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# Annex 5

## *Review of ODA in three provinces*

## Annex 5: Review of ODA in three provinces

### Limpopo Province

#### Introduction

The Limpopo Province is located at the northern-most tip of South Africa, bordering Zimbabwe to the north, Mozambique to the east and Botswana to the west. The Province covers an area of 125 701.86 sq km, which represents 10.2% of the area of South Africa. Census 2001 reflects a total population for Limpopo of 5.2 million (of whom 54,6% are female), which represents 11.8% of the entire population of South Africa. Of the total population in the province nearly half (48%) are children under the age of 15, and as of 2006/2007 Stats SA estimated that 30% of the population was unemployed.

In terms of poverty (using the Poverty Index, as defined by Stats SA) Limpopo is one of the poorest provinces in South Africa. Table 1 shows that according to the 1996 Census data Limpopo province was the poorest province. However, by the time of the 2001 census Limpopo's position had improved marginally and the Eastern Cape was now classified as the poorest province.

**Table 1: Poverty Index by province 1996 and 2001<sup>1</sup>**

	1996	2001
Limpopo	50.4	47.1
Eastern Cape	48.5	47.6
KwaZulu-Natal	39.5	39.3
Mpumalanga	37.1	37.2
North West	33	38
Free State	31.5	32.8
Northern Cape	24.3	24.3
Gauteng	20.1	20.8
Western Cape	14.6	16.7

The province (as part of its PGDS, finalised in 1999) identifies the following as the main challenges they are facing:

- High unemployment
- Poverty reduction
- Infrastructure backlogs, in particular water and sanitation
- Local government systems
- Attracting investment
- Skills development; and
- HIV and Aids and TB related health issues.

<sup>1</sup> Source: Everatt, D (2007), Measuring the 'war on poverty' in South Africa's 21 poorest rural and urban nodes, 1996-2006, unpublished paper.

In response to these challenges the PGDS identified 9 key priorities for the provincial government of Limpopo, priorities which the province has attempted to tackle in the period under review. The key priorities are:

- Growing an economy that creates jobs
- Institution building and transformation
- Infrastructure provision and maintenance
- Building the administration
- Crime prevention
- Debt repayment
- Human resources development
- HIV/Aids and TB
- Addressing social services backlogs

In 2004 the election of a new premier saw the PGDS being revised and updated. The upshot of which was that the previous 9 priorities were streamlined into 5 key priorities, stated as follows:

- To improve the quality of life of the population of Limpopo
- Growing the economy of the province, sustainable job creation, innovation and competitiveness
- Improve the institutional efficiency and effectiveness of government
- Address priorities that cut across the three objectives above, such as Black economic Empowerment, HIV/Aids, TB, poverty reduction, issues of Land and Environment etc.
- Attain regional integration

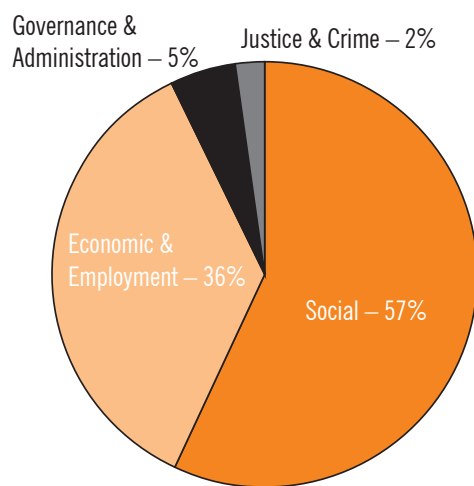
#### ODA in the province

With regard to ODA (and only funds that went through the RDP Fund) the province received nearly R1,4 billion, which is equivalent to approximately 4% of the ODA given to SA during the period under discussion, and is roughly equivalent to about 0.7% of the total amount of payments received by the province per annum during the period under review (as per Limpopo Government's Budget Statements). Of this amount, (see Figure 1) the main sectors that received funding was the Social Sector (57%) and the Economic and Employment sector (36% of all ODA).

This spread across the sectors certainly aligns with the provincial priorities of improving the quality of life in the province, growing the economy and the cross cutting issues of HIV and Aids, TB, poverty reduction and so on. It is also interesting to note that the Governance and Administration sector, within which improving institutional efficiency and the effectiveness of government are the priorities, also received ODA funding (5% of all provincial ODA).

Within the Economic and Employment sector the bulk of the funding has been for Local Economic Development initiatives and therefore aligned closely with the priorities specified in the PGDS. Moreover, several initiatives have been conducted within the Department of Agriculture that speak to the PGDS priorities of economic development and combating poverty. Within the Governance and Administration sector it can be noted that the UNDP have supported activities aimed at strengthening local government in order to make it more effective. Again this addresses a key priority of the PGDS.

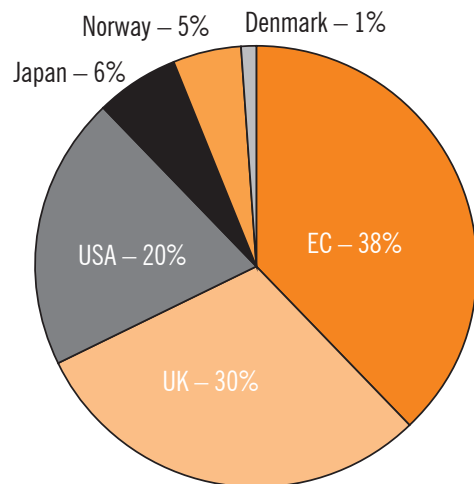
**Figure 1: Distribution of ODA to Limpopo Province by sector (2000 to 2008 RDP fund projects)**



(Source: RDP Fund).

With respect to the donors, the European Commission was the biggest donor in the sector, providing more than a third of all ODA to the province (38%). Other donors providing significant amounts of ODA to the province included the United Kingdom (30%), the USA (20%) and Japan (6%).

**Figure 2: Distribution of ODA to Limpopo province by donor (RDP Fund Projects)**



Source: RDP Fund

**Aid Effectiveness**

In discussing effectiveness of ODA in the province reference is made to four case studies. The first is the Education Support programme in the Limpopo Department of Education (LDoE). Funded by Irish Aid (Irish Aid committed R 50 346 896 to the programme) the programme ran from 2004 to 2006. Known as the Fhatuwani programme, it was primarily aimed at supporting the Department’s *Breakthrough to Literacy* (BTL) initiative. The key objective was to support mother tongue literacy, achieved through supporting the training of district officials and educators in new methods of language training.

The second case study that will be referred to is support provided to the the Limpopo Agricultural Development Academy (LADA). LADA was founded as a joint initiative between the Flemish and South African governments and the Flanders International Cooperation Agency (FICA) in 2005, with management by the Head Office of the Limpopo Department of Agriculture (LDA). The purpose of LADA, located at two agricultural training centres in Sekhukhune and Vhembe Districts, is to up-skill approximately 5 000 emerging farmers in the field of agribusiness, so as to strengthen their performance along the value chain. The programme is scheduled to end in 2012.

The third case study is the EC funded LED programme in the Limpopo Province, in the Department of Local Government and Housing. The programme was scheduled to run from May 2002 to 2008 at a total cost of R480 million (57% of it covered by a grant from the EC delegation), however, the delay in appointing the PMU meant the programme only became operational in October 2003. The overall objective of the programme was to reduce poverty through pro-poor economic growth in the province. The specific results included initiatives to stimulate job creation and income generation.

The fourth study is also from the Limpopo Department of Education, the DFID funded Khanyisa Programme (DFID committed £10 million to the programme). The programme had the overall objective of supporting the Limpopo Department of Education to improve service delivery across the education system.

Specific goals included a measurable improvement in classroom practice above baseline by end of PY7 in most of the schools in the province; an increase in the numbers of pupils completing primary cycle within 7 years; and region/district offices providing advice and assessment reports on school performance by end of PY7. The programme started in 2003 and was completed in 2009.

How have ODA funded programmes fared in the province? Using the central pillars of the Paris Declaration a quick

snapshot is provided to give the reader a sense of where ODA has been effective and where it has not been.

### **Ownership**

All four of the case studies clearly speak to the priorities of the PGDS. In the case of the LED programme, it is in line with the provincial goal to reduce poverty through pro-poor economic growth and the initiative was seen to be a crucial pillar of the Limpopo Provincial Growth and Development Strategy. However, as the evaluation reports show the provincial government was not initially directly involved in the programme and this absence of leadership at the beginning caused the delayed start (by more than a year) of the programme. However, this issue was alleviated by the Project Steering Committee drawing in additional government representatives and by meeting more regularly to guide the programme.

In the case of LADA, the structure of the academy meant that it was owned by the Department and addressed key priority areas of the PGDS, in particular improved quality of life and growing the economy through sustainable job creation. At the operational level, ownership was further entrenched by ensuring that the programme reported directly to the HoD. An added advantage was that the Department's head of GM research and training was also the chairperson of the PSC.

The Fhatuwani Programme of the Department of Education in the province was a critical component of the department's strategic plan and was therefore seen as an initiative directly owned by the department. Although a programme manager was placed in the department to coordinate the programme, the manager's specific brief was to reduce the use of external service providers and facilitate departmental ownership of the programmes. With respect to the strategic thrust of the programme, Fhatuwani was seen to be directly addressing literacy concerns in the province (Limpopo has the lowest literacy rates in South Africa). Literacy is critical in any initiative to address the high unemployment in province – a key priority of the PGDS.

Similarly, Khanyisa addressed a particular need in the province as Limpopo has one of the lowest throughput rates in primary education. In addition, many pupils simply never complete primary school which has a devastating impact on unemployment rates and the ability to develop a pool of skilled workers in the province. At the management level, a series of restructuring exercises in the LDoE had created instability in the department and basic services were only being delivered sporadically. Thus the programme was clearly addressing a key priority of the PGDS. A further signal that ownership was ensured by the LDoE is the evaluation

finding that both programmes have been integrated, embedded and budgeted for by the department.

