



# FINAL REPORT

## DOCUMENTING LESSONS AND OUTCOMES OF THE BUSINESS ENABLING FUND (BEF) OF THE GIJIMA KZN LED SUPPORT PROGRAMME

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The views expressed in this document are those of the authors, and not necessarily those of the European Union, of Gijima KZN, or of the Technical Assistance Unit (National Treasury).

# ABBREVIATIONS AND ACRONYMS

AM	Area Manager
AWP	Annual Work Plan
BEE	Black Economic Empowerment
BEF	Business Enabling Fund
BF	Business Forum
BMF	Black Management Forum
CA	Contracting Authority
CAP	Competitiveness Action Plan
CfP	Calls for Proposals
CBO	Community Based Organisation
CEO	Chief Executive Officer
CNP	Competitive Negotiated Procedure
CV	Curriculum Vitae
DEDT	Department of Economic Development and Tourism
DFID	Department for International Development
DM	District Municipality
ECD	European Commission Delegation
EU	European Union
FA	Financing Agreement
FCT	Finance and Contracting Team
FCU	Finance and Contracting Unit
FF	Funding Forum
FI	Financial Institution
FIF	Financial Innovation Fund
FWC	Framework Contract
GB	Grant Beneficiary(ies)
GPAT	Gijima Participatory Assessment Techniques
GLTP	Gijima Local Economic Development Training Programme
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome
HR	Human Resource
HRM	Human Resource Management
ICT	Information Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IPMU	Interim Project Management Unit
IT	Information Technology
KZN	KwaZulu-Natal
KZN EU LED	KwaZulu-Natal European Union Local Economic Development
LAO	Local Area Offices
LAN	Local Area Network
LED	Local Economic Development
LCF	Local Competitiveness Fund
LAO	Local Area Offices
LG	Local Government
LM	Local Municipality
LMRF	Learning Monitoring and Research Facility
LSM	Living Standards Measure
LTE	Long Term Experts
M&C	Marketing & Communications
M&E	Monitoring & Evaluation
MIS	Management Information System
MLRF	Monitoring Learning and Research Facility
MOU	Memorandum of Understanding

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NAFCOC	National African Federation of Chambers of Commerce
NCF	Networking and Co-operation Funding
NGO	Non-Government Organisation
OVI	Objectively Verifiable Indicator
PCU	Project Coordinating Unit
PACA	Participatory Appraisal for Competitive Advantage
PDMT	Project Development and Management Team
PE	Programme Estimate
PMS	Performance Management System
PMSU	Procurement and Monitoring Support Unit
PPP	Public Private Partnership
PRAG	Practical Guide
PSC	Programme Steering Committee
RA	Result Area
RSA	Republic of South Africa
SAQA	South African Qualification Authority
SALGA	South African Local Government Association
SBP	Small Business Project
SEDA	Small Enterprise Development Agency
SETA	Sector Education Training Agency
SMME	Small Medium and Micro Enterprises
STE	Short Term Expert
SWOT	Strengths
Weaknesses	Opportunity and Threats
TA	Technical Assistance
TIK	Trade and Investment KwaZulu-Natal
TL	Team Leader
TOR	Terms of Reference
VAT	Value Added Tax

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# 1 POLICY BRIEF

*The policy brief highlights the key considerations for policy-makers emerging from the evaluation of the Business Enabling Fund (BEF). What is described are the outstanding observations made with a high degree of confidence and judged as most pertinent for policy formulation going forward. It is important to note that the policy brief is not comprehensive, and additional findings of value to policy would be documented in the remainder of the evaluation report.*

## Conclusion

This evaluation finds that the Business Enabling Fund of the Gijima Programme implemented in KwaZulu-Natal made a substantial contribution to institutionalising the Local Economic Development function at district and local municipality level.

# 2 EXECUTIVE SUMMARY

*The executive summary presents the conclusions of the evaluation arranged according to the OECD-DAC criteria of development effectiveness: Relevance, Efficiency, Effectiveness, Impact, Sustainability and Replicability. The evidence supporting each of the findings is presented in the body of the report.*

## 2.1 Introduction

- The Business Enabling Fund (BEF) is a grant-funding mechanism, the primary objective of which is to support local authorities in the creation of business-enabling environments that nurture economic growth while promoting pro-poor development.
- The BEF is one of three broadly integrated funding instruments administered under the KZN Local Economic Development (LED) Support Programme known as Gijima. The two complementary funding mechanisms are the Local Competitiveness Fund (LCF) providing grants for enterprise development projects, and the Networking and Cooperation Funding (NCF) mechanism that supports procurement related to training and knowledge exchange for LED.
- Feedback Research and Analytics, under sub-contract to the National Treasury's Technical Assistance Unit (TAU), was commissioned to undertake an evaluation of the BEF in order to document outcomes and lessons learned consequent to its implementation.

## 2.2 The Purpose and Objectives of the Evaluation

- To establish the outcomes attained by the BEF:
  - **STUDY OBJECTIVE 1:** Determine the nature and extent to which BEF projects have contributed towards fund, programme and broader LED outcomes in their respective localities, paying specific attention to how and whether the BEF projects have any relevance or have rendered any results in terms of locality and local government LED processes.
  - **STUDY OBJECTIVE 2:** Determine the nature and extent to which the BEF has contributed to the establishment and operation of an enabling environment for business in a locality.
- To determine the effectiveness of the BEF model:

- **STUDY OBJECTIVE 3:** Identify weaknesses relating to the BEF design and objectives, grant eligibility, approval or implementation and how existing weaknesses may be mitigated or eliminated.
- **STUDY OBJECTIVE 4:** Propose amendments to the Business Enabling Fund model or alternative models or instruments for support to the government sector in the effective development and operation of an enabling environment for business.

## 2.3 Methodology

### 2.3.1 The Evaluation Design and Theoretical Perspective

Three key methodological choices constitute the foundation of the evaluation design:

1. The adoption of a **realist perspective** as the framework for methodological choices and the interpretation of findings.
  - Realist evaluation assigns equal primacy to context and intervention or mechanism. It assumes that the impact of a mechanism will vary depending on the conditions in which it is introduced, and that what works to produce an effect in one set of circumstances will not necessarily work to the same effect in another set of circumstances (Tilley, 2000).
  - Policy-makers and practitioners are better served by realist evaluations in understanding how policies and programmes work under specific conditions, and translating those policies and practices to other contexts in a manner sensitive to a new set of specific conditions.
2. The preference for identifying programme **contribution** rather than attribution in linking the intervention causally to progress towards outcomes.
  - Comprehensive triangulation, or methodological pluralism is intended to generate a ‘dialectic of learning’, that attempts to make sense of voluminous, often contesting data that typifies complicated and complex social phenomena, programmes and implementation contexts.
  - Triangulation equips the evaluator with the evidence to make claims about the working of the mechanism in context, such that those claims are plausibly consistent with the data.
3. Employing an **integrated mixed methods design** and triangulating across both data and methods to enhance the rigor of the evaluation.
  - The validity of attributing higher level outcomes to interventions becomes problematic, firstly because there is a time lag between programme implementation and the emergence of impacts; and secondly because evaluations simply do not unpack the potential multi-causality of outcomes in complex contexts but erroneously default to attributing results exclusively to the intervention – an error that severely undermines learning for policy formulation and future programming.
  - Contribution analysis offers an alternative to attribution biased methodologies and a mitigation of the errors attribution statements introduce. Contribution analysis aims to find “credible ways of demonstrating that you have made a difference through your actions and efforts to the outcomes” (AusAID, 2004, p.1).
  - The data collection, the data and the analytical methods applied were mixed. A detailed overview of data sources, nature and analytical methods applied is presented in Table 3: Overview of data sources and data processing.

### 2.3.2 Evaluation Components

In order to best respond to its objectives within a complex context, the evaluation included four components:

1. Interrogation of programme documentation and experience
  - This included an extensive desktop review of program documentation, supplemented by interviews with a sample of key informants that included those representing the funding function of the BEF; the conceptualization and design of the BEF; the administration and management of the BEF; the Program Steering Committee and short-term experts.
  - This stage generated findings on the BEF program theory and intervention logic, funding and institutional arrangements, the management and operational procedures of the BEF, and perceptions from key informants on progress towards realising programme outcomes.
2. Grounding of findings in theory and the literature
  - To do justice to the complexity of the intervention in its context it is necessary to explicitly locate the Gijima programme at its historical juncture. The specific conditions of policy priorities, governance and the structuring of service delivery portfolios prevailing in 2003, as well as the maturity of LED practice at local authority level, all have important implications for the evaluative judgments applied to the findings of this evaluation.
3. Investigation into funded projects processes and results
  - Project monitoring data was reviewed and supplemented by a survey of key project level informants covering the entire BEF project portfolio of 87 projects.
  - An additional level of granularity was introduced to enrich findings from this component, with 10 completed and terminated BEF projects being discussed during in-depth interviews.
4. Validation of findings in comparison to similar funding mechanisms
  - In order to confirm at least a degree of external validity in the lessons learned, a comparative analysis with funds displaying similar characteristics and operating in a similar context was conducted.
  - Data was collected through in-depth interviews with key informants representing the comparison funds and subjected to a thematic content analysis.

### 2.3.3 Limitations

- There is an absence of normative baselines against which to assess fund performance and change for the better. There is no standardised 'before' measure of the extent to which the 'environment' in KZN was 'enabling for business', against which an 'after' measure can be systematically drawn.
- Identifying a directly comparable mechanism for benchmarking purposes is difficult; identifying a comparable mechanism within a comparable context is substantially more so. The effect of complexity on the evaluation is to limit the validity of all normative or benchmarked assessments.
- The absence of knowledgeable respondents due to staff turnover and the consequent loss of institutional memory about the detail of the BEF projects within beneficiary organisations impacted on the availability and reliability of data on project implementation.
- The incompleteness of some secondary data sets is problematic. Meticulous programme records were kept on most of the critical programme processes. However, there are some gaps, such as a log of inquiries from applying municipalities. Additionally there is inconsistency in the meticulousness with which record keeping was approached. For

example, while financial transactional data is detailed, reports evaluating the quality of project outputs did not adhere to the detailed evaluation template provided.

- The evaluation was confronted with peculiar difficulties in attempting to measure the sustainability of project outcomes. Not only did the given complexity of LED make judgments on sustainability problematic, but the nature of project level results, which tended to be primarily output level results with few accompanying deliberate and formal mechanisms for use of outputs, rendered most pronouncements on sustainability speculative.
- During component 3 of the evaluation an attempt was made to supplement existing secondary data with telephonic survey responses on the performance and impact of all 87 projects in the BEF portfolio. Initially the minimum number of respondents to ensure credibility could not be recruited and despite a supplementary survey effort this data set remains problematic.

## 2.4 Findings

### 2.4.1 Relevance

The BEF was a successful fit to the context in the following ways:

- The BEF was designed in response to the socio-economic imperatives of the context. It represented one of a set of complementary mechanisms that would contribute to the development of sustainable, spatially oriented solutions to economic development and social challenges.
- The BEF was responsive to the policy environment, demonstrating initiative in asserting a policy position that resolved a policy conflict between the twin priorities of social welfare and economic growth characterising LED in a plausible manner. The programme design demonstrated initiative in a nascent policy framework.
- The BEF was responsive to the institutional environment in critical aspects of its design:
  - it provided funding for an unfunded mandate;
  - to some extent it adopted a developmental approach in order to address the challenges inherent in an under-capacitated government sphere and an immature LED practice;
  - it mitigated financial risk by implementing appropriately rigid procedures; and
  - it supported cross-sectoral collaboration to some extent, through a number of its funded projects and in some of its institutional arrangements.
- To some extent the BEF was designed in accordance with the imperatives of scale indicated in the literature. It demonstrated a regional scope and was one mechanism of a set that was intended to comprehensively address the LED environment.

The BEF failed to adequately respond to the context in the following ways:

- The programme design underestimated the extent of the risk to programme outcomes inherent in the institutional environment. In terms of the lack of capacity at local government level, this is clearly demonstrated in the dilution of the developmental approach observed between learning sites and subsequent beneficiaries. The limited programmatic support to beneficiaries outside of the learning sites and the emphasis on a competitive rather than a supportive demand-driven model is accompanied by evidence of a drop in beneficiary performance.
- The BEF failed to exploit its province-wide scope to test the appropriate levels of scale for BEF categories of intervention.

### 2.4.2 Efficiency

- When considered against generic indicators of programme efficiency – available money spent, activity schedule adhered to, and the progress towards outcomes within spend and time constraints – the BEF does not appear to perform well.
- However the evaluation finds that the performance on efficiency is not primarily attributable to programme deficiencies but rather to characteristics of intractable context.
  - Spend: In the programme design efficiency was subordinated to effectiveness to ensure development impact, and that prioritisation was procedurally enforced. Spend was only authorised if quality criteria were met, from the submission of proposals to the final tranche for delivery of output. The under-expenditure of funds is directly attributable to poor performance at project, not programme, level.
  - Timeliness: Extensions to project deadlines were primarily due to project management delays, rather than programme management delays.
  - Achievement of outcomes: The agency for outcomes achievement was invested in service providers and beneficiaries, not the programme. However, it may be plausibly argued that a supportive rather than competitive programme design, with more emphasis on, and resources devoted to, beneficiary development within BEF project implementation, may have resulted in greater progress towards outcomes.

### 2.4.3 Effectiveness

- Two unanticipated consequences of implementation rendered the programme objectives as stated in the logframe, as well as the BEF related Objectively Verifiable Indicators (OVIs) irrelevant as performance measures:
  - The demand-driven nature of the fund resulted in a project portfolio that was disconnected from the ‘aspirational’ outcomes reflected in the logframe and OVIs.
  - Grants were used to fund the development of outputs rather than implementation projects, curtailing the level at which projects produced results and consequently requiring an adjustment of the level of measurement.
- Because the largest proportion of project results were outputs, the measures of effectiveness were adjusted to focus on quality of outputs in terms of three key criteria: fit for purpose, meet objectives and value for money.
- A sample of reports produced by technical experts indicated that the quality of outputs on all three criteria was disappointing and therefore, according to the systematic assessment process, the BEF was by and large ineffective (28% of outputs fit for purpose; 31% meet objectives; 44% are value for money).
- However, in interviews and the snap survey respondents indicated that 50 of the 70 BEF projects adequately reviewed in the evaluation have produced benefits, such as:
  - BEF project or outputs have been used to leverage funding
  - BEF project or outputs have been used to inform further plans or strategies
  - BEF project or outputs have led to improved understanding of LED amongst councilors and staff
  - BEF project or outputs have contributed to the prioritization of LED
  - BEF project or outputs have resulted in an increase in the number of staff
  - BEF project or outputs raised awareness of LED amongst staff and councilors
  - BEF project or outputs have produced consultative fora or structures that continue to operate
  - BEF project or outputs have resulted in key stakeholders being mobilised and partnerships formed

#### 2.4.4 Impact

The BEF intervened in an immature domain that in many municipalities had the status of ‘unfunded mandate’. The majority of requests were for the funding of entry-level outputs – LED plans. It is plausible to suggest, as the data does, that the intervention led to the delivery of entry-level outputs. These, and the experience of their production, better positioned the practice of LED at local government level in KZN. Even poor quality outputs represent a platform from which to launch more consequential initiatives, arguably a significant result in the context of weak or immature LED capacity.

#### 2.4.5 Sustainability

There is evidence that the BEF has produced some sustainable results:

- Additional financing for implementation of projects is being leveraged from other institutions
- Partnerships have been formalised in pursuit of further financing for project implementation
- Planned projects are intended to produce sustainable results when implemented
- BEF outputs have been integrated into municipal IDPs
- LED Units have been established in municipalities and therefore institutionalised
- Cross-sectoral partnerships have been established

## 2.5 Evaluative Pronouncements

- Was the BEF relevant to local LED?
  - The demand-driven model resulted in a portfolio of funded BEF projects that reflects the maturity of LED practice at the time. Whether demand driven or consultant market driven they arguably reflect fairly accurately the level of intervention required during the period of BEF implementation.
  - The competitive nature of the model and the limits to programmatic support available to beneficiaries during implementation ultimately contributed to poor quality of outputs as assessed by the technical experts.
- What results have they produced?
  - The BEF funded the production of LED-related outputs, primarily planning outputs, of diverse levels of quality and utility, with limited implementation.
- Have BEF projects contributed to an enabling environment for LED?
  - Indirectly rather than directly as initially envisioned. The evidence indicates that the BEF has contributed to a positioning of LED practice in local government as consequential.
- What works and does not work for whom under what circumstances?
  - A competitive demand-driven model is not optimal for a context in which local government has weak capacity and LED practice is immature. What would work is a diversified model that allows for local government with capacity to assert its role and drive development, while under-capacity is served with an even more intensive programme support function.

## 2.6 Recommendations

1. Under the circumstances of a generally weak sphere of local government and an immature LED practice a supportive demand-led model should be preferred over a competitive demand-driven model.
  - A mechanism such as the BEF is not adequately served by a generally complementary mechanism such as the NCF. Instead it requires a more intensive



- programmatic support function that provides technical assistance to beneficiaries throughout the project life cycle, results in immediately relevant skills transfer, and promotes efficiency through directly supporting adherence to procedural rigour.
- All mechanisms targeting municipalities as beneficiaries need to acknowledge and provide for differentiation in terms of capacity, funding and risk management at municipal level. Some local authorities will have the ability to generate and implement projects adequately and should be accommodated in the programme design.
2. Although the BEF had province-wide reach it did not test for the appropriate scale of intervention but for the most part funded projects with a localised municipal level focus. A BEF type mechanism could augment the value of its intervention scale by:
- Adopting a systemic competitiveness perspective that considers projects pitched at inter-municipal and regional levels and that pursue an integrated market development, funding multiple projects that cumulatively attempt to realise geographically broader-scaled development.
  - The BEF was one mechanism in a multiple mechanism model that attempted a comprehensive intervention on a regional level. There is robust support for such a programmatic approach to LED in the literature. However the implementation of the Gijima model suffered from a lack of strong articulation between the mechanisms. It appears as if it was assumed that their alignment would happen automatically and incidentally, and their impact would accumulate neatly.
3. The BEF demonstrated a number of operational characteristics that might be identified as best practice that should be perpetuated in the design of similar mechanisms. These include:
- Prioritising effectiveness of efficiency, enforcing the principle procedurally, and thus enhancing developmental impact.
  - Supporting inter-sectoral collaboration at both project level in terms of funding decisions, and programmatic level in terms of institutional arrangements.
  - The BEF adapted to unforeseen eventualities emerging as a result of the mechanisms operation in context. Adaptiveness is critical to ensure outcomes of value are attained. The programme may have benefitted from even more flexibility to adjust programming in implementation.
  - A demand-led model will inevitably result in a variety of projects in the fund portfolio that are best assessed by a more differentiated M&E solution that takes project differences into account. It may prove more reasonable to determine appropriate to refine logframe objectives and define programme OVIs formatively rather than a priori. Certainly this evaluation has demonstrated that a priori indicators might be rendered almost entirely irrelevant in programme implementation.
  - Unlike many of the other programme record keeping activities M&E suffered from comparatively loose utilisation of tools and systems, and under-utilisation of its potentially formative value. To maximize its potential contribution, summatively as well as formatively, the rigorous implementation of M&E procedures should be non-negotiable.
4. A number of substantial programmatic design adjustments suggest themselves that would improve a BEF-type mechanism. These include:
- Introducing multi-year and sequenced project portfolios that would fund longer-term, larger-scale projects in sequential stages, from planning, through implementation, to early operation.

- Introducing a process for identifying additionality in project proposals and employing additionality as a funding criterion. The evaluation demonstrates that in some of the few implementation projects funded the realisation of outcomes was contributed to rather than precipitated by BEF funding. Effectiveness at outcome level may be significantly enhanced by attending to additionality.
- It is apparent from the evaluation that project success frequently depends on the actions of project champions and the social capital they nurture. Although the contribution of social capital has not been adequately measured, its apparent influence on the attainment of outcomes is such that some consideration needs to be given on how mechanisms such as the BEF could nurture and utilise this benefit.

## 3 INTRODUCTION

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### 3.1 Background

The Business Enabling Fund (BEF) is a grant-funding mechanism, the primary objective of which is to support local authorities in the creation of business-enabling environments that nurture economic growth while promoting pro-poor development. The fund is based in KwaZulu-Natal (KZN) and responds to provincial priorities for economic growth and development as well as local government development priorities as expressed in the municipal Integrated Development Plans (IDPs).

The BEF is one of three broadly integrated funding instruments administered under the KZN Local Economic Development (LED) Support Programme known as Gijima. The two complementary funding mechanisms are the Local Competitiveness Fund (LCF), which is designed to support partnership groups with strong private sector representation to invest in economic development opportunities with high sustainable employment and enterprise growth potential; and the Networking and Cooperation Funding (NCF) mechanism that supports procurement related to training and knowledge exchange for LED operational and management capacity development.

The Gijima Programme, established through a Financing Agreement (SA/73200-02-04) between South Africa and the European Union (EU) in 2003, committed a total of €37 million to fund an integrated programme of LED initiatives within the province. Gijima is managed by the KZN Department of Economic Development and Tourism (KZN DEDT), which is the Contracting Authority for EU funds to the programme.

Feedback Research and Analytics, under sub-contract to the National Treasury's Technical Assistance Unit (TAU), was commissioned to undertake an evaluation of the BEF in order to document outcomes and lessons learned consequent to its implementation. This report details the findings of the evaluation of the BEF.

### 3.2 Purpose and Objectives of the Evaluation

The purpose of the evaluation as set out in the Evaluation Terms of Reference and, as a product of subsequent engagement with the client and the Programme Steering Committee (PSC), refined and confirmed in the evaluation's Inception Report, is to establish the outcomes attained by the BEF, and document the lessons learned through its implementation. The evaluation is therefore required to both pronounce on the overall performance of the Fund, as well as find evidence of 'what works' and 'what does not work' in order to inform the design of future funding instruments.



This report is further intended to inform programme management's end-term reporting to the EU on the EU-Gijima KZN LED Support Programme, fulfilling its contracted evaluation and accountability obligations; and it is anticipated that the evaluation will contribute to the body of knowledge on LED practice in South Africa more generally.

The evaluation terms of reference operationalises the evaluation purpose in four broad study objectives, namely:

**STUDY OBJECTIVE 1:** Determine the nature and extent to which BEF projects have contributed towards fund, programme and broader LED outcomes in their respective localities, paying specific attention to how and whether the BEF projects have any relevance or have rendered any results in terms of locality and local government LED processes.

**STUDY OBJECTIVE 2:** Determine the nature and extent to which the BEF has contributed to the establishment and operation of an enabling environment for business in a locality.

**STUDY OBJECTIVE 3:** Identify weaknesses relating to the BEF design and objectives, grant eligibility, approval or implementation and how existing weaknesses may be mitigated or eliminated.

**STUDY OBJECTIVE 4:** Propose amendments to the Business Enabling Fund model or alternative models or instruments for support to the government sector in the effective development and operation of an enabling environment for business.

Study objectives 1 and 2 are concerned with the outcomes and impact of the BEF and direct the evaluation towards identifying the BEF's contribution to LED at project, programmatic and systems levels; while study objectives 3 and 4 direct the evaluation towards assessing and explaining the level of efficacy demonstrated by the BEF model.

### 3.3 Evaluation Approach and Methodology

This section offers a brief summary of the methodology adopted for this evaluation. The detail pertaining to this content can be scrutinised in the methodology chapter following.

#### 3.3.1 *The Evaluation Design and Theoretical Perspective*

It is evident that great care was taken in the design of the BEF. The mechanism is theoretically well grounded. The primary enablers and constraints on efficacy therefore are likely to be conditions in its operating context. In order to do justice to the complexity of the operating domain; to extract maximum value from the high volume of existing data; to supplement the data set precisely with the necessary additional primary data; and to respond to the evaluation objectives adequately; an integrated mixed method evaluation design was indicated.

In a direct response to study objectives 3 and 4 - which are concerned with the efficacy of the BEF model - existing qualitative and quantitative data would be reviewed and analysed; data gaps identified and primary data generated; and the analysis directed towards a synthetic testing of the model in its context. This latter intention specifically necessitated the adoption of a realist theoretical perspective in the interpretation and qualification of findings.

Realist evaluation is a theoretical perspective that favors the employment of that set of mixed analytical methods best suited to describe and assess the efficacy of development mechanisms within complex contexts. A realist approach emerged as the most fitting paradigm for making sense of the voluminous, and at times apparently ambiguous data on fund performance, mechanism efficacy, and the attribution of results to intervention.

### 3.3.2 Evaluation Components

In order to best respond to its objectives within a complex context, the evaluation included four components: the interrogation of programme documentation and experience; the investigation into funded project processes and results; the grounding of findings in theory and literature; and the validation of findings in comparison to similar funding mechanisms. A short description of each evaluation component follows, while Table 1 presents the evaluation components in terms of the study objectives each is intended to respond to. It is evident from the linking of evaluation components to study objectives that each study objective is responded to by multiple evaluation components, illustrative of the triangulation of data sources and methods incorporated into the evaluation design to ensure rigour.

**Table 1: Evaluation components and the study objectives they respond to**

Evaluation Components	Study Objectives Responded To
Interrogation of programme documentation and experience	<ul style="list-style-type: none"> <li>Determine the nature and extent to which BEF projects have contributed towards fund, programme and broader LED outcomes in their respective localities, paying specific attention to how and whether the BEF projects have any relevance or have rendered any results in terms of locality and local government LED processes</li> <li>Determine the nature and extent to which the BEF has contributed to the establishment and operation of an enabling environment for business in a locality</li> <li>Identify weaknesses relating to the BEF design and objectives, grant eligibility, approval or implementation and how existing weaknesses may be mitigated or eliminated</li> </ul>
Grounding of findings in theory and literature	<ul style="list-style-type: none"> <li>Identify weaknesses relating to the BEF design and objectives, grant eligibility, approval or implementation and how existing weaknesses may be mitigated or eliminated</li> <li>Propose amendments to the Business Enabling Fund model or alternative models or instruments for support to the government sector in the effective development and operation of an enabling environment for business</li> </ul>
Investigation into funded projects processes and results	<ul style="list-style-type: none"> <li>Determine the nature and extent to which BEF projects have contributed towards fund, programme and broader LED outcomes in their respective localities, paying specific attention to how and whether the BEF projects have any relevance or have rendered any results in terms of locality and local government LED processes</li> <li>Determine the nature and extent to which the BEF has contributed to the establishment and operation of an enabling environment for business in a locality</li> <li>Identify weaknesses relating to the BEF design and objectives, grant eligibility, approval or implementation and how existing weaknesses may be mitigated or eliminated</li> </ul>
Validation of findings in comparison to similar funding mechanisms	<ul style="list-style-type: none"> <li>Identify weaknesses relating to the BEF design and objectives, grant eligibility, approval or implementation and how existing weaknesses may be mitigated or eliminated</li> <li>Propose amendments to the Business Enabling Fund model or alternative models or instruments for support to the government sector in the effective development and operation of an enabling environment for business</li> </ul>

#### 3.3.2.1 Interrogation of programme documentation and experience

The evaluation was launched with an extensive desktop review of programme documentation, supplemented by interviews with a sample of key informants that included those representing the funding function of the BEF (past and present representatives of the EC South Africa delegation); the conceptualisation and design of the BEF; the administration and management of the BEF (the Gijima

KZN PCU staff); the Programme Steering Committee and short-term experts (STEs) who assisted in different stages of the implementation of the fund. This stage generated findings on the BEF program theory and intervention logic, funding and institutional arrangements, the management and operational procedures of the BEF, and perceptions from key informants on progress towards realising programme outcomes.

### ***3.3.2.2 Grounding of findings in theory and the literature***

To do justice to the complexity of the intervention in its context it is necessary to explicitly locate the Gijima programme at its historical juncture. The specific conditions of policy priorities, governance and the structuring of service delivery portfolios prevailing in 2003, as well as the maturity of LED practice at local authority level, all have important implications for the evaluative judgments applied to the findings of this evaluation. In addition, the complex nature of LED as a practice in general, and specifically in South Africa, also necessitated qualifications to the findings made.

### ***3.3.2.3 Investigation into funded projects processes and results***

In order to identify funded project results project-monitoring data was reviewed and supplemented by a survey of key project level informants covering the entire BEF project portfolio of 87 projects. An additional level of granularity was introduced to enrich findings from this component, with 10 completed and terminated BEF projects being discussed during in-depth interviews. The more detailed investigation of exemplary cases allowed for closer scrutiny of the interaction between mechanism and context.

### ***3.3.2.4 Validation of findings in comparison to similar funding mechanisms***

In order to confirm at least a degree of external validity in the lessons learned, thus ensuring the utility of findings for future mechanism design, a comparative analysis with funds displaying similar characteristics and operating in a similar context was conducted. Data was collected through in-depth interviews with key informants representing the comparison funds. The data was subjected to a thematic content analysis. In addition some project documentation of each of the comparison funds was reviewed.

## ***3.3.3 Analysing and Arranging the Findings***

In its analysis of evidence and the arranging of the discussion of findings the evaluation adopted the Development Assistance Committee (DAC)'s Organization for Economic Cooperation (OECD) criteria for evaluating the effectiveness of development assistance: Relevance, Efficiency, Effectiveness, Impact, Sustainability and Replicability. The BEF Objectives and KZN LED Support Programme Logframe OVIs, specifically those pertaining to Results Area 2, were used to some extent to guide analysis. However the demand driven character of the fund permitted the needs of beneficiaries and the nature of the context to assert its specific priorities over the intended objectives of the BEF. Consequently the project portfolio did not closely match the specified BEF objectives and certainly undermined the meaningfulness of log frame indicators as measures of fund performance. This emergent reality is described in more detail in a subsequent section of the report.

## ***3.3.4 Limitations***

### ***3.3.4.1 Evaluation Design limitations***

Evaluating the performance of the BEF is fraught with challenge. An obvious difficulty is the absence of normative baselines against which to assess fund performance and change for the better. There is no standardised 'before' measure of the extent to which the 'environment' in KZN was 'enabling for business', against which an 'after' measure can be systematically drawn. But perhaps more sensibly noted is that not only is there no consensus on a firm and objective theoretical framework for measuring the extent to which 'an environment is enabling of business', but the validity of such a

framework would be dubious by virtue of the complexity and therefore uniqueness of each environment or context. Under these conditions establishing findings on outcomes and impacts is problematic.

A similar critique applies to attempting to benchmark fund mechanism performance against other comparable mechanisms. Identifying a directly comparable mechanism is difficult; identifying a comparable mechanism within a comparable context is substantially more so. The effect of complexity on the evaluation is to limit the validity of all normative or benchmarked assessments, while necessitating a far more qualified, layered and complicated presentation of evidence in order to arrive at attributive statements and evaluative conclusions. The best possible design is one that reduces rather than eliminates uncertainty of the contribution of the mechanism to observed outcomes and impacts.

#### **3.3.4.2 Data limitations**

The primary data limitation is associated with collecting evidence on project results and experience. The absence of knowledgeable respondents due to staff turnover and the consequent loss of institutional memory about the detail of the BEF projects within beneficiary organisations impacted on the availability and reliability of data on project implementation. This was compounded by the fact that the evaluation was taking place several years (6-7 years) after a substantial proportion of projects had commenced and been implemented.

In an attempt to mitigate the resulting data paucity multiple data sources were consulted to triangulate evidence on each project investigated. These efforts, however, met with limited success and the conclusiveness of findings posited from this evaluation component has had to be substantially qualified.

A further limitation is the incompleteness of the voluminous secondary data sets. Programme records were kept on most of the critical programme processes. However there are some gaps that would have proven useful to an evaluation, such as a log of inquiries from applying municipalities and, later in the process, beneficiaries. Additionally there is inconsistency in the meticulousness with which record keeping was approached. For example while financial transactional data is detailed, reports evaluating the quality of project outputs did not adhere to the detailed evaluation template provided and consequently usefully formatted data of potentially significant value to the BEF evaluation was not captured.

#### **3.3.4.3 Limitations applying to OECD-DAC criteria**

The evaluation benefitted from sufficient evidence for grounded evaluation findings arranged in accordance with the OECD-DAC criteria of Relevance, Efficiency, Effectiveness, Impact and Replicability. However, the evaluation was confronted with peculiar difficulties in attempting to measure the sustainability of project outcomes.

Not only did the given complexity of LED - the multiple entry points, different possible development trajectories, the multiplicity of executing agents at institutional and individual level and their varied influence of future outcomes, to name a few of the critical factors that converge in the practice of LED –make judgments on sustainability problematic, but the nature of project level results, which tended to be primarily output level results with few accompanying deliberate and formal mechanisms for use of outputs, rendered most pronouncements on sustainability speculative.

### **3.4 Intended Audience**

The primary intended audience for this report is the EU South Africa delegation and the KZN Department of Economic Development and Tourism (the Contracting Authority) who commissioned

the evaluation. In addition it is intended that municipalities, as the primary beneficiaries of the BEF, find value in the evaluation in terms of managing the practice of LED more effectively.

Effort has also been invested in explicating the lessons of more general validity for policy-makers, programmers and practitioners of LED in the South African and other contexts. Furthermore, it is hoped that the evaluation itself would serve as a useful example of evaluation of large-scale LED programmes and grant funding mechanisms in complex contexts. To this end uncommon care has been taken in describing the logic informing methodological choices, as well as the evaluation activities conducted to produce these findings, conclusions and recommendations.

## 3.5 Structure of the Report

The report is structured as follows:

<b>BRIEFS AND EXECUTIVE SUMMARY:</b>	The brief and executive summary provide high-level overviews of the evaluation, summarising the evaluation's key findings and recommendations, prioritising different content with particular audiences in mind.
<b>INTRODUCTION:</b>	The introduction (this section) provides the background to the evaluation and outlines the evaluation purpose, objectives and methodological approach.
<b>METHODOLOGY:</b>	The methodology chapter details the evaluation approach, design and methods. It identifies key limitations and how these have been mitigated in the context of the evaluation. It also discusses the implications of these limitations for interpreting the evaluation findings.
<b>PROGRAMME OVERVIEW:</b>	This chapter describes the BEF as a funding mechanism within a particular development context, as well as providing a statistical description of BEF activities.
<b>FINDINGS:</b>	The chapter on findings presents the performance of the BEF in relation to the criteria of Relevance, Efficiency, Effectiveness, Impact, Sustainability and Replicability.
<b>VALIDATING THE LESSONS LEARNED:</b>	This chapter undertakes an external evaluation of some of the findings of the BEF by comparing lessons to those learned through the implementation of similar mechanisms in similar contexts.
<b>CONCLUSIONS:</b>	The conclusions chapter summarises and synthesises the key findings emanating from the evaluation. It further identifies implications of the evaluation.
<b>RECOMMENDATIONS:</b>	Following on the Conclusion chapter, the recommendations chapter identifies actions for consideration by various stakeholders: the donor (EU), programme management or programme implementation unit, the primary beneficiaries (municipalities), prospective funders, the business community, and other LED stakeholders (business support agencies, other sector departments). Recommendations encompass policy, strategic and operational concerns.
<b>ANNEXURES:</b>	Annexure A: The Terms of Reference (ToR)

Annexure B:	List of interview respondents
Annexure C:	Interview Schedule
Annexure D:	Letter to participants
Annexures E & F:	Detailed Response to Evaluation Questions
Annexure G:	Document References

## 4 METHODOLOGY

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### 4.1 Introduction

The methodology chapter typically describes the choices made concerning the evaluation design, as well as the data collection and data analysis methods employed. The design of an evaluation is primarily concerned with the measures introduced into the evaluation process to ensure the optimal degree of validity of findings under prevailing conditions. The design is also concerned with reliability in that it takes measures to ensure the confidence with which the quality of the data informing findings can be regarded. It is the dictates of the context impinging on the requirements of the scientific method that determine the evaluation design.

Following the determination of the evaluation design, decisions concerning data collection methods are a simpler matter. The evaluation needs to identify, within the constraints of reliability and validity imposed by the evaluation design, the data that would best respond to the evaluation objectives, where that data is located and how best to source it. The choice of analytical methods follows logically; it is based on the nature of the data and what the optimal method for extracting maximum value from the data happens to be.

### 4.2 Parameters Dictating Methodology

In the instance of this evaluation there are three overarching methodological choices in terms of design that require justification:

- The adoption of a **realist perspective** as the framework for methodological choices and the interpretation of findings
- The preference for identifying programme **contribution** rather than attribution in linking the intervention causally to progress towards outcomes
- Employing **triangulation** across both data and methods to enhance the rigour of the evaluation

These are justified in terms of three parameters that defined the evaluation, namely, the evaluation objectives, the complexity of the programme and programme context (the policy, institutional and socio-economic conditions under which the programme was implemented), and the nature of data available for analysis. In concert, these parameters prescribe the logic of the evaluation design.

#### 4.2.1 *Parameter 1: The Evaluation Objectives*

The four evaluation objectives are directed at assessing programme performance and determining the worth of attempting to replicate the mechanism. In order to pronounce on performance and model efficacy positive outcomes must be demonstrated and explanations for these outcomes alternative to the BEF must be eliminated. Conventionally the preferred design for eliminating alternative causal inferences is the experiment or quasi-experiment. Neither of these designs were an option, however, because no formal baseline on a definitive indicator set was taken that would



allow for a pre/post intervention evaluation design, nor were distinct but equivalent experimental and control locations available for comparison. A credible substitute of similar rigour that can eliminate alternative explanations for outcomes is required.

**Table 2: Simple, complicated and complex interventions**

What it looks like				
Programme aspect	Simple	Complicated	Complex	BEF
<b>Focus</b>	Single set of objectives	Different objectives valued by different stakeholders  Multiple, competing imperatives  Objectives at multiple levels of a system	Emergent objectives	<i>Multiple objectives at multiple levels</i>  <i>Emergent objectives as additional processes introduced in response to influencing conditions</i>
<b>Governance</b>	Single organisation	Specific organisations with formalised requirements	Emergent organisations in flexible ways	<i>Multiple organisations, formalized requirements and emergent organisations</i>
<b>Consistency</b>	Standardised	Adapted	Adaptive	<i>Intervention design adapted specifically to context and adaptive to emergent conditions to some extent</i>
How it works				
<b>Necessity</b>	Only way to achieve intended impacts	One of several ways to achieve the intended impacts	Necessity changes as conditions evolve	<i>One of several ways of achieving intended impacts</i>
<b>Sufficiency</b>	Sufficient to produce the intended impacts AND works the same for everyone	Only works in conjunction with other interventions (previously, concurrently, or subsequently)  Only works for specific people  Only works in favourable environments	Sufficiency changes as conditions evolve	<i>Complementary and supplementary interventions required to contribute to intended impacts</i>  <i>Different levels of effectiveness across beneficiary types and implementing conditions</i>
<b>Change Trajectory</b>	Simple relationship that is readily understood	Complicated relationship— needs expertise to understand and predict	Complex relationship (including tipping points)— cannot be predicted but only understood in retrospect	<i>Complicated change trajectory with unpredictable elements</i>

*Adapted from Rogers and Funnel, 2010*

#### 4.2.2 Parameter 2: The Complexity of Programme and Context

Rogers and Funnel (2010) draw a distinction between simple, complicated and complex programmes, and indicate a divergent set of evaluation choices for each. The descriptions of each type are presented in Table 2, and the location of the BEF in the Simple/Complicated/Complex matrix indicated. While experimental or quasi-experimental designs are appropriate for simple interventions, they are unequal to the evaluation of complicated or complex programmes, and those

that are characterised predominantly by aspects of complicated and complex type interventions. For the latter a more appropriate methodological lens is realist evaluation, which not only attempts an account of the influence of the context on the efficacy of the mechanism, but in which causal linkages are considered in contributive rather than attributive terms.

#### 4.2.3 Parameter 3: The Variety of Data Available

The evaluation benefits from the exacting administrative requirements imposed by the donor and the implementing agency, which resulted in a wealth of secondary data in the form of project documentation, monitoring data and reports. The usefulness of the secondary data varied by virtue of divergent levels of quality, but provides at least a starting point for responding to the evaluation objectives and a helpful indication of data gaps to be addressed through primary data collection efforts. Perhaps most importantly is the fact that the multiplicity of data types supports the rigour of the chosen methodology, findings from which are more convincing if verified across different data types and research methods.

### 4.3 The Logic of the Evaluation Design

This section describes the three methodological choices made in the evaluation design in more detail and explicates the logic that informs them.

#### 4.3.1 A Realist Perspective

*"The only course for the social sciences is to forget all about the verbal fireworks and to tackle the practical problems of our time with the help of the theoretical methods which are fundamentally the same in all sciences. I mean the methods of trial and error, of inventing hypotheses which can be practically tested, and of submitting them to practical tests. A social technology is needed whose results can be tested by piecemeal social engineering."*

Popper 1945, p.222

The practice of evaluation is firmly grounded in a long-standing conviction of social science that the products of social investigation should influence public policy. However, whereas the grand theorists advocated wholesale revolutionary reform, Karl Popper proposed 'piecemeal social engineering' to avoid the uncontrollable, unintended consequences of revolutionary scale intervention. Piecemeal social engineering would introduce modest changes to address particular harms. Most importantly such efforts were to be scientifically tested to determine their efficacy, before being replicated.

Development practice has in fact assumed this process. Development programming is by definition evolutionary rather than revolutionary. Programmes are based either implicitly or, increasingly, explicitly, on theories of social change. Through evaluation and by rote, social science now contributes to development policy and practice by testing the effectiveness of interventions aimed at addressing specific problems, and their underlying theories of social change. And an important corollary of the effectiveness assessment is the potential for generalising interventions beyond their immediate application.

While there is broad consensus on the purpose of evaluation, its methodological preferences remain contentious. In order to attribute outcomes to a particular intervention the orthodox view is that an experimental method, or a close variation of it, represents the highest scientific standard because it is the only method that convincingly eliminates alternative causes as explanations for the measured effects. Unfortunately the experimental method strips the influence of context from the intervention and relies on an expectation that 'like will always produce like,' regardless of context (Tilley, 2000). This 'constant conjunction' account of causality is repeatedly demonstrated to be invalid in complicated and complex contexts (Rogers and Funnel, 2010), and may account to some extent for



the phenomenon of the decline effect (the observation that scientifically based generalisations are found to be less emphatic and even contradicted in subsequent studies).

Realist evaluation assigns equal primacy to context and intervention or mechanism. It assumes that the impact of a mechanism will vary depending on the conditions in which it is introduced, and that what works to produce an effect in one set of circumstances will not necessarily work to the same effect in another set of circumstances (Tilley, 2000). While traditional experimentation sets out to answer the questions “Does this work?” or “What works?”, the question asked by realist evaluation is more layered: “What works for whom and under what circumstances?”.

