The Bulungula Incubator operates with the conviction that all people should be able to live with dignity, and with the possibility of future advancement. Our approach to addressing rural development challenges is to bridge traditional rural African lifestyle and culture with external technologies and innovations - ultimately enabling the sustained existence of vibrant rural communities.

“We never thought this could ever happen here at Nqileni.... The school for our children used to be under the trees in the forest. Now, the Bulungula Incubator has helped us build all of this. I have sacrificed the land of my family for the promise that these strong buildings hold for us. Today – look at what has been achieved.”

– Cingisile Mbukwana, sub-headman Nqileni Village at opening of Jujurha ELC and library

Phone: 047 577 8908
Fax: 086 650 6373
Email: sonja@bulungulaincubator.org

P.O. Box 52913, Mthatha, 5099
Farm 37, Xhora Mouth Admin Area, Elliotdale District
Department of Social Development NPO Registration No: 057-666
TAX PBO number: 930029899

www.bulungulaincubator.org
From The Board

As the Board of the Bulungula Incubator we are all extremely proud to be associated with an organisation that has achieved so much in such a short space of time.

This success is a product of the phenomenal contributions of a wide variety of actors - the people of Xhora Mouth Area, the hardworking staff, the generous donors and all the organisations and individuals that have offered their expertise and networks to serve the goal of rural development.

Furthermore the growth and long term sustainability of the BI rest not only on the relevance of the work but firmly on the institutional culture and ethos of conscious action, reflection and learning.

We feel confident that the Bulungula Incubator is now well positioned to live up to its vision of becoming a sustainable model for rural development and we hope that it will continue to enjoy such high levels of support in the future.

Lance Greyling, Donna Andrews, Nokhukanya Ntuli, Laura Poswell, Vuyolwethu Jaxa, Crystal Orderson, Réjane Woodroffe, Dave Martin

Dear Friends of Bulungula Incubator

The past year has been one of enormous growth for the Bulungula incubator and for me personally, as director of this vibrant organisation.

My family moved to the village in January 2009, from the comforts of our urban home to the peace and beauty of our very basic mud hut on the hill. We were welcomed with open arms and hearts by a community that is desperately poor in any material sense and yet immeasurably wealthy in ways that really count. And so a crazy, tumultuous, joyous year began with highs and lows that mirror the ups and downs of the beautiful hills characterising this magnificent coastline.

With the wonderful support of our donors and the active participation of our community, the Bulungula Incubator matured from a staff of 1 in January 2009 to a dynamic and richly diverse team of 20 by the close of the year. Our projects expanded in number and size and our support base grew substantially. The journey included moments of great fulfilment and considerable frustration, leaving us all humbled but excited about the small role that we can play in helping to realise South Africa’s commitment to rural development, and to equal opportunities for all.

This, our inaugural Annual Report, provides a taste of the adventures of the past year. For more detailed information on our projects, please visit www.bulungulaincubator.org.

Thank you for your support. We look forward to another great year together.

Yours in development,

Sonja Giese
Director
About the Bulungula Incubator

In 2007 the Bulungula Incubator was formally established in Nqileni Village on the Wild Coast, as a platform for addressing development challenges in the area.

The BI works with communities in the six villages that make up the Xhora Mouth Administrative Area – with a population of around 10,000 people. This is the most remote area in one of the poorest districts in South Africa. The six villages epitomise the acute poverty challenges in SA: a legacy of non-existent or poor education provision, a limited subsistence economy which forces many people into migrant labour, and an absence of basic government services. Despite this, the area has an immense richness in other ways: there is a strong sense of community and history, the land is incredibly fertile and breathtakingly beautiful, there remain pockets of excellence in subsistence farming, and individuals have a strong desire to improve their situation. It is this combination of difficulties and strengths that make this an ideal place to develop innovative responses to rural challenges.

The Bulungula Incubator operates with the conviction that all people should be able to live with dignity, and with the possibility of future advancement.

The vision of the organisation is to be a catalyst for the creation of vibrant and sustainable rural communities. Our approach is to bridge traditional rural African lifestyle and culture with external technologies and innovations in order to address rural development challenges.

