A five day training course that provides in-depth training on housing policy and housing delivery for community members and other interested people, e.g. local government officials.
Peoples' Housing Process (PHP) Course	A four day training course for community organisations which provides an overview of how to initiate a People's Housing Process project.
Housing Support Centre (HSC) Course	A ten day training course which focuses on the practical aspects of implementing a PHP project and running a housing support centre (HSC).

In addition, we collaborated with the Disaster Mitigation for Sustainable Livelihoods Programme at the University of Cape Town on developing and piloting a 8-day community risk assessment course for informal settlements. It was piloted at UCT, 16-25 November 2004.

Research

DAG's research programme is intended to assist both in changing the broader context within which we work and in improving the way we undertake our work.

Understanding the ways in which households sustain themselves is essential for making successful development interventions. DAG therefore continued its sustainable livelihoods research programme. Sustainable livelihoods assessments were undertaken in Netreg, Freedom Park and with the members of the Rainbow Co-operative. Results of these livelihoods assessments have been incorporated into the planning for these projects. The findings of the livelihoods assessments have also shaped our understanding of how informal settlement upgrading should be planned and implemented.

Another output of this research programme was a report on "Improving Livelihoods Through Participation: The Case of the Area Co-ordinating Teams". Area Co-ordinating Teams are

potentially a mechanism for involving communities in decision making about integrated service delivery, but it has only worked well in one of the eight areas where the City of Cape Town has tried it – the report draws lessons from these successes and failures.

A new major research project initiated during the year was the medium density housing research project, which investigates affordable and sustainable medium density housing options in South Africa. Case studies in Cape Town, Port Elizabeth, Durban and Johannesburg are looked at in the study. The final report, which will be completed during 2006, will include guidelines for how to achieve affordable and sustainable housing that meets people's needs while optimising the use of space.

Other research papers completed during the period included:

- one on the problem of new inadequate subsidised housing in South Africa prepared for an international housing policy conference in Santiago, Chile, 7-12 June 2004;
- two for the Institute for Housing in South Africa Conference in October 2004 ("The People's Housing Process: Current Practice and Future Trends" and "International Trends and Good Practices in Housing: Some Lessons for South African Housing Policy");





- one on “Understanding the Complexities of Informal Settlements” prepared for a University of the Witwatersrand workshop on “The Perpetuating Challenge of Informal Settlements”, Johannesburg, 8-10 November 2004.
- an analysis of the housing budget for the People’s Budget Campaign in January 2005.

DAG also participated in the Cape Town survey fieldwork (in Langa, Delft and Khayelitsha) for the national Township Residential Property Market study undertaken by Finmark Trust in 2004.

Advocacy and lobbying

DAG’s mission includes working towards the creation of an enabling, community sensitive policy environment. This is achieved in a number of different ways, for example, through project-level advocacy and lobbying, through supporting grassroots advocacy and lobbying, through policy consultancy research and through analysing and commenting on policies.

The policy environment is currently undergoing major changes. On 2 September 2004, the Minister of Housing announced a new housing policy framework, “Breaking new Ground”. A number of recommendations that DAG has been lobbying for over the years have been incorporated into the plan, e.g. increasing the subsidy income threshold to R 7 000 per month, prioritising the use of State land for housing at no cost, introducing an informal settlement upgrading policy, and using the Human Settlements Development Grant to ensure the provision of a basic range of facilities with new housing projects. However, the new plan does not seem to place much emphasis on community participation or the use of self-build or self-managed approaches such as the People’s Housing Process. In response DAG developed and disseminated a pamphlet commenting on the new policy framework

DAG maintains a healthy working relationship with the Western Cape Department of Housing, for example, DAG was invited to input into the





Department's strategic planning process, 29-30 July 2004, and in March 2005 the Director of DAG was invited by the Western Cape Minister for Housing and Local Government to serve on the Human Settlement Reference Group which is undertaking an in-depth analysis of the implications of recent policy shifts for housing delivery in the province.

The Friends of DAG seminars continued to promote debate about housing and urban development issues during the year. The first seminar, held on 17 June 2004, was on the topic of public transport in the city. The second seminar, on 2 September 2004, focused on affordable social housing and the third seminar, on 25 November 2004, debated new directions in housing policy. A wide range of high-profile speakers made presentations at the seminars and a lively platform for debate was provided. Attendance at these seminars steadily increased during the year.

