

# Back-door deals in Vulindlela

**T**HE transfer of over R2 billion of state funds to build 25 000 houses in Vulindlela raises some serious questions.

The developer, Vulindlela Development Association, has assigned the entire project to Dezzo Holdings, whose CEO reportedly claims that the project was not subject to normal tender because it is being undertaken under the Enhanced People's Housing Process (EPHP) policy.

As a member of the National Reference Group that drafted the EPHP policy, I find this astounding. The national Department of Human Settlements is still in the process of procuring a draft funding and implementation framework for the policy. It is supporting a small number of pilot projects that do not include Vulindlela. In any event a pilot project may involve 500 units — not 25 000 — when the policy is still unregulated and untested in a rural context. KwaZulu-Natal Human Settlements has a policy of releasing large contracts in phases and not awarding more than four contracts to a single company in order to limit its risk. This [housing] deal breaks all the known rules.

It is also questionable that the project is driven by a Section 21 company that has shareholders. The Companies Act precludes any shareholding in a not-for-profit company.

That this company in turn has entered into an exclusive, negotiated contract with a separate private company surely merits investigation for non-compliance with the Public Finance Management Act.

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**Sureshnee Govender, acting media liaison officer, Ministry: Human Settlements and Public Works, replies:**

The Vulindlela Project is a project where the beneficiaries have organised themselves into the Vulindlela Development Association, a non-profit Section-21 company. Among the members of the association are the Amakhosi who represent the communities living in the nine wards covered by the project.

The department has entered into an agreement with the Vulindlela Development Association (VDA).

The Department of Human Settlements has set the following prerequisites for the project: the land must be available, the requisite infrastructure must be in place or can be secured in good time, a record of decision must be in place, the Department of

Co-operative Government and Traditional Authorities' approval must have been secured and the beneficiaries of the project must be part of the target group that is qualifying for low-income housing. These requirements have been substantially fulfilled.

The agreement between the Department of Human Settlements and the Vulindlela Development Association binds the department and the VDA to the approach that says that communities need to take charge of their development.

It is based on the Enhanced People's Housing Process Policy that is set out in the National Housing Code (2009).

The policy gives the community full responsibility and involvement in decision-making processes. The role of the department is to support and monitor the process and ensure accountability.

The nature of this housing project is such that the Vulindlela Development Association has the right to appoint a competent project manager of its choice.

Some of the anticipated benefits that will accrue, to the benefit of the community, include job creation, the training of community members, the establishment of co-operatives and the use of products developed in the community and which meet quality requirements.

Funding to the project will flow through the National Urban and Reconstruction Agency (NURCHA), a housing institution supporting the Department of Human Settlements to achieve its objectives.

NURCHA is a registered financial services provider and will be providing the financial support to the project. Payments will be effected on the basis of work that has been signed off as completed and in terms of the milestones that have been set for the project.

The project will be closely monitored by the department to ensure accountability and adherence to project milestones and targets. The Provincial Executive Council has established a special interdepartmental steering committee to oversee the execution of this project in an integrated fashion.

The risks that Brisbane refers to will be monitored and mitigated through this oversight. It is true that when projects carry risk or are groundbreaking, they would normally be done on a pilot basis and a reflection should occur and improvements to the model made before it is rolled out on scale.

This project caters for this as in the implementation there are built-in monitoring mechanisms that allow for steering measures.

The NHBRC has been brought on board by the department to ensure that the programme complies fully with the industry norms and standards.