Projects Overview

BI projects fall within four Focus Areas, identified through consultation with community members as priority development issues. These are:

- Education
- Health and Nutrition
- Basic Services
- Sustainable Livelihoods

The organisation is committed to building local skills and capacity for project implementation and leadership. As such, we have a training and mentorship programme which cuts across all of our activities. Our projects also benefit from active community participation in design, decision making and implementation.

This report contains brief information on each of the four Focus Areas above. For more information on specific projects, please email sonja@bulungulaincubator.org or visit our blog www.bulungulaincubator.org.
A Focus on Education

Significant strides have been made in improving equity of access to schooling in South Africa - however, we are a long way from achieving quality and equality in education. This fact is most pronounced in areas such as ours. Poorly qualified, unmotivated and frequently absent teaching staff, lack of infrastructure, insufficient support and oversight, and poor access to the most basic teaching resources, are features of schooling for many rural children. Poor leadership capacity in these schools is compounded by the inability of parents (many of whom are illiterate) to ensure effective governance through School Governing Bodies.

Failure to provide our rural children with a decent education profoundly impacts their life opportunities, entrenching a hopeless cycle of inter-generational poverty.

Efforts to address these challenges are frustrated by the fact that decades of poor education services have entrenched low expectations of schools on the part of parents, learners and local state officials. Galvanising a groundswell of education activism is therefore a core component of what we do.

Our education activities at the BI are aimed at the direct delivery of quality education to children in the village (through our Early Learning Centre, our after-school programme and our library), the rehabilitation of local government schools (through our Rural School Development Programme), and the facilitation of community activism and participation in education. In line with recognized best practice, our education initiatives begin with the preschool child.

Education Projects

The Bulungula Incubator has five main education projects:

- **The Jujurha Early Learning Centre (ELC)** opened its doors in newly completed buildings in July 2009. The approximately 50 enrolled children are divided according to age into three classes (3-4s; 4-5s; 5-6s). Each class has a teacher and a teaching assistant who manage a daily programme adapted to the rural context. Ongoing, weekly teacher development is a feature of our education programme - to enhance the quality of teaching and learning. In November 2009, standardised school readiness assessments of our Grade R learners demonstrated the marked impact of our education programme on these children.

- **The Jujurha Library** has been a wonderful recent addition to our education portfolio. It boasts an impressive collection of isiXhosa story books and a range of resource books and other educational materials. Library activities are integrated into the daily routine at the ELC, and books are on loan to children and adults in the community, and to teachers from the local schools.

- **The After-School Enrichment Project** began in September 2009 and includes approximately 70 learners from Grades One to Three from the local government school, No-ofisi Senior Primary School. The afternoon sessions include opportunities for supervised play with educational toys, structured numeracy and literacy lessons, creative art activities, story time, educational DVDs and the opportunity to borrow library books.

- **Our Education Outreach Project** is intended to raise awareness of the importance of education and early childhood health and development. The project includes home visits, community workshops and parent participation in the daily ELC programme.

- **Our Rural School Development Project** began in 2007 with the building of classrooms to house the local primary school. The project has recently expanded to include several local schools and will ultimately offer support on all aspects of education eg. infrastructure, high quality teaching equipment and materials, teaching methods, curriculum, administration and budgeting, staff management and development, leadership etc.

As with all of our programmes, we are committed to working with the relevant Government Departments to ensure alignment of our activities with Government priorities and to help inform systemic impact within the sector.
The Bulungula Incubator Child Wellness Project began in 2008 with the set-up of a permaculture food forest at No-ofisi Senior Primary School. In 2009, a second food garden was established at the Early Learning Centre. Under the tender care of our local gardeners, these organic gardens produce an abundance of delicious fresh produce, including butternut, mealies (corn), sweet potatoes, carrots, cabbages, spinach, tomatoes, lettuce, onions, beetroot (the size of small pumpkins!), basil, parsley and more! The garden supplies a steady source of fresh vegetables for the school nutrition programmes, and excess vegetables are sold to staff and visitors as a way of generating income to help cover the salaries of the gardeners.

Between 150 and 250 children from the ELC and primary school benefit daily from the BI nutrition programme. A hot daily lunch includes fresh vegetables and herbs from the food garden, soya mince, fresh fish when available and a staple (mealie meal, umngqusho or rice). In addition to lunch, the ELC nutrition programme includes breakfast porridge and mid-morning fruit. Children who attend our after-school enrichment programme are also provided with juice and a snack. Apart from the obvious health benefits of our nutrition programme, the projects help improve school attendance, and provide an opportunity to expose children and caregivers to a wider range of vegetables and fruit than they would ordinarily experience in the village.

