

Evaluation of Budget Support in South Africa

Final Report
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by the European Commission and
the Government of South Africa*



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*The opinions expressed in this document represent the authors' points of view
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Evaluation of Budget Support in South Africa

Final Report

The report consists of 3 volumes:

Volume I: Main report

Volume II: Detailed information matrix

Volume III: Annexes

VOLUME I: MAIN REPORT

Executive summary

1. Introduction
2. Context
3. Key methodological elements
4. Answers to the evaluation questions
5. Conclusions
6. Recommendations

VOLUME II: DETAILED INFORMATION MATRIX

1. EQ 1 - Relevance and Design of SBS
2. EQ 2 - Policy Dialogue, TA and H&A
3. EQ 3 - Financial inputs
4. EQ 4 - Public Spending / Budget management
5. EQ 5 - Policy formulation & implementation processes
6. EQ 6 - Employment / Private sector development
7. EQ 7 - Water sector
8. EQ 8 - Access to Justice / legislative

VOLUME III: ANNEX 1 TO 6

1. Annex 1: Terms of Reference
2. Annex 2: Final Evaluation Matrix
3. Annex 3: Complementary information on the context
4. Annex 4: List of documents and sources of information
5. Annex 5: List of persons met
6. Annex 6: Glossary

Table of Contents

1	EQ1 – Relevance and Design of SBS	1
1.1	JC1.1 The objectives of the SBS operations have been defined - and have evolved - to respond to GoSA priorities and the country's needs	1
1.2	JC1.2 The objectives of the SBS operations have been defined - and have evolved - in line with the evolving overall strategic partnership between the EU and South Africa	28
1.3	JC1.3 The design of the SBS operations (duration, allocations, conditions, mix of inputs) responds to the challenges and specificities of the evolving context and takes into account best practices / transfer of lessons learnt	32
2	EQ2 – Policy Dialogue, TA and H&A	60
2.1	JC2.1 There is a pyramidal architecture of political and policy dialogue between SA and EU, which starts from the TDCA and Strategic Partnership and arrives to specific partnerships on development policies and programmes (i.e. the high level political dialogue feeds the policy dialogue and vice-versa the latter provides matter for extended dialogue and partnership) ..	60
2.2	JC2.2 The two parties manage the dialogue in a way that they bring in their own specific priorities, expertise and best practice so as to reinforce their respective roles and interests, taking into account the existing multi-level sectoral institutional framework.....	67
2.3	JC2.3 The technical assistance and broader capacity development activities incorporated in the SBS operations or provided through complementary projects respond to GoSA priorities and feed into policy dialogue process	73
2.4	JC2.4 SBS has increased the overall level of alignment of external aid with the government priorities.....	76
2.5	JC2.5 Increased reliance on SBS has led to reductions of transaction costs for both the government and the EU	79
2.6	JC2.6 SBS has promoted / facilitated the attainment of increased levels of co-ordination and complementarity between EU funded SBS operations, other EU programmes and other donors' programmes (namely EU MS, and USAID)	81
3	EQ3 – Financial Inputs	83
3.1	JC3.1 Increased size and share of external funding subject to the GoSA budgetary process (budget cycle, financial management and procurement systems)	83
3.2	JC3.2 Improved predictability of aid flows.....	96
3.3	JC3.3 Increased size and share of the government budget available for additional spending	112
4	EQ4 – Public Spending / Budget management	121
4.1	JC 4.1 Strategic budget management, budget efficiency, transparency and oversight have improved, according to PEFA and basic transparency criteria	121
4.2	JC4.2 The allocative capacity has improved, allowing innovation and experimentation, including the PFM support at decentralised levels and budget provisions for non-State actors (NSAs).....	142
4.3	JC4.3 SBS has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities.....	145
5	EQ5 – Policy formulation / implementation processes	149
5.1	JC5.1 Strengthening of policies and policy processes linked to the interaction with - and/or lessons learned through - the implementation of initiatives / programmes supported through SBS (e.g. feedback and/or mainstreaming within policies of pilot or risk-taking and/or capacity building initiatives)	149
5.2	JC5.2 Strengthening of public sector institutional and technical capacities (dti, MoH, Water, S&T...), including support to provincial and local governments, linked to the implementation of initiatives / programmes supported by SBS	160
5.3	JC5.3 Enhanced multi-actor partnerships including consultation / participation mechanisms involving non-state actors and improved transparency and accountability of the institutions involved, linked to the implementation of initiatives / programmes supported through SBS	174

5.4	JC5.4 Enhanced quality and quantity of goods and services provided by the public sector, in the sub-sectors supported by SBS, namely through the use of the experimentations and/or supplementary experiences linked to the implementation of initiatives / programmes supported by SBS	184
5.5	JC5.5 Strengthening of M&E capacities and systems, namely in the framework of the experimentations and/or supplementary experiences linked to the implementation of initiatives / programmes supported by SBS	190
5.6	JC5.6 SBS has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities.....	197
6	EQ6 – Employment & Private Sector Development.....	202
6.1	JC6.1 Improved employability and employment especially among HDPs (unskilled, women, youth, disabled).....	202
6.2	JC6.2 Increased public & private sector investment, overall and in priority sectors	210
6.3	JC6.3 Increased and diversified economic activity focusing in particular on SMMEs and BEE entrepreneurs.....	213
6.4	JC6.4 Improved competitiveness of the SA economy and improved trade outlook.	217
6.5	Analysis of determining factors - JC6.1 Improved employability and employment especially among HDPs (unskilled, women, youth, disabled)	219
6.6	Analysis of determining factors - JC6.2 Increased public & private sector investment, overall and in priority sectors	221
6.7	Analysis of determining factors - JC6.3 Increased and diversified economic activity focusing in particular on SMMEs and BEE entrepreneurs	223
6.8	Analysis of determining factors - JC6.4 Improved competitiveness of the SA economy and improved trade outlook.....	225
7	EQ7 – Water	226
7.1	Equitable access to basic water supply and sanitation services (JC7.1)	226
7.2	JC7.2 Improved access to clean water and efficient use of water resources.....	237
7.3	JC7.3 CSOs and community representatives effectively participate in water sector policy development and implementation	244
7.4	JC7.4 Gender equality in the water and sanitation sector	252
8	EQ8 - Access to Justice / legislative.....	260
8.1	JC8.1 In the areas of implementation of the <i>Access to Justice</i> and Constitutional Rights programme, in the period of time covered by the programme (including its preparation and its follow up), <i>Access to Justice</i> improved including restorative justice mechanisms for vulnerable and marginalised groups	260
8.2	JC8.2 In the areas of implementation of the <i>Access to Justice</i> and Constitutional Rights programme, in the period of time covered by the programme (including its preparation and its follow up), awareness and knowledge of constitutional rights in South Africa improved for vulnerable and marginalised groups	264
8.3	JC8.3 In the areas of implementation of the <i>Access to Justice</i> and Constitutional Rights programme, in the period of time covered by the programme (including its preparation and its follow up), participatory democracy has been enhanced through public policy dialogue and strengthening the capacity of Civil Society Organisations (CSOs)	265
8.4	JC8.4 In the period of time covered by the Legislative Sector Policy Support programme (including its preparation and its follow up), public participation has deepened and representation in Parliament and Provincial Legislatures has improved	268
8.5	JC8.5 In the period of time covered by the Legislative Sector Policy Support programme (including its preparation and its follow up), oversight skills and law-making roles of National and Provincial parliaments have improved.	271
8.6	JC8.6 In the period of time covered by the Legislative Sector Policy Support programme (including its preparation and its follow up), human and financial resource management has become more efficient and effective	273

- 8.7 JC8.7 In the period of time covered by the Legislative Sector Policy Support programme (including its preparation and its follow up), the Parliament has strengthened its role for strategic and democratic guidance274

List of tables

Table 1	Main GoSAs priorities and country needs identified in CSPs/MIPs and links with main areas and objectives of co-operation	4
Table 2	Private sector/ Employment - Overview of main national sector priorities	7
Table 3	Private sector/ Employment - References made in BS documents to main national sector priorities	8
Table 4	Private sector/ Employment - Summary overview of GoSA strategies/instrument/actions supported by SBS operations	9
Table 5	Water - Overview of main national sector priorities	11
Table 6	Water - References made in BS documents to main national sector priorities	13
Table 7	Governance - Overview of main national sector priorities	14
Table 8	Governance - References made in BS documents to main national sector priorities	15
Table 9	Health - Overview of main national sector priorities	16
Table 10	Health - References made in BS documents to main national sector priorities	16
Table 11	Education - Overview of main national sector priorities	18
Table 12	Education - References made in BS documents to main national sector priorities	19
Table 13	Urban development - Overview of main national sector priorities	19
Table 14	Urban development - References made in BS documents to main national sector priorities	22
Table 15	MSB: correspondence between objectives, conditions applied and sector priorities	24
Table 16	The various dialogue areas in 2011	29
Table 17	Main references to the overall strategic partnership in CSPs/MIPs and links with main areas and objectives of co-operation	30
Table 18	Overview of type of BS inputs provided over the evaluation period	33
Table 19	Content of TA/CD and type of inclusion in FA	37
Table 20	Risk Capital Facility I - complementary information on TA/CD	38
Table 21	Risk Capital Facility II - complementary information on TA/CD	38
Table 22	SWEEP I & II - complementary information on TA/CD	39
Table 23	Employment creation - complementary information on TA/CD	39
Table 24	Innovation for Poverty Alleviation - complementary information on TA/CD	41
Table 25	MSB I - complementary information on TA/CD	41
Table 26	MSB II - complementary information on TA/CD	42
Table 27	MSB III - complementary information on TA/CD	43
Table 28	The e-justice programme - complementary information on TA/CD	43
Table 29	LSPSP - complementary information on TA/CD	44
Table 30	Access to Justice - complementary information on TA/CD	44
Table 31	Partnerships for Health II - complementary information on TA/CD	45
Table 32	Primary Health Care Sector Policy Support - complementary information on TA/CD	45
Table 33	Primary Education Sector Policy Support - complementary information on TA/CD	46
Table 34	Urban Development Support to eThekweni Municipality - complementary information on TA/CD	46

Table 35	Support to Urban Renewal Programme in Eastern Cape - complementary information on TA/CD	48
Table 36	Evolution in the type of general conditions	49
Table 37	Evolution in the type and number of specific conditions.....	50
Table 38	Evolution in the type and number of key performance indicators.....	52
Table 39	Main evolutions in BS provided in the sector.....	53
Table 40	Overview of total receipts of RDP account, FYs 2000/01 – 2011/12, million Rand	87
Table 41	RDP account, receipts from the EU as percentage of total amounts recorded, FYs 2000/01 – 2011/12, million Rand (IDC data & audited reports).....	87
Table 42	% of EU SBS receipts out of total EU receipts & of total donor receipts flowing to the RDP account, FYs 2000/01 – 2011/12, Rand	88
Table 43	% of RDP receipts to total ODA flows to South Africa, 2000 – 2011, million Rand	88
Table 44	Development Partners use of RDP Fund mechanism in 2009-2010.....	89
Table 45	Total ODA flows to South Africa, 2000-2011, USD millions	90
Table 46	Baselines and Targets for 2010 (Paris Declaration indicator 5a & 5b).....	91
Table 47	How Much Aid for the Government Sector Uses Country Systems?	92
Table 48	Donor Funds and the Use of National Procedures (Rand, million)	94
Table 49	Budget for FMIP II – Financing Agreement	95
Table 50	Overview of financial inputs: planned amounts and paid amounts	98
Table 51	Synthetic overview of delays in payment of tranches.....	100
Table 52	Forecasted and paid amounts in relation to EU SBS operations (million €).....	102
Table 53	Baselines and Targets for 2010 (Paris Declaration indicator 7)	109
Table 54	Monitoring the Paris Declaration: Disbursement on schedule and recorded by government.....	110
Table 55	Are disbursements on schedule and recorded by government?	111
Table 56	Scores on Donor Practice PEFA Indicator D2	112
Table 57	Additional Allocations over the period 2000-2011, R million	114
Table 58	Additional expenditure as percentage of total national expenditures over the period 2001-2011, R million.....	116
Table 59	Size and share of SBS committed funds in relation to additional allocations overall and for selected sectors (selected budget lines), 2000-2011, R million	118
Table 60	Share of SBS committed funds as % of total additional funds (GoSA additional allocations plus SBS committed funds), 2001-2011	120
Table 61	Summary of PEFA Scores as reported in the 2008 report covering the period 2005/06-2007/08 - Indicators 5 to 10.....	124
Table 62	Summary of PEFA Scores as reported in the 2008 report - Indicators 13 to 21	127
Table 63	Summary of PEFA Scores as reported in the 2008 report - Indicators 22 to 24	130
Table 64	Summary of PEFA Scores as reported in the 2008 report - Indicators 26 to 28	132
Table 65	Broad objectives and Examples of projects funded by MSB.....	162
Table 66	Key milestones of the Risk Capital Facility	184
Table 67	PrimEdu: Changes in sources of verification of KPIs	195
Table 68	Selected Key Performance Indicators (KPIs) drawn from SBS Financing Agreements in the Employment & Private sector area.....	207
Table 69	GEAR, government deficit and investment, targeted versus actual	210
Table 70	Corporate income tax payers by firm size category. All enterprises	214
Table 71	Corporate income tax payers by firm size category. Manufacturing only.....	214

Table 72	Fixed effects estimates of the impact of water sector related expenditure and population size on access to water and toilet facilities	231
Table 73	Fixed effects estimates of the impact of water sector programmes on access to water and toilet facilities	232
Table 74	MSB III - KPI 10.3: Involving communities in water resources management	246
Table 75	MSB III - KPI 9.4 “% of Irrigation Boards Transformed to Water User Associations”	249
Table 76	Women in Top Management positions in the DWA 2000/01 - 2011/12	254
Table 77	Women in Senior Management positions in the DWA 2000/01 - 2011/12	254
Table 78	Women in the SASCO category “Legislators, senior officials and managers” 2000/01 - 2011/12	255
Table 79	Comparison of the percentage of women and men spending more than one hour fetching water every week (provincial and national level)	259

List of figures

Figure 1	Evolution of the policy and political environments during the evaluation period	1
Figure 2	Policy Dialogue Architecture	61
Figure 3	Ratio of RDP receipts to total ODA flows to South Africa, for the EU, for all donors and for all donors excluding the United States, 2000–11	86
Figure 4	Trends in total national expenditure and additional allocations over the period 2000/01-2011/12, R million (nominal) and trends of share of additional allocations as % of total national expenditure	117
Figure 5	South Africa rank and score in the Open Budget Survey (2006-2012)	125
Figure 6	Towards integrated planning and budgeting	139
Figure 7	IPA - Expenditure in R' billion	143
Figure 8	Employment ('000s, left hand axis), official unemployment rate, labour absorption and labour force participation (% , right hand axis) in South Africa	203
Figure 9	Employment in South Africa, '000s	203
Figure 10	Formal non-agricultural employment changes between 2006 and 2012 by sector,	204
Figure 11	Female employment, '000s	204
Figure 12	Job opportunities provided by the EPWP	205
Figure 13	Person years of work, including training, provided by the EPWP	206
Figure 14	Percentage of job opportunities for the youth, women and those with disabilities	206
Figure 15	Person years of training - EPWP	208
Figure 16	Average yearly growth rate of employment by education type	209
Figure 17	Change in numbers of graduates, and numbers employed by degree subject, 2000-2007	209
Figure 18	Real GDP and public sector economic infrastructural investment (gross) and fixed capital stock	210
Figure 19	Gross Fixed Capital Formation by category, 2005 percentage change year-on-year	211
Figure 20	Annual changes Gross Fixed Capital Formation by category, 2005 prices, 3-year moving average	212
Figure 21	Bank credit exposure to SMEs, levels (LHS) R'000s, proportion of total exposure (RHS)	212
Figure 22	Proportion of firms reporting access to finances as an obstacle to business, by firm size	213
Figure 23	Proportion of people employed by firm size category	215

Figure 24	Share of top and senior managers who are black or female.....	216
Figure 25	Spending on PPPs, R'000,000s, private sector contribution.....	216
Figure 26	Trends in competitive measures, World Economic Forum (WEF) and International Institute for Management Development (IMD), global rankings (left hand axis) and proportion (right hand side)	217
Figure 27	Exports and imports as a share of GDP	218
Figure 28	Exports since 1980	218
Figure 29	Ranking in terms of labour market competitiveness (out of 142 countries).....	220
Figure 30	Percentage of households with access to piped water (provincial and national level).....	228
Figure 31	Percentage of households that have no toilet facility or were using a bucket toilet (provincial and national level).....	228
Figure 32	Proportion of schools with no access to water (provincial and national level)	234
Figure 33	Percentage of households paying for water (provincial and national level)	236
Figure 34	Average number of new cases of children (under 5) with diarrhoea per 1000 children (provincial and national level)	238
Figure 35	Comparison of diarrhea incidence under 5 and blue drop score.....	239
Figure 36	Percentage of households with water from the main source not safe to drink (provincial and national level)	241
Figure 37	Percentage of households that rated the water quality provided by the municipality as good, 2011	241
Figure 38	Increase in the proportion of women in DWA Top and Senior Management positions 2001/02 - 2011/12	254
Figure 39	Increase in the proportion of women in the SASCO category "Legislators, senior officials and managers" 2002/03 - 2011/12	255
Figure 40	Percentage of women spending more than five hours to fetch water every week (provincial and national level).....	259

List of boxes

Box 1	Design of SBS operations— specificities of the Urban Renewal sector	35
Box 2	Sector dialogue in South Africa - the case of the Water sector.....	64
Box 3	Sector dialogue in South Africa - the case of the Health sector	64
Box 4	Linkages between political and policy dialogue - the case of the Governance sector.....	67
Box 5	Sector dialogue: how the two parties have managed the dialogue? The case of the Water sector.....	70
Box 6	The DfID-implemented SARRAH programme	74
Box 7	Mini case study: Financial Management Improvement Programme (II)	135
Box 8	Examples of activities managed by DBE or DHET which were supported by the PrimEdu SBS operation	152
Box 9	Results of capacity development activities carried out in the health sector under the Partnership for Health programme (from the 2011 Impact assessment study)	166
Box 10	The case of the Health programme - the role of SBS as a catalyser for innovative initiatives and synergies between SBS and the TDCA facility	199
Box 11	The role of the Expanded Public Works Programme (EPWP) in creating jobs	205
Box 12	The role of infrastructure investment in South African economic growth	222
Box 13	The deleterious effect of South African collective bargaining institutions on smaller firms: the case of the Newcastle clothing firms.....	225
Box 14	Background information on access to a basic water supply facility and access to a basic sanitation facility.....	227

Box 15	Overall approach adopted in the quantitative econometric analysis	229
Box 16	Specifications used for the quantitative econometric analysis	229
Box 17	Background information on access to a basic water supply facility and access to a basic sanitation facility in schools.....	233
Box 18	Background information on number of households who pay for water	236
Box 19	Background information on the quality of the water consumed by domestic users.....	240
Box 20	Background on the involvement of CSO in the water sector.....	244
Box 21	Case study on Citizens' Voice (Water sector)	247
Box 22	Background on Water User Associations	248
Box 23	Background information on gender equality in the water and sanitation sector	252
Box 24	Narrative 1 - Restorative justice: FHR contribution to co-operation on policy innovation between government departments	262
Box 25	Narrative 2 - "story telling" as means of assessing impact at individual level.....	262
Box 26	Narrative 3 - The level of Community Based Organisations – Orange Farm Human Rights Advice Centre.....	266
Box 27	Narrative 4: voices of CSOs about capacity development provided through FHR	267
Box 28	Narrative 5: Equal Education – "participatory democracy" and new models of creating political incentives on Government	268

