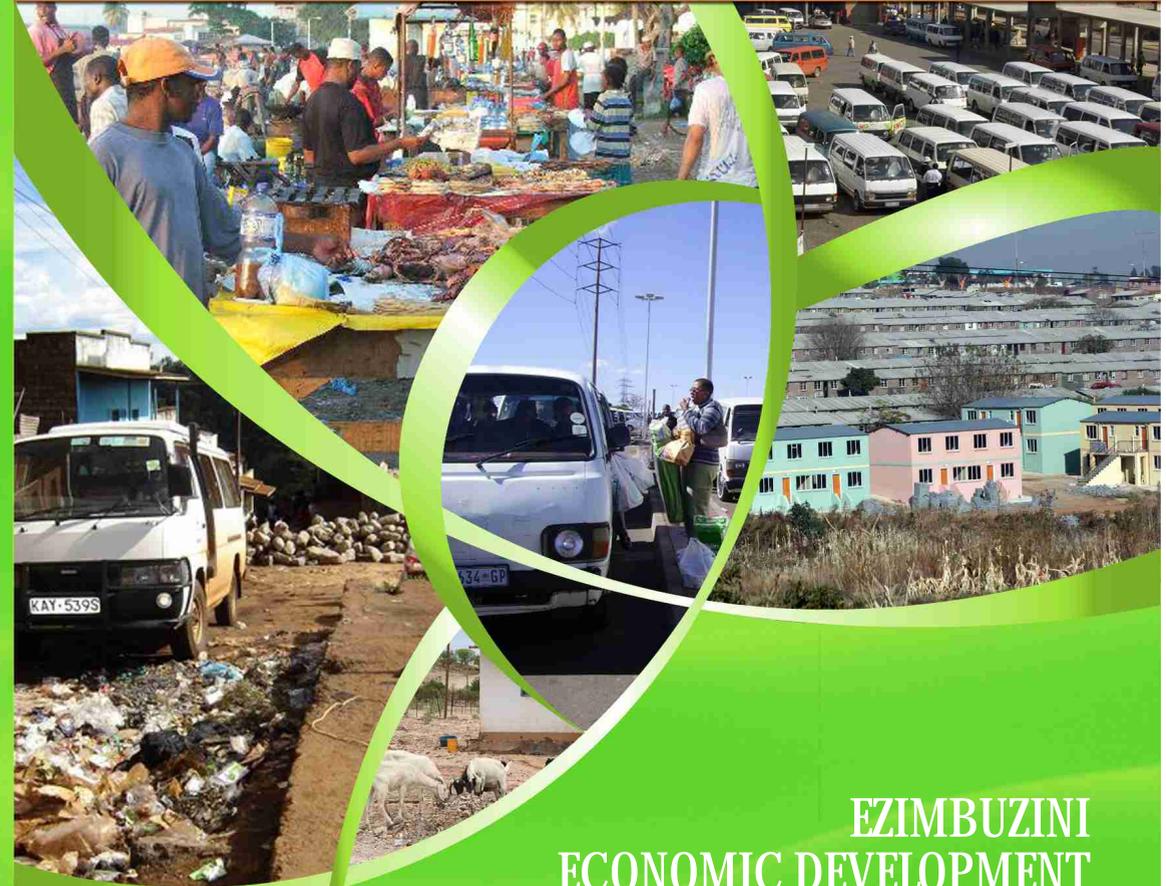


MONITORING AND EVALUATION UNIT



EZIMBUZINI ECONOMIC DEVELOPMENT NODE: PHASE I PROJECT EVALUATION 2008



Department of Economic
Development
Umnyango Wezokuthuthukiswa
Komnotho

KWAZULU - NATAL

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Study commissioned to Umhlaba Development Services

ABBREVIATIONS AND ACRONYMS

DED	Department of Economic Development
KZN	KwaZulu-Natal
LED	Local Economic Development
M&E	Monitoring and Evaluation
PSC	Project Steering Committee
PSEDS	Provincial Spatial Economic Development Strategy
SDB	South Durban Basin
SME	Small and Medium Enterprises
TOR	Terms of Reference

Introduction

The KwaZulu-Natal Department of Economic Development (DED) is mandated and committed to enhancing the economy of the province, which it pursues through its programmes. A set of project evaluations were commissioned by the DED in 2007 to determine the achievement of the funded projects and the impact these projects had in stimulating and growing economic development in sectors or at local levels. The criterion applied by the DED was that the selected projects had to have been in existence for no less than 18 months, thereby providing enough information for evaluation purposes.