Nqileni Village is the most remote village in the district, and is without any basic services. The municipal road stops 3km from the village and access into the village is by foot or 4X4 only. The nearest clinic is a 2 hour walk (6 km) from the village and the closest hospital is 1 ½ hours (24 km) drive by 4x4. The health of the population is compromised not only by the inaccessibility of health care provision, but also by insufficient health knowledge, poor nutrition, poor water quality, the absence of a sanitation system, and high rates of HIV and Cysterciosis.

Our health and nutrition activities include training on vegetable farming and food preparation, the provision of vegetable seeds and fruit trees to households, food gardens and nutrition programmes, the provision of basic first aid at the Jujurha Early Learning Centre and referrals and transport to the hospital where necessary. Children in the village are also given prophylactic de-worming tablets twice a year. De-worming in this context is essential in order to maximize the benefits of our nutrition programme.
Basic Services Projects

In an effort to address the growing water crisis, the Bulungula Incubator has been working in collaboration with a German NGO (Tapini) to provide households with water tanks (those that have a suitable surface for rain water collection) and to protect the ground springs from contamination by animals (through fencing). We have also secured funding to drill two boreholes in the village, to be operated via solar / wind pumps. However, poor road access is making it difficult to reach the drilling points.

Efforts to ensure access to a clean, reliable water source for rural communities need to be intensified. In line with our commitment to bridge rural lifestyle with external technologies and innovations, we will continue to investigate possible water solutions that are practical and affordable for remote rural communities.

As part of our Basic Services Portfolio, the BI has also piloted various design options for inexpensive and environmentally friendly rural toilets, and explored avenues for rural electrification. In partnership with the African Health Care Initiative, a large wind turbine was built and installed in Nqileni village to provide all households with a minimum amount of electricity for charging phones and small appliances. This has proven to be a low cost way to supply small amounts of renewable energy to remote communities, and has the potential to double as an income generating initiative.

Everyone has the right to water. For many South Africans however, especially in remote rural areas, the right to a reliable and clean water supply remains unrealised.

In Nqileni village, there is no piped water for a 40km radius. As a result, the community relies on drinking water from unprotected springs in the ground. Due to the absence of toilets and any sanitation system in the village, all of the spring water is contaminated. Faecal coliform bacteria (>99% of which are E. coli) are an indicator of the level of human/animal waste contamination in water. In order to be considered safe for human consumption, there should be zero faecal coliforms (per 100ml) at the point of delivery. A recent survey of the five spring water sources in Nqileni revealed faecal coliform levels of between 10 and 103 per 100ml. This level of contamination causes severe illness and can lead to death.
A Focus on Sustainable Livelihoods

Our sustainable livelihoods portfolio aims to decrease levels of poverty in the area through strengthening and diversification of the local economy. In this way, we hope to create a viable alternative for families who might otherwise be forced to leave the village or survive on migrant labour remittances.

In collaboration with the community, the BI pilots income generating initiatives which have the potential for scale and for replication. In selecting potential pilot projects, we focus on those which will build on and/or enhance local skills, knowledge, and infrastructure in creative ways.

Successful small enterprises to date include ten tourism-related initiatives (linked to the Bulungula Lodge) eg. horse riding tours, canoe adventures, herbalist and village tours and a sewing project. These businesses are 100% community-owned and create employment for 21 community members. Over the course of 2010-2011, we will be piloting an additional ten micro-enterprise initiatives in the area.

Our single largest sustainable livelihoods venture however is our Essential Oils and Botanicals Project which will create a network of homestead farmers, each producing a mix of high quality niche cash crops alongside abundant subsistence crops.

“This kind of village based and driven development shows encouraging seeds for replication and creation of truly vibrant, equitable and sustainable rural communities” Andile Ncontsa, Old Mutual Foundation (project funder).