The realist approach then does not provide for an unqualified, externally valid pronouncement on the efficacy of a mechanism. Instead it offers lessons to guide the reformulation and refinement of the mechanism in response to the detail of local conditions. Policy-makers and practitioners are better served by realist evaluations in understanding how policies and programmes work under specific conditions, and translating those policies and practices to other contexts in a manner sensitive to a new set of specific conditions.

#### **4.3.2 Mixed Methods and Triangulation**

In social science triangulation is defined as the mixing of data types and/or methods so that a diversity of perspectives can better illuminate a topic of investigation (Olsen, 2004). Realist evaluation is plural in terms of methods and theories, is applied to complicated and complex interventions and consequently almost prescribes an integrated mixed-methods research approach.

The mixing of data types, such as qualitative interview data with systematic site observations, is used most often as a strategy for verifying findings. The mixing of methodologies, such as an analysis of in-depth interviews with a purposeful sample of key informants and a survey of a random sample of programme beneficiaries, is a more profound triangulation strategy that proposes to accomplish more than mere verification. Comprehensive triangulation, or methodological pluralism (Carter 2003; Danermark 2002; Sayer 2000) is intended to generate a ‘dialectic of learning’, that attempts to make sense of voluminous, often contesting and apparently contradictory data that typifies complicated and complex social phenomena. Triangulation equips the evaluator with the evidence to make claims about the working of the mechanism in context, such that those claims are plausibly consistent with the data.

Employing triangulation in the evaluation of complicated and complex programmes, however, requires a pragmatism that sequences primary and subsequent techniques, while systematically managing the risk of attempting to address too much (Kanbur, 2002). The evaluation design will tend to have a leading strategy with follow-up strategies for rounding off and widening the inquiry (Bryman, 2001). In this instance the primary strategy, the in-depth review of existing programme data, was indicated by the wealth of existing secondary data in the form of:

- Programme documentation including feasibility studies, programme design frameworks, and programme management records. These documents contain predominantly qualitative data appropriate for content and thematic analysis, with some application for basic descriptive statistical analysis.
- Programme monitoring data including qualitative commentary and quantitative measures already captured and collated but requiring additional processing for interpretation against evaluation objectives.
- Programme reports that posit initial conclusions on programme performance and lessons learned, to be confirmed or contested by evidence from independent evaluation.

The secondary strategy - interviews with key informants focussing on programme processes and results for the entire portfolio of BEF projects - was critical to not only verify secondary data in

programme documents, but also to reflect the perspectives of all key stakeholders and ensure that lessons learned benefitted from a thorough member validation process.

#### 4.3.3 Attribution and Contribution

*"We must recognize that determining definitively the extent to which a government program contributes to a particular outcome is usually not possible, even with a carefully designed evaluation study. We might be able to provide considerable evidence on a program's impacts and might be able to significantly increase our understanding of how a program is impacting on a certain outcome, but in most cases of any complexity, there will not be a 100 percent guarantee."*

Mayne 1999, p.5

Attribution, the preferred explanatory modality of evaluation, involves drawing causal links between observed change and specific interventions (Iverson, 2003). While intervention outputs are easily associated with programme activities, the validity of attribution for higher level outcomes becomes problematic, for two particular reasons. Firstly, there is a time lag between programme implementation and the emergence of impacts. Consequently evaluation resorts to the measurement of progress towards outcomes because it is simply too soon to demonstrate a causal link between programme and outcomes.

Secondly, and perhaps more decisively, the complexity of implementation contexts render attributive statements dubious. Evaluations rarely identify and account for the influence of broader trends independent of the intervention; nor do they provide for the supplementary effects of programmes external to the evaluation on the outcomes the intervention under scrutiny is attempting to realise. Evaluations simply do not unpack the potential multi-causality of outcomes complexity of context implies. Instead many evaluations focus on whether an outcome has been achieved and default to attributing the result to the intervention being evaluated. Although seldom deliberately misleading, this approach undermines the utility of evaluation as a test for theories of change and an evidence base for informing future policy and programming.

Contribution analysis offers an alternative to attribution biased methodologies and a mitigation of the errors attribution statements introduce. Contribution analysis seeks to provide information on the contribution of a programme to the outcomes it is trying to influence (Mayne, 1999). It aims to find "credible ways of demonstrating that you have made a difference through your actions and efforts to the outcomes" (AusAID, 2004, p.1). The objective is not to definitively prove contribution, but rather to provide a plausible interpretation of sufficient evidence that reduces the uncertainty about the 'difference' a programme has made (Mayne, 2001). It also reasonably shifts the priority from precision of measurement to increasing understanding of what works for whom under what circumstances.

## 4.4 Data Collection and Analysis

### 4.4.1 Evaluation Components

In order to best respond to its objectives and to satisfactorily account for the complex context in which the programme was implemented, the evaluation adopted an integrated mixed methods design that included four components: the interrogation of programme documentation and experience; the investigation into funded project processes and results; the grounding of findings in theory and literature; the validation of findings in comparison to similar funding mechanisms. The following section describes the data collection and analysis methods employed for each component, as well as the framework adopted for the integration and reporting of findings derived from each component.

#### ***4.4.1.1 Interrogation of programme documentation and experience***

The volume and apparent thoroughness of programme documentation suggested that the primary research strategy should be the review of secondary data. Consequently the evaluation was launched with an extensive desktop review of programme documentation, supplemented by interviews with a sample of key informants that included those representing the funding function of the BEF (past and present representatives of the EC South Africa delegation); the conceptualisation and design of the BEF; the administration and management of the BEF (the Gijima KZN PCU staff); the Programme Steering Committee and short-term experts (STEs) who assisted in implementing BEF activities.

The analysis of secondary data, supported by supplementary programme level or Tier 1 interviews, would generate findings on the BEF programme theory and intervention logic; the efficacy of funding and institutional arrangements, management and operational procedures within the operating context of the BEF; and progress towards the achievement of programme level outcomes by integrating both systematically recorded and perception-based indications of outcomes achievement. This component would therefore respond to both the evaluation objectives of assessing programme performance as well as the effectiveness of the BEF model.

The quantitative data from project-level monitoring processes was used to obtain a descriptive statistical overview of the scope and basic performance of the BEF at programme level. With the exception of the former, data for this evaluation component was for the most part qualitative. Interviews were recorded, transcribed and subjected to thematic analysis. Programme documentation reviewed for this component of the evaluation included feasibility and inception reports, programme planning and logical frameworks, and routine programme reporting. These were subject to critical content analysis with criteria for critique grounded in the evaluation's realist theoretical stance, the literature reviewed relating to LED practice and, most importantly, the operating context of the BEF, and the organising framework provided by the OECD DAC criteria.

#### ***4.4.1.2 Grounding of findings in theory and the literature***

A grounded critical reflection on the evaluation findings represents the foundation of the realist evaluative process. A review of relevant literature was therefore conducted that covered LED as a practice generally, as well as recent lessons from its application in South Africa; and crucially the context in which the BEF was implemented. To do justice to the complexity of the BEF mechanism in its context it is necessary to explicitly locate the Gijima programme at its historical juncture and within the circumstances within which it operated. The specific conditions of policy priorities, governance and the structuring of service delivery portfolios prevailing in 2003, as well as the maturity of LED practice at local authority level, all have important implications for the evaluative judgments applied to the findings of this evaluation.

The context determined the effectiveness of the mechanism. The literature review exposed the decisive characteristics of the context and provided the criteria for the critical reflection on the evaluation findings. This component therefore supported the objective of evaluating BEF performance, but was principally concerned with determining the effectiveness of the BEF model.

#### ***4.4.1.3 Investigation into funded projects processes and results***

Overall programme performance is a product of the cumulative performance of the funded project portfolio. To determine project level results project monitoring data was reviewed, including QCT reports, as well as administrative records such as the granting of project extensions and the conditional disbursement of funds. The data was amenable to quantitative processing and allowed for descriptive statistical analysis.

In addition, the project level achievement of outcomes was investigated through a survey of key informants, covering the entire portfolio of 87 BEF projects. To control for respondent bias the

design called for each project to be the survey subject with three different respondents. An additional level of granularity was introduced to enrich findings from this component, with the selection of 10 completed and terminated BEF projects to be interrogated during in-depth interviews with key informants. The more detailed investigation of exemplary cases allowed for closer scrutiny of the interaction between mechanism and context.

The qualitative data from project level survey and in-depth interviews was subject to thematic analysis, while some descriptive statistical analysis was also possible. In terms of evaluation objectives this component was intended to provide an evidence base for pronouncing on the project level performance of the BEF, and to offer insights into the effectiveness of the BEF model through the in-depth consideration of exemplary cases.

#### ***4.4.1.4 Validation of findings in comparison to similar funding mechanisms***

Although a realist evaluation perspective asserts that the influence of context is central to determining the outcomes an intervention is capable of achieving, and that in complex cases contexts tend to be unique, realist evaluation does not dismiss external validity. Lessons can be generalised, but with substantial qualification.

In order to confirm at least a degree of external validity in the lessons learned, thus ensuring the utility of findings for future mechanism design, a comparative analysis with funds displaying similar characteristics and operating in similar contexts was conducted. Data was collected through in-depth interviews with key informants representing the comparison funds. The data was subjected to a thematic content analysis. In addition, some project documentation of each of the comparison funds was reviewed, and the literature was also used to guide the interpretation of findings.

This component of the evaluation assists in clarifying findings on BEF performance, however its primary purpose is to support pronouncements made on the effectiveness of the BEF model.

#### ***4.4.2 Analysing and Arranging the Findings***

In its analysis of evidence and the arranging of the discussion of findings the evaluation adopted the Development Assistance Committee (DAC)'s Organization for Economic Cooperation (OECD) criteria for evaluating the effectiveness of development assistance: Relevance, Efficiency, Effectiveness, Impact, Sustainability and Replicability. However, the convention of assigning scores to programme performance on each criterion was not employed. The introduction of an arbitrary normative scale would not only be methodologically invalid, but counter the broader purpose of this evaluation's theoretical orientation, which is to prompt sensitivity to the complex nature of programme and context and in so doing offer appropriately qualified policy and programming advice.

In addition, the BEF Objectives and KZN LED Support Programme Logframe OVIs, and specifically those pertaining to Results Area 2, although used as a guide for discussion of findings to some extent, are not invoked as the final assessment criteria for programme performance. There are two chief and related reasons for this. The first is that there is an evident disconnect between Logframe OVIs and the project portfolio. Funded projects nominally support the OVIs, but in most cases are not interventions directly invested in realising those OVIs.

The second related reason is that the project portfolio is the product of an immature LED context that was permitted by the adaptive nature of the programme as a result of its demand-driven character, to dictate the content of the project portfolio. As a point of discussion the OVIs are prominent, but as the final measure on programme performance the OVIs are not meaningful for the objectives of the evaluation.

## 4.5 Overview of Data Sources and Analytical Procedures

### 4.5.1 The Logic of the Data Choices

Table 3 presents the sources and types of data, as well as the analytical strategies applied to data in response to each evaluation objective. The presentation illustrates the efforts to verify and dialectically illuminate findings by employing an integrated mixed methods research approach, triangulating across both data types and research methods.

**Table 3: Overview of data sources and data processing**

Study Objective	Data Sources	Data Type	Analytical Strategy
<b>BEF Performance Objectives</b>			
<b>STUDY OBJECTIVE 1:</b> Determine the nature and extent to which BEF projects have contributed towards fund, programme and broader LED outcomes in their respective localities, paying specific attention to how and whether the BEF projects have any relevance or have rendered any results in terms of locality and local government LED processes.	Secondary Data		
	The Evaluation Committee reports from each call for proposals	Qualitative secondary data	Content and thematic analysis  Descriptive statistics of qualitative categories as appropriate
	The interim and final monitoring reports from each BEF project supported	Qualitative secondary data	Content and thematic analysis  Descriptive statistics of qualitative categories as appropriate
	A sample of Quality Control Team assessment reports on BEF projects supported	Qualitative secondary data	Content and thematic analysis  Descriptive statistics of qualitative categories as appropriate
	Other project-related documentation such as correspondence regarding extensions	Qualitative and quantitative documented data	Collation and descriptive statistical analysis
	Basic project monitoring data in spreadsheet format	Quantitative secondary data	Descriptive statistical analysis
	Primary Data		
	Telephonic survey interviews with up to 3 respondents per project	Qualitative primary perception based data	Content and thematic analysis
	In-depth interviews on a small sample of exemplary cases	Qualitative primary perception based data	Content and thematic analysis
<b>STUDY OBJECTIVE 2:</b> Determine the nature and extent to which the BEF has contributed to the establishment and operation of an enabling environment for business in a locality.	Secondary Data		
	A sample of Quality Control Team assessment reports on BEF projects supported	Qualitative secondary data	Content and thematic analysis  Descriptive statistics of qualitative categories as appropriate
	Primary Data		
	Interviews with a sample of key	Qualitative primary	Content and thematic

Study Objective	Data Sources	Data Type	Analytical Strategy
	informants including funding function of the BEF; those involved in the conceptualisation and design of the BEF; the administration and management of the BEF; the Program Steering Committee and short-term experts (STEs)	perception based data	analysis
<b>BEF Model Effectiveness Objectives</b>			
<b>STUDY OBJECTIVE 3:</b> Identify weaknesses relating to the BEF design and objectives, grant eligibility, approval or implementation and how existing weaknesses may be mitigated or eliminated.  <b>STUDY OBJECTIVE 4:</b> Propose amendments to the Business Enabling Fund model or alternative models or instruments for support to the government sector in the effective development and operation of an enabling environment for business.	Literature		
	LED Theory LED in SA Socio-economic, policy and institutional context	Published academic findings and analysis	Integration and critical review
	Secondary Data		
	Programme design related including feasibility, inception and Logical Framework Documentation relating to the calls for proposals including the guidelines to applicants Proposal evaluation reports Project interim and final monitoring reports Quality Control Team assessment reports Programme management documents including Workplans, Estimates, Quarterly and Annual Reports Evaluation documents including Mid Term Review Report (August 2008); Management Review of Grant Funds (May 2006); The Close-out Report of the WYG Contract Team (July 2009); Assessing the Experiences and Policy Impacts of the KwaZulu-Natal Support Programme on Local Economic Development (April 2009)	Qualitative and quantitative documented and secondary data	Critical content and thematic analysis
	Basic project monitoring data in spreadsheet format	Quantitative secondary data	Descriptive statistical analysis
	Primary Data		
	Interviews with a sample of key informants including funding function of the BEF; those involved in the conceptualisation and design of the BEF; the administration and management of the BEF; the Program Steering Committee and short-term experts (STEs).	Qualitative primary perception based data	Content and thematic analysis
	In-depth interviews on a small sample of exemplary cases	Qualitative primary perception based data	Content and thematic analysis



## 4.5.2 Anatomy of Interviewee Samples

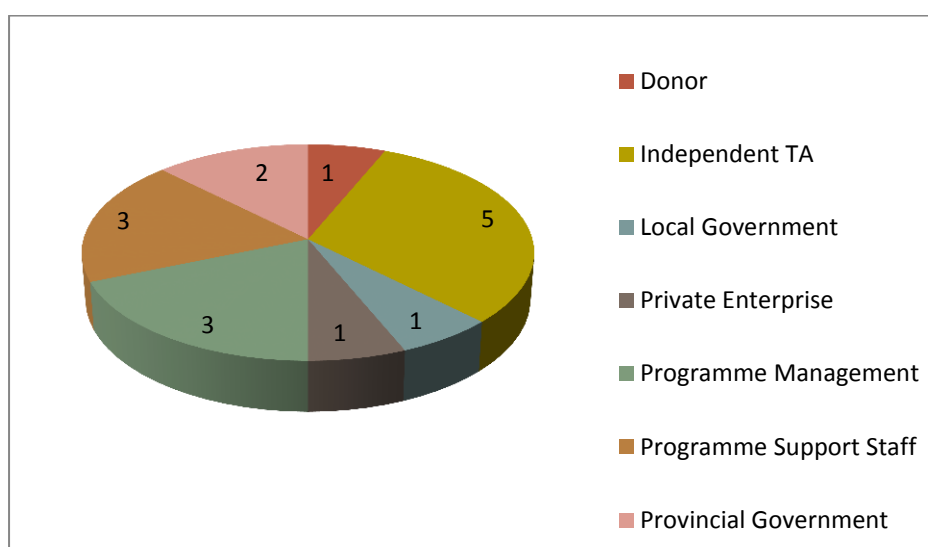
Four distinct sets of interviews were conducted to collect data during components 1, 3 and 4 of the evaluation. The purpose of each interview event, as well as the size and nature of each sample are documented and critically reviewed in this section.

### 4.5.2.1 Tier 1 Interviews Sample Review

During component 1 of the evaluation a set of interviews was conducted for the purposes of interrogating the BEF program theory and intervention logic; the efficacy of funding and institutional arrangements, management and operational procedures within the operating context of the BEF; and to source perceptions of progress towards the achievement of programme level outcomes. The data would supplement data from the programme document review.

Figure 1 indicates the size and composition of the sample. In total the sample consisted of 16 key informants, most of whom were closely involved with programme design or implementation, the appropriate profile for the purposes of the Tier 1 interviewees. The only objective of the Tier 1 interviewees that the sample does not adequately accommodate is gathering data on the perception of progress towards programme outcomes, which would have benefitted from further inputs of beneficiaries i.e. private enterprise, local government and provincial government to a lesser degree.

Figure 1: Sample size and composition of Tier 1 interviews



### 4.5.2.2 Tier 2 Interviews Sample Review

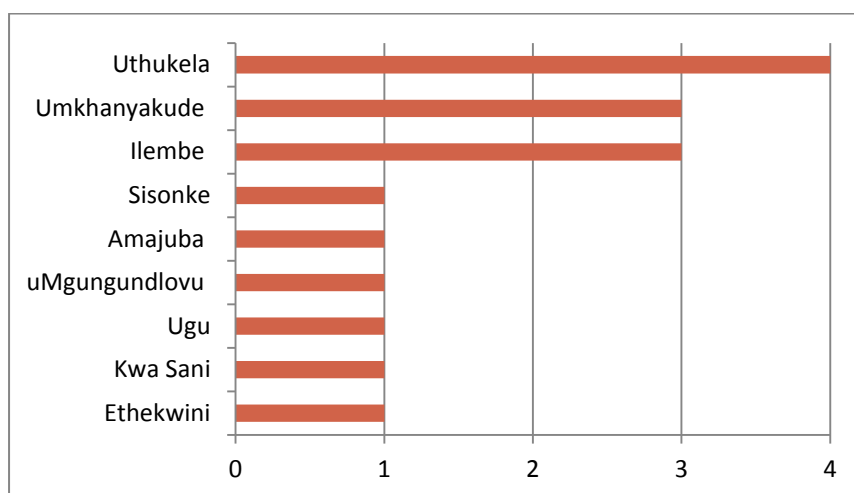
During component 3 of the evaluation an attempt was made to supplement existing secondary data with telephonic survey responses on the performance and impact of all 87 projects in the BEF portfolio. To ensure an adequate level of credibility of these perception-based judgments on project level performance, efforts were made to secure responses for each project from three different interviewees. One interviewee could provide responses for multiple projects, provided the interviewee was sufficiently familiar with the project being reviewed.

Projects were overseen in district portfolios; therefore the most telling characteristic of the sample is whether at least three respondents represent each district, which would indicate that each project's performance was assessed from three different data sources.

Figure 2 indicates the sample size and composition for the telephonic survey. Firstly it should be noted that not all districts are represented. In addition only three districts reflect the minimum number of respondents necessary to ensure a minimum level of credibility in the data (three interviewees per project). Although some respondents were sufficiently familiar with projects in other districts to provide data on them (due to the mobility of project and municipal staff), and

although data was subsequently supplemented in a re-implementation of the Tier 2 interviews, the sample and therefore the data remains problematic. Findings from interview data in this component of the evaluation must be considered with appropriate caution.

**Figure 2: Sample size and composition of Tier 2 interviews**

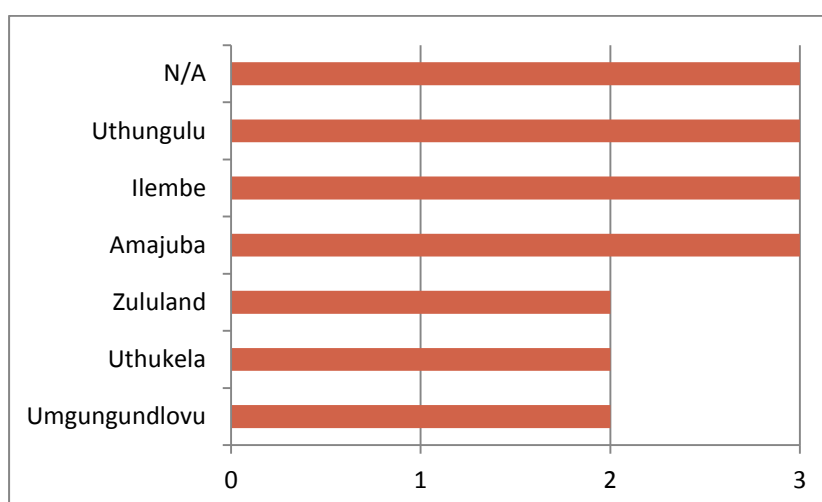


#### 4.5.2.3 Sample Review of Interviews for Exemplary Cases

To further support the evaluation objective of understanding the operation of the BEF mechanism in context, projects were identified for investigation as exemplary cases. Key informants per project were then engaged in in-depth interviews. These cases were distributed across districts and once again in order to ensure credibility of the perception-based data multiple respondents per case as represented by district would be required. In addition, multiple respondents per case would be necessary to serve the purpose of the exemplary case methodology, which is to precipitate a dialectic of learning.

From Figure 3 it can be seen that the sample size per district represented in sample cases is satisfactory for the purpose. Even though three districts had only two respondents per exemplary case, their data was supplemented by independent technical experts not exclusively linked to a district (and labeled as N/A in the graphic).

**Figure 3: Size and composition of sample for exemplary cases**





## 4.6 Limitations of the Study

### 4.6.1 Design limitations

Evaluating the performance of the BEF is fraught with challenge. An obvious difficulty is the absence of normative baselines against which to assess fund performance and change for the better. There is no standardised 'before' measure of the extent to which the 'environment' in KZN was 'enabling for business', against which an 'after' measure can be systematically drawn. But perhaps more sensibly noted is that not only is there no consensus on a firm and objective theoretical framework for measuring the extent to which 'an environment is enabling of business', but the validity of such a framework would be dubious by virtue of the complexity and therefore uniqueness of each environment or context. Under these conditions establishing findings on outcomes and impacts is problematic.

A similar critique applies to attempting to benchmark fund mechanism performance against other comparable mechanisms. Identifying a directly comparable mechanism is difficult; identifying a comparable mechanism within a comparable context is substantially more so. The effect of complexity on the evaluation is to limit the validity of all normative or benchmarked assessments, while necessitating a far more qualified, layered and complicated presentation of evidence in order to arrive at attributive statements and evaluative conclusions. The best possible design is one that reduces rather than eliminates uncertainty of the contribution of the mechanism to observed outcomes and impacts.

### 4.6.2 Data limitations

The primary data limitation is associated with collecting evidence on project results and experience. The absence of knowledgeable respondents due to staff turnover and the consequent loss of institutional memory about the detail of the BEF projects within beneficiary organisations impacted on the availability and reliability of data on project implementation. This was compounded by the fact that the evaluation was taking place several years (6-7 years) after a substantial proportion of projects had commenced and been implemented.

In an attempt to mitigate the resulting data paucity multiple data sources were consulted to triangulate evidence on each project investigated. These efforts, however, met with limited success and the conclusiveness of findings posited from this evaluation component has had to be substantially qualified.

A further limitation is the incompleteness of the voluminous secondary data sets. Programme records were kept on most of the critical programme processes. However, there are some gaps that would have proven useful to an evaluation, such as a log of inquiries from applying municipalities and, later in the process, beneficiaries. Additionally, there is inconsistency in the meticulousness with which record keeping was approached. For example, while financial transactional data is detailed, reports evaluating the quality of project outputs did not adhere to the detailed evaluation template provided and consequently usefully formatted data of potentially significant value to the BEF evaluation was not captured.

### 4.6.3 Limitations applying to OECD-DAC criteria

The evaluation benefitted from sufficient evidence for grounded evaluation findings arranged in accordance with the OECD-DAC criteria of Relevance, Efficiency, Effectiveness, Impact and Replicability. However, the evaluation was confronted with peculiar difficulties in attempting to measure the sustainability of project outcomes.

Not only did the given complexity of LED - the multiple entry points, different possible development trajectories, the multiplicity of executing agents at institutional and individual level and their varied

influence of future outcomes, to name a few of the critical factors that converge in the practice of LED – severely complicate judgments on sustainability. But the nature of project level results, which tended to be primarily output level results with few accompanying deliberate and formal mechanisms for use of outputs, rendered most pronouncements on sustainability speculative.

## 5 PROGRAMME OVERVIEW

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### 5.1 Introduction

The central premise of this evaluation is that an understanding of the mechanism in context is the critical pre-requisite for proposing evidence-based responses to the evaluation objectives.

The chapter begins with a consideration of the context of LED in South Africa at the time that the BEF was designed, as well as the current state of that context. It reflects on the policy, governance and service delivery conditions the design needed to demonstrate responsiveness to, and the level of maturity of LED practice in South Africa that it needed to take cognisance of, in order to optimise its potential efficacy. It also considers how these conditions have evolved and what the implications are for the design of similar interventions going forward.

Then follows a detailed description of the BEF model, its underlying theory of change and how that was realised in institutional arrangements and operational processes; the decisive moments determining the mechanism's final format; and its role within the broader Gijima programme; all grounded in the discussion of context which precedes it.

The chapter concludes with a descriptive statistical overview of BEF activity to date. Beyond an exposition of BEF activity the descriptive statistics offer some useful insights in response to the evaluation objectives and are accordingly subjected to additional analysis and interpretation.

### 5.2 The LED Context

During its design the Gijima programme benefited from a thorough contextual analysis that included a consideration of the prevailing socio-economic imperatives the programme would need to address, as well as the policy and institutional environments it would be operating in. Despite aligning programme design fairly meticulously to findings on context, while adhering to prevailing consensus on sound LED practice (and successfully anticipating a number of the constraints the context would impose as a result), there are inevitably deficiencies in either design or implementation that have not adequately mitigated the risks inherent in the context, both identified and overlooked.

A decade of LED practice has more clearly exposed the challenges of the context and, with the benefit of hindsight, deficiencies in programme design can now be reviewed in terms of the persistent risks undermining effective LED practice in South Africa. By the same token the level of outcomes achievement is better understood from an appreciation of the context prevailing at the time. For the purposes of the evaluation it is not useful to review all the contextual variables that the programme design took into account, but rather to focus on those that have proven pertinent to performance and mechanism efficacy. The objective of reviewing the context in this section is to demonstrate the key conditions in the context – socio-economic, political and institutional - that not

only determined programme design but that had a material effect on the extent and nature of programme outcomes.

### 5.2.1 Socio-Economic Conditions

The feasibility study informing the design of the Gijima programme describes KwaZulu-Natal as *'a province that combines great economic strength and dynamism in its main economic centres with problems of widespread poverty and unemployment both on its urban peripheries and within its rural areas.'* This spatial disparity in economic activity persists, with an estimated 61% of provincial economic output generated in eThekweni, with an additional 9% in Umgungundlovu; while Umkhanyakude, Sisonke and Umzinyathi districts contribute less than 4% combined (DEDT, 2010).

In addition, the original detrimental employment, poverty and health conditions cited in the feasibility study, although having been subject to some significant improvements, continue to pose substantial risks to social wellbeing. KZN also continues as the province with the highest HIV infection rate at just below 16%, although the infection rate has been stable since 2003 (NDoH, 2008). In 2003 KZN's unemployment rate was as high as 25,4%. The first quarter of 2010 saw unemployment at 19,3% and the figure reached 20,3% in the second quarter of 2011, up from 19,8% in the previous quarter (LFS, 2003 and 2011). The erosion of employment is the product of the global financial crisis of 2008, has been demonstrated nationally and is not attributable to any regional characteristics.

Despite these challenges KZN makes the second highest contribution to national GDP, behind Gauteng but ahead of the Western Cape (DEDT, 2010). As the feasibility report points out, in addition to *'great human and natural resource potential'* it also benefits from a key pre-requisite for economic growth, namely *'good infrastructure in the main economic nodes and in smaller centres along its main economic activity corridors, the N2 and N3 highways.'*

Of course it is difficult to attribute the significant improvement in the employment rate, or any equivalent macroeconomic indicators, to an intervention even of the scale of Gijima. Extreme sensitivity to macroeconomic forces introduces unpredictable complexity, which in turn has implications for both programming and evaluation. Assessing the impact of a mechanism in a complex context against macroeconomic indicators also assumes that the intervention is of such a scale that macroeconomic effects can be attributed linearly to its activities. This is seldom the case.

It is also not the point being made. What is being emphasised is that macroeconomic conditions remain overwhelming determinants of regional and local economic destinies. The feasibility study acknowledges this complexity by not only referencing the literature situating LED as a response to the effects of globalisation, but by explaining how, for example, the slow growth in KZN was exacerbated by the devastating effects of globalisation on traditionally vibrant industries such as textiles.

The conditions described in the feasibility study offered a compelling argument for intervention in the LED arena. The spatial disparity in economic conditions is the core phenomenon that LED attempts to address, as it focuses on securing or revitalising economic viability and competitiveness of smaller scale, geographically bounded areas. LED is intended to mitigate the impact of broad detrimental economic trends through localised action. Spatial defined economic inequity was, and continues to be, a useful conceptualisation of the economic challenges confronting the province. Consequently the investment in LED in order to confront these challenges is a well grounded strategy.

Furthermore, in declaring an explicitly pro-poor stance Gijima was not only adhering to the prevailing policy emphasis of the developmental state, but launched an authentic effort to foreground both strategically and operationally the social benefits of pro-market, pro-growth interventionism.

### 5.2.2 Key Challenges of the Policy Environment

The feasibility study correctly identified a convergence of extant and emerging policy initiatives that, although not having yet resulted in a cohesive policy framework for LED, at least represented a policy environment conducive to the launch of LED programmes. A draft LED policy was published in 2002, the same year the feasibility study was being conducted, while the National Framework for LED in South Africa would only be released in 2006, well along Gijima's implementation timeline. The lack of a ubiquitously adopted and applicable LED policy did to some extent undermine the effective practice of LED, because it perpetuated a policy conflict that persists in LED practice in South Africa: the dual and frequently competing priorities of social welfare and economic growth, represented institutionally at the time by DPLG (now COGTA) and DTI respectively.

However this lack of resolution offered some leeway for an intervention of considerable scale to adopt a definition of LED that was ideologically unconstrained and biased towards what the literature and context were suggesting was functionally optimal. During the design phase Gijima was to adopt a definition of LED that attempted to appropriate and hybridise the dual policy priorities, determining that initiatives funded should be typified by outcomes that are both 'Pro-Poor' and sustainable. That is to say *'outcomes of local economic actions should benefit the poor in particular either through employment, skills or entrepreneurship ... (while) actions/projects/businesses supported should be sustainable i.e. competitive, financially and environmentally sound, socially responsible and having longevity.'* Gijima went on to define what LED is not, and excluded short-term poverty alleviation projects that were grant dependent and made no provision for sustainability. Rather than simply invoking the twinned priorities Gijima linked them in a logical relationship that prioritised intervention in the economic development sphere over unsustainable alternatives, while still confirming the validity of the dual policy priority, articulating the correction of bad practice that the programme was intended to demonstrate in implementation.

### 5.2.3 Key Challenges of the Institutional Environment

Somewhat more problematic was the institutional environment for LED. Implementation of the LED mandate was weak for a number of reasons, including the lack of co-ordination between spheres of government and various government agencies on LED; the lack of collaboration on economic development issues between government, private sector and civil society; a lack of resources at local government level; a local sphere of government that demonstrated differentiated levels - though in general a severe lack - of capacity. In addition, both the Auditor General and the Public Service Commission were reporting inadequate financial risk management and accountability in a large proportion of municipalities across the country.

Part of local government's constitutional mandate is to realise the economic well being of its jurisdiction, by addressing requirements for infrastructure, by planning for economic activity and employment, and by addressing the plight of the poor (Lawrence, 2009). However, as the feasibility study indicates,

*'Local government capacity is uneven, but generally weak outside the main urban centres. In many cases, particularly local councils (and some District Councils) within predominantly traditional areas, even basic municipal administration and project management capacity are not in place.'* (Gijima Feasibility Study, pg. 7, 2002)

Consequently LED, which at the time was a relatively new function, was proving ineffective. And under the financial dispensation of heavy reliance on national government transfers supplemented by rate collection, a new function was apt to be classified as an 'unfunded mandate', further undermining any likelihood of it being attended to. Nevertheless, despite the lack of capacity and resources to drive LED at local level, local government had guarded its constitutional mandate jealously, effectively sidelining other actors central to LED efforts, notably business and civil society organisations.

This confluence of factors had rendered LED incidental rather than deliberate and certainly external to the purview of the public sector. With a substantial purse, Gijima sought to precipitate the execution of the ‘unfunded mandate’ specifically through the BEF. In addition, the programme was designed with provision made for redress on each of the constraining factors. Keenly sensitive to the lack of capacity at local level the programme assumed a developmental stance and placed significant emphasis on programme support and capacity building, while partnerships for facilitating collaborative action would be a key feature of the programme governance arrangements, as well as project execution.

#### **5.2.4 Persistent Challenges in LED Practice**

Subsequent to the implementation of Gijima and the BEF the literature on LED in South Africa has confirmed and expanded on the challenges identified in the Gijima feasibility study, as well as identified additional obstacles to LED best practice. These findings are summarised here as four key areas for strategic consideration, because they have bearing on the assessment of the utility of the BEF model and the recommendations for adjusting any similar mechanisms in subsequent implementations.

##### **5.2.4.1 The Appropriate Scaling of LED**

Project-based LED has been local government’s conventional approach and this is particularly true of the smaller municipalities. Results of project-based initiatives, however, have proven consistently disappointing, especially with regards to the sustainability of outcomes (Rogerson, 2009). The failure of project-based LED has been attributed to the fact that it fails to recognise the embeddedness and dependence of economic activity on a broader system (Meyer-Stamer, 2008).

South Africa’s cities appear to be evolving an alternative LED practice centred on the building of ‘systemic competitiveness’. Through a diverse portfolio of broadly integrated initiatives South Africa’s major cities are seeking to enhance their competitiveness variously as centres of production, as centres of consumption or as centres for service-based, information-processing or knowledge-based activities. Their differentiated practice focussing on systemic competitiveness contrasts sharply with secondary cities tending to focus on economic readjustment and LED practice in small towns which is project based and limited. It is argued that these geographically differentiated practices in LED are contributing to a widening of the already stark spatially defined economic inequities (Rogerson, 2009).

Systemic competitiveness as a focus of LED practice has significant implications for local municipalities because it not only questions the validity of project-based interventions, but the appropriateness of local municipal jurisdictions as the bounded locality for economic development. Local municipalities may not be the appropriate level for LED investment, though district municipalities might be. Appropriate scaling, however, is not just about awarding grants at the right level. It’s about awarding grants to interventions targeting the correct scale of intervention.

##### **5.2.4.2 The Co-ordination of LED Efforts in Government**

The literature suggests that there are high levels of inefficiency in government programming with regards to LED (Sulzer, 2008). The primary example cited is the duplication of tasks between different LED stakeholders, specifically the two major government departments involved in LED – namely DPLG and DTI. It is asserted that the activities of additional stakeholders, such as DBSA or SALGA, introduce another layer of duplication of several of the tasks undertaken by DTI and DPLG. There is a call for greater coordination and integration of LED activities (Rogerson, 2009).

At face value the inefficiency is incontrovertible. However, the extent to which duplication poses an effectiveness problem has not been demonstrated. The greater challenge, it might be argued, is the severely limited resource base for implementing LED. ‘Duplication’ might be regarded as a solution – the leveraging of resources from multiple sources in a resource depleted development domain. Offering multiple avenues for realising (and failing to realise) local economic development outcomes

may be a critical enabler of learning, improving and maturing a nascent practice. Rather than improving outcomes premature rationalisation may formalise and mainstream bad practices.

#### **5.2.4.3 Partnerships and collaboration**

The literature emphasises the vital role of cross-sectoral partnerships and collaboration for successful LED. Partnerships mobilise resources and leverage critical financing on which consequential LED depends. Although formal mechanisms for engagement are required the accent is on the building of social capital and the value of the informal interactions to the impetus for action.

An illustrative case from the BEF experience is the Illembe growth coalition. Although correlating the formal activity of the growth coalition to economic outputs in the form of collaborative undertakings in Illembe makes for neater science, respondent data is emphatic in attributing less substantial but definitive outcomes to the building of social capital over time, and the informality this has allowed. The data suggests the following conclusions on partnerships, collaboration and the building of social capital:

- Development is the product of a convergence of efforts and context over time. Social capital makes a significant contribution in the Illembe case, but it should be noted that the growth coalition is the current manifestation of social capital building efforts that had been initiated over a decade earlier and had achieved fruition many years later.
- This suggests that in the instance of social capital additionality is a legitimate funding criterion to consider. The establishment of the growth coalition is not solely attributable to Gijima funding. In addition to complementary funding from the IDC, the efforts of numerous stakeholders preceded the awarding of the grant to establish such a forum, ripened the context for the intervention, and are clearly conditions for success.

#### **5.2.4.4 Resourcing, capacity development and learning**

The capacity at local government to implement LED remains severely constrained (Lawrence, 2009). Local government under-capacity is a reality of the South African service delivery landscape that will continue to assert itself into the foreseeable future. As the BEF experience has emphatically demonstrated it is a reality that should not be under-estimated and that must be provided for in LED programming. A developmental orientation in programming is necessary and there is a need to deliberately cultivate learning networks and devise knowledge platforms to enhance high level systemic learning (Rogerson, 2009).

Furthermore, because the mandate has not always been prioritised in budgeting, LED is likely to rely on grant funding from various sources for delivery, at least as complementary funding.

#### **5.2.5 Summary of Contextual Variables Requiring Programme Design Response**

In order to respond appropriately to the operating context the BEF would have to be designed to:

- Address and, in implementation, adapt to marked spatial inequities and differentiated potential in economic activity across KZN
- Formulate and demonstrate the proper link between the dual policy priorities of economic development and social welfare
- Fund and prioritise the funding of an ‘unfunded mandate’
- Provide for diversified institutional challenges across local government authorities related to capacity deficits and the immaturity of LED practice
- Determine and target the optimal level for intervention in LED
- Facilitate the appropriate level of coordination of LED across levels of government
- Facilitate the establishment of functional LED partnerships across societal sectors



## 5.3 The BEF Model

One of the two overarching purposes of this evaluation is to assess whether the BEF model demonstrates efficacy and is worthy of replication. In order to make a pronouncement on the model's effectiveness it is necessary to critically review the integrated evidence that together represents a test of the social theory of change underlying the BEF. The theory of change is that set of assumptions that links intended programme outcomes as effects to causes in the form of programme resources, activities and organisational arrangements. The theory of change is implicit in programme activities and programme documentation, especially planning documentation and specifically the programme logical framework. The theory of change presented here has been explicated from programme documentation and supplemented by the Tier 1 interviews.

### 5.3.1 The BEF Theory of Change

The BEF theory of change is integrated into the broader Gijima programme theory of change and cannot be understood in isolation from it. Gijima sets out to address unemployment and a number of related social ills (including poverty and health vulnerabilities) through what the programme considers an appropriate and sustainable modality, that of local economic development. It is the self-organising and self-perpetuating nature of economic activity that informs the assumption of sustainability, while the spatially determined distribution of economic and social inequities confirms the appropriateness of LED as the solution modality because LED is, in practice and by convention, can be understood as spatially determined.

There are three defining features of the Gijima and BEF theories of change that are pertinent to the question of model efficacy, namely, intervention scale and scope; contextual fit and risk mitigation; and procedurally secured efficacy.

#### 5.3.1.1 Intervention Scale and Scope

Gijima has been described as a bold intervention by virtue of its regional scale. However, LED theory increasingly endorses regional level intervention while dismissing exclusively project-based efforts as ineffective (Rogerson, 2009). A useful question for the programme level evaluation would be whether the regional scale of Gijima was complemented by essential corollaries such as the adoption of a systemic competitiveness perspective.

Of particular interest for the BEF, however, is the comprehensive scope of Gijima. The literature on local economic development demonstrates a keen systems sensitivity, acknowledging the critical influence of disparate sets of pre-existing and emergent conditions on the likelihood of local economic development endeavors to 'take'. These conditions typically include actual economic or enterprise activity; the environment in which economic activity takes place; social capital, including cross-sectoral collaboration; processes of learning and knowledge application; and others. While the majority of LED interventions are project based and focused on enterprise development specifically, the Gijima programme design recognises the necessity of intervening in a number of areas identified in the feasibility study (and through the experience of implementation in the case of results are 5) as critical determinants of development in the KZN context. Foremost of these determinants is the obvious domain pair of actual economic and enterprise activity, which Gijima addresses via the LCF, and the environment in which economic activity occurs, which is the target of BEF funding. In addition, the programme identifies three further results areas and introduces programme mechanisms and activities to address each.

The scope of Gijima is incontrovertibly comprehensive and represents something of a grand programmatic experiment in this regard. The extent to which the interventions targeted at the results areas are effective together is relevant to the programme level - or Gijima level - evaluation. Cumulative programme efficacy is, however, also relevant, in a delimited way, to the evaluation of each individual mechanism, including the BEF.

**Table 4: Gijima results areas and intervention mechanisms**

Results Areas	Intervention Mechanism
Stakeholders combine in partnership to develop and implement sustainable employment generating investment and enterprise growth plans with pro-poor outcomes.	Local Competitiveness Fund (LCF)
Grants enable public-sector stakeholders engaged in LED-related processes to create and operate an enabling environment for LED and pro-poor development.	Business Enablement Fund (BEF)
Sustainable mechanisms for learning, knowledge exchange, information dissemination, training and replication have been established and are working.	Network and Cooperation Funding (NCF)
Effective LED management functions established and operational at provincial and area level.	Gijima PCU activity, technical assistance and handover
Support to DPLG at national level for strengthening of the LED environment through implementing the national LED strategy.	Gijima PCU technical assistance

### 5.3.1.2 Contextual Fit and Risk Mitigation

Both in its design and implementation a formidable effort was made to ensure that Gijima and the BEF addressed the potential constraints imposed by the operating context and had the adaptive mechanisms to cope with unforeseen conditions.