List of acronyms and abbreviations

ABM	Area-Based Management
ABMDP	Area-Based Management and Development Programmes
ACIP	Accelerated Community Infrastructure Programme
ACP	Africa, Caribbean and Pacific countries
ADM	Amathole District Municipality
ADRM	Alternative Disputes Resolution Mechanism
AFD	Agence Française de Développement
AfDB	African Development Bank
AG	Auditor General
AGSA	Auditor General of South Africa
AIDCO	EuropeAid Cooperation Office
AIDS	Acquired immunodeficiency syndrome
ALP	African Legislatures Project
AMD	Acid mine drainage
ANA	Annual National Assessment
ANC	African National Congress
ANDM	Alfred Nzo District Municipality
APP	Annual Performance Plan
ARV	Antiretroviral medicines
ASGISA	Accelerated Shared Growth Initiative of South Africa
BAS	Basic Accounting System
BBBEE	Broad Based Black Economic Empowerment
BCM	Buffalo City Municipality
BE	Belgium
BEE	Black Economic Empowerment
BOTT	Build, Operate, Train Transfer
BPO	Business Process Outsourcing
BS	Budget Support
BUSA	Business Unity South Africa

CABRI	Collaborative Africa Budget Reform Initiative
CAO	Community Advise Officer
CAPS	Curriculum and Assessment Policy Statement
CBO	Community based organisations
CCG	Community caregivers
CCI	Cross-cutting issues
CD	Cooperation Development
CDC	Centres for Disease Control and Prevention
CEE	Commission for Employment Equity
CFI	Consolidated Financial Information
CFO	Chief Financial Officer
CHAMSA	Chamber of Commerce and Industry South Africa
CHDM	Chris Hani District Municipality
CHW	Community health workers
CIPC	Companies and Intellectual Property Commission
CIPRO	Companies and Intellectual Property Registration Office
CMA	Catchment Management Agencies
COFOG	General Government Expenditure by Function
CoGTA	Cooperative Governance Traditional Affairs
COLLACOM	Collaboration Committee
COM	Communication (EU)
COSATU	Congress of South African Trade Unions
CPTD	Continuing Professional Teacher Development
CRIS	Common Relex Information System
CS	Civil Society
CSIR	Council for Scientific and Industrial Research
CSO	Civil Society Organisations
CSP	Country Strategy Paper
CSSP	Civil Society Support Programme
CWP	Community Works Programme
CWSSRU	Community Water Supply and Sanitation Research Unit
DANIDA	Danish International Development Agency
DBE	Department of Basic Education
DBSA	Development Bank of South Africa
DCI	Development Co-operation Instrument
DCoG	Department: Cooperative Governance
DCR	Development Cooperation Report
DEAT	Department of Environmental Affairs and Tourism
DEVCO	(EU) Directorate General for Development Cooperation - EuropeAid
DfID	(the United Kingdom) Department for International Development
DG	Directorate General
DHB	District Health Barometer
DHET	Department of Higher Education and Training
DHIS	District Health Information System
DHLGTA	Department of Housing, Local Government and Traditional Affairs
DHS	District Health System
DOA	Department of Agriculture
DoE	Department of Education
DoH	Department of Health
DoJCD	Department of Justice and Constitutional Development
DoL	Department of Labour
DoRA	Division of Revenue Act
DP	Development Partner
DPE	Department of Performance and Evaluation
DPLG	Department Provincial and Local Government
DPME	Department of Performance Monitoring and Evaluation

DPSA	Department of Public Service and Administration
DST	Department of Science and Technology
dti	Department of Trade and Industry
DWA	Department of Water Affairs
DWAF	Department of Water Affairs and Forestry
DWQ	Drinking Water Quality
EC	European Commission
ECD	Early Childhood Development
ECF	Employment Creation Fund
EDF	European Development Fund
EE	Equal Education
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIDD	Enterprise and Industry Development Division
EIMS	Environmental Impact Management Services
EMA	ethikwini Municipality
EMIS	Education Management Information System
EMS	Emergency Medical Services
ENE	Estimates of National Expenditures
EPA	Economic Partnership Agreement
EPRC	Economic Policy Research Co-ordination
EPWP	Expanded Public Works Programme
EQ	Evaluation Question
ESETA	Energy Sector Education / Training Authority
ESKOM	Electricity Supply Commission of South Africa
EU	European Union
EUD	Delegation of the European Union
EUR	Euro
eWQMS	electronic water quality management system
EXCO	Executive Committee
FA	Financing Agreements
FBW	Free Basic Water
FBWSIP	Free Basic Water Special Intervention Programme
FFC	Fiscal and Financial Commission
FHR	Foundation for Human Rights
FMIP	Financial Management Improvement Programme
FMPA	Financial Management of Parliament Act
FTE	Full-time Equivalent
FY	Financial Year
GAVI	Global Alliance for Vaccines and Immunisation
GBS	General Budget Support
GDP	Gross domestic product
GEAR	Growth, Employment and Redistribution Strategy
GEF	Global Environment Facility
GEM	Global Entrepreneurship Monitor
GES	Growth and Empowerment Strategy
GFATM	Global Fund to Fight AIDS, Tuberculosis and Malaria
GFCF	Gross fixed capital formation
GFS	Government Finance Statistics
GHS	General Household Survey
GIS	Geo-Information Society
GNP	Gross national product
GoSA	Government of South Africa
GP	General Practitioners (Health sector)
GWMEF	Government Wide Monitoring and Evaluation Framework

H&A	Harmonisation and Alignment
HDI	Historically Disadvantaged Individual
HDP	Highly disadvantaged persons
HEI	Higher Education Institution
HEMIS	Higher Education Management Information System
HIS	Health Information System
HIV	Human immunodeficiency virus infection
HMIS	Human Resource Management Information System project
HO	Head Office
HQ	Headquarters
HR	Human Resource
HRD	Human Resource Development
HRMIS	Human Resource Management Information System
HSRC	Human Sciences Research Council
IA	Implementing Agent
IB	Irrigation Boards
ICT	Information and Communication Technology
IDASA	Institute for Democracy in Africa
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IEAP	Integrated Economic Action Plan
IEC	Independent Electoral Commission
IGR	Inter-Government Relations
IMD	International Institute for Management Development
IMS	Integrated Manufacturing Strategy
INTOSAI	International Organisation of Supreme Audit Institutions
IO	International Organisation
IPA	Innovation for Poverty Alleviation
IPAP	Industrial Policy Action Plan
IRG	Internal Reference Group
IRSDS	Integrated Rural Sustainable Development Strategy
IS	Integrated Scorecard
ISA	International Standards on Auditing
ISPFTED	Integrated Strategic Planning Framework for Teacher Education and Development
ISRDP	Integrated Sustainable Rural Development Programme
ISWSIP	Implementing Sustainable Water Service Institutions Programme
IT	Italy
iTRUMP	Inner City Thekwini Regeneration and urban Management Programme
IWRM	Integrated Water Resource Management
IWSMF	Integrated Water Sector Management Forum
JAES	Joint Africa-Europe Strategy
JAP	Joint Action Plan
JC	Judgement Criterion
JCC	Joint Co-operation Committee/Councils
JCPS	Justice, Crime Prevention and Security Cluster
JIPSA	Joint Initiative for Priority Skills Acquisition
KBP	prefix for time series codes(South African Reserve Bank)
KFA	Key Focus Areas
KPA	Key Performance Area
KPI	Key Performance Indicator
KRA	Key Result Area
KZN	KwaZulu-Natal
LED	Local Economic Development
LFS	Labour Force Survey
LG	Local Government
LGBT	Lesbian, gay, bisexual, and transgender

LGS	Local Government Support
LGTAS	Local Government Turnaround Strategy
LHS	Left Hand Side
LINGO	Limpopo NGO coalition
LS	Legislative Sector
LSPSP	Legislative Sector Policy Support Programme
LSS	Legislative Sector Support
LTDF	Long-term strategic development framework
LTSM	Learner Teacher Support Material
M&E	Monitoring and Evaluation
MAAPS	Multi Annual Action Plan
MCC	Masibambane Co-ordinating Committee
MCDF	Motherwell Community Development Forum
MDG	Millennium Development Goals
MEC	Members of the Executive Council
MERS	Micro-Economic Reform Strategy
MFMA	Municipal Finance Management Act
MIDP	Motor Industry Development Plan
MIG	Municipal Infrastructure Grant
MinMEC	Centre for Policy Studies
MIP	Multi-annual Indicative Programme
MIS	Monitoring and Information System
MITT	Municipal Infrastructure Task Team
MOA	Memorandum of Agreement
MR	Monitoring Report
MS	Member States
MSB	Masibambane
MSME	Micro, Small and Medium Enterprises
MTBPS	Medium Term Budget Policy Statement
MTEC	Medium Term Expenditure Committee
MTEF	Medium Term Expenditure Framework
MTR	Mid-Term Review
MTSF	Medium Term Strategic Framework
MURP	Motherwell Urban Renewal Programmes
NA	National Assembly
NAO	National Authorising Officer
NBC	National Bargaining Council
NCOP	National Council of Provinces
NCPS	National Crime Prevention Strategy
NDOH	National Department of Health
NDP	National Development Plan
NDPG	Neighbourhood Development Partnership Grant
NEGP	New Economic Growth Plan
NEIMS	National Education Infrastructure Management System
NEPAD	New Partnership for Africa's Development
NFTN	National Foundry Technology Network
NGO	Non-Governmental Organisation
NGP	New Growth Path
NHI	National Health Insurance
NHS	National Health System
NIPF	National Industrial Policy Framework
NL	Netherlands
NMB	Nelson Mandela Bay
NMBMM	Nelson Mandela Bay Metropolitan Municipality
NPO	Non-profit Organisation
NPOS	Non-profit Organisation Services

NRDS	National Research and Development Strategy
NSA	Non State Actors
NSDA	Negotiated Service Delivery Agreement
NSDP	National Spatial Development Perspective
NSF	National Skills Fund
NSTF	National Sciences & Technology Forum
NSTT	National Sanitation Task Team
NT	National Treasury
NTI	National Tooling Initiative
NWRS	National Water Resource Strategy
NWSP	National Water Sector Plan
OBI	Open Budget Index
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OMS	Operational Management Support
OR Tambo	OR Tambo District Municipality
OVI	Objectively Verifiable Indicators
PAF	Performance Assessment Framework
PALAMA	Public Administration Leadership and Management and Leadership Academy
PCU	Project Coordination Unit
PDOH	Provincial Department of Health
PDPHCP	Partnership for the Delivery of Primary Health Care Programme
PEFA	Public Expenditure and Financial Accountability
PEPUDA	Prevention of Unfair Discrimination Act
PfHII	Partnership for Health II
PFM	Public Finance Management
PFMA	Public Finance Management Act
PGD	Provincial Growth and Development Strategies
PGDP	Provincial Growth and Development Programme
PHC	Primary Health Care
PIU	Project/Programme Implementation Unit
PMG	Parliamentary Monitoring Group
PMTCT	prevention of mother to child transmission
PMU	Project/Programme Management Unit
POA	Programme of Action
POETIC	Unit in charge of political and economic analyses at the EUD to South Africa
POMS	Performance Orientated Monitoring System
PPP	Public-private partnerships
PSC	Project Steering Committee
PSD	Private Sector Development
PSP	professional service provider
PSPPPD	Programme to Support Pro-Poor-Policy Development
PSTICB	Programme for ST Innovations and Capacity Building
PSTT	Provincial Sanitation Task Teams
PWSP	Provincial Water Sector Plans
QIDS- UP	Quality Improvement, Development, Support and Upliftment Programme
QLFS	Quarterly Labour Force Survey
RBIG	Regional Bulk Infrastructure Grant
RCF	Risk Capital Facility
RDP	Reconstruction Development Programme
RG	Reference Group
RHS	Right Hand Side
ROM	Result-Oriented Monitoring
RPMS	Regulatory Performance Management System
S&T	Science and Technology
SA	South Africa

SACU	Southern African Customs Union
SADC	Southern African Development Community
SAICE	South African Institution of Civil Engineering
SALGA	South African Local Government Association
SALS	South African Legislatures
SALSA	Secretaries' Association of the Legislatures of South Africa
SAMA	South African Medical Association
SAMAF	South Africa Microfinance Apex Fund
SANAC	South African National Aids Council
SANS	South African National Standards specifications
SAPS	South African Police Service
SARRAH	South Africa's Revitalised Response to HIV and Health
SARS	South African Revenue Service
SASCO	South African Standard Classification of Occupations
SBP	Small Business Project
SBS	Sector Budget Support
SBU	Strategic Business Units
SCOPA	Standing Committee on Public Accounts
SDI	Spatial Development Initiative
SEDA	Small Enterprise Development Agency
SEFA	Small Enterprise Finance Agency
SEIFSA	Steel and Engineering Industries Federation of South Africa
SETA	Skills Education Training Authorities
SF	Speakers' Forum
SFWS	Strategic Framework for Water Services
SIP	Special Intervention Programme
SME	Small and Medium Enterprises
SMME	Small, Micro and Medium-sized Enterprises
SN	Sub-national
SNG	Sub-national government
SP	Strategic Partnership
SPSP	Sector Policy Support Programme
SSP	Student Sponsorship Programme
SWAp	Sector Wide Approach
SWEEEP	Sector Wide Enterprise, Employment and Equity Programme
TA	Technical Assistance
TA/CD	Technical Assistance / Capacity Development
TAC	Treatment Action Campaign
TAP	Technical and Administrative Provisions
TAU	Transvaal Agricultural Union
TB	Tuberculosis
TC	Technical co-operation
TDCA	Trade and Development Cooperation Agreement
TIPS	Trade and Industrial Policy Strategies
TLR	Training, Learning and Research
TOC	Technical and Operations Coordinator
TOR	Terms of Reference
TSF	Technical Support Facility
TYIP	Ten Year Innovation Plan
TYPI	Ten-Year Plan on Innovation
UDF	Urban Development Framework
UK	United Kingdom
UN	United Nations
UNAIDS	United Nations Programme on HIV/AIDS
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

UNESCO	United Nations Educational, Scientific and Cultural Organization
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UR	Urban Renewal
URP	Urban Renewal Programme
URS	Urban Renewal Strategy
USAID	United States Agency for International Development
USD	United States Dollar
VAT	Value Added Tax
VCT	voluntary counselling and testing
VER	voluntary export restrictions
VIP	Ventilated Improved Pit
WATSAN	Water and Sanitation
WC/DM	Water Conservation and Demand Management
WC/WDM	water conservation and water demand management
WCDM	Western Cape Metropolitan Division
WEDC	Water, Engineering and Development Centre
WEF	World Economic Forum
WfGD	Water for Growth and Development Framework
WFP	World Food Programme
WHO	World Health Organisation
WinSA	Water Information Network - South Africa
WMA	Water Management Area
WRC	Water Research Commission
WRM	Water Resources Management
WS	Water Services
WSA	Water Services Authority
WSDP	Water Services Development Plan
WSLG	Water Sector Leadership Group
WSP	Water Safety Plan
WSS	Water Supply and Sanitation
WSSLG	Water Services Sector Leadership Group
WS-SSP	Water services sector support programme
WUA	Water User Associations
ZAR	South Africa Rand

1 EQ1 – Relevance and Design of SBS

Evaluation Question 1: To what extent did the design of the budget support interventions respond to the specificities of the political, economic and social South African context, to the government’s policy and aid framework and to the SA-EU Strategic Partnership?

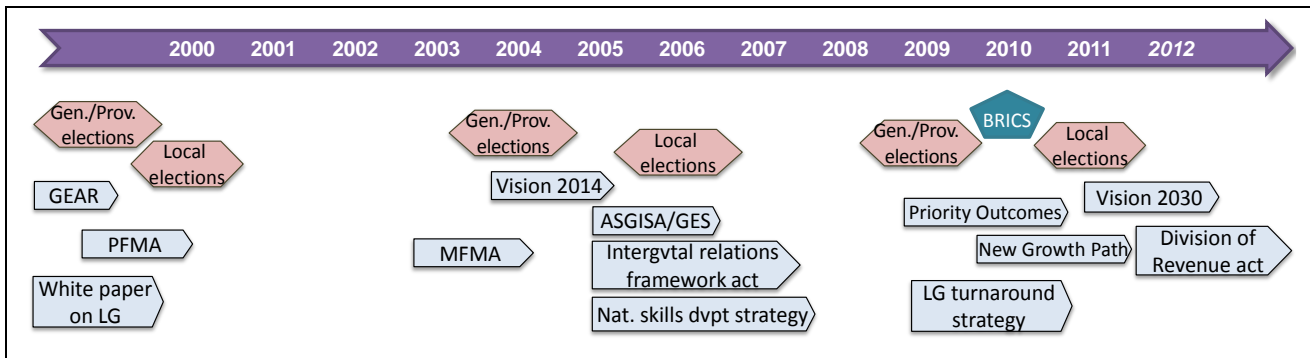
1.1 JC1.1 The objectives of the SBS operations have been defined - and have evolved - to respond to GoSA priorities and the country’s needs

Introduction – Main evolution of the GoSA priorities and the country’s needs

This section serves to identify the broad outlines of the GoSA priorities. In a second step it shall be reviewed to which extent these priorities are reflected in the EU/SA CSP.

Overall, the GoSA has tackled economic growth, unemployment and poverty in a comprehensive and targeted way (see Figure 1).

Figure 1 Evolution of the policy and political environments during the evaluation period



Source: *Particip analysis*

The main goals pursued by GoSA during most of the evaluation period are outlined in the 2004 ten-year vision for South Africa ('**Vision 2014**'), the related Medium Term Strategic Framework (MTSF) 2004-09 and the following MTSF (MTSF 2009-14).

It is also noteworthy that, in mid-2005, GoSA embarked on a new strategy commonly referred to as the Accelerated and Shared Growth Initiative (ASGISA). Three subsequent documents were key to setting the policy framework since: (i) the Priority Outcomes¹, which were introduced in 2009; (ii) the New Growth Path², which was released at the end of 2010; and (iii) the vision 2030 approved in 2012.

Thabo Mbeki's manifesto of 2004³ summarises the main goals of the **Vision 2014** as follows:

- Reduce unemployment by half through new jobs, skills development, assistance to small businesses, opportunities for self-employment and sustainable community livelihoods. Reduce poverty by half through economic development, comprehensive social security, land reform and improved household and community assets.
- Provide the skills required by the economy, build capacity and provide resources across society to encourage self-employment with an education system that is geared for productive work, good citizenship and a caring society.
- Ensure that all South Africans, including especially the poor and those at risk - children, youth, women, the aged, and people with disabilities - are fully able to exercise their constitutional rights and enjoy the full dignity of freedom.
- Compassionate government service to the people; national, provincial and local public representatives who are accessible; and citizens who know their rights and insist on fair treatment and efficient service.
- Massively reduce cases of TB, diabetes, malnutrition and maternal deaths, and turn the tide against HIV and AIDS, and, working with the rest of Southern Africa, strive to eliminate malaria, and improve services to achieve a better national health profile and reduction of preventable causes of death, including violent crime and road accidents.

¹ <http://www.thepresidency.gov.za/pebble.asp?relid=1905>

² <http://www.thepresidency.gov.za/pebble.asp?relid=2323>

³ <http://www.anc.org.za/elections/2004/manifesto/manifesto.html#vision>

- Significantly reduce the number of serious and priority crimes as well as cases awaiting trial, with a society that actively challenges crime and corruption, and with programmes that also address the social roots of criminality.
- Position South Africa strategically as an effective force in global relations, with vibrant and balanced trade and other relations with countries of the South and the North, and in an Africa that is growing, prospering and benefiting all Africans, especially the poor.