This project evaluation focuses on the Ezimbuzini Economic Node Development, which is an innovative partnership project between DED, eThekweni Municipality's Economic Development Unit and the South Durban Basin Area Management and Development Programme.

The evaluation was conducted by Umhlaba Development Services.

This report presents the evaluation findings, analysis, and recommendations of phase one of the development of Ezimbuzini Economic Development Node. The report identifies the key findings related to the DED's strategies and internal project management processes vis-à-vis the needs of the community. Based on these key findings, the report provides analysis and conclusions according to the above evaluation parameters. The report concludes with proposed recommendations intended to improve the current performance of the DED.

Evaluation Objectives

The objectives of the study are to evaluate the project according to the following primary evaluation parameters:

- The relevance of the project: by assessing the objectives against problems to be solved
- The efficiency of the project: by assessing the relationship between activities or inputs and outputs
- Reviewing the effectiveness, as reflected in the relationship between the results (outcomes) and the purpose of the project
- The impact of the project in terms of contributing to broader departmental and sectoral goals
- The sustainability of the benefits flowing from the project

Research Methodology

The fieldwork and research undertaken by the evaluation researchers was both quantitative and qualitative. Fieldwork was conducted using structured





questionnaires and probing. Literature pertaining to the project was reviewed as well as any available documentation held by the project. The fieldwork comprised of face-to-face interviews, telephonic interviews and the usage of e-mail with staff from the DED, Ethekewini Municipality, a local Ward Councillor, and people who operate businesses in Ezimbuzini.



Planning for this and other evaluations done from January to March 2008 allowed the researchers more time to co-ordinate interviews and site visits. Information letters were distributed to Project Managers in early February informing them about the terms and conditions of the project evaluations. Project Managers were required to indicate the convenient dates for face-to-face and telephonic interviews and site visits for themselves, their partners and their beneficiaries.



The Project Manager only informed some of the beneficiaries and partners of the evaluation process and this created an obstacle for the researchers when they tried to set up dates with partners and beneficiaries who had not been contacted.

Accessing documentation from the Project Manager was slow and inconsistent, which created a long lead time between the site visits and the report writing phase and resulted in researchers having to do numerous follow-ups over an extended time period. In order to mitigate the effects of these delays, researchers obtained some of this documentation from partners instead of from the DED.

Strategies of KZN DED

The KZN DED programming strategies nest within the framework of the provincial Spatial Economic Development Strategy (PSEDS). The PSEDS sets out pillars, priority sectors, critical success factors, required basic services and a spatial framework to guide planning and investment in building the provincial economy. The critical success factors identified by PSEDS are:

- Local level LED planning
- Centralised coordination and full time support systems
- Clustering of packages and Investment protocols
- Impact measurement and M&E systems
- Common planning boundaries

This spatial development policy elaborates a system of nodes and corridors to prioritise and focus state and private sector investments and efforts to promote local economic development. The Ezimbuzini node is an integral element of this spatial framework.

One of the main strategies of the KZN DED is to ensure that a reasonable number of previously disadvantaged individuals are assisted to access the mainstream economy within the province, through either forming partnerships and/or joint ventures with private companies or accessing business opportunities resulting from government's supply chain management framework.



The primary role of the DED projects at local level is threefold, namely

1. To facilitate processes with relevant stakeholders
2. To build capacity in beneficiaries
3. To allocate resources commensurate with the planned project outcomes.



Once these roles are accomplished, the DED takes on the responsibility to assess the quality of the services and to monitor the success of the project through the impact and changes it creates within the economy.



Another strategy of the KZN DED is to work in partnership with other organs of state to promote economic development. In the Ezimbuzini Economic Development Node project, the DED has partnered with the eThekweni Metropolitan Municipality, as elaborated in the section below on the project context.

Project Context

The need to bridge the gap between the first and second economy by broadening participation of the previously disadvantaged people in the mainstream economy has been served in many ways in South Africa.

The Constitution of South Africa makes provision for three spheres of government, which are distinctive, interdependent and inter related, namely the national, provincial and local government spheres.