In terms of conforming to the context, Gijima and the BEF invested development funds at the level at which the prevailing policy environment invests the LED function – local government. The capacity deficit was identified as a binding constraint and a developmental approach was incorporated into the programme design in response, manifest not only in the NCF, but in the attentive demand-driven model for the learning sites implementation, the inclusion of programme support staff, and concessions on the role of technical assistance in the drafting of project proposals, to name some key examples.

The adaptive mechanisms, including monitoring functions and procedures, the procurement of technical expertise and assistance when required, and the establishment of the MLRF, amounted to a learning system that would support adaptation to emerging elements in the operating context. The extent to which the mechanism was adaptable and did modify to maintain or augment effectiveness is a nuanced narrative.

### 5.3.1.3 Theoretically and Procedurally Secured Efficacy

The adjustment of the BEF model to a competitive demand-driven mechanism is, when the literature on LED practice is considered, a theoretically sound development. The literature overwhelmingly favors competitive demand-driven LED interventions, based on the body of evidence emerging from programmes located primarily in developed economy contexts. The reliance on evidence for design decisions cannot be faulted but the misjudgment of the influence of context - and the extent to which context might qualify existing evidence-based theory - is interrogated in this evaluation.

In addition to evidence-based decision-making the BEF reflects an accurate anticipation of risks to effectiveness and a reliance on administrative and procedural rigour as a preferred risk mitigation strategy. This is demonstrated both in the consistent adherence to procedures that were aimed at selecting high-quality project proposals rather than expending available budget, and the significant adjustment at closeout with the introduction of additional procedures to salvage the quality of

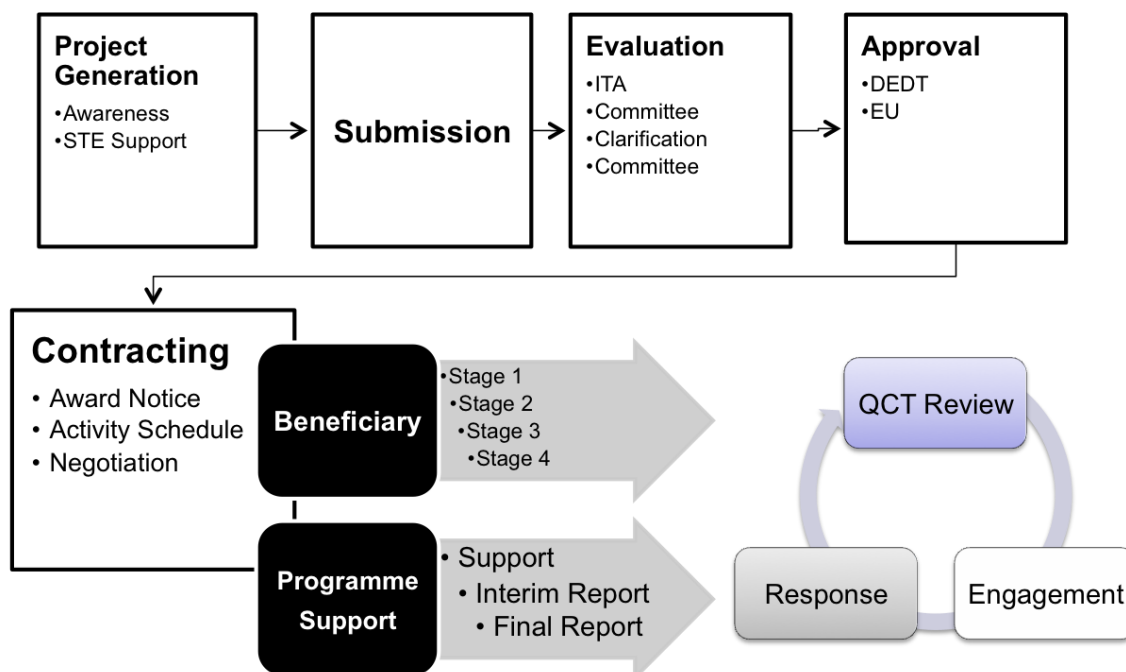


project outputs when it became apparent that delivery was at significant risk. It is the trade-off between conventional conceptions of efficiency and effective achievement of outcomes that is prominent and of interest in the case of the BEF.

#### Box 1: Description of the BEF Process

A notable feature of the BEF is the adoption of procedural rigour as the strategy to mitigate risks inherent in the implementation context that threatened quality of project outputs and financial integrity. Although introducing a challenging administrative burden for intended beneficiaries, the necessity for procedural rigour has been vindicated by the fact that poor-quality outputs and financial mismanagement were manifest, to the extent that additional interventions had to be introduced to address these. It is reasonable to conclude that in the absence of procedural rigour both the poor quality of outputs and the degree of fruitless expenditure would have been exacerbated and would have irrecoverably undermined the value delivered by the programme. Figure 4 illustrates the BEF process from project initiation to closure.

Figure 4: The BEF grant process from project initiation to closure



### 5.3.2 Key Adaptive Milestones

There are numerous examples of adaptations to programme implementation that reflect responsiveness to emerging conditions in the operating context. The additional effort in raising awareness of calls for proposals and the project proposal possibilities is an example. However there are two substantive modifications to the programme design that signal an adjustment in the theory of change and are consequently key points for analysis when considering the effectiveness of the BEF model.

The first is a change from an implicitly supportive demand-driven model during Call 1, and particularly with regard to the engagement with learning sites, to a competitive demand-driven model in subsequent calls. It is important to note that the BEF did not deliberately switch from an initial to subsequent implementation model, but the manner in which activities (especially programmatic support activities) were implemented resulted incidentally in a difference in

implementation between Call 1 and subsequent calls. As the programme overview of BEF activity will temptingly (but not conclusively) illustrate, it is plausible to posit that the continuation of the more supportive incarnation of the programme may have produced more satisfactory outcomes.

The second is the introduction of the QCT process in response to the consistent delivery of poor-quality outputs at closeout. The QCT process is an assertion of the theory of change assumption that meticulous procedure will ensure effectiveness. The necessity for its introduction is of particular interest and an analytical focus for determining the effectiveness of the BEF model.

### 5.3.3 Summarising the BEF Theory of Change

The theory of change informing the BEF can be summarised in a series of propositions as follows:

Proposition 1: Social ills can be effectively alleviated through Local Economic Development.

- LED responds to spatially differentiated socio-economic disparities and leverages spatially differentiated socio-economic disparities.
- LED ultimately realises sustainable outcomes because economic activity is self-organising and self-perpetuating.

Proposition 2: The effectiveness of LED programming depends on intervening at the appropriate scale.

- LED should have regional (provincial) reach.
- The scope of LED should be comprehensive, not only focused on generating enterprise development projects, but attending to the key facilitating conditions of LED success: cross-sectoral collaboration, a business friendly environment facilitated by government authority, the systematic redress of skills and capacity deficits.

Proposition 3: LED programming must be responsive to the implementation context.

- Programming must be feasible, demonstrating an understanding of and grounding in the implementation context.
- Grant disbursement should be demand driven to ensure the relevance and optimal prioritisation of projects.
- The programme design should include adaptive mechanisms that ensure it responds optimally to emerging conditions and influences.

Proposition 4: The effectiveness of the programme - as measured by the realisation of sustainable outcomes - must be prioritised.

- The programme is designed on a firm theoretical base.
- Risks in the implementation contexts are mitigated by procedural rigour.
- Grant disbursement should be competitive to ensure that projects with the weakest prospects for success are weeded out.

## 5.4 Overview of BEF Activity

The following section presents a statistically descriptive overview of BEF activity up to 31 January 2011. It focuses primarily on output data, considering the number of projects funded under the BEF, and to what value. The number of projects and expenditure are of particular interest when disaggregated by calls for proposals, of which there were five, and districts. The former disaggregating variable is of interest particularly in the light of evaluation objectives 3 and 4, which direct the evaluation towards an assessment of the efficacy of the BEF model. Disaggregating by call for proposals may allow for comparison of programme performance across two divergent models as the 'learning sites' phase of the BEF represents a different programme design to that implemented for subsequent calls.

Disaggregating by district may allow comparative findings on the difference in capacity and the maturity of LED practice across municipalities in districts.

#### 5.4.1 Summary of BEF Output and Expenditure

The BEF spent a total of R18,867,808.00 on 87 projects. Figure 5 shows the total number of proposals received across all five calls, the number rejected as administratively non-compliant, the number of proposals assessed and finally the number of projects approved. A total of 258 BEF applications were received by deadline. Of the total received, 60 were judged to be administratively non-compliant. One hundred and ninety-eight (198) applications were assessed and 87 applications were approved.

The small proportion of total proposals received that were approved as projects is indicative not of the competitive nature of the proposals, but instead their inadequate quality. This interpretation is substantiated by the data reflected in Figure 6 which shows the amount of money actually spent, compared with the amount designated for expenditure by the fund.

**Figure 5: No. of BEF Proposals received by Deadline, Administratively non-compliant, Assessed and Approved - All Calls for Proposals**

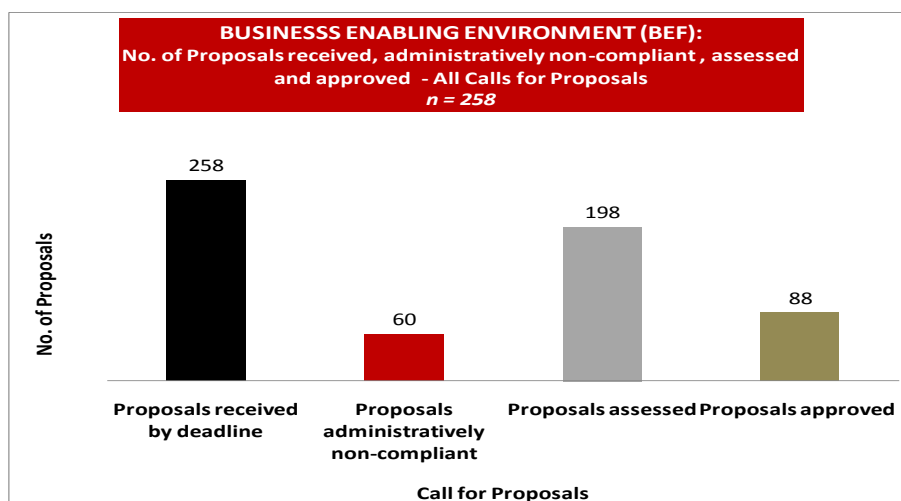


Figure 6 illustrates the total expenditure of the BEF on projects as of 31 January 2011. The total EU funding for projects available under the BEF was R34,421,000.00. Of this total, R23,765,133.00 was approved. By the 31<sup>st</sup> of January 2011, R18,867,808.00 had been disbursed. This latter figure represents 79% of the total value of grants awarded and only 55% of the total BEF funding available.

These differences between available, approved and disbursed funds are explained firstly by the fact that not enough proposals of an adequate standard were received. Secondly, the quality control mechanism introduced into the fund administration process included a sanction that entailed withholding payment should the output delivered not meet basic quality standards. The quality control process was clearly a necessity and these results are not unexpected of a demand driven, competitive funding mechanism within the context characterized by weak capacity on the part of beneficiaries.

Figure 7 shows the range of grant values issued by BEF. The majority of grants (33) were to the value of between R100, 000.00 to R200, 000.00, while the highest grant values disbursed were between R700, 000.00 and R760, 000.00. The value of grants provides an indication of the value and nature of services that might be obtained by the beneficiary through the funding.

Figure 6: BEF Funding Summary: Funding Available, Grants Approved and Funding Disbursed (All Calls)

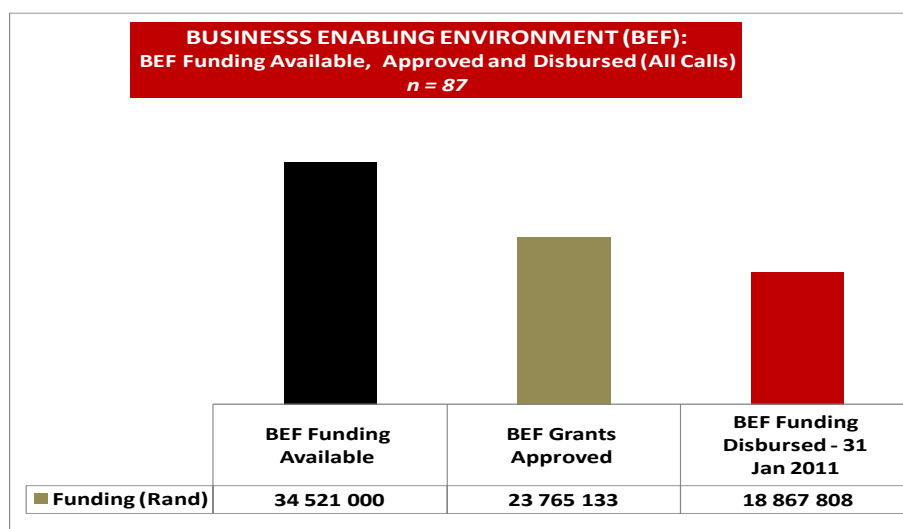
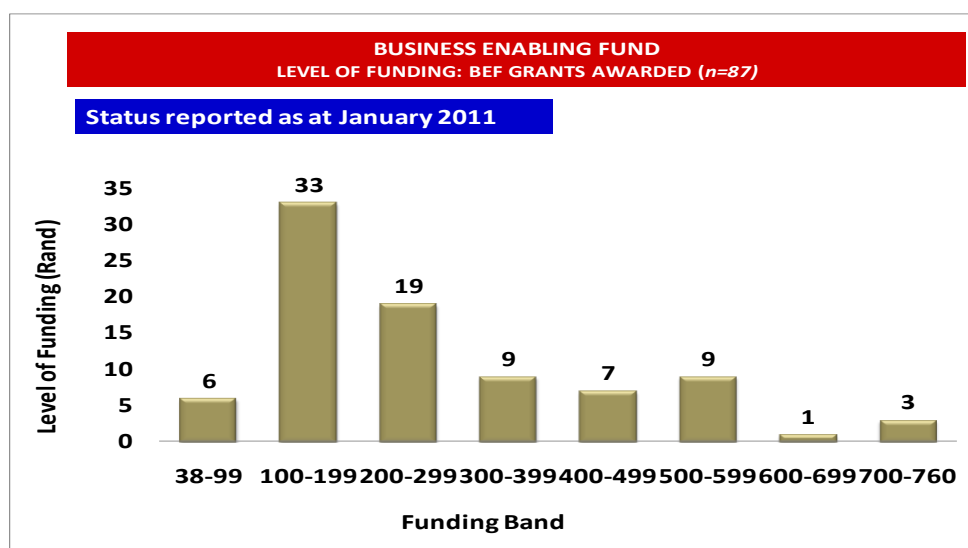


Figure 7: Values of grants



#### 5.4.2 Analysis of BEF Output and Expenditure by Calls for Proposals

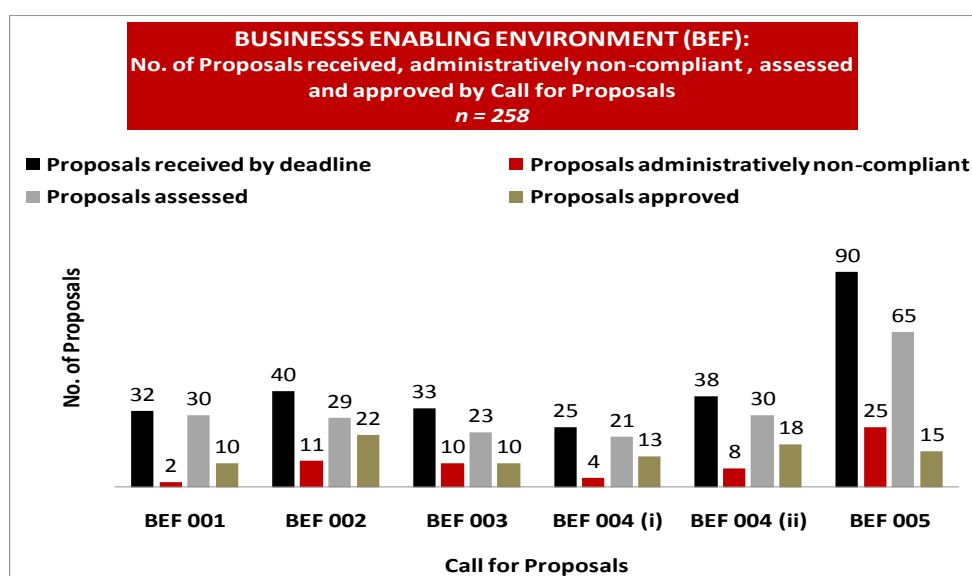
Figure 8 compares the number of proposals received, those that were administratively non-compliant, those that were assessed and those that were approved, by each of the six calls. Scrutinising the programme output by calls for proposals allows for two interesting observations. Most obvious is that the number of proposals received for call 5 far exceeds the trend set in the preceding five calls. The overwhelming response is understood to be attributable to the fact that potential beneficiaries were made aware that this was the final opportunity to access funding through the BEF.

The next less obvious but noteworthy observation to be made is that the number of administratively non-compliant proposals as a proportion of total proposals received in call 1 is negligible. This is startling when compared to the subsequent calls, each of which rejects a substantial proportion of

proposals on the basis of administrative non-compliance. The result might be interpreted by reflecting on the fact that during call 1 the BEF model was somewhat different to that implemented in subsequent calls.

Call 1 focused on selected districts as learning areas. It is clear from the corroborating evidence that the learning areas enjoyed a degree of programme support at the proposal writing stage that was not matched for beneficiaries in subsequent calls. Calls 2 to 5 occurred once the competitive demand-driven BEF model had been initiated. However Call 1 does not show a notable difference in the proportion of proposals assessed that are approved as projects when compared to the subsequent calls. It would appear then that programme support was exceptionally successful at facilitating administrative compliance, but not equally successful at ensuring the quality of proposals written.

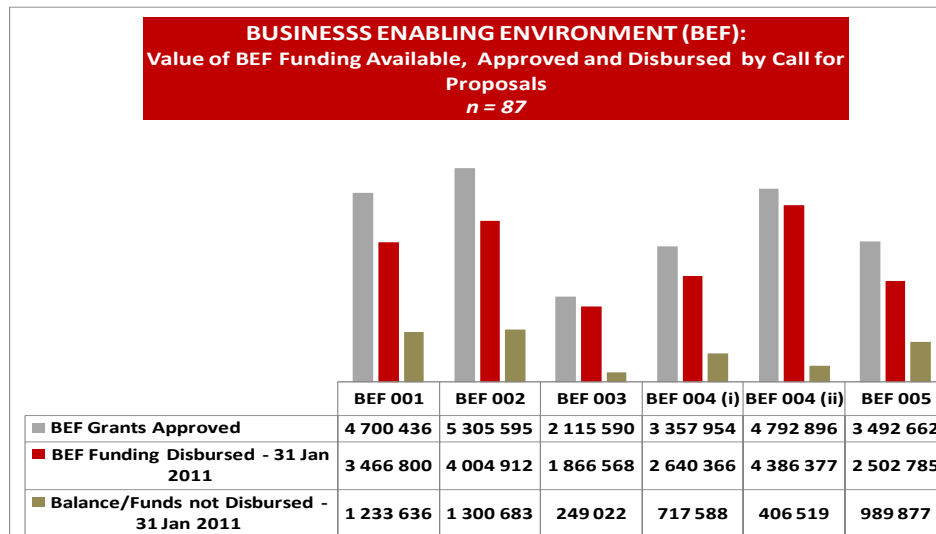
**Figure 8: No. Of BEF Proposals received by Deadline, Administratively non-compliant, Assessed and Approved - By Call for Proposals**



The limited advantage gained from programme support as a learning area site is further illustrated in Figure 9. Funds are withheld as sanction when the quality of output delivered does not pass evaluation through the quality control process. It is therefore a compelling indicator of project performance. The proportion of funds not disbursed in call 1 shows no significant difference when compared with the proportion of funds withheld in subsequent calls. Call 1 is in fact a relatively poor performer by that measure. This finding is of additional interest because learning areas were selected by virtue of an assessment that judged them ahead of other districts on capacity criteria.

Although one might have expected learning area sites to demonstrate a better performance over other districts because they were selected on merit and received more attentive programme support, their failure does not necessarily lead to the inference that the competitive demand driven model trumps the learning areas model. The logic for that interpretation does not seem sound. It could be that all participating districts improved their capacity to participate over time; or that the programme support received in call 1 was compliance focused and not well balanced or more appropriately targeted towards project performance.

**Figure 9: Value of BEF Grants Approved, Disbursed and the Balance of Funds Remaining – By Call for Proposals**



#### 5.4.3 Analysis of BEF Output and Expenditure by District

Figure 10 shows the number of proposals received, rejected on the basis of administrative non-compliance, assessed and approved across each of the districts. The findings are largely unremarkable though the large volumes of submissions by Ugu and Umgungundlovu do stand out. Of interest is the noteworthy proportion of assessed proposals approved as projects in Umzinyathi, which is by a significant margin the best performer in this regard. This performance is confirmed in Figure 11, which shows Umzinyathi receiving a large proportion of the total funds approved when considering the number of proposals the district submitted. In addition Umzinyathi tops the league table in Table 1, showing the rate of proposals approved versus assessed.

All districts were awarded BEF grants between R1.1 million and R4 million. Ugu, Umkhanyakude Umgungundlovu and Umzinyathi received the highest amounts in BEF grant funding, between R3 million and R4 million. Sisonke, Illembe and Amajuba respectively were awarded the smallest total amount in BEF grant funding.

Figure 10: No. of BEF Proposals received by Deadline, Administratively non-compliant, Assessed and Approved – By District (All Calls)

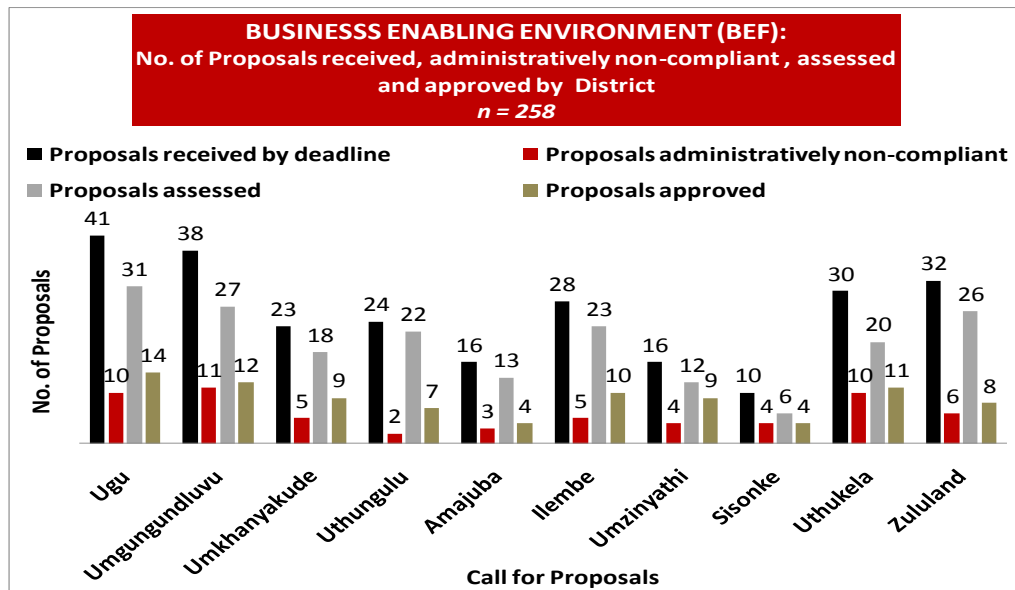
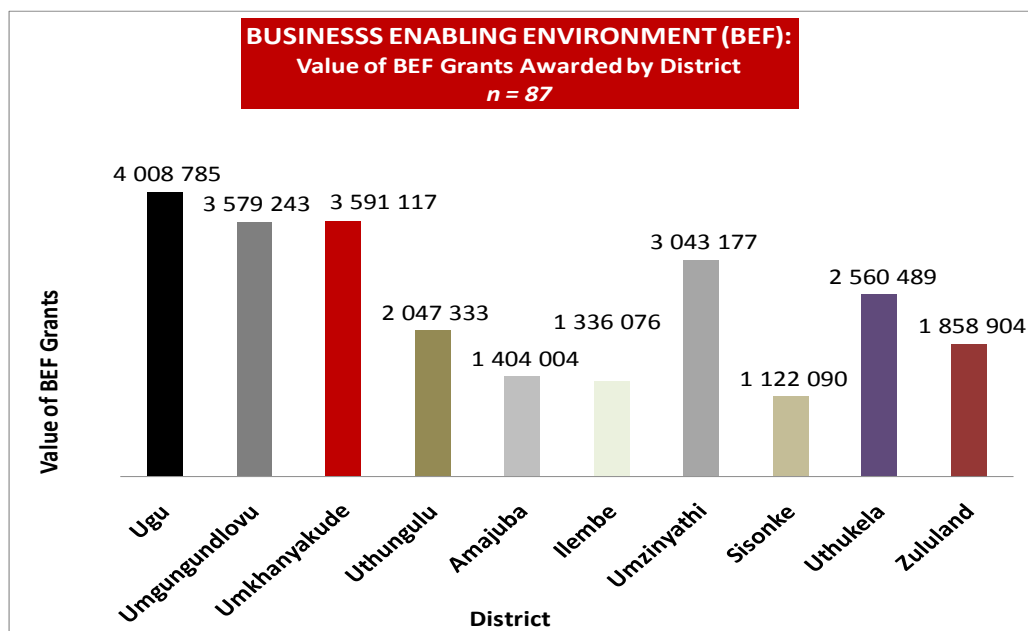


Figure 11: Value of approved BEF grants by District





**Table 5: Rate of Proposals ‘Received vs Approved’ and ‘Assessed vs Approved’ by District**

District	Proposals Received	Proposals Assessed	Proposals Approved	Rate of Proposals Received vs Approved	Rate of Proposals Assessed vs Approved
Ugu	41	31	14	34%	45%
Umgungundlovu	38	27	12	32%	44%
Umkhanyakude	23	18	9	39%	50%
Uthungulu	24	22	7	29%	32%
Amajuba	16	13	4	25%	31%
Ilembe	28	23	10	36%	43%
Umzinyathi	16	12	9	56%	75%
Sisonke	10	6	4	40%	67%
Uthukela	30	20	11	37%	55%
Zululand	32	26	8	25%	31%
	<b>258</b>	<b>198</b>	<b>88</b>	<b>100%</b>	<b>100%</b>

Table 5 shows the rate of proposals ‘received vs. approved’ and ‘assessed vs. approved’ respectively, by district.

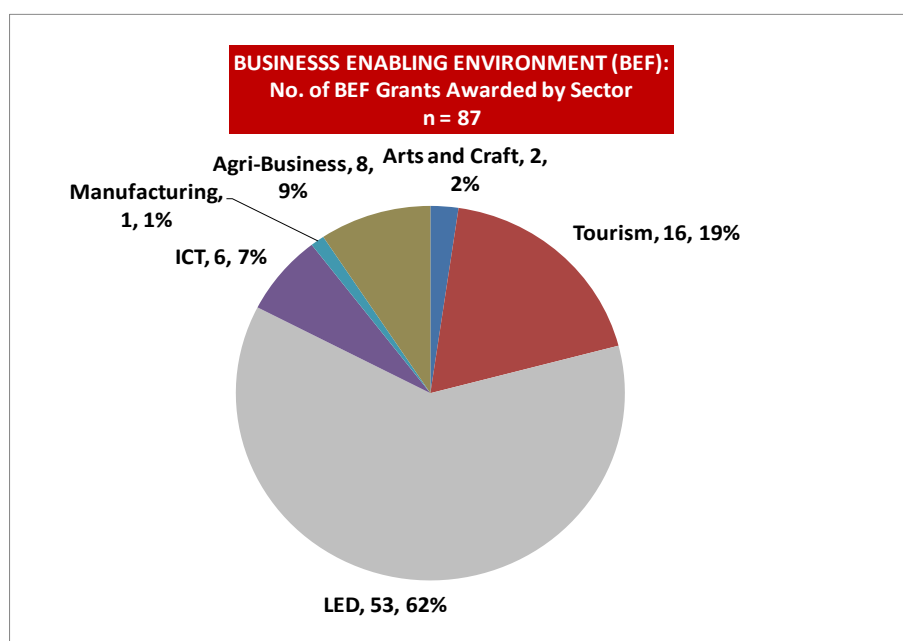
The rate of proposals received vs. approved reveals that for most districts (nine out of 10) 40% or less of the proposals received were approved. Only one district, Umzinyathi was able to achieve a success rate above 50%. In this district, nine out of 16 proposals received were approved (56%).

The rate of proposals assessed vs. approved by district, shows that most districts (six out of 10), less than half of their proposals that progressed to the final assessment stage – less than 50%, were approved. In only four districts (Umkhanyakude, Umzinyathi, Sisonke and Uthukela) were proposals that progressed to the final assessment stage, finally approved. The highest rate of proposals assessed vs. approved is for Umzinyathi. Of the 12 proposals that progressed to the final assessment stage, nine (75%) were approved. This is followed by Sisonke (57%) (although a fairly low number of proposals were assessed) and Uthukela (55%). The lowest rate of proposals assessed vs. approved was in Uthungulu (32%), Amajuba (31%), and Zululand (31%).

#### 5.4.4 Sector Distribution of Projects

Figure 12 shows the distribution of grants awarded across various business sectors. It is evident that grants were requested for the implementation of basic functions of an under-funded mandate, reflecting the limited maturity of LED practice in KZN at local government level.

Figure 12: No. of approved BEF grants by Sector



## 5.5 Conclusions

The descriptive statistics indicate that the reach of the BEF was geographically spread out, but that the total value of grants received by district varied considerably, but commensurate with their size and capacity and therefore not in particularly unexpected ways.

The types of projects funded were not very diverse, having forgone the perhaps more aspirational options on the BEF menu in favour of core LED function funding, reflecting the true level of maturity of the practice at local level.

The descriptive statistics allow for some assessment of performance. Because the findings are not of samples but of the entire population in question no inferential testing of significance is required. There is a consistency across calls in terms of the sifting of proposals submitted to ultimately the funded projects. The only exception is the exceptionally high administrative compliance evident in Call 1. This is probably a product of more intensive programme support that was perhaps focussed on compliance, combined with the level of capacity of the authorities selected for learning areas.

There is a consistency across district results as well, with the exception of Umzinyathi which outperforms all other districts in terms of projects approved from proposals assessed.

Finally, although there might have been an expectation of noting significant differences in terms of proportion of projects approved and funds disbursed between Call 1 and subsequent calls, the only observation was a significantly better administrative compliance for Call 1. It is clear that the descriptive statistics do not offer an adequate test of the relative performance of attentive versus competitive demand driven versions of the BEF.

## 6 FINDINGS

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### 6.1 Relevance

#### 6.1.1 Introduction

Relevance is defined as the extent to which the objectives of a development intervention are consistent with global priorities, donor and country priorities and the needs and requirements of beneficiaries (OECD, 2002). Accordingly the relevance of the BEF was assessed in terms of its compatibility with donor development priorities, its alignment to national and provincial policy priorities and its relevance to the needs of targeted beneficiaries. In addition, the OECD definition of relevance is augmented to include a consideration of the appropriateness of the programme design to the more influential conditions characterising the implementation context.

#### 6.1.2 Relevance of Programme to Stakeholder Priorities

##### 6.1.2.1 Relevance to donor priorities

The Financing Agreement (SA 73200-02-04) between South Africa and the European Commission was signed in June 2003 in terms of the strategic framework for development cooperation set out in the Country Strategy Paper for South Africa and Multiannual Indicative Programme (MIP) 2002-2006. The Country Strategy Paper indicates that the primary and overarching objective of the EU's development cooperation with South Africa is to reduce poverty and inequality. The agreement sets out the overall objective of the KZN LED Support Programme as follows: 'An improved quality of life for the people of KwaZulu-Natal'. The project purpose is 'to achieve equitable economic growth starting initially in selected 'learning areas' and replicating LED across the province'. At the level of overall objectives and purpose, the programme incorporating the BEF is therefore compatible with the EC priorities for development cooperation.

##### 6.1.2.2 Relevance to Grant Beneficiaries

The BEF was designed as a grant-based funding instrument targeting public-sector entities, primarily local authorities. Municipalities accessed the fund through a competitive grant application process. Its fundamental underpinning was that funding should be demand driven.

The BEF sought to address a dearth in capacity amongst municipalities at a time when: i) knowledge, skill and understanding of what LED is and what the municipality's obligations are in respect of creating an enabling environment for LED, was extremely limited; ii) LED initiatives being implemented were characteristically weak, fragmented and poorly conceptualised; iii) there was no comparable funding mechanism available.

*'... look the reporting requirements were a little bit (profanity) but at the end of the day that was the only place that you could get money for LED so there was nothing else you could do, you just had to comply and just go with the flow, that was the problem...' (BEF grant beneficiary)*

*'The BEF was an incubator basically for local economic development for the province. If it hadn't happened we wouldn't be in the fortunate position that we are in now.' (BEF grant beneficiary)*

*'Yes, you know definitely for the province it was something that certainly started the motion going. It was almost like the tipping point to get LED recognised as an avenue to proceed. What they did was at provincial level they started with the Corridor Programme, you know*

*the special Economic Development perspective, the Corridors and then they have got the Corridors Fund now I think to respond to the same thing that the Gijima Programme does. So, once the Gijima Programme came to an end the province introduced the Corridor Programme which we now participate in as well. I found that to be extremely useful.’ (BEF grant beneficiary)*

*‘During 2001 there wasn’t a concept known as local Economic Development. It wasn’t around. That’s why we had a thing called the Job Creation Model because nobody had dreamt up the words LED. Okay? So we sort of knew it’s like a kid beginning to walk. It sort of knows it’s got to go one foot other foot but doesn’t quite know how to go. But this – this Gijima Programme really was the first attempt by province to actually start focusing on local, on Economic Development and then it became local Economic Development because we were trying to get the money to turn within the area that you work. Instead of coming in overseas or whatever we were trying to do it like that. So, it was really the stimulator for, or the incubator for everything that followed after. Like the Corridor Fund.’ (BEF grant beneficiary)*

*Interviewee: ‘We bid, like crazy. I threw in 30 projects at a time. To hit a luck... We were writing business plans left right and centre. I needed aqua-culture. I needed – you know we had industries starting here because guys were coming to us saying hey what about this what about that? So we were just – we were putting it in thick [unclear] You know we were saying so this is one free sucker .. you know that’s how it crafted.’ (BEF grant beneficiary)*

*Interviewer: ‘But were you applying to different agencies not just to Gijima?’*

*Interviewee: ‘Well that was the only one at the time. So we were applying flat out there.’ (BEF grant beneficiary)*

The fund thus had relevance to municipalities to the extent that it enabled them to implement LED actions especially in a context where it was believed to be the only fund supporting LED-planning activity.

### **6.1.3 Relevance of Programme Design to Context Conditions**

The fund design and implementation modalities are described in detail in Chapter 3: Programme Overview. This section highlights the key elements of the design and the assumptions that informed it, and critically assesses their relevance.

The BEF primarily funded the development of LED strategies and plans and business plans mainly in the agri-business and tourism sectors. This initial funding delivered project outputs that facilitated the leveraging of further funding for LED work after the BEF.

#### **6.1.3.1 Capacity building**

The Gijima KZN Capacity building Framework (2005) states that ‘the objective of the BEF is to assist provincial and local government to create an enabling environment for local economic development. Essentially this is concerned with building their capacity to service LED within their jurisdictions. The BEF has been geared in line with the priorities synthesised out of the issues, constraints and intervention frameworks detailed in the IPMU commissioned report 1 focusing on developing the LED capacities of provincial, district and local institutions.’ (p. 5)

It nevertheless highlights that the prime capacity building instrument of Gijima is the NCF.

The document further identifies three dimensions of the framework, namely capacity building for:

- The creation and maintenance of an enabling environment for the LED programme;

- Effective programme management and long term sustainability; and
- Effective programme implementation at provincial and local level.

The BEF's contribution is identified under 'effective programme implementation at provincial and local level', where it is designated to undertake i) capacity building of provincial government departments/public entities and ii) capacity building of stakeholders outside of government, as follows:

*'Capacity building of provincial government departments/public entities is necessary to ensure that there is an enabling environment for LED at provincial level. The BEF will provide support to assist in building this enabling environment which should be conducive to business development.'* (10)

*'... the BEF will provide support to government in assisting in building an environment which is conducive to business development. A strong business environment also, however, requires that there are vibrant and strong institutions and associations which operate outside of government be they community trusts, non-government organisations, business associations or trade unions. The NCF could be utilised to assist such organisations and institutions at provincial, district and local spheres.'* (p. 11)

### 6.1.3.2 Competitive grant-based funding

The key imperative underpinning the competitive approach is to ensure effective resource utilisation. The Inception Report states the following:

*'the fund will be operated on a competitive basis to ensure a prioritisation of interventions that serves the LED needs of KwaZulu-Natal and this will ensure that resources are used most effectively to support sustainable and equitable growth.'*

*'...it provides a competitive environment in which projects which fit within a project framework are able to receive funding over others which are less compatible.'*

This imperative is, however, qualified by a recognition that competition may result in marginalisation of some disadvantaged municipalities.

*'Facilitation and technical assistance support will ensure that no local government is disadvantaged through the competitiveness approach because of limited resources, knowledge or experience. Accordingly, well-resourced and well-informed local governments will not have a competitive advantage over equally enthusiastic but ill resourced and poorly informed local governments.'*

The undertaking to provide technical assistance establishes that the viability of a competitive process is contingent on support to municipalities.

*'If not carefully managed within a strong policy framework, grant-based schemes can however have a limited impact in that:*

- *'Individual applications may fit within the criteria for funding, and therefore be approved leading to the implementation of a range of disaggregated projects which do little for the overall economic growth of an area or region;*
- *It assumes a level of preparation of stakeholders to participate in the system which may not be in existence allowing stronger capacitated local areas to continue to benefit over weaker areas.'*

*The KZN EU LED programme is designed to overcome these shortcomings by providing limited technical assistance to aid local authorities and their partners to form partnership groups, and identify and package projects for submission for grant funding.'*

However, indications are that the support efforts may not have been sufficiently effective, and therefore may have undermined the viability of this approach. (Findings on efficiency that show the

distribution of funding by municipality suggest that municipalities did not equally access the fund, nor were they equally able to absorb the grants awarded in terms of their contracts.)

A further assumption was that the market would stimulate competition amongst applicants for innovative projects that would be truly competitive in nature. The advertisement and guidelines for the calls for proposals indicate that ‘the Business Enabling Fund (BEF 005) will focus on ensuring that projects will add value to the programme, show innovative approaches and propose models for good practice.’ (p. 1) This criterion also forms part of the evaluation grid criteria. Under Relevance proposals are scored out of 5 (of a total Relevance score of 25) in response to the question: ‘Does the proposal contain specific elements of added value, such as innovative approaches, models for good practice and possible replication?’

### 6.1.3.3 Demand-driven model

The demand-driven model was premised on the idea that funding needs should be locally determined and locally driven.

*‘This grant-based model can be effective in dealing with issues of economic growth in that it provides local stakeholders with the opportunity to identify priority programmes and projects, as opposed to these programmes being implemented from above.’*

A competitive approach assumes that that service providers possessed the kind of capacity needed to support this level of innovation. This proved erroneous as, in the main, municipalities were serviced by a core group of service providers (approximately six) whose competencies fell within a certain, limited range. (Findings on efficiency that show the number of projects serviced by the main providers supports this.)

*‘...even though we knew they had big capacity issues at local level we allowed for that to allow them to choose their providers to augment the capacity. So we expected between the providers and the municipality that they would be able to, effectively the technical support should have been there, but in practice it hasn’t worked out that way.’ (Programme team member)*

Beneficiaries’ applications for project funding covered only a limited range of priority projects and eligible activities, and reflected limited capacity. As such, the priorities, which correspond to the Programme OVIs for Result Area 2 appear overly ambitious in scope in light of the limited range of BEF project types and project activities funded. The limitation to this assumption points to the weakness of a demand-driven model in stimulating demand in line with priorities, in a context of weak capacity. (The project portfolio is described in detail in Chapter 3: Programme Overview.)

A more appropriate design in light of the extent of the capacity weaknesses may have been to introduce a phase dedicated solely to assisting all municipalities to develop project concepts in line with identified LED needs. This would ideally precede the grant-funding phase. It would imply significantly higher costs, and an extended implementation period. It would ensure a basic level of capacity is in place, and implies a more developmental role for the fund. (Findings on efficiency point to the limited range of project types and activities/eligible costs for which BEF funded was requested.)

Over and above the evidence against the viability of a competitive grants process, there was also an expressed need amongst beneficiaries for more support during project generation, in project identification and formulation as well as in packaging and preparation. These findings highlight the tension between a developmental role for the fund, vs. a strictly fund management role. The alternative implies a revision of the model toward a needs-based assessment of the municipality and the provision of dedicated support as part of a programme of support to municipalities. This also implies a shift away from a demand-driven model. A programme team member made the following suggestion.



*'Building capacity of municipalities takes a longer programmatic approach. The BEF should have spent more time on planning, identifying needs of municipalities, appropriate projects and putting systems in place to implement projects successfully.'* (Programme team member)

*'...take the BEF out of a grant fund format and put it into a stronger Technical Assistance format.'* (Programme team member)

*'What we should have had was a call for proposals.... we then should have put in time as a technical assistance team to get the project going. If it fits the objectives of LED, let's make sure in terms of scoping, accessing funds, etc. to get it going. Focus should be on development rather than administration.'* (Programme team member)

*'Our role as a technical assistance team should have been intellectual ... ideally we should sit down with municipalities and stakeholders to identify the most effective projects... it should be a consultative process – a more managed process which enables municipalities and stakeholders to identify what their needs are.'* (Programme team member)

Through the intervention logic, it was assumed that the public sector was weak and that service providers could be listed (in the application) and used to provide technical and operational capacity. It was further assumed that successful (municipal) applicants had the requisite technical as well as contract management capacity to successfully manage and undertake BEF projects. The flaw in this assumption became evident during the implementation of the BEF, particularly at key stages in project-level implementation (the second tranche payments and close-out periods), which required proof of delivery to support invoices. Both contract management capacity and technical capacity (ability to oversee the technical outputs) were found to be lacking. Reports of the quality assessment process revealed that outputs delivered by service providers were of varying quality. Beneficiaries failed to manage service providers, and the quality of their outputs. Beneficiaries also experienced challenges in implementing administrative and financial management procedures in compliance with the provisions of their contracts. With Gijima this should improve, and could inter alia be through the use of the website and newsletters.<sup>1</sup>

Also significant is that whilst the fund made provision for service providers to be brought in to augment the capacity of service providers, this appears to have led to an over-reliance on service providers to undertake the work, including proposal writing. Service providers also reported they went beyond the scope of their work as defined in the budget.