These strategic objectives are broken down into targets for the first five years under the themes:

- a growing economy;
- sustainable livelihoods;
- access to services;
- comprehensive social security;
- crime and corruption;
- constitutional rights and governance;
- Africa and the world.

The **MTSF 2004-2009** outlines the strategic priorities for the period:

- **Economic and fiscal policy trade-offs** are to be made with the ultimate goal of decreasing unemployment and stimulating growth; the choices to be made are specifically a) the balance between short-to-medium-term equity concerns and medium-to-long-term growth concerns; and b) between a range of alternative economic infrastructure investments and social investments in support of economic development.
- **Increasing the rate of investment** – the aim is to increase the gross fixed capital formation (GFCF) rate (GFCF per cent of GDP) from 16% to 25% over the upcoming decade. The MTSF presents main strategies for the support of both Private sector investment, and Public Sector Investment in Economic Services (especially transport and energy).
- **Facilitating economic activity within the second economy** to encourage economic activity among communities which are marginalized from the First Economy, ensure the acquisition of skills and facilitate sustainable livelihoods. This is to be done through Expanded Public Works Programme, Development of Small and Micro-Enterprises, Direct Facilitation of Job-creation, Skills Development and Work Experience, and Land Reform and Agricultural Support Programmes.
- **Preserving and developing human resources for and through economic growth** with the emphasis on reducing dependence on social grants at the same time as growing the economy and expanding access to economic opportunities. The strategy is addressing the Main Challenges in Social Services (housing, primary health care including HIV/AIDS, education), and the Needs and Changing the Balances in Welfare Support.
- **Improving State capacity for growth and development** is focussed on the improvement of the capacity of the state to implement its programmes, provide the necessary services and ensure requisite monitoring of the implementation process. The main objectives identified are improving the capacity of local government to provide the services for economic growth and development; ensuring consistent provision of information on opportunities – economic and otherwise – offered by democracy to the broad public, especially the poor and gathering and processing of data on socioeconomic activity across the board; and creating a new culture in the operation of government, informed by the concept of People's Contract.
- **Combating crime to facilitate economic growth** is to improve the quality of life of poor and vulnerable communities who are adversely affected by the social and economic effects of crime and to improve the investment environment.
- **International relations for growth and development** outlines main priorities for SADC Region and the Continent as a Whole, Strengthening Relations across the Globe, and Marketing South Africa.

The extension in the **MTSF 2009-14** concerned the identification of ten priority areas: growth, infrastructure, rural development, skills, health, rule of law, social cohesion, African and international co-operation, environment and democracy.

Main policies in selected sectors relevant over the evaluation period are presented in the following indicator.

1.1.1 I-111 References within the EU's CSPs and MIPs to the GoSAs priorities and country needs they intend to support

Overall, the main GoSA priorities were reflected in both CSPs covering the evaluation period, and both CSPs also clearly refer to specific GoSA policies and strategies in the main sectors/areas, which were relevant at the time of programming.

This is further detailed in the Table 1 below and is confirmed by the 2005 country level evaluation covering the CSP 2003-2006 which concludes: *“The EC co-operation programme does fit within South Africa’s development strategy, to the extent that the Government of South Africa is focused on achieving poverty alleviation, employment creation, and improved delivery of basic social services.”* The Mid-term review of the EU-SA CSP conducted in 2009 also concludes that *“the CSP continues to reflect the policy agenda and development priorities of the GoSA and the development objectives of the EC/EU and MS within the three specific areas indicated in the CSP”*. (MTR p.14)

Table 1 Main GoSAs priorities and country needs identified in CSPs/MIPs and links with main areas and objectives of co-operation

	CSP 2003-2006	CSP 2007-2013
Main areas and objectives of co-operation	<ul style="list-style-type: none"> • Area 1: Equitable access to and sustainable provision of social services Support for access to water and sanitation, health (HIV/AIDS, capacity building, primary health care), basic education and vocational training (support infrastructure and higher quality education) (p. 23f.). • Area 2: Equitable and sustainable economic growth Support microeconomic reform: Enhanced Policy & Regulatory Environment; Partnerships & Linkages Promoted; Improved access to economic opportunities; Improved access to science, technology, research and development; Enhanced accountability and governance; Enhanced institutional capacity of key stakeholders (p. 24f.). • Area 3: Deepening democracy Contribute to increased accountability and participation by strengthening the capacity of local councillors and officials, traditional leaders and community-based organisations to fulfil their mandates. A stronger interaction between local governments and provincial legislatures will also be supported (p. 25f.). • Area 4: Regional integration and co-operation Promote the active participation of SA in the regional integration process in the SADC region (p. 26). • Complementary areas or cross-cutting issues (CCI) CCI: HIV/AIDS; Capacity building; Civil society and other non-state actors involvement; Governance; Environment; Gender. 	<ul style="list-style-type: none"> • Area 1: Promote pro-poor, sustainable economic growth Focusing on generating employment, reducing inequality, developing skills and tackling social exclusion. • Area 2: Improve the capacity and provision of basic services for the poor Promote equitable access to social protection and social welfare service, health, HIV/AIDS, education, housing, and water & sanitation etc. at provincial and municipal level. • Area 3: Promote good governance State side: fighting crime, including corruption, and promoting safety, security and the rule of law. Non-state side: strengthening civil society and helping NGOs, CBOs, social partners etc. (p. 33). • Complementary areas or cross-cutting issues (CCI) Complementary: Science and technology; Regional and continental co-operation; Land reform; Sustainable resource management; TDCA-related financial support. CCI: Gender; Environment; HIV/AIDS; Capacity building; Good governance; Innovation (p. 34).
References to main GoSA priorities and country needs	<p><i>"The overall objective of the SA-EC strategy for the period 2003-06 is to support the SA policies and strategies to reduce inequality, poverty and vulnerability and to mitigate the HIV/AIDS pandemic and its impact on society."</i> (p. 7)</p> <p>Chapter 2 – The National Policy Agenda of SA outlines the main priorities of the GoSA as reflected in the main policy and strategy documents in various sectors.</p> <p><i>Progress made in stabilising the macro-economy and improving the management of public finances has enabled the Government to progress towards microeconomic reforms aimed at removing obstacles to higher growth, job creation and social development, as signalled by the President's 2002 State of the Nation address. However, maintaining macroeconomic stability alongside microeconomic reform remains a key objective in addressing the challenges of equitable and sustainable development. The strategy identifies: Cross-cutting issues [...] Input sectors [...] Priority sectors [...] Export sectors [...] Tax policy measures.</i> (p.10)</p> <p><i>In this context an Integrated Manufacturing Strategy (IMS) spearheaded by the Department of Trade and Industry has been developed.</i> (p.10)</p>	<p><i>"... [T]his joint country strategy has been drawn up by South Africa, the European Commission and EU member states... This approach reduces the transaction costs involved in setting up a programme and helps partners to arrive at a shared vision of development priorities. The resulting joint country strategy is broadly based on the South African government's own priorities, as well as on Commission and Member States policies."</i> (p. 2)</p> <p>Chapter 2 – The political, economic, social and environmental situation in SA discusses the country needs, occasionally referring to GoSA priorities or policies on general level.</p> <p>e.g. <i>"The government is committed to narrowing the enormous gap between rich and poor through a set of comprehensive policy measures such as employment generation, Black Economic Empowerment, skills development and social grants."</i> (p.10)</p> <p>The same chapter also outlines the medium-term challenges of the country, referring to the Vision 2014.</p> <p><i>"Over the next decade, South Africa needs to continue to follow a coherent and</i></p>

	CSP 2003-2006	CSP 2007-2013
	<p><i>The Government has also implemented the Integrated Sustainable Rural Development Programme (“ISRDP”) and an Urban Renewal Strategy (“URS”) to promote co-ordinated service delivery across the spheres of government to improve the lives of very poor communities and enhance progress in selected geographic areas. [...] The biggest challenge of the Government is to address the capacity limitations of provincial and local governments in project management. (p.10)</i></p> <p><i>The Government has also issued a Human Resource and Skills Development Strategy. This seeks to address the overall human resource and skills gap in order to enhance self-employment and provide the economy with the trained human resources required. (p.10)</i></p> <p><i>In line with its poverty reduction policy, the Government has also targeted 100% water supply and sanitation to its population by the year 2008 and 2010 respectively. The Health Sector Strategic Framework as well as the HIV/AIDS Strategic Plan for the period 2000-2005 set out key objectives in terms of quality of health services through the strengthening of the District Health and Primary Health Care Systems. (p.11)</i></p> <p><i>In addition to the Constitution and the Municipal Demarcation Act, the Municipal Structures and Systems Acts and the Division of Revenue Act together set the framework for the devolution of functions to local governments. (p.11)</i></p> <p><i>The Government prioritises safety and security by means of a comprehensive policy framework rooted in the National Crime Prevention Strategy (NCPS)(p.11)</i></p> <p><i>Combating corruption receives priority attention through the functioning of independent bodies such as the Public Protector, the Auditor General, and the Office for Serious Economic Offences and the Special Investigating Unit. (p.11)</i></p> <p>Chapter 3 – Analysis of the political and economic situation discusses the political, economic and social situation of SA reflecting the country needs, and outlining its medium-term challenges and in general terms government priorities in the main sectors.</p> <p>Chapter 5 – Response strategy outlines the priority areas for co-operation and cross-cutting issues, occasionally referring to specific policies or strategies of the GoSA.</p> <p>Area 1 <i>“The purpose is to support Government’s implementation of policies and strategies aimed at increasing access to and use of social services for poor people to improve their quality of life.” (p.23)</i> <i>“In Human resource development the EC will support the Government’s Human Resource development strategies ...” (p.24)</i></p> <p>Area 2 <i>“By supporting the sector-wide IMS and local development programmes</i></p>	<p><i>structured approach to tackling poverty, integrating it within sector policies, strategies, project activities and budgetary allocations. The vision for 2014 is to make South Africa a united, non-racial, non-sexist and democratic society.” (p. 19)</i></p> <p>Chapter 3 – SA’s national policy agenda discusses the national priorities in more detail.</p> <p><i>“Between 1996 and 2005, a number of government strategies and programmes have been devised to enhance and consolidate the social and economic transformation of South Africa by tackling poverty and vulnerability and by bridging the gap between the first and second economies. Initiatives have included the Integrated Sustainable Rural Development Programme, the Urban Renewal Programme, the Expanded Public Works Programme, the Comprehensive Agricultural Support Programme, the Municipal Integrated Development Plans, the Human Resource Development Programme and the National Skills Development Strategy. There has also been an increased focus on infrastructure spending in poor regions, developing SMMEs, pioneering an integrated manufacturing strategy, expanding micro-credit, developing skills and promoting black economic empowerment.” (p. 22)</i></p> <p>The following policies and strategies are referred to/discussed specifically in this chapter:</p> <ul style="list-style-type: none"> • Industrial policy; • Trade policy; • Accelerated and Shared Growth Initiative (ASGISA); • Growth and Empowerment Strategy (GES); • ten-year Programme of Action (POA) for Sustainable Growth and Development; • National Skills Development Strategy; • Broad-based Black Economic Empowerment; • Anti-Corruption Strategy; • White Paper on Environmental Management. <p>(pp. 22-25)</p> <p>Chapter 5 – Joint response strategy outlines the priority areas for co-operation and cross-cutting issues, occasionally referring to specific government policies or strategies (e.g. the ASGISA), but it is developed in less detail than in the previous CSP.</p>

	CSP 2003-2006	CSP 2007-2013
	<p><i>in selected areas, the EC will contribute to the following...</i> (p.24) <i>“The effort at national level will be coupled by interventions at local level, preferably in the areas identified by the SDIs, the URP and the IRSDS.”</i> (p.25)</p> <p>Area 3 <i>“The EC will support, inter alia, the implementation of the NCPS, the White Paper on Safety and Security and the Domestic Violence Act, especially in rural areas.”</i> (p.25)</p> <p>Area 4 <i>“SA has been involved in the preparation of the 9th EDF SADC Regional Indicative Programme and supports its proposed main objective of deepening regional economic integration and the development of transport services”</i> (p.26)</p> <p>Cross-cutting issues: <i>“Capacity building, not limited to training, but including mentoring and improvement of systems, will be linked and contribute to the overall system that has been established by the SA authorities (Skills Development Strategy and National Qualifications Framework).”</i> (p. 27)</p>	

1.1.2 I-112 References within the SBS formulation documents (including financing agreements and technical specifications) to the specific GoSAs priorities and country needs they intend to support

Overall, the review of the SBS formulation documents shows that there is extensive reference to the specific GoSAs priorities and country needs in these documents. The sub-sections below provide, for each sector, more details on:

- the GoSA priorities and strategies pursued in the sector, and
- how SBS provided by the EU in these sectors aligned to these priorities and strategies.

Private sector/ Employment

Table 2 Private sector/ Employment - Overview of main national sector priorities

Key policy/strategy document	Main priorities
Specific sector strategy	
1994: Reconstruction and Development Programme (RDP) ⁴	The RDP recognised the important link between reconstruction and development and proposed to enhance job creation through public works.
1996: GEAR ⁵	The policy had the following key goals: growth of 6% in the year 2000, inflation less than 10%, employment growth above the increase in economically active population, deficit on the current account and the balance of payments between 2 and 3%, a ratio of gross domestic savings to GDP of 21.5% in the year 2000, improvement in income distribution, relaxation of exchange controls and reduction of the budget deficit to below 4% of GDP. Three long term development strategies complemented GEAR: 1) the Micro-economic reform strategy , 2) the Integrated Manufacturing Strategy , 3) the Broad Based Economic Empowerment Strategy .
2002 National Research Development Strategy ⁶	The strategy consisted of three key priorities: 1) it established a cluster of innovation programmes, particularly in biotechnology, information technology, manufacturing technology and technology for poverty reduction. 2) it sought to strengthen and refocus state-funded science, engineering and technology research in areas of South African advantage (for example, in astronomy, palaeontology and indigenous knowledge) and in 'strategic basic' research areas that were related to areas of industrial and social need. 3) it proposed creation of a holistic basis for R&D policy by creating a clear distinction between the roles of sector departments (such as Agriculture and Health) and the Department of Science and Technology, which should play an integrative role across the whole of government.
2005 ⁷ : Accelerated and Shared Growth Initiative for South Africa (ASGISA) ⁸	The priority of the Accelerated and Shared Growth Initiative for South Africa (ASGISA) launched in February 2006 was to promote the "developmental state" whose foundation was to build on the macro-economic stability achieved through GEAR, and had the following specific goals: 1) to halve poverty and unemployment (from 28 per cent in 2004 to 14 per cent) in South Africa by 2014, 2) initial annual GDP growth rate of 4.5 per cent or higher rising to 6 per cent. In order to realise this priority, the GoSA put in place a Balanced Growth strategy, which aimed to encourage accelerated growth and identify the "binding constraints" which were reducing the capacity for the priorities to be realised. The GoSA also prioritised infrastructure development and projects and programmes were to be rolled out in an attempt to accelerate growth. Key areas of Government spending were identified, such as provincial and local roads, housing, energy distribution and business centres, that would assist the GoSA in halving unemployment and poverty. By so doing they would create jobs, through construction of infrastructure, therefore leading to income generation, and thus improved quality of life as a result. All of which

⁴ White Paper on Reconstruction and Development, 15 November 1994 (Notice No. 1954 of 1994). Government Gazette, No. 16805.

⁵ <http://www.treasury.gov.za/publications/other/gear/chapters.pdf>

⁶ <http://www.dst.gov.za/index.php/resource-center/strategies-and-reports/174-national-research-a-development-strategy-2002>

⁷ Actually launched formerly in February 2006.

⁸ <http://www.thepresidency.gov.za/pebble.asp?relid=390>

Key policy/strategy document	Main priorities
	<p>were part of the GoSA's priorities for the country. Different sectors were identified and policies put in place to aid the growth of these sectors, for example BBBEE in order to aid the growth of SMME's.</p> <p>In order to address the skills shortage in the country, a focus was also placed on education and skills development.</p> <p>Finally, the GoSA also put in place programmes to address the "Second Economy" which was created by the imbalance in the distribution of wealth and set aside funds targeting SMME's owned by previously disadvantaged individuals in an attempt to eradicate the second economy and bring about equity in the economy.</p>
2007: BBBEE Act (53/2003) ⁹	<p>The BBBEE Act was introduced in order to promote the right to equality, increase broad-based and effective participation of black people in the economy and promote a higher growth rate, increased employment and more equitable income distribution. The act was introduced to assist and promote black people's (which includes Africans, coloureds and Indians) participation in the economy. This would be done through encouraging ownership and management of companies by black people, and in return there would be incentives from the GoSA. Skills and training were to be given to black owned companies in order to make them competent and productive and one way of doing this was making access to finance easier for black owned/managed companies. This was particularly targeted for the rural areas in order to make the land more productive so as to contribute significantly to the South African economy and increase income generation and thus quality of life.</p>
2010 New Economic Growth Plan ¹⁰	<p>The New Economic Growth Plan (NEGP) was launched in 2010 in a bid to create 5 million jobs and to reduce unemployment from 25 per cent to 15 per cent by 2020. The strategy has a series of micro-and macro-economic measures aimed at helping the country reach its growth targets including the following:</p> <ul style="list-style-type: none"> • Ramping up competition policy to create a more equitable marketplace. • Creating and implementing an effective rural development policy. • Stepping up education and skills development, including a review of the training system. • Producing 30 000 more engineers by 2014 and 50 000 more artisans by 2015. • Promoting small businesses and entrepreneurship by creating a single agency to consolidate funding from Khula, SAMAF and the Industrial Development Corporation. • Revamping black economic empowerment, including incentivising job creation. • Developing more focused trade policies in order to identify better export opportunities. • The plan seeks to achieve its objectives through the establishment of strategic partnerships between the GoSA and the private sector and identifies infrastructure development as being key in supporting employment creation.