### **Alignment**

All funding for LADA flowed through existing National and Provincial Treasury systems and then to the LDA's finance department, and are subject to the South African Public Finance Management Act (PFMA). This was ensured from the start as a result of joint programming design which involved FICA, the Office of the Premier and the LDA. The planning process was optimised to best align the donor funds with the objectives and systems of the Limpopo province. In addition, LADA supplements extant objectives and activities of the Department of Agriculture in the province, by implementing training modules through the existing Tompi Seleka and Madzivhandila Agricultural Training Centres. However, despite agreement on the use of the PFMA to regulate the use of LADA funds, evaluation reports note that there have been difficulties aligning certain aspects of these regulations with FICA's Financial and Management Principles for Programmes Financed by the Flanders International Cooperation Agency, leading to perceptions by those implementing the programme of interference by the donors.

In the case of the LED funded programme, whilst there was clear alignment at the policy level, the same success has not been achieved at the operational level. Evaluation reports note that it has taken five years to put working systems and procedures in place which could satisfy both donors and the needs of the procurement system in the province. The process was overseen by a PMU, which at the point of the mid-term review had no local experts. Whilst the PMU was seen to be effective by evaluation reports, it was pointed out that the PMU operated completely separately from the provincial department (in fact it was physically housed some distance away from the department) although it is meant to be working within. Moreover, the mid-term review of the programme suggests that the programme is not integrated or embedded within local institutions, receives little input/guidance from provincial government and thus on a day-to-day level is not aligned to other similar initiatives in the province.

The embedding of the Fhatuwani programme in the provincial Department of Education's strategic plan, the fact that the programme supported existing initiatives in the department, and the placement of a programme manager within the department to ensure coordination all helped to promote alignment. However, evaluation reports do note that the long-term sustainability of the programme might be affected by the fact that there were few locally qualified officials with the technical skills to guide the literacy programme.

Evaluation reports of the Khanyisa programme suggest that despite the programme being operated by a PMU (a subcontracted agency) and the funds not flowing through the RDP Fund which sat outside departmental structures, the activities nevertheless “contributed to the institutional change which has resulted in a cohesive LDoE. Programme activities have served to further clarify the LDoE mission and promoted ‘buy in’ by the many stakeholders within the education system”. However, evaluators do note that the turnover of DFID staff, LDoE staff and the managing agents of the programme did create several alignment challenges. These challenges included: the “loss of informed technical dialogue” between the different partners, the loss of institutional memory, delays in programme expenditure forecasts and timely submission of invoices by the implementing agency and delays in agreeing on a contract amendment. As the evaluators noted:

*The loss of advisory capacity, coupled with the reduction in funds available for education support has left a perception within the LDoE of a lack of interest by DFID SA. The restructuring of DFID SA has also compounded the impact of a loss of technical oversight of education programming. New staff have inevitably taken time to get to grips with the portfolios they inherited, and this has disrupted to some extent a continuous and effective management oversight of DFID SA’s education spend and management of partnerships.*

However, in many instances these alignment challenges were mostly resolved over time. Largely as a result of “a mutually reinforcing combination of human capacity development, appropriate frameworks, support manuals and monitoring instruments, the capacity of the LDoE was enhanced to both deliver and improved the monitoring and management of delivery”.

### **Harmonisation**

The evaluation reports make little reference to harmonisation in the province. In the case of the LED programme the evaluation reports note that as a result of the lack of coordination and poor management there were few instances where activities of the LED programme were harmonised with other ODA funded initiatives in the province.

In the case of LADA, it does not currently operate in conjunction with other donor-funded programmes. However, the inclusion of the head of LADEP (a Finnish funded capacity building programme) in the steering committee of LADA demonstrates the willingness of the programme to build on past donor-funded experiences. Within the LADA programme itself, harmonisation between the implementing partner (LDA and the LADA PMT) and

FICA has been established through collaboration on six-monthly reporting activities that involve participants from both partners to outline the progress of the programme.

In the Department of Education, the Fhatuwani programme was supported by more than one donor, but the fact that they were all working towards a common strategic goal suggests that in this instance harmonisation was relatively successful. Moreover, with such a small number of donors supporting the programme harmonisation was not as critical as it might have been. The same point applies to the Khanyisa Programme. Evaluation reports of the latter programme in the LDoE note that effective harmonisation flowed out of the ownership of the programme. As the evaluators noted:

*The programme had good experiences working with other donor organisations supporting the department such as Irish Aid, USAID and the Zenex Foundation. These partnerships improved sharing of resources as it was also encouraged between the programme activities and the other national department’s education improvement project. (QIDS UP, Foundation for Learning Campaign, Learner Attainment Strategy, National Education Infrastructure System and the R224 million college recapitalisation project). The partners and programmes shared designs, systems and materials and also participated in joint steering committee structures at provincial and district level. These networks also served as the platform for sharing good practices and integrating programme activities thus, averting possible contradictions among projects and thereby enabling the department to have a better handle on the management of all the partner programmes. For example, the school transformation programme designed by Khanyisa was adopted as the basis for all school intervention programmes in the province. Also, some of the Khanyisa products or aspects are replicated at national department level e.g. Foundation for Learning Programme, Asset management and the FET student support strategy.*

### **Results-based management**

Due to the slow start up of the LED programme the mid-term review noted that mid way through the programme no disbursements had actually taken place so it is not possible to assess progress against the results of the programme. “The record suggests poor overall management of the programme and the absence of effective communications, meetings, discussions, reviews and partnerships existing between the stakeholder parties”. Moreover as there had been no activities “there has been no M&E and formal reporting”. The poor reporting was compounded by the fact that three different Log Frame Matrices were issued but none of them (as they are not used as a management tool) appear

to represent the reality of the programme. The evaluator went further and noted that LFM number 3 unexpectedly added a second project purpose – which in fact and in essence was not a problem, since it was redundant with the first one, and the LFM was not used.

Whilst the overall reporting of LADA was found to be satisfactory, evaluation reports did however note that LADA's record keeping at programme level for finances and activities is inaccurate and out-dated. According to the evaluators this was demonstrated in two main ways: first, the cash flow reports used by the PMT were not reflective of the actual programme accounts held by the LDA's financial department. Second, participant databases for LADA trainees (to profile participants) and other administrative records pertaining to activities (aftercare) were not standardised or implemented consistently or effectively, leading to a gap in measuring impact and responding to learners' specific needs e.g., holistic/incubative training approaches for agribusiness, stratification of learners according to literacy and experience, etc.)

As noted previously the Fhatuwani programme was conducted by the department as part of its core activities. For this reason the programme was reported on in the same manner the department reports on all its other activities so no additional reporting procedures were implemented. The evaluators of the Khanyisa Programme noted that within the LDoE:

*The design of the Khanyisa programme as an integral component of the department made it possible for the Programme to address key development issues in the department, and not peripheral challenges which many stand-alone projects get assigned to... all the key planning aspects are well aligned to the mission of the organisation and are monitored more effectively.*

However, the evaluation reports of the Khanyisa Programme note that the LDoE, like so many other provincial departments, "struggled in collecting, processing, analysing and utilising education management information". The key reason for this is that the department has struggled to attract and retain staff with the skills to implement the EMIS. Thus "despite being adequately equipped with hardware, chronic staff shortage and staff change had resulted in prioritisation of national ministry information demands. Efforts to provide kinds of data that could support further efficiency and effectiveness drives within the province are severely constrained by human capacity issues".

### **Implementation**

Evaluation reports of the LED programme concluded that roughly about 60% of results have been achieved, but

had little chance of getting close to 100% by end of the programme. There are several reasons for evaluators making this finding, but a key reason appears to be that the original design (and subsequent debates about the design, which were influenced, in turn, by the turnover of international consultants with widely different approaches to the fundamentals of LED) made it very difficult to implement the programme initially. Moreover, evaluation reports also note that the pace of the programme was also inhibited by the funding procedures, and also the criteria for funding eligibility and compliance. Nevertheless, the evaluation reports highlight that lessons were learnt from the initial implementation challenges and that a reasonable pipeline of project proposals did begin to emerge.

With regard to LADA the programme has had mixed results in implementing activities under original planned result areas. Whilst implementing the training has been relatively successful, the programme has not yet initiated any of its planned activities with NGOs or financial institutions, nor with farmer organisations. All three are key stakeholders, but all fall outside the direct control of the department and thus several challenges have been encountered in bringing these groups into the programme. A further implementation challenge identified by evaluators is what they refer to as "a communication gap". Evaluation reports note that LADA collaborates with municipalities to coordinate and identify learners to a certain extent. However, municipalities voiced concern over late notification of training sessions leading to untargeted learner selection and difficulties in coordinating the logistics (selection and transportation of learners), as well as limited information available for municipal employees to distribute to potential learners.

Evaluation reports of the Fhatuwani programme note that whilst the programme was effectively implemented, the challenges facing the programme are more to do with sustainability and the long-term viability of the programme rather than implementation. However, the model being used for implementation – rolling it out using high resource training materials – needs to be adapted to ensure sustainability. Thus the implementation works, but largely as a result of donor support to help fund a methodology that is resource intensive.

The slow start to the Khanyisa programme highlights the critical importance of programme design and the inception phase. Other challenges that influenced implementation according to evaluation reports included:

*Firstly, assumptions about the level of teacher competence and confidence may have been too high. This is perhaps not surprising given there was no information available on this at project design (and*



*strong union resistance to teacher assessment). Associated with this were the assumptions regarding the expected pace of improvement in learning outcomes, appears in retrospect to have been overly ambitious. Finally no mention was made of the role of teaching unions in ensuring the successful implementation of the Khanyisa programme. The Unions have and will continue to have a critical role to play in educational development in the province.*

#### **Value-add/Impact/Sustainability**

As noted above that whilst support for Fhatuwani is directly in line with the key strategic priorities of both the provincial Department of Education and the PGDS, the sustainability of the programme has been questioned. In particular, evaluators have raised concerns about a resource intensive instrument that may well lead to the desired impact of improving mother tongue literacy but only if funds (presumably ODA) continue to be made available. In this instance, the evidence suggests that whilst the pilot has been effective in that the Breakthrough Literacy methodology has been shown to demonstrate an improvement, the concern is about the cost of continuing to support the approach which could influence its long-term impact on the province.

Whilst LADA has made considerable progress towards achieving its stated goal there is concern that this has happened at the expense of several key components of the programme. Nevertheless LADA has trained  $\pm$  1 997 individuals (farmers and officials of various levels) in Limpopo. This number represents 40% of its intended target of 5 000 farmers by 2012; thus, at this rate LADA is en route to surpassing its originally stated goal of numbers trained. While this is a significant achievement, it comes at the expense of LADA's other four key result areas, which evaluation reports found to be underdeveloped at the mid-term point of the intervention. Moreover, whilst it is too early to comment on the long-term impact of the programme the evaluators highlight the fact that LADA is only operating at about 35% expenditure, and is thus struggling to absorb the funds that have been disbursed to it. It is therefore likely that if this pattern continues, a number of planned activities will not occur and thus diminish the overall impact of the programme.