The following challenges were reported in a 2007 presentation, made by the Monitoring and Evaluation Unit that reflect the nature of the implementation challenges encountered.

#### **Monitoring and Evaluation Unit observations<sup>2</sup>**

- Grant beneficiaries (GB) do not have appropriate service level agreements with their service providers.
- Grant beneficiaries and service providers display a considerable degree of misunderstanding around individuals vs. companies being contracted under the Gijima Programme.
- Grant beneficiaries fail to monitor the service providers.
- Grant beneficiaries' lack of comment or input to technical reports received from service providers.

<sup>1</sup> Gijima Presentation: Observations from Monitoring & Evaluation around Service Providers and Project Implementation, 2007.

<sup>2</sup> Gijima Presentation: Observations from Monitoring & Evaluation around Service Providers and Project Implementation, 2007

- Grant beneficiaries do not manage the matching of discrete project activities to appropriate team member.
- Frequent occurrence of SP knowing best.
- Invoices not aligned with action plan approved – or with the outputs expected.
- Quality of the outputs often inconsistent with the CV, timesheet or invoice of the author of the report.
- Little evidence of any analysis or comments on draft reports by GB or corrective action taken as a result
- Interim technical reports are not adequately assessed and fail to incorporate the comments of stakeholders in redrafting.
- Payment to service provider based on time and/or payment schedule. Little evidence of output driven payments.
- Reports to Gijima triggered by output from service providers.
- Lack of consistency when submitting monitoring reports.
- Lack of EU logos in the draft reports or in interactions with stakeholders that inform reports.
- Reporting not done in line with Gijima deadlines.
- Reporting done to release payment – not done as result of project management discipline.
- Request for extensions frequently used as a mechanism to postpone activities and project implementation.
- Final report lacks a project synopsis highlighting main challenges, deviations and lessons learned in the project.
- Revisions to the service provider's team are not communicated and approved properly – eligibility of expenditure and quality of output questioned.
- PSC on each project operates in various ways – but the PSC or the GB's management approval is not necessarily a reflection of a quality output.
- Infrequent adherence to the EU grant rate – all expenditure must be subject to the grant rate.

#### 6.1.3.4 *The contractual relationships*

The fund also operated on the assumption that it would be possible to control the quality of project implementation, without entering into a contractual relationship with service providers, despite their leading role in implementation. Gijima's contractual relationship was strictly with the beneficiary, who in turn, was required to enter into a contract with its subcontractors. Gijima had recognised that the quality of outputs was not of a consistently high standard: 'If not managed properly, service providers produce sub-standard products and grant beneficiaries are often unable to critically assess these'.

A Gijima presentation noted the following problems:

- The quality of outputs and the timing of their production vary and often fall short of what is expected.
- The outputs from the projects are often not of demonstrable value to the grant beneficiary or the stakeholders – the work undertaken on the project restates what is known and does offer new information, options or perspectives.
- The absence of a quality focus and evidence of standards driving the delivery.
- Little critical analysis of the technical report done prior to submission to release second payment.

The absence of a contractual relationship resulted in no formal engagement with service providers on project and fund requirements. All communication and interaction was strictly between Gijima and grant beneficiaries, except in some cases where beneficiaries' inability to assume responsibility, necessitated that service providers step in. Late in the fund implementation period, it was

concluded that the communication between the PCU and grant beneficiaries and service providers could be improved.<sup>3</sup> From the perspective of service providers, not having been engaged did not serve the process they were expected to help facilitate.

*'We could and should have been capacitated to help municipalities in the role that they had to play as beneficiaries and ... I spent many hours sitting and doing administrative stuff for municipalities on the projects that we were working on and I did it because it helped the process on. But it got to a point that I just said I am not going to do it anymore. I haven't received any training to do it, the municipal staff went on training courses on how to do these things but they just didn't and couldn't do it.'* (BEF service provider)

*'... there was certain research done by the Gijima Fund in terms of set by the EU in setting up the whole programme. .. In the institutional structure research one of the components that was identified was, it identified four main stakeholders: government, municipalities, beneficiaries and then service providers/consultants... Throughout the whole programme that ran over the, what is it, the five years and especially the first three years the consultants were never consulted. So we were identified right in the beginning as one of the major stakeholders in the whole process but we were never consulted, we were never provided with any training or information because the whole idea, the philosophy was that that fund needs to capacitate municipalities to know what is going on, because all the money obviously flew through the municipality.'* (BEF service provider)

#### 6.1.3.5 Beneficiary 'ownership' of projects

The fund had further assumed the level of municipal ownership of projects that could be assumed by the potential beneficiary making an application. Interviews with programme staff reveal that during implementation it surfaced that beneficiaries had limited knowledge and understanding of the content of the applications and requirements of the projects, or of their contractual commitments. An ITA assisting the Evaluation Committee during the evaluation process further noted that in fact, often the application form would be signed by an LED officer, or another staff member, rather than by the accounting officer<sup>4</sup>. This was reportedly an aspect which was required in the application form, but which could not be strictly enforced in implementation. (Implementation challenges related to beneficiaries' lack of capacity are discussed in detail in Chapter 5: Efficiency.)

*'Municipalities did not manage the projects. In reality, capacity was not in place at municipal level to make projects work.'* (Programme team member)

*'If you had fully capacitated officials at the municipality, they should ideally be preparing the application themselves. I thought with Gijima the area managers would guide the municipalities step-by-step to do the applications. The idea was to build proper capacity. I think they occupied people so administratively they were distracted from the purposes of the programme.'* (Service provider)

*'Municipalities should have the responsibility for the application and do it themselves. I think the ideal would be to have area managers engage with municipalities and capacitate them.'* (Service Provider)

Furthermore, the BEF failed to provide guidelines to beneficiaries on the management of service providers. It was later acknowledged and an undertaking made that 'the PCU would issue guideline notes to Grant Beneficiaries and Service Providers on the relationship and responsibilities between

<sup>3</sup> Gijima Presentation: November 2007.

<sup>4</sup> Noted In BEF Call 5. Report of the ITA on the Full Application (BEF Call 5).

the PCU – Grant Beneficiaries and Services Providers in the project delivery process.<sup>5</sup> This presents somewhat of a challenge to the fund, as if a municipal manager or a delegated authority signs an application form and thereafter a contract, it implies ownership from a funder's perspective and signatures on contracts suggest that at least officially, ownership is being taken.

It was acknowledged late in the fund implementation period that: 'there is a need to have clarity with regard to the respective roles of the Gijima KZN PCU/DEDT team vis a vis Grant Beneficiaries and Service Providers in the project management, contractual and approval process'<sup>6</sup>.

Further assumptions related to the willingness and capacity of beneficiaries to adapt their systems and processes to comply with Gijima requirements. Beneficiaries were reported to have encountered challenges with producing the required documents within a reasonable time, as required. This led to delays in contracting, as well as in approving invoices and disbursement of funds accordingly. (Implementation delays are discussed in detail in Chapter 5: Efficiency.)

A further assumption was made, implicit in a demand-driven model, namely that the fund would stimulate a demand for projects to be funded that were locally (municipality) defined and determined. Instead, most projects were undertaken by service providers, and there has been limited evidence of skills transfer. (However this was never a formal requirement of the projects.)

#### **6.1.4 Appropriateness of Institutional Arrangements**

The BEF is managed under the Gijima KZN LED Support programme and therefore falls under the institutional structure and arrangements of the programme. These are detailed in Chapter 3: Programme Overview. According to the feasibility study, the management model 'is based on the principle that the programme should be decentralised in implementation to allow for area-based ownership, yet should maintain the necessary level of centralisation in reporting to ensure overall accountability on the part of the Department of Economic Development and Tourism.' (p. 64)

The chapter on the programme overview describes the institutional structure as consisting of: the contracting authority, the KZN DEDT, which manages the programme in line with the Financing Agreement, the Provincial PSC which serves as an advisory to body to the CA, and assists the CA with management of the programme.

**PCU.** An important aspect of the structuring of the PCU is the strict separation that is maintained during the evaluation process between the Programme Development and Management team (PDMT) and Finance and Contracting Unit (FCU). The objective of this separation is described as follows: 'The separation of responsibilities between the PDMT and FCU ensures that a competitive process grant-making process prevails, and that the same members of the PCU are not both players and referees.' However, this may be relevant only during the evaluation process stage. Consideration should be given to ensuring better cooperation between the units to ensure better outcomes for the evaluation process, and indeed for the fund.

**Provincial PSC:** The PSC's mandate according to the feasibility study is to 'provide overall policy direction, strategic guidance and support' (p. 64). The provincial PSC is structured in line with the terms of reference for its establishment and operation. It is relevant as an oversight structure, representing the range of LED interests in the province: the funder (EU), municipalities, the business sector and relevant government departments, as well as area managers. It is chaired by the programme manager. PSC representation could include civil society organisations (NGOs) and business development and support entities, specifically KZN provincial SEDA, which has not been represented.

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<sup>5</sup> Gijima Presentation: Observations from Monitoring & Evaluation around Service Providers and Project Implementation, 2007.

<sup>6</sup> Notes From The Meeting Of The Gijima KZN Meeting With Service Providers Held At The Imperial Hotel, Pietermaritzburg ON 15 OCTOBER 2007

**Area managers:** Area managers are the critical link between grant beneficiaries and the fund. In the context of the BEF design, the positioning of staff that would deliver hands-on support and monitoring to grant beneficiaries is a key strength of the design. Given its centrality, this mechanism could have been strengthened to ensure greater consistency in the level and quality of support delivered. A review of area manager profiles reveals that their specific skills sets match the requirements of the job. However, this is a theoretical measure, influenced greatly by personality, experience and actual competence. To strengthen this competency and compensate for any gaps, ongoing training of area managers is recommended. Area managers could further be empowered in their work by ensuring information on the evaluation process is effectively relayed back to them, to assist applicant, particularly failed applicants, in future Calls for Proposals.

The Inception Report identifies the following key responsibilities of the area managers:

- 'Manage the implementation of the KZN EU LED programme within their respective Learning Areas;
- Act as the representative of the PCU within their respective Learning Areas;
- Work with District and Local Municipalities, partner institutions and Institutional and Training Manager in identifying capacity and training needs of local government and partner institutions;
- Work with District and Local Municipalities, partner institutions and the Fund Advisor in identifying and preparing projects for funding support;
- Assist local stakeholders in partnership formation;
- Identify areas for possible Technical Assistance within their Learning Areas;
- Identify short-term expert needs required for preparing applications for project funding, and in project implementation;
- Provide advice to successful applicants with regard to the procurement of services, supplies, works or equipment;
- Assist in monitoring of project implementation;
- Prepare regular reports on project progress;
- Facilitate logistical arrangements for project workshops and meetings in their respective Learning Areas; and
- Provide limited assistance to Area Manager 5, in project identification and implementation in neighbouring District Municipality areas.'

**Short-term experts.** The PCU uses the expertise of short-term experts to assist beneficiaries to develop proposals in response to the Calls for Proposals, to assist the PCU in undertaking certain technical tasks for which internal skills are lacking and assisting the Evaluation Committee to critically assess BEF proposals received. The allocation of STEs is a critical mechanism to augment full-time capacity, without bloating the organisational structure. A review of STE profiles reveals that they possess extensive experience, befitting of consultants to be employed in an expert capacity. A key strength of the STEs that have been in the employ of Gijima is that they have been appointed in different capacities, e.g. some short-term experts have assumed positions in project development and, at a later stage, as technical assistants during the evaluation process.

### **6.1.5 Relevance of BEF Processes**

#### **6.1.5.1 Project Generation**

**Advertising of the Calls for Proposals.** As per PRAG guidelines, the process appears to have supported transparency and does not appear to have unfairly limited access to the fund. Calls for Proposals were advertised in the local print media, online on the Gijima website, as well as through interaction with Gijima KZN staff. The guidelines for applicants and accompanying application forms could be applied for through a Gijima email provided on the advertisement, or downloaded from the website, as well as through the area managers, whose names and contacts appeared on the advertisement. Information sessions for potential applicants were also held.

Whilst the general procedures surrounding the application process has promoted transparency and fairness to applicants interested in accessing the fund, during the evaluation process, ITAs and the evaluation committee had observed that the fund's equity objectives were being undermined by the low participation of some districts in the Calls for Proposals. It was recommended that a targeted marketing strategy directed at local municipalities be employed to address this, and that area managers be directed to target their support efforts toward weaker municipalities.

In addition, the PRAG suggests that 'in the interests of transparency and equal opportunity, the answer provided to one applicant on points which may be of interest to the other applicants should be made available to all the others. The way to achieve this is to publish a table of questions and answers on the internet. This must be updated regularly until 11 days before the deadline for submission of proposals.'<sup>7</sup> The BEF did not incorporate a mechanism for systematic monitoring of inquiries, much less publication thereof. This could have been strengthened to achieve the stated transparency objectives.

**Time allocated to deadline for submissions.** PRAG further states that 'the deadline for submission must be long enough to allow for high-quality proposals. Experience shows that too short a deadline may prevent would-be applicants from submitting proposals or cause them to submit incomplete or ill-prepared proposals.' The trends in the timeframes for submission of proposals are reported in the chapter on efficiency.

Overall, the publication of the Calls for Proposals appears to be procedurally sound. A key element of the process is input from area managers and STEs. As discussed, there is a need for strengthening of this process to ensure greater support for project identification, formulation and packaging, especially needed in this particular beneficiary context. There was also a need identified for a more targeted strategy that would focus on local municipalities, and certain districts that were not accessing the fund to the extent that others had.

#### 6.1.5.2 Evaluation process

**Documentation supporting the Call for Proposals.** An application pack is issued with each Call for Proposals, containing a number of documents and templates including: the advertisement and guidelines for Calls for Proposals; the '*Guidelines for grant applicants responding to the call for proposals for 2007*', grant application form, *Procurement by grant beneficiaries in the context of European Community external action* document, contract award procedures and *General Conditions applicable to European Community-financed grant contracts for external actions*. The application pack also includes relevant templates.

**Content of the guidelines to applicants.** According to the Inception Report, the BEF guidelines for applicants are based on the standard form included in PRAG. Minor modifications were reportedly made to the guidelines and evaluation grid to ensure suitability for the BEF's specific requirements.

The guidelines are comprehensive in most respects that are material to assisting the applicant to complete the application. This cannot be assessed conclusively, as the fund did not keep a record of the actual inquiry from beneficiaries pertaining to the application process, merely the name and date of the inquiry. Although the guidelines are comprehensive, there are sections that could have been elaborated in more detail, which may have strengthened the application process.

For example, given the limited understanding of LED amongst targeted beneficiaries of the fund, the guidelines could have included examples of relevant projects under each type of project from amongst those listed as those types to be prioritized under the specific call. The Inception Report lists a number of project examples under each of the priority projects. These could be included in the guidelines to applicants.

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<sup>7</sup> PRAG, 2007, Page 102.



For example, under 'Interpretation and understanding of LED, the following is listed:

The BEF will support projects that increase the institutional understanding, meaning, conceptualisation and implementation of LED. Projects selected will include:

The development of SETA accredited LED training and sensitisation courses; and SAQA approved LED courses at tertiary institutions;

- Exchange programmes with domestic and international partners who can offer best practices and knowledge sharing;
- Assistance for newly established municipalities to implement and review mandatory LED strategic frameworks;
- Projects to increase councilors', officials' and stakeholders' common vision of the role of LG in the LED process and the role definition needed for all role-players in the field of LED; and
- An important instrument would be to provide support to establish widely supported LED forums.

This is further supported by the following trends observed during some of the projects. Some proposed project titles did not adequately describe the project. The Evaluation Committee had during some Calls requested that the title be changed to reflect the substance of the project. This may further reflect limited understanding and clear understanding of the project objectives. In addition, a number of projects were rejected as the projects proposed would be of a statutory nature, i.e. fall within the municipalities' normal scope of responsibility, and /or constitute part of the municipality's normal, everyday work, and would therefore not qualify in terms of the definition of a 'project'. During the evaluation process, an ITA argued that examples such as Land Management Programme proposed and GIS-based land management tool to improve strategic decision-making by a certain district municipality deals with mainstream responsibilities and do not meet the criteria of a project. Still other projects were rejected on the basis that the municipality would be acting as an intermediary, which is prohibited in terms of the BEF guidelines.

In addition to examples regarding the types of projects under each priority, the guidelines could be amended in the following ways. The guidelines should include in the definition of ineligible costs that no funding will be provided for activities which form part of the statutory responsibility of the municipality. The guidelines could also include the specification that the activity should constitute a project, and would not fund day-to-day activity of the beneficiary. The guidelines should also be more explicit regarding what this means. There is also a need to include formal skills transfer as award criteria: to be included in the evaluation grid and specified in the Guidelines and application form.

Modifications introduced during the evaluation process appear to have strengthened the committee's ability to scrutinise applications. These are primarily changes to the application requirements: the introduction of the log-frame to assist in the structuring and clarity of applications. In Call 4(ii) the concept note was introduced, changes to the evaluation grid – greater specification given to the 'Relevance' and 'Sustainability' sections and the introduction of pre-contracting conditions.

Under the BEF, as a modification to the PRAG, the evaluation grid has been revised to ensure that greater weight is given to the sections on Relevance and Sustainability. Under the BEF, 60% of the total weight goes to these two categories. In addition, in line with PRAG requirements, proposals must score at least 80% for Relevance.

**Application forms and supporting documentation required.** A review of the application requirements indicates that in terms of scope, the application form and supporting requirements documents are sufficiently comprehensive. However, there may be a level of redundancy that may result in a voluminous application. An ITA held the following view:



*'The application form in its totality appears to be voluminous, complicated and when contextualised against the evaluation grid, appears to be daunting and intimidating to municipalities, which could be part of the reason for the over-reliance on external support.'* (ITA during Evaluation process for BEF 5)

*'I wouldn't make people spend so much time and effort to fill in these applications. It took up to ten people days to fill in the application. Put the time into a simple application form which identifies what you want to do.'* (Programme team member)

ITAs have raised the following issues:

Weighting of project budgets:

*'In assessing the project proposals, certain difficulties were experienced during the evaluation of the project budgets. The scores allocated to the budget and cost-effectiveness of the proposal is allocated as a weighted factor of only 10%, the lowest of the categories over which the proposal is assessed. Consequently it is possible to have a good proposal but with a poor or unacceptable budget, achieving the minimum threshold and therefore being recommended for approval.'* (ITA during the evaluation process, BEF 3)

Inflation of staff costs:

*'There is no uniformity in the manner in which municipalities determine the cost of its own staff charged to the project. In many cases, it seems clear that internal staff costs have deliberately inflated to ensure that the applicant 30% portion of the project costs is covered for. The knock-on effect is that the costs of the external specialists employed by the municipality to assist in the roll-out of the project can also be over-stated, with no undue pressure from the municipality to curb costs. It is recommended that the CA introduce a policy on the manner in which municipal staff costs are allocated to the project.'* (ITA during the Evaluation Process, BEF 3)

Inappropriate signature:

*'The guidelines refer to 'getting relevant signatures obtained. This definition is too broad and is open to abuse since on occasion the team has assessed proposals signed by the LED officer, and/or the PA to the municipal manager. Since application requires that the municipality commit resources to the project, it is recommended that the guideline be more specific as to the applicant representative who is to sign the application.'* (ITA during the Evaluation Process, BEF 5)

Under Declaration in the application form, it is indicated that 'this section must be signed by the duly authorised Accounting Officer of the organisation which is the main applicant. It then however asks for the 'Position' of the signee.

Proof of financial capacity:

*'The MFMA states that the municipality must within two months of the year-end, submit their Annual Financial Statements to the Auditor-General. Within six months of the year-end, the Municipality must make available its annual report, which includes the audited annual financial statements. Paragraph 2.4. of the Guidelines for Grant Applications indicates that the latest accounts be submitted as supporting documentation. It is recommended that the deadline for submission of the Applicants Annual Financial Statements to the AG be used for the definition of 'latest accounts. Should the closing date of the Call be 6 months later than the previous financial year end date, then the applicant is to be requested to submit their most recent quarterly financial report for the current financial year containing a balance sheet and profit and loss statement account in addition to the previous year's Annual Financial Statements.'*

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**Proof of Tax Compliance:**

*'Par 2.1.1.2.d of the Guidelines disqualifies an applicant if, amongst other things, the applicant has not fulfilled their obligations relating to the payment of taxes in accordance with the legal provisions of the country. No reference is made to this in the documents requested, nor in the adjudication of the eligibility of the applicant. It is recommended that consideration be given to requesting the applicant to submit a current tax clearance certificate issued by SARS.'*

**Specification of partnerships:**

*'Although most projects identified partners within the context of the target group identification, the methodology and the log frame and viewed them as having strategic relevance, it is noted that no partnership profiles or statements were furnished and this was undervalued in the context of the overall evaluation. This could be required in the guidelines. Make application form consistent with definition of partners contained in the guidelines. Add definition to application form.'*

**Size and Composition of the Grant Available.** The guidelines specify that the size of the grant must fall between 38,000 Rand (EUR 5,000) and 760,000 Rand (EUR 100,000). This amount refers to the donor contribution, which may not exceed 70% of the total direct costs of the project.

Beneficiaries and service providers questioned the validity of the stipulated funding ceiling.

*'Ja, no but again – where did they dream up those figures, you know? Somebody would have had to sit down and say ja well I guess an LED project is going to be between this and between that [...]. It doesn't work like that.'*

*You've got to look at our agricultural project. I started with six hectares of chilies. That's how I started with the subsistence farmers to commercial. When we chose chilies because the goats didn't eat them and the cows didn't eat it. And they were getting R8 a kg. We did, in the one season 12 grand for the community gardens. That's a load of money for a community gardener, whose got, you know normally they're growing icareng, madumbies and they are eating it and that's it. Now they're selling all of them – oh it was a lot of them, but R12 grand suddenly materialises. So they came back to me and they said 'enough of the madumbies and the mielies... bring me back more chilies, we're going to grow this whole place – garden – full of chilies'. That's how we started. Now, where we are now, I've got five production farms running. Five proper farms. I'm talking with tractors and toys and everything. We've got four sets of hydroponic tunnels of about a quarter hectare per set of tunnels punching out four tons of tomatoes a week. From the same community guys that at one stage were growing madumbies.'*

*So I'm pulling out four tons of tomatoes a week now that's got to go somewhere because you know, we've got to keep the processes running now. So we're selling it into the Spars. Now we've got to start making Tomato Sauce or something with these tomatoes. So that's what we're doing now, we're selling the stuff like crazy.'*

*So, they say 700 000, we're sitting at about 8 mil now – it must be about 8mil's worth of stuff. So if we'd stuck to their rules, we would have got to maybe the chilies plus a tunnel.'*  
(BEF grant beneficiary)

However, most projects funded fell well below the R760 000 threshold, which suggests that for the nature of the outputs funded, the amount may be adequate. There was also a perception that Gijima was willing to spend more on standard LED planning outputs than was the norm in the market at the time.

*'Amounts were exorbitant. In municipalities we allocated R60K – R100K for a strategy at the time and service providers could deliver the goods. When Gijima came it gave exorbitant'*

*amounts for the same type of strategy, even triple the amount. For Gijima, any rate could be used. There wasn't any range. It would be valuable to have a range.'* (Area manager)

During the early Calls for Proposals (Call 1 and 2 in particular) a number of costly projects were funded. However, over time the pricing norms appear to have stabilised around certain costs for certain outputs, as the average cost of projects dropped from previous Calls. There is a need to benchmark the costs of deliverables to assist applicants, and to introduce some standardisation. Guidelines should incorporate a schedule of costs per deliverable indicating the range per type of output (LED strategy; LED unit; economic data base development, etc.). Interestingly, several beneficiaries perceived the BEF as a fund that would support LED planning projects, but thought that LED implementation projects would likely not be accommodated by the fund, largely due to the funding ceiling.

**Co-financing.** The balance of 30% must be financed from the applicant's own resources or through funds raised from a third party, which may be in cash or in kind. The suitability of co-financing is in recognition of the principle of shared ownership between funder and grant beneficiary, whilst ensuring accountability for the receipt of grant funding. Indeed, beneficiaries interviewed were not averse to the principle of co-financing. Most beneficiaries opted to pay this amount in kind rather than cash. This, however, led to challenges with accounting for the 30% when made as an in-kind contribution. These findings are discussed in greater detail under Efficiency.

**Eligibility criteria.** The guidelines define criteria in relation to three sets of eligibility criteria: eligible applicants, eligible projects and eligible costs.

#### **i) Applicant eligibility**

The guidelines specify that eligible applicants include only those applicants located in KwaZulu-Natal, outside the eThekweni Municipality, and from a public entity at provincial, district or municipal level. Applicants are also required to demonstrate capacity to manage the project corresponding to the size of the project; demonstrate capability to ensure financial sustainability of the organisation and the financial means to co-finance the project, as well as take direct responsibility for the management and preparation of the project. Applicants who are ineligible are those who inter alia, are criminally liable, or who attempt to gain an unfair advantage through the process.

The fund accurately identifies the key applicant eligibility criteria that are material to managing grants in this context: financial capacity, management capacity and direct responsibility for the management and preparation of the project. Overall, the applicant eligibility criteria may be said to be relevant to the context and needs of beneficiaries.

The qualification criteria for funding makes it clear that applicants must have the necessary experience in managing projects. To support this item, CVs of the involved parties are attached to the application. However, in assessing the potential for managing projects, the assessment team (STEs) and the Evaluation Committee is not provided with progress reports regarding the physical roll-out of projects approved in previous calls and for which funding was provided by the BEF. This puts them at a disadvantage, as it fails to assess *demonstrated* capacity.

*'As much as projects need to be assessed in their own right, a system needs to be introduced to look at the status of previous projects that relate directly to the applications being submitted and how the current project will build on these projects.'* (ITA during the evaluation of Call 5 proposals)

*'Availability of relevant info on previous calls would add value to both the evaluation process and the overall quality of BEF delivery, grant awards and payment schedule for previous calls is provided. However, the efficiency and effectiveness of the overall evaluation is affected by the lack of structured monitoring and information system to track the history of previously*

*submitted application whether approved or not approved.’ (ITA during the evaluation of Call 4 (i) proposals*

The guidelines stipulate that applicants may also enter with partners. Partners share in the responsibilities of undertaking the project. Partners and applicants have equal responsibility and duty to the contracting authority; they must, therefore, satisfy the same eligibility criteria as applicants. The guidelines exclude associates and subcontractors from the definition of partner. Hence, organisations sub-contracted by the contracting authority would be exempt from the eligibility criteria to which the applicant and partners would be subjected. This definition has presented some problems for the fund. As such, as discussed above, service providers contracted by the grant beneficiary have not come under the direct control of the contracting authority.

Provision is also made in the guidelines for beneficiaries to elect not to include service providers in the proposal for BEF funding. This means that beneficiaries can later appoint service providers, without them having been subjected to the rigorous process of evaluation. Although the beneficiary would still be required to follow EU procurement regulations regarding the use of sub-contractors, service providers would be vetted and appointed by the municipality, rather than by the Evaluation Committee. Given the limited capacity, there is a risk that service providers would not come under the same level of scrutiny in the case where they are not part of the applicants submission for BEF funding. This should be reviewed.

## **ii) Project eligibility**

In the guidelines under ‘project eligibility’, it is specified that a project may not exceed 12 months, although it is indicated that extensions may be granted. For the majority of BEF proposals the proposed implementation periods were well under 12 months. (This pattern is described in the Chapter on Efficiency.) Thus, the implementation periods may be appropriate to completing the technical requirements of the project, i.e. to deliver a technical output. However, most projects required additional time to reach the end of the execution period. This suggests the need for additional time to be factored in to allow for delays in obtaining approvals and for administrative closure. However, the length of time that has been required to reach closure may not be a good indicator of the length of time most suitable to complete projects. However, in general, applicants could be advised to increase the planned project duration (calendar months) without altering the planned level of effort.

Nevertheless, a number of grant beneficiaries complained about the implementation period. This is somewhat of a contradiction since beneficiaries themselves propose the project timeframes.

*‘Economic development is not an exact science, it’s not like building a road from A to B and you know it’s going to be 1.2 kilometres and 4 metres wide so therefore the surface area is going to be whatever, whatever, there is a lot of hoops you have got to jump through before you can get an economic project onto the ground and some of that involves the community, there’s a big social input, these things take time, you have got to go and sit under the tree with the people, talk to them nicely you know there is that kind of thing which becomes a challenge. So these guys were stuck with timeframes and you were given a whole lot of stuff to adhere to and then they would say you are not keeping to the date, so it doesn’t help with the target date, you know you’ve got a community, you can’t say sorry we’ll continue with the project without talking to the community, that doesn’t work.’ (BEF grant beneficiary)*

In the guidelines, the stated ‘theme’ addresses both key aspects of the fund, namely the need to fund projects that will ‘improve the environment for local economic development and the establishment and operation of business enterprises’. The guidelines further state the type of projects that would be prioritised through the Call, namely,

- Projects in which public-sector authorities reduce the time, cost and difficulty of obtaining statutory permission for business establishment and expansion.

- Projects which improve the capacity of public authorities to supply land/facilities to emerging, new or expanding business enterprises.
- Projects that increase the availability and use of public-sector data by economic enterprises.
- Projects which enhance municipal capacity to mobilise and use public- and private-sector resources to install and maintain the municipal infrastructure necessary to support economic activities.
- Projects in which Local Economic Development Strategies and Plans that are aligned with the Provincial Growth and Development Strategy, are included in Integrated Development Plans (IDPs).
- Projects in which LED facilitation and management functions and processes are institutionalised on a permanent basis within public-sector agencies.
- Projects in which beneficiaries plan and implement measures that mitigate the effects of HIV/AIDS and TB.
- Projects which increase public-sector capacity to assist emerging and existing SMMEs to identify, access and utilise business development and poverty alleviation support programmes.
- Projects in which public sector personnel skills are enhanced.
- Projects that enhance public-sector capacity to utilise procurement systems to generate targeted economic outcomes.

Whilst the priority projects are consistent with the theme, and with the fund's stated objectives, as mentioned above, the guidelines could be more explicit in providing examples of the types of projects that are suitable. Moreover, the evaluation has shown that fund outcomes (discussed in Chapter 4: Finding: Efficiency) in terms of the demand created to fund only a limited range of project types and sectors, suggests applicants and their service providers could not conceptualise projects that fitted well within the range of project types. On the one hand, this may reflect 'real' needs in municipalities or it may be a reflection of their lack of knowledge of the range, or of the precise meaning of the types of projects. It further points to the weakness of relying on beneficiaries who may lack knowledge to drive funding demand, when the fund clearly targets specific outcomes: projects across the range of types. Ineligible projects include: individual sponsorships for participation in workshops, seminars, conferences and congresses; and individual scholarships for studies or training courses.

The guidelines do not limit the number of projects per Call but merely stipulate that both the application and the award are for projects of different geographical location and content.

*'Not in the early rounds, in the later rounds we began to look at it but it wasn't part of the criteria. So we couldn't use the criteria or to say this service provider has got too many projects, and it's the same people across all these projects, we couldn't say it in the evaluation process, the service providers also had to assign exclusivity statements, it was part of their application forms, that they were available for that, for the period of that project, now I know that particularly later on where evaluators were picking up two and three people doing the same thing then there is an issue, and then there was a revision also [...] there is a part of the grid which talks about technical and operational capacity, there was a revision to the amounts to say it's not possible, there was also clarification that went to the applicant to say this person is on two or three of your projects, how is this possible, will they have the capacity to implement, in fact you will see that in the letters, but they weren't penalised, they weren't throughout the process. So you could have put in 100 applications and you could have been successful for 100 applications.'* (Programme team member)

The guidelines should limit the number of projects that can be undertaken by a certain service provider within a certain implementation period.

The guidelines do not give priority to sequencing or linking of projects, nor to the value of additionality – how projects may contribute to existing initiatives.



*'The process of linking the service provider to the application was funny to me – it allowed for major problems. If you could complete the application form you didn't necessarily have strong skills to implement and then there was no link to how many projects a service provider was running at a time.'* (Service provider)

### iii) Eligible costs

Eligible costs for support with the implementation of BEF projects include the following:

- Local consultation exercises;
- Research;
- Technical assistance;
- Training (excluding training on LED concepts and tools for mobilising stakeholders around LED);
- Study tours;
- Twinning programs (with local governments in the EU);
- Capital expenditure on works, supplies, services and equipment; and
- Project management costs.

An ITA reports that although application forms and logframes submitted as part of the proposals included some eligible costs for local consultations, research and to a limited extent, project management as part of the main activities, the bulk of the costs were allocated to technical assistance and there were no requests for study tours, twinning and capital equipment to be funded. Here too it may reflect 'real' needs in municipalities or it may be a reflection of their lack of knowledge of the range of activities that are eligible for funding. It further points to the weakness of relying on beneficiaries, who may lack knowledge to drive funding demand, when, as mentioned, the Fund clearly targets specific outcomes.

A number of PCU staff underscored that the fund was loath to prescribe projects. The approach is explained in the following quote:

*'...we were coming at it from the programming side, saying 'these are the things available ...it was different, a different perspective, so that only happened because we were doing the monitoring and in doing the monitoring you were seeing, when you went out to the field a clear, clear blatant demand for some of the services that were eligible under the BEF, but the people in the municipalities weren't jacked up to push for it...when you were speaking to them about let's say they were doing something on informal traders... you would say to them well how do you then, the municipality, how do you then do your procurement? (and advice) just maybe try to formalise these traders, there is an opportunity for them to be in a procurement system... you will see that they don't, no one has thought about the downstream effects of the procurement so that type of project and that type of service would have been needed and they wouldn't know of their own accord or perhaps (they) identified the need, but they might not have related to the BEF fund.'* (Gijima, M&E team member)

**Evaluation Committee and Process.** It is important to emphasise that the PCU will not be responsible for the adjudication and selection of projects submitted for funding. The Inception Report states the rationale as follows:

*'It is for this reason we believe that a "Chinese Wall" should be established within the PCU between the Finance and Contracting Team and the Project Development and Management Team so that we are able to deliver on our mandate to provide capacity to local stakeholder groups, without influencing the decision as to which projects should be funded.'* (Page 3-1)

The Evaluation Committee panel included ITAs and panel members from KZN COGTA, DBSA (Public Sector) and other local government stakeholders in the province. The appointment of individuals was approved with every call for proposals. The committee's scrutiny entailed detailed questions of clarification illustrating their understanding of the local issues on links with other projects and

initiatives to the proposed one, or to other strategies. *‘How does the project relate to the project being funded by DBSA in the area?’ ‘How will the outputs relate to the completed spatial development initiative for the municipality?’<sup>8</sup>*

The committee also appeared to be independent –in some Calls seeking further clarification or changing the scores and overall assessment proposed by the assessor. All involved in the evaluation process were required to sign a declaration of impartiality and confidentiality.

Upon the recommendation of ITAs involved in the evaluation process, changes were made to the evaluation grid, which extended and included more explicit criteria on project relevance and effectiveness. Further changes proposed for the guidelines and application forms have been included above.

**Evaluation award criteria.** The response to the question on Relevance of the specific projects to the KZN OVIs and to crosscutting issues was noted to have been weak, and to have significantly affected some applicant scores. This suggests the need for greater assistance to beneficiaries to ensure better performance on this section.

In addition, the requirement for beneficiaries to quantify the extent to which their projects will contribute to each of the Gijima KZN OVIs, may be too demanding. A review of application forms shows the response to this question has also been weak. The QTC team in their assessment of the final evaluation reports also identified this.

Project logframes were introduced to facilitate a better articulation of the links between project components (objectives, activities, etc.) In addition, applicants were required to submit OVIs as part of their logframes. Most beneficiaries appear to have encountered difficulty with this. As described by an ITA, activities were often passed off as objectives, e.g. establishing an LED unit, without any attempt to link the activity to the underlying problems of the local economy, let alone the problem which has been identified as the priority problem. It may have been too demanding a requirement, which should be reviewed. If retained, the logframes should be reviewed to ensure their utility as a planning tool.

**Contracting and Pre-contracting conditions.** The European Commission is not the contracting authority and is therefore not party to the contract. The contracting authority further has no contractual link between itself and the grant beneficiary subcontractors and only the beneficiary is accountable to the contracting authority. This gap represents a weakness as it limits the control that the contracting authority is able to exercise.

The PRAG states that *‘the Committee may recommend the selection of a proposal under certain conditions that should be met prior to contract signature. Any such conditions however should not call into question the grant award decision or be contrary to the equal treatment of applicants.’* Page 108

The introduction of pre-contracting conditions was designed to give applicants a chance to proceed through the application process, with the proviso that they be awarded the grant only if they met certain conditions. Complying with this within the timeframes of the evaluation process was reported by beneficiaries as constituting a significant challenge.. Nevertheless, it constitutes a mechanism that supports a developmental approach to the process. It is recommended that it be retained. Its rationale is described below:

*‘...pre-contracting conditions which were things that they hadn’t done at that stage, they became burdens and problematic to the municipality and to the FCU team member who was dealing with the contracts, because on many occasions the reality was that they were never going to meet those conditions because they didn’t meet at application stage.. they still weren’t going to meet them, so in fact maybe it would have been better to have thrown out,*

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<sup>8</sup> BEF 4 (ii), Evaluation reports.



*but from a developmental programme inside a straight EU paradigm but from a developmental perspective it was to try and at least get feedback to those projects*

*There ended up being the ones at the end who still didn't make it because they never met that pre-contracted condition so the project didn't proceed in the EU system.... Things like they needed access to a particular piece of land or they needed to get the co finance or they hadn't identified exactly where the research was going to take place so for example there may be something at district level and the district may have six or seven municipalities and maybe they hadn't quite said, it's going to be municipality 1, 3, and 5...' (M&E team member)*

Whilst the evaluation process was generally viewed as fair, several stakeholders raised an expectation that the fund would be more developmental through this process.

Whilst they did not specify how, stakeholders thought the process may have benefitted from interviews at some point during the process in order to clarify their project concepts. The applications were received in hard copy and electronic format. However there was no direct engagement with applicants except through written correspondence – an official letter from the committee requesting additional information or advising them of the status of their application after each step in the process. Thus, capacity could not be established first hand. It also missed an opportunity to explore whether there was sufficient commitment on the part of beneficiaries at a senior level, to ensure project ownership, which may have resulted in more efficient project delivery and contributed to more sustainable outcomes beyond the project.

The process also lacked a mechanism through which beneficiaries may have appealed the decision of the committee upon being rejected.

There appeared to be a sense that what was needed was an approach that was more consultative than competitive. There was an expectation of more handholding through the process, and for a strengthened model of engagement in the lead up to the evaluation process.

### **6.1.5.3 Project Implementation**

The BEF lacked a strategic approach to M&E. Such an approach would have enabled a formal, systematic assessment of fund performance by aggregating and synthesising project-level results periodically at the level of the fund. This would have facilitated the generation of real-time information and effected strategic intervention from the earliest stages of the programme. There is evidence that lessons learnt were informally factored into some intervention strategies – this appeared to be mainly in response to significant weaknesses or crises, rather than a disciplined activity.

**Project Support.** The mechanisms for project support may not be adequate for the beneficiary context, in which capacity weaknesses are entrenched. Area managers are required to perform both a project support and monitoring role. A modest improvement could be a strengthening of this project support mechanism. However, a more suitable mechanism would be a revision of the approach to capacity building, in which capacity building is treated as a separate component, but reinforced through existing mechanisms. There may be a need for more intense mentoring and coaching of grant beneficiaries, in addition to the current modality of workshops and area manager support. This implies more intense in-service training and capacity building for area managers.

**Implementation Guidelines.** The implementation guidelines for grant beneficiaries are extensive and detailed. Nevertheless, significant challenges were experienced during the implementation with regard to beneficiary management of service providers contracted to undertake the projects on their behalf. This suggests a need for more direct assistance (coaching of sorts) to enable better implementation of the guidelines.

**Project Planning.** The primary planning tool at fund level is the programme logical framework matrix. The Inception Report envisaged that area logframes and work plans would also be developed.

At project level, the logframe, the activity schedule and the application form constitute the primary project planning tools and also the basis against which monitoring and evaluation takes place. For example, QCT team members assess value for money and fitness for purpose of final outputs, against objectives and indicators contained in the submission documents (application form, logframe, etc.)

Questions about the usefulness of the logframe developed and submitted as part of the application process have been raised. Whilst some beneficiaries found the process of completing the logframe useful, reports from ITAs and the QCT team suggest that the content and quality of logframes submitted as part of the applications may not have been adequate. ITAs involved in the evaluation process also pointed to difficulties in applicants ability to distinguish activities from objectives, targeted from final beneficiaries, etc. QCT team members also identified problems with the some project OVIs proposed.

The Project Cycle Management model accords much emphasis to the linking of planning, implementation, monitoring and evaluation, in the interests of strengthening accountability and project performance. The limitation of the BEF process is that project-level planning did not allow for a review and possible revision of the project logframes to improve its credibility. Thus, weaknesses in the application submitted may be carried through to implementation e.g. the activity schedule is an exact translation of the project plan submitted as part of the application. It is strongly recommended that consideration be given to allowing for the development of an Inception document, with revised project plan, with the proviso that there be no substantive changes that may result in a complete change in the project proposed and approved. Such a process of review and (possible) revision should be introduced as a standard procedure for all projects once awarded. This would further create an opportunity for service providers and beneficiaries to clarify the specific delivery requirements and modalities for the project.

PRAG makes provision that

*‘... clarifications or minor corrections may be brought to the Description of the action or to the budget in so far as they would not call into question the grant award decision or be contrary to the equal treatment of applicants and:*

- Relate to aspects clearly identified by the Evaluation Committee; or*
- Aim at taking into consideration the changes that have occurred since the date of receipt of the proposals.*

*Those modifications may in any case not lead to an increase of the amount of the grant nor of the percentage of the co-financing fixed by the Evaluation Committee for the EU-contribution. Any other alteration to the successful applicant's proposal or negotiation with it is prohibited.’ (Page 110)*

Whilst it is ideal that given the observed weaknesses in the application document, that these be reviewed and revised upon award of the contract and as part of the project planning process, it is recognised that within a competitive model, there may be limitations to its feasibility.