Table 3 Private sector/ Employment - References made in BS documents to main national sector priorities

BS intervention	References
Risk Capital Facility I	<p>The programme was designed to support sustainable employment creation and economic empowerment for previously disadvantaged individuals by providing both financial and non-financial support to SMEs and non-financial support to the Department of Trade and Industry (Annex B of Financing Agreement, page 19). The GoSA priorities to be addressed were as follows:</p> <ul style="list-style-type: none"> • Stimulation of job creation; • Income generation. <p>It also complemented the Integrated Economic Action Plan (IEAP) introduced in 2001 by President Mbeki (Annex B of Financing Agreement, page 27). This plan was a comprehensive framework for action by economic departments to accelerate Employment, Equity and Economic Growth¹¹.</p>
Risk Capital Facility II	<p>The programme aims to provide assistance and opportunities to historically disadvantaged people in the SMME sector. The main aim of the programme is to provide financial assistance to the SMMEs and include monitoring and mentoring facilities to aid the SMME's. It aimed at assisting <i>dti</i> in achieving the following goals</p>

⁹ <http://www.info.gov.za/view/DownloadFileAction?id=68031>

¹⁰ <http://www.info.gov.za/view/DownloadFileAction?id=135748>

¹¹ Alec Erwin, Minister of Trade & Industry, 2004 - <http://www.info.gov.za/speeches/2004/04021215461001.htm>

BS intervention	References
	<p>(Financing proposal, page 10):</p> <ul style="list-style-type: none"> • achieving higher levels of economic growth; • creating employment; • reducing levels of inequality. <p>This programme also formed congruence with RCF 1.</p>
SWEEEP I & SWEEEP II	<p>The programmes were designed to assist the implementation of GoSA's overall Micro-Economic Reform Strategy (MERS) objectives, and to support the dti in particular, in their Integrated Manufacturing Strategy (IMS) and other strategies for SMME development as well as the BEE policy (SWEEEP 1, Financing Agreement, Annex B, and page 20).</p>
Employment Creation	<p>The overall objective of this BS operation is to assist the GoSA in its aim to create employment and reduce unemployment by 2012 (Financing Agreement, Annex 2, page 2), in particular building on the Accelerated and Shared Growth Initiative of South Africa (ASGISA).</p> <p>The programme was designed to support the Economic Cluster Programme of Action (POA) to address the key constraints identified in the ASGISA strategy through pursuing the following four priorities (Financing Agreement TAPs, Annex 2 page 3):</p> <ul style="list-style-type: none"> • Building a competitive and labour absorbing economy through industrial policy (led by Departments of Trade Industry and Science and Technology) ; • Promoting equity and development (led by Departments of Trade and Industry and Provincial and Local Government); • Ensuring priority skills for the economy (led by Departments of labour and Education); • Massively increasing public investment (led by Departments of Transport and Public Works). • The intended results of the programme are well in line with GoSA's priorities which are: <ul style="list-style-type: none"> ○ creating more jobs for the economically marginalised; ○ improving business enabling environment; ○ increasing capacity and skills in the productive sectors of the economy. <p>The activities of the programme were also designed to contribute to the policy dialogue with key stakeholders around Economic Cluster key priorities, while paying attention to the effective and efficient implementation of the POA and monitor performance against agreed KPIs (Financing Agreement, TAPs, page 4).</p>
Innovation for Poverty Alleviation	<p>This programme was in support of the SA's Science and Technology policy priorities as outlined in the White Paper, National Research and Development Strategy (NRDS), Department of Science and Technology's (DST) Ten Year Innovation Plan (TYIP) and the Strategic Plan. The overall objective was to contribute to the DST's policy and strategy of using science and technology for reducing poverty through job creation, SME development, economic growth and the improvement of the quality of life (Financing Agreement, Annex 2, pages 2-3).</p> <p>This was to be achieved through pursuit of the following:</p> <ul style="list-style-type: none"> • Creating sustainable livelihoods; • Improve social services and infrastructure through application of science and technology; • Supporting high-impact health initiatives; • Systematic investment in human capital development among impoverished communities; • Unlocking the potential of ICT to make online services more accessible in the rural areas; • Establishing technology and knowledge transfer stations in targeted areas in support of SMEs; • Partnering with rural universities to provide specialised extension services to the poor rural communities.

Table 4 *Private sector/ Employment - Summary overview of GoSA strategies/instrument/actions supported by SBS operations*

SBS	GoSA areas & GoSA programmes/instruments supported
RCF 1 & 2	<p>Strategies supported:</p> <ul style="list-style-type: none"> • "Growth, Employment and Redistribution Strategy" (1996) • "Micro-Economic Reform Strategy (2002)" & "Integrated Manufacturing Strategy(2002)" • "Accelerated and Shared Growth Initiative for South Africa" (2005)

SBS	GoSA areas & GoSA programmes/instruments supported
	<ul style="list-style-type: none"> • “Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises” (2005) • “Broad-Based Black Economic Empowerment programme” (2007). <p>Specific ‘instrument’ supported:</p> <ul style="list-style-type: none"> • Risk Capital Facility - Instrument managed by IDC under the overall responsibility of <i>dti</i>. <p>Areas/Programmes covered:</p> <ul style="list-style-type: none"> • SME development (business support services and access to capital) • Empowerment of HDPs (BBBEE) • Employment creation, gender equity (empowerment of women) • Skills development • Regional economic development (geographical diversity/spread).
SWEEEP	<p>Strategies supported:</p> <ul style="list-style-type: none"> • “Micro-Economic Reform Strategy (2002)” & “Integrated Manufacturing Strategy(2002)” • “Accelerated and Shared Growth Initiative for South Africa” (2005) • “National Industrial Policy Framework” (2002) and related “Industrial Policy Action Plans”. <p>Specific actions supported:</p> <ul style="list-style-type: none"> • Specific sector actions (automobiles, clothing and textiles, business process outsourcing, tourism) under the responsibility of <i>dti</i>. <p>Areas/Programmes covered:</p> <ul style="list-style-type: none"> • Empowerment of HDPs (BBBEE) • Gender equity • Consumer protection • Employment creation • Increased private sector investments.
Innovation for Poverty Alleviation	<p>Strategies supported:</p> <ul style="list-style-type: none"> • “National Research Development Strategy” (2002) • “Accelerated and Shared Growth Initiative for South Africa” (2005) • “Ten-Year Plan on Innovation” (2008). <p>Specific actions supported:</p> <ul style="list-style-type: none"> • Specific sector actions under the responsibility of DST. <p>Areas/Programmes covered:</p> <ul style="list-style-type: none"> • Enhancing the development of sustainable livelihoods and sustainable economic development, including support to the Farmer-to-Pharma interventions and the development of the green economy; • Improving human settlements with a focus on access to basic and social services; • Developing, establishing and improving science, technology and innovation infrastructure, including ICT services and applications (i.e. information services, space applications and geographic information systems); • Developing human capital, including the promotion of youth participation in science and technology; • Improving South Africa's response to global environmental challenges, including biodiversity and climate change; and • Improving institutional capacity and regional collaboration.
Employment Creation Fund	<p>Strategies supported:</p> <ul style="list-style-type: none"> • “Broad-Based Black Economic Empowerment programme” (2007) • “New Economic Growth Plan” (2010)”. <p>Specific instrument supported:</p> <ul style="list-style-type: none"> • Employment Creation Fund (instrument of the Economic Cluster under the leadership of the <i>dti</i>). <p>Areas/Programmes covered:</p> <ul style="list-style-type: none"> • EPWP & CWP • Skills development (engineering graduates) & Youth development (internships, learnerships, etc.)

SBS	GoSA areas & GoSA programmes/instruments supported
	<ul style="list-style-type: none"> • Women empowerment • Rural development • Competition commission and technology transfer programme • Financial support to retail financial intermediaries • National roll out of the business investment climate process including reduction of red tape • Development of cooperatives and Business development services for SMMEs.

Source: Particip analysis.

It should be noted that a key underlying theme that transcends most of the programmes under review is employment creation, though there are differences in the approaches adopted.

With regards to the *RCFI* and *RCFII*, the key driver for employment creation was the focus on the SMME sector with the IDC being the implementing agency and historically disadvantaged persons (HDPs) being the main target group. Key tenets of this programme included: improved accessibility to finance, business support, improved viability, and establishment of improved synergies with established sectors such as the commercial sector.

The *SWEEPI&II* programmes aim at enhancing private sector development through strengthening of the *dti*. Similarly, this programme also aims at building a “*competitive labour absorbing economy by ensuring priority skills for the economy and massively increasing public investment.*” Increased competitiveness in specific identified sectors such as clothing, textiles agro processing and the provision of an improved enabling business environment are key features that the *SWEEPI* and *SWEEPII* aim to address through supporting the IMS 2001.

Though not glaringly apparent, the theme of employment creation still seeps through the *Innovation for Poverty Alleviation* programme. Other key aspects of this programme include: improvement of livelihoods, health, and technology transfer to SMEs.

The objective of the *Employment Creation programme* is to support GoSA in its efforts to “*promote employment thereby contributing to the target of halving unemployment and poverty by 2014*”, as set out in ASGISA. A key aspect of this programme is ensuring that there is build-up of ‘priority skills’ for the economy as well as increasing public investment. This programme has been put into a cluster with 22 departments, managed by the *dti* as the secretariat, which makes ownership of the programme difficult. The importance of employment creation in the co-operation between the EU and SA is also evidenced by the financial allocation given to the programme which is a substantial increase compared to previous programmes.

It is interesting to note that, initially, the SBS operations were designed to focus their support on a specific department i.e. *dti*¹². With the advent of Innovation for Poverty Alleviation, one sees an attempt in the design to support policy dialogue and a well-defined sector. This is also the case with the Employment Creation programme which is supporting the programme of action of the GoSA Economic cluster.

Water

Table 5 Water - Overview of main national sector priorities

Key policy/strategy document	Main priorities
Specific sector strategy	
1997: Water Services Act	Establishes rights of access to basic water supply and basic sanitation by setting national standards and norms. Together with the Constitution of South Africa, it vests the executive authority and responsibility in the Minister of Water to support and strengthen the capacity of municipalities to perform their functions.
1997: White Paper on “National Water Policy” for South Africa	Outlines the direction to be given to the development of water and water management systems in South Africa. Key proposals include formalising and confirming South Africa’s water resources and the government’s custodianship over these assets, establishing common approaches to water resource management, promoting equitable access to water, identifying a system for allocating and managing water use, provision for the establishment of catchment management agencies, and the transfer of the functions of water infrastructure to a public utility established for that purpose.
1998: National Water Act	Aims to protect, manage and utilize South Africa’s water resources in a sustainable and

¹² In the case of the Risk Capital Facility, *dti* delegated the management responsibility to the Industrial Development Co-operation.

Key policy/strategy document	Main priorities
(36 of 1998)	equitable manner. It establishes that National Government acting through the Minister of Water has the power to regulate the use, flow and control of all water in South Africa.
2000: Free Basic Services Policy	Entitles every household in South Africa to receive free basic services, including water, sanitation, electricity, and solid waste collections. Free basic water is defined as 6,000 litres of water per month per household at no cost.
2003: Strategic framework for Water Services	The primary policy outlining the vision, goals and specific targets for the water services subsector in and changes in approach to achieve South Africa's policy goals. Contains a comprehensive review of policies. The Strategic Framework for Water Services establishes DWA as sector leader with responsibility for sector regulation, support and policy, and confirms the transfer of the responsibility for water service provision and structures to municipalities. Furthermore, it provides the framework for institutional reform of water services provision and national government funding.
2004: National Water Resource Strategy	Outlines the national framework for managing water resources and catchment management strategy preparation. It describes possible strategies and interventions required to implement the provisions of the National Water Act, including strategies for the protection of water resources, water use, water conservation and water demand management, water pricing, water management institutions, monitoring and information systems for water resources, and disaster management. NWRS confirms the transfer of authority for WRM to Catchment Management Agencies and at a local level WUAs.
Wider strategies	
1994: Reconstruction and Development Programme (RDP) ¹³	The RDP was aimed at addressing "the problems of poverty and the gross inequality evident in almost all aspects of South African Society" (p.4). RDP White Paper sets out how GoSA set out promote reconstruction and development. Of specific relevance to the Water sector is the key objective of the RDP to "meeting basic needs" of people in water and sanitation (p.9).
2005: Accelerated and Shared Growth Initiative for South Africa (ASGISA) ¹⁴	As the name implies the focus of ASGISA was to accelerate the growth of the South African economy in the period 2004 – 2009. Within the strategy two key components were directly relevant to the Water sector, namely the need to complete the backlog of water and sanitation infrastructure developments to marginalised communities and to promote Water for Growth and Development with a particular emphasis on bulk water/significant water resource development projects (e.g. the construction of the De Hoop Dam).
2010: New Growth Path ¹⁵	<p>In 2010, ASGISA was replaced with the New Growth Plan, with its emphasis on the creation of five million jobs by 2010. Like ASGISA (and previous economic plans in South Africa) the NGP sought to address the high levels of unemployment in South Africa as well as foster sustainable economic growth. The current government believes this will be achieved through identifying key 'jobs drivers', with high employment creation potential and the implementation of supporting policies to take advantage of this potential. These key 'jobs drivers' include agriculture and agro-processing, mining and beneficiation, manufacturing, the 'green economy' as well as tourism. Importantly for the water sector, the NGP also emphasizes investment on infrastructure and development in such sectors as energy, transport, communications, water and housing.</p> <p>The draft National Water Resource Strategy 2 (to replace the 2004 Strategy) states that: <i>"Water has a role to play in three out of five of the job drivers identified in the NGP and the NWRS-2 supports the NGP in the following areas:</i></p> <p><i>Jobs Driver 1: Infrastructure for employment and development – The NWRS-2 includes a sub-strategy that focuses on infrastructure development and management which will create new job opportunities over the next 5 years. The sub-strategy outlines a plan for funding infrastructure development needed to support economic growth in South Africa.</i></p> <p><i>Jobs Driver 2: Improving job creation in economic sectors - The NWRS-2 includes reconciliation strategies for balancing water supply and demand in high growth areas. It also provides a framework for strong sector leadership, streamlined water use authorization processes and an economic regulator. The NWRS-2 also prioritizes water conservation and water demand management (WC/WDM) in all sectors in order to increase productivity per unit of water. This enables the possibility of the water saved</i></p>

¹³ White Paper on Reconstruction and Development, 15 November 1994 (Notice No. 1954 of 1994). Government Gazette, No. 16805.

¹⁴ <http://www.info.gov.za/asgisa/asgisa.htm>. See also *Accelerated and Shared Growth Initiative – South Africa (ASGISA): A summary*. Produced by the Presidency, Republic of South Africa (2006). See also (June 2008), power point presentation 'Water Sector Response to ASGISA IMC', prepared by the Department of Water Affairs and Forestry (source: http://www.docstoc.com/?doc_id=42080732&download=1).

¹⁵ <http://www.info.gov.za/aboutgovt/programmes/new-growth-path/index.html>

Key policy/strategy document	Main priorities
	<i>being used in new or expanded enterprises. Job Driver 3: Seizing the potential of new economies – The NWRS-2 makes provision for the recycling and re-use of wastewater, and for water to be used in supporting the green economy and the creation of jobs in this area</i> ¹⁶ .

In addition to the main policy/strategy documents referred to above, DWA has issued a number of policy related documents and guidelines in the period 2000 to 2011, these include:

- 1997: (Sanitation Services) A Water Services Act Interpretative Guide. A guide to the Water Services Act from a sanitation services perspective.
- 1999: Water use licensing (FINAL Draft): The Policy and procedure for licensing stream flow reduction activities;
- 2000: Policy and Procedure for the establishment of advisory committees;
- 2004: Policy on Financial Assistance to Resource Poor Irrigation Farmers;
- 2005: Draft Position Paper for Water Allocation Reform in South Africa;
- 2005: National Sanitation Strategy;
- 2006: Operational Policy: Use of Water for Aquaculture Purposes;
- 2007: Guideline for Authorizing the Use of Water for Aquaculture;
- 2007: Regulations on Financial Assistance to Resource Poor Farmers.

The table below illustrates how the SBS operations in the water sector refer to the strategies and related sector objectives indicated above. Overall, the evidence gathered suggests that there was a strong alignment between the objectives and goals of the different phases of *Masibambane* and the GoSA's national priorities regarding water and sanitation.

Table 6 Water - References made in BS documents to main national sector priorities

BS intervention	References
MSB I	The MSB 1 Financing Agreement stated that the overall objective of MSB 1 was as follows (p.18, Annex B) ¹⁷ : “to redress existing inequalities in service provision by ensuring that basic social services are provided to previously disadvantaged communities”. This aligns with the objectives of the RDP referred to in the table above.
MSB II	The MSB II Financing Agreement ¹⁸ states that the overall objective of MSB II was as follows: “to improve the quality of life of poor communities by improving their access to adequate, safe, appropriate and affordable basic water supply and sanitation services provided by effective, efficient and sustainable institutions that are accountable and responsive to those whom they serve” (p. 15). MSB II therefore aligns itself to the objectives of the RDP as referred to in the table above and the specific focus of ASGISA on improving the water and sanitation backlog.
MSB III	At the time of commencement of MSB III the South African Government was driving ASGISA and this is clearly borne out in the MSB III FA “the government with ASGISA is promoting a strategy for growth and development in which water resources management is a significant contributor” (p.15) ¹⁹ . The FA also notes that the objective of MSB III is to “contribute to South Africa’s sustained growth and development”. A goal “which can be realized within the framework of the National Water Resource Strategy, through the impacts of the water sector programmes on the achievement of ASGISA goals” (p.15). The final evaluation ²⁰ suggests that MSB III did align itself to ASGISA, particularly in promoting effective local government to “support and service the landscape in which this development would occur” (p.134).

Governance (Access to Justice and legislative)

¹⁶ Draft National Water Resource Strategy 2 (NWRS 2): Managing Water for an Equitable and Sustainable Future (July 2012), p. 25 (Source: <http://www.dwaf.gov.za/nwrs/NWRS2012.aspx>).

¹⁷ Financing Agreement between the European Community and the Government of the Republic of South Africa: Water Services Sector Support Programme (WS-SSP) (Agreement SA/73200-00/30), (December 2000).

¹⁸ Financing Agreement between the European Community and the Republic of South Africa: Water Services Sector Support Programme (Masibambane II) (Agreement SA/21.031700-04-02), (November 2004).

¹⁹ Financing Agreement between the European Community and the Republic of South Africa: Water for Growth and Development (Masibambane III) (Agreement SA/21.060200-07-02) (December 2007).

²⁰ Final Evaluation of the Masibambane III Programme, April 2007 – March 2011 (June 2012).

Table 7 Governance - Overview of main national sector priorities

Key policy/strategy document	Main priorities
Specific sector strategy	
1997: Justice Vision 2000	After a broad and lengthy consultation process, government identified seven priorities or key result areas for the period 1997-2002 (including <i>Access to Justice</i>). The overarching mission is to transform the standard law and order model into a human rights model that underpins the newly established democratic institutions.
1996: The National Crime Prevention Strategy	Strategy jointly developed by the Inter-departmental Strategy Team comprising of the Departments of Correctional Services, Defence, Intelligence, Justice, Safety and Security and Welfare.
2000: The Equality Act	The Promotion of Equality and the Prevention of Unfair Discrimination Act (PEPUDA) establishment and designation of equality courts provision for an Equality Review Committee, with advisory function to the Minister on the operation of the Equality Act
2008: Child Justice Act 2008	Chapter 4 of this act provides for the appointment of additional dedicated children's court clerks
2008: Sector Policy and Strategic Framework of the Legislative Sector	The Speakers' Forum ²¹ sets out the vision and strategy for the Legislative Sector. It adopted the legislative sector policy and strategic framework in May 2008 after an extensive round of consultations. The Strategic Framework of the 4th Parliament (2009-2014) focuses on four strategic goals: (i) to deepen and entrench a people centred democracy by deepening public participation and representation, (ii) to strengthen the lawmaking and oversight capacity, (iii) to ensure that the Legislative Sector institutions carry out their mandate at political and administrative levels, (iv) to fulfil and enhance the LS's role in the international and regional legislative community
2009: The Financial Management of Parliament Act	The South African Legislative Sector, as an independent arm of government, has developed its own financial management legislation. This act requires objectives and outcomes for each programme of Parliament.
2009: Strategic Framework for Public Participation in the SA Legislative Sector	Sets out the framework for public participation with the Legislative Sector.
2009: Policy Framework on the Traditional Justice System under the Constitution	Traditional leaders and dispute resolution through traditional courts (Makgotla) – see also the Traditional Courts Bill.
2010: the Memorandum of Understanding of the Legislative Sector	During the 2010 International Consultative Seminar, the Legislatures signed this MoU, which formalises the sector collaborative approach to co-operation, regulates the relationship amongst the Legislatures and commits to the formulation of common norms and standards for the governing and the implementation of the Legislative Sector.
Medium Term Strategic Frameworks of DoJDC	The Medium Term Strategic Frameworks (MTSF or Strategic Plan) reflect an updated analysis and assessment of the justice reform in South Africa and outlines the department's strategy and goals over a three to five year period. So these plans represent a dynamic process, with periodic reviews. This mid-term strategic planning "provides a more than satisfactory analysis of the rule of law constraints and perspectives of the country" ²² .
Wider strategies/ policy documents	
1996: The constitution of the Republic of South Africa, 1996 (Act 108 of 1996)	The transformation of the legal and justice systems in South Africa is mandated by the Constitution, which is the supreme law of the land. In terms of the Constitution, Parliament and the Legislatures have the responsibility to ensure that there is representative and participatory democracy, that they provide oversight mechanisms and legislative competences for the national and provincial spheres of government. It also sets out the principles of cooperative government (chapter 3) irrespective the sphere of government.
1997: The White Paper on	The so-called Batho Pele White paper provides a policy framework and a practical

²¹ The *Speakers' Forum* is the highest governing body of the legislative sector and consists of Speakers and Deputy Speakers of the National Assembly and the Provincial Legislatures, and the chairperson and the Deputy Chairperson of the National Council of the Provinces,

²² *Financing Agreement between the European Community and the Government of the Republic of South Africa concerning Support to the Transition of the Justice System: the e-justice Programme (SA/8028/000), (Dec. 2000)*

Key policy/strategy document	Main priorities
Transforming Public Service Delivery	implementation strategy for the transformation of Public Service Delivery.
2007: Monitoring and Evaluation Policy Framework	This government-wide M&E framework was introduced in 2007, and followed in 2009 by the departments introducing Delivery Agreements (see further). The Legislative Sector emulates this approach and also has a M&E Framework for the sector
2009/10: Priority Outcomes and Cluster Delivery Agreement	The DoJCD concluded in October 2010 a Cluster Delivery Agreement in relation to the Justice, Crime Prevention and Security Cluster (JCPS) in order to contribute to the achievement of Outcome 3. Delivery Agreement for Outcome 3: “all people in South Africa are and feel safe” – as of February 2011 this becomes an additional goal for the DoJCD, i.e. effective co-ordination of the Justice, Crime Prevention and Security Cluster (JCPS) in the delivery of Outcome 3 and the promotion and implementation of the eight related outputs ²³ (see also MTSF 2011-2016). Delivery Agreement for Outcome 12: “An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship” (2010). This Service Delivery Agreement covers, among other things, the strategic areas of service delivery quality, nation building, social cohesion and citizen participation.