The value-add of the LED programme was limited by the slow start up of the programme (evaluation reports found the design to be "over optimistic... inadequately detailed and lacking in an implementation strategy). Moreover, evaluation reports highlight that whilst a lot of training has been delivered so far (2 164 people according to reports), the majority of the training occurred at the

individual project level, and very little at the institutional level (Province, District, municipalities). An example of this is that only 7 out of the 17 persons of the LED DLGH unit were trained in PCM management. Nevertheless, the evaluators did note that there was evidence of employment opportunities emerging, particularly for women in a number of the funded projects. In addition, the long-term impact of the programme was influenced by the fact that there was a physical separation between the PMU and DLGH unit, which had a detrimental effect on the transfer of on-the-job knowledge. A further concern raised by evaluators with regard to the long-term viability of the programme was that no Limpopo based short-term TAs were being used (despite this being an important component of the Financing Agreement). The implication being that local LED experts were needed on the ground to support the development of initiatives. From the perspective of sustainability, evaluators did nevertheless point out that there was likely to be some sustainability as the Provincial Government's policy clearly supports LED, Provincial Government remains involved in the coordination of the programme, and the programme has been embedded into DLGH's workplan.

The value-add of the Khanyisa programme has been enormous despite the implementation challenges referred to earlier. The impact achieved by the programme, according to evaluation reports included that:

*At programme completion Khanyisa training and support activities had reached one third of all primary schools in the province<sup>2</sup>. However the impact of the programme has reached beyond this target group. The frameworks and instructional materials developed through Khanyisa have been adopted by LDoE and distributed to all primary schools within the province through the nationally funded QIDS UP programme. Similarly, Khanyisa's training programme has influenced the whole provincial advisory cadre. As Khanyisa trained staff do not solely service Khanyisa schools the net benefits of Khanyisa supported professional development are likely to impact across the whole school system. Khanyisa initiatives also appear to have been influential in formulation of national programmes... Khanyisa was instrumental in the establishment of Health Advisory Committees (HACs) across the provincial school system. These both assist orphans and vulnerable children (estimates vary between 10-25% of school populations) and ensure appropriate health and HIV/Aids activities are delivered to all... In the FET area (output 3), Khanyisa assisted the department with research on how to improve curriculum development programmes and, learnerships and also leveraged the spending of R224 million that was earmarked for FET reconstruction.*

<sup>2</sup> The level of support a school received was dependent on the phase in which it joined the programme. Support to the final 694 schools was disrupted by SADTU action.

With respect to sustainability, evaluation reports suggest that due to the intensity of the intervention (both in terms of breadth and duration) there are encouraging signs that the programme will be sustained. For instance, the evaluators noted that “staff taken on during the programme to support classroom processes have been placed on LDoE permanent payroll”. Furthermore, that “a Khanyisa programme integration framework has been developed by the LDoE and details provided indicate financial provision has been made within the MTEF for continuation and in some cases expansion of Khanyisa initiated programmes”.

### **Coordination**

Coordination in the Limpopo province is overseen by the Official Development Assistance unit within the Office of the Premier. This unit has had provincial guidelines in place since the outset, and they stipulate that the Office of the Premier is the entry point for all donors working in the province. In order to ensure that this happens, the Unit has a politically endorsed framework supported by all HoDs. Thus the Office of the Premier guides the use of ODA and ensures that all donor initiatives must be strategically aligned with provincial priorities, that the initiatives must be mutually beneficial to all partners involved, and that all donor funded programmes must promote ownership.

In order to ensure this coordination, the Office of the Premier regularly meets with ODA units embedded in each department. The mandate of these departmental units, as stipulated by the provincial guidelines, include sourcing funding, managing information flows with respect to ODA funded programmes in the department, ensuring that on a day-to-day basis ODA funded programmes are indeed tackling the priorities as set out in the PGDS, and preparing regular reports that are presented to EXCO.

The ODA unit within the Office of the Premier also meets with donors who are working in the province to encourage them to align to the priorities in the PGDS, to work with provincial leadership, to ensure that roles and responsibilities are clear within the funded programmes, and to invest in mechanisms and processes which facilitate harmonisation.

Whilst to a large extent the evaluation reports suggest that this does happen in practice, there are nevertheless a number of challenges that ODA units face in terms of coordination. Firstly, in terms of overall coordination, those projects that were embedded within existing departmental structures (such as LADA and Fhatuwani) and utilised departmental staff (e.g. seconded for the duration of the programme from their current job in the department) found it easier to streamline/align activities within the department. This does not seem to be the case

with the LED programme where the PMU worked outside departmental structures and was further hampered by the turnover of PMU staff after it became apparent they were not fully conversant with the context they were working in. The role of Programme Steering Committees was also seen to be important in ensuring coordination. Where the PSC had buy-in from senior officials (as eventually achieved in both the LED programme and LADA) the programme functioned more effectively as it became more integrated into other initiatives that were happening at the same time. Moreover, by involving senior managers in either PSCs or Programme Boards, has meant that senior managers can play their mandated oversight role as they are well aware of the progress that programmes are making.

A second issue relating to coordination, is the ability of programmes to transfer management skills to relevant departmental officials. All four case studies noted this as an issue, in part because programme funded TAs were not proficient in the transfer of skills and in part because the recipients were not always deemed as technically qualified to absorb the skills that were being transferred.

A third challenge faced by the case studies under discussion in terms of coordination, was the complete absence of a functioning M&E system. It was noted earlier that LADA had a poor record keeping system, and that the progress of the LED programme was not monitored against the existing Log frame. Thus the work of programme managers in coordinating their programmes would certainly have been exacerbated by inadequate information, documentation, reports and so on.

A final challenge, as noted by the evaluators of the Khanyisa Programme, is the tendency to focus on vertical coordination as opposed to horizontal coordination. The evaluators noted that “at present Khanyisa is predominately characterised by lines of accountability and support that run vertically... in further development of the system the LDoE could explore the potential of developing horizontal linkages – e.g. strengthening school communication and accountability to parents through reporting of school development progress, e.g. through report cards”.

### **The Eastern Cape Province**

The Eastern Cape is the second most populous province after KwaZulu Natal with an estimated population of 6 648 600 in 2009 (Stats SA mid-year population estimates, 2009), or 13.5 percent of the South African population. The province has more women than men and population growth occurs at a slower rate than for the population overall with high outward migration as people leave the province to seek jobs.



For 2000 to 2006 the average life expectancy at birth for males in the province was 48.5 (compared to the national average of 59.3. In 2006 to 2011 this is expected to increase to 50.3 (compared to the national expected expectancy of 60.6). For women the comparative figures are 54 to 55.5 (compared to 66.5 to 67.9 nationally).

The 1996 population census statistics put the Eastern Cape as the second poorest province, assessed by the percentage of the population in poverty (72%), as well as by the provincial share in the national poverty gap (18.2%), where the poverty gap represents the income required to lift poor households out of poverty. The HSRC has estimated poverty rates for each municipality. The poorest municipality is Ntabankulu in the Eastern Cape, where 85% of its residents live below the poverty line. Seven of the ten poorest municipalities are located in the Eastern Cape while two are located in Limpopo and one in the Free State (Schwabe, C. 2004).

**Provincial priorities**

The Provincial Growth and Development Plan (PGDP) 2004 to 2014 is the long-term strategic development plan for the province. It identifies six objectives for growth and development:

- Systematic poverty eradication through a holistic, integrated and multi-dimensional approach to pro-poor programming
- Agrarian transformation and strengthening of household food security
- Consolidation, development and diversification of the manufacturing base and tourism potential
- Human resource development
- Infrastructure development
- Public Sector and institutional transformation

The PGDP responded to identified key provincial challenges, namely:

- Wide-spread and deep rooted poverty with some 67% of the provincial population living below the poverty line.
- Sub-optimal economic growth – estimated at 2,4% between 1995-2001, and stagnation in key labour absorptive sectors such as agriculture.
- Rising unemployment – estimated at 55%.
- Geo-political and economic bifurcation between the western former CPA region of the province and the former Bantustans in the east.
- Labour market fragmentation that mirrors the spatial fragmentation of the province, with a provincial labour market characterised by those employed in the core consumer economy, consisting of the dominant high-wage modern sectors of manufacturing, government service, and the other industries and services; those

employed in the marginal modern sectors such as the two low-wage sectors of commercial agriculture and domestic service; and the peripheral labour force, including the unemployed, and those engaged in subsistence agriculture and the informal sector.

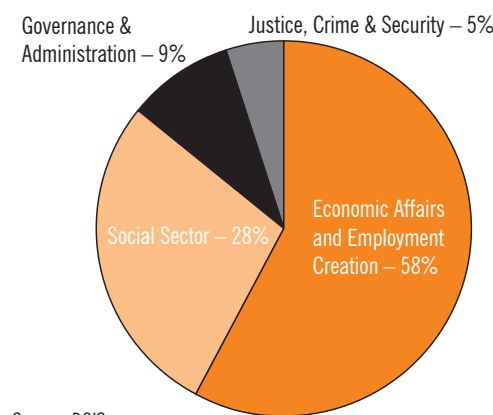
- Constraints on provincial expenditure, with some 83% being allocated to social services and only 17% to economic programmes and infrastructure, compounded by an extremely weak revenue base at municipal level.
- High HIV/Aids prevalence throughout the province, exacerbated by high levels of poverty, and backlogs in water, sanitation, and access to health care.
- Delivery and coordination failures within the state (PGDP, 2004).

The province has also set itself a series of targets to achieve over the PGDP period, including to maintain an economic growth rate of between 5% and 8% per annum; halve unemployment; reducing by between 60% and 80% the number of households living below the poverty line and proportion of people suffering from hunger; ensure universal primary education (UPE), with all children proceeding to the first exit point in a secondary education; to reduce by two-thirds the under-five mortality rate and the maternal mortality rate by three quarters and to halt and begin to reverse the spread of HIV/Aids and tuberculosis; to provide clean water to all and to eliminate sanitation problems.