In light of the challenges identified with concepts such as targeted vs. final beneficiaries and activities vs. objectives, the format of project logframes could further be simplified to enable logical thinking about the link between these project components. Most critically, the logframe should require results to be specified at each level of the results chain: inputs, outputs, outcomes and impact. This will also facilitate thinking about results beyond the fund, and to design activities and measures for assessing sustainability. This will likely improve the quality of project delivery and the likelihood of projects being taken through to implementation on completion of the project. Whilst

this may seem to suggest an increase in level of effort, it is in our view a critical competency, which is also transferrable to other projects.

These recommendations would require a significantly strengthened capacity for technical assistance in the area of monitoring and evaluation, as well as the technical aspects of LED project delivery.

**Monitoring and Evaluation.** The Inception Report indicates that the purpose of monitoring is two-fold: i) to provide 'Information to enable a judgment to be made on the progress of a project; and ii) to provide confirmation that the funds provided are utilised in the approved manner' (page 3-17). The focus is thus primarily on activity monitoring (against an activity schedule) and the use of funds. From the perspective of beneficiaries, much of the emphasis has been on monitoring of compliance with these two aspects, with less of an emphasis on the substantive detail of the project, and whether projects were achieving their planned objectives. This appears to have been a greater focus of the QCT assessments of final reports.

In addition, project-level monitoring should be intensified to avert problems surfacing at the end of projects. The nature of monitoring should also to a greater extent include an emphasis on the content of the project: its objectives and whether the design is achieving results in line with the stated objectives.

Whilst it is recognised that the fund operates within the framework of the EU, and whilst a number of modest programme improvements or modifications were introduced, these changes do not appear to have been as extensive as may have been warranted. In particular, the late introduction of a formal M&E function may have limited the nature of formal feedback available. Future funds should formally incorporate an M&E function into their organisational structure from the outset, to ensure more extensive changes are effected if so required.

There is a further need for the monitoring and evaluation function to track the outcome across projects, beyond the fund implementation. This information should inform the ongoing development of the fund, and serve a critical programme improvement function. It should include an assessment of the outcomes amongst beneficiaries and the LED impact of the fund on the respective localities.

These recommendations would require a significantly strengthened capacity for technical assistance in the area of monitoring and evaluation, as well as the technical aspects of LED project delivery.

**Post-implementation support ('After care').** Although area managers continued to operate in the municipalities, beneficiaries expressed the lack of after-care and follow-up as a weakness. This would be particularly important in light of the lack of project implementation experience and skills transfer that would likely have materialised under the current fund model.

*'That R760 could have given me a certain kind of project (a consultative exercise). I think it was about that. That's what it got us. It was that kind of project, so. But you couldn't get much bigger than that. But luckily this thing grew its own horns and took off on its own. Otherwise it would fizzle out. Because there was no aftercare. It was like finish, start, finish, thank you, there's your, close out report, done and dusted, handshake, what, what, gone.'*  
(BEF grant beneficiary)

### 6.1.6 Conclusion

Whilst the overall objectives of the fund was appropriate to the context of beneficiaries, the contextual realities and, in particular, the extent of the capacity challenges have challenged the appropriateness of the fund's modality – competitive, grants-based and demand-driven funding model. The model of capacity building has not matched the requirements of the context. However, beneficiary needs suggest that the nature of capacitation required cannot be easily accommodated within the current competitive model.

Limitations in the design, such as the models for capacity building and support, are to a large extent linked to the basic strategy of demand-driven, competitive funding. Whilst recommendations are proposed, they are likely to result in modest gains and improvements, without causing a significant upward shift in capacity.

## 6.2 Efficiency

### 6.2.1 Introduction

Efficiency is defined as a measure of how economically resources or inputs are converted to results.<sup>9</sup> The evaluation of the BEF's efficiency considers the extent to which project activities, resources, management and organisation have contributed to the realisation of planned outputs.

### 6.2.2 Project Generation

Project documentation reported<sup>10</sup> that municipal capacity to develop applications was impacting on the number and quality of applications, and that consultants contracted by the municipalities, often 'at risk', were playing a leading role in preparing proposals on their behalf.

The fund undertook to address the challenge through training and capacity building for beneficiaries and technical assistance for less successful municipalities. During Call 5, the PDMT area managers approached municipalities in an attempt to stimulate greater demand for the range of projects funded under the BEF. However, whilst there was a marked increase in the number of applications compared to previous Calls for proposals, the number of proposals that were of a sufficiently high quality to progress to the final evaluation stage was much in the same range as in previous Calls, as was the number of proposals finally approved.

*'In call for proposals 5 we had a project generation team, the area managers and the maintenance supported by some short-term experts and we went out to municipality to speak to the LED manager and/or the municipal manager and say to them, there is a fund that is available, it can cover all these things, we didn't give them a ready-made, here is your project templates, you want to do a procurement, you want to have a procurement system and here is a project template, but it was a case of going to do them and saying, if you look and say to them yes and these are things that are available and eligible do they meet either blatant demand or explicit demand that has already started to be agitated and say to a municipality, that was up to them considerably more projects.'* (M&E team member)

Beneficiaries generally described the application requirements as onerous. Although some reported to have benefitted from exposure to the EU's rigorous processes (both at this stage and during implementation), most beneficiaries questioned the necessity of the stringent requirements. The process was compared to that of other funders, and deemed excessive. The lack of streamlined, simplified application forms and procedures may have contributed to the high number of administratively non-compliant applications. The high demands of this process for some beneficiaries constituted a disincentive for submitting further proposals.

A review of the applications reveals sections in which information is simply restated, repeated or paraphrased. Whilst some level of redundancy may be useful as a crosscheck to assess the validity of responses, this may be excessively demanding on applicants and ultimately unnecessary for evaluation of applications.

<sup>9</sup> A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted to results. (OECD DAC, 2002)

<sup>10</sup> KZN LED Support Programme, Annual Report 2006

The QCT team's assessments also highlight challenges with the beneficiary application forms: the logframe targets provided by some beneficiaries seemed irrelevant to the activities being proposed (e.g. a proposals for the establishment of an LED framework identified the submission of MIG funding applications as a result to be attained by the project); the lack of clear identification of beneficiaries vs. target groups and their respective needs; failure to include cross-cutting priorities (HIV/AIDS and gender in the log frames), etc.

The timeframes were considered too short in relation to what beneficiaries were used to and to the extent of the requirements.

*‘...the funding came from the European Union so there was a number of quite difficult hoops that we were required to jump through...we put in about probably on average about 13 to 20 applications every cycle but we weren't successful on a large number of them. So we put in a lot of them and we got maybe two or three if we were lucky...’ (BEF grant beneficiary)*

*‘...by the fifth one they were like scratching ... ‘please send your projects in, please’ you know. But, it was because it was so difficult at the first way [unclear] I think everybody just said no, stuff this, you know. So it's not worth the effort. ’ (Grant beneficiary)*

*‘The application forms and the process of getting funding and then the reporting on it was a pain. ... we got to a point where we were saying well, geez do we actually want to go and apply to them for money because it was like sucking blood out of a stone. You had to go beg the guys for work that you're trying to do for the people, you know. It was crazy.*

*At least with Corridor, Corridor Application is about four pages. They've got a layout, they probably learnt from these guys what were the main, key ingredients are but you'd have to sit and go through these things one thing at a time. It was stressful hey. And the guys that's supposed to help like say a guy's trying to grow beans in the middle of New Castle, they have to get a clever consultant to fill the forms in. ... you couldn't do it yourself. It was that hectic.’ (BEF grant beneficiary)*

Applicants were responsible for sourcing their own expertise to assist in the preparation of applications. They could also access Gijima short-term technical assistance and support from local area managers. There is no available data on the number of applications that were submitted with the assistance of area managers and STEs, or indeed of consultants sourced independently by the municipalities in preparing their submissions. The following quote illustrates the extent to which efficiency considerations led to the (over-)reliance on service providers for the application process

*‘(the funding)... was coming from the European Union so there are certain terms and conditions that to them seem to be pertinent, unfortunately, this is a developing country you know, we haven't been around for 300 years so it is taking us a little bit, some of the requirements were constrictive which make it very difficult for the guys to fill in the application forms, they needed to get consultants in to help fill these forms and so there was a cost that needed to be incurred before that could even kick off the ground. It was a risk that they had to take. Effectively the Gijima Fund was set up to try and help emerging economies but because of all the (profanity) red tape that constrained the guys to once again the usual suspects (service providers) coming in and taking on the work.’ (BEF grant beneficiary)*

The absence of Gijima data of how many BEF applicants were in fact assisted by the PDMT and STEs, limits an assessment of the effectiveness of support provided during this stage (both for monitoring and for evaluation purposes). Data from PDMT on how they were assisting municipalities in the packaging of their applications was not being systematically captured. A database had been established but was not functional. In addition, the content of queries from applicants was not being captured, only the date and name of the beneficiary making the application.

Monitoring of the nature and level of support delivered to beneficiaries at this stage could have been strengthened, to ensure results are used to achieve better outcomes at the evaluation stage and provide feedback to the fund on aspects of the application and evaluation procedure that proved challenging to beneficiaries, and that may have warranted changes to the procedures or guidelines.

The Inception Report identifies the following responsibilities for STEs (Page 5-6):

- *‘Together with eligible beneficiaries, the identification and prioritisation of potential projects for funding through the BEF; and*
- *Together with eligible beneficiaries, the preparation and packaging of these projects for submission for grant funding from the BEF.’*

It is recommended that the project generation process be reviewed, with a view to strengthening the level and quality of support provided to beneficiaries during the application process. There is a further need to intensify support directed at weaker and especially local municipalities during project generation. Feedback from the evaluation process to the project generation team could also strengthen efforts aimed at improving support delivered at this stage. In addition, service providers could have been part of capacitation efforts to ensure better outcomes.

### 6.2.3 Evaluation of Applications

The evaluation process documentation (minutes, notification and clarification letters sent to applicants, ITA reports with recommendations, committee reports with decisions and recommendations, etc.), which provides a record of the process and decisions taken, indicates a degree of procedural regularity and administrative efficiency. The assessment of applications at different stages of the process has been timely. Moreover beneficiaries expressed a level of confidence in the integrity of the evaluation process. A number of factors have contributed to the overall effectiveness of the evaluation process:

- Process improvements introduced over the course of the fund’s implementation - the log-frame introduced after the first Call for Proposals and the Concept document, introduced from the fourth Call for Proposals facilitated Evaluation Committee’s scrutiny of applications in that it forced a clearer articulation of the proposed project concepts. From the perspective of ITAs involved in the evaluation process there was a drastic improvement in the quality of applications received from the fourth Call when the Concept document was introduced. Beneficiaries also indicated that submitting a concept note was valuable.
- Technical assistance to the committee provided by Independent Technical Assessors (ITAs) served a critical function in facilitating its work. ITAs were experts chosen for their specific competency in the area of LED and development. ITA assessment reports reveal a high level of critical insights both into the detail of the applications on which they were required to make recommendations, but they also provided critical insights into the extent to which the fund was achieving its objectives.

#### **A sample of observations from ITA reports<sup>11</sup>:**

- The distribution of grants by district was benefitting certain municipalities more than other and resulting in the marginalisation of smaller, rural municipalities. Concerted effort needed to be directed toward stimulating demand in municipalities.
- The requirements surrounding the submission of financial data were underspecified. Municipalities should be required to submit Annual Financial statements, to avoid differences in interpretation of the requirement.

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<sup>11</sup> Source: ITA reports from the six BEF Calls for proposals



- There appeared to be a lack of ownership and involvement of municipalities in the preparation of the applications.
  - The fund appeared to be enriching the consultancy market.
  - Certain service providers appeared to dominate the market, raising suspicions that projects proposed were supply- (service provider) rather than demand- (municipality) driven.
  - Some applications showed clear evidence of approaches proposed in one proposal, being replicated in another, with little thought as to its appropriateness.
  - There was a need to benchmark outputs from a cost perspective.
  - More substantive feedback needed to be given to beneficiaries.
  - Applications lacked sufficient detail on the composition of their budgets.
  - Applications lacked a proper assignment of responsibility for project tasks.
- The composition and apparent competence of the committee has also contributed to the perception of integrity of the process. Even if the process was largely closed, there was transparency surrounding decisions made at each stage of the process, and communication of these decisions to applicants.

Whilst some process improvements contributed to the efficiency of this stage, other aspects of the design may have constrained efficiency and negatively impacted on the attainment of fund objectives:

- The onerous application requirements placed a significant burden and served as a disincentive to some beneficiaries to continue to submit applications. This may have impacted on the number of proposals that an applicant would be able to submit.
- To enable the committee's assessment of the extent to which the call and fund objectives were being achieved, information on project progress as well as on implementation results (how well projects in previous calls were being implemented overall) may be useful.
- The exclusion of service providers from engagements on the fund's processes and requirements may further have contributed to the poor quality of submissions, both in terms of administrative and technical requirements. Engaging service providers early in the process on the precise fund requirements, could have reduced the number of administratively non-compliant applications, as they were primarily responsible for preparing the proposals on behalf of the beneficiaries.
- Some aspects of the evaluation criteria, e.g. the eligibility criteria, could have been reviewed to include service providers in the definition of partners, which would make them as responsible for the implementation of grant. Alternatively, a second contract between the contracting authority and the service providers could have greatly facilitated the mode of engagement and quality of project delivery, which may have resulted in better outcomes, both at the evaluation stage, as well as during implementation.
- Whilst designed to eliminate conflict of interests, promote fairness, and retain a level of confidentiality in the evaluation process, the EU practice of separating project generation from evaluation processes (the 'Chinese Wall'), may have limited efficiency and effectiveness by restricting feedback from the evaluation process which could have strengthened support delivered by area managers and STEs during project generation. This feedback may have reduced the number of non-compliant applications, and improved the overall quality of submissions.
- Data on the performance of past projects previously undertaken by the applicant (beneficiary) and ideally also by the service providers contracted should have been included in the assessment of applications. This could have improved efficiency by limiting the number of unsuitable applicants.



- Pre-contracting conditions may have ensured that beneficiaries complied with important requirements for project feasibility. From the perspective of beneficiaries, the pre-contracting conditions sometimes imposed demands that were difficult to fulfil within the evaluation process timeframes.
- The evaluation process overall was respected by beneficiaries as being fair and transparent in most respects. Feedback to beneficiaries was, however, viewed as being limited. Beneficiaries bemoaned having dedicated extensive time and resources to completing the application, only to receive a letter with what they considered insufficient detail. More robust feedback may have averted future errors in application, and improved the efficiency of the process.

*'I think this is partly related to the paradigm within which we operate. The feedback to the applicants is not as expressive or expansive, comprehensive as the committee's decisions on the project.[...].'* (PCU Team Member)

### 6.2.4 Contracting

The process of award and contracting resulted in significant project implementation delays.

According to PRAG, the EU is expected to endorse the contract to ensure the financing of the contracting authority's grant from the European Union's budget<sup>12</sup>. According to the annual report for 2006, delays were reported in the process of contracting due to reported delays in negotiations between the EU and the contracting authority, which impacted on project delivery in the early calls. It was also noted that grant beneficiaries were unwilling, and unable in some instances, to provide information required for contracting and release of their first payments. This was, however, reported to have improved 'with area managers playing a more proactive role in assisting applicants and through the course of the year' (page 17).

### 6.2.5 Implementation

The fund implementation was driven by a strong commitment to ensure accountability for the utilisation of funding. This translated into stringent measures that were applied with a high degree of rigour. In the latter stages of the fund's implementation, the programme management recognised that quality standards were not being maintained. In 2007 a workshop was held with service providers to address the issue of quality when it emerged that products were not of an appropriate quality. Project steering committees were also established for every project to address issues of consultation and quality of products. Many workshops were held with beneficiaries to address issues related to contract management. Furthermore, many grant beneficiary contracts were extended to allow for better quality, more consultation etc. However, the approach to fund management was not conducive to the beneficiary context, characterised largely by weak capacity.

*'You sort of know it's going to be a mission. But you don't expect it to be the Comrades Marathon of runs, you know. It's got to be relatively easy for any normal person. But they made it very, very difficult. That was what the problem was. It was like a First World versus the Third World type of environment. So they were pulling their hair. We were pulling our hair.'* (BEF grant beneficiary)

*'You're trying to do the European version of what – they way they would handle a Contract there.'* (BEF grant beneficiary)

Project-level implementation was characterised by the following trends:

- Delays in reaching project closure. This is its definitive feature. In addition, whilst the bulk of BEF funds contracted and allocated to projects was disbursed, there were deviations between the amounts contracted and allocated for some projects, mainly due to the projects' failure to

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<sup>12</sup> Section 1.3. of the General Conditions.

produce an output to the appropriate quality standard. (Nevertheless, most projects have been completed, whilst a small number were terminated due to non-performance.)

- Beneficiaries expended a disproportionate level of effort during project generation and project closeout in particular. This imposed a significant burden and increased transaction costs for beneficiaries.
- Bottlenecks created at contracting, second tranche payment and closeout stages due to the inability of beneficiaries to produce documentation in support of their requests for payment.
- The delivery of outputs of variable quality, with some perceived (by QTC and beneficiaries) as somewhat useful, whilst others were not considered fit for purpose and contributed to the lack of follow through of these projects to implementation.
- The absence of skills transfer from service providers to beneficiaries.
- The lack of effective management of service providers by beneficiaries which led to poor output delivery.
- The lack of knowledge and understanding by beneficiaries of the terms and conditions of their contracts and the lack of 'active' ownership by beneficiaries of the project implementation process, in some cases.

**Project Accountability.** Mechanisms used to ensure project accountability for funds spent (the expenditure verification and final output evaluations respectively) facilitated the attainment of fund objectives, at least at the output level. However, the intensity of these processes has also reportedly created a bottleneck at the closeout stage, demanding a high level of effort on the part of staff and beneficiaries. The expenditure verification was the source of delays for many beneficiaries, reportedly due to problems with the scheduling of audits, and the volume of verification work that needed to be undertaken of closeout documentation, as well as beneficiaries' inability or unwillingness to submit required documentary proof of expenditure. Demonstrating 'in-kind' contributions was especially challenging to beneficiaries.

At close-out, challenges related primarily to beneficiaries' failure to produce administrative documentation as evidence in support of invoices for final payment, and to disagreements which ensued over ineligible expenditure and unauthorised deviations which incurred during the project implementation.

A significant number of projects required timeline extensions. Often more than one extension would be required, and would be granted. Most projects reached closure after months, even years, of delays in reaching a resolution on the above matters.

Delays encountered during project implementation severely affected project timelines. It also affected the flow of funding for project continuation resulting in a number of projects stalling mid-way. The resulting dispute between Gijima and grant beneficiaries drove up the already high beneficiary transaction costs incurred in complying with EU contract management procedures. It also led to a severe straining of relations between the parties involved. To enable projects to continue, municipalities who could afford to advance payment to service providers, did so, and projects continued. Others simply could not. Beneficiaries who had advanced payments only to have Gijima dispute the quality of project outputs, incurred some losses as service providers would sometimes not be reached or available to assist with finalising the outputs. At this point, their lack of knowledge of the contract terms or of the project requirements would be exposed.

A number of service providers interviewed highlighted the challenge of payment, which sometimes affected further project delivery. Under BEF contracting arrangements, Gijima did not have a direct relationship with service providers contracted by the municipality, but with the municipality alone, which was the grant beneficiary. As such, Gijima, as a matter of protocol, would not interfere in

payment issues between beneficiaries and service providers. This has had its limitations in that it has affected project delivery, particularly in cases where beneficiaries/municipalities were unable to advance the funds to service providers whilst awaiting resolution on an expected Gijima payment.

Gijima respondents report that delays in payment to beneficiaries related largely to problems with beneficiaries in submitting the required documentation to support invoices for payment.

*'There were problems all along on the payment side – it was a horrific process that related to the administrative process.... There were problems with each Gijima payment. At one stage I struggled to motivate my sub-consultants to continue due to non-payment.'* (Service provider)

*'The close-out process took forever – they eventually asked me to help with the close-down. We joked at one stage that they were killing more business than creating more business. The system was too rigid – it took me hours to reconcile the finances on these projects. There must be better system.'* (Service provider)

The resulting contestation between Gijima and grant beneficiaries drove up the already high beneficiary transaction costs incurred in complying with EU contract management procedures and lead to a severe straining of relations between the parties involved.

*'We would not pay until we were satisfied with the documentation submitted and that is when we started also then picking up errors in the documents that were then submitted, particularly at the output. That was part of it, the others are all contractually financial related which is that the money wasn't always used for the purpose that it was intended, it was in the legible expenditure, the beneficiaries and/or the providers, it varied case by case, had varied people who had worked on the project and they couldn't do that without having, informed us or sought our permission to do that, and you must understand we approved a set of people as part of the application. They could not just changed anyone as they saw fit, maybe it was necessary, maybe it wasn't necessary but we had to regularise a whole lot of things before we close out, close out the projects.'* (Programme team member)

**Project reporting.** Onerous reporting requirements. Some attributed this to the nature of LED, and the challenge of implementing projects within strict timeframes, and complying with requirements like the three-quote system. This further points to the need to consider more developmental projects.

*'...they were a bit sticky, they had a little committee of some kind that would go through and review what could be disbursed and what couldn't be. Again, because of the nature of Economic Development it is very difficult to make those kind of determinations, again it is not like a road where you know you are going to spend R1 million on asphalt or whatever, because you buy like a hydroponic tunnel and then you need the medium that goes inside and then that wasn't correct because the area is too humid for that type of medium and all that type of nonsense. We planted fields of chillis and then the bloody drought came that killed everything because they were still very small plants, we had to go and re-do them...'* (BEF grant beneficiary)

*'So that was a problem with the thing and then the reporting... You know you try, you try and source beads for arts and crafts, try and source with three quotes and then the lowest quote and the Mommas tell you they'll only buy beads at Pukemanis (store) because that bead is, when they lay it, when they put it all together it's smooth and you know. There's a whole lot of [expletive] and these 'ous' can't understand it. So you end up fighting. You're trying to help. They're also trying to help but they, they're trying to – I don't know – they're trying to do it in their own style. But you know we're an emerging economy. We've got to be a bit more flexible hey.'* (BEF grant beneficiary)

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*'It was a mission, this thing. But ja, then it's got a close-out report and they've got to – then you've got to – again – they had to send in people to help us with close-out reports because they were again – just so, so much detail required.'* (BEF grant beneficiary)

**Monitoring and Evaluation.** The system of monitoring comprised of monitoring and advice provided by area managers and regular site visits, during project implementation. This was supplemented by intense scrutiny of the final outputs by the quality control team.

Monitoring at the project level during project implementation centred on the monitoring of progress against an activity schedule. However, QTC reports revealed discrepancies in the final outputs delivered when evaluated against the activity schedules, which went undetected during implementation. These discrepancies implied a reduction in project scope, with no record of formal approval being obtained.

Whilst monitoring had been undertaken throughout the fund, the introduction of the QTC mechanism was largely a crisis-response to problems encountered with output quality. The strength of this mechanism could have greatly enhanced implementation at earlier stages in the project, had a similar level of scrutiny been applied.

The BEF lacked a strategic approach to M&E. Such an approach would have enabled a formal, systematic assessment of fund performance by aggregating and synthesising project-level results periodically at the level of the fund. This would have facilitated the generation of real-time information on project implementation trends and effected strategic intervention from the earliest stages of the program. There is evidence that lessons learnt were informally factored into some intervention strategies – this appeared to be mainly in response to significant weaknesses or crises, rather than a disciplined activity.

A key challenge was poor project management on BEF projects. This implies the lack of awareness by the project management team of quality issues surrounding delivery by service providers. The core hindrance to project management was most probably **poor quality control mechanisms** put into place to monitor the quality of delivery of service providers during implementation, as well as a focus on administration to ensure compliance to EU requirements. It is insufficient to quality control final deliverables. Quotes in support of this theme include the following:

*'Due to pressure, risks weren't identified until much later in projects.'* (Area manager)

*'Our major weakness was capacity of area managers to take responsibility for support they gave to beneficiaries - they were the runner between the financing unit and the beneficiary and had little accountability... they ended up running around with agreements. Because the beneficiary didn't spend money, they ran around getting addendums to agreements, ensuring Gijima was still compliant.'* (Programme team member)

Furthermore, project monitoring appeared to emphasise the compliance aspects (e.g. adherence to an activities, milestones, spend), at the expense of substantive engagement on the quality of delivery, except towards the end at which point the quality assurance team would conduct a thorough analysis of each project output to determine fitness for purpose and value for money. Monitoring during project implementation also tended to focus on activity monitoring – tracking progress against an activity schedule. Strengthening project level programming and M&E by introducing a more robust planning stage that includes, in addition to activity schedule development, a definition of what constitutes quality implementation in the context of the project.

Even activity monitoring was reported to be problematic. At a workshop held with service providers in 2007<sup>13</sup>, Gijima reported the following: 'The activity schedule was viewed as a compliance

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<sup>13</sup> Service Provider Workshop, 15 October 2007

requirement to commence the project. It was infrequently used a project planning tool. Service providers have their own project plan – translated to Gijima project at various stages during implementation. The activity schedule was not used as a monitoring tool. Deviations from project plan were seldom recorded or reported. There was a lack of monitoring of activities results in some activities not being undertaken or being cancelled without justification.’

Whilst this may have increased the workload on the team, the introduction of the quality control mechanism improved the scrutiny of final outputs for quality. Nevertheless, there remains a concern about the relative level of effort expended at this stage, relative to other project stages.

*‘...we have to be reasonably conservative in the sense that the integrity of the evaluation system has to remain otherwise the projects, the contracting authority is at risk in the EU so if a project says it is doing abc and it is evaluated on that basis, by the time it’s contracted, so abc has entered the implementation plan and the application, abc have to appear in an annex to the activity schedule, of only a and b are there it’s a different project, so that negotiation was around if c had to be ditched for example then there had to be a strong rationale for that and there still had to be in essence the same project and Mandla was doing that assessment, he had been part of the evaluation committee, he was secretary to the committee, he would then go to the area manager, to the applicant and they would then develop the activity schedule, but the activity schedule in essence had to be the same as the implementation plan, the timing could change, the sequencing could change, the budget against each of the activities might change, (but) when things were being dropped that would happen in (rare) circumstances, that needed to be well motivated..’*

**Project-level support for Implementation.** Project support was provided through workshops with successful applicants and an ‘application pack’, a set of documents covering the requirements of each stage of the implementation cycle, together with reporting and invoicing templates. The monitoring visits operationalised the workshop content and written guidelines and ensure compatibility of their systems to Gijima reporting requirements. One team member described the monitoring visits as ‘intense coaching’. A member of the M&E team provided the following description.

*‘...we would then have a workshop with the successful applicants to explain to them how you take each of those steps in the project cycle management and make sure that that accords with the information they have on their system and how they get that into the Gijima system. So the project cycle management steps were generic, but we would then explain it to them how that, how they took those principles and made sure that they were able to report to Gijima, so for example if there is an aspect of monitoring, feedback, improvement, we were showing them, at that stage there was the Gijima monitoring form and we would take them through each of the sections about what was expected to be there, how they completed the form.’ (Gijima M&E team member)*

Support for project implementation was described by beneficiaries to vary from one area manager to the next, depending on factors like individual characteristics (knowledge, skill, capacity) and workload. Beneficiaries are further supplied with an application pack, training and workshops on various stages of Project Cycle Management. Given the dearth in capacity, there would be a need for this support to be differentiated according to the capacity needs of the municipality. Capacity building in the form of direct coaching and mentoring of beneficiaries, based on specific needs could be used to augment the current capacity building.

Stakeholders emphasised that capacity has been strengthened and knowledge has been gained on grant-making processes, both within the DED and amongst some beneficiaries. As quoted:

*‘Municipalities learnt the process of managing contracts.’ (Programme team member)*



*'The provincial department has been capacitated – it is totally different working with the Department now. The area managers have learnt how to do it well now.'* (Service provider)

*'Some of the frameworks required at local government level were put in place... Municipalities gained the experience to manage an LED process at local government level.'* (Programme team member)

Although capacity was developed, some stakeholders, including area managers and service providers, emphasised the importance of area managers to fulfil a mentoring function. As quoted:

*'The person who supports the municipal official must be strong – some area managers who started out in the process were on the same level as municipal managers – they must be mentors. Area managers should be on a much higher level than officials they are working with to mentor and build their capacity.'* (Service provider)

The support to beneficiaries appears to have been ineffective in addressing the deeper systemic issues of capacity in municipalities required to institute and sustain organisational change. Whilst there may have been weaknesses in the delivery of support, the nature of the challenges encountered points to fundamental flaws in the design of the support. This raises questions as to the technical feasibility of delivering funding support to municipalities through this particular funding instrument.

*'...it's a topical issue in all the policy debates ... a lot of the municipalities are just not viable in their present form, they are not viable, they don't have the revenue base, they don't have the skills base to operate as a viable entity, and that surely has an impact on whether they had the ability to draw down on any level of support that comes from any other sphere of government.'* (Programme team member)

**Project implementation capacity.** Municipalities' difficulties in implementing the BEF projects reflect a lack of contract management capacity, as well as a lack of LED capacity to offer effective oversight over project implementation. Some simply failed to adopt internal implementation arrangements necessary to comply with EU funding requirements, for example ensuring projects have designated officials with responsibility for project oversight, and who are held to account for project delivery. Challenges persisted in spite of the extensive efforts (workshops, correspondence, written guideline) issued by the Finance and Contracting Unit and direct support offered by area managers deployed to each municipality. This may point to weaknesses in the quality of project-level support to beneficiaries. However, there were also positive reviews of the quality of support.

*'We were very happy with, we had a lady I can't think what her surname is now, and she was extremely good. We have now got somebody else who took over from her and she is also excellent. So that was one of the saving graces that they employed quite intelligent, high-level staff to engage with us, so that was quite good for us.'* (BEF grant beneficiary)

*'Also again based on the problem with the way that they want us to report, so what happened then was they would send us a driver who would be trained on how to do close-out reports because they had to fit into a certain format and then this person would come through, I am just trying to think we had a lady that came through, I can't think of what her name is now, Lilly Houston was her name, and then she would come through and close out the report for us and she was very good because she knew exactly what we needed. If we were short on one or two resolutions she would help me prepare the report that had to go to our Portfolio Committee for resolution and all of that kind of thing.'* (BEF grant beneficiary)

Service providers too, reported that they were often at a loss with regard to the specific fund requirements, since they had not been included in consultations about this in the same way that beneficiaries had been (through workshops, training, etc.).

Service providers were further a critical source of capacity, and contributed greatly to the ability of the fund to implement the grant funding at all. A view was expressed that they could have assumed formal responsibility for administrative functions and therefore, if part of the project budgets, have received compensation for administrative tasks which they were undertaking anyway to facilitate project progress.

*'...we should have been compensated for our time that we spent on the administration side. Now the reason why I am mentioning this to you specifically because it has got a very specific implication, initially in the first two years on the projects that I was involved in I got roped in on this administrative side and we were asked to help out this and fill in this form and do that ... This is application and execution of the project..'* (Service provider)

### 6.2.6 Conclusion

The BEF implementation was characterised by significant challenges – implementation delays, outputs of variable quality, etc. Innovations were introduced in an attempt to mitigate the weaknesses in capacity and problems with output quality: the introduction of mandatory PSCs, quality control mechanism, workshops with service providers and beneficiaries, etc. The challenges are mainly as a result of weak capacity amongst beneficiaries, as well as high staff turnover in municipalities, together with the nature of contractual arrangements that limit Gijima's control over outputs.

#### Factors that have contributed to the efficiency of operations

- The availability of high-quality expertise (examples short-term experts such as ITAs), which the PCU was able to procure. The prior existence of contract management capacity in some beneficiary organisations, particularly some district municipalities.
- The willingness of beneficiaries to adapt their systems and practices to comply with EU requirements.
- The strength of the quality control mechanism, in particular the role played in appraising outputs at project closeout.
- Capacity building workshops e.g. on contract management, which has led to the adoption of some practices within organisations on other projects.
- Service providers who often were required to assume responsibility for tasks outside of the scope of their contracts, e.g. administrative duties associated with project closure requirements, and during implementation, leading when municipal officials were simply absent.
- A strong focus on accountability for the use of funding.
- An equally strong determination to maintain a certain quality standard, even in the face of challenges presented by rigorous quality control.
- Competent and skilled PCU staff that hold good institutional memory.
- Reasonably good records and documentation, except project planning documentation, which should have included a logframe or similar planning tool.

#### Factors that have constrained the efficiency of operations

- Reliance on beneficiaries who lack capacity to drive funding demand limited the number of applications and slowed the pace of implementation.
- Lack of contract management capacity amongst beneficiaries translated into weak implementation and challenges with obtaining approval for work completed as well as reaching project closure within deadline.



- Weaknesses in the monitoring of project delivery meant the only rigorous engagement with project outputs (undertaken by the QCT team) was at the end of projects when it was often too late to mediate.
- Weaknesses in the model of capacitation resulted in limited skills transfer to municipalities, and a lack of embeddedness of capacity across organisations.
- The absence of an appropriate framework and guidelines to beneficiaries for managing service providers meant there was inadequate regulation of service providers and their deployment for / to beneficiaries by the contracting authority.
- Lack of 'active' ownership amongst beneficiaries resulted in projects being undertaken largely by service providers.
- Lack of accountability for outputs amongst beneficiaries meant beneficiaries could sometimes abrogate responsibility for project delivery.
- The late introduction of the QCT mechanism in the life of the programme (towards the final Calls for Proposals) meant that systemic tracking of implementation was lacking.
- Gijima's failure to devise a mechanism to engage service providers, on who the success of project delivery relied to a significant degree.
- The lack of intense preparation of beneficiaries for the project close-out process. Although beneficiary workshops were held on finance and contracting matters, dedicated, ideally one-to-one sessions should have been held, at the early stages of the project to clarify requirements and expectations.
- Over-emphasis on compliance monitoring, which skewed the focus of beneficiary activity toward administrative and financial issues.
- The absence of strategic M&E limited the extent to which learning about outcomes being achieved could be systematically captured to inform planning and future programme development.
- Uneven project-level support due to differences in individual capacity meant hands-on support to beneficiaries was not always as effective.
- Onerous EU reporting requirements imposed high transaction costs on beneficiaries and the fund.
- Lack of flexibility in contracting arrangements that prohibited deviations even when these were warranted.
- Failure to apply and mandate to beneficiaries, some of the key aspects of PCM manual.

## 6.3 Effectiveness

### 6.3.1 Introduction

The evaluation of the BEF's effectiveness considered the extent to which BEF projects represent value for money and are fit for purpose, perception of factors that contribute to project success, objectives of the fund were achieved, the contribution of the BEF to the KZN LED Support Programme Objectives, and to the creation of business-enabling environments and resultant social and economic development outcomes.

### 6.3.2 Critique of OVIs as Performance Measures

The KZN LED Support Programme's overall objective is to lead to 'An improved quality of life for the people of KwaZulu-Natal'. Its purpose is to 'achieve equitable economic growth starting initially in selected "learning areas" and replicating LED across the province'. The revised logframe approved in Rider No.1 to the EU-South Africa Financing Agreement, specifies the following results areas:

- *Result Area 1:* Stakeholders combine in partnership to develop and implement sustainable employment generating investment and enterprise growth plans with pro-poor outcomes;
- *Result Area 2:* Grants enable public-sector stakeholders engaged in LED related processes to create and operate an enabling environment for LED and pro-poor development;
- *Result Area 3:* Sustainable mechanisms for learning, knowledge exchange, information dissemination, training and replication have been established and are working;
- *Result Area 4:* Effective LED management functions established and operational at provincial and area level; and
- *Result Area 5:* Support to DPLG at national level for strengthening of the LED environment through operationalising the national LED strategy.

The BEF responds to Result Area 2.

The objective of the BEF is ‘to assist provincial and local government to create an enabling environment for local economic development’ by:

1. Clarifying the legislative and regulatory requirements of the local economic development role of government.
2. Strengthening the enabling role of local government with respect to local economic development.
3. Improving the performance of local government with respect to strategic planning and economic governance.
4. Improving programme coordination between the different levels of local government [district municipalities, local municipalities and wards] and the different spheres of government (national, provincial and local).
5. Establishing effective participation in development planning and implementation within the local sphere (including improving coordination with the private sector and non-governmental organisations, community based organisations, business chambers, organised labour and other groups).
6. Developing a sector approach to the local economic development work of the municipalities that closely articulates with the sectors developed within the provincial sphere.
7. Decentralising service delivery to the local sphere of government including the establishment of one-stop centres at local government level.
8. Assisting local government to make effective use of the Municipal Infrastructure Grant.

The programme logframe identifies the expected results and associated performance measures - objectively verifiable indicators (OVI), means of verification (MoV) and assumptions to be used in the evaluation of fund performance.

The BEF’s objective is ‘to assist provincial and local government to create an enabling environment for local economic development’. The programme logframe Result Area 2 similarly states the intent of the programme through funding channeled through the BEF, as follows: ‘Grants enable public-sector stakeholders engaged in LED-related processes to create and operate an enabling environment for LED and pro-poor development’.

The programme documentation does not explicitly link the eight BEF objectives to the programme performance measures contained in the revised logframe, specifically the OVIs under Key Result Area 2. However, a review of the objectives and OVIs suggest some degree of alignment. Both the objectives and OVIs relate to building municipal capacity for LED (an internal, organisational focus), and intervening more directly in the business-enabling environment (an external focus).

However, the specific OVIs and means of verification for each OVI under Results area 2, attempt to measure a set of results that do not relate to the BEF-funded projects or their outputs. The results to which some of the OVIs and means of verification refer are likely to result from direct intervention

in the business-enabling environment. These results may thus be further along the results chain, but less relevant for measuring the performance of the BEF. A review of the BEF portfolio of projects indicates that the BEF funded only a small number of implementation projects. Very few projects sought to intervene directly in the business environment. The problem with attempting to measure the BEF using indicators that do not relate its objectives, is that the fund will necessarily under-achieve when measured against these indicators.

**Table 6: BEF Objectives, Logframe Result Area 2 Objectively Verifiable Indicators (OVIs) and Means of Verification**

BEF OBJECTIVES	Objectively Verifiable Indicators (OVIs) under Programme Result 2	Means of Verification
<ul style="list-style-type: none"> <li>Strengthening the enabling role of provincial and local government with respect to local economic development.</li> <li>Improving the performance of provincial and local government with respect to strategic planning and economic governance.</li> <li>Improving programme coordination between the different levels of local government [district municipalities, local municipalities and wards] and the different spheres of government (national, provincial and local).</li> <li>Establishing effective participation in LED planning and implementation within the local sphere including improving coordination with the private sector and NGOs, Community Based Organisations, Business Chambers, organised labour and other groups.</li> <li>Developing a sector approach to the local economic development work of the municipalities that closely articulates with the sectors developed within the provincial sphere.</li> <li>Decentralising service delivery to the local sphere of government including the establishment of one-stop service centres at local government level.</li> </ul>	<ul style="list-style-type: none"> <li>Public-sector authorities have reduced the time, cost and difficulty of obtaining statutory permissions for business establishment and expansion.</li> </ul>	<ul style="list-style-type: none"> <li>Grant beneficiary reports of average duration of applications, as recorded by application tracking registers, at commencement of a project and project completion.</li> </ul>
	<ul style="list-style-type: none"> <li>Improved capacity to supply land/facilities to emerging new or expanding business enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>Net increase in floor area of publicly owned buildings leased to business enterprises. Net increase in hectares of public-sector land released leased to business uses.</li> <li>As reported by the grant beneficiaries and verified by the MLRF.</li> </ul>
	<ul style="list-style-type: none"> <li>Increased availability and use of public-sector data by economic enterprises.</li> </ul>	<ul style="list-style-type: none"> <li>Reports submitted by grant beneficiaries.</li> </ul>
	<ul style="list-style-type: none"> <li>Enhanced municipal capacity to mobilise and use public- and private-sector resources to install and maintain the municipal infrastructure necessary to support economic activities.</li> </ul>	<ul style="list-style-type: none"> <li>DTLGA annual municipal capacity assessments.</li> </ul>
	<ul style="list-style-type: none"> <li>IDPs contain LED plans aligned with the Provincial Growth and Development Strategy, the National Spatial Development Perspective and allied frameworks.</li> </ul>	<ul style="list-style-type: none"> <li>IDP assessment reports compiled by DTLGA dept of Development Planning.</li> </ul>
	<ul style="list-style-type: none"> <li>LED facilitation and management functions and processes have been institutionalised on a permanent basis within public-sector agencies.</li> </ul>	<ul style="list-style-type: none"> <li>Annual IDP Reviews and municipal budgets as supplied by the DTLGA and Provincial Treasury.</li> </ul>

BEF OBJECTIVES	Objectively Verifiable Indicators (OVIs) under Programme Result 2	Means of Verification
<ul style="list-style-type: none"> <li>Assisting local government to make effective use of the Municipal Infrastructure Grant (MIG).</li> </ul>	<ul style="list-style-type: none"> <li>Grant beneficiaries plan and implement measures by which HIV/Aids and TB impacts on the LED enabling environment will be mitigated.</li> </ul>	<ul style="list-style-type: none"> <li>Approved HIV/AIDs and TB mitigation plans. Reports submitted by grant beneficiaries.</li> </ul>
	<ul style="list-style-type: none"> <li>Increased public-sector capacity to assist emerging and existing SMMEs to identify access and utilise business development and poverty alleviation support programmes.</li> </ul>	<ul style="list-style-type: none"> <li>Value of extra programme resources mobilised by emerging enterprises and poverty alleviation initiatives with public-sector assistance as reported by grant beneficiaries.</li> </ul>
	<ul style="list-style-type: none"> <li>Public-sector personnel are trained in LED skills.</li> </ul>	<ul style="list-style-type: none"> <li>Training provider reports indicating number of SAQA unit standards achieved/number of person training days executed as reported by grant beneficiaries.</li> </ul>

The lack of beneficiary capacity limited the extent to which the fund could stimulate demand for project funding for activities that seek to intervene more directly in the business-enabling environment. There is thus an inherent tension between a demand-driven model and attempting to drive demand to increase projects consistent with the programme's aspirations, as expressed through the OVIs.

### 6.3.3 Analysis of 'value for money' and 'fitness for purpose'

The analysis of value for money and fitness for purpose entailed an assessment of interview responses, to obtain the perspective of beneficiaries and area managers regarding whether the project resulted in value for money or fitness for purpose. In addition, a sample of QCT reports on the final BEF project outputs was reviewed and compared to the assessment of beneficiaries and area managers.

Respondents were asked to what extent the BEF projects have added value to the municipality. Respondents provided their perspectives on 78 (90%) of the 87 BEF projects. For the remaining nine (12%) of projects, either no response to the question was provided or the response could not be confirmed within the timeframes for data collection.