The 1998 the White Paper on Local Government provided the basis for local government geared towards development by putting forward a vision of the developmental role of local government, centred on working with local communities to find sustainable ways of meeting their needs and to improve the quality of their lives. The White Paper identifies four inter-linked characteristics of local government geared towards development: exercising municipal powers and functions in a manner which maximises their impact on social development and economic growth; playing an integrating and co-ordinating role to ensure:

1. Alignment between public and private investment within the municipal area

2. Democratising development
3. Empowerment of the poor
4. Re-distributing income and opportunities in favour of the poor; and building social conditions favourable to development.

One of the critical aspects for ensuring that local government delivers on its constitutional mandate is the promotion of local economic development in their respective areas by creating an enabling environment.

The DED has structured its programmes to engage effectively with the national and municipal challenges that pose the biggest threat to economic development in the province. The strategic objective of the Local Economic Development sub-programme is “to develop a pipeline of sustainable LED projects that are partnership based and leverage public and private resources to fund them, as well as build the capacity of municipalities and other local stakeholders to plan and manage local economic development”.

The eThekweni Municipality has developed an Economic Development Framework for the South Durban Basin (SDB). The Ezimbuzini Economic Development Node project is an integral component of this spatial economic development framework.

Ezimbuzini is located in the South of eThekweni Municipality in the periphery of Umlazi. The area serves as a transport hub for people who are staying in Glebe Hostels, the nearby informal settlements and Umlazi South. The current land use includes a taxi rank, retail wholesalers, a traditional medicine market, goat traders, mechanics, informal traders and driving schools. The spatial plan of the area pre-dates the new South African local government dispensation. The area is characterised by degeneration, high levels of congestion and an environment that is not conducive to the conduct of businesses. It is also under pressure from informal settlement influx that it cannot absorb.

The eThekweni Integrated Development Plan includes amongst other goals the creation of sustainable economic growth and job creation towards building strong and vibrant local communities and regenerating existing residential areas so that residents' quality of life is improved. In accordance with the municipality's spatial development framework, infrastructure has been designed and implemented to facilitate access to metropolitan areas, with provision of public facilities for the communities and upgrading of economic development through the dedicated municipal area-based unit.

Project Description

The Ezimbuzini Economic Node Development project is a partnership between the DED and the eThekweni Municipality, more specifically the South Durban Area Based Management Unit, which carried the responsibility for project management, and the Ethekewini Municipality Economic Development Unit, which played a contracting role among eThekweni Municipality, DED and the service provider.

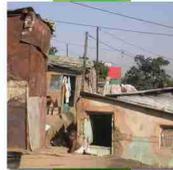
The overall development principles of the project are drawn from the Durban South Basin Area Based Development Management office's overarching development principles, which are as follows:

- Arrest decline of the area
- Improve public and residential environments
- Improve the image of the area, enhance citizen's pride, satisfaction and safety
- Re-orientate delivery systems
- Improve systems of governance
- Enhance human capacity through social, economic and skills development
- Ensure equitable access to community facilities, services and economic activities
- Improve infrastructure
- Establish a development platform at an area level
- Spatial reorganisation and development of the nodes

The objectives of phase one of the project were to investigate the current economic functioning of the Ezimbuzini Economic Node and surrounding areas, with specific reference to the following:

- Traffic patterns and issues
- Ascertain commercial strengths and weaknesses
- Ezimbuzini competitive assessment with more focus on implementable projects to regenerate this area
- Provide strong economic recommendations for retaining and expanding the investments of the area by communities
- To develop urban design, management and mitigation measures to improve the visual impact of Ezimbuzini Node

Phase two of the project will involve a process of integrating what has emerged into the broader Umlazi LED Strategy.





KEY FINDINGS

Project Initiation

To maximise participation by stakeholders, a Project Steering Committee (PSC) comprising DED and eThekweni Municipality was established. Given the nature of the investigation, which looked at various facets of regeneration of the economic functioning of the area, a number of different units within eThekweni Municipality form part of the PSC. These included:

- The South Durban Area Based Management Unit
- The Economic Development Unit
- The Planning Section of Housing Department
- The Traffic and Transportation Unit.

The reason for establishing a multi-disciplinary PSC was to ensure that as far as possible the project deliverables are holistic and are informed by the wider eThekweni Municipality's development planning, as any development of Ezimbuzini will in turn impact directly on the functioning of the eThekweni Municipality.