**ODA to the Eastern Cape**

Viewed against these priorities ODA commitments to the province – as reflected on the DCIS database – is aligned at macro-level with the PGDP with a heavy emphasis on economic affairs and employment creation activities, followed by commitments to the social sector. The picture however is likely to be skewed as health support is under-represented on the database.

**Figure 3: Sector cluster distribution of DCIS + commitments to the Eastern Cape**

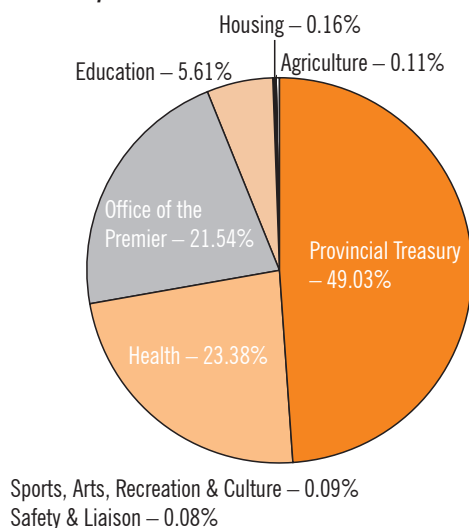


Source: DCIS

Another source of information is the Eastern Cape Office of the Premier ODA tracking tool, which provides the picture

below (data reported to the IDC ODA workshop, December 2010), representing moneys received by departments rather than commitments. This picture however is also likely to be skewed since not all departments report fully to the Office of the Premier on ODA received and since it would not include projects and programmes that fall in the period under review but which had completed by end 2010.

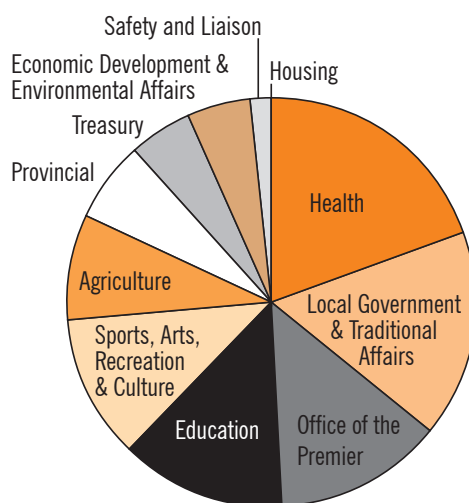
**Figure 4: ODA to provincial departments in the Eastern Cape as of December 2010**



Source: Eastern Cape Tracking Tool

However, the tool also provides a picture of the number of active projects within departments, which – while it does not take into account the size of projects – still provides a view on how aid is distributed across the province. This shows a heavy concentration of support in the social sector – in health and education aligned with the provincial human resource development and health objectives – as well as some support to the economic development and employment creation sector and the governance and administration sector, all of which feature in the provincial objectives.

**Figure 5: Distribution of projects to provincial departments**



Source: Provincial ODA tracking tool

**ODA management in the province**

The Eastern Cape has a long history of ODA receipts and has built good capacity in the Premier’s Office to coordinate ODA, mirrored by capacity in some departments, particularly those that are high aid recipients. It has put in place provincial ODA guidelines and a comprehensive ODA management tool, managed by the Premier’s Office. Sector ODA Forums are in place and the provincial Department of Local Government and Traditional Affairs is tasked with ensuring alignment of ODA at municipal level. Despite these efforts to build capacity in the province ODA coordinators note that donors by-pass these systems and engage directly with programme managers in departments. Donors are also still dominant in the ODA relationship, resulting in weaker alignment and poor coordination of aid with departments’ own activities. ODA management is hampered by the same lack of capacity that affects the implementation of ODA programmes on the ground.

Several donors are active in the province, including the Belgium Technical Fund (health), the Centre for Disease Control in the US through USAID (health and sanitation), DFID (multi sector, as well as focused support in education, the EU (legislator support, primary health care, sustainable rural development, local economic development, urban renewal, policing and agriculture), the Global Fund (health), GTZ (education, municipal support, governance and administration), Sida (health, education, public sector reform, gender), the Netherlands (agriculture), UNDP (environment and public sector reform), PEPFAR (health).

**ODA effectiveness**

The effectiveness of ODA support in the Eastern Cape was hampered by capacity constraints in many of the projects and programmes reviewed. The ability of ODA programmes to reach the poorest districts or to distribute programme benefits more equitably also detracted from the ability of ODA to address key provincial issues. We look at three programmes in the Eastern Cape to discuss these issues. The reader is also advised to look at the discussion of Eastern Cape Programmes in the Sector Annex (Annex 3), particularly the EC Crimes against women and children programme in the Justice, safety and security section.

**The Financial Management Cooperation Project**

The Financial Management Cooperation Project (FMCP) in the Eastern Cape Provincial Administration that was supported by SIDA from 1999 to 2006 to the value of SEK 49.6 million. This project was part of a broader (ongoing) programme of support to the Eastern Cape Provincial Administration (ECPA). The project was conceptualised as an institutional cooperation twinning arrangement between the ECPA, Provincial Treasury (PT) and the

Swedish National Financial Management Authority (ESV). Located within the Provincial Treasury, the project ran from mid 1999 until closure in December 2006. The main objectives of the project from 1999 to 2004 were to “improve competence” in financial management, support the establishment of a functional treasury, strengthen implementation and conduct a skills and needs survey. The second phase had one objective; “to assist the Eastern Cape Provincial Administration in the implementation of the Public Finance Management Act (PFMA) (Act number 1 of 1999) and the Provincial Growth and Development Plan (PGDP).” The project was designed primarily to provide technical assistance through long-term advisors and short-term international and local consultants.

The highly technical nature of the FMCP in the Eastern Cape appears to have influenced ownership of the programme by the Provincial Treasury. The evaluation report notes that the Provincial Treasury had the legislative foundation and political will to improve its performance and capacity, but no experience on negotiating and managing development cooperation partnerships. Thus it did not have the ability to own the programme and was further aggravated by the absence of ownership of the project by the Provincial Treasury in phase two, a large part was due to discontinuity of management staff in the department.

Whilst the FMCP was closely aligned to a priority area within the Eastern Cape’s Provincial Treasury, namely improving financial management competence, evaluators noted that the programme faced considerable alignment challenges in strategically positioning the project. This weakened the ability of the programme to effectively use the added value the Swedish resource base could bring, resulting (in some cases) in cost inefficiencies in delivering services that could have been procured more cheaply locally and with local money.

The subject areas of the FMCP was not an area where other donors were directly involved and harmonisation was therefore not an issue.

Results-based management within the FMCP was weak according to evaluation reports. Evaluators noted that there were very low levels of joint management and implementation of project resources and that the programme management team met once with the PSC never having met. Moreover, inadequate and almost absent platforms for institutionalised dialogue, monitoring and project management were a common feature of the programme. The Sida four-monthly review meetings for the entire provincial support programme became the only formal and common stakeholder venue, but even then the Provincial Treasury participation was not assured at these meetings.

The FMCP programme achieved some of the objectives set out in the initial programme (as discussed below) but it faced significant implementation challenges both within the Provincial Treasury in the Eastern Cape and also on the side of the Swedish Partner. Evaluators note that in terms of the Swedish partner (ESV) it did not have the resources, or internal policies, needed to ensure adequate preparation, orientation and back-up of the externally procured long-term TAs that it had hired to assist the Provincial Treasury. Within the Provincial Treasury the absence of clear leadership of the programme meant that there was often a disjuncture between what was planned and what was eventually implemented. For example, that whilst the project-specific agreement between Sida and ESV indicated that ESV should consult with the Provincial Treasury in the development and re-direction of project budgets (all controlled and administered by ESV), this did not often happen – though the long-term TA’s report trying to ensure that this did happen. Evaluators also note that implementation was hindered by the Provincial Treasury having very different expectations to ESV, as to what should be implemented. Evaluators noted that Provincial Treasury saw the TAs/long-term TAs as people who could be deployed to help with their urgent work/put out fires/deal with problems etc. (transactional), whereas the ESV consultants saw themselves as building capacity/imparting skills (transformational). A contributing factor to this misunderstanding was, according to the evaluation reports, that the programme was poorly planned, lacked real focus, and the outputs were too wide-ranging.

The FMCP, according to the evaluators of the programme, is unlikely to have any long-term impact on the Provincial Treasury. According to the evaluation reports they found no evidence of any discernible transformational impact, and that with any sustained project impact on the organisation building of Provincial Treasury, and no future institutional relations expected with ESV – unless both parties are supported by additional external finances. Thus signalling that sustainability of the programme is unlikely. However, evaluators did note that there was evidence of some transactional capacity support in the development of technically competent documents and a comprehensive Accounting Handbook, Provincial Budget Guidelines and a Budget Training Manual. Nevertheless there is uncertainty as to their future use and impact at the Provincial Treasury. A follow-up interview with the Provincial Treasury revealed that that the training manuals were developed and produced in the absence of a training strategy, and there are currently no plans for their use in the Provincial Treasury.

This does not appear to be the case with the FMCP where the Project Steering Committee did not meet, and high staff

turnover meant little ownership of the programme by the Provincial Treasury. This, in turn, meant that coordination of the FMCP was weak.

### ***The Eastern Cape EC Local Economic Development Programme***

The Eastern Cape EC funded LED programme began as an extension of the Limpopo and KwaZulu Natal Programmes and in response to the Eastern Cape's 10 year Provincial Growth and Development Strategy.

The programme was strong on alignment from the design stage. The design committee was chaired by the provincial Director-General and tailored to align with the then policy approach to LED that focused on training and capacity building at a district and local level. There were drawbacks to this however, in that the design phase was prolonged. The programme was finally set up with four result areas, three that concerned the provision of grants (Local Government Support Fund, Competitiveness Support Fund and a Financial Innovation Fund) and one that was about disseminating the knowledge from the programme activities.

The programme was implemented with four local partners, the Office of the Premier, the Provincial Treasury, the provincial Department of Local Government, Housing and Traditional Affairs and the Eastern Cape Development Programme. The programme is run through a PIU and has a steering committee, chaired by the Office of the Premier and with partners, civil society and business membership. The role of the provincial Department of Economic Development and Tourism was not institutionalised in the programme. In addition there is a programme coordinating group (partners and the consulting service providers) and four advisory and coordination groups. The programme had regional fund advisors in districts providing support to the programme.