- 55 (71%) of the 78** BEF projects for which responses were provided, are perceived to be of value to the municipality
- 16 (21%) of the 78** BEF projects for which responses were provided, are perceived to be of no or limited value to the municipality
- 7 (9%) of the 78** BEF projects for which responses were provided, were confirmed as 'terminated'

The analysis of responses further reveals that there have also been benefits to beneficiaries beyond the BEF project that can clearly be linked to the BEF-funded project or project output. Respondents provided their perspectives on 71 (82%) of the 87 BEF projects. For the remaining 16 (23%) of projects, either no response was provided or the project could not be confirmed within the timeframes for data collection.

- **50 (70%) of the 71** projects for which responses were provided, were reported to have resulted in some outcomes or benefits beyond the BEF-funded project:
  - The BEF project or outputs have been used to assist the municipality to leverage funding
  - The BEF project or outputs have been used to inform the development of further municipal plans or strategies
  - The BEF output was used to guide future strategy of the municipality
  - The BEF project or outputs have led to the understanding of LED amongst councilors and staff being improved
  - The BEF project or outputs have contributed to the prioritisation of LED in the municipality
  - The BEF project or outputs have resulted in an increase in the number of staff
  - The BEF project or outputs have raised awareness of LED issues amongst municipal staff or councilors
  - The BEF project or outputs have produced consultative for a or structures that continue to operate
  - The BEF project or outputs have resulted in key stakeholders being mobilised and partnerships formed
- **14 (20%) of the 71** BEF projects for which responses were provided, were reported to have resulted in no outcomes or benefits beyond the BEF-funded project, including:
  - Project outputs not being used – documents shelved, data-bases not accessible
  - No developments as a result of the projects failing to secure funding
  - No developments as a result of an absence of specific and concrete recommendations to guide implementation or the study being too general
  - Weak implementation plan, with no timeframes or responsibilities have been defined
  - The report was incoherent/fragmented/disjointed

#### **6.3.4 Perception of Factors Contributing to BEF Project Success**

In the snap survey interviews, area managers and beneficiaries further identified a number of factors that contribute to the project objectives having been attained (or not). Their views are summarised below:

##### **PERCEPTIONS OF FACTORS THAT HAVE CONTRIBUTED TO BEF PROJECTS ACHIEVING THEIR OBJECTIVES:**

- Sufficient buy-in and cooperation from the municipality
- Cooperation between the municipality and service provider
- Skilled and competent service providers

##### **PERCEPTIONS OF FACTORS THAT HAVE CONTRIBUTED TO BEF PROJECTS FAILING TO ACHIEVE THEIR OBJECTIVES:**

- Service providers lacking the required skills and expertise to carry out the project (even though they may have been able to prepare the proposal on behalf of beneficiaries)
- Weak project management by the municipality of the service provider
- Failure of the project to meet key objectives, resulting in an output of some value, but not responsive to the main project objective(s)
- Lack of buy-in and cooperation from the municipality
- Political dynamics that cause projects to lose momentum
- Lack of retention of municipal staff to follow through on implementation of the projects

### 6.3.5 Perception of Factors Contributing to Benefits Being Continued Beyond the BEF

Based on snap survey interview responses, a number of factors that have contributed to the project achieving results beyond the BEF have been reviewed. Their views are summarised below:

#### PERCEPTIONS OF FACTORS THAT HAVE CONTRIBUTED TO BEF PROJECTS ACHIEVING SUCCESS BEYOND THE BEF:

- BEF project outputs were of sufficiently high quality and had credibility
- BEF project outputs accurately identified local municipal needs and requirements
- BEF project processes were sufficiently consultative
- BEF project outputs contained recommendations that are implementable, especially in terms of budgets required to implement the proposed projects

#### PERCEPTIONS OF FACTORS THAT HAVE CONTRIBUTED TO BEF PROJECTS FAILING TO ACHIEVE SUCCESS BEYOND THE BEF:

- Lack of buy-in and cooperation from the municipality, resulting in a lack of 'ownership' after the BEF
- The absence of a driver or champion
- Lack of retention of municipal staff to follow through on implementation of the projects
- Inability of the municipality to secure funding for implementation
- Lack of funds to implement the projects proposed
- There were problems with the project delivery and/or final output, which resulted in the output not being used by the municipality

Respondents who viewed the project output to be of poor quality and of limited value to the municipality in some cases reported that whilst the output provided good high-level information, the detailed information requirements were not adequately addressed, or the information presented was of poor quality due to weak delivery or lack of expertise on the part of service providers contracted to undertake the study. Nevertheless, the documents were being used as a resource in the development of other municipal strategies and plans, and as such were perceived to be of *some* utility. However, having failed to meet their primary objective, the municipalities would need to undertake additional work to augment the BEF-funded project output and achieve an actionable plan.

Amongst respondents who viewed the project to be of poor quality, and to not have reached the objectives at all, the poor quality was mainly attributed to a lack of skill and expertise of the service providers contracted. Nevertheless, even amongst these respondents, there have sometimes been developments which they link to the BEF project output, e.g. funding leveraged. Other benefits of the project process, was that project management capacity had been built, and that stakeholders had been mobilised.

#### Box 2: Examples of Outcomes Achieved

##### **Example of a BEF project that led to the prioritisation of LED: LED Strategic Planning project**

The anticipated output of the BEF project was to provide a district-wide LED strategy. There was a lack of focus for district and LMs. No-one had an LED strategy in place or had outdated ones. This was all new for the locals. The biggest value of the project is now LED is placed as a priority on the IDP. Through this the Municipalities had the means to motivate the LED on projects. There was a strategic process identifying the risks, challenges etc. Unfortunately a number of the strategies identified need to be funded. Now municipalities know what to do but implementing some of the strategies has been challenging. It's nevertheless had value for the whole district. There is reference to the document in other initiatives like the N3 corridor. It helps municipalities to be compliant with the IDP process, which is something they get audited on each year. They have an LED strategy now that is realistic and can be used. The small municipalities who can't afford an LED manager are helped to



decide what they can and can't do and can prioritise some strategies in the IDP. In one of the local municipalities LED is higher on the priority list than it used to be. A main benefit of this was the establishment of LED Units within local municipalities with dedicated LED staff.

***Example of a BEF project taken through to implementation:***

***Development of a Tourism Development Plan for the Local Municipality***

The objective was to develop an integrated plan to guide tourism. The municipality is very small and has very big budget constraints because funding is given to bigger municipalities. Some further actions have been implemented. The plan is in place and is being used to submit to funders. There is ongoing tourism skills and capacity building. Changes envisaged were a strategic plan to guide tourism in the area. Creation of projects that made the local poor people benefit from tourism. Changes include a website and tourism information office. The changes reportedly could not have been achieved without the fund.

***Example of a BEF project having resulted in the mobilisation of stakeholders:***

***District Tourism Development Strategy & Implementation Plan***

The project is reported to have played a key role in consolidating district role players around the key tourism priorities and opportunities identified in the district particularly rail tourism, mission tourism and aviation tourism. Significant public commitments have been forthcoming, particularly from the other municipalities (district and local) around this issue as well as provincial budgets secured from the Department of Economic Development. This includes: R1 500 000 commitment from Sisonke municipalities (district and local) towards establishing the public rail infrastructure necessary to establish rail tourism as a going concern in the district; R1 million toward the establishment of mission tourism with a flagship project; the consolidation of aviation tourism.

The development of more structured institutional arrangements around tourism have not emerged as well as foreseen despite the strong participation and commitment of role players through the planning process. The key issues of tourism training and tourism marketing are still to be addressed in the implementation of the plan.

***Example of a project of poor quality, which nevertheless was able to leverage funding:***

***LED strategy development***

The objectives were to identify projects that can develop the local economy. Objectives were not at all achieved. The strategy does not cover our priority projects. Reasons for the objectives not being achieved was due to the criterion that was used to receive the funding. The criterion was that we go into partnership with project companies. The service provider the municipality partnered with did not have the expertise required to produce a satisfactory product. They were told they could not change the service provider because the funding was awarded on the basis of that partnership. Nevertheless, some further actions have been implemented after the project. A tourism project that was recommended was able to attract funding of R3.5m. There have been changes from the project, which is the tourism project that attracted funding. The BEF funding through this project has made a significant contribution. Out of it we received a grant of R3.5m. There was also capacity building in project management as a result of the project.

***Terminated Projects and an example of a voluntarily terminated project***

Seven BEF projects were terminated. Most were terminated on the grounds of non-performance and/or failure to comply with the terms of the contract. In some instances problems arose because beneficiaries lacked knowledge of the conditions of their contracts. Gijima KZN was not able to exert sufficient control over the delivery due to the contracting arrangements, that is, Gijima had signed contracts with the grant beneficiaries, but not with service providers. Therefore as a matter of protocol and procedural regularity, Gijima had to direct queries to beneficiaries.

In a few instances projects were voluntarily terminated on request of the beneficiary. The following case example illustrates the circumstances under which this may happen. It is noted that the said beneficiary has successfully implemented several other BEF projects, some with significant outcomes for the municipality.

Uthungulu District Municipality had been awarded a BEF grant to undertake a study investigating the feasibility of establishing a regional market for fresh produce and other agriculture sources in the district. The objective was to have one strong regional market where all the local municipalities with



their farmers would contribute their fresh produce and agricultural product. It then emerged in the process of undertaking the feasibility study that a regional market would not be the correct way to approach the initiative because there was a strong market in Durban and all that was needed there was a satellite market with transfer stations from the various locals. This required a different approach and a different study. The municipality wanted to then change it to better address the actual need. Gijima would not agree to the amendment to the Business Plan, citing that it changed the project concept. The municipality was not willing to pay the 30% beneficiary contribution required as part of the co-financing arrangement, to develop a document that would not be useful to them. The project was consequently terminated.

### ***Unsuccessful Projects***

Four grant beneficiaries were approached to obtain their perspectives on project applications they had made to the BEF, but which had been rejected. Of the two beneficiaries interviewed, one indicated that 'we didn't take them to any financial institution. If they failed, we packed them up'. The other reported that funding had been sourced from KZN COGTA Corridor Development Fund for projects on: free broadband into rural areas, development of an agri-hubs (community farms going into commercial), a wine project and a bio-diesel project growing maringa trees. The projects are reportedly 'highly successful'. He further indicated that 'because it was EU money, it was difficult to get co-funding. Communities don't have that kind of money and government can't put money upfront.'

The evaluation has no conclusive evidence as to whether failure to secure BEF funding has significantly disadvantaged the rejected applicants. There is some evidence that other funding sources may be easier to access, partly due to the absence of a co-funding requirement, as an alternative to BEF funding.

### ***6.3.6 BEF Performance Against Fund Objectives***

The assessment of the BEF's outcomes is compounded by the absence of measurable indicators against which to assess performance against objectives.

The assessment of these objectives has informed the overall assessment of the extent to which the fund's overall objective, namely 'to assist provincial and local government to create an enabling environment for local economic development': A review of the BEF applications forms, in which applicants were required to indicate how their proposed project is expected to respond to the BEF objectives, reveals that most projects expect to address a number of objectives, rather than just one. However, certain types of projects respond more directly to certain objectives, than do others. This is described below.

#### ***1. Clarifying the legislative and regulatory requirements of the local economic development role of government***

The BEF funded only a limited number of projects aimed at reducing or removing the legal, regulatory or administrative barriers to LED. Programme management team members interviewed were of the view that given the limited number of projects funded over the period of implementation of the BEF, the fund cannot be said to have contributed significantly to clarifying the role of local government with regard to regulating the business environment.

#### ***2. Strengthening the enabling role of local government with respect to local economic development***

A number of BEF projects seek to increase the institutional understanding and meaning of LED and thereby strengthen the enabling role of local government. Arguably, all projects deemed eligible for project funding would contribute to a strengthening of the municipalities' enabling role, as this relates to the overall purpose of the fund. The extent to which this enabling role has been strengthened in a manner which can be sustained is, however, questionable. The lack of ownership

amongst beneficiaries and limited active involvement in the BEF project implementation, as well as weak skills transfer and capacity building through project implementation, has probably reduced the likelihood of sustained capacity in relation to a strengthened enabling role.

The BEF has contributed through project funding to strengthening capacity especially with regard to planning within municipalities, to more effectively undertake their role in respect of creating business-enabling environments.

**3. Improving the performance of local government with respect to strategic planning and economic governance**

The BEF has funded a significant number of projects that seek to address this objective.

**4. Improving programme coordination between the different levels of local government [district municipalities, local municipalities and wards] and the different spheres of government (national, provincial and local)**

*Improved coordination between the different spheres of government:* There is some evidence of the alignment of LED projects with provincial and national programmes and policies. Some beneficiaries have been able, through the BEF-funded project, to leverage funding for LED implementation projects.

*Improved coordination between the different levels of local government:* Some beneficiaries reported that district municipalities consulted with local municipalities in the development of BEF applications. In some cases, district municipalities further developed the concepts on behalf of local municipalities. Weak capacity amongst local municipalities is believed to have undermined coordination between district and local municipalities, with some districts having to assume total responsibility for the BEF applications, as illustrated by the following beneficiary quote: One beneficiary held the view that the fund had facilitated cooperation between itself, as the district, but that staff retention problems, particularly within local municipalities, led to high staff turnover, and to the district assuming responsibility for most of the work on behalf of locals.

*'...Our biggest frustration has been over this period, where we were in partnership with the European Union on Gijima, is that with the constant change with people that we had to work within our local municipality every time. So on our Steering Forum as well, status would change the whole time. The only group, or the core of people that remain more or less the same throughout the project, was the people at the district municipality...To give you an idea, all business plans were generated by my office. All BEF applications even those on behalf of the local municipality. They didn't do one themselves.'* (BEF grant beneficiary; district municipality)

*'Some of our local municipalities are really, were actually from the lowest grade of municipalities in terms of capacity and their staff that they have, unfortunately we have got this phenomenal local government, that your forum for the municipality are a constant training ground for staff to move onto bigger municipalities, because staff are being remunerated in terms of the grading of the municipality itself. So, the bigger the grading of the municipality, the higher the salary of the staff members, for exactly the same function, so the LED officer with the grade one, or as for all the municipalities, the rural ones, and the much less money as the officers sitting in Pietermaritzburg or any other place for that matter a bigger grade municipality. So you have got this constant flow of capacity and resources from the smaller one, the guys come in they serve their six months or a year, they move on to the bigger municipality, or the vacancies advertised.'* (BEF grant beneficiary; district municipality)

An ITA held the view that Gijima may not have done enough to deepen the understanding of the implications of coordination for municipalities at different levels.

*'I think that it was actually not a prerequisite. Therefore a local municipality could come in and apply for funding from Gijima. Not necessarily need to be in partnership with the district itself. Although I think the application form was designed to look at ... linkages and so on. Those things may have been said on paper. I don't know whether we had enough systems in place to actually manage and monitor that at an implementation level.'* (ITA)

*'I don't think that we got people thinking enough about really understanding. I think that we threw around this concept of competitive advantage, regional economy and so on. I don't think that we put enough emphasis on what the implications are of using this terminology, when we talk about an LED strategy for the local municipality. How that would then relate to the district's strategy. How would that then relate to understanding what is happening in the regional economy. I think that a lot has to do with this whole thing of 'big brother/little brother' cynicism as well, also in terms of the constitutional mandate of saying that each one is autonomous in any way.'* (ITA)

There is insufficient evidence to conclude that the BEF has improved coordination in any sustained manner.

- ***Establishing effective participation in development planning and implementation within the local sphere (including improving coordination with the private sector and non-governmental organisations, community based organisations, business chambers, organised labour and other groups).***

The BEF funded a number of LED projects aimed at establishing formal structures for participation within the local sphere, including business chambers, growth coalitions, etc. These projects have reportedly delivered some benefits for beneficiaries beyond the BEF. The most notable benefits reported by beneficiaries are a shared vision for LED within the locality, and the impetus created for the establishment of further structures: e.g. the Growth Coalition, a BEF-funded project implemented by the Ilembe District Municipality, which culminated in the establishment of the Ilembe Business Chamber and Enterprise Development Agency (Enterprise Ilembe).

- ***Developing a sector approach to the local economic development work of the municipalities that closely articulates with the sectors developed within the provincial sphere.***

The BEF has contributed to the development of a sector approach to LED. It funded a number of sector-based planning processes which culminated in sector strategies and business plans in the province's key economic sectors: tourism, agri-business, arts and craft, manufacturing and ICT sectors.

- ***Decentralising service delivery to the local sphere of government including the establishment of one-stop centres at local government level.***

The evaluation does not have conclusive evidence of the extent to which service delivery has been decentralised to the local sphere.

- ***Assisting local government to make effective use of the Municipal Infrastructure Grant.***

The evaluation does not have conclusive evidence of the extent to which local government has been assisted to make more effective use of government infrastructure budgets to create LED opportunities.

### **6.3.7 Summary of Key BEF Outcomes**

By funding initiatives (primarily strategies and plans) that would support the creation of business-enabling environments, the BEF has *facilitated* an integrated and coordinated approach to planning and implementation of LED initiatives. Beneficiaries suggest that this shift toward a planned approach to LED had largely been lacking at the time of its inception.

Not only are the BEF-funded project outputs said to have contributed a coherent framework for LED planning and implementation within the municipalities, but the participatory nature of the process of developing the strategies and plans has also reportedly contributed to the forging of ‘a shared development vision’ amongst social partners (government, business, and communities) in some municipalities. Beneficiaries further acknowledge the contribution the BEF has made to building momentum for economic development and mobilising LED stakeholders within the locality. The outcomes of this contribution may only be visible over time.

The BEF has also served as a *catalyst* for the leveraging of funding, particularly for infrastructure development projects that may contribute to the creation of the economic conditions required to enable business. A significant number of beneficiaries, who had initiated some LED actions beyond the BEF implementation period, have secured funding for this purpose, and that the infrastructure requirements had been articulated in the BEF-funded project strategy or plan. There is also evidence of alignment of the recommendations of some of the BEF-funded projects to the investment strategies of other spheres of government: specifically, KZN Department of COGTA.

Interviews also indicate the realisation of benefits quite apart from the development of the project outputs (the strategies, plans or studies). The baseline studies undertaken as background to the Gijima KZN Program development, established the existence of weak baseline conditions and capacities in municipalities.

The BEF processes are also reported to have had wider institutional benefits in terms of systems and process improvements within beneficiary organisations. There is also reportedly an increased prioritisation of LED in municipalities, and a perception that the LED capacity within municipalities has increased – both as a result of specific capacity building projects, and due to exposure to the project.

The BEF has achieved some key outcomes. Whilst the project outputs may have been small (though critical) inputs into a larger chain of business enabling environment initiatives, the outcomes reported by the majority of beneficiaries is in the direction of positive change and toward business-enabling environment initiatives. Most beneficiaries have had to pursue further LED actions – e.g. source funding for planning or implementation, beyond the BEF. It is these subsequent actions that have largely contributed to some of the more significant outcomes linked to creating an enabling environment (like the delivery of hard infrastructure), and that are likely to contribute substantially to the desired social and economic impacts (improvements in the economy of the locality; increase in the number of jobs and new enterprises, etc).

### Factors that have contributed to the effectiveness of the BEF

#### Outcomes have been achieved because of the presence of the following factors:

- LED project implementation capacity amongst individuals in beneficiary organisations to take forward LED work initiated through the BEF-funded project.
- Access to funding, particularly public-sector funding – IDC, COGTA, etc.
- A BEF output of sufficiently high quality – is implementable, accurate, responsive to real needs of the municipality, has useable information to use when approaching donors.
- Existing initiatives, of the municipality in place, .e.g. credible IDPs.
- The municipality having implemented previous business-enabling initiatives on which to build or capitalise.
- Initiative and drive of individuals or champions.
- The absence of organisational instability.

### Factors that have limited the effectiveness of the BEF

### Outcomes (and sustainability) have been limited by the following:

- An insufficient focus on project-level planning for sustainability, or outcomes-based planning during BEF implementation.
- Limited skills transfer from service providers to beneficiaries (linked to the absence of an appropriate capacity building framework)
- Limited capacitation to enable the implementation of plans (linked to the absence of an appropriate capacity-building framework)
- The absence of insights on results across projects that would have emanated from strategic M&E plans.
- The lack of 'after-care' to beneficiaries

## 6.4 Impact

### 6.4.1 Introduction

Impact can be described as the positive and negative changes produced by a development intervention, directly or indirectly, intended or unintended.<sup>14</sup> The Inception Report indicates that 'the Business Enabling Fund will not have a direct impact on businesses, although all its activities should be focused towards the eventual aim of job creation and economic growth'. The nature of BEF-funded projects suggests that the path to job creation and economic growth is indirect.

### 6.4.2 Summary of Impact

The BEF's main contribution has been to support initiatives that served as a catalyst for further LED initiatives of grant beneficiaries of the fund. However, these initiatives have been heavily reliant on additional resource inputs from other donors or from the municipality's own resources subsequent to BEF implementation. As such, an instrument such as the BEF can expect to have a less direct impact on LED social and economic outcomes. Examples of these outcomes include improvement in the economic environment; improved household income; improved performance and competitiveness of enterprises; new jobs created through investment; increased survival and success rates of new SMMEs (entrepreneurship and management training); increased pro-poor investment in the area. It is nevertheless reasonable to consider whether outcomes observed to date are likely to produce the kind of social and economic benefits that are expected to derive from business-enabling environments, thus to consider the likely impact, and the conditions that are likely to support it.

A key determinant of likely impact is the extent to which the project can continue to be sustained from a financial, institutional and policy perspective. The following case examples illustrate projects that have been implemented since the BEF, with high impact potential, largely due to their strength in terms of sustainability factors.

#### UTHUNGULU FILM OFFICE

<b>BEF Project name and id.:</b>	<b>Feasibility Study for the Uthungulu Film Office (BEF003-007)</b>
<b>Beneficiary Name:</b>	Uthungulu District Municipality
<b>Location:</b>	Richards Bay, KwaZulu-Natal
<b>Size of BEF grant awarded:</b>	R84, 154.00

<sup>14</sup> OECD DAC, 2002

### Stated Objectives of the project<sup>15</sup>:

- To increase the economic (tourism) profile of the district that leads to investment and tourism promotion;
- To increase employment levels in the district that leads to increases in income generation and poverty reduction;
- To market and promote uThungulu as a tourism destination in general and promote it specifically as an area for film making;
- To identify areas for film making and to involve the respective role players to be prepared to accommodate film crews;
- To facilitate and coordinate the logistical arrangements that accompanies the preparation for and making of films;
- To develop opportunities of the people of the district to market and promote their creative abilities;
- To develop the technical skills and expertise of the people of the district and to open opportunities for such people to gain productive employment; and
- To ensure that tourism faculties and marketing benefit from the promotion of the film industry in the district.

The Uthungulu Film Office funded the study into the feasibility of strengthening the existing Uthungulu Film Office, in order to achieve the above objectives.

The feasibility study and business plan supported the concept, and an independent film office, which serves as a one-stop shop for the film industry in the region, was born. The film office operates from the Uthungulu Film Office in Richards Bay. It is run by an expert private consulting group from the tourism sector, appointed through a tender to manage the establishment for one year. 2011 is its first year of operation. Through the strength of the feasibility study and business plan, funding was secured from the COGTA Corridor Fund for the first year of operation. Umkhanyakude, Ilembe, and Uthungulu have partnered to jointly fund the office (their respective contributions had not been determined at the time of reporting) going forward.

The Film Office Business Plan projects that the increase in industry activity in the region will have multiple effects on the region, socially and economically. The vision is that the film office will become self-sustaining through private-sector involvement and membership fees. The office plans to establish a trust fund for the development of study fields in the production field. Efforts are under way with the University of Zululand which wants to establish a department for photography and film productions. A Northern KwaZulu-Natal film festival is planned. The funding generated from the festival will go toward establishment of the trust.

The film office case is an example of a fairly small investment by the EU-Gijima, has allowed the municipality to fully exploit the opportunities created by the Fund.

### ILEMBE BUSINESS CHAMBER and ILEMBE ENTERPRISE DEVELOPMENT AGENCY

<b>BEF Project name and id.:</b>	<b>Growth Coalition (BEF002-005)</b>
<b>Beneficiary Name:</b>	Ilembe District Municipality
<b>Location:</b>	Stanger, KwaZulu-Natal

<sup>15</sup> Source: BEF Beneficiary Application



BEF grant awarded: R46,439.00

The BEF Growth Coalition project is believed to have given impetus to the establishment of both the Business Chamber and Enterprise Development Agency. Both were officially launched in early 2011.

#### **Ilembe Business Chamber**

The Growth Coalition project was designed to facilitate consultation between government and business. It allowed for the identification of sector needs and priorities. Ilembe District Municipality recognised the need for an independent business chamber that would represent the significant business interests of the district, and represent business when engaging government. In February 2011 the Ilembe Business Chamber was launched. The Chamber is a membership-based organisation that will be sustained through membership fees and donations.

#### **Enterprise Ilembe**

Enterprise Ilembe came about in response to a need for specialised capability.

*'Businesses are saying they need someone that they can go and talk to that's not government. You try and talk to somebody here about opening a fish farm you've got like no chance finding someone here (in the municipality) that can talk about fish farming.'* (BEF beneficiary)

It is funded through a partnership agreement with the Independent Development Corporation (IDC) and the municipality. Ilembe District Municipality contributes R4 million per annum which funds operational costs, and the IDC, R4 million. Project funding has been sourced from COGTA.

The Ilembe case illustrates the institutional and financial sustainability mechanisms that have enabled these initiatives. Institutional factors include: local business ownership secured through the Growth Coalition project process and partnerships with public-sector institutions (IDC) that have, in turn, contributed to the financial sustainability of the projects. Various locality specific factors – location, an active business community, etc. together with organisational factors – an internal driver, own resources, etc. have further supported the success in establishing these initiatives.

### **6.4.3 Conclusions**

Given the nature of BEF projects funded, the impact of BEF projects may only be visible over time.

## **6.5 Sustainability**

### **6.5.1 Introduction**

Sustainability was assessed in terms of the factors that have contributed to project benefits being sustained in the long-term. These are specifically through those that accrued through the process of implementing the BEF, as well as those that resulted from the BEF-funded project.

### **6.5.2 Overall Sustainability**

The BEF has contributed to sustaining project benefits (the grant funding) in the following ways: exposure given to beneficiaries of contract management, finance and procurement practices; funding support for a development of an output that would become an input into further enabling-



environment actions by the municipality; capacity-building; contribution to establishing a market for LED work and developing private-sector LED expertise in the province for the benefit of the province and the country (several consultants continue to work in various capacities and locations on LED and development work). Some of this capacity has been absorbed into the public and development sector.

For project beneficiaries, there is evidence of sustainability in the following: BEF Project recommendations have been taken forward by a large number of beneficiaries, resulting in the development of further plans as a build on to the BEF-funded output (e.g. district strategy to local strategy or LED strategy to sector business plan); administration, financial and procurement processes have been carried forward to other projects; relationships have reportedly been forged with potential for future impact and sustainability; some understanding of LED and contract management, which may be sustained at the level of the individuals, although results are not fully embedded institutionally, representing weak sustainability.

The sustainability of the project benefits has, however, been compromised by the following: some sub-standard project outputs, resulting in only partial use or abandonment of the output by beneficiaries (and further resulting in weak outcomes reported).

A key assumption was made about sustainability in the project design that has negatively impacted the attainment of this result. Whilst service providers, beyond the BEF, largely implemented the BEF projects continued action would rely on municipal staff to a large extent, with LED agencies assuming responsibility for this in isolated cases. Given the challenges previously identified regarding capacity in concept development and implementation at municipal level, to assume that projects would be easily implemented post-BEF appears misguided. The outcomes achieved beyond the BEF appear to be largely at the municipality's own initiative. Even though LED unit staff of the DED continues to support municipalities in their localities under other Gijima funds and as part of the normal operations of the DED, there is no mechanism for support to beneficiaries beyond the BEF, or 'after care'. The sustainability of outcomes has largely been left to municipalities to ensure.

The main constraints to the sustainability of BEF-project outcomes is the lack of capacity (due to lack of technical skill and unavailability) to take forward recommendations made in the BEF-funded project output, lack of funding, as well as the absence of a champion. Other key factors include: limited access to resources - municipal resources and/or funding support; operational stability; partnerships with business; and geographic location.

Institutional sustainability for LED has been promoted through the partnerships established between the DEDT and relevant partners, in particular CoGTA, which has been the main funder of BEF projects post-implementation of the BEF. The DEDT's LED budget programme '*Results area 5: Support to DPLG at national level for strengthening of the LED environment through operationalising the national LED strategy*' is in fact implemented by the National Department of CoGTA, and not the DEDT. The LED functions have been transferred from the PCU to the LED unit staff, which will take forward work in municipalities initiated under Gijima. It is noted that the department name changed to CoGTA but has since split to represent the Department of Cooperative Governance (CoG) and the Department of Traditional Affairs (DTA).

The assessment of sustainability considered reported evidence of sustainability and identified the BEF's contribution to sustaining project outcomes or benefits. It highlights key enabling and constraining factors to sustainability of BEF project outcomes thus far, and comments on prospects for future sustainability.

**Table 7: Mechanisms to Ensure Longer-Term Sustainability of Project Outcomes**

Dimensions of sustainability	Mechanisms that promote longer-term sustainability
<b>FINANCIAL SUSTAINABILITY:</b> how will activities be financed when the grant ends	<ul style="list-style-type: none"> <li>Funding is being leveraged through institutional partnerships with development finance institutions (IDC, DBSA, COGTA, etc.); Institutional structures and joint venture agreements set up to secure funding commitment, also from private sector</li> <li>Projects emanating from business plans or feasibility studies are intended to become self-sustaining over time, through revenue from trade or membership fees</li> </ul>
<b>INSTITUTIONAL SUSTAINABILITY:</b> what structures are in place to allow the activities or outcomes to continue in place at the end of the project; extent to which there is local "ownership" of project outcomes	<ul style="list-style-type: none"> <li>Implementation plan with projects incorporated in municipal IDPs and thereby institutionalised</li> <li>LED unit is managing implementation, it is therefore part of the permanent structure of the municipality</li> <li>Partnerships had been established between communities, government and business through BEF project process – local ownership established</li> </ul>
<b>POLICY SUSTAINABILITY:</b> the structural impacts the project will have - e.g. improved legislation, codes of conduct, methods, etc	<ul style="list-style-type: none"> <li>Projects are incorporated in municipal IDPs</li> </ul>

### 6.5.3 Multiplier Effects

The prospect of multiplier effects forms part of the rationale of most BEF projects. It is a central underpinning of business-enabling environment interventions. It serves as a justification for creating business-enabling environments, and most often the attainment of pro-poor objectives are cited as effects that are likely to be generated by the projects. The study did not verify the extent to which effects of strategy implementation had begun to result in multiple benefits.

The following diagramme illustrates an example of multiplier effects in tourism (Sisonke District Tourism Development Strategy<sup>16</sup>).

<sup>16</sup> Source: Sisonke Municipality: BEF Application - Tourism Strategy (BEF 2-002)

Figure 13: An example of a multiplier effect



An area manager was skeptical about the effectiveness and sustainability of both the LED strategies and LED fora.

*'Local municipalities do have LED units, but do not have fully functional LED forums. A preliminary study by the DEDT LED unit to establish the status quo of these forums has revealed that most of the municipalities do not have these forums and for those who have them, they do not regularly sit. They also do not have TORs hence when they eventually sit the forum ends up being overshadowed by political issues.*

*LED strategies are old and outdated, and mostly done without consultation with stakeholders and do not talk to local issues, hence municipalities failing to implement them. LED Strategies currently being reviewed by DEDT officials.'* (Area manager)

#### 6.5.4 Conclusion

The evaluation of sustainability shows that sustainability of project benefits and outcomes has been achieved with most BEF-funded projects sampled. LED initiatives implemented subsequent to the BEF, however, represent a first level of sustainability, and only a small contribution to achieving the intended impact at individual, household, business and community levels.

## 7 VALIDATING THE LESSONS LEARNED

### 7.1 Purpose of the Comparative Evaluation: Confirming the External Validity of Lessons Learned

One of the two primary objectives of this summative evaluation of the BEF was to identify lessons that could be applied in the design of subsequent, similar programmes. Data specific to the BEF experience was collected and analysed to this end. However in order to secure the external validity of the lessons identified, a component was added to the methodology of this evaluation: an effort to compare the BEF lessons learned to lessons learned in the implementation of other funding mechanisms in South Africa.

The mechanisms sampled share some commonalities with the BEF, though are not entirely the equivalent of it. Nevertheless respondents identified common lessons despite the differences in the vehicle being implemented, its scale or target beneficiaries. There is learning to be applied simply by virtue of attempting to implement a funding mechanism that targets a geographically localised beneficiary in a development context. The exercise proved worthwhile in that it not only verified some of the BEF lessons, but the diversity broadened the evaluation perspective and prompted the augmentation of those lessons.

### 7.2 Sampling Approach and Data Collection

This element of the evaluation, introduced to verify and augment lessons learned would provide a triangulation of the BEF specific data collected during the course of the assignment. The principle of triangulation has been a methodological principle critical to the reinforcing of findings in the evaluation of BEF. A deliberately purposeful approach was adopted in identifying respondents with substantial experience in managing development funding mechanisms.

The rationale informing a primarily interview-based data collection process was that a rich vein of qualitative data could be mined in conversation with well-placed key informants, guided by the lessons emerging from the broader BEF evaluation, and further guided by emerging findings in the cumulative project documentation related to these funding mechanisms. This aspect of the evaluation required reflective, plausibly interpreted experience, making the interview or dialogue methodology the most appropriate data collection approach.

The data analysed for this component of the evaluation was a set of interviews with key informants, and related project documentation. Interviewees are listed in the appropriate Annexure B. Funding mechanisms with which the interview and documentary evidence is associated are listed in Table 8.

**Table 8: Funding Mechanisms in the Comparative Review**

Name	Description
Local Economic Development Fund	DPLG (COGTA) fund to provide conditional grants to municipalities for the implementation of job creation and poverty alleviation projects
Local Government Transition Grant	To assist municipalities with significant once-off establishment and administrative costs of amalgamation
Consolidated Municipal Infrastructure Programme	To ensure that all South Africans gain access to affordable municipal services through the provision of capital grants for internal bulk and connector, internal infrastructure and

Name	Description
	community services and facilities within an integrated development planning framework; To support the Integrated Rural Development Strategy; To support the Urban Renewal strategy; To support the housing programme
Local Government Support Grant	To assist medium-sized and small municipalities experiencing severe financial problems to restructure their financial positions and organisations
Municipal Systems Improvement Grant	To support municipalities in implementing new system as provided for in the Municipal Systems Act, 2000. These new systems include Integrated Development Planning (IDP's), Performance Management, Local Public Sector Management reform such as the introduction of performance contract
Neighbourhood Development Partnership Grant	Conditional grant to municipalities through DORA. The NDPG is driven by the notion that public investment and funding can be used creatively to attract private and community investment to unlock the social and economic potential within neglected townships and neighbourhoods and that this in turn will contribute to South Africa's macro-economic performance and improve quality of life among its citizens
The Enterprise Challenge Fund	Private-sector fund to support municipalities in implementing new system as provided for in the Municipal Systems Act, 2000. These new systems include Integrated Development Planning (IDPs), Performance Management, Local Public Sector Management reform such as the introduction of performance contract

## 7.3 Findings

### 7.3.1 Acknowledging the complexity of the contexts

*'The fact is that we are attempting to improve quality of life. That is not just a result of what we do, but of a whole lot of other efforts. So what we have is really a nested logic model, which we're trying to account for in our M&E.'*

Considering that the review of comparable funds was added to the evaluation in order to confirm the replicability of lessons learned, it is appropriate to posit the disputability of external validity claims, as reflected in the interview evidence. Even within the same funds it was apparent that the range of 'what works' mechanisms may vary significantly across the range of implementation sites. In recognising complexity the attribution chain becomes tenuous.

The interview data provides evidence for such complexity in the inconsistent causal reasoning of interviewees when attempting to analyse 'what worked'. At one site effectiveness is attributed to the efforts of an LED champion, while the comparable hard work and enthusiasm of an LED practitioner at another site is thwarted by a legacy of hostility between local government and the private sector, which is a condition that prevailed but was overcome at a third site.

The triangulated data for a Gijima project judged to be a successful case is contradictory in the attribution claims. What is consistently apparent is that a number of favourable conditions converged at a point at which the 'additionality' of the Gijima funded intervention contributed to the accumulating momentum for positive change.

Economic development is an emergent characteristic of a complex system that is extremely sensitive to initial and new conditions. In a programme domain as layered as local economic development the

acknowledgement of complexity is critical to delineating what can reasonably be demanded of programme design, planning, implementation and expected outcomes. It also dictates what can or what should be measured.

### 7.3.2 The necessity of theory based programme design

*'I wouldn't have issued calls for proposals immediately. I would have set aside a year, even two years to understand exactly what it is we are trying to do.'*

A persistent reflection from interviewees is the fact that during the course of project implementation it became clear that the link between activities funded and change intended was often erroneously conceived. In this regard it is not sufficient to explicitly acknowledge the assumptions on which the programme design is based. It is critical to ensure that the assumptions are grounded in scientific evidence.

The choice to institute a demand-driven funding mechanism for example, is based on the assumption that beneficiaries have the locally relevant knowledge to best identify and prioritise their needs within a developmental context. The theoretical basis for the assumption is documented but highly qualified in development literature. A full appreciation of the evidentiary basis for that assumption is reduced in development practice to a solipsistic truism that frequently surfaces as a fatal flaw in programme design.

It is on the basis of the theory of change that grant management operations and processes should be planned and resourced. A thorough, explicit theory of change would also dictate the appropriate selection criteria for the awarding of funds. But it is not just in the design that the theory of change is relevant. It is also important that a firm theory of change guides programme implementation. The programme tests theoretical assumptions, proves them useful or erroneous, and in the latter instance should prompt an adjustment in programme implementation. Without a theoretically grounded implementation the formative value of monitoring might be overlooked or not noted timeously.

A theoretically grounded implementation will also preserve the integrity of programme outcomes. Interviewees often related some version of the observation that project successes do not necessarily result in programme success. In the instance of the BEF, the accumulation of evidence-based planning, for example, does not necessarily result in a more facilitating environment for business.

### 7.3.3 Supplementing the shortcomings in LED implementation

*"I don't think government knows what it's trying to do with LED. Is it enterprise development? Is it a thinly disguised welfare project? These objectives are complementary but they can also be contradictory. On which side should we err?"*

Beneficiaries agree on a number of persistent shortcomings in LED implementation, which are confirmed in the literature. These are:

1. An unresolved function: the LED function at local level is not adequately guided by policy, practices and procedures. Consequently LED efforts are often piecemeal and inadequately informed by actual market conditions.
2. Systemic, evidence-based planning for LED: the practice of LED at local level frequently does not benefit from substantive, evidence-based integrated development planning, nor a systemic perspective that conceives of projects and funding decisions as elements of a robust, regionalised programme. The recognition of the value of systemic level interventions, such as efforts to create a facilitating business environment, is severely limited in LED practice.



3. Scaling and integration: in the absence of formal practice guidelines the appropriate level of planning – project based, localised, regional – is not determined. In a discipline where scaling is of critical importance, practitioners are surprisingly ill-equipped to introduce appropriate scaling decisions into decision-making. LED is also frequently not well integrated into the broader development planning processes.
4. Welfare versus enterprise development perspective: the developmental state policy emphasis is consistently interpreted with a social welfare bias that undermines the role a consideration of enterprise sustainability should play in LED decision-making.

These shortcomings in LED practice have implications for the implementation of LED funding mechanisms. With local government as beneficiaries the result might be a tendency towards a limited range of projects displaying very little, if any, innovation or potentially sizeable impact. The performance of enterprise-focused funding on the other hand might be frustrated by unanticipated and unfavourable conditions for business in certain locales. LED funding needs to take cognisance of these limitations in its programme design.

### **7.3.4 Pitching the fund at the level of the intended beneficiaries**

*“We were disappointed at first with the plain vanilla and cut and paste type of project proposals. But considering the state of LED at local level, well you may just be subsidising a critical function that can’t be performed otherwise.”*

Interviewees often revealed a tension between what local government’s directed funding mechanisms are intended to accomplish and what needs they are ultimately directed to address. The experience is not unique to BEF, but appears to be fairly frequent for demand-driven funds. In response, fund management will initiate efforts to educate beneficiaries as to the range of possibilities for project funding. Ultimately, however, the need for funding is legitimately for supplementing budget towards basic functions as opposed to innovative proof of concept projects. Engaging with potential beneficiaries may have a partial influence of the profile of the funded portfolio, but the outcome is more likely a compromise of the funder’s aspirations in favour of local level development requirements.

### **7.3.5 Managing capacity deficits**

The assertion that working with local government in South Africa is, for the most part, troubled by capacity deficits, is accepted as common wisdom. Capacity deficits include a scarcity of required skills, and the literature suggests that effective LED interventions require very high levels of conceptualisation and planning skills. Even when the LED function is appropriately staffed, it is frequently restrained by capital and resource limitations, and the workloads and roles of effective individuals becoming too burdensome.

Skills deficits are addressed by the appointment of technical assistance service providers who inevitably become involved in the accessing of funds through mechanisms targeting local authorities as beneficiaries. In many instances consultants participate in the compilation and submissions of proposals, and even take the lead in initiating proposals on their client’s behalf. The lesson learned in the BEF and other funds is that the capacity of some local authorities to manage their technical assistance is also limited and this introduces significant risks in terms of project relevance and project outcomes.

Interviewees tended to agree that the solution is to acknowledge the inevitable participation and potential valuable contribution of technical assistance in supporting municipalities to access opportunities, by deliberately introducing mechanisms for the funding and management of technical assistance components in grant-making operations.



### 7.3.6 The logic of demand driven funding mechanisms

*“The incentive for a demand-driven fund for municipalities is not compelling. It just isn’t there.”*

Interviewees tended to interrogate the appropriateness of a demand driven fund that targeted local authorities as beneficiaries. Critique of the approach can be summarised in the following two points:

- Demand side applications from capacity challenged municipalities are often ill-informed and therefore not properly prioritised in terms of need, nor prioritised in terms of potential return on development investment and well conceptualised.
- The incentive to apply for a demand-based grant, and to spend it diligently, is limited because the return is not to the direct benefit of the individual. In contrast, a demand-driven enterprise development fund is highly incentivised because the potential return on investment does accrue directly to the individual grant beneficiary.