The Economic Development Unit of the eThekweni Municipality contracted a service provider to carry out the study.

Project Design

As indicated above, the project is a partnership between the DED and the eThekweni Municipality. These parties entered into a formal agreement, which is expressed in the Memorandum of Agreement.

The project is part of a wider strategy by the eThekweni Municipality to create an investment corridor in the South Durban Basin (SDB), and to enhance the economic growth of the area. The strategy entails establishing economic development nodes for increased intensity of land use and ensuring interrelationships across the nodal areas. This is facilitated by the South Durban Area Based Management Unit.

The project fits into the broader parameters of the eThekweni Municipality planning framework. Firstly it feeds into the broader Umlazi local economic development strategy at the local/sub-regional level. This level and scale of planning in turn feeds into the eThekweni Municipality's Accelerated and Shaped Economic and Growth Strategy, which feeds into the eThekweni Integrated Development Plan, which in turn feeds into the metro municipality's long term development framework.



The project is being implemented in two phases. The strategic aim of phase one was to investigate the status quo of the area and to formulate an urban design framework plan that would attract new investments, and improve the existing infrastructure. The financing agreement between the DED and eThekweni Municipality was that the DED would provide funding for phase one, with eThekweni Municipality providing funding for phase two. The funding that was provided to the project by the DED for phase one was R150 000.

Project Planning

The phase one of the economic node development was essentially a situational analysis, which was designed to be completed within one month. With hindsight, the experience suggests that this planning was not feasible. The TOR for this project produced by eThekweni Municipality and dated February 2007 did recognise that the time frame of one month for the project's implementation was tight, stating "tight management of project will be expected according to milestones to ensure meeting of deadlines and the provision of bi-weekly reports." However, the scope of the TOR was quite broad: in addition to a range of deliverables (including a database of the businesses and stakeholders, a communication plan and report, a land audit report, a report on urban management, facilities/amenities and infrastructure), it required that prioritised projects and an intervention plan be delivered, categorised into short, medium and long term time frame, with concepts, designs, and costing or bills of quantities. In addition, the TOR required that the service provider facilitate processes with stakeholders in order to deliver "buy-in from the relevant government units and businesses".¹



¹ It is noted that the project initiators may have been under time pressure related to the departmental financial year-end at the end of March.

The finding of this evaluation is that the project plan, while being clear and appropriate in specifying a wide range of deliverables, was not feasible, due to the unrealistic implementation time frame of one month, and that this weakness led to other implementation difficulties, and the delaying of phase two of the project.

Project Implementation

The implementation of the Project was outsourced to an external service provider. The service provider brought into the project expertise including town planning and urban design, engineering, research and community facilitation.

As implied by the above findings regarding the unrealistic implementation time frame, in practice implementation took three months to complete, instead of the one month prescribed.

The implementation of the project included the following activities:

- Consultation process with stakeholders
- Survey research administration and data collection
- Focus group consultations
- Facilitation of workshops
- Project Steering Committee reporting

Implementation of these activities was in the main driven by the service provider, with eThekweni Municipality managing the process, including the convening of the PSC meetings. The status quo report that was delivered described the physical, spatial and economic aspects of Ezimbuzini and presented an overall picture of the local context.

The DED played a limited facilitation role, with the eThekweni Municipality playing the lead facilitation role. The service provider report for the Ezimbuzini study included the following recommendations:

- “The Project presents an opportunity for DED to enhance their learning about promoting Local Economic Development using a development node as a vehicle. The nodal development is a relatively new phenomenon in areas which were marginalised by the previous South African economic dispensation. We propose that during the implementation of phase two, more space should be created for harvesting learnings with regards to the facilitation of processes of this kind.
- With reference to DED’s Objectives: The status quo and conceptual development framework presents data both quantitative and



qualitative. Setting indicators or targets for the next development phase of the Project will help with monitoring the extent to which the project is contributing to DED's overall objectives and the national objectives. A learning opportunity for the DED has to some extent passed by through its limited involvement."

ANALYSIS

The following analysis of the project is based on the key findings coming out of the fieldwork and observations by the researchers.

Relevance

Relevance is about designing an intervention that responds to a particular context at a given time and targets appropriate people.