The programme evaluators found that the programme design – which depended on calls for proposals for grant funding – overestimated capacity in municipalities and beneficiaries to submit adequate proposals and utilise the funding, particularly as the procedures to apply for grants were onerous. The programme however did fulfil a high need for funding: the initial calls for proposals resulted in positively assessed proposals well in excess of the available funding. They were also critical of the translation of the overall programme objectives – a holistic approach to local economic development through local capacity building and support – into the programme log frame activities which focused mostly on grant making. The TA within the programme therefore focused more on running grant schemes, rather than supporting local development in a holistic way.

### ***The Micro Projects Programme in the Eastern Cape***

The review of the infrastructure micro-projects component of the programme echoed concerns with capacity as highlighted in the previous two projects/programmes with poor programme design. The programme design was unrealistic in terms of the timeframe and should have accommodated an initial set-up phase and proper provision for the implementation phase, taking into account enough time for key activities such as procurement and construction as well as post-construction activities.

As with the LED programme – where the EC PRAG (Practical Guide to External Aid Contract Procedures) procedures caused problems – in this project the primary cause of delay was EC PRAG procurement requirements, which were not foreseen at the time of programme formulation.

### ***The DFID Imbewu II Education Support Programme***

Standing at the heart of the IMBEWU II Programme purpose, is the aim “to develop an effective, efficient and affordable decentralised education system”. The programme – a follow up on IMBEWU I which ran from 2002 to 2007 and involved GBP 17 million. Imbewu was designed to impact upon primary education. It was decided early on in Phase II, that Imbewu should extend its reach to secondary education, by assisting the province to transform 1 500 schools, so they could be designated Section 21 (self governing) schools. Later, Imbewu was tasked with the Matric Improvement Project (MIP) and a further remedial project for failing schools.

The expected outputs from the programme were:

- to provide an efficient and appropriately staffed provincial Department of Education fulfilling a strategic role;
- a fully functioning and self managing district structure providing quality support and quality schools;
- schools, which having undergone a whole school effectiveness process, are better able to provide improved learning opportunities for their learners; and
- improved Asset Management & Lower Cost School Buildings.

The programme was set up as a programme modality, but was managed through a third-party agent through a programme implementation/management unit.

The following are key findings from the project end DFID ‘output to purpose’ review from a perspective on ODA effectiveness in the Eastern Cape:

**The provincial context:** One important contextual factor is the way in which provincial politics has constrained the potential effectiveness of Imbewu. The Eastern Cape

Department of Education (ECDoD) has been in a state of continual flux during the life of the programme. This is reflected in the turnover of education leadership in the Province. There have been seven Members of the Executive Council (MECs) and 12 Superintendent Generals (SGs) for Education, with an average tenure of 22.7 months and 13.2 months respectively, since 1994. There has never been a fully staffed Executive in place (i.e. MEC, SG and full complement of Deputy Director Generals (DDGs) as represented in the official organogram). The many instances of change involving other key senior officials; some transferred, fired or suspended, has also impacted seriously on the progress of the Imbewu programme.

The Eastern Cape was subject to a number of interventions by the National Education Ministry, which sent in teams to sort out provincial education problems. These missions failed to understand the complexity of the problems facing ECDoE and were eventually withdrawn. These missions also used up precious time, energy and resources which could perhaps have been utilised more beneficially to bring about systems reform and transformation.

**Ownership and alignment:** Despite only being a small portion of the provincial department's overall budget, the IMBEWU II funds were a disproportionately high portion of 'disposable' funds, which meant that the programme had frequent requests for spending from the department. Requests from the department were difficult to resist and were justified as ways of embedding Imbewu within the policy priorities of the ECDoE. These changing priorities also demonstrated the fact that moving from a tightly formulated project approach to a programme approach, had unforeseen implications.

As the programme progressed, the department took more and more ownership and control of decision making, through the modality of the Programme Steering Committee (PSC). This created some tensions between the programme framework and emerging, different priorities within ECDoE. These tensions were always resolved through the collaborative partnership of the ECDoE, the Managing Consultant and DFID-SA, which was built on mutual trust and respect.

**Harmonisation:** The work of other donors in the sector (though they are few and with small funding in Eastern Cape) was deliberately incorporated into Imbewu thinking and activity. It was found that a degree of donor coordination is desirable but it is not necessary to set up cumbersome coordination committees if informal systems work effectively.

**Programme impact:** Before Imbewu began, there was a very basic organogram in place. Key directorates were not

in place, particularly directorates related to the education management function, namely curriculum, M&E, planning, quality assurance and a management information system (EMIS) unit. A major impact of the Imbewu programme has been the establishment of fully functional units in all these areas, of which the funding has been taken over by the departmental budget when Imbewu funds came to a close. In this respect, and because it operated for all intents and purposes as a SWAp bringing together stakeholders within the sector, Imbewu was seen to have been a significant driving force/catalyst in the many reforms, taking place within the Eastern Cape Education system.

Imbewu also helped the ECDoE develop teaching and learning materials for the curriculum, through effective technical assistance. These materials have achieved national and international recognition and approbation. Few provinces have such a rich range of materials. Foundation phase materials are being used by other provinces, including the Western Cape. Other areas of achievement are the establishment of an HIV/Aids unit, a communications unit, a comprehensive monitoring and evaluation function, closer links between M&E and planning, and the design of evaluation and assessment instruments that are now used nationally and internationally. The programme was instrumental in increasing the departmental budget for the evaluation and assessment functions seven fold. In its efforts to improve the financial management function, procurement and the distribution of learner support materials at the central level the programme was less successful on account of capacity constraints within departmental structures.

At the district level the programme has contributed to the development of capacity by facilitating the recruitment and induction of key personnel and offering capacity building programmes to staff and school governing bodies.

At the school level the Imbewu School Transformation model has been institutionalised within the provincial department and has been copied by other donors and provinces, as well as internationally. Management of schools has also been strengthened and support for schools increased. Extensive training has taken place. School Governing Bodies (SGBs) have been trained, and some are assuming responsibility for pedagogy in addition to their more traditionally recognised role. Codes of conduct are in place in schools. Each school has an HIV and Aids strategy in place. There is a clear increase in learner/teacher attendance, a significant, but patchy improvement in both the learning environment and learning outcomes and a decrease in dropout and repetition rates. Over the Imbewu programme, the province has also fared better in the school-leaving exams increasing pass rates by 15% and entrants by 12%.



In the asset management component, the programme developed a needs assessment framework which developed the Education Facilities Management Information System (EFMS) platform and improved data collection for school buildings. Community-centred construction was introduced and a modality for skills and resource mapping was introduced and demonstration models completed.

According to the review, existing and new members of the ECDoE and outsiders in the educational constituency remark on how Imbewu “galvanised and supported activity and created “innovative space” which was then translated into action”.

**Lessons on modalities:** The project end review found that moving from project (Imbewu Phase 1) to programme (Imbewu Phase 2) requires a long preparation phase and careful, realistic design, which takes account of prevailing ground realities. It was also thought important to recognise that the path from project to programme is not a linear development and may not always progress in the original direction of travel.

Importantly, it also found that it would have been important to insist on aligning Imbewu funding with the ECDoE budget so that Imbewu was reflected as a supplementary budget.

**Capacity building:** The review found that successful skills transfer is not easy to achieve and normally involves skilful local people working steadily over time alongside others, rather than international expertise, which has its place, but is not best suited for skills transfer activities which take time and effort and deep contextual understanding. The programme benefited from developing local connections, for example to the higher education institutions in the province which provided local capacity and insight.

The importance of building teams and relationships is an obvious aim of any project, but does not always happen and requires a considerable investment of time and energy by all partners if a sufficient level of trust, open dialogue and genuine partnership is to occur. It was found that there is a need to insist on named individuals to whom skills will be transferred.

**Sustainability:** There is plenty of evidence that Imbewu has been mainstreamed. One piece of evidence is the willingness with which ECDoE identified significant budget lines, which Imbewu has supported during the life of the programme, to ensure the work continues. The programme’s outputs have also been institutionalised, such as district learning and resource centres.

Overall, the Imbewu II programme was found to have brought about a significant transformation of the education

system in the Eastern Cape, in a difficult political context of change and instability. In the review the success was ascribed to among others, the quality of the management agent which ran the PIU which ran the programme in close collaboration with the department, the willingness of the department to incorporate Imbewu II activities and outputs and the quality and increased effectiveness of the project steering committee, which by the end of the programme was managed fully by the department itself.

## KwaZulu Natal

The nine provinces of South Africa have widely differing physical, geographical and socio-demographic features, which impacts on the nature and extent of the developmental challenge confronting government and society in the respective regions. The formulation of provincial Growth and Development Strategies must therefore necessarily be predicated on the socio-economic profile of the region in question, and specifically the developmental challenges arising from this profile. In crafting a Growth and Development Strategy appropriate to KwaZulu Natal’s unique circumstances, therefore, it is important at the outset to provide a snapshot of that province’s key distinguishing physical and socio-demographic features. KwaZulu Natal is the country’s most populous province, with ten District Municipalities and a metro, with over 32% of the population concentrated in eThekweni Metro.

The profile analysis of KwaZulu Natal, published in 2004, spells out the challenges facing all spheres of government in detail. For the purposes of this document, only a few of these challenges are listed; one is well advised to read through the document to get a more complete picture, however. For the purposes of this Strategic Plan the following are worth mentioning:

- KwaZulu Natal occupies almost 8% of the total land area of the country and is home to 21% of the population, with an urban rural distribution of 46/54.
- The percentage of households receiving incomes below the poverty line increased from 45,3% in 1996 to 53% in 2002, with the incidence of poverty in rural areas standing at 74%.
- Between 1996 and 2002 unemployment increased by 9,3% (strict definition) and 9,6% (expanded definition). Unemployment amongst women increased by 3,6% faster than among men, resulting in a female unemployment rate of 54,8% in 2002 compared with a male unemployment rate of 40,2%.
- The province’s Department of Education is the largest in the country, catering for some 2,9 million learners, facing a backlog in classrooms of some 14 660 and with 32% of schools judged to be in such poor physical condition that many need to be demolished and replaced.