Table 8 Governance - References made in BS documents to main national sector priorities

BS intervention	References
The <i>e-justice</i> Programme	The Financing Agreement stipulates that the <i>e-justice</i> programme is “ <i>key to the overall reform of the justice system</i> ” with many references to policy documents of the DoJCD. It is consistent with the RDP White Paper policy objectives and principles, the National Crime Prevention Strategy, Justice Vision 2000, and the Department’s Integrated Implementation Plan. “ <i>The coverage, modalities of implementation and emphasis on reducing previous inequalities in the justice system are in line with the Department of Justice and Government</i> ”. (FA, p. 27).
Legislative Sector Policy Support Programme	The Financing Agreement ²⁴ refers to the department’s MTSF 2009-2012, in particular to <i>Access to Justice</i> (Goal 1) and transforming justice, state and society (Goal 3) – with particular attention to vulnerable and marginalised groups and to the building of partnerships with CSOs It also adds that there is a remaining “governance imperative for independent support for CSO advocacy particularly where the objectives of such advocacy would possibly conflict with government policy or priorities” (Financing Agreement, p. 2). Therefore, a second component in the FA has been foreseen within the SBS for promoting advocacy and lobbying activities and for strengthening the CSOs active in this field through a Call for Proposals managed by the EUD The Guidelines for grant applicants ²⁵ for this component of sector support also clarify the complementary nature of the implementation modalities and the envisaged synergies with both the justice and the legislative sectors.
<i>Access to Justice</i>	The addendum No 1 to the Financing Agreement (No ZA/DCI/AFS/2008/019-590) states that the policy support programme is designed to be in support of implementing South Africa’s Legislative Sector Policy and Strategic Framework. It supports the three core mandates of Parliament and the Provincial Legislatures: oversight and accountability, law-making, public participation. The addendum adds a fourth mandate, i.e. improved and expanded sector engagement with regional, continental and international Parliaments and parliamentary bodies ²⁶ .

Health

²³ These outputs include: address overall levels of crime; improve effectiveness and ensure integration of the Criminal Justice System; enhance the effectiveness of the JCPS Cluster; manage perceptions of crime among the population; effectiveness and integration of Border Management; secure the identity and status of citizens; integrate ICT Systems and combat Cyber Crime; combat corruption

²⁴ *Financing Agreement between the European Community and the Republic of South Africa concerning Access to Justice and Promotion of Constitutional Rights (Agreement SA/21.060200-02-08)*. December 2008

²⁵ COM (2009), *Justice and Constitutional Rights – CSO Support Programme. Guidelines for grant applicants. Budget line 210602*

²⁶ See also the guidelines for grant applications as managed by the EUD (*South Africa – Legislative Sector Policy Support Programme. Addendum No 1 to Financing Agreement No ZA/DCI/AFS/2008/019-590*)

Table 9 Health - Overview of main national sector priorities

Key policy/strategy document	Main priorities
Specific sector strategy	
1999: Health sector strategic plan 1999-200	<p>"We need to focus more attention on the building of a culture of quality and efficiency throughout the health care system. We need to explore possible areas of co-operation between the private and public sectors."</p> <p>The components of the strategy include the following 10 points:</p> <ol style="list-style-type: none"> 1 Reorganisation of certain support services; 2 Legislative reform; 3 Improving quality of care; 4 Revitalisation of hospital services; 5 Speeding up delivery of an essential package of services through the district health system; 6 Decreasing morbidity and mortality rates through strategic interventions; 7 Improving resource mobilisation and the management of resources without neglecting the attainment of equity in resource allocation; 8 Improving human resource development and management; 9 Improving communication and consultation within the health system and between the health system and the communities we serve; and 10 Strengthening co-operation with our partners internationally.
2004: Strategic Priorities for the National Health System, 2004-2009	<p>10 points (in the continuity of previous strategic framework):</p> <ol style="list-style-type: none"> 1 Improve governance and management of the NHS; 2 Promote healthy lifestyles; 3 Contribute towards human dignity by improving quality of care; 4 Improve management of communicable diseases and non-communicable illnesses; 5 Strengthen primary health care, EMS and hospital service delivery systems; 6 Strengthen support services; 7 Human resource planning, development and management; 8 Planning, budgeting and monitoring and evaluation; 9 Prepare & implement legislation; 10 Strengthen international relations.
2009: 10 Point Plan (MTSF 2009-2014)	<p>10 points (in the continuity of previous strategic framework):</p> <ol style="list-style-type: none"> 1. Provision of Strategic leadership and creation of a Social compact for better health outcomes; 2. Implementation of the National Health Insurance; 3. Improving the Quality of Health Services; 4. Overhauling the health care system and improving its management; 5. Improved Human Resources Planning, Development and Management 6. Revitalization of infrastructure; 7. Accelerated implementation of the HIV & AIDS Strategic Plan and increased focus on TB and other communicable diseases; 8. Mass mobilisation for better health for the population; 9. Review of drug policy; 10. Strengthening Research and Development.
2010: National Health Strategic Plan 2010/11-2012/13	<p>Key priorities 2009-2014: See 10 Point Plan above.</p> <p>Particular attention to the following 4 key areas:</p> <ul style="list-style-type: none"> • Increasing life expectancy; • Combating HIV and AIDS; • Decreasing the burden of diseases from Tuberculosis; • Improving Health Systems Effectiveness.

Table 10 Health - References made in BS documents to main national sector priorities

BS intervention	References
Partnerships for Health II	<p>The support focuses on primary health care and as such is aligned with the national health strategy 2004-2009 Priority 9 "Strengthen primary health care, EMS and hospital service delivery system" as well as a key activity "Strengthen community participation at all levels" within the Priority 3 "Contribute towards human dignity by improving quality of care".</p> <p>A specific section in the annexes (called "Ownership by beneficiaries") of the Technical and Administrative Provisions (TAP) of the Financing Agreement is dedicated to the question of alignment. It highlights the niche in which the EC support is focused on "PHC through better collaboration between CSO and the Government".</p>

BS intervention	References
	<p>The TAP as well as the 2007 Rider include a background section providing summaries of GoSA strategies and policies. The rider (transforming the EC support in a SBS) provides a 2-page summary of the health sector policies.</p> <p>References in project documentation</p> <p>(TAP): "2.1 Overall objectives: To contribute to more accessible, affordable quality primary health care for the poorest communities in all 9 provinces. 2.2 Project purpose: District health service delivery strengthened through co-operations aiming at mutual partnerships between Government and non-profit providers for the delivery of primary health care services, including HIV and AIDS services, within the global structure of the primary health care system"</p> <p>Some parts of the TAP explicitly highlight the alignment with GoSA priorities: "This Financing Agreement envisages a continuation and expansion of an operation that together participatory and demand-responsive community-focused and family friendly of primary health care with the benefits derived from institutional strengthening. The systems of care for the uninsured. By supporting Government's commitment to decentralisation, integrated, balanced and equitable development as well as financial co-ordination the PDPHCP has helped to build a system of comprehensive and coordinated healthcare services. This effort has improved the effectiveness, efficiency, and co-ordination of services - resulting in higher quality of care for the poor and the uninsured at a reduced cost, especially for those with chronic conditions."</p> <p>On a more operational level, one can read: "The Programme will be strategically integrated into the operations of the Health Department by inclusion and reporting to the National District Health Committee" (..) and "Most importantly these indicators link to, and inform, the South African District Health Information System to enable a more comprehensive health-demographic profile to be established.</p> <p>The focus of the EC support on strengthening CSO, is deduced from a needs analysis and concludes that the programme is "entirely consistent with the priorities of the Government".</p>
Primary Health Care Sector Policy Support	<p>The support focuses on the priority 4.1 of the 2009-2014 MTSF, namely: "Refocus the health system on primary health care." It further contributes to the priority 7 "Accelerated implementation of the HIV and AIDS strategic plan and the increased focus on TB and other communicable diseases".</p> <p>It also addresses the activity area "improved maternal and child health" which is one key activity of the priority 8 "Mass mobilisation for better health for the population".</p> <p>References in project documentation</p> <p>(From 2009 <u>PrimCare SBS - Identification Fiche</u>) "The specific policy to be supported by the proposed PrimCare SPSP is the District Health System Policy, which drives the delivery of primary health care, supplemented by the cross-cutting policies on human resources, HIV/AIDS and TB, maternal, neonatal, child and women's health. In this context, support will be provided to key elements of the 10 Point Plan".</p> <p>(From the <u>TAP</u> – section on objectives) "In support of the South African Government's objective on health as outlined in its Medium Term Strategic framework for 2009-2014, the overall objective of the Primary Health Care Sector Policy Support Programme (PrimCare SPSP) is "to contribute to improving the health profile of all South African".</p> <p>The programme purpose of the PrimCare SPSP is "to improve access to public health services and to increase quality of service delivery of primary health care through the district health system", in line with the National Health Strategic Plan 2010/11-2012/13 and its key SA Government focus areas, i.e. 1) increasing life expectancy; 2) combating HIV and AIDS; 3) decreasing the burden of diseases from Tuberculosis; and 4) improving health systems effectiveness.</p> <p>The main results anticipated from the PrimCare SPSP are as follows:</p> <ol style="list-style-type: none"> 1. Increased access to PHC services; 2. Improved quality of PHC services; 3. Improved capacity for management of primary healthcare facilities; 4. Accelerated implementation of national plans for HIV/AIDS and TB; 5. Improved Maternal and Child Health

BS intervention	References
	<p>(...) Under the TC and CSO Component interventions will be focused mainly at decentralised levels, in particular at the District Health System where Primary Health Care services are provided Its activities will indicatively include: capacity building, M&E, research, strengthening of public financial management, Human Resources strengthening, public private partnerships, health promotion and community involvement, policy analysis, etc.”</p> <p>(From the <u>TAP</u> – section on Performance monitoring / criteria for disbursement)</p> <p>“(The indicators) are selected from the Health Information System and are considered to give the best indication of performance in the key result areas of the PrimCare SPSP. The official DOH targets are used. Results on the indicators will be presented in the annual DOH report.</p> <p>(..) The DOH has to report on and account for the performance of the health system on the basis of twenty deliverables, as indicated in the Strategic Plan 2010/11-2012/13. Data sources internal and external to the health system are used. The Health Information System (HIS) units at the national and provincial departments of health are responsible for the collection, analysis and publication of data at regular intervals.</p> <p>“The indicators selected for assessing performance towards achieving the results of the PrimCare SPSP indicated in 1.1 above, have been derived from the DOH's National Strategic Plan 2010/11-2012/13 and the Provincial Performance Plan for health for which data is collected regularly by the DOH through its District Health Information System (DHIS). These indicators are considered to give the best indication of performance in the key focal areas of PHC as supported by the PrimCare SPSP also indicated in 1.1 (programme purpose). “</p> <p>(From the <u>TAP</u> – Appendix 1)</p> <p>The targets have been set by the DOH with due consideration given to what can be achieved with Government's own resources. The table that follows indicates the following with respect to the indicators selected for assessing performance towards achieving the results of the PrimCare SPSP: the performance indicators; baseline data for each indicator for the 2009/2010 financial year; target data for each indicator for the financial years 2010/2011, 2011/2012 and 2012/2013; the data source(s) for each indicator; the definition of each indicator and where appropriate, the method for calculating the value of the indicator; the justification for selecting each indicator.</p> <p>(From the <u>TAP</u> – Appendix 3 Indicative framework for assessment of the general condition on sector progress)</p> <p>The assessment of the general condition relating to progress in the health sector will be based inter alia on the twenty deliverables defined by the South African Government and derived from the National Strategic Plan for Health 2010/11-2012/13, which allow the monitoring of performance across the health sector.</p>

Education

Table 11 Education - Overview of main national sector priorities

Key policy/strategy document	Main priorities
Specific sector strategy	
2010: Priority outcome/ Delivery agreement	<p>Government has prioritised the improvement of the quality of basic education as Outcome 1 of a total of 12 outcomes representing the top priorities of government. The Outcome 1 ('Improved quality of basic education') is based on the following four outputs:</p> <ul style="list-style-type: none"> • Output 1: Improve the quality of teaching and learning • Output 2: Undertake regular assessment to track progress • Output 3: Improve early childhood development (ECD) • Output 4: Ensure a credible, outcomes-focused planning and accountability system.
2011: Action Plan 2014	<p>The “Action Plan 2014: Towards the Realisation of Schooling 2025” has 27 goals. Goals 1 to 13 deal with results in relation to learning and enrolments and Goals 14 to 27 deal with how the outputs are to be achieved. Moreover, five priority goals are identified for the period up to 2014:</p> <ul style="list-style-type: none"> • (Goal 11) Improve the access of children to quality Early Childhood Development (ECD) below Grade 1. • (Goal 16) Improve the professionalism, teaching skills, subject knowledge and computer literacy of teachers throughout their entire careers. • (Goal 19) Ensure that every learner has access to the minimum set of textbooks

Key policy/strategy document	Main priorities
	<p>and workbooks required according to national policy.</p> <ul style="list-style-type: none"> (Goal 21) Ensure that the basic annual management processes take place across all schools in the country in a way that contributes towards a functional school environment.
2011: Integrated Strategic Planning Framework for Teacher Education and Development	<p>The Integrated Strategic Planning Framework for Teacher Education and Development (ISPFTED) was produced collaboratively by the DBE and the DHET in April 2011, as mandated by the national Teacher Development Summit of July 2009, an event that involved broad stakeholder consultation. The ISPFTED comprehensively addresses the career of a teacher from recruitment to retirement. The focus of the ISPFTED, which has a 15-year timeframe, is on teacher development rather than remuneration and salary progression. It is aligned with national imperatives, including the DBE's Action Plan 2014. (See above)</p> <p>Relevant goals of the Action Plan to 2014 include:</p> <ul style="list-style-type: none"> (Goal 14) Attract a new group of young, motivated and appropriately trained teachers into the teaching profession each year. (Goal 16) Improve the professionalism, teaching skills, subject knowledge and computer literacy of teachers throughout their entire careers. (Goal 17) Strive for a teaching workforce that is healthy and enjoys a sense of job satisfaction.

Table 12 Education - References made in BS documents to main national sector priorities

BS intervention	References
Primary Education Sector Policy Support	<p>There was no standalone policy document for the education sector at the time of the design of the SBS operation (2008/09). That said, as illustrated below, the FA clearly refers to the Government's General Education and Training Programme. In addition, reference is made to the Government Wide Monitoring and Evaluation Framework. Subsequent project documents (MTR, analysis of conditions for tranche releases, etc.) highlight the alignment to the objectives set in the Government Outcome approach and, in particular, the Minister of Basic Education's Delivery Agreement for Outcome 1 – "Improve Quality of Basic Education". The design of the SBS operation also appear to be aligned with the priorities of the GoSA as spelled out in the Action Plan 2014 published in 2011 (esp. goals on ECD and on teaching training).</p> <p>"As education and skills development are vital for economic growth and poverty alleviation, the PrimEd SPSP will ultimately contribute to these broad development objectives of the South African Government. The PrimEd SPSP will also contribute to the achievement of Millennium Development Goal 2 (Achieve universal primary education)." (FA, p.2)</p> <p>"The programme purpose is to strengthen fundamental elements of the General Education and Training Programme that are key to improving the quality of education delivery at primary school level. In particular, the PrimEd SPSP will strengthen delivery with respect to the following focal areas of the Government's General Education and Training Programme:</p> <ul style="list-style-type: none"> Expanding access to quality Early Childhood Development (ECD) opportunities, especially for poor communities; Effective implementation of the Curriculum; and Attracting and ensuring appropriately qualified and competent teachers in all learning areas at all levels, with special focus on scarce skills" (FA, p.2) <p>"The Presidency has overall responsibility for monitoring and evaluating the implementation of government policy, and requires a sub-set of performance targets to be reported on annually by all sectors of Government within the Government Wide Monitoring and Evaluation Framework." (FA, p.4)</p>

Urban development

Table 13 Urban development - Overview of main national sector priorities

Key policy/strategy document	Main priorities
Specific sector strategy	
1997: Urban Development Framework (Department of Housing)	The Urban Development Framework (UDF) was one of the first policy statements concerned explicitly with urban issues. It stemmed from the recognition within the 'Reconstruction and Development Programme' of the need for national guidelines for