From the information presented on the project context and the project description and from the findings relating to the project design, it is clear that the project focus and purpose around developing an economic node at Ezimbuzini is well situated within a hierarchical system of spatial and strategic planning of the eThekweni Municipality. The initiative by the eThekweni Municipality to establish the SDB is a specific programme to achieve urban regeneration and create an enabling environment for economic development.

From the perspective of people operating businesses in the area and people living in the surrounding informal settlement, the project is a step towards re-generating the area, with the intention of creating sustainable economic growth and job creation and enhancing the quality of their lives.

Further, the project will also feed into the broader development of Umlazi, which is characterised by high unemployment, HIV and AIDS, amongst other challenges.

The Ezimbuzini project is a partnership project focused on creating conducive conditions for and managing of local economic development. The project has succeeded in leveraging funding from the eThekweni Municipality, as the Municipality is responsible for funding phase two of the project. The prevailing conditions of degeneration, congestion and rapid unplanned change, as well as the high levels of poverty and unemployment in Ezimbuzini, all indicate a great need for such a programme and project. Therefore, the Ezimbuzini project is found to be highly relevant, from the points of view of the eThekweni Municipality, the DED and the local stakeholders in Ezimbuzini area.





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Efficiency

The efficiency of a project is mainly concerned with the management of the project's utilisation of resources (inputs) in order to achieve the desired outputs.

As noted above, the project was planned to be implemented within a period of one month. However, it took three months. This delay has resulted in the delaying phase 2 of the project. Noting that the eThekweni Municipality is responsible for funding phase two of the project, the procurement for phase two of the project by the eThekweni Municipality could only begin after June 2007. By the close of 2007 this process had been completed. At the time of the evaluation, phase two was in the initial phase.

The hands-on approach of the service provider and the dominant role of the eThekweni Municipality in the project limited the DED's direct role in the implementation of the project. The role of the DED was further constrained by its limited capacity and the time constraints faced by the DED staff member allocated to the project.

The limited direct involvement of the DED in the project's implementation in turn limited the visibility of the DED at community level: as a result, the community did not see the project as a partnership. The community saw the project as an intervention by eThekweni Municipality.

A positive finding of this project evaluation is the confirmation that the budget allocated to the project and the dispersing of the funds was both adequate and clear.

Effectiveness

The effectiveness of a project is determined and based on the extent to which the project has achieved its desired outcomes.

The status quo document produced by the service provider includes deliverables such as the database of businesses, stakeholders and prioritised projects. This evaluation was not able to verify the extent to which buy-in of relevant government units and businesses was secured, since phase one of the project focussed on the study and on developing a database to be used in phase two and in future development of the area.

The study has provided the platform for initiation of phase two of the project, in which the DED is to provide capacity building, and the eThekweni Municipality is to provide funding and project management. Both partners have allocated resources for their inputs into phase two of the project.

To this extent, phase one of the project was effective in laying foundations for the planning and implementation of phase two.

The project is also found to have been successful in leveraging funds, since the eThekweni Municipality has committed funds for phase two, including development of the urban design and infrastructure of the area.

With regard to the partnership, the project can be considered successful in that the partnership between the DED and the eThekweni Municipality has enabled successful completion of phase one of the project. However, the relationship within the partnership during phase one had limitations, because of the extent of responsibility for driving the project taken by eThekweni Municipality and the service provider, hence limiting the roles and profile of the DED during this phase.

Although the initial infrastructure development of the area is beginning to happen, the project is still in too early a stage to provide any concrete evidence of the project's outcomes in terms of local economic development. At the time of the evaluation, construction had started on the Traditional Medicines Wholesaler facility and the building from which goat sellers will trade.

Impact and Sustainability

Impact is the outcome of this project on the lives of the participants and community in terms of improving their economic livelihoods. Sustainability is concerned with the continuation over time of the project's benefit flows after the project itself has completed its delivery.

As stated above, it is still too early to assess the impact of the Ezimbuzini Economic Node Development project, as the completed phase one of the project was an investigation. The intervention part of the project had not yet begun when the data collection for the project evaluation was done.

However, while noting that the overall DED objectives are job creation, and skills and entrepreneurship development, the following assessment is provided relating to strategic-level objectives with the project's outcomes and anticipated impact.