Three Project Partners Network workshops were held during the year, providing opportunities for cross learning, information sharing and networking amongst our community partners. The first took place in April 2004 and focused on community struggles to access land for housing and how to pursue a participatory approach to green field development. The second workshop, on 31 July 2004, focused on municipal services, community-based maintenance and municipal-community partnerships. The third workshop, on 23 October 2004, focused on community mobilisation and gender issues. The workshop included a presentation by the Movimento dos Trabalhadores Rurais Sem Terra (MST), a Brazilian landless people's movement, on how they mobilise for their struggle for land.

DAG continued to support the People's Housing Network Forum (PHNF), a network of community organisations interested in broader

housing issues, during the year. This support included two days of leadership training for 12 members of the PHNF in March 2004 and briefings on the changing housing policy context. The PHNF has not functioned effectively, however, and we have decided to focus our support for community networking on the Project Partners Network. In March 2005 we assisted the PHNF committee to undertake an evaluation of their activities over the past few years.

During 2004, DAG adopted a new advocacy and lobbying strategy in an attempt to ensure greater co-ordination and focus of our advocacy and lobbying work. Explicit advocacy and lobbying objectives have been included within all our projects and an advocacy and lobbying co-ordination team was established to oversee the implementation of the strategy.

DAG's four key advocacy and lobbying issues are:

- **Access to well-located affordable land for housing:** It is difficult to access well located land for housing because of the high cost of land, the not-in-my-backyard syndrome, complex land development processes and lack of municipal land strategies. As a result, many new housing projects are located on the urban periphery, far from economic and social opportunities. The policy environment should ensure easier access to well-located affordable land for integrated housing development and municipalities should have integrated land strategies which, within a broader integrated urban development strategy, timeously identifies, acquires and releases well-located, affordable land for low-income housing.
- **Affordable social housing:** The social housing policy framework is focused on the provision of rental and co-operative housing which is unaffordable for households with incomes





of less than R2500 per month. The development of higher density housing, which necessitates tenure options other than individual ownership, is essential in order to start fundamentally restructuring apartheid urban patterns and to allow very low-income households to live in well-located areas close to social and economic opportunities. A suitable policy framework should be developed which facilitates the provision of affordable social housing, and successful examples of affordable social housing need to be demonstrated.

- **Informal settlement upgrading:** There has been a policy shift towards the upgrading of informal settlements, but there are concerns that the approach towards informal settlement upgrading that is emerging in South Africa is too top-down and technocratic, with little space for community participation or the involvement of roleplayers other than government. There needs to be a shift towards a focus on the integrated, participatory upgrading of informal settlements. Informal settlement upgrading should focus on social and

economic development, and not just on physical upgrading. The participation of residents in decision-making is essential and informal settlement upgrading policy should draw on the lessons from experiences in South Africa and abroad.

- **Community participation and grassroots involvement:** In many cases, communities are not even consulted about urban development decisions that affect them. As a result, decisions are often made that are not in the interests of the poor and the vulnerable, and development interventions are often inappropriate and unsustainable. It is essential that citizens and civil society organisations are able to participate in decision-making at all levels, from national policy development down to local project planning. It is particularly important that the poor and vulnerable have access to information and opportunities to participate in local decision-making processes on urban development issues that will directly affect their lives. Partnerships between municipalities and communities, i.e. municipal-community partnerships, are also important.

Conclusion

The core logic of non-governmental organisations such as DAG is the pursuit of social change. During the past year we counted a small victory when we witnessed the language of the housing policy suggesting a shift toward a more pro-poor and sustainable approach. On the other hand, we have encountered new challenges as the new words are put to the test. We increasingly find that practitioners gravitate toward what is familiar and understood thus resorting to the same old approaches to delivery. We will only begin to see a new era in housing policy and the effective tackling of the massive urban development challenges facing South Africa once there is strategic political leadership that does not sacrifice everything that is good and sensible in the new policy approach at the alter of an old demon, numbers.