There are a number of counter-arguments in favour of demand-driven funding mechanisms for local authorities:

- Demand-driven funding mechanisms are useful and effective for performing municipalities where project design is more evidence based and grants often function as additionality in ongoing development efforts.
- In capacity challenged municipalities a demand-driven fund may contribute the development of capacity for project conceptualisation, fund-raising and the management of service providers.

For the most part respondents were not entirely dismissive of demand-driven funding with local authorities as beneficiaries, but rather proposed that the design carefully consider the extent to which a funding mechanism can be demand driven and remain effective.

## 8 CONCLUSION

The outstanding feature of the BEF that determined the nature and value of the results it achieved was that it took the form of a competitive, demand-driven mechanism in a context that was not optimally suited to such a design.

Choosing to implement a demand-driven mechanism was certainly sound from the perspective of the mainstream theory guiding LED practice. The literature argues in favour of demand-driven mechanisms because the evidence suggests that despite the care taken with supply driven or top-down designs, the essential local intelligence necessary for a best fit is consistently overlooked. In addition, demand-driven mechanisms offer greater sustainability, both in terms of project ownership and capacity development. If the BEF was to be a mechanism in the service of a nascent LED discipline at local government level, then a model that demanded active participation and initiative from beneficiaries, that would impose a learning curve, seemed an ambitious but responsible design choice.

However a demand driven model, and especially one that generates competitive bids for funding, presupposes a level of capacity that allows for the adequate identification, prioritisation, solution conceptualisation and project resourcing and oversight, which generally speaking municipalities failed on. In addition, a competitive mechanism is best suited to sifting proposals of innovative merit, which was certainly not the case for the BEF.

It would appear that the risk posed by the lack of capacity and the immaturity of LED practice at local level was wholly underestimated. Even though the feasibility study had identified the risk, and despite the significant investment towards mitigating that risk via the NCF and programme support staff and resources, the lack of analytical LED capacity limited the sophistication of outputs, and the lack of project management capacity limited the achievement of outcomes.

The telling indicator is the proportion of funds not granted and the proportion of disbursements withheld, which is a decision based on the rigorous application of an expert-led quality control process. However, to conclude that the BEF failed would be to ignore the context. The BEF intervened in an immature domain that in many municipalities had the status of 'unfunded mandate'. The majority of requests were for the funding of entry level outputs – LED plans. It is plausible to suggest, as the data does, that the intervention led to the delivery of entry level outputs and together with the process of production, BEF positioned the practice of LED at local government level in KZN. Even poor outputs represent a platform from which to launch more consequential initiatives, arguably a significant result in the context of weak or immature LED capacity.

## 9 RECOMMENDATIONS

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### Addressing capacity deficits at local government level:

- A developmental orientation, even in a demand-driven fund, needs to be more deliberate and elaborate when addressing capacity in a technically specialised function such as LED. Even though provision was made in the broader Gijima model, the linkages between BEF and NCF were not sufficiently precise, deliberate or comprehensive.
- A demand-driven model has a compelling logic but assumes capacity. In the absence of capacity a hybrid model that resembles the implementation during the learning areas phase is required. In such a model the programme support function assumes a more central role. The project conceptualisation is a far more collaborative process relying on facilitation by the programme support function to come to fruition. Programme support must be equipped to address not just compliance issues, but quality of proposal, and project management.
- The hybrid model should differentiate between municipalities based on capacity level and cater to the different categories, perhaps through different mechanisms.
- A hybrid model prioritising capacity development would relinquish the competitiveness of funding mechanism; calls for proposals could be issued but without imposing deadlines; an open fund, in operation for the foreseeable future providing technical assistance on intervention conceptualisation, design, implementation and funding, favouring long-term planning.
- The compliance framework was appropriate to ensure accountability and support efficacy, but project level efficiency needs support e.g. direct coaching as well as guidelines to manage service providers.

### Level of intervention:

- Interventions should move beyond project-based LED to incorporate a systemic competitiveness perspective. This may require a more supply driven model but with a highly collaborative approach, similar to the hybrid model described above.
- The conceptualising and planning of interventions should take a long view, considering a constellation of projects within a single intervention, including the planning of development.

The mechanism could then commit to funding the constellation of projects or assist in leveraging long-term funds for sustainability.

- In the current context a mechanism that emphasises a strategic programming role (more than Gijima did) that informs the direction of regional LED more strategically, responding to evidence and developmental priorities more flexibly, but with the resources and time to adjust mechanisms to incentivise development priorities.
- The inclusion of complementary mechanisms in order to address the full range of LED results areas demonstrates a systemic view. There is a need for a more tightly integrated implementation of complementary mechanisms. The linkages between mechanisms in Gijima were not well articulated e.g. formal capacitation and BEF.
- An independent manager per mechanism may be of value to ensure the interests and objectives of the particular mechanism are advocated consistently.

#### Continuing and improving best practice:

- Inter-sectoral partnerships at fund level should be perpetuated.
- Spending decisions based on effectiveness rather than efficiency criteria should continue to be prioritised, even if it means under-spending. And the withholding of disbursements in order to impose quality standards is the right thing to do.
- There should be sufficient flexibility introduced in the process to overhaul project design or re-direct spending when justified.
- Measures of performance should be better, more explicitly aligned to expected results and objectives. Differentiate between categories of intervention types in order to assess performance based on the nature of projects and refine performance measures to provide for different projects types. Align the performance measurement system with the fund objectives, but if the context dictates a different intervention portfolio then adapt programme performance measures.
- Improve the use of M&E for formative purposes by demanding rigour in data collection and reporting, sticking to formats and being comprehensive. Also introduce more regular and systematic analysis and review of data in addition to the key quantitative indicators. Much was accomplished but a great deal more could have been.

#### Evolving the mechanism:

- To see more implementation projects will require, in the context of limited capacity, long-term project funding design. Wider scope and duration from planning through implementation and sustainability mechanisms.
- Is local government the key stakeholder in facilitating an enabling environment for business? Is the centrality of municipalities perhaps overemphasised? Can or should the mechanism more deliberately accommodate many stakeholders? The point is to commandeer business intelligence to inform more substantial interventions.
- Introduce additionality as a determining funding criteria, identify opportunities for major catalytic gains in complex contexts.
- Attend to the nurturing of social capital and an enabling environment for champions – identify and factor in soft indicators.
- Building in sustainability mechanisms such as the leveraging of subsequent external funding for follow on planning .

## 10 LIST OF REFERENCES

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## 11 ANNEXURE A: TERMS OF REFERENCE

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### Local Economic Development Support Programme in KwaZulu-Natal (SA/73200-02-04)

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For a team to produce a report documenting the key lessons and outcomes of the Business Enabling Fund of the Gijima KZN LED Support Programme detailing implications for the design, planning and implementation of future LED processes and programmes in KZN at provincial, district and local level

KZN LED Support Programme – STE Assignment under TA

**09 December 2010**

#### 1. BACKGROUND INFORMATION

##### 1.1. Identification of Programme

<b>Name of Client</b>	Technical Assistance Unit
<b>Name of Implementing Agency (IA)</b>	The Technical Assistance Unit (TAU) Public Finance Division The National Treasury of South Africa
<b>Accountable Officer in TAU</b>	Head of Unit - Chief Director - Eileen Meyer
<b>Name of Programme</b>	Local Economic Development Support Programme in KwaZulu-Natal
<b>Principal Technical Advisor</b>	Dhiresk Ramklass
<b>This Terms of Reference is for</b>	One Senior Researcher for a maximum input of 40 days

#### 2. Introduction

The KwaZulu-Natal (KZN) Local Economic Development (LED) Support Programme (Gijima KZN) is a programme designed to support the provincial Department of Economic Development and Tourism (DEDT) and a broad range of other stakeholders to more effectively implement LED that achieves equitable economic growth in the Province.

The European Union funded programme implementation phase will conclude in December 2010. During the closing out phase of the EU funded programme, the Contracting Authority (CA) intends to undertake a number of studies that systematically document the key lessons and outcomes of the Gijima KZN programme. These studies will be used for the close-out reporting for the Gijima KZN programme. The studies will also be used to directly inform and refine the design, development and implementation of future LED processes, initiatives and programmes in the province of KwaZulu-Natal by key role players at the provincial, district and local level.

This Terms of Reference is specifically to undertake a study to systematically document the key lessons and outcomes of the Business Enabling Fund (BEF) of the Gijima KZN LED Support Programme.

The objective of the BEF of the Gijima KZN LED Support Programme is to assist provincial and local government to create an enabling environment for local economic development by:

- Clarifying the legislative and regulatory requirements of the local economic development role of Government.
- Strengthening the enabling role of provincial and local government with respect to local economic development.
- Improving the performance of provincial and local government with respect to strategic planning and economic governance.
- Improving program coordination between the different levels of local government [District Municipalities, Local Municipalities and Wards] and the different spheres of government (national, provincial and local).
- Establishing effective participation in LED planning and implementation within the local sphere including improving coordination with the private sector and NGOs, Community Based Organisations, Business Chambers, organised labour and other groups.
- Developing a sector approach to the local economic development work of the municipalities that closely articulates with the sectors developed within the provincial sphere.
- Decentralising service delivery to the local sphere of government including the establishment of one-stop service centres at local government level.
- Assisting local government to make effective use of the Municipal Infrastructure Grant (MIG).

The assignment thus contributes directly towards strengthening the outcomes of the Programme's Result Area 3, namely "sustainable mechanisms for learning, knowledge exchange, information dissemination, training and replication have been strengthened and are working".

As well as informing the close-out of the Gijima KZN programme reporting and future LED activities, this assignment's outputs will be used to inform the conference on "The Key Lessons of the Gijima KZN Programme Experience 2004 – 2010 and its Implications for Future LED Practice and Programming in KwaZulu-Natal" that will be held in the second quarter of 2011.

### **3. Description of Assignment/Project Objectives**

This assignment will seek to analyse and explore the key lessons and outcomes of the EU funded Gijima KZN programme at the level of one specific fund instrument, the Business Enabling Fund (BEF) through the examination of the BEF project interventions.

The specific purpose is to determine the relevance of objectives, efficiency, effectiveness, sustainability and replicability so as to incorporate lessons learned into evidenced based decision



making processes regarding models to support Local Economic Development with particular focus on the establishment and effective operation of an enabling environment for business.

The assignment will seek to address a number of key questions emanating from the implementation of the EU Gijima KZN programme to provide lessons and directly inform and refine the design, development and implementation of future LED processes, initiatives and programmes, in the province of KwaZulu-Natal at the provincial, district and local level. This research assignment goes beyond the remit of an output to purpose review used to inform the close out reports being undertaken by the technical assistance funded Programme Coordinating Unit (PCU).

The study would include the following specific objectives:

- A review of the completed BEF projects to determine the nature and extent to which the projects have contributed towards fund, programme and broader LED outcomes in their respective localities, paying specific attention to how and whether the BEF projects have any relevance or rendered any results in terms of locality and local government LED processes;
- Through the review of the completed BEF projects, to determine the nature and extent to which the BEF has contributed to the establishment and operation of an enabling environment for business in a locality;
- To examine terminated and completed projects to identify weaknesses relating to the BEF design and objectives, grant eligibility, approval or implementation and how existing weaknesses may be mitigated or eliminated; and
- To propose amendments to the Business Enabling Fund or alternative models or instruments for the support to the government sector in the effective operation of an enabling environment for business.

A list of all BEF projects that received grant fund support is detailed at *Annex A*. A list of BEF project applications submitted that did not receive financial support is detailed at *Annex B*.

## **4. Scope of Work**

### **4.1 Prepare an Inception Report**

The Expert Team must prepare a brief Inception Report indicating the Expert Team understands the Terms of Reference and detailing how they will undertake the work, so as to ensure that Gijima KZN and the Expert Team are clear on the remit of the assignment.

The inception report will:

- outline the approach to the assignment and set down time frames in a workplan format;
- list documents to be considered and reviewed;
- identify funded BEF projects to be examined through the research;
- identify non-funded BEF projects to be examined as part of the research;
- identify potential persons from BEF funded projects to be interviewed as part of the research;
- identify potential persons associated with non-funded BEF projects to be interviewed as part of the research;
- identify potential persons associated with the design, evaluation and management of the Business Enabling Fund (including the Gijima KZN management, national, provincial and local LED stakeholders; the Independent Technical Assessors responsible for providing technical input to the Evaluation Committee; and the Gijima KZN Programme Steering Committee).
- provide a preliminary list of contents for the full report;
- identify and provide dates for the production of interim reports;
- finalise roles and responsibilities within the Expert Team;
- set out protocol and responsibilities for the Reference Group; and
- suggest appropriate interventions for the provincial stakeholder event.

## 4.2 Review of Key Programme Documentation

The Expert Team will review key documentation relating to the Business Enabling Fund under the Programme including:

- The Logical Framework Matrix for the Gijima KZN Programme, in particular the Result Areas that are directly affected by the BEF activity;
- Documentation relating to the calls for proposals under the Business Enabling Fund including the guidelines issued to potential applicants under each call;
- The Evaluation Committee reports from each call for proposals;
- The interim and final monitoring reports from each BEF project supported;
- The Gijima KZN Quality Control Team assessment reports on BEF projects supported (August 2009 – September 2010);
- The project output documentation e.g. LED strategy documents for each BEF project supported;
- Programme Annual Workplans, Programme Estimates, Quarterly and Annual Reports;
- Mid Term Review Report (August 2008);
- Management Review of Grant Funds (May 2006);
- The Close-out Report of the WYG Contract Team (July 2009);
- Assessing the Experiences and Policy Impacts of the KwaZulu-Natal Support Programme on Local Economic Development (April 2009); and

Relevant reports of the Learning, Monitoring and Research Facility (LMRF).

## 4.3 Review of the BEF implementation and documentation of key experiences and lessons from implementation

The Expert Team will conduct an appropriate research exercise in order to provide a robust analysis documenting the key experiences of the implementation of the BEF grant fund and the lessons for LED stakeholders that emerge as part of the analysis. The analysis can be grouped into the five areas detailed in 4.3.1 to 4.3.6 below.

**4.3.1 Impact:** the extent to which the Gijima KZN BEF supported projects have resulted in tangible local economic development activity that support the establishment and effective operation of an enabling environment for business.

**4.3.2 Implementation:** the extent to which the implementation of the BEF has resulted in local government effectively managing and implementing projects at the local level.

**4.3.3 Strategy:** the extent to which the BEF model or strategy is justified in the achievement of the intended objectives. *‘Is the BEF doing the right things? Was the BEF appropriately designed to meet the objectives?’*

**4.3.4 Operations** – how efficient is the BEF model in achieving the expected outcomes? *‘To what extent is there an optimal use of resources? How efficiently are resources optimised and are the targeted groups satisfied?’*

**4.3.5 Sustainability** – the extent to which the results of the BEF projects implemented, and the institutional arrangements put in place for their implementation, are sustainable.

**4.3.6 Learning** – what good practice exists and what lessons can be learned from the implementation of the BEF? What can be replicated? What has not worked? What improvement could be made? What are the alternatives?

The Expert Team must detail their approach to the assignment in the Inception Report and the associated Workplan. The following should be considered to guide the Expert Team’s review of the BEF and their documenting of the lessons learnt.

- Was the BEF concept and design appropriate to stimulate the government sector organisations in the development of a business enabling environment? To what extent has this led to enterprise creation; to what extent has this led to an increase the competitiveness of enterprises and the stimulation of job creation?
- To what extent did the project conceptualisation; application to the BEF grant fund; project management; project reporting; quality of project output; relevance and applicability of the project output; implementation of project output; and sustainability of the project actions; lead to the establishment and effective operation of an enabling environment for business?
- To what extent do BEF grant beneficiaries; project implementation and management teams (including service providers); Gijima KZN management team; LED stakeholders from the locality of the BEF project (including business and civil society organisations and/or individuals) consider their BEF project(s) to have been successful in the establishment and/or effective operation of an enabling environment for business?
- To what extent do unsuccessful BEF grant beneficiaries; proposed project implementation and management teams (including service providers); Gijima KZN management team; and LED stakeholders from the locality of the BEF project (including business and civil society organisations and/or individuals) consider the lack of support for their potential BEF project(s) to have been detrimental to the establishment and/or effective operation of an enabling environment for business?
- To what extent have alternate activities to those proposed in the unsuccessful BEF application addressed the provision of the enabling environment for business?
- To what extent was the concept of an enabling environment for business defined and understood by beneficiaries of the BEF?
- To what extent was the understanding of the enabling environment for business translated into quantified indicators at the programme and project level?
- Is the BEF, as a grant based model, appropriate or relevant to establish a business enabling environment for local businesses across economic sectors?
- To what extent was the design and implementation of the BEF appropriate for the institutional environment within which it was designed to operate?
- To what extent did the institutional environment (local government, provincial government, the KwaZulu-Natal Provincial Department of Economic Development and Tourism and the Gijima KZN PCU) contribute to the implementation of the BEF?
- What are the critical factors in the successful BEF projects?
- What are critical factors in successful aspects of the BEF grant fund?
- To what extent were these success factors present in BEF projects?
- What factors were detrimental or an impediment to the BEF model working successfully?
- To what extent are partnerships and LED institutional arrangements established for the implementation of projects sustainable?
- To what extent has the BEF resources been used efficiently by the recipients of the investment?
- To what extent was the concept of pro-poor outcomes defined and understood by beneficiaries of the BEF?
- To what extent was the understanding of pro-poor outcomes translated into quantified indicators at the programme and project level?
- Has BEF investments resulted in pro-poor outcomes?
- To what extent do BEF funded projects integrate beneficiaries and targets groups into local economic development activities?
- To what extent can the BEF funded project activities be benchmarked against market rates for similar activities? How do the costs of implementing a BEF funded project compare to funding from other sources?
- To what extent can projects funded be considered to represent value for money?

- Does the BEF grant based approach distort the market in the provision of LED services to government?
- To what extent are the outputs from projects considered to be fit for purpose i.e. is the output of the project capable of being used as it was envisaged?
- To what extent has the BEF funded activity resulted in the mentoring and transfer of research and analytical skills from service providers to grant beneficiaries?
- How can the success factors of the BEF grant fund be replicated and improved upon?
- How can the detrimental factors be minimised to allow for replication and/or improvements in LED interventions to support a business enabling environment?
- To what extent was there internal operational efficiency within the BEF model?
- Was the evaluation process expedient in selecting projects that met the BEF design?
- To what extent have strategies funded through the BEF been taken through to implementation?
- How does the BEF grant making fund compare with other grant making support models in economic development?

#### **4.4 Prepare, Submit and Consult on Interim Reports**

On the basis of the inception report, the Expert Team will submit interim reports on key aspects of the implementation of the assignment.

These interim reports will act as discussion documents for the Reference Group who will provide feedback to the Expert Team who will then factor this feedback into the future implementation of the assignment and the final report.

#### **4.5 Prepare, Consult and Deliver Final Report**

On receiving feedback on the various interim reports, the expert group will compile these into a single report and submit to the Reference Group for final consideration prior to submitting a final report.

#### **4.6 Input to Provincial Stakeholder Event on the Key Lessons of the Gijima KZN Programme Experience**

Further to the submission of the final report, to work with the PCU Team Leader and the Programme Manager to provide input to the Gijima KZN Provincial Stakeholder event on the implementation of the Gijima KZN Programme. This input may extend to a presentation/facilitation role at the event or some other form of structured formal input. This event is expected to take place in the second quarter of 2011.

### **5. Logistics and Timing**

#### **5.1 Location**

The assignment will be based in the province of KwaZulu-Natal and will be implemented across all districts of the Gijima KZN LED Support Programme area. The Expert Team will be expected to operate from the DEDT's offices in Pietermaritzburg although operating from their own offices may be negotiated. The presentations to the Reference Group will take place in Pietermaritzburg. The implementation of the assignment will require the Expert Team to operate outside the offices of both the DEDT and the Expert Team. The input to the Provincial Stakeholder Event will be at a location in KZN that has still to be determined.

#### **5.2 Commencement Date and Period of Execution**

The intended commencement date is 1st January 2011 or soon thereafter. The period of execution of the contract will be a maximum of 90 days from the date of appointment with the final report component of the assignment to be completed by no later than the 31<sup>st</sup> March 2011 with the input to the Provincial Stakeholder Event to be completed by the second quarter of 2011.

## 6. Performance Measures

The Expert Team will be measured against the following:

- Quality of the Inception Report;
- The quality of the design, methodology and implementation approach for the assignment;
- The quality of the implementation of the assignment;
- The timing and quality of the analyses of the BEF;
- The timing and quality of the interim reports;
- The quality of the final report including recommendations.
- That they perform their duties with objectivity, due diligence and professional care, in accordance with professional standards and best practices.
- That they perform in the interest of Gijima KZN programme stakeholders in a lawful and honest manner, while maintaining high standards of conduct and character, and not engage in acts discreditable to them or to the Gijima KZN LED Support Programme.
- That they maintain the privacy and confidentiality of information obtained in the course of their duties and that such information shall not be used for personal benefit or released to any parties other than the Programme Manager; and
- Their ability to manage and receive contributions from the Reference Group.

## 7. Project Outputs/Deliverables

The following outputs/deliverables will be expected for the duration of the project contract period:

- Inception report indicating the Expert Team's understanding of the Terms of Reference and detailing how they will undertake the assignment;
- Interim report detailing the review of key programme documentation and the extent to which this will be utilised in the implementation of the assignment;
- Interim reports as detailed in the Inception Report and presented to the Reference Group;
- Final Report to the Programme Manager; and
- Input to the Provincial Stakeholder Event.

The timeous delivery of these outputs will be used to assess the efficiency of the Expert Team.

	When	Approval by Task Manager	Approval by programme Manger
Inception Report	2 weeks following appointment		
Interim report detailing the review of key programme documentation	3 weeks following appointment		
Interim Reports	As per inception report		
Final Report	As per inception report no later than 31 <sup>st</sup> March 2011		
Input to provincial Stakeholder Event	In second quarter of 2011		

## 8. Conditions of Appointment

The Expert Team will be allocated a maximum number of working days for this period as set out Clause 9 below.

Each member of the Expert Team will be required to sign a statement preventing any conflict of interest to arise from the work undertaken by them.

Each member of the Expert Team must have had no previous involvement with the Gijima KZN LED Support Programme in KwaZulu-Natal.

Each member of the Expert Team will be required to keep timesheets and submit these monthly to the Technical Assistance Unit.

## **9. Description of Expertise Required**

The Expert Team will comprise the following:

Expert 1 (this ToR): A senior researcher with experience and track record in managing research programmes. They must demonstrate a track record of the successful implementation of research assignments in the area of public policy, administration and organisational management. Expert 1 will take primarily responsible for the design of the research assignment, carrying out the research and specialist activities (focus groups etc) and production of reports. They will be expected to lead on the input to the Provincial Stakeholder Event. (Expert 1 will have a maximum input of 40 days).

The expert will be supported by a Senior Technical Advisor from National Treasury TAU who will take overall responsibility for the management of the assignment.

## **10. Facilities to be Provided by the Expert Team**

The Expert Team must ensure that they are adequately supported and equipped. In particular they shall ensure that there is sufficient administrative and secretarial support to enable the Expert Team to concentrate on meeting their primary responsibilities.

## **11. Reporting and Evaluation**

- The successful candidate will report to the Principal Technical Advisor responsible for the Economic Development and International Relations (ED&IR) Portfolio, Technical Assistance Unit, National Treasury on a monthly basis through project meetings;
- Monthly Progress Reports will be submitted to the Principal Technical Advisor responsible for the Economic Development and International Relations (ED&IR) Portfolio;
- The time sheets will be signed off by the Finance and Administration Officer and the Principal Technical Advisor responsible for the Economic Development and International Relations (ED&IR) Portfolio;
- The final report will be submitted to the Head of the Unit for review. The final report will incorporate any comments that may result from this review; and
- In addition, the STAs will ensure that all reports, files, notes, electronic files and documents, etc. are filed according to TAU requirements.

Invoices submitted by the Service Provider for payment by TAU for professional services rendered, will not be approved unless accompanied by a monthly timesheet and monthly progress report confirming deliverables during the period of service.

## **12. Contracting and Authority**

The following contract management arrangements will apply:

- The Contracting Authority for the contract to THE SERVICE PROVIDER will be TAU, National Treasury; and
- The Senior Researcher will be accountable to the TAU: Head, National Treasury, and will report directly to the ED&IR Portfolio Manager, TAU, on all matters relating to the Portfolio including the progress of projects and quality of work of technical advisors.

## **Responsible Person**



Ms Eileen Meyer, Head of Unit: Technical Assistance Unit

National Treasury  
240 Vermeulen Street  
Pretoria  
Tel: 012-315-5110  
Fax: 012-315-5786  
Email: eileen.meyer@treasury.gov.za

## 12 ANNEXURE B: LIST OF INTERVIEW RESPONDENTS

### KZN Gijima BEF Evaluation

#### Fieldwork interviews

Name	Stakeholder group	Location	Contact number	Email Address	Interview date
<b>TIER 1 INTERVIEWS CONDUCTED</b>					
Varsha Ramballey	Assessor	N/A	0828588013	<a href="mailto:varsha@thinasinako.co.za">varsha@thinasinako.co.za</a>	23 Feb @ 09:00
Nonhlanhla Qhobosheane	Assessor	Durban	0317059552 / 0767843661	<a href="mailto:dinote@telkomsa.net">dinote@telkomsa.net</a>	23 Feb @ 10:30
Nokwazi Khuzwayo	N/A	Pietermaritzburg	0827963488		23 Feb @ 15:00
Scengile Ntshingila	Area Manager - Umkhanyakude	Empangeni / Richardsbay	0716098844	<a href="mailto:NtshingilaS@kznded.gov.za">NtshingilaS@kznded.gov.za</a>	24 Feb @ 07:00
Sizwe Dladla	Area manager - Amajuba	Durban / Pietermaritzburg	0828683940 / 0332642568	<a href="mailto:DladlaS@kznded.gov.za">DladlaS@kznded.gov.za</a>	24 Feb @ 09:00
Tahira Tarmahomed	Area Manager - Ilembe	Durban / Pietermaritzburg	0823010193	<a href="mailto:TarmahomedT@kznded.gov.za">TarmahomedT@kznded.gov.za</a>	24 Feb @ 10:30
Fezile Sineke	Team Leader - Project Development	Durban / Pietermaritzburg	0828890991	<a href="mailto:Fezile@sidman.co.za">Fezile@sidman.co.za</a>	24-Feb-11
Luke Baisley	Assessor	East London	0437486236 / 0825575224	<a href="mailto:ibaisley@iafrica.com">ibaisley@iafrica.com</a>	24 Feb @ 10:30
Mike Newton	PSC Member	Stanger	0833015278 / 0324379501	<a href="mailto:mike.newton@ilembe.co.za">mike.newton@ilembe.co.za</a>	24 Feb @ 15:00
Danie Lubbe	Deputy Municipal Manager	Richardsbay	0357992503 / 0836270871	<a href="mailto:lubbed@uthungulu.co.za">lubbed@uthungulu.co.za</a>	24 Feb @ 16:30
Gerhard Pienaar	Current EU Project Officer	Tshwane	0124525258	<a href="mailto:Gerhard.Pienaar@ec.europa.eu">Gerhard.Pienaar@ec.europa.eu</a>	24-Feb-11
Gareth Coleman	Former Programme Team Leader	Gauteng (UWP)	083633993	<a href="mailto:garethc@uwp.co.za">garethc@uwp.co.za</a>	24-Feb-11

Makhosi Mzizi	Project Development Manager (DEDT)	Pietermarti z-burg	0827491224	<a href="mailto:Mzizim@kznded.gov.za">Mzizim@kznded.gov.za</a>	25 Feb @ 08:00
Ranveer Parsad	General Manager: Economic Development, KZN	Pietermarti z-burg	0332642595	<a href="mailto:persadr@ecotour1.kzntl.gov.za">persadr@ecotour1.kzntl.gov.za</a>	25 Feb @ 10:00
Gerry McDonald	Monitoring & Evaluation / Current Programme Team Leader	Pietermarti z-burg	828588606	<a href="mailto:Gerry@gijimakzn.org.za">Gerry@gijimakzn.org.za</a>	01-Mar-11
Mandla Sibeko	Team Leader: FCU	Pietermarti z-burg	0313105481 / 0828588604	<a href="mailto:mandla@gijimakzn.org.za">mandla@gijimakzn.org.za</a>	22-Feb-11

Name	Stakeholder group	District (if applicable)	Contact number	Email Address	Interview date
<b>TIER 2 INTERVIEWS CONDUCTED</b>					
Richard Clacey	QCT	N/A		-	09/03/2011
Mike Newton	PSC Member. Director Econ Dev and Community Services	Ilembe	0324379300 / 0833015278	<a href="mailto:mike.newton@ilembe.co.za">mike.newton@ilembe.co.za</a>	09/03/2011
Safiso Ngcobo	Municipal official	Umgungundlovu	0332399200 / 0766777067	<a href="mailto:ngcobos@umngeni.gov.za">ngcobos@umngeni.gov.za</a>	10/03/2011
Trenley Tillbrook	Beneficiary: CEO of the Chamber	Ilembe		-	
Eugene De Beer	Service Provider	Amajuba & Uthungulu	0827793821	<a href="mailto:eugene@urbanecon.com">eugene@urbanecon.com</a>	10/03/2011
Elitza Marais	Senior Manager Development and Planning - Uthungulu	Uthungulu	0357992578	<a href="mailto:maraise@uthungulu.co.za">maraise@uthungulu.co.za</a>	11/03/2011
Danie Lubbe	Deputy Municipal Manager	Uthungulu	0357992503 / 0836270871	<a href="mailto:lubbed@uthungulu.co.za">lubbed@uthungulu.co.za</a>	11/03/2011
Celani Myeza	Municipal official	Amajuba	0343297205 / 0837042897	<a href="mailto:celanim@amajuba.gov.za">celanim@amajuba.gov.za</a>	14/03/2011
Siswe Dladla	Area manager	Amajuba	0828683940 / 0332642568	<a href="mailto:DladlaS@kznded.gov.za">DladlaS@kznded.gov.za</a>	14/03/2011
Naledi Mlotshwa	Area Manager	Uthukela DM	0332642565 / 0716868500	<a href="mailto:motshwan@kznded.gov.za">motshwan@kznded.gov.za</a>	14/03/2011

Wynand Viljoen	PSC Member: LED Planning	Uthukela	0366382400 / 824963004	<a href="mailto:wynand@uthukeladm.co.za">wynand@uthukeladm.co.za</a>	14/03/2011
Sandile Ngcobo	Area Manager	Zululand	332642648 / 0824680961	<a href="mailto:ngcoboi@kznded.gov.za">ngcoboi@kznded.gov.za</a>	15/03/2011
Lourie van der Merwe	Area Manager	uMgungundlovu	0332642791 / 0824430966	<a href="mailto:vandermerwel@kznded.gov.za">vandermerwel@kznded.gov.za</a>	17/03/2011
Colin Mitchell	Service Provider	Balito	0837771004	<a href="mailto:cm@mesopartner.com">cm@mesopartner.com</a>	17/03/2011
Tindall Kruger	Service Provider	Zululand	0832348241	<a href="mailto:tindall@strategicplan.co.za">tindall@strategicplan.co.za</a>	17/03/2011
Li Pernegger	NDPG - comparative fund	N/A	0794261332	<a href="mailto:li.pernegger@treasury.gov.za">li.pernegger@treasury.gov.za</a>	10/03/2011
Paul Zille	The Challenge Fund - comparative fund	N/A	0119947055	<a href="mailto:paulz@genesis-analytics.com">paulz@genesis-analytics.com</a>	28/03/2011

Interviewee name	Stakeholder group	District (if applicable)	Contact number	Comment
<b>CONTACT MADE: NO RESPONSE/NOT AVAILABLE FOR INTERVIEW DURING FIELDWORK</b>				
Bongani Sibiya	PSC	Zululand	0358745500	Called twice. Confirmed his project is highly successful. Requested we call on 14 March to schedule visit for 15 March. Was not reachable by telephone week of 14 March or since - have called daily
Anisha Maharaj	DBSA - comparative fund	N/A	0722985077	Programme documentation was obtained from NT TAU (Andreas Bertoldi) and desktop review conducted
Barbara Mgushini	Senior Manager: Special Initiatives Business Unit	N/A	0825851531	Recommended for interview on 25 March 2011 and contact details obtained on 12 April 2011. However, the expert team did not have sufficient time to interview during analysis and report-writing
Mark Durham	Municipal official	Amajuba	0825148914	Meeting scheduled for in-depth face-to-face interview in Newcastle. Unavailable when Terence arrived for interview, hence no interview held

## KZN Gijima BEF Evaluation

### Snap survey of all projects (telephonic and face-to-face interviews)

Interviewee name	Stakeholder group	District (if applicable)	Contact number	Email Address	Interview date
Naledi	Area	Uthukela	0716868500	<a href="mailto:mloshwana@kznded.gov.za">mloshwana@kznded.gov.za</a>	9/03/2011

Mlotshwa	Manager			<a href="#">a</a>	- 23/03/2011
Sandile Shangase	Area Manager	Ugu	(082)4681489	<a href="mailto:shangases@kznded.gov.za">shangases@kznded.gov.za</a>	9/03/2011 - 23/03/2011
Lucy Mokoena	Area Manager	Ethekwini	(082)4607972	<a href="mailto:mokoenal@kznded.gov.za">mokoenal@kznded.gov.za</a>	9/03/2011 - 23/03/2011
Sipho Matobello	PSC Member	Umkhanyakud e	(035)5738600	<a href="mailto:mathobelasisipho@yahoo.com">mathobelasisipho@yahoo.com</a>	9/03/2011 - 23/03/2011
Ndumiso Mthiyane	IDP Manager	Umkhanyakud e	(035)5738600	-	9/03/2011 - 23/03/2011
Mpumi Duma	LED Manager	Umkhanyakud e	(034)2191500	-	9/03/2011 - 23/03/2011
Chootoo	LED Manager	Uthukela	(036)3427867	-	9/03/2011 - 23/03/2011
Wynand Viljoen	LED Manager	Uthukela	(036)6382400	-	9/03/2011 - 23/03/2011
Chris Mhlongo	Generic LED	Ilembe	(082)6675558	<a href="mailto:Chris.Mhlongo@lgnet.org.za">Chris.Mhlongo@lgnet.org.za</a>	9/03/2011 - 23/03/2011
Mike Newton	Generic LED	Ilembe	(032) 437 9300	<a href="mailto:Mike.Newton@ilembe.gov.za">Mike.Newton@ilembe.gov.za</a>	9/03/2011 - 23/03/2011
Patience Sibisi	Generic LED	Ilembe	(078)4408889	<a href="mailto:patience.sibisi@mandeni.gov.za">patience.sibisi@mandeni.gov.za</a>	9/03/2011 - 23/03/2011
Sue McAlister	Generic LED	Kwa Sani	(033) 702 1060	<a href="mailto:mike@haleysharpesa.co.za">mike@haleysharpesa.co.za</a>	9/03/2011 - 23/03/2011
Lourie van der Merwe	Area Manager	uMgungundlovu	(033) 264 2791	<a href="mailto:vandermerwel@kznded.gov.za">vandermerwel@kznded.gov.za</a>	9/03/2011 - 23/03/2011
Sizwe Dladla	Area Manager	Amajuba	(033) 264 2568	<a href="mailto:dladlas@kznded.gov.za">dladlas@kznded.gov.za</a>	9/03/2011 - 23/03/2011

Phumzile Mtuli	Assistant director: social and economic development in the LED section of the municipality	Uthukela	0828058741	<a href="mailto:phumzile@uthukela.co.za">phumzile@uthukela.co.za</a>	9/03/2011 - 23/03/2011
Siphamandla Madikiza	Area Manager	Sisonke	(033) 264 2792	<a href="mailto:madikizas@kznded.gov.za">madikizas@kznded.gov.za</a>	9/03/2011 - 23/03/2011



## 13 ANNEXURE C: INTERVIEW SCHEDULES

### TIER 1 INTERVIEWS

#### INTRODUCTION

Feedback Research & Analytics has been appointed to systematically document the key lessons and outcomes of the Business Enabling Fund (BEF) of the Gijima KZN Local Economic Development (LED) Support Programme. This is an explorative interview. During the interview, we would like to explore your experience, views and thoughts on the extent to which the BEF achieved its objectives, achievements and constraints of the programme design, implementation and sustainability, as well as lessons learnt. We will be asking you structured questions in this interview to guide our conversation.

#### CONFIDENTIALITY

Information you provide in this questionnaire is strictly confidential. No names will be used in reporting research findings. Quotes will be anonymous and general themes will be reported on. The interview is a safe environment for you to share your perceptions and experience. Thank you for taking the time to be interviewed.

<b>Interviewer:</b>		<b>Date of interview:</b>		
<b>Name of person(s) being interviewed</b>		<b>Designation (current occupational role)</b>		
<b>Role on the BEF project</b>		<b>Length of involvement in the BEF programme (yr)</b>		
<b>Interviewee contact details</b>	<b>Telephone</b>		<b>Email</b>	

#### A) ACHIEVEMENT OF FUND OBJECTIVES

A1. When you think about the BEF, what is your impression of how the fund has evolved? Tell me the story of the fund over the six year period	
A2. To what extent would you say the BEF has in fact achieved its objectives of stimulating an enabling business environment for LED?	

Let us reflect on the objectives and what each of them entails in your view. The objective of the Business Enabling Fund (BEF) of the Gijima KZN LED Support Programme is to assist provincial and local government to create an enabling environment for local economic development by:

1. Clarifying the legislative and regulatory requirements of the local economic development role of Government.

2. Strengthening the enabling role of provincial and local government with respect to local economic development.
3. Improving the performance of provincial and local government with respect to strategic planning and economic governance.
4. Improving program coordination between the different levels of local government [District Municipalities, Local Municipalities and Wards] and the different spheres of government (national, provincial and local).
5. Establishing effective participation in LED planning and implementation within the local sphere including improving coordination with the private sector and NGOs, Community Based Organisations, Business Chambers, organised labour and other groups.
6. Developing a sector approach to the local economic development work of the municipalities that closely articulates with the sectors developed within the provincial sphere.
7. Decentralising service delivery to the local sphere of government including the establishment of one-stop service centres at local government level.
8. Assisting local government to make effective use of the Municipal Infrastructure Grant (MIG).

A3. What is your understanding of what is meant or intended by the term 'enabling environment' for the BEF?	
A4. How do you understand LED in terms of the BEF?	

A4. What do you think is meant by each objective ?	Clarifying the legislative and regulatory requirements of the local economic development role of Government.
	Strengthening the enabling role of provincial and local government with respect to local economic development.
	Improving the performance of provincial and local government with respect to strategic planning and economic governance.
	Improving program coordination between the different levels of local government [District Municipalities, Local Municipalities and Wards] and the different spheres of government (national, provincial and local).
	Establishing effective participation in LED planning and implementation within the local sphere including improving coordination with the private sector and NGOs, Community Based Organisations, Business Chambers, organised labour and other groups.
	Developing a sector approach to the local economic development work of the municipalities that closely articulates with the sectors developed within the provincial sphere.
	Decentralising service delivery to the local sphere of government including the establishment of one-stop service centres at local government level.

	<p>Assisting local government to make effective use of the Municipal Infrastructure Grant (MIG).</p>
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<p>A5. In your opinion, did the BEF reach its objectives? How?</p>	
<p>A6. How much about the emphasis of the fund has been about capacity building and how much about delivery of LED projects?</p>	

B) DESIGN OF THE BEF	
<p>B1. Was there any relationship between the BEF and other funds? Was a relationship envisaged between the funds? Which came first? The BEF Fund or others and how do they interlink?</p>	
<p>B2. What about the way Gijima designed this programme helped us to achieve the BEF results?</p>	
<p>B3. What about the way Gijima designed this programme impeded/constrained the achievement of the BEF results?</p>	
<p>B4. To what extent has knowledge/feedback on the results of the project informed the continuous re-design of the BEF project? What changes came about?</p>	

B5. Is the BEF, as a grant based model, appropriate or relevant to establish a business enabling environment for local businesses across economic sectors? Why do you say so?	
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B6. Was the BEF used as a platform for other funds (Government or Donor Funded programmes)? Provide examples and/or elaborate	
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### C) IMPLEMENTATION OF THE BEF

C1. What about the way we implemented this programme helped us achieve the BEF results?	
C2. What about the way we implemented this programme impeded/constrained the achievement of the BEF results	

#### C3. Tell me about the following aspects of implementation

	What did it entail?	How effective would you say it has been?	What could have been strengthened to improve this?
Marketing and advertising			
Applications process			The Independent TA's captured recommendations during each call for proposals. How were these recommendations addressed?
contracting			
procurement and financial management			
project management			
quality assurance and monitoring			
EU-Gijima relations			
Gijima and Government			

	What did it entail?	How effective would you say it has been?	What could have been strengthened to improve this?
stakeholder relations			
Gijima Programme Management-beneficiaries/Service Provider relations			

<p>C4. What is your impression of the efficiency and effectiveness of Gijima staff in terms of programme management? Were there issues around response times and turnaround times? Elaborate</p>	
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<p>C5. What is Gijima's involvement in tracking the outcomes of the projects it funds. What is known about the implementation and results after the BEF funded project is closed (after the plans are developed)? Has what is known been factored into the design of the BEF?</p>	
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<p>C6. Which projects do you think of if you had to identify successful BEF projects implemented within each of the sectors listed? What aspects of the projects make them successful in your view?</p>	Probe whether categories are correct	Successful projects implemented (name of project)	Aspect of project that makes it successful
	LED Planning		
	Tourism		
	ICT		
	Agriculture and agri-processing		
	Arts and Culture		
	Agri-business		
	Manufacturing		

How easy would it be to find out more detail about the projects listed above? Are there people who have seen the project through from beginning to end that we could contact?

C7. Which projects do you think of if you had to identify unsuccessful BEF projects implemented within each of the sectors listed? What aspects of the projects make them unsuccessful in your view?	Probe whether categories are correct	Unsuccessful projects implemented (name of project)	Aspect of project that makes it unsuccessful
	LED Planning		
	Tourism		
	ICT		
	Agriculture and agri-processing		
	Arts and Culture		
	Agri-business		
	Manufacturing		

How easy would it be to find out more detail about the projects listed above? Are there people who have seen the project through from beginning to end that we could contact?

C8. Which projects do you think of if you had to identify successful BEF projects implemented within each of Districts listed? What aspects of the projects make them successful in your view?	Probe whether categories are correct	Successful projects implemented (name of project)	Aspect of project that makes it successful
	Ugu		
	Ilembe		
	Uthukela		
	Umgungundlovu		
	Zululand		
	Umkhanyakude		
	Umkhanyakude		
	Uthungulu		
	Amajuba		
	Sisonke		

How easy would it be to find out more detail about the projects listed above? Are there people who have seen the project through from beginning to end that we could contact?