Sustainable Livelihoods Projects

The Essential Oils and Botanicals Project is designed to assist rural families to generate an income from their land, while at the same time continuing to grow (and expand on) their subsistence crops. Over the past year, the project has reached several critical milestones:

- An initial group of 14 farmers volunteered to participate in the project and each planted a field of lemongrass on homestead plots (lemongrass was selected as the first crop because of its hardy nature and an existing market which we had established).
- The BI provided farmers with root stock, training and support but each farmer was responsible for fencing their own land, preparing the soil, planting, watering, harvesting and drying their crops.
- The 14 farmers registered themselves as the Zizamele Co-operative – this structure will play a critical role in the project’s sustainability.
- An organic inspection was undertaken in April 2010 - This registration will enable us to negotiate better prices for our products.
- The first harvest was completed in April 2010 and the sale of our very first batch of lemongrass will be concluded in May.
- Over the course of the year, we have also experimented with various other essential oil trial crops, medicinal plants and culinary herbs. Some of these have done exceptionally well and several buyers have expressed an interest in purchasing organic certified products from us.

Going forward, we will be: expanding our lemongrass crop (by increasing the number of participating farmers); expanding our essential oil trial crops; and further developing and marketing dry and fresh organic certified culinary herbs and medicinal botanicals.
Expenditure Breakdown 2009/2010

- Education: 64%
- Sustainable Livelihoods: 24%
- Health and Nutrition: 7%
- Basic Services: 5%

Income Sources 2009/2010

- Corporates: 48%
- Donor Agencies: 22%
- Private Individuals / Groups: 20%
- Income Generating Activities: 7%
- Interest on Investments: 3%

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2010

<table>
<thead>
<tr>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCOME</td>
<td>R</td>
</tr>
<tr>
<td>Project Grants / Donations Received</td>
<td>2,039,478.00</td>
</tr>
<tr>
<td>Project Generated Income</td>
<td>144,535.00</td>
</tr>
<tr>
<td>Interest Received</td>
<td>76,417.00</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td>2,260,430.00</td>
</tr>
<tr>
<td>EXPENDITURE</td>
<td>R</td>
</tr>
<tr>
<td>Auditing and Bookkeeping Services</td>
<td>50,730.00</td>
</tr>
<tr>
<td>Capital Expenses - Buildings</td>
<td>710,056.00</td>
</tr>
<tr>
<td>Contractors Fees</td>
<td>89,920.00</td>
</tr>
<tr>
<td>Depreciation</td>
<td>51,739.00</td>
</tr>
<tr>
<td>Motor Vehicle Expenses</td>
<td>76,851.00</td>
</tr>
<tr>
<td>Project Materials and Provisions</td>
<td>255,666.00</td>
</tr>
<tr>
<td>Rent, Telephone and Internet</td>
<td>59,796.00</td>
</tr>
<tr>
<td>Salaries, Wages and Stipends</td>
<td>1,094,360.00</td>
</tr>
<tr>
<td>Travel and Accommodation</td>
<td>59,735.00</td>
</tr>
<tr>
<td>Bank Charges and Interest</td>
<td>59,806.00</td>
</tr>
<tr>
<td><strong>Total Expenditure</strong></td>
<td>2,508,659.00</td>
</tr>
<tr>
<td><strong>SURPLUS / DEFICIT FOR THE YEAR</strong></td>
<td>R</td>
</tr>
<tr>
<td><strong>-248,229.00</strong></td>
<td>927,729.00</td>
</tr>
<tr>
<td>ACCUMULATED FUNDS AT BEGIN OF YEAR</td>
<td>R</td>
</tr>
<tr>
<td>1,258,583.00</td>
<td>330,854.00</td>
</tr>
<tr>
<td>ACCUMULATED FUNDS AT END OF YEAR</td>
<td>R</td>
</tr>
<tr>
<td>1,010,354.00</td>
<td>1,258,583.00</td>
</tr>
</tbody>
</table>