Objective	Analysis
Stimulate and develop partnerships for sustainable economic development projects at local level	The Project is a partnership between the DED and the eThekweni Municipality and is geared towards developing an economic node for business people in Ezimbuzini. The investigation that was conducted was to ensure that economic development projects would be implementable and sustainable.
Facilitate business growth (especially Small and Medium Enterprises) and lever private investment that will specifically benefit the poor.	The regeneration of Ezimbuzini seeks an environment that is conducive for the growing of small businesses operating in this marginalised and low income area, with an enhanced ability to attract investment.
Monitor and evaluate local economic development with a view to understanding its impact and share learnings.	The status quo investigation study done in phase one of the project provides a form of baseline against which future local economic development may be tracked.



The sustainability of the benefits flowing from this project is dependent on effective and timely implementation of phase two (including potential economic development projects that have been identified in the Ezimbuzini study), and the building of individual and organisation capacities of role players in the Ezimbuzini area.

Although most businesses in the area are informal, the new development has brought new challenges and possibly constraints to some of the informal business people. For example, under the current plans, goat traders will be confined to a relatively small building that is currently under construction. The building, while providing for improved environmental hygiene, is unlikely to provide sufficient and conducive space to conduct their business.

The high levels of congestion in the area are generally not environmentally friendly, nor conducive to environmental health.

Achievement of the intended outcome of the project to improve the community's quality of life in this locality will remain dependent on continual engagement with the community. Capacity building of individuals and enterprises in Ezimbuzini is essential to achieving sustainable benefit flows from this project.

CONCLUSIONS AND RECOMMENDATIONS

With regard to the project's initiation, this evaluation finds that this aspect, while possibly working according to agreed allocated roles based on relative institutional strengths and positioning, was in some degree problematic in that the process was handled and dominated by the eThekweni Municipality, and that this had a detrimental effect on the extent of the DED's subsequent involvement and learning from the experience.

With regard to the project's design, the finding of this project evaluation is that the overall project design was sound and appropriate and could be used by the DED as a learning curve for area-based LED planning.

With regard to the project's planning, this evaluation concludes that the project planning was weak concerning the time frame set for the implementation of the project. The planned implementation time frame of one month was not feasible, and this led to other implementation difficulties and the delay of phase two of the project.

Recommendations based on the above analysis are:

- In its partnerships with other institutions in funding and implementing projects to support economic development, the DED should include in the Memorandum of Understanding processes for monitoring and evaluation of the project's outcomes, with joint review of the lessons learned from the project.
- The DED should create a platform internally to explore how the model that is being used in this project could be further explored as a vehicle for local economic development in other areas.
- The DED should provide capacity building for DED project managers in project planning.
- When phase two is implemented, more attention should be given to drawing out the learnings from phase 1.
- Indicators and target setting for phase 2 is essential, as this will assist in the M&E of phase 2.
- The DED should conduct a training needs assessment of local business people in the area to inform them of the planned capacity building interventions in phase two. Capacity building should be a process undertaken over time coupled with mentorship and coaching.





Appendix A: List of Documents Consulted

1. Terms of Reference: Ezimbuzini Economic Development Node Development Investigation, February 2007
2. Inception Report: Ezimbuzini Economic Development Node
3. Ezimbuzini Economic Development Node: Status Quo and Conceptual Development Framework
4. Ezimbuzini Development Node Plans
5. DED's LED Monthly Programme and Project Tracking Sheet: August 2007
6. DED Strategic Plan, 2005 – 2010
7. Local Government White Paper, 1998
8. Constitution of the Republic of South Africa
9. Local Economic Development: A review of its current status in South Africa
10. Ethekwini Municipality Website



Appendix B: List of Persons Interviewed

Name	Organisation	Role/Position
1. Marcelle Abrahams	DED	Deputy Manger, Finance
2. Bongani Mkhize	DED	Deputy Manager, LED Projects
3. Noma Sokhele	Ethekwini Municipality (South Durban Basin)	Manager, Economic Development
4. Cllr Mjobe	Ethekwini Municipality	Ward Councillor
5. Smanga Makhathini	Nomkhubulwana	Chairman
5. Mbulelo Basi	Nomkhubulwana	Secretary
6. John Mbambo	Nomkhubulwana	Member
7. Richard Hadebe	F & G Taxi Association	Member

Notes