Financial Report

The financing of the year ended 31 March 2005 has been a particularly challenging one for DAG, which relied on and depleted a substantial amount of our reserves (R2 238 899) in order to sustain the organisation.

Land and buildings were revalued during this period, and increased by R2 736 335, which is reflected as income in the income statement, increasing building reserves. Therefore, while the income statement reflects a net surplus of R497 436, it is important to note this is merely the difference between the revaluation of land and buildings (R2 736 335) and the actual cash deficit of R2 238 899 for the year.

The deficit is a result of accumulated exchange losses from multi-year contracts, raising less funding income than was required (the demise of the Urban Sector Network added a burden here), and a decrease in income generated from services rendered. Non-government organisations (NGOs) in South Africa are experiencing serious funding constraints, resulting in several having to close down during the past year. Thanks to the board's decision to build up reserves in prior years, DAG was not faced with a similar situation and managed to weather the storm for the time being. The flexibility with which funding budgets were

confirmed by our core donors also allowed us to prioritise spending based on project needs.

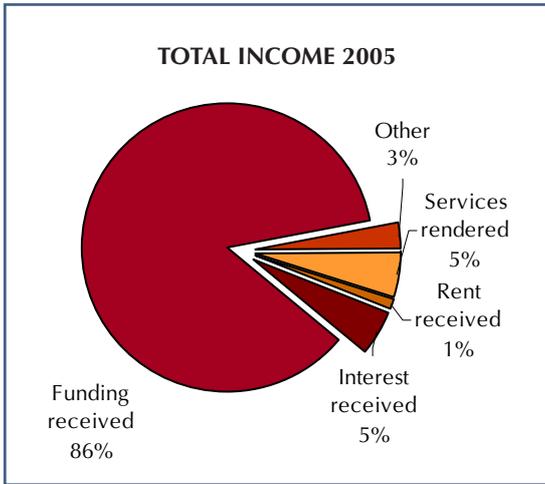
We are thankful to the following organisations for financing our work:



Income

The income and expenditure report provides a detailed analysis of funding sources and expenditure by line item, including comparative figures for the previous year ended 31 March 2004. Actual income during 2004/5 (excluding surplus on revaluation of land and buildings) decreased by 43% when compared to that of 2003/4. Reasons for the decrease in income are noted above.



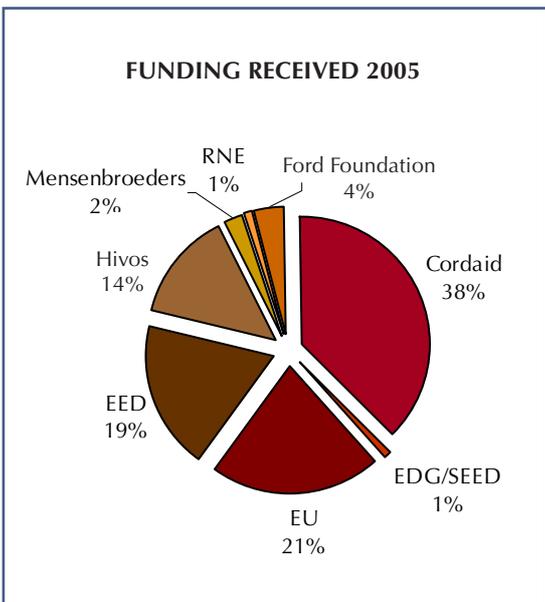


SOURCES OF INCOME FOR THE YEAR 2004/5

Funding:	2,461,576	86%
Other Income:	400,637	14%
Total Actual Income	R 2,862,213	100%
Add: Building revaluation (transferred to the building reserve)	R2,736,335	
Total Income	R 5,598,548	

Expenditure

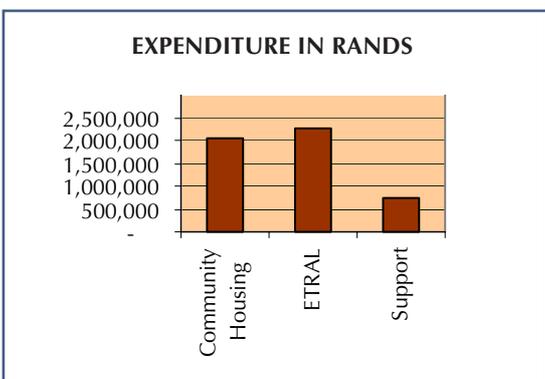
Due to the lack of certainty around income, the organisation limited administrative and capital expenditure resulting in total expenditure of R5 101 112 for the year. Expenditure for the year ended March 2005 increased by 0.45% when compared to that of 2003/4. Several vacant posts were also not filled during the year, which placed constraints on project implementation.