Key policy/strategy document	Main priorities
	<p>the development of urban areas towards the goal of sustainable human settlements. The UDF strives to promote a consistent urban development policy approach for effective urban reconstruction and development necessary to give substance to the imperatives outlined in the <i>Growth, Employment and Redistribution Strategy (GEAR)</i> and relevant other development programmes and strategies. The URP focuses on the following set of objectives: i) address poverty and under-development; ii) attain social cohesion; iii) achieve equity; iv) ensure inter sphere and inter sector integration and co-ordination; and v) enhance municipal capacity to deliver. This document provides an urban vision for 2020 and recognises the important role that cities play in economic development.</p> <p>Priorities for Urban Development are to be met through the implementation of programmes aimed at fostering partnership between national government, provincial governments, municipalities and other stakeholders so as to lead to better living and working environments.</p> <p>The <u>implementation of the urban development programmes</u> focuses on four key components: i) <u>Integrating the city</u> (integrated planning, rebuilding and upgrading the townships and informal settlements, reforming the urban land and planning system, urban transportation and environmental management); ii) <u>improving housing and infrastructure</u>; iii) - <u>promoting urban economic development</u>; and iv) <u>creating institutions for delivery</u> (transform municipalities into effective and accountable institutions / transformation and capacity building of government at all levels and clarity on the roles and responsibilities of the different government spheres, and encompassing a range of institutions, including civil society and the private sector).</p> <p>It is understood that this framework informed the broad goals for the URP (see below).</p>
<p>2000: Municipal Systems Act & 2003: Municipal Finance Management Act</p>	<p>Under the <u>Municipal Systems Act of 2000</u>, all local authorities are required to prepare annual and five year Integrated Development Plans (IDPs) that set out the development targets with detailed projects and programmes.</p> <p>IDPs: i) are the principal strategic planning instrument which guides and informs all planning and development, and all decisions with regard to planning, management and development in the municipality; and ii) bind the municipality in the exercise of its executive authority.</p> <p>Annual reviews allow the municipality to expand upon or refine plans and strategies, to include additional issues and to ensure that these plans and strategies inform institutional and financial planning. The review and amendment of the IDP thus, further develops the IDP and ensures that it remains the principal management tool and strategic instrument for the municipality.</p> <p>The <u>Municipal Finance Management Act</u> [Section 21(1)(a)] states that the Mayor of a municipality must coordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget related policies to ensure the budget and integrated development plan are mutually consistent and credible. The act further makes provision for development of the Service Delivery and Budget Implementation Plan as a mechanism to strengthen alignment between the IDP and Budget.</p>
<p>2001: Urban Renewal Programme</p>	<p>The Urban Renewal Programme (URP) was one of the two Presidential initiatives announced in 2001 and coordinated by the Department of Provincial and Local Government (the DPLG). It was launched as an intergovernmental initiative to promote area-based interventions in eight urban nodes (Alexandra in Gauteng; Galeshewe in the Northern Cape; Inanda-KwaMashu in KwaZulu-Natal; Khayelitsha-Mitchell's Plain in the Western Cape; and <u>Mdantsane-Motherwell in the Eastern Cape</u>) in order to reduce urban poverty and under-development. It focuses on townships (exclusion areas deliberately set up through apartheid spatial planning to serve as labour reservoirs for the mainstream economy) and aims at addressing their many economic development challenges (poor functional economic linkages, spatial dislocation, fragmented development patterns, weak institutional structures, congestion, and service delivery challenges) with the objective of transforming them in sustainable, habitable, productive, and inclusive urban environments.</p> <p>The introduction of the new municipal legislation delayed the implementation of URP in most of the nodes until 2003.</p>
<p>2002: <i>eThekwin</i>i Municipality Authority's IDP & Long-Term Strategic Development Framework</p>	<p>In line with the new context of a centralized local authority and enlarged municipal area, the decision was taken to pilot a system of area based management and development in five selected districts. As a result, the <i>eThekwin</i>i Municipality Authority (EMA) developed a long-term strategic development framework (20 years LTDF), and a shorter five-year cyclical development plan (IDP) which details an overall development strategy based on strategic analyses and consultation with all relevant stakeholders with the overall aim of enhancing service delivery, addressing spatial and social inequalities as well as deepening democracy in the EMA.</p> <p>In response to the key challenges identified, the IDP outlines eight sets of development</p>

Key policy/strategy document	Main priorities
	<p>outcomes required to ensure sustainability: (1) sustainable economic growth and job creation, (2) fully serviced, well-maintained, quality living environments, (3) safe and secure environment, (4) healthy and empowered citizens, (5) embracing our cultural diversity, (6) sustaining the natural and built environment, (7) democratising local government, and (8) financially viable and sustainable local government.</p>
<p>2002: Integrated Development Programme of Buffalo City Municipality & Integrated Development Programme of the Nelson Mandela Metropolitan Municipality (NMMM),</p>	<p>Both urban nodes had developed - in line with the URP and provisions made in the Municipal Systems Act and the Municipal Finance Management Act – IDP’s (regularly reviewed) as well as nodal business plans (and in the case of Motherwell a Masterplan).</p> <p>The vision of the BCM IDP is stated as “Buffalo City – a people centred place of opportunity where the basic needs of all are met in a safe, healthy and sustainable environment.” Focus in on service delivery and the key issues identified in the situation analysis are grouped into 5 clusters: i) Social Development; ii) Environment; iii) Economic Development; iv) Spatial and infrastructure development; and v) Finance and institution development. Each cluster is then developed in themes and priorities/issues.</p> <p>BCM adopted a very dynamic approach to the IDP which led to a revitalisation plan for the municipality (2003) which identified seven strategic programmes all of which fully integrated in the IDP.</p> <p>The NMMM IDP covers the period 2002 to 2006 and includes sector plans with associated projects and budgets. The vision articulated in the IDP is: <i>“The Nelson Mandela metropolitan area practises social justice in a culture of public participation guided by an efficient, accountable, non-racial, non-sexist and sustainable municipality that focuses on sustainable environmental, social and economic development, improving the quality of life of its communities in a secured, safe and tourist friendly environment.”</i> Municipal development priorities of the IDP are as follows: i) Institution building; ii) Service delivery; iii) Housing and land delivery; iv) Investment and economic growth; v) Investment in Tourism and tourism infrastructure development; vi) Public safety; and vii) Cleansing and environment.</p> <p>For both areas nodal Business Plans (and in the case of Motherwell a Masterplan) have been finalised and aligned with the IDPs during the 2004/05 IDP review process.</p> <p>The objectives of the <u>Motherwell URP</u> within the framework of the larger IDP of the NMMM are: i) To create jobs; ii) To eradicate poverty; iii) To reduce crime; and iv) To enhance the Motherwell residents’ quality of life. Four objectives to be achieved through specific and detailed strategies.</p> <p>The <u>Mdantsane URP</u>, within the framework of the larger IDP of Buffalo City Municipality, focuses on: i) a new approach to service delivery; ii) Expanding the resource base; iii) Improving effectiveness; and iv) Building partnerships. The “Mdantsane URP Business” (May 2004) summarises strategies and projects under economic, social and infrastructure clusters.</p>
<p>2003: National Spatial Development Perspective (NSDP), Presidency</p>	<p>Provides an indicative guideline that will encourage creative interaction and co-ordination between departments and spheres of government about the nation’s spatial priorities. It analyses economic development potentials in the whole country and its main argument is that areas with ‘potential’ or comparative advantage should be pinpointed, and thereafter receive priority in the allocation of resources, i.e. public investment should be focussed in areas where it is most effective and sustainable.</p> <p>The document identifies Nelson Mandela Metro and Buffalo City as centres of high and medium economic activities respectively, although with limited growth in recent years. The document also comments on inter-government co-operation.</p>
<p>2004: Breaking New Ground, Department of Housing</p>	<p>Outlines a plan for the development of sustainable and integrated human settlements over the next five years. Embracing a people’s contract, the delivery of housing is seen as a key strategy for poverty alleviation and job creation, creating assets, promoting social cohesion, and improving the quality of life for the poor</p>
<p>2006: Local Economic Development Framework (Department of Provincial and Local Government , now the Department of Cooperative Governance and Traditional Affairs)</p>	<p>Attempts to develop and support robust and inclusive municipal economies through the active and dynamic alignment of the NSDP, Provincial Growth and Development Strategies (PGDs), and District/Metro Integrated Development Plans (IDPs). It calls for horizontal co-ordination among national government departments, as well as for vertical co-ordination within the three spheres of government.</p> <p>The Framework emphasizes that municipalities have a key role in creating an environment conducive for investment through the provision of infrastructure and quality services rather than by developing programmes and attempting to create jobs directly. Beyond this, municipalities should play a connector role in respect of LED drawing upon resources locked in a range of different government support instruments into their localities.</p> <p>The focus of the LED Framework is on four areas: (1) Improving good governance, service delivery, public and market confidence in municipalities, (2) Spatial</p>

Key policy/strategy document	Main priorities
	development planning and exploiting the comparative advantage and competitiveness of Districts and Metros, (3) Enterprise support and business infrastructure development, and (4) Introducing sustainable community investment programmes
2007: Neighbourhood Development Partnership Grant (NDPG)	The NDPG is structured in the form of a conditional grant to municipalities through the Division of Revenue Act (DoRA), 2007. The goal of the NDPG is to support neighbourhood development projects that provide community infrastructure and create the platform for private sector development and that improve the quality of life of residents in targeted areas Conditional grant designed to stimulate and accelerate investment in poor, under-served residential neighbourhoods by providing technical assistance and capital grant financing for municipal projects with a distinct private sector element. Both the NMB and BCM are beneficiaries of the NDPG.

Table 14 Urban development - References made in BS documents to main national sector priorities

BS intervention	References
Urban Development Support to eThekweni Municipality	<p>The objective of the programme is to: “contribute to the achievement of the [eThekweni Municipal Authority’s] EMA’s goal of improving the quality of life of all its people and to contribute to the further development of the national urban development strategy” p.1 of Annex B of the FA.</p> <p>“According to the most recent comprehensive national survey (Census 2001) KwaZulu Natal province is the most populated province in South Africa, with approximately 20.7% citizens (of 44 million people) residing in it. It also stands as one of the three poorest provinces and has one of the highest national averages of people infected and affected by HIV/ AIDS. South Africa’s present poverty rate is 45% and nearly 20 million citizens live below the poverty level. The challenge of socio economic development and improving quality of life is a national priority that becomes even more urgent for provinces such as KwaZulu Natal.” & “A key aspect of national government’s policy response to the challenge of socio-economic development is reflected in strategies such as the URP (Urban Renewal Programme). There is a recognition that the majority of South Africa’s local municipalities have inadequate capacities and require urgent attention. In the absence of strengthening the local governance and delivery mechanisms within municipalities, the ambitions and objectives of URP’s and other renewal programmes will not be achieved. The past 5 years have seen significant efforts to clarify and functionalise the appropriate divisions of powers and functions between the district, local municipalities and also find more effective mechanisms to facilitate economic development and stimulate regeneration interventions within rural and urban areas. In addition, as the policy and institutional reforms within the South African democratisation process have been finalised, emphasis has shifted on concrete outcomes and effective delivery. More than ever, the South African government is focusing its attention at all levels of government to strengthen institutional and administrative capacity to deliver.” Project Synopsis, p. 1</p>
Support to Urban Renewal Programme in Eastern Cape	<p>The objective of the programme is to “contribute to the improvement of the quality of life of marginalized people in urban areas of the Eastern Cape within the framework of the South African Government’s Urban Renewal Programme”. FA, Annex II (TAPs), p.1.</p> <p>The SPSP aims to:</p> <ul style="list-style-type: none"> • “Support the Urban renewal in the Eastern Cape in the urban areas of Mdantsane and Motherwell, within the framework of the geographically defined Mdantsane and Motherwell Urban Renewal Programmes (MURPs) and the larger Municipal IDPs.” • “Support and strengthen national and provincial urban renewal units in the form of technical assistance”. Ibid. p. 2 <p>“This support will take place in alignment with the mandates of the three “spheres” of government in South Africa – the National, Provincial, and local (e: municipalities). At the national and provincial levels the South African National Urban Renewal Programme (URP) is an instrument to provide special focus on eight “Urban Renewal Nodes”, with the objectives of addressing lack of equity in access to resources and opportunity, poverty and under-development; also of enhancing the capacity of municipal authorities to provide infrastructure, housing and services. Within a municipal area development takes place within the framework of the Integrated Development Programmes (IDPs) of Buffalo City and Nelson Mandela Metropolitan Municipalities respectively. The IDPs set out the poverty alleviation and development policy and strategy of the municipalities, consolidating the national policy, strategy and objectives into implementation programmes and activities. The Mdanstane and the Motherwell Urban Renewal Programmes (MURPs) are such programmes under the IDPs, established to co-ordinate activities with the boundaries of Mdantsane and Motherwell.”</p>

BS intervention	References
	Ibid. p. 2 <i>"EC contribution to Motherwell and Mdantsane supports urban renewal Sector Policy (SP) in dealing with poor infrastructure, high unemployment rates, economic isolation and severe social problems, which result in high levels of crime and inter-personal violence. The SPSP is in line with the mandates of the three spheres of government in South Africa (SA): National, Provincial and Local (i.e. Municipal)."</i> Project Synopsis, p. 1

The technical specifications annexed to the financing agreements of both urban development programmes make explicit references to the GoSA priorities and country needs they intend to support. That said, in the case of the Support to Urban Renewal Programme in Eastern Cape these references are more developed and detailed, range from the explicit mention of the *South African Government's Urban Renewal Programme in the two urban areas of Mdantsane and Motherwell*, within the framework of the larger Municipal IDPs of Buffalo City Municipality and Nelson Mandela Metropolitan Municipality, to the explicit reference to the support to the *national and provincial urban renewal units* thereby addressing the call for horizontal co-ordination among national government departments, as well as for vertical co-ordination within the three spheres of government.

1.1.3 I-113 Degree of correspondence between the overall and specific objectives of the SBS operations (including general and specific conditions) and the overall orientations / sectoral or sub-sectoral priorities defined by the GoSA in its strategies / policies

Documentary evidence reviewed including monitoring reports and mid-term review reports as well people interviewed confirm that there is a high degree of correspondence between the overall and specific objectives of the SBS operations (including general and specific conditions) and the overall sectoral or sub-sectoral priorities defined by the GoSA. Some detailed evidence is provided for each sector in the sub-sections below.

Evidence emerging from the Private sector/ Employment sector

SWEEEP I and II

The programmes were designed to assist the implementation of GoSA's overall Micro-Economic Reform Strategy (MERS) objectives, and to support the *dti* in particular, in their Integrated Manufacturing Strategy (IMS) and other strategies for SMME development as well as the BEE policy. This was adopted to work in line with IEAP and to grow and accelerate the country's industrial policy (Final Evaluation Report of SWEEEP, page 17). SWEEEP aimed to assist the *dti* with its programmes, namely the National Industrial Policy Framework (NIPF) and Industrial Policy Action Plan (IPAP).

These programmes were designed to do the following:

- support the co-ordinated implementation of the Accelerated and Shared Growth Initiative of South Africa (ASGISA);
- promote investment and growth in the industrial and services economy, with focus on employment creation and the broader participation;
- support equity and redress in the economy;
- halve unemployment by 2014.

These targets were also in line with GoSA's MTSF 2009 – 2014:

- more inclusive growth, decent work and sustainable livelihoods;
- economic and social infrastructure.

Therefore the SBS design was in line with GoSA's priorities and aided their policies in trying to achieve their goals.

RCF I and II

As indicated in the 2003 ROM Monitoring report, the *RCF I* was in line with the government's policy of promoting SMEs.

The 2010 ROM monitoring report of the *RCFII* programme mentions that *"the programme is very relevant to the needs of South Africa"* and further indicates that the "Integrated Strategy on the Promotion of Entrepreneurship and Small Enterprises" (2005) which the programme intends to support *"is coherent and in consistence with BEE and ASGISA as well as the Micro-Economic Reform Strategy (2002)"*.

During the execution of the programme, the Broad-Based Black Economic Empowerment programme (BBBEE's) was set up in order to address the lack of the necessary skills from the new potential Black Empowered Entrepreneurs (BEE) further to years of discrimination through apartheid and to empower the blacks by increasing their participation in the economy (MTR Final Report, *RCFII*, page 14).

Employment Creation

The 2010 ROM monitoring report indicates that: “The SPSP was in line with the Government’s policy implemented through the Accelerated and Shared Growth Initiative, created in 2005, with the overall goal to halve poverty and unemployment by 2014, thereby also reaching the Millennium Development Goals (MDGs)”. It further explains that this ASGISA “has been replaced by the [NGP], which now sets the target to create five million jobs by 2020, and reduce unemployment from 25% to 15% (Cabinet release October 2010). (...)The objectives of the SPSP remain very relevant to the NGP, are well connected to the four Outcomes, and meet the country needs.”

Innovation for Poverty Alleviation

Two ROM reports were carried out during the implementation period of the programme. Both emphasise the high degree of correspondence with the GoSA priorities.

“The SPSP strongly supports the Department of Science and Technology (DST) strategy of using Science and Technology (S&T) to tackle poverty through prioritised interventions (job creation, development of micro, small and medium enterprises (MSMEs), community focused livelihood and quality of life improvement strategies. The SPSP is in line with the DST Sector Policy and overall Government’s development objectives and strategies.” (2012 ROM monitoring report)

“The Sector Programme (SP) objectives are consistent with the goals of the National Research and Development Strategy (NRDS) 2002 and the Ten-Year Plan on Innovation (TYPI) 2008-2018, approved in July 2007.” (2010 ROM monitoring report)

The final evaluation report also indicates that: “the design of SPSP is fully consistent with the SA’s Science and Technology policy priorities expressed in the White Paper, NRDS, 10YIPlan, Corporate strategies of DST and the latest DST’s Strategic Plan (2011-2016)”. (2011, Final evaluation report)

Evidence emerging from the Water sector

As illustrated in the table below, a strong correspondence is noted between the specific objectives of the SBS operation to the water sector, the conditions applied by the SBS operation (as recorded in the Finance Agreements for *MSB II* and *MSB III*) and the priorities of the sector.

Table 15 *MSB: correspondence between objectives, conditions applied and sector priorities*

Specific Objectives and Key result areas	Conditions applied	Sector Priorities
<p><u>MSB II</u></p> <p>The overall objective of the sector programme is to improve the quality of life of poor communities by improving their access to adequate, safe, appropriate and affordable basic water supply and sanitation services provided by effective, efficient and sustainable institutions that are accountable and responsive to those whom they serve.</p> <p>The components of the programme are:</p> <ul style="list-style-type: none"> • Reduction in service backlogs (water supply and sanitation backlogs, and outreach education campaigns); • Sector collaboration; • Institutional support; • Transfers; • Cross-cutting issues and programme management; • Operations and Maintenance. 	<p>Conditions included assessing progress against the specified components of the SBS including:</p> <ul style="list-style-type: none"> • Access to a functioning basic water supply facility • Access to a functioning basic sanitation facility • WSAs report on progress against WSDP’s • WSPs render service in terms of a contract with WSA’s • WSA’s adopt KPI’s and report on them • Assets of water services schemes are transferred from DWAF to Water Service Authorities • DWAF reports on sector development and progress. 	<p>The objectives of <i>MSB II</i> are aligned to the Strategic Framework for Water Services (September 2003)²⁷ and ultimately to the Key Focus Areas (KFAs) of the Department used to this day. By the end of <i>MSB I</i>, DWAF had identified 15 KFAs. Of these 15 KFAs, the first five focused on the department’s mandate to ensure the sustainable management of forests in South Africa; KFAs 6 to 9 addressed water resource management, which was yet to be included as part of <i>MSB</i> but was included in <i>MSB III</i>; and KFAs 10 to 14 were what <i>MSB I</i> was aligned to. Thus the KFAs were aligned to the components of <i>MSB II</i>.</p>
<p><u>MSB III</u></p> <p>A holistic integrated approach to water resource management is enshrined in South Africa’s water sector. This will require consultative processes happening at national, catchment, provincial and local levels; water resource management being conducted according to strategic objectives of the water sector; positive participation of women in</p>	<ul style="list-style-type: none"> • General Conditions: primarily to do with satisfactory progress with sector strategy and policy, macroeconomic policy, PFM and donor co-ordination in the sector • Specific Conditions speak to the key result areas including an assessment of performance of 	<p>Thus the vision for the programme is to develop a “robust and accountable water sector, which successfully meets demands for water security and reliable and effective water services, and enables equitable, environmentally sustainable economic growth and</p>

²⁷ The Strategic Framework sets out 19 specific quantitative targets, gives revised and clear definitions of basic water and basic sanitation services and provides a conceptual approach to the financing of viable and sustainable delivery.