C9. Which projects do you think of if you had to identify unsuccessful BEF projects implemented within each of	Probe whether categories are correct	Successful projects implemented (name of project)	Aspect of project that makes it successful
	Ugu		
	Ilembe		
	Uthukela		
	Umgungundlovu		
	Zululand		

Districts listed? What aspects of the projects make them unsuccessful in your view?	Umkhanyakude			
	Umzinyathi			
	Uthungulu			
	Amajuba			
	Sisonke			

How easy would it be to find out more detail about the projects listed above? Are there people who have seen the project through from beginning to end that we could contact?

#### D) SUSTAINABILITY OF THE BEF

D1. How <b>sustainable</b> do you think BEF results are in terms of its objectives?	
D2. What aspects of the BEF make it sustainable?	
D3. What aspects of the BEF do not ensure its sustainability?	

#### E) LESSONS LEARNT FROM THE BEF

E1. What do you think needs to be in place for beneficiaries to utilise programmes like this more effectively	
E2. Do you think we should have a fund like the BEF again?	



E3. Was there strategic value in having this fund in your view?

E4. What are the lessons we walk away with from the BEF?

**THANK YOU FOR TAKING THE TIME TO PROVIDE YOUR VALUABLE INPUTS**

## TIER 2 INTERVIEWS – AREA MANAGERS, SERVICE PROVIDERS, BENEFICIARIES AND PARTNERS

### INTRODUCTION

Feedback Research & Analytics has been appointed to systematically document the key lessons and outcomes of the Business Enabling Fund (BEF) of the Gijima KZN Local Economic Development (LED) Support Programme. This is an explorative interview. During the interview, we would like to explore your experience, views and thoughts on the extent to which the BEF achieved its objectives, achievements and constraints of the programme design, implementation and sustainability, as well as lessons learnt. We will be asking you structured questions in this interview to guide our conversation.

### CONFIDENTIALITY

Information you provide in this questionnaire is strictly confidential. No names will be used in reporting research findings. Quotes will be anonymous and general themes will be reported on. The interview is a safe environment for you to share your perceptions and experience. Thank you for taking the time to be interviewed.

This instrument indicates the types of questions asked to each stakeholder group

## A. BACKGROUND

### DETAILS

1. Name:
2. Current Title/Designation:
3. Role on the BEF:
4. Length of involvement on the BEF:
5. Tel no.:
6. Email.:
7. What is your area of specialization?
8. What are your qualifications? Do you have specific qualifications in LED?
9. What is your experience/background? How many years experience? Do you have specific experience undertaking LED?
10. Please describe your role/responsibility on the project.

### PORTFOLIO OF BEF PROJECTS

11. Have you been involved with the BEF in any other capacity other than as an area manager? Which BEF project applications were you involved with? Which ones? With one or several municipality? Which municipality/municipalities?
12. Which BEF projects were rejected that you were involved with? Which ones? With one or several municipality? Which municipality/municipalities?
13. Which BEF projects were terminated that you were involved with? Which ones? With one or several municipality? Which municipality/municipalities?
14. Which BEF projects were successfully completed that you were involved with? Which ones? With one or several municipality? Which municipality/municipalities?
15. Which BEF projects were successfully closed out that you were involved with? Which ones? With one or several municipality? Which municipality/municipalities?

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**RELATIONSHIP WITH BENEFICIARY (MUNICIPALITY)**

16. How did you first come to know of the BEF?
17. Please describe how you became involved with the BEF project? Was it always under this organization?
18. Outside of the BEF, were you involved with the municipality? What was your relationship? Had you done work with them before? In which areas? Had you done LED work with them before?

**BEF PROJECT DESCRIPTION**

19. Please describe the project. Key objectives? Main activities? Stakeholders? Beneficiaries?
20. What is the underlying problem that the project seeks to address?
21. Who are the project's targeted beneficiaries? What are their specific needs?
22. Who are the project's final beneficiaries? What are their specific needs?
23. Is the project a 'core' problem, or one amongst many LED priorities?
24. Was there sufficient political support for the project?

**RELEVANCE**

25. Would you say the project is relevant to Provincial priorities? Why
26. Would you say the project is relevant to District plans? Why
27. Would you say the project is relevant to Municipal plans? Why

**ALIGNMENT**

28. Would you say the project is aligned to Provincial priorities? Evidence
29. Would you say the project is aligned to District plans? Evidence
30. Would you say the project is aligned to Municipal plans – IDPs, sector plans, LED strategy and plan? Evidence

**B. BEF PROJECT PROCESS****INVOLVEMENT IN THE APPLICATION AND EVALUATION PROCESS**

31. To what extent were you involved in assisting the municipality in putting together the application?
20. What was your overall experience with this?
21. Did you have any concerns at the time of preparing the application?
22. Did you have any difficulty in assisting the municipality to prepare the application?
23. To what extent was the municipality involved in directing the decision about what to bid on? Who was involved? At what point? How intensely?
24. To what extent was the municipality involved in putting together the application? Who was involved? At what point? How intensely?
32. What did you think of the advertisement for the Call? Adequate? Lacking or unclear in some respects?
33. What did you think of the guidelines for the Call? Adequate? Lacking or unclear in some respects?
34. What did you think of the requirements of applicants at the Application process?
35. What did you think of the Evaluation process? Did you receive any requests for additional information or clarification? Were these requests reasonable? Were you able to submit all that was required?
36. What did you think of the budget allocation (ceiling) per project (R760, 000.00)?
37. What did you think of the requirement of own contribution per project (30%)?

38. What did you think of the assessment criteria?
39. What did you think of the final scores awarded for this project? Did you think the assessment was fair?
40. Were the municipalities you assisted relatively successful in securing funding? If yes, what would you attribute this to? If no, to what would you attribute this.

#### **AREA MANAGER ROLE**

41. What are the main difficulties you experienced in assisting municipalities during the BEF?
42. What are the highlights you experienced in assisting municipalities during the BEF?
43. What could have improved your ability to assist municipalities?

#### **PROJECT IMPLEMENTATION**

44. What was your involvement in the project implementation?
45. How would you describe the process of implementation overall?
46. Please describe your experience at key stages of the implementation:
  - a. Contract signing
  - b. Project startup/inception
  - c. Implementation – refer to key activities and milestones
  - d. Project Close-out
47. What were the key challenges / issues experienced during implementation with each of the following:
  - a. Programme support from Gijima/DED during implementation:
    - i. through area managers? Strengths/Weaknesses
    - ii. through written guidelines? Implementation guidelines? Other? Strengths/Weaknesses
  - b. Finance and Contracting: Strengths/Weaknesses
  - c. M&E and quality control: Strengths/Weaknesses
  - d. Other: Strengths/Weaknesses
48. How adequate was the role played by project partners? Were any key stakeholders excluded that should have been included?
49. How involved were final beneficiaries of the project? Was this adequate?
50. Have you received final payment in the full amount for which you were sub-contracted?
51. Have you received feedback on the final output/deliverable? Any comments on the feedback?
52. What did you perceive as key challenges in the municipality that impact the capacity of the project to deliver?

### **C. BEF PROJECT OUTCOMES**

#### **ASSESSMENT OF OUTCOMES**

53. What outcomes were envisaged for this project (i.e. results to be achieved beyond the project)?
54. To what extent have they been achieved? If not, are they still likely to be achieved? Would you describe the project as a low-outcome, no outcome or high success project?
55. Would you say the outcomes can be directly attributed to the project? Why?

#### **KEY SUCCESS FACTORS**

56. What are the key factors / ingredients that have contributed to the success of the project? Please discuss each in turn.

- 57. Which factors could have enabled the project to achieve even greater effectiveness?
- 58. To what extent would you say the project has benefitted the specific locality?
- 59. To what extent would you say the project has benefitted the targeted final beneficiaries?
- 60. To what extent were these in place?

#### **SUSTAINABILITY**

- 61. What was understood by 'sustainability'?
- 62. What are the prospects for sustainability of the project's success? What is in place to sustain the kind of success / outcomes: institutional? policy? financial?
- 63. What are the key risks to the sustainability of the project's success?

#### **REPLICABILITY**

- 64. What is the potential for replicating this project?
- 65. In which type of locality? With which beneficiaries?
- 66. Has there been any active sharing of the lessons of this project with other municipalities?

#### **Key Learnings/ Lessons**

- 67. What are the critical factors to ensuring the success at application stage, i.e. to securing funding?
- 68. What are the critical factors to ensuring the success of implementation?
- 69. What are the critical factors to ensuring the attainment of success beyond the BEF-funded projects?
- 70. What are the critical factors to ensuring the sustainability of success beyond the BEF-funded project?
- 71. Any other issues/considerations?

#### **NB: Verification**

## SNAP SURVEY

### Purpose of your insights:

We would like to plot each project on a continuum in terms of success. Our aim is to determine whether the project was terminated (ended early due to challenges); has no outcomes (a dusty report on the shelf with no benefits attained); low outcome (no funding has been accessed but there have been processes and small benefits); moderate outcome (funding has been secured but there is either more funding required or there is still a way to go to achieve the outcomes hoped for) or high outcomes (not only has funding been secured but there has been mobilisation and visible outcomes and growth as a result of the project).

We would like a descriptive to support the level of outcomes achieved and provides insights into the challenges experienced, what worked or did not work, how it should be different in the future, what is working well now, what benefits have there been and further mobilisation of activities as a result of the project.

	PROJECT 1	PROJECT 2	PROJECT 3	PROJECT 4
Questions				
What outcomes have there been as a result of the BEF funding?				
What has happened after this project to mobilise further outcomes?				
Would you say this project is a no outcome, low outcome, moderate outcome or high outcome project? Why - please tell me more				
Anything you want to add or say about this project that would be useful to the evaluation?				

Do you believe we have sufficient insights into this project to determine how successful the Business Enabling Fund was in terms of creating an enabling environment for Business?				
What else should we be aware of?				
Is there anyone else with insights into this project that we could engage with before Friday 18 March COB?				



## 14 ANNEXURE D: LETTER TO PARTICIPANTS



**Subject:** Evaluation of the Gijima KZN Local Economic Development (LED) Support Programme's Business Enabling Fund (BEF)

**Date:** 7 March 2011

Dear participant

The KwaZulu-Natal (KZN) Department of Economic Development and Tourism (DEDT) hereby requests your participation in a study to systematically document the key lessons and outcomes of the Business Enabling Fund (BEF) of the Gijima KZN Local Economic Development (LED) Support Programme.

Feedback Research and Analytics are an Expert team of Independent Research Consultants who have been retained to undertake the evaluation. The study is to be undertaken over the period February to March 2011.

### Purpose of this communication

You have been identified as a key stakeholder for a set of case study interviews to assist the Expert team to gain insights on the key successes and challenges of a selected number of project funded under the Business Enabling Fund (BEF). Projects have been selected within four types of cases, namely, Failed applications; Voluntary or early terminations; No/minimal Outcomes after BEF project; and Highly Successful projects. Telephonic engagement with you prior to sending this letter has defined the types of projects selected for discussion with you and your team.

We request that you kindly avail your time for a 60 minute interview as well as identify key team members whom the Expert team should also engage with. Margo Goldstone, Trish Heimann or Terence Beney from Feedback Research and Analytics will conduct the face-to-face interview with you. Should you have documentation that can support and verify project outcomes, we ask that you bring this documentation along to the interview. Please kindly provide a venue at your Municipality for the engagement process with you and your team.

### Purpose of the Evaluation

The purpose of the evaluation is to determine the relevance of objectives, efficiency, effectiveness, sustainability and replicability, so as to incorporate lessons learned into evidenced based decision making processes regarding models to support LED with particular focus on the establishment and effective operation of an enabling environment for business. The study will seek to address a number of key questions emanating from the implementation of the BEF under the EU Gijima KZN programme to provide lessons and directly inform and refine the design, development and implementation of future LED processes, initiatives and programmes, in the province of KwaZulu-Natal at the provincial, district and local level.

### Background to the KZN LED Support Programme (Gijima KZN) and the Business Enabling Fund (BEF)

The KZN LED Support Programme (Gijima KZN) is a programme designed to support the provincial Department of Economic Development and Tourism (DEDT) and a broad range of other stakeholders to more effectively implement LED that achieves equitable economic growth in the Province. The BEF is a grant funding instrument established under the programme, aimed at assisting provincial and local government to create an enabling environment for local economic development.

Please be assured that Information disclosed during interviews will be treated as confidential and reported with due regard for their sensitivity. Documents submitted for the purposes of the evaluation will further be held in the strictest confidence and all original documents sourced returned as soon as possible. All information obtained will be utilised strictly for the purposes of the evaluation.

Thank you in advance for your kind co-operation in this regard.

Sincerely,



Ranveer Persad  
Programme Manager  
Gijima KZN Local Economic Development (LED) Support Programme.  
KZN Department of Economic Development and Tourism (DEDT)

# 15 ANNEXURE E: LOCAL MUNICIPALITIES FUNDED AND NOT FUNDED WITHIN RESPECTIVE MUNICIPALITIES

The Table below shows the name and number of Local Municipalities that have been funded and not funded within its respective District Municipality

District Municipality	Number of Local Municipalities that have been funded by BEF	Name of Local Municipalities that have been funded by BEF	Number of Local Municipalities that have not been funded by BEF	Name of Local Municipalities that have not been funded by BEF	Funding
Amajuba District Municipality	1	NEWCASTLE LOCAL MUNICIPALITY	2	DANNHAUSER LOCAL MUNICIPALITY	2 of 3 not funded
				EMADLANGENI LOCAL MUNICIPALITY	
iLembe District Municipality	4	MAPHUMULO LOCAL MUNICIPALITY	0		ALL funded
		MANDENI LOCAL MUNICIPALITY			
		NDWEDWE LOCAL MUNICIPALITY			
		KWADUKUZA LOCAL MUNICIPALITY			
Sisonke District Municipality	2	KWA SANI LOCAL MUNICIPALITY	3	GREATER KOKSTAD LOCAL MUNICIPALITY	3 of 5 not funded
		UBUHLEBEZWE LOCAL MUNICIPALITY		INGWE LOCAL MUNICIPALITY	
				UMZIMKULU LOCAL MUNICIPALITY	
Ugu District Municipality	5	UMUZIWABANTU LOCAL MUNICIPALITY	1	EZINQOLENI LOCAL MUNICIPALITY	1 of 6 not funded
		VULAMEHLO LOCAL MUNICIPALITY			
		UMZUMBE LOCAL MUNICIPALITY			

		HIBISCUS COAST LOCAL MUNICIPALITY			
		UMDONI LOCAL MUNICIPALITY			
Umgungundlovu District Municipality	4	RICHMOND LOCAL MUNICIPALITY	3	MKHAMBATHINI LOCAL MUNICIPALITY	3 of 7 not funded
		MPOFANA LOCAL MUNICIPALITY		IMPENDLE LOCAL MUNICIPALITY	
		UMNGENI LOCAL MUNICIPALITY		UMSHWATI LOCAL MUNICIPALITY	
		MSUNDUZI LOCAL MUNICIPALITY			
Umkhanyakude District Municipality	2	UMHLABUYALINGANA LOCAL MUNICIPALITY	3	JOZINI LOCAL MUNICIPALITY	3 of 5 not funded
		MTUBATUBA LOCAL MUNICIPALITY		HLABISA LOCAL MUNICIPALITY	
				THE BIG 5 FALSE BAY LOCAL MUNICIPALITY	
Umzinyathi District Municipality	4	UMVOTI LOCAL MUNICIPALITY	0		ALL funded
		MSINGA LOCAL MUNICIPALITY			
		ENDUMENI LOCAL MUNICIPALITY			
		NQUTHU LOCAL MUNICIPALITY			
uThukela District Municipality	4	IMBABAZANE LOCAL MUNICIPALITY	1	EMNAMBITHI LOCAL MUNICIPALITY	1 of 5 not funded
		OKHAHLAMBA LOCAL MUNICIPALITY			
		UMTSHEZI LOCAL MUNICIPALITY			
		INDAKA LOCAL MUNICIPALITY			
Uthungulu District Municipality	1	MBONAMBI LOCAL MUNICIPALITY	5	NKANDLA LOCAL MUNICIPALITY	5 of 6 not funded
				MTHONJANENI LOCAL	

ANNEXURE E: LOCAL MUNICIPALITIES FUNDED AND NOT FUNDED WITHIN RESPECTIVE MUNICIPALITIES

				MUNICIPALITY	
				UMHLATHUZE LOCAL MUNICIPALITY	
				NTAMBANANA LOCAL MUNICIPALITY	
				UMLALAZI LOCAL MUNICIPALITY	
Zululand District Municipality		EDUMBE LOCAL MUNICIPALITY		UPHONGOLO LOCAL MUNICIPALITY	1 of 5 not funded
	4	ABAQULUSI LOCAL MUNICIPALITY	1		
		NONGOMA LOCAL MUNICIPALITY			
		ULUNDI LOCAL MUNICIPALITY			
<b>TOTALS</b>	<b>31</b>		<b>19</b>		

## 16 ANNEXURE F: DETAILED LIST OF OUTCOMES PER BEF-FUNDED PROJECT

Terminated projects					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 005/086	LED Development Plan	Amajuba District Municipality	LED	Terminated	X
BEF 005/080	SMME Tourism Strategy and Implementation Plan	Umkhanyakude District Municipality	Tourism	Terminated	X
BEF 005/039	Msinga Municipality: Tourism Priority Projects Feasibility	uMzinyathi District Municipality	LED	Terminated	X
BEF 005/041	Msinga Municipality: Adventure Tourism Enabling Plan	uMzinyathi District Municipality	LED	Terminated	X
BEF 004(i)/019	Uthukela District /Regional Economic Development Programme	uThukela District Municipality	LED	The project was not completed. The arrangement of consultants going in and doing the job and business plan was not properly documented. However, not completing all the objectives was not a complete loss as getting someone from local economic development will assist us with review of the LED plan and what has been done here will be useful. The BEF funding has made a significant contribution as lots of new information was gathered and will benefit future LED	X

### Terminated projects

Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				planning.	
BEF 004(i)/002	Feasibility Study for the Development of a Regional Agricultural Market	uThungulu District Municipality	Agri-Business	Terminated. The study showed we didn't need a market in the area - that we needed transfer stations with capacitating in the local communities through mini-transfer units.	X
BEF 003/024	Development of an SMME Audit	uThungulu District Municipality	LED	Terminated	X

### Projects with no outcomes

Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 4(ii)/001	Umdoni Municipality Business Retention & Expansion Programme	Ugu District Municipality	ICT	The final report had little value – there was not much information for investors on the investment opportunities available.	0

## Projects with no outcomes

Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 004(i)/015	Development of an investment Incentive for uMgungundlovu District Municipality	uMgungundlovu District Municipality	LED	Provided them with a framework for what they can consider as incentives for investment – I am not aware of any investment having been received. It was a small desktop type exercise with no outcomes beyond the document. It was also existing with competing documents for Umzunduzi.	0
BEF 4(ii)/029	Richmond Town Economic Regeneration Strategy	uMgungundlovu District Municipality	LED	Challenges due to poor quality delivery. The idea was good and the municipality still needs this. Gijima should have picked up problems earlier. Eventually they complied to all the basic requirements and full amount paid. Overall management of the project was poor and there were no outcomes.	0
BEF 4(ii)/030	Umgweni Business Development Board	uMgungundlovu District Municipality	ICT	Challenges due to poor quality delivery. The document was pathetic with copy and paste from the internet and no insights. No outcome beyond the BEF.	0
BEF 005/031	Economic Development Forum	uMgungundlovu District Municipality	LED	Challenges due to poor quality delivery. No outcome beyond the BEF. Service Provider didn't comply to deliverables set in the contract. There were two issues – a quality issue and an auditing issue.	0



Projects with no outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 005/036	Umnjeni Municipality: Identification of Agro-processing and Beneficiation Opportunities for Low Income Communities	uMgungundlovu District Municipality	Agri-Business	It was one of those where the service provider complied and had a document but there was no impact. It was a weak application – we picked this up at the end.	0
BEF 002/27	Integration and Operationalisation of LED Plans	uThukela District Municipality	LED	No outcomes as a result but no evidence by LED manager could be provided	0
BEF 002/40	Economic Impact of the land reform Programme in uThukela	uThukela District Municipality	LED	No further actions have been implemented after the project because such large budgets were required for the projects to be continued. Still have a land reform forum which was not in place at the time - therefore the project gathered dust on the shelf - if the forum was still there then more would have happened. Not significant contribution of the BEF funding from the project.	0
BEF 005/004	Concept Plan & Feasibility Study for Ladysmith Heritage Visitor Centre	uThukela District Municipality	Tourism	No outcomes as a result. Anticipated output was promotion of the centre and to ensure tourist flow. It never materialised – the project never started – it was approved, funding granted – R80K transferred. The municipality had other initiatives on the side that they had developed a plan using their own funding. It was concluded there was no need for the funding as the other unit within the municipality had done the groundwork.	0

ANNEXURE F: DETAILED LIST OF OUTCOMES  
PER BEF-FUNDED PROJECT

Projects with low outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 003/006	Mandeni LED Plan	Ilembe District Municipality	LED	Objectives were fully achieved because the co-operation between the service provider, DED Ilembe area manager and the local municipality. No outcomes after the project. The BEF funding through this project assisted in terms of projects to be implemented and the general focus of the directorate. The directorate is now focussed and has a strong vision and mission and objectives which are achievable.	<b>1</b>
BEF 4(ii)/021	Agricultural Sector Plan for Maphumulo Municipality	Ilembe District Municipality	Agri-Business	Objectives were achieved. There were potential projects identified for each ward in different sectors of agriculture. Anchor projects were identified. Competency of service provider who had relevant personnel was the reason for the objectives being achieved. There have been several attempts to submit applications for funding, with no results. The BEF funding through this project has had a significant impact on the project.	<b>1</b>
BEF 002/23	Proposal to undertake a Tourism Development Plan	Sisonke District Municipality	Tourism	The objective to develop an integrated plan to guide tourism and to include the poor people in economic benefits, was partially achieved. The municipality is very small and has very big budget constraints. Changes as a result of	<b>1</b>

Projects with low outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				the project are a website, tourism information office.	
BEF 4(ii)/028	Umzimkhulu SMME & Informal Trader Development Strategy	Sisonke District Municipality	LED	Envisaged output was to do a situational analysis and survey with SMMEs and informal traders. Outcomes are that the municipality is more aware of the situation of SMMEs and informal traders and how to engage them. No concrete recommendations are being implemented that came from the report.	<b>1</b>
BEF 002/25	LED Strategy & Plan for Ezingolweni	Ugu District Municipality	LED	Little outcomes. Last year the municipality used the LED plan information for designing the Social Development Framework and they had other applications that came to DED for new projects that were identified from the LED Plan. No funding has been acquired to continue efforts.	<b>1</b>
BEF 4(ii)/032	Umdoni Municipality Agricultural Development Strategy	Ugu District Municipality	Agri-Business	An outcome is that it helped the people involved to understand what is happening in the area. However, there were challenges taking it forward because strategies are very broad. At the end of the day seeing how to measure the strategies up was difficult.	<b>1</b>
BEF 002/30	ICT Hub	uMgungundlovu District Municipality	ICT	The project helped the people involved to understand what is happening in the area – but challenges into taking it forward	<b>1</b>

Projects with low outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				because they did attempt to have strategies but these are very broad. A poor output was provided.	
BEF 004(i)/005	Mpofana Tourism Development Strategy & Marketing Plan	uMgungundlovu District Municipality	Tourism	Minimal outcomes project as the service provider was not a good one. When I asked staff where tourism strategy is they don't even know about this. The document just lies there.	1
BEF 002/37	Identification of Economic Opportunities for Local SMMEs in Umkhanyakude	Umkhanyakude District Municipality	LED	Output envisaged was an SMME database. The objective was not achieved. The service provider was working tirelessly but it never happened. There were problems with the SMME policy at that time. No further actions have been implemented after the project. There was a good idea behind the programme to know more about the district and the structure of the SMMEs and their level of capability to grow bigger than being just SMMEs but all this never materialised, so there has not been much changes envisaged beyond the BEF project.	1
BEF 001/28	Development of Institutional Framework for Tourism LED Projects in GSLWP	Umkhanyakude District Municipality	LED	Envisaged Outputs were an LED Strategy and LED Benefits for Tourism. Integrated planning is still a work in progress. A low outcome project because of fragmentation of stakeholders. The LED strategy has been reviewed. But through the programme we know who's who	1

ANNEXURE F: DETAILED LIST OF OUTCOMES  
PER BEF-FUNDED PROJECT

Projects with low outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				and their needs and now it is a matter of proceeding to a new level (it is work in progress).	
BEF 4(ii)/035	Umhlabuyalingana Tourism Investment Plan	Umkhanyakude District Municipality	Tourism	Envisaged outputs were to enhance investment in tourism development through a plan. Outcomes included ensuring a solid foundation was developed to launch investment and an investment plan. A low outcome project - this is still a work in progress.	1
BEF 004(i)/008	Integrating Umzinyathi SMME's into the Local Economy	uMzinyathi District Municipality	LED	Outputs included an SMME database. Objectives were partially achieved because a database was created but unfortunately there were issues between the consultants and municipality. The municipality cannot access the database - not being used at the moment. Some further actions have been implemented. There is an SMME programme - a lack of skills was highlighted and two incubation programmes were developed. This was positive to mitigate challenges identified through the assessment.	1
BEF 002/07	LED Participatory Planning	uThukela District Municipality	LED	Although the municipality came up with the projects, there was lack of cooperation on the part of the municipality. The service provider was cooperating but the municipality didn't want to pay	1

ANNEXURE F: DETAILED LIST OF OUTCOMES  
PER BEF-FUNDED PROJECT

Projects with low outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				them. This is a low outcome project – the projects now form part of the IDP and when the municipality engages with potential funders they always mention the two projects.	
BEF 003/022	Tourism Development Initiative	uThukela District Municipality	Tourism	The output was to have a marketing plan, assess tourism potential for the area and design an institutional framework to undertake tourism in the area. The outputs were achieved. This was a low outcome project - as much as there was no funding accessed, there was a forum where all stakeholders meet and discuss tourism related issues.	<b>1</b>
BEF 004(i)/017	Local Economic Development Strategy	uThukela District Municipality	LED	Projects were identified that were already existing projects. The document looked at the status quo and had some recommendations on LED within the municipality in term of what kinds of projects would be feasible. Projects identified were already in the IDP when this intervention was conceptualised. The IDP informed the intervention, not vice versa. This was a low outcome project.	<b>1</b>
BEF 4(ii)/005	Base Line Economic Data Study	uThukela District Municipality	LED	Outcomes include that the database helped the municipality to plan better in terms of interventions that they need to implement. The report was more like a census. The municipality has not used the statistics for	<b>1</b>

ANNEXURE F: DETAILED LIST OF OUTCOMES  
PER BEF-FUNDED PROJECT

Projects with low outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				leverage. Nothing was done with the information. The report was straightforward and is a good report for referral. It should be looked as a first step towards generating information on the municipality. The next step would be to identify gaps in the information. A low outcome with potential of becoming moderate but haven't seen the potential materialising.	
BEF 005/063	Abaqulusi Municipality: Informal Sector Plan	Zululand District Municipality	LED	Output was to conduct research and workshop towards compiling the informal traders policy. Outcome was informal traders policy developed. Low outcome as the project was not completed well by the service provider.	1

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes



Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 4(ii)/008	Development Action Plan in response to Dube Trade Port	Ilembe District Municipality	LED	The project development Action Plan in response to Dube Trade Port was completed. Outcomes: The business plan for Kwaloshe Forest Eco-Tourism Project that was identified in the Action Plan is complete. Funding was secured from Provincial Department of COGTA but more funding is required for implementation of the business plan.	2
BEF 005/015	Maphumulo Cultural Arts and Craft Initiative	Ilembe District Municipality	Art & Craft	The goal was to have a cultural village and accommodation but the recommendation was that we are not quite ready for that and should focus on training the crafters and linking them to the market and providing working areas for them. There have been changes and outcomes of the project, which are trainings and places to submit their projects for marketing and opportunities to take projects to exhibitions like the tourism indaba. The BEF funding through this project has had made a significant contribution. It gave us the idea to produce arts and crafts.	2

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 4(ii)/002	Sisonke District Tourism Development Strategy & Implementation Plan	Sisonke District Municipality	Tourism	Envisaged output was to develop a tourism strategy for the municipality and identify new initiatives for the tourism sector. Initiative was a success and is currently being implemented. New initiatives also exist such as the mobile voucher initiative, and the Sonke Stimela.	2
BEF 001/01	Integrated Second Economy Management	Ugu District Municipality	ICT	Outputs were to develop by-laws for the second economy, develop a registration system for informal traders. Outcomes are that the funding helped to foster a relationship with informal traders but still needs to develop further, understood the idea of the municipality, there was visible physical infrastructure, thinking of investment is food carts and shelving. By-laws were developed.	2
BEF 001/20	Vulamehlo LED Strategy	Ugu District Municipality	LED	Outputs were to develop an LED Plan for the municipality. Objective was to analyse the economic situation of the area so as to create a conducive environment for business and job creation. Some projects identified require funding in order to start and the municipality does not yet fully understand the situation of its local economy, but some	2

ANNEXURE F: DETAILED LIST OF OUTCOMES  
PER BEF-FUNDED PROJECT

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				actions have taken place. Additional staff to be employed to assist the LED Manager in implementation. A community development officer was hired.	
BEF 003/008	Umdoni Tourism Plan	Ugu District Municipality	Tourism	After BEF they applied for another feasibility study – they proposed to move the tourism centre to another more visible area and expand it into an arts and crafts centre where local women could display their work. A weakness of the BEF plan was it was supposed to look at the whole Umdoni but only focused on one town. Outcomes after BEF is the tourism centre – the feasibility study is finished and people will be investing. It is not a stand-alone project - this project was linked with what was happening with the Beach Fund Development Plan.	2
BEF 004(i)/023	Umzumbe Municipality LED Strategic Plan and Implementation Capacity Building Project	Ugu District Municipality	LED	Outputs were an LED Plan and training for LED staff and officials, including councillors. Outcomes are that the BEF helped with staffing - they now have a LED staff, managers and director. However, projects that were identified could not be implemented.	2

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 4(ii)/027	Potential for Industrial Development in Park Rynie, Umzinto & Scottburgh	Ugu District Municipality	LED	Outcomes were further funding secured through the corridor fund. The municipality identified Umzinto needing more attention. An outcome of the project was interaction between land owners, information obtained helped connect the SDF and the IDP. The project has three areas but for a reason there was a lot of focus on one area, Park Rynie and not the other areas. The other two areas could also have had the opportunities for further investment.	2
BEF 001/16	LED Strategic Planning	uMgungundlovu District Municipality	LED	Anticipated output was to provide a district wide LED strategy. No one had an LED strategy in place or they had outdated ones. The biggest value of the project is now LED is placed as priority on the IDP. Municipalities now know what to do but implementing some of the strategies has been challenging. The project had value for the whole district. There is reference to the document in other initiatives like the N3 corridor. It helps the municipality to be compliant with the IDP process, which is something they get audited on each year.	2

ANNEXURE F: DETAILED LIST OF OUTCOMES  
PER BEF-FUNDED PROJECT

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				They are realistic strategies that can be used. In Richmond the LED is higher on priority list than it used to be. A main benefit of this was the establishment of LED Units within local municipalities with dedicated LED staff.	
BEF 004(i)/014	Development of an Informal Economy Policy for uMgungundlovu District	uMgungundlovu District Municipality	LED	It is such a good document that it gets plagiarised a lot. It specifically addresses informal trading. The municipality has implemented some of the strategies, specifically in Umzunduzi and the district. It provided policy issues on how to manage and handle informal trading. It was not of too much use for local municipalities due to their lack of capacity. The municipality is still using it. They have aligned a number of other development policies to this. It has put informal trading on the map. It has mobilised some change with a moderate outcome.	2

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 001/24	LED Capacity Building for Officials and Councillors	Umkhanyakude District Municipality	LED	Main output was around the capacity building of officials of LED and changing their perceptions relating to smaller projects and getting the bigger picture. This made it easier for us to establish the development agency which is running well and working on big projects currently. The objectives were achieved. We were able to use spreadsheets to prepare IDP. Project management skills were increased. There was full commitment of the municipal manager to make the programme work. Some further actions have been implemented - Development agency objectives were more clear after the training and the perception of LED not being a poverty alleviation programme. The development agency is more focussed and being used effectively. Outcomes envisaged were to change perceptions of LED officials. The BEF funding through this project has made a significant contribution. Because smaller projects were being focussed on in the municipality and now there is a shift to bigger projects. Also project management skills is a	2

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				contribution and the bigger picture of LED seen. Within the municipality smaller projects were concentrated on and now LED is focussing on larger projects that are more sustainable projects and focussed on increasing business.	
BEF 002/22	Participatory Assessment and LED Institutional Development Project	uMzinyathi District Municipality	LED	Outcomes included a prioritised list of projects that were taken further and the private sector was involved. Projects were taken towards the CAP that looked at the feasibility and business plans. Agricultural planning and developing markets was Gijima funded - and the implementation thereof. Once project was complete then attendance at forum was low and non-existent. Institutionalisation around the LED must have coordination and this did not happen. As part of intervention a Technical Services Project was developed to help local municipality to have proper coordination.	2



Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 004(i)/020	Agricultural Development Strategy for Umzinyathi District	uMzinyathi District Municipality	Agri-Business	Output was a strategy that focused on anchor projects. The objective to develop an LED strategy for the district was achieved. There was full participation of the stakeholders and proper collaboration. There have been some further actions implemented - Identification to set up institutional arrangements. Now we are on a yearly plan so we have a tool that we can use. There have been changes as a result of this project. There has been the identification to set up institutional arrangements and the obtaining of funding from the Department of Economic Development (R1 million). Significant contribution made by the BEF funding through this project.	2
BEF 002/12	Incentives Policy	uThungulu District Municipality	LED	A moderate outcome but no hard evidence of this by the senior manager engaged with.	2
BEF 002/10	LED Participatory Planning	Zululand District Municipality	LED	Outputs were to conduct research using primary and secondary data in order to identify community needs and identify key projects that can be implemented and create jobs for the local people. Key projects like the shopping mall were identified and are being implemented by the	2

ANNEXURE F: DETAILED LIST OF OUTCOMES  
PER BEF-FUNDED PROJECT

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				municipality.	
BEF 001/09	LED Awareness Programme	Zululand District Municipality	LED	Outputs were to conduct basic LED training among municipality officials for better understanding of the current LED issues and to make communities aware of the business opportunities and support systems. Outcomes included training workshops for municipal officials were successfully conducted. The LED officials and councillors had a better understanding of LED implementation as a result. Communities were made aware of business support systems. This was a moderate outcome project but challenges include that some councillors will be leaving the municipality due to election - the knowledge will be lost.	2
BEF 4(ii)036	LED Plan for Ulundi Municipality	Zululand District Municipality	LED	Output was to conduct research to develop an economic development policy and plan. The outcome was identification of key projects like P700 and Cengeni gate which have been implemented.	2

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 002/04	Marketing Plan	Ilembe District Municipality	LED	Outputs achieved - the directory, movie and brochures were all developed. Some further actions have been implemented. There has been a lot of interest generated in the area. BEF funding has made a significant contribution, about 60% of the activities were funded by the BEF.	2
BEF 4(ii)/006	Okhahlamba Enterprise Centre	uThukela District Municipality	ICT	Envisaged outputs was a centre developed to centralise the crafters' work and for the crafters to get training and make crafts with more quality. Feasibility was very good and proved to be implementable. The information helped the municipality. Outcomes are that the centre has helped more in terms of coordination and standard of craft product. Centres for training were developed afterwards, but implementation of the centre (show room) was delayed due to procurement procedures and due to capacity problems. Even though there are problems there is money in place. Funding was secured from the Department (R5m). The issue of land that was initially identified did not belong to the municipality.	2

ANNEXURE F: DETAILED LIST OF OUTCOMES  
PER BEF-FUNDED PROJECT

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				The project has mobilised other actions.	
BEF 003/007	District Film Office	uThungulu District Municipality	Tourism	Outcome is that a film office has been established to market the Uthungulu region as a preferred destination for filmmakers. The film office has hosted international film companies and has high potential.	2
BEF 002/11	Manufacturing Development Plan	Amajuba District Municipality	Manufacturing	Outcome: strategy being successfully implemented	2
BEF 002/05	Growth Coalition	Ilembe District Municipality	LED	Objectives were fully achieved. A growth coalition was set up which ended up with a full chamber of commerce - Ilembe business chamber, which is still operational. The BEF funding through this project has made a significant contribution.	2
BEF 002/06	LED Training	Ilembe District Municipality	LED	The objective was to provide skills, and this was fully achieved. Changes as a result of the training were, skills gained in LED implementation and the successful running of council. The BEF funding through this project has made a significant contribution - 100% of the activities are	2

ANNEXURE F: DETAILED LIST OF OUTCOMES  
PER BEF-FUNDED PROJECT

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				attributable to the fund.	
BEF 002/13	KwaDukuza LED Strategy	Ilembe District Municipality	LED	Significant developments in terms of leveraging COGTA funding inter alia for diversification into wine industry, etc.	2
BEF 003/023	LED Strategy	Ilembe District Municipality	LED	Some further actions have been implemented after the project. A tourism project that was recommended was able to attract funding of R3.5m. There was capacity building in project management as a result of the project.	2
BEF 001/27	Strengthening the LED Enabling Environment in Ugu District	Ugu District Municipality	LED	Envisaged Output was an LED Strategy Report to guide the municipality to pursue LED activities. It is a living document for Ugu Municipality. It created an enabling environment for the municipality, it identified bottle-necks that need to be addressed. BEF filled the gap that could not have happened without the intervention. The study served as a baseline, a skeleton for future intervention/programmes to take place within LED. What remains is a good project management system and culture, fiscal discipline that will remain with the	2

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				municipality.	
BEF 005/003	Feasibility Study and Business Plan for Howick Falls Precinct Project	uMgungundlovu District Municipality	Tourism	Successful - the municipality used the strategy to facilitate and guide development in the area. When tourism developers came to them they had a plan through this programme. They were able to lure private investors to the area which they couldn't do before because they had a plan on how to develop the precinct.	2
BEF 002/36	Developing an LED Institutional Arrangement	Umkhanyakude District Municipality	LED	Envisaged output was that the district can effectively deal with LED institutional arrangements. Outcomes include a fully fledged LED Unit with forums for each local and district municipality. This is a high outcome project - it is sustainable and has sustained itself after completion and the municipality can function on its own.	2
BEF 005/085	Promoting Development of Manguzi and Mbazwana as economic Hubs	Umkhanyakude District Municipality	LED	Outcomes include formalising Bazwana and Manguzi as economic hubs. Further funded by COGTA.	2

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 4(ii)/026	Assessment of the Economic Competitiveness and Formulation of an LED Strategy	uMzinyathi District Municipality	LED	Envisaged outputs were to have an LED strategy and a concept of feasibility assessment of projects. Tried to boost the LED Forum once the project was completed. Cogta funded some of the projects to look at business planning. Tourism projects were co-funded between the department and Cogta. A high outcome project as all the projects were identified and are moving forward and some have received funding. Some activities are happening. Out of the nine projects that were identified three were funded by Gijima and one in September 2010 when I was there a proposal for an LED agency was developed and submitted.	2
BEF 002/26	Development of LED Strategy and Plan	uThukela District Municipality	LED	Envisaged outputs were to market the town and to invite investors to the town. Outputs included a comprehensive LED strategy plan. Later outcomes include confirmation of a mall development in the municipality and constant communication with all stakeholders. There is now an LED committee. An implementation strategy was funded by DTI after the project. The project outputs	2

ANNEXURE F: DETAILED LIST OF OUTCOMES  
PER BEF-FUNDED PROJECT



Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				were used to inform those decisions. The poverty alleviation program is still running. Businesses are communicating with the municipality, which was not the case before.	
BEF 003/020	Uthukela Arts and Craft Development Programme	uThukela District Municipality	Art & Craft	Overall the project was a success and there have been outcomes after the project. Objectives of the project were to access services required - e.g. have crafters who work using different materials and we needed contacts on how to deal with these issues. We have workshops who are marketing produce overseas - and have registered their businesses with CIPRO and currently attending national and international trade fairs. Some further actions have been implemented. Outcomes are the collaboration of a group of crafters who support one another and are able to direct you to where materials can be found. Now information is shared and there is a vibrant network in the sector. Significant contribution of the BEF funding through this project. When started working with the crafters before the study, can say one group was making	2

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
				a total annual income of R9 000 per annum but in 2009 the same group was making R88 000 per annum.	
BEF 004(i)/003	Development of a Business Support Services and Facilities Strategy for the family of municipalities	uThungulu District Municipality	ICT	Outcomes include fully functional business support services and facilities, which are meeting a significant gap where the local SEDA has failed.	2
BEF 001/11	Education For Tourism Information Staff	Zululand District Municipality	Tourism	Outputs were to conduct training workshops in tourism opportunities among municipal officials, tourism operators and councillors. Training workshops for the above groups were successfully conducted. Tourism opportunities were identified for the area. High outcomes were reached as the attendees were made aware of the tourism opportunities. Some started to work on new tourism projects as a result.	2
BEF 002/16	P700 Local Area Plan	Zululand District Municipality	Tourism	High outcomes were reached as the P700 has been built and many projects have been implemented along the route.	2

Projects with moderate to high outcomes					
Proj Ref No	Project Name	District	Sector	Description of outcomes	CLASSIFICATION OF OUTCOMES: x = Terminated; 0= No outcome; 1= Low; 2 = Moderate – High outcomes
BEF 004(i)/011	Develop a plan to strengthen the Mona Market & Nguni Cattle Auction as an opportunity for local economic growth	Zululand District Municipality	LED	Output was to develop a business plan for profitable operation of the Mona market as agricultural and tourism attraction for the Nongoma Municipal area. Outcome includes a business plan developed in conjunction with various key stakeholders. Funding has been secured for implementation of the market. High outcomes were reached as funding for implementation has been secured.	2
BEF 4(ii)/012	Pongolapoort Dam PPP (Private-Public Sector Partnerships) Project Team	Zululand District Municipality	Tourism	Output was to conduct a feasibility study in terms of private public partnership opportunities around Pongolapoort Dam. Outcomes include a business plan outlining possible opportunities and stakeholders. Department of Water had liaised with the municipality on the project. High outcome was achieved with additional funding having been secured.	2

# 17 ANNEXURE G: DOCUMENT REFERENCES

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Appendix 3: Listing of ARV Roll out Sites as of End of 2005 (N.d). Available at:

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