- In the health sector, 69% of clinics are without piped water, there is a need for 203 new health facilities, 265 existing facilities need to be replaced, 1642 need to be upgraded and 792 require rehabilitation.
- The prevalence of HIV/Aids for the country was estimated at 14,2% in July 2002. At the same point in time the prevalence for KwaZulu Natal was estimated at 18,4%. It was estimated that there were more than 885 000 maternal orphans in the country in July 2002, with KwaZulu Natal accounting for 26% of the total orphans and 35,5% of the total Aids orphans.

In KwaZulu Natal, despite the concerted efforts of the Provincial Government to address the twin challenges of poverty and unemployment in the first decade of democracy, poverty and unemployment rates have remained chronic and are rising. KwaZulu Natal remains a predominantly rural province, with dependency ratios and poverty levels highest in the rural areas, although the greatest numbers of poor people (poverty density) are to be found in the major urban centres; unemployment is of course a significant contributor to poverty. Unemployed poor people in KwaZulu Natal are concentrated among Africans, people living in rural areas, women and the youth. Global Insight Poverty indicators reveal that in 2005 in KwaZulu Natal:

- 1 million people were living in poverty and 1.2 million people were living on less than US\$1 a day (R6.5 a day or R200 a month)
  - the estimated poverty gap was R18.3 bn (the amount required to raise the income of these 5.3 million people to the poverty line)
  - 1.5 million people lived with HIV and Aids (15% of the population in 2005)
  - life expectancy dropped to 45 years
  - 15% of the population in the age group 20 years or older had no schooling; 41% had no secondary schooling and 73% had not completed Grade 12 (Stats SA, Census 2001).
- Provincial development strategy**
- The principles and imperatives of the National Spatial Development Perspective (NSDP), the Accelerated and Shared Growth-South Africa (ASGISA) and other national policy frameworks and legislation form the basis of the provincial development strategy.
- Shortly after the elections in 2005 the provincial government launched a new phase of its economic growth and development strategy. The strategy is aimed at transforming the structure of the economy and narrowing and eventually eliminating the gap between the first and second economies. The four pillars on which this strategy rested are as follows:
- increasing investment in the province
  - skills and capacity building
  - broadening participation in the economy
  - increasing competitiveness.
- In 2008, against the background of the provincial profile outlined earlier, the Provincial Cabinet in 2008 endorsed the following six priorities for the Provincial Government (<http://www.tradeinvestsa.co.za/news/847660.htm>, accessed 31 Jan 2008).
- coordinating the centre of government in the province, with the following strategic objectives:
    - to provide Cabinet Secretariat services
    - to advise the Premier on provincial strategic direction
    - to advise the Premier on government organisation
    - to advise the Premier on career incidents of Heads of Department.
  - Formulating, coordinating and developing strategic planning policy and programmes, including priority socio-economic programmes, with the following strategic objectives:
    - to ensure a coordinated approach by Provincial Government in respect of strategic planning and macro policy development
    - to promote economic growth and fight poverty
    - to ensure successful implementation of priority socio-economic projects and programmes in the province
    - to ensure the effectiveness of policy, planning and programme interventions through evaluation of strategic outcomes.
  - Promoting human rights in the province, by focusing on women, disability, children, the youth and cultural, linguistic and religious rights, as well as the conservation and management of cultural heritage resources, with the following strategic objectives:
    - to promote and coordinate human rights programmes in the province
    - to coordinate the implementation of gender equality programmes
    - to conserve, manage and promote awareness of the cultural heritage resources in the province.
  - Facilitating and coordinating the strengthening of governance and service delivery of the provincial administration, with the following strategic objectives:
    - to coordinate and monitor the customisation, development and implementation of human resource policies, systems, programmes and plans for the province
    - to monitor and coordinate service delivery by the provincial government as a whole
    - to coordinate and monitor the strengthening of local

government and to promote sound cooperative governance in the province

- to provide legal services and coordinate government information technology
- to capacitate Cabinet, Cabinet clusters, ministries and departments in legal and policy formulation and implementation.
- Facilitate and coordinate the maximisation of revenue to the province from the gambling, gaming and betting industry, with the following strategic objectives:
  - to monitor and verify the provincial revenue received in terms of the KZN Gambling Act, 1996
  - to monitor and verify the provincial revenue received in terms of the Regulation of Racing and Betting Ordinance, 1957 ([www.tradeinvestsa.co.za/news/847660.htm](http://www.tradeinvestsa.co.za/news/847660.htm), accessed 25 Feb 2010).

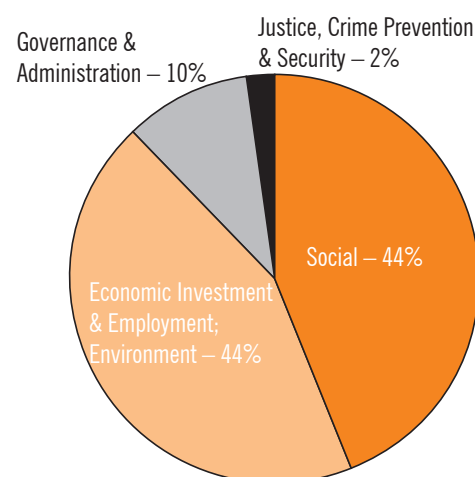
#### ODA in the Province of KwaZulu Natal

Table 2 and Figure 6 shows that the bulk of ODA commitments to KwaZulu Natal is in the Economic Affairs and Employment sector cluster, closely followed by the social sector, which is in line at the macro-level with the provincial strategy.

**Table 2: Spend by cluster in KwaZulu Natal**

Donor country	Sector	Sum	% of Total Sum
DENMARK	Economic Investment and Employment; Environ	46774444.44	1.6%
	Governance and Administration	1709002.33	0.1%
	Social	24901768.00	0.8%
	Total	73385214.77	2.5%
EC	Justice, Crime prevention and Security	26666666.67	0.9%
	Economic Investment and Employment; Environ	657831625.00	22.4%
	Governance and Administration	280620000.00	9.5%
	Social	186012836.77	6.3%
Total	1151131128.44	39.1%	
EU	Economic Investment and Employment; Environ	460800000.00	15.7%
	Total	460800000.00	15.7%
GERMANY	Governance and Administration	10850000.00	0.4%
	Total	10850000.00	0.4%
	Social	433587159.84	14.7%
Total	433587159.84	14.7%	
UK	Economic Investment and Employment; Environ	11049287.00	0.4%
	Total	11049287.00	0.4%
USA	Social	228256409.69	7.8%
	Total	228256409.69	7.8%
Total	Justice, Crime prevention and Security	46192040.67	1.6%
	Economic Investment and Employment; Environment	1295685157.19	44.1%
	Governance and Administration	307542567.33	10.5%
	Social	1290996194.97	43.9%
	Total	2940415960.16	100.0%

**Figure 6: ODA spend by sector KwaZulu Natal**



Source: DCIS

#### ODA Survey findings

In KwaZulu Natal the team was successful in making contact with ODA coordinators in three departments. A survey was administered, comprising two sets of questions, one set exploring departmental issues and the other issues around the Paris Declaration Objectives. The three departments were Health, Economic development and Agriculture.

For the KwaZulu Natal provincial review therefore the results from the surveys replace an analysis of sample projects.

#### Departmental issues

**Location of the coordination function of ODA:** With regard to the issue of where the ODA coordination function should be located, various responses emerged.

In the DED, it is believed that the ODA unit should sit in the Treasury, but this is not currently the case. Furthermore, the views of the persons interviewed indicated strongly that where ODA is located within a department, it should not be a separate unit; rather it should be located within finance, for very practical reasons. It was also felt that ODA not spent through government departments (i.e. to NGOs etc.) should also go through one point in the appropriate department (i.e. the Finance unit). This is necessary to ensure coordination of ODA activities and reporting. Ausaid and Italian Aid are active in KZN, but are not really widely known about. The Flemish government used the Premier's Office and then wanted DED to take over when things went wrong. LED is another example which had GTZ, EU and other donors and their own networks involved. Consequently, there is little harmonisation in the province (Ranveer Persad, KZNDED).

Agriculture felt strongly that the ODA unit should sit in the department, under a special Directorate/unit whose focused task it is, '[with]in departments – where the

money is. If the Office of the Premier had all the money, then it could stay there' (Lani Wepenaar, DAE).

#### **Modalities, and use of PIUs**

When the issue of PIUs was raised, the response from the interviewees was consistent: PIUs owned by the provincial departments worked better than those where ownership was with the donor or an external agency.

When it first started, the Gijima PMU was driven by the EU project officer and interim TAs. After 7 months DED understood the project implications and potentials for revenue growth – and took ownership, to be able to direct growth of the project. The project was subsequently re-crafted to take provincial priorities into account. E.g. skills transfer was relocated into the department, and consultants thereafter worked for DED and were accountable to DED for what they did. Virtually the whole team was replaced with locals. "We introduced a strong emphasis on capacity building – juniors brought in and grew in capacity, allowing for them to take over leadership of the PMU. We wanted to retain aid funds in SA, with emphasis on grant schemes. Limpopo and EC did not work as well, because the PMU in each of these provinces was not owned by them". (KZNDED)

Health believes that PIUs will work effectively where there is a management relationship between the department and the donor and poorly when the donor is prescriptive.

*Where donor prescribed to department to do things that are not part of the core function, where reporting requirements strain resources unnecessarily, where costs to keep donor happy are higher than the benefits of the donor funded project. Where misunderstandings in terms of what is expected, misinterpretation of the conditions attached, where the department cannot meet these conditions without undue expense. (KZN DoH)*

Agriculture advised that the modality selected usually depended upon the stage they were at in the implementation (e.g. in the formulation phase they use the sector programme modality. In the actual implementation phase they favour a project modality). It was cautioned, however, that this nuance is often not clear to implementers and departments. The issues that hindered different modalities appeared also to be evident for Agriculture:

- hierarchy within the department
- government procurement
- time delays in procurement
- political interference
- change in objectives and deliverables
- culture of the department.

Negative attitudes can derail a project. The EFSP (Empowerment for Food Security Programme) has had experience when uninformed management wanted to step out of the formulation report and legally binding cooperation documents. This places donor agencies on alert. (DAE interview, March 2010). DAE were of the opinion that it would be ideal to have an external PMU because this would provide additional, dedicated person-power. At present, DAE

*[a] always use someone from within the department, where the donor funded project is additional to their functions ... Never use an independent PMU. To go independent would need a lengthy procurement process in itself. With FSP – money was made available for person power to serve as the PMU ... Have a registered trust, but was never used ... Could have made project more successful. (Ibid)*

**Structures for ODA:** In the KZN province, the perceived gap between Foreign Affairs and the National Treasury is being bridged through a forum chaired by the Department of Provincial and Local Government (DPLG) to deal with the issue of coordination of international relations, including ODA (Taft, et al, 2006 & Smith et al, 2006).