BALANCE SHEET AS AT 28 FEBRUARY 2010

<table>
<thead>
<tr>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASSETS</td>
<td>R</td>
</tr>
<tr>
<td>NON-CURRENT ASSETS (Equipment and vehicle)</td>
<td>107,150</td>
</tr>
<tr>
<td>CURRENT ASSETS</td>
<td>R</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>68,000</td>
</tr>
<tr>
<td>Cash Resources</td>
<td>1,444,421</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>1,619,571</td>
</tr>
<tr>
<td>RESERVES AND LIABILITIES</td>
<td>R</td>
</tr>
<tr>
<td>ACCUMULATED FUNDS</td>
<td>1,010,354</td>
</tr>
<tr>
<td>NON CURRENT LIABILITIES</td>
<td>R</td>
</tr>
<tr>
<td>CURRENT LIABILITIES</td>
<td>R</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>190,050</td>
</tr>
<tr>
<td>Current Portion of Non Current Liability</td>
<td>54,349</td>
</tr>
<tr>
<td>Receipts in Advance</td>
<td>284,288</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>1,619,571</td>
</tr>
</tbody>
</table>
BULUNGULA INCUBATOR

The Staff Who Make it Happen

The achievements of the past year would not have been possible without the commitment and hard work of an amazing staff.

Bulungula staff members live and work in the village, often under very difficult circumstances and without access to the most basic amenities. Thank you to the Bulungula Incubator Team –

- Funeka Jija – ELC Teacher (4-5 years)
- Xolisa Dayimani – ELC Teacher (3-4 years)
- Nokonwaba Mbi - ELC Teaching Assistant
- Nangamso Debe - ELC Teaching Assistant
- Phikiswa Gashe - ELC Teaching Assistant
- Nokolo Bless – Trainee Librarian
- Annette Champion – Education Projects Manager and Teacher (Grade R)
- Phumzile Msaro – Essential Oils Project Field Manager
- Charles Starling – Essential Oils Project Manager
- Vuyani Olo – Community Facilitator
- Khuselo Gcelu – Community Facilitator
- Peter Nyawiri – Administration and Maintenance Manager
- Banda Jakatyana – No-ofisi Gardener
- Kholiswa Ncokola – No-ofisi Gardener
- Nophumzile Makhwenkwe – ELC Caretaker
- Mtshatsha Nkwaza – ELC Caretaker
- Vuyani Gashe - Night Watchman
- Gadlela Bhukwana – Night Watchman
- Sonja Giese – Director

Thank you also to our long term volunteers Alan Hughes (from SA), Felix Pletziger (from Germany) and Karen Kievit (from the USA), and our many other visiting volunteers – each of whom has contributed to the success of the past year.

A Big Thank You to Our Donors

There are so many people to thank for their generosity over the past year.

Bulungula Friends from far and wide have contributed in cash and kind, and several individuals have raised funds on our behalf through some pretty creative fundraising events!

Our organisational growth over the past year was made possible by a core grant from Deutsche Bank.

Our sustainable livelihoods projects are funded primarily by the Old Mutual Foundation. The OMF has also funded several other smaller projects in the village (including water tanks, toilets and a community food garden).

Primary sponsors of the Jujurha Early Learning Centre and Library include: the Nussbaum Foundation, Raith Foundation, Ford Foundation IFP (SA), Truworths, Solon Foundation, DG Murray Trust, Niehoffs Kaffeerösterei, Transnet and several individuals, families, independent schools and clubs.

The Bulungula boreholes have been sponsored by the Nedbank Foundation. Many thanks also to the Tapini Project for their help with the Spring Water Protection Programme, and to the many people who responded to our appeal for assistance in addressing the water crisis.

Many individuals (mostly guests from the Bulungula Lodge) have supported our Rural School Development Programme. In addition, donations towards the rebuilding of No-ofisi SPS were received from the Percy Fox Foundation, Global Spokes, SANZAF, Metropolitan, Shayne Brondel, Diet’n family, BAZ Bus, and Sint-Bernardus College.

Our food gardens and nutrition programmes have been sponsored by Breadline Africa, Daddy Longlegs, and the Ford Foundation IFP (SA).

We are extremely grateful for all of your support - your donations help keep our projects going and growing.

We look forward to another exciting year ahead!

THANK YOU!
If you would like to make a donation to the Bulungula Incubator, you can do so safely via our blog www.bulungulaincubator.org or directly into our bank account:

- **Name of account holder:** Bulungula Incubator
- **Name of bank:** Standard Bank
- **Branch:** Thibault Square
- **Branch Code:** 020909
- **Type of account:** Current
- **Account number:** 07 066 1480
- **Swift address:** ZA 020909 070661480

Donations of clothes, toys, books etc are also welcome.

If you would like to be added to our e-newsletter mailing list, please email your details to sonja@bulungulaincubator.org