Specific Objectives and Key result areas	Conditions applied	Sector Priorities
<p>water resources management at national, catchment, provincial and local levels; and visible contributions from the sector to provincial growth and development strategies and targets.</p> <p>The components of the programme are:</p> <ul style="list-style-type: none"> • Stakeholder collaboration in place and focused on sustainable water management for all. • Catchment management agencies are established and operational. • Municipalities are proficient in their designated roles. • DWAF is a strong, capacitated leader providing policy direction, regulation and support to the water sector. • CSOs are able to provide training and support to, and advocacy in the water sector. • Review of alternative financing mechanisms. • Water service providers are operating in an effective and efficient manner, meeting norms and standards. • Sustainable, ecosystem based IWRM is contributing to social development. 	<p>indicators in the following key areas against targets, (i) Reduction in service backlogs. (ii) Institutional development performance. (iii) Enhanced role of civil society. (iv) Strengthening of sector collaboration.</p>	<p>social development in South Africa²⁸</p>

Evaluations of all three phases of *MSB* all make reference to inequalities in water and sanitation provisions being addressed and the fact that *MSB* responds to important country needs²⁹.

Evidence emerging from the Governance (Access to Justice and legislative) sector

The 2007 Final evaluation of the *e-justice* programme indicates that: “*the objectives and purpose of the eJustice programme remain relevant. (...) Better Access to Justice and crime reduction are still critical to improve the quality of life of all South Africans citizens, with particular regard to disadvantaged and vulnerable categories.*”

Strong alignment is also observed for the Legislative Sector Policy Support Programme. Strengthening participatory democracy is not merely a constitutional requirement and civil participation is seen by many as a necessary complement to the supply side of service delivery and regulatory functions of the state. Both GoSA and EU recognise that there is a remaining “*governance imperative for independent support for CSO advocacy particularly where the objectives of such advocacy would possibly conflict with government policy or priorities*” (Financing Agreement 2008, p. 2).

The 2010 ROM monitoring report of the Legislative Sector Policy Support Programme (*LSPSP*) underlines that: “*both sector strategy and LSPSP remain relevant and timely. They build on a political consensus to see a coherent and responsive legislative sector emerge - keen to claim ownership - which can more effectively engage citizens and is able to counterbalance a persistently strong Executive branch.*”

The *e-justice* programme, the *Access to Justice* programme and the Legislative Sector Policy Support Programme (*LSPSP*) all started as project support and evolved into a sector budget support arrangement ensuring strong alignment with GoSA priorities.

Evidence emerging from the Health sector

Partnership for Health II programme

The EU support is focusing on primary health care and as such is aligned with the national health strategy 2004-2009, priority 9 “Strengthen primary health care, EMS and hospital service delivery system” as well as a key activity “Strengthen community participation at all levels” within the priority 3 “Contribute towards human dignity by improving quality of care”.

A specific section in the annexes of the TAP (called “Ownership by beneficiaries”) is dedicated to the question of alignment. It highlights the niche in which the EC support is focused on “PHC through better collaboration between CSO and the Government”.

Primary health care programme

²⁸ Strategic Framework on Water for Sustainable Growth and Development, Summary Discussion Document, DWA, May 2008.

²⁹ See *Final Evaluation Report: Evaluation of the Water Services Sector Report*, April 2001 – March 2004 (August 2004), pp. 96. Also, *Summative evaluation of Masibambane II Programme, Project Evaluation Report* (August 2007), pp. 106 – 114; and *Final Evaluation of the Masibambane III Programme, April 2007 – March 2011 (June 2012)*, pp Section 2, 2-7.

EC Prime health care programme is eager to align to the objective of the National Health Plan number. This is made evident in the formulations of the TAPs which refers several times to the national health strategy 2009-2014. The EC support is aligned with the following key priorities of the government.

- Priority area 4.1. “*Refocus the Health care system on primary health care*”. Especially the CSO-component of the EC support follows the priority of the government to “*scale up community promotive and preventive health services*” and addresses the priority area 1 of the national health plan “*provision of strategic leadership and creation of social compact for better health outcome*”, especially the activity “*mobilise leadership structure of society and communities*”, priority area 7. “*Accelerated implementation of the HIV and AIDS strategic plan and increased focus on TB and other communicable diseases*”.
- Priority area 8 “*Mass mobilisation for the better health for the population*”, including as key activity “*place more focus on Maternal, Child and Women’s health*”.

Further to the strategic alignment, the BS intervention also uses the indicators and targets defined in the DoH Strategy and which are collected by the Health Information System (HIS). It also states its alignment to the 20 deliverable/key outputs-outcomes defined by the Medium Term Strategy Framework 2009-2014.

Evidence emerging from the Education sector

The 2012 MTR of the SBS operation states that the programme “*is relevant and supports national plans, including education related policies, strategies and goals. The programme is aligned with Action Plan 2014 and the Minister of Basic Education’s Delivery Agreement for Outcome 1 – “Improve Quality of Basic Education”*”.

The only point of non-alignment with GoSA strategies highlighted by the MTR concerns: “*the physical and psychosocial needs of children that are foregrounded in the National Development Plan (NDP).*”

Evidence emerging from the Urban development sector

The two operations are aligned with the policy framework and priorities of the National Urban Renewal Programme (URP), target municipalities included among the 8 urban nodes identified with the URP Presidential Initiative and as a result their target beneficiaries are low income citizens living in areas that require socio-economic *development* and regeneration. As a result, the two SBS operations respond not only to GoSA priorities but also to country needs.

The 2009 Mid-term Review of the EU Support to Urban Renewal Programme in the Eastern Cape, underlines that “*EU support to the urban renewal sector in South Africa was highly relevant and that urban renewal in South Africa is urgently needed*”.

The sub-sections below provide detailed evidence for each of the programmes.

It is also worth mentioning that the two SBS Urban Renewal operations also respond to the broader policy framework defining the use of ODA in South Africa which emphasises that ODA should be used for innovative, piloting, or risk-taking initiatives. The programmes in fact, are being implemented in learning areas through a pilot approach with the additional objective of informing similar interventions aimed at supporting municipal urban development programmes and possibly future local development strategies.

Evidence related to the programme: Urban Development Support to eThekweni Municipality

ROM report (MR-01322.01 of 17/05/2005, p. 1)	“ <i>The relevance of the programme and its design are clear in several respects. First, the target beneficiaries are low income citizens living in areas that require socio-economic development and regeneration. Secondly, the programme is well aligned within the policy framework and priorities of the EMA’s IDP and Long Term Plan (Vision 2020) and as such, has strong political ownership and support. Also, the programme is being implemented in “learning areas;” hence, challenges of implementing the EMA’s delivery objectives can be addressed through innovation and flexibility whilst still remaining within the framework of the EMA’s institutional framework</i> ”.
Programme Mid-Term Review (Final Report, August 2006, p. 12.)	“ <i>The Programme has (...) proven to be very relevant to the Municipality’s range of political, social and economic priorities, as well as its policy delivery imperatives, and the overall challenges of reconstruction and development in South Africa</i> ”.
(Ibid. pp. 15-16)	“ <i>The Programme is situated within a larger policy framework in national, provincial and local government spheres. In national and provincial spheres, local authorities are mandated to be developmental and promote LED, as well as service delivery</i> ”.

	<i>through partnerships and collaboration with stakeholders. The Growth, Employment and Redistribution Strategy (GEAR) emphasises investment promotion, tourism and small business development, whilst the Provincial Growth and Development Programme (PGDP) provides a framework for macro regional development. [...] The Municipality is charged with the responsibility of being a developmental local government whose core business it is to respond to socio-economic challenges. The most significant instrument is the City's Integrated Development Plan (IDP) required by the Municipal Systems Act of 2000."</i>
ROM report (MR-01322.01 of 17/05/2005)	<i>"this is the first time the EC has used a sector based funding approach to support a local municipality. The ABMD experience is ground breaking for the EC and the EMA. Its lessons will inform future interventions aimed at supporting and implementing municipality urban development programmes".</i>

Evidence related to the programme: Support to Urban Renewal Programme in Eastern Cape

ROM report (MR-120520.01 of 08/05/2009, p. 2)	<i>"The relevance of the SPSP to the needs of the intended beneficiaries was high at the moment of its formulation and still is."</i>
Background conclusion sheet of this ROM Report (still on the 'Relevance' of the programme)	<p><i>"The Financing Agreement of the Programme clearly states (§2.6, last paragraph) that the sector being supported are the Municipal Urban Renewal Programmes (MURPs) of Motherwell, in Nelson Mandela Bay Metropolitan Municipality (NMBMM) and of Mdantsane, in Buffalo City Municipality (BCM), and that "the Integrated Development Programmes (IDPs) poverty alleviation strategy is the policy that is supported". Mdantsane and Motherwell are two of the eight urban nodes, also called presidential nodes, selected in 2001 for a ten year Urban Renewal Programme (URP).</i></p> <p><i>IDPs are the key strategic planning tool for the Municipalities, guiding planning, management and development in the Municipalities. They guide financial planning and budgeting and ensure the co-ordination of projects and programmes and the coherence of activities, both among the different directorates and services within a Municipality and with other spheres of government and international donors, when present.</i></p> <p><i>The relevance of the Sector Policy (SP) to the needs of the beneficiaries is still very high. South Africa (SA) development process, although highly performing when compared to the African average, is experiencing a number of difficulties, of both internal and external origin. Despite the enormity of the backlogs, government initiatives to meet these challenges have had encouraging results. The current development objectives are to eradicate poverty and reduce inequality, by i) accelerating the pace of growth and the rate of investment in productive capacity; ii) promoting the involvement of the marginalized people in economic activity; iii) maintaining a progressive social security net and investing in community services and human development; iv) improving the capacity and effectiveness of the State; v) building regional and international partnerships for growth and development. The SP supported by this programme is highly relevant to the first, second and fourth items. The MURPs, with their peculiar approach based on combination of spatial and economic planning elements, on the mobilisation of the final beneficiaries (the "ward approach") and their focus on poverty alleviation, are still a very important tool to address the needs of the population. Furthermore, they have a high leverage potential due to their pilot role in enhancing co-operation."</i></p>
2012 ROM Report (MR-120520.02 dated 31/10/2012, p.2)	<i>"Strategies for reduction of income inequality in South Africa are particularly prioritized in both urban and rural development. MURPs are also aligned with another priority Government of the Republic of South Africa Initiative, the Neighbourhood Development Partnership Grant (NDPG), a conditional grant designed to stimulate and accelerate investment in poor, under-served residential neighbourhoods by providing technical assistance and capital grant financing for municipal projects with a distinct private sector element. Both the NMB and BCM are beneficiaries of the NDPG. This is in line with identified needs and priorities of the urban poor in both municipalities. Indications are that the SPSP remains relevant and appropriate to the needs and priorities of the intended beneficiaries in the same</i>

	<i>way it was at the initial planning stages.</i>
2009 Mid-term Review of the Programme	<p><i>“EU support to the urban renewal sector in South Africa was highly relevant and that urban renewal in South Africa is urgently needed”. [.....]</i></p> <p><i>“Support takes place in alignment with the mandates of the three spheres of government. At national and provincial levels the national URP provides a special focus on eight “Urban Renewal Nodes, with the objectives of addressing lack of equity in access to resources and opportunity, while also enhancing the capacity of municipalities to provide housing and services. At municipal level, development takes place within a framework of Buffalo City and Nelson Mandela Bay Metropolitan Municipalities’ IDPs respectively.” [...] “The EU SPSP is intended to add value to the current activities of the responsible municipalities through focus on problems of poor infrastructure, high unemployment, economic isolation, and severe social problems [...] the two urban renewal programmes aim to facilitate and co-ordinate the municipal line departments’ implementation, operation and management of projects.”</i></p>

1.2 JC1.2 The objectives of the SBS operations have been defined - and have evolved - in line with the evolving overall strategic partnership between the EU and South Africa

Introduction – Main evolution of the EU-SA partnership

The first agreement of the EU-SA partnership was the *Trade, Development and Co-operation Agreement* (TDCA), signed in 1999, entering fully in effect in 2004. The main objectives of the TDCA were:

- to provide an appropriate framework for dialogue between the parties, promoting the development of close relations in all areas covered by this Agreement;
- to support the efforts made by South Africa to consolidate the economic and social foundations of its transition process;
- to promote regional co-operation and economic integration in the southern African region to contribute to its harmonious and sustainable economic and social development;
- to promote the expansion and reciprocal liberalisation of mutual trade in goods, services and capital;
- to encourage the smooth and gradual integration of South Africa into the world economy;
- to promote co-operation between the Community and South Africa within the bounds of their respective powers, in their mutual interest.

The focus of the TDCA was mutual trade and economic co-operation; however, it also discusses the area of development co-operation. With the overall priority of fight against poverty, it outlines the objectives in this area as:

- support for policies and instruments towards the progressive integration of the South African economy into the world economy and trade, for expansion of employment, for development of sustainable private enterprises, for regional co-operation and integration;
- enhancement of living conditions and delivery of basic social services;
- support to democratisation, the protection of human rights, sound public management, the strengthening of civil society and its integration in the development process.

In 2006³⁰, the partnership framework was expanded through the establishment of a Strategic Partnership (SP)³¹. It is noteworthy that South Africa is the only African country with which the EU has a Strategic partnership.

According to the Joint Action Plan signed in May 2007, the TDCA provides an important framework for relations between South Africa and the European Union.

³⁰ See COM(2006)347 final - *EC Towards an EU-SA Strategic Partnership*

³¹ The Strategic Partnership is a special co-operation tool with countries outside the EU enlargement and neighbouring areas. There are ten country-level EU Strategic Partnerships so far, involving Brazil, Canada, China, India, Japan, Mexico, Russian Federation, South Africa, South Korea and United States. These are all countries with which EU has special relationships, due to their economic and political worldwide position and common interests.

“Furthermore, South Africa and the European Union's common interests provide a natural foundation for a strategic partnership that significantly enhances existing co-operation by moving from mere political dialogue to active political co-operation on issues of mutual interest, at bilateral, regional, continental or global level... enhanced political dialogue forms the very cornerstone of the Strategic Partnership” (SP Joint Action Plan, 2007).

The SP represents a fundamental framework to deepen EU development co-operation - and SBS - in South Africa, as stressed in the SP Action Plan:

“in response to the unusual circumstance in which South Africa finds itself as being a middle-income country with a solid macro-economic base and considerable financial resources, whilst at the same time also experiencing one of the highest inequalities in the world. The Joint Country Strategy reflects critically on what value-added development co-operation can bring to South African government-led poverty reduction and development programmes, such as the Accelerated Shared Growth Initiative of South Africa (ASGISA), the Joint Initiative for Priority Skills Acquisition (JIPSA) and Broad Based Black Economic Empowerment (BBBEE)” (Ibid).

Other key areas of the SP are Trade and Investment, Economic Co-operation, Science and Technology, and - to be further developed - environment and climate change, macro-economic policy, peace and security, migration, transport, housing, education and training, ICT and social matters.

Development co-operation is a key area of the Strategic Partnership and the related dialogue: *“in view of the special circumstances in South Africa, the real value added by ODA is not only the finance itself, but what comes from it, namely best practice, innovation, risk-taking, pilot programmes, systems development, capacity building, and above all skills and knowledge”* (Ibid).

The SP relies on a complex dialogue structure, including an annual presidential Summit, a Joint Co-operation Committee (JCC) and different sectoral dialogue fora. The *Joint Action Plan* established a new *“overarching umbrella structure for all existing fora of co-operation”* – the *Mogôbagôba Dialogue*, and sets the modalities for joint actions, in particular: Enhanced high-level political dialogue at summit level; Co-operation fora for priority sectors.

From 2009 onwards, a specific programme has been implemented to support the implementation of the TDCA³². Under the programme, funds were made available via a dedicated ‘Dialogue facility’³³ to strengthen sector dialogue in a number of strategic areas. The table below gives an overview of the different dialogue areas supported by the Dialogue facility at the end of the evaluation period.

Table 16 The various dialogue areas in 2011

Established dialogue areas	Emerging dialogue areas	New dialogue areas
1 Development	1 Peace & Security	G20
2 Science & Technology	2 Education and Training	Regional Policy
3 Space	3 Culture	Human Rights
4 Trade	4 Employment	Fiscal Governance
5 Environment	5 Crime and Justice	Agriculture
6 Migration	6 Customs & Taxation	
7 Health	7 Statistics	
8 Energy		
9 Transport		
10 Parliament		
11 ICT		

1.2.1 I-121 References within the CSPs, MIPs and SBS operation documents to the overall strategic partnership between the EU and South Africa (Strategic Partnership Joint Action Plan - JAP & the Trade, Development and Co-operation Agreement – TDCA) and to the ways in which the SBS operations will support the broader strategic partnership

Overall, the CSPs refer to the broader framework of relations between the EU and SA pointing to the importance of the Strategic Partnership and the TDCA: *“Co-operation with South Africa needs to be developed into a strategic partnership, which will require wide-ranging, high-level dialogue between South Africa and the EU”* (p. 28 of the 2007-13 CSP). Details on the references made in the CSPs are presented in the table below. Despite this, concrete efforts in linking the existence and objectives of the broader partnership framework to the response strategy outlined for development co-operation appears to be lacking.

³² the expected results of the “TDCA facility” programme are: Result 1 - Improved sectoral policy dialogue and co-operation between the EU and South Africa; Result 2: Increased institutional capacity to help implement the areas of co-operation of the TDCA and the Strategic Partnership Action Plan.

³³ <http://www.dialoguefacility.org/>

Table 17 Main references to the overall strategic partnership in CSPs/MIPs and links with main areas and objectives of co-operation

	CSP 2003-2006	CSP 2007-2013
References to the overall Strategic partnership	<p>Chapter 1 The EC co-operation objectives refers to the TDCA “These objectives have been confirmed and reinforced in Title V, Development Co-operation, Article 65 of the Trade, Development and Co-operation Agreement signed in October 1999” (p. 8)</p> <p>Chapter 4 Assessment of past and on-going co-operation discusses the TDCA and its provisions and priorities for EU-SA co-operation, and includes analysis of its results in both trade and development e.g. “The complementarity between the main areas of EU / SA co-operation, not much in evidence in the early years, is becoming more visible, giving justification to the ambitious scope of the TDCA. As regards trade and economic co-operation, considerable efforts have been made to improve trade and investment opportunities for SA and European companies. The TDCA covers all sectors of trade, including competition, safeguards, intellectual property rights and rules of origin, and it opens up free trade between the parties over the next ten to twelve years. The TDCA also lays down provisions for political dialogue, as well as for social and cultural co-operation. Finally the TDCA forms the framework for development co-operation between the EU and SA.” (p.17)</p> <p>The MIP of the CSP refers to the TDCA in its modalities of implementation chapter “Consistently with the Trade, Development and Co-operation Agreement annual consultations will be held to assess progress and to agree on the measures to be taken to adapt and improve implementation of this MIP and to prepare for future operations.” (p. 30). It then briefly mentions the TDCA again, in the area of regional trade (EC support will assist SACU countries in dealing with the implications of the TDCA) (p. 34)</p>	<p>“Most provisions for economic co-operation have not yet been implemented or developed, mainly because the TDCA did not come into full effect until 2004.” (p. 2)</p> <p>“It is hoped that in the years to come the strategy will build on the existing foundations and establish a comprehensive strategic partnership between the two sides.” (p. 4)</p> <p>Chapter 1 – EU co-operation objectives the objective of the SP is presented: “Providing such a framework is the purpose of the Commission’s Communication on a Strategic Partnership with South Africa to the Council and Parliament, dated (June) 2006. It is meant to give the EU a comprehensive, coherent and coordinated long-term framework for its relations with South Africa, one which is mindful of the country’s traumatic past, its role as an anchor in the region and its unique position on the continent and on the global scene. It also builds on the European Consensus and the EU Strategy for Africa.” (p. 6)</p> <p>Chapter 4 – Overview of co-operation past and present refers to the TDCA when discussing past activity in Political dialogue, Trade co-operation, and Economic co-operation.</p> <p>Chapter 5 – Joint response strategy, refers to the SP and TDCA in discussing the framework of co-operation:</p> <p>“Development co-operation is merely one of the ways in which the EU is helping South Africa meet its objectives. Other areas covered by the TDCA will need to be developed, including politics, the economy, trade, science and technology, and culture.” (p.28)</p> <p>“Co-operation with South Africa needs to be developed into a strategic partnership, which will require wide-ranging, high-level dialogue between South Africa and the EU. The mutual interest in co-operation needs to be stressed in all TDCA-related areas, including development co-operation.” (p. 28)</p> <p>In Areas of co-operation, the CSP states: “Co-operation will cover all areas of the TDCA — including trade, economic, political, development and other co-operation.”, before discussing the particulars in more detail.</p> <p>Under Means of implementation, the TDCA is referred to with respect to the wider context: “There is a need to ensure coherence between the TDCA and the wider process of developing meaningful economic partnerships in the Southern African region.” (p. 32)</p>
Main areas and objectives of co-operation	<ul style="list-style-type: none"> • Area 1: Equitable access to and sustainable provision of social services; • Area 2: Equitable and sustainable economic growth. • Area 3: Deepening democracy. • Area 4: Regional integration and co-operation • CCI: HIV/AIDS; Capacity building; Civil society; Governance; Environment; Gender. 	<ul style="list-style-type: none"> • Area 1: Promote pro-poor, sustainable economic growth • Area 2: Improve the capacity and provision of basic services for the poor • Area 3: Promote good governance. • CCI: Gender; Environment; HIV/AIDS; Capacity building; Good governance; Innovation.