Sustainability

The financial challenge of the past year has resulted in the organisation being forced to focus on the issue of sustainability and how the future of the organisation can be assured. Given the diminishing support for South African NGOs, there is a need to look at ways of generating support from South African development agencies, corporates and ordinary citizens.

A concerted effort will also be made to replenish our reserves in 2005 through the provision of consultancy services. Donors often criticise NGOs for building up reserve funds. Many consider it inappropriate that we accumulate any funds that could have been ploughed directly into projects in a given financial year. However, financial planning in NGOs is characterized by unpredictability, which makes us particularly vulnerable and which necessitates forward planning to manage the uncertainty. Having, and being able to utilize, reserve funds at such a critical time has been DAG's saving grace, without which the organisation would have had to consider much more extreme measures such as the premature termination of projects or the retrenchment of staff.



The issue of sustainability remains high on our agenda and is being given the attention it deserves by both management and the board. Several new partnerships that will secure our long term position are already being negotiated.



Income and Expenditure Report

for the year ended 31 March 2005

	2005	R	2004	R
INCOME				
Grant Funding Received	2,461,576		3,508,440	
CORDAID	925,999		241,791	
EDG/SEED	19,390		27,606	
EU	526,322		874,809	
W/CAPE GOV. SOCIAL SERVICES	-		220,000	
USAID	-		124,468	
EED	463,706		1,816,280	
HIVOS	349,712		158,603	
FORD FOUNDATION	93,238		44,883	
MENSENBROEDERS	56,639		-	
ROYAL NETHERLANDS EMBASSY	26,570		-	
Other Income	3,136,972		1,521,824	
Cost recoveries	15,834		97,957	
Fixed asset disposal	-		28,000	
Sundry income	69,552		33,401	
Sales	254		2,103	
Services rendered	139,469		933,497	
Surplus on revaluation of land and buildings	2,736,335		-	
Rent received	30,000		80,746	
Interest received	145,528		346,120	
Total Income	5,598,548		5,030,264	

	2005	R	2004	R
EXPENDITURE				
Advertising and publicity	41,791		41,019	
Assets acquired written off	79,758		129,725	
Auditors' remuneration	27,822		33,786	
Bad debts	30,010		-	
Bank charges	20,458		17,207	
Computer maintenance	22,180		19,390	
Conference attendance	3,630		2,066	
Consulting fees	182,600		384,111	
Consumables	8,761		9,743	
Couriers	1,794		5,142	
Electricity and water	20,260		21,383	
Entertainment and gifts	6,103		8,416	
Fines and penalties	2,306		-	
Hire of equipment	23,731		21,763	
Insurance	46,822		42,187	
Interest	867		-	
Lease rental	39,867		14,568	
Materials, printing, publications, translations	39,629		400,692	
Meetings	12,947		22,039	
Photographs	3,282		3,933	
Postage	283		2,116	
Printing and stationery	43,662		43,490	
Project accommodation	29,141		79,225	
Rates and levies	21,706		14,630	
Repairs and maintenance	45,167		56,248	
Resources and housing support centres	81,209		13,375	
Salaries and wages	3,725,937		3,092,642	
Secretarial fees	2,145		2,700	
Seminars	25,571		1,200	
Skills development levies	29,599		23,753	
Software expenses	50,714		19,628	
Staff training	11,199		31,539	
Strategic planning	11,204		18,334	
Surveys	1,200		-	
Telephone and fax	101,445		127,825	
Travel - road	169,323		230,733	
Travel - air and subsistence	80,810		87,744	
Wages	37,724		1,803	
Workshops materials and costs	18,455		53,999	
Total Expenditure	5,101,112		5,078,154	
NET SURPLUS/(DEFICIT)	497,436		(47,890)	

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