For the DED&T, the structures within the DEDT department to coordinate aid between different units/divisions are embedded within the structure of the funded project.

*LED – Gijima is a subprogramme of the DED. Similarly, the Indian ODA project is embedded in the DED SMME sub-programme. This ensures that the funded project becomes very linked to the mandate and functionality of the DeD. Whilst there is no coordination across units and depts – but is always a component of reporting. The Provincial Treasury has oversight over all projects and therefore plays an implicit coordinating role. [Interview KZNDED&T]*

The DED confirmed that there is no contact with ODA Provincial coordinators in the Premier's Office, and the belief is that the people who should be doing this should be in Treasury – not the Premier's office. On the basis that there is no direct relationship in the Premier's Office with monies in and monies out, it is believed that departments should put in proposals and be guided by Treasury. The Premier's Office role should be more strategic, and this would imply that a different set of skills is actually needed for provincial ODA coordinators. How we should use aid should be the key concern for these provincial coordinators. The belief was expressed that ODA strategy should come from the Premier's office to National Treasury; Treasury could then advise and guide departments. In accessing funding, Health expressed the shared need for a central coordinating unit.

*Provinces should establish an effective, dedicated ODA unit to manage donors in the province. Funding assistance should be requested/invited from one point, and then channelled properly from central a source of funding. (KZN DoH)*

In Health there are no formal structures. The donations office communicates with line function Programme Managers, the Finance Manager for line functions, the Health Technologies Unit, the Infrastructure Unit and/or IT (depending on the nature of the donation) to determine compliance with departmental specification.

The interview with Agriculture confirmed that at present there is no communication with anyone from the Office of the Premier in KZN.

*In the department we should be able to coordinate the functions of donors etc., but this does not happen, as managers are too often away/overseas. The manager IGR internal to our department is trying to find out who is doing what, but with not much success to date. (Interview, Agriculture, March 2010)*

**Information flows and management of the information within departments:** Within Health, the CFO, various role players, (e.g. Infrastructure, HTU, Medical manager, District Finance Manager, IT) get all the relevant information, then recommend acceptance for approval by the Accounting Officer. The donor and district are then informed of acceptance.

In DED, it appears that in every department there is a section of the budget statement that reports donor funding. ODA is not integrated into other line items. Information is reported on directly to Provincial Treasury. The HOD in KZNDED will sign off the Departmental Coordinator's reports. This reporting is also signed off by the departmental CFO as a check in the system, determined by delegations in the department.

Within Health, there is a database on all donations, reports from BAS on all funds received and BAS reports on all funds spent against a particular code that was set up for donations tracking. SLA or Business Agreements are maintained, and all are kept in the registry, except for the database, which is on shared directory on the CFOs network folder. Within Health, this information is kept to facilitate completion of Treasury templates and not to aid financial planning. Reporting is undertaken monthly and quarterly and moves from finance (budgets) to HoD and CFO, to Provincial and National Treasury. Reporting is done only on funding, not on physical assets/items. The information required from donors is discussed at inception

stage, before the SLA is signed, as well as in periodic meetings.

The KZNDED reported the retention of records in hard and soft copy for seven years after project completion. The KZNDED is required to provide information on ODA during budget preparation; they have the records and have direct control over the project account. They are able to draw down on the annual work plan and to track these monies through national and provincial treasuries.

This information is used not only to complete the Treasury template and donor templates but also the receipt and expenditure of monies. Full reporting on ODA commitments and use is done in the DED at least quarterly (to Portfolio Committees, to Treasury, to donors and to stakeholders) as part of the LED programme. It was conceded that CFOs should be more involved, but it was explained that it is easier to manage monies at the point at which the money is used. The project monies are ring-fenced in separate programme activities and do not appear to shape the department's own budget: the belief is that if the donor monies were to be integrated into departmental budgets, it would be harder to process flows of payments and the project would become an administrative burden to the department.

DAE uses the ODA information to complete Treasury templates, as well as to ensure the MTEF for the department is correct. Reporting formats to donor agencies is also different, and is done separately. This 'makes work very tedious. Doing six different reports' (Agriculture, Interview March 2010).

**Monitoring and Evaluation (M&E):** At the KZNDED, independent monitoring is undertaken and paid for by the European Parliament, using a very clear framework and looking at issues of project design, namely efficiency, effectiveness and sustainability.

It was explained that the DED has no involvement in the design of the M&E framework. Additionally, there are internal reviews conducted by the DED, comprising annual reviews of operations and effectiveness/efficiency and to troubleshoot. Meetings are held every month, using different instruments to track progress. Whilst external reviews have to date been done by the EU, there is currently a formal review of the impact of the Gijima programme being put in place by DED to inform the close-out process.

*Knowledge management is very important. Records are kept as the audit trail is very important. Financial record keeping is important. Records are kept for the lifespan of the programme/project and is then kept*

*for another five years in terms of government archive requirements, then archived. (Agriculture interview March 2010)*

The DAE engages in formal audits and formal mid-term reviews from the OTP. These are generally designed by the donor partner with input invited from the Departmental Steering Committee on the terms of reference. DAE try as far as possible to have a baseline on which they can then evaluate impact.

*The successful modality used in the implementation of the EFSP, which is currently implemented in 8 local municipalities, was audited and achieved an unqualified audit report. The EFSP has undergone a mid-term review. This review and progress thus far in the EFSP were used as input into two planning sessions with Professor Luc d' Haese which culminated into a comprehensive plan for the remaining period of the EFSP. Gaps were identified and unpacked into a work-plan with specific activities, measurable targets and timeframes so as to ensure that the formulation report and key result areas are achieved. Specific attention was given to the alignment of the EFSP to the KZN Comprehensive Food Security Intervention. Although it was always the intention to extend the reach of the EFSP across the province, it has now, due to the current socio-economic climate and shift in provincial emphasis, become a matter of urgency that the EFSP feeds into the KZN Comprehensive approach during its implementation. This resulted in an aligned, adjusted and adapted approach to the two programmes wherein the EFSP is strengthened in order for it to remain as "laboratory" or think tank within its identified pilot areas. The EFSP will continue to develop best practice, do adaptive testing and develop material which will be applied directly within the comprehensive programme.*

*This requirement (for a baseline) is built into every terms of reference with a possible service provider ... the Food security project has a baseline study and (we) will use this in our impact study. (Ibid)*

Departments generally get brochures for the different donors (e.g. EU). They also participate in general information sharing at joint sessions, and attend country strategy information sessions, usually coordinated by the IDC, National Treasury.

**The Skills set needed for ODA coordinators:** At the individual programme/project level there was general agreement on the need for management skills, policy and strategy knowledge and the ability to manage operations.

Project management skills are seen as being very important.

Other skills needed at this level include financial management, negotiation skills and communication skills. At the provincial level, the skills set is seen to be of a higher order, including the need to be analytical, to be able to see big picture, to be assertive, to be strategic, to have national knowledge, to have knowledge of Budget and to have knowledge of gaps and alignment to strategies.

Provincial ODA coordinators must know donor country strategies and trade flows, they must have a good network to pursue the grouping of people who work in aid. Finally, it was deemed necessary for provincial coordinators to have M&E skills for overarching programmes to be measured against provincial strategies and goals.

**Procurement systems:** The primary impediments to using SA's procurement systems is that they are time consuming and bureaucratic.

*It delays procurement of goods and services, often causing the department not to meet donor's targets. (KZN DoH)*

The primary factors affecting internal ownership of ODA projects explaining why senior managers in DED may be reluctant to support ODA initiatives in their departments is attributed to the level of paperwork involved, the need for specific knowledge of donor models, the heavy administrative requirements which can add significantly to admin burdens in departments.

It is also important to remember that implementing ODA requires a different set of skills from normal employees, and this different set of skills is in scarce supply.

Senior managers in Health are reluctant to support ODA initiatives in their departments based on excessively stringent reporting requirements, unreasonable conditions attached to funding criteria that cannot be met and the unavailability of sufficient co-funding. Added to this is the problem of poor alignment to core functions of the Health department and situations where the added responsibility is not equalled by the potential benefits.

Departments don't optimise donor funding; much more can be done (e.g. JICA came to the DED, EU wanted to experiment in LED).

#### **KZN and the Paris Declaration**

Alignment with government priorities: From the interviews conducted with the Departments of Economic Development



and Health and Agriculture, the alignment of ODA with government priorities across the projects reviewed was deemed to be generally good.

*Initially, when Gijima KZN started it was to be comprised largely of technical assistance orientated primarily towards capacity building. Therefore, initially, the fit with government priorities was not as strong as it could have been. With the intervention of the HOD of DEDT, the new GM:LED and, in meetings, the MEC defined policy objectives of job creation, the re-designed programme fitted better with SA government priorities. (Ranveer Persad, Feb 2010)*

Besides Gijima KZN, the KZN DEDT has also had technical assistance from JICA (Japanese ODA), India (NIIT) and Kenya. With regard to the latter, the KZN DEDT solicited and paid/pays for this technical assistance. ODA that is used in this manner fits more closely to micro-budget priorities.

*When channelled properly through the National or departmental ODA office, the purpose of the aid is tested against the national, provincial and departmental priorities. If it does not fit, ODA is not accepted. However, it sometimes happens that a programme manager enters into its own agreements, where there is only partial alignment. (KZN DoH)*

The person responsible for the special programmes (in the instance of Health, the area where most donor funds are used) aligns the streams of funding to achieve different targets within the bigger programme scope. However, the department strategic plan does not necessarily talk to the business plan of the donor. In some instances the donor's reporting requirements are not aligned to departmental targets and reporting. The department's M&E reports also do not address concerns of the donor. Health is trying to address this issue currently, so that one set of reports would serve both the department management and the funder.

An example of where needs and donations were aligned (activities aligned) was Broadreach and department management in the Ugu district. There is a management relationship, where the donor is actively involved in determination of department service gaps and the management team and the donor jointly strategises to close it.