It is noteworthy that while some project documents related to recent SBS operations in the Employment/ Private sector make a reference to the TDCA, there is no mention to the overall framework of co-operation in the other sectors targeted by SBS operations.

Moreover, the only reference explicitly made to the EU-SA Strategic Partnership in the Financing Agreements of the SBS launched after 2006 (year of the establishment of the EU-SA Strategic Partnership) is:

Innovation for Poverty Alleviation: In the document "Communication from the Commission to the Council and the European Parliament: towards an EU-South Africa Strategic Partnership" (2006, ref 347), it is stated that "...Concerning co-operation in science and technology, the potential exists to strengthen EU-South Africa co-operation in the framework of existing agreements. In addition, every effort should be made to promote the practical and industrial application of scientific exchanges so as to ensure an immediate impact on economic growth and employment."

1.2.2 I-122 Degree of correspondence between the objectives of the SBS operations and the objectives defined within the broader strategic partnership framework (Strategic Partnership Joint Action Plan - JAP & the Trade, Development and Co-operation Agreement – TDCA)

The objectives of the SBS operations have been overall consistent with the objectives outlined in the strategic partnership documents which, for instance in the TDCA, include:

- the support for policies and instruments towards the progressive integration of the South African economy into the world economy and trade, for expansion of employment, for development of sustainable private enterprises, for regional co-operation and integration;
- the enhancement of living conditions and delivery of basic social services;
- the support to democratisation, the protection of human rights, sound public management, the strengthening of civil society and its integration in the development process.

The strong alignment of the objectives SBS operations with the overall strategic partnership is especially apparent in programmes such as the LSPSP programme, in the Governance sector. Indeed, the 2007 Joint Action Plan indicates that both the EU and SA, *"in line with their strong democratic values, recognize the importance of regular and institutionalised parliamentary interaction"*. A rider to the financing agreement of the LSPSP programme signed in 2011 introduced a new result area which *"aims to strengthen the capacity to engage, participate in, and oversee international relations"* of the Legislative Sector, in particular with the view to improve and strengthen existing relations and establish new relations with international Parliaments and parliamentary Bodies, including the EU.

A strong alignment is also observed in the case of the Innovation for Poverty Alleviation SBS operation, with 'science and technology' being explicitly recognised in the Joint Action Plan as one of the key areas of co-operation. In fact, the agreement explicitly recognises three existing main areas of co-operation, which are 'development co-operation', 'trade and investment, economic co-operation' and 'science and technology', and other areas to be developed.

The Joint action plan states: *"both partners recognize the fundamental role of science and technology innovation for development and are committed to closer co-operation in this regard"* and further explains: *"Science and Technology is another important area of co-operation between South Africa and the EU under a separate agreement which came into force in November 1997. Both Parties recognise the important contribution of science and technology for development, including harnessing the contribution of knowledge generation and innovation to support the European Development Co-operation Programme. The Parties also agree to strengthen the existing science and technology policy dialogue between South Africa and the EU. Both Parties are firmly committed to supporting African science and technology initiatives, including in areas of capacity building and infrastructure development, within the context of the African Union / NEPAD science and technology programmes, as well as those of the Africa, Caribbean and Pacific Group of States."*

1.3 JC1.3 The design of the SBS operations (duration, allocations, conditions, mix of inputs) responds to the challenges and specificities of the evolving context and takes into account best practices / transfer of lessons learnt

In the last decade, there were two main milestones in the development of the EU guidelines for the delivering of budget support³⁴:

- 2002: Guide to the programming and implementation of budget support in third countries.
- 2007 (two publications by EC/EuropeAid):
 - Tools and Methods Series - Guidelines on the Programming, Design & Management of General Budget Support;
 - Tools and Methods Series - Support to Sector Programmes (Covering the three financing modalities: Sector Budget Support, Pool Funding and EC project procedures).

Overall, the EU has increasingly favoured the BS modality. Budget support is clearly stated as the preferred modality in the 2005 EU Consensus on development and, in the Development Co-operation Instrument established in 2007. In 2011, the EU releases a specific communication on the future approach to EU budget support to third countries reaffirming the importance of budget support in the EU portfolio. Both the 2003 and 2007 country strategy papers (CSPs) discuss various implementation modalities and channels with a progressive emphasis on sector budget support. While the 2003 strategy mentions that there are “*encouraging results that have justified a move to budget support in selected sub-sectors*”, the 2007 CSP clearly states:

“The real value provided by aid is not the finance itself but what comes with it: best practice, innovation, risk-taking, pilot programmes, systems development, capacity building, and above all skills and knowledge. This is especially important at the local level, benefiting service delivery by means of innovative delivery mechanisms and capacity building. It is these benefits that justify the EU’s continued support for South Africa, a middle-income country with a low and sustainable budget deficit. (...) Ways of delivering aid will continue to be varied, including projects, programmes and sector-wide approaches with budget support. EU partners (particularly the European Commission), increasingly favour the latter approach with greater ownership and lower transaction costs.”

As highlighted in the 2009 Mid-term evaluation of EU-SA CSP 2007-2013, the result of this shift is that close to 90% of all EU development assistance is now delivered through sector budget support in the country.

Similarly, GoSA guidelines and policy documents (e.g. 2003 Policy Framework and Procedural Guidelines for the Management of ODA or 2008 Treasury Guidelines the Management of ODA) put an increasing emphasis on Aid Effectiveness principles, in particular ownership and alignment, making the case for the adoption of the budget support modality. The DCR III report also indicates:

“For the first five years of independence (1994 to 1999), the focus of Development Aid was on developing overall government policies and strategies, but subsequently emphasis shifted to building capacity in service delivery. To some degree the experience that was built up in the first five years, had to be adjusted to respond the challenges associated with ODA directed towards implementation support. However, the key issue remains that ODA must be aligned to the development priorities of the country and should complement Government expenditure and must be managed in a manner that fully supports the country’s development agenda and is also in line with the Paris Declaration on Aid Effectiveness.

The ODA guidelines specifically call for piloting, risk taking and capacity building. The updated 2007 draft Guidelines (to be approved by Cabinet at the time of writing the report) echo these principles and place even higher emphasis on the need for government leadership and ownership and the necessity of using country systems to deliver ODA support.”

³⁴ The EU developed new BS Guidelines in 2012 but these guidelines have not influenced the interventions implemented during the evaluation period (2000-11). They are therefore not considered in the analysis here.

1.3.1 I-131 Evolution in the type (and overall financial amounts) of inputs, including complementary envelopes for capacity / building & I-132 Evolution in terms of overall duration of programmes and disbursement modalities (type and number of tranches)

Table 18 Overview of type of BS inputs provided over the evaluation period

Title	Period	Duration (nr of months ³⁵)	Total inputs (in M€)	Financial inputs (in M€)	Complementary support (in M€)	Nr of fix. tranche	Fix. tranche (amounts in M€)	Nr of var. tranche	Var. tranche (amounts in M€)
Employment/Private Sector Development			288.9						
Risk Capital Facility I	2002-2005	42	58.9	54.9	4 (TA+EIB+M&E)	2	54.9 (27.45+27.45)	-	0
Risk Capital Facility II	2006-2011	36	50	47.23	2.77 (TA)	3	46.3 (20+13.15+13.15)	-	0
SWEEEP I & SWEEEP II	2003-2008	60	50	50 (25+25)	0	4	35 (10+10+10+5)	3	15 (5+5+5)
Employment Creation	2009-2014	60 ³⁶	100	100	0	3	65 (20+25+20)	2	35 (15+20)
Innovation for Poverty Alleviation	2008-2013	36	30	29.68	0.32 (other)	3	22.68 (9.68+7+6)	2	7 (3+4)
Water			244.6						
MSB I	2000-2004	48	75	75 (47.1+27.9)	0	3	75 (22.1+25+ 27.9)	-	0
MSB II	2004-2007	36	62.6	60	0	3	45³⁷ (26+12+7)	2(+1)	15³⁸ (7+8+?)
MSB III	2008-2010	33	107	107	0	3	80 (31+24+25)	2	27 (14+13)
Governance: Legislative and Judiciary			70						
The e-justice Programme	2000-2007	84	25	25	0	3	25 (7+7+11)	-	0
Legislative Sector Policy Support Programme	2009-2013	48	20	20	0	4 ³⁹	14 (5+3+5+1)	3 ⁴⁰	6 (2+2+2)
Access to Justice	2009-2013	48	25	20	4.5 (CSO) + 0.25	3	13 (6+4+3)	2	7 (3+4)

³⁵ Planned number of months for operational implementation as in initial financial agreement.

³⁶ Initially 48 months; increased in Rider Nr. 1

³⁷ Initially € 40 M; increased in Rider Nr. 1

³⁸ Initially € 10 M; increased in Rider Nr. 1

³⁹ Initially 3 tranches; Rider 1 added a fourth tranche of € 3 M (=1+2).

⁴⁰ Initially 2 variable tranches; Rider 1 added a third variable tranche of €1M.

Title	Period	Duration (nr of months³⁵)	Total inputs (in M€)	Financial inputs (in M€)	Complementary support (in M€)	Nr of fix. tranche	Fix. tranche (amounts in M€)	Nr of var. tranche	Var. tranche (amounts in M€)
					(TA) + 0.25 (other)				
Health			171						
Partnerships for Health II	2007-2011	48	45	44	1 (other)	3	34 (17+10+7)	2	10 (5+5)
Primary Health Care Sector Policy Support	2011-2015	48	126	110	10 (CSO) + 6 (TA & other)	3	75 (35 +20 20)	2	35 (15 +20)
Education			122.7						
Primary Education Sector Policy Support	2010-2014	48	122.7	122.7	0	3	77.68 (32.68+22.5+22.5)	2	45 (22.5+22.5)
Urban Development			64.8						
Urban Development Support to eThekwin Municipality	2003-2008	60	35	35	0	5	26.6 (2.2.+8+8+4+4.4)	2	8.4 (4+4.4)
Support to Urban Renewal Programme in Eastern Cape	2006-2012	72	30	28.6	1.22 (TA) + 0.18 (other)	3	23 (4+7+6+6)	1	5.6 (5.6)

Source: Particip GmbH analysis

The box below provides complementary insights on the design of SBS operations in the Urban Renewal sector.

Box 1 *Design of SBS operations– specificities of the Urban Renewal sector*

The design of the SBS operations in the Urban Renewal sector exhibits the following characteristics:

Amounts: while the overall amount of the two SBS operations registers a slight decrease from one intervention to the next (from € 35 M for *eThekwini* to € 30 M for the Eastern Cape), the decrease can be seen as more significant when looking at its distribution across components. In the first case (*eThekwini*) the total amount of € 35 M was provided in the form of targeted budget support (financial transfer) to the *eThekwini* Municipality while in the second case (Eastern Cape), the overall amount of € 30 M was then broken down in three components: i) € 14.3 M in the form of sector budget support to the Nelson Mandela Metro Municipality (NMMM); ii) € 14.3 M in the form of sector budget support to the Buffalo City Municipality; and iii) €1.22 M in the form of a TA envelope to support National and Provincial Urban Renewal Units. Documents reviewed do not point to specific explanations regarding evolutions in amounts, although the inclusion of a complementary envelope for the provision of TA is the direct result of lessons learned through the implementation of the *eThekwini* support programme (see below I.134).

It is also worth noting that while the higher absolute amount of funds provided through SBS to the *eThekwini* Municipality amount to approx. 15.5% of the overall estimated capital cost of the *eThekwini* Municipality programme; the significantly smaller amounts provided through SBS respectively to the Nelson Mandela Metro Municipality Nelson and to the Buffalo City Municipality are approx. equivalent to 13% and 21% of the secured funding for the two Municipal programmes.

Duration: the design of both interventions foresaw an overall implementation period of 5 years. In the case of the Eastern Cape the implementation period was then extended by two additional years bringing it to an overall total 7 years. 7 years can be viewed as a fairly extended timeframe for the implementation of an SBS operation but the extension was granted in light of a number of implementation delays also linked to the political elections and the ensuing significant changes at institutional level which hindered the smooth implementation of the programme.

Changes in the number of tranches or type of tranches (and reason behind the evolution). The original design of both interventions closely resembled the design of standard ‘project aid’ type modalities. The project approach is evident when looking at the overall description of the interventions as depicted in the two FAs which detail not only overall and specific objectives and results but also activities (and a logframe). In both cases details are also provided with regards to the organisation and implementation procedures to be followed (e.g. Steering Committee, Project Manager, Area Managers in the *eThekwini* programme).

This was later redressed through the introduction Riders to both interventions which modified the technical and administrative provisions (TAPs) with a view to, among others: i) adjust the TAPs to the requirements set out in the EC Sector Support guidelines published in 2007 through the introduction of conditions for tranche releases and fixed and variable tranches in line with guidelines; and ii) significantly revise and simplify the general and specific conditions of both interventions and, in the case of the Eastern Cape, introduce clear performance indicators at outcome level⁴¹.

From one intervention to the next changes can be identified in both the number of fixed and variable tranches, higher in the case of the *eThekwini* SBS operation (5 and 2 versus 4 and 1). Programme documents do not offer any explanation for this but it can be hypothesised that this is primarily linked to the different overall amounts of the financial transfers foreseen rather than to changes in the context. In the case of the Eastern Cape, in fact, a further breakdown of tranches would have led to single transfers to each Municipality of excessively low amounts, the highest amount is in fact linked to the second fixed tranche and is of € 3.5 M.

Rationale behind the inclusion of complementary support. As anticipated above, the second Urban Renewal SBS operation (Eastern Cape) introduces a complementary envelope of € 1.22 M with the aim of providing “Support to the functions of the National and Provincial Urban Renewal Programme, Learning and dissemination of lessons” result area 7. The introduction of this complementary envelope is the direct result of the experience gained during the implementation of *eThekwini* SBS operation. As explicitly indicated in the FA of the Eastern Cape SBS experience gained throughout the implementation of the *eThekwini* SBS and of other local development programmes (project aid) pointed to the need to: i) disseminate learning within the municipality; and ii) support links between programme managers and line departments & ensure linkages between the three spheres of government. Objectives which are pursued through this envelope and the related Result area 7.

Source: *Particip GmbH analysis*

⁴¹ See for example the ROM MR-120520.01, 08/05/2009 “Support to Urban Renewal Programme in the Eastern Cape” p. 2. “The greatest limitation of the LF concern the set of conditionalities, the whole logic of measuring progress and payments and the lack of a proper risk management strategy. Conditionalities have been considered by AidCo C1 and E1 to be overlapping, sometimes not relevant and written in a complicated way and not completely in line with the guidelines for budget support and in some cases even against the principles”.

Complementary information on how Technical Assistance/Capacity Development (TA/CD) features in SBS operations design

No TA/CD foreseen at all in two cases:

- *Innovation for Poverty Alleviation*
- *PrimEd*.

The various ways in which TA/capacity development features in the design of SBS operations can be distinguished according to the *content and objectives* of the TA/capacity development action initially foreseen and the actual way this was *integrated* in the design framework.

In terms of **content and objectives**, four broad cases can be identified⁴²:

- TA/CD provided to facilitate exchange of high level know-how on policy experimentation, e.g. SARRAH programme supported under the PrimCare intervention⁴³ or the EIB support provided under the RCF interventions.
- TA/CD provided to strengthen the capacities of the Institution leading the SBS supported programme (capacities in terms of M&E, HR & financial management, etc.), e.g. *MSB, Legislative or Access to Justice*).
- TA/CD provided to facilitate the actual implementation of a component of the SBS operation (for instance for the preparation of call for proposals, etc.), e.g. *Access to Justice*.
- TA/CD provided to strengthen the capacities of other sector actors (decentralised bodies, CSOs, service providers or private sector for planning, management, etc.), e.g. *PrimCare, MSB or RCF*.

In terms of the **integration** of this TA/CD support in the initial design, there are also four broad cases:

- TA/CD as a specific component: case where there is an explicit “component” of the intervention with a specific EU funded envelope planned for it, e.g.: *PrimCare, Access to Justice or RCF*.
- TA/CD as a specific condition: case where there is no explicit financial allocation planned in the FA but the FA mentions that a “TA/CD system” should be established by GoSA during the implementation of the SBS-supported programme, e.g.: *Masibambane III*.
- TA/CD as a key result area (KRA): case where TA/CD is considered as a KRA with sometimes, in older SBS, an indication on the specific allocation of funds to achieve this result (the FA indicates that x% of the SBS funds should be used for this KRA); this case is very similar to the above but does not relate directly to a specific condition, e.g.: *eThekwini* or *Masibambane I*.
- General mention to TA/CD: the FA mentions a TA/CD dimension in the SBS supported programme (which could be provided by consultants recruited by the lead department in charge of the programme, a national organisation or a CSO) but does not consider it as an output of the SBS operation.

⁴² The expertise to be mobilised for ‘evaluations and reviews’ is sometimes referred to in the FAs as technical support, but this case is not included in this analysis.

⁴³ Support provided in the form of a contribution agreement (€ 6 M allocation) to DfID.

Table 19 Content of TA/CD and type of inclusion in FA

Content of TA/CD \ Type of inclusion in FA	Specific component	Condition in PAF	KRA (but not a condition)	General reference
Facilitate exchange of high level know-how	<ul style="list-style-type: none"> • RCF I (via EIB) • RCF II (via EIB) • PrimCare (via DfID programme) 	<ul style="list-style-type: none"> • PrimCare (policy support via DfID programme) 	<ul style="list-style-type: none"> • LSPSP (via exchange with international Parliaments and parliamentary bodies) 	
Strengthen the capacities of the Institution	<ul style="list-style-type: none"> • RCF I (via EIB) • RCF II (via EIB) 	<ul style="list-style-type: none"> • Employment Creation (focus on the Secretariat of the Economic Cluster) • MSB III (various levels) • LSPSP • PrimCare (various levels) 	<ul style="list-style-type: none"> • RCF I (via EIB) • RCF II (via EIB) • SWEEP I&II