For Health, the proportion of ODA can be mapped to budget priorities at macro and micro-level and is very limited:

- In 07/08 donations equalled R14.5 million of a total departmental budget of R13.9 billion.
- In 08/09 donor funds R140 million of a total departmental budget of R15.7 billion.
- In 09/10 donor funds of R45 million received compared to total departmental budget of R18.2 billion.

In DAE it was reported that aid is at all times aligned with government priorities at all levels. The national outcomes to be achieved by the provincial departments are clear and include key activities and outputs. Donor funds specifically focus on the achievement of these outcomes. Funding is aligned as such. Additionally, ODA will always be mapped to budget priorities at macro and micro-level. The original negotiations will focus on macro issues and will be allocated as such in agreements and deliverables. Application of such will be applied at micro-level (DAE interview, March 2010).

#### **Integration of aid in budgets, budget processes and annual report documentation:**

Aid is reflected in the budget documentation and annual reports for DED and is fully integrated into departmental budget planning and reporting processes so as to avoid duplicate funding of the same activities.

For Health, only the Cash portion is reflected in the Budget Statements and Annual Financial Statements. The items/equipment is reflected on the asset register at institutional level. Aid is not integrated into departmental budget planning and is reflected for reporting requirements only, not for planning purposes.

*Reporting in budget statements merely complies with the National Treasury template; data is not used to inform planning or strategy. (KZN DOH)*

Donor funds are used to supplement department projects, not to release funding for use elsewhere. The lack of integration is due to weak integration of management planning practices in the Health department. There is no proper costing of services/projects done before their implementation.

**Aid effectiveness and aid modalities:** With regard to EU classic type projects, as implemented by the DED:

- There is procedural rigour and various lessons in systems set-up and management.
- There can be rigidities in interpreting the rules of the game (PRAG).
- They put an additional administrative burden on departments in that they use a slightly different set of rules.
- Dependency can be created on foreign skills set experienced with PRAG.
- They are good with regard to rigorous contract management and external monitoring (lessons that can be absorbed).

EU Budget and Sector Support projects are probably easier to administer and rely on an efficient beneficiary. Accountability is first and foremost defined locally in terms



of local reporting systems and may be more aligned to local, provincial and national priorities.

The classic type project modality worked well in some areas and not in others. With regard to Gijima KZN, it worked well in:

- establishing the departmental capacity to plan and manage LED
- providing grant support to beneficiaries
- establishing internal organisational learning systems
- improving contract management
- improving stakeholder processes.

Perhaps, therefore, the classic type project works better within an environment with generally weak management systems which can benefit from appropriately skilled external technical assistance and where there is a will from the beneficiary to improve.

For organisations/beneficiaries with efficient management systems, it is assumed that budget support is probably more appropriate. ODA must be routed through correct channels (e.g. through donor office in the case of DoH) and not directly negotiated via programme managers. Funds are to be transferred via NT to the department account and correct BAS codes used to offset expenditure. The donor-funded project must be assigned to a dedicated project manager within the department that can deal with queries, follow up, monitor and report. Equipment/items ideally should be procured by the donor, in line with department specifications and accepted by the department. Otherwise, projects are subjected to rigid and long SCM procurement processes (KZN DoH).

**Alignment of successful modalities with specific government levels/sectors: the relationship between local skilled capacity and the success of different modalities:**

In order to use funding effectively and efficiently the existence of some local skilled staff is essential or else the alignment of ODA with RSA government priorities may be found lacking. In the case of Gijima KZN the existence of a few skilled staff allowed for a better alignment of the resource with policy priorities as well as a better overall management and sustainability of the activities of the project. The rules attached to either a particular modality or funding channel will have implications for a beneficiary, either positive or negative.

*The right model combined with the incorrect channel is useless. Similarly, if funding is channelled through National to Department, but there is no acceptance framework and implementation model, success is limited. (KZNDoh)*

DAE reported that Developmental modalities with the BOTT principle work. Ownership during and at the end of

implementation is important. It is essential to keep the project management process out of reach of government red tape, however. Lead agents and coordination at all levels remains important.

Should the Empowerment for Food Security Programme have been managed through a Developmental Trust, all procurement and expenditure would have had to be managed through the Steering Committee. It would have had more power and more of a legal basis to work from. Consequently, leveraged funds would have been available.

DAE suggested that think tank modalities which act as pilots for larger scale implementation also work, as the EFSP and KZN food security programmes have illustrated.

*The successful modality used in the implementation of the EFSP, which is currently implemented in 8 local municipalities, was audited and achieved an unqualified audit report. The EFSP has undergone a Mid-term Review, with this review and progress thus far in the EFSP being used as input into two planning sessions with Professor Luc d' Haese which culminated in a comprehensive plan for the remaining period of the EFSP. Gaps were identified and unpacked into a work-plan with specific activities, measurable targets and timeframes so as to ensure that the formulation report and key result areas are achieved. Specific attention was given to the alignment of the EFSP to the KZN Comprehensive Food Security Intervention. Although it was always the intention to extend the reach of the EFSP across the province, it has now, due to the current socio-economic climate and shift in provincial emphasis, become a matter of urgency that the EFSP feeds into the KZN Comprehensive approach during its implementation. This resulted in an aligned, adjusted and adapted approach to the two programmes wherein the EFSP is strengthened in order for it to remain as "laboratory" or think tank within its identified pilot areas. The EFSP will continue to develop best practice, do adaptive testing and develop material which will be applied directly within the comprehensive programme. [Interview DAE, March 2010]*

**Ownership:** Evidence of the SA government exercising leadership in directing and managing aid can be illustrated through the USAID PEPFAR programme:

There is a National negotiated contract:

- SA was involved in setting the targets and funding requirements.

- Provincial department had to then sign the SLA.
- Province reported on the targets and evaluated achievements.
- Province then reported to National. (Curtis, March 2010)

In the case of the KZN DEDT, effective ownership of the EU funds was established in the KZN DED, re-shaping the original project design and defining the criteria against which the resource would be allocated.

*Where the money is, you find the ownership. If we have to report on how we are spending it, then we will own the project... If the PMU and funds are with the department, this equals better ownership. However, if there is weak leadership – the job always falls to the same few people due to personal efficiencies with little or no passing on of the knowledge in the field. (DAE interview, March 2010)*

Factors deemed to negatively impact on ownership issues include political agendas, lack of understanding of legislative framework and ODA in general, not aligning priorities and trying to achieve synergies, government tender processes time consuming, financial budget cycle between government and donors not coinciding and funding not being in sync with budget planning processes when it is sought or offered. All these prevent effective government leadership (KZNDoH).

**Harmonisation:** In most of the projects reviewed there is limited coordination between donors. Within DOH, active management meetings, regular interactions, formal and informal communication channels are used to facilitate harmonisation. In the Department of Agriculture, Environmental Affairs and Rural Development in KZN it is evident that donor agencies do not coordinate and integrate.

It is supposed to be centrally coordinated in some way at the Office of the Premier, however, in order to ensure that the province receiving the aid is aware of amounts, projects, progress, etc. However, it is not noted locally that donor agencies communicate. For example:

*Flemish Food Security Project, Danish Training and Awareness and skills development... These two could maybe have had more impact if one training and skills development programme was developed.*

Steering committees, task teams, implementation teams and project management teams are established by all departments interviewed in an attempt to ensure harmonisation and coordination. 'Where duplication occurs, "double dipping" and political interference ... problems and negativity are experienced with beneficiaries' (DAE interview, March 2010).

### **Result-orientation in management and mutual**

**accountability:** ODA flows are managed for results in both DED and KZNDoH. Results are defined in the overall project log frame attached to the financing agreement and independently monitored.

The DEDT sector is accountable for the use of aid to treasury, the Executive Authority, Parliamentary standing committees and the ECD.

The DoH is accountable for reporting and spending in line with project or business plans only whilst the project is underway, and are not aware of sanctions should the donation or donor funded projects not be maintained or sustained by the department. The DoH advised that it is not easy or financially feasible to monitor and keep track of movement and utilisation of the donated items/equipment bought from donor funds.

The DAE reported that there is little evidence of hands-on management by the department. management by the Donor agency took place, working hand in hand with the department. There was, however,

*... a big effort to formulate business plans in a consultative manner. Different agendas, different pressures, make it difficult to ensure that one team operates at all times. (DAE interview March 2010).*

There are no mechanisms to ensure mutual accountability.

*Finger pointing takes place and accusing, blaming, complaining, reported. Steering committee meetings sometimes unpleasant... Lack of understanding, compromise and adjustment to change. (ibid)*

**The impact of aid:** In the case of Gijima KZN the project has met its objectives with regard to job creation, institutional development or strengthening, unlocking a stakeholder dialogue on LED and creation of learning systems amongst others.

Both DED and DoH believe that aid contributed to the achievement of the identified sector priorities, citing the Gijima case study and the Global fund TB and Aids programme, in which the following were undertaken with the funds:

- general training
- guidelines
- health promotion
- training of lay counsellors.

**ODA value-add:** All three departments cited capacity building as a key value-add.

*Empowerment and skills development. TA is a small part of it. Biggest benefit is to be found in the*

*capacity building of the beneficiary. ... This is what aid should be about. This is what we should measure ourselves on. (DAE interview, March 2010)*

Community members should be afforded ownership and also given training; they should have awareness training and trainers should, in turn, be trained. The EFSP has a training and awareness component and it is clear from many projects that the training is only sustainable if it can be applied practically on a daily basis.

The KZN DoH cited some funded projects that are used to pilot studies, but these are not always sustainable:

*Future costs tend to be high should the pilot be rolled out over extensive geographical areas. The pilots usually have staff implications, which the department*

*does not have money for. The department is also not in a position to offer permanent employment of the pilot workers, due to lack of funds and the resultant moratorium on the filling of posts. (KZNDoh)*

The model of piloting depends on what is tested. Drug trials favour longitudinal piloting, but this is expensive. Other pilots are done through sentinel and district sites (horizontal).

Funds should be used for the development of materials and conducting of training. This would include the development and printing of manuals and guidelines (e.g. the integrated MCWH and HIV and Aids guidelines) and lay counsellors should be trained through service providers, paid for by the donor.

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Persad, R: Director – Gijima KZN. Department of Economic Development and Tourism. KZN

Stephan, S: Director – Inter Governmental Relations, Office of the Premier. KZN

Wepenaar, L: Director – Department of Agriculture and Environmental Affairs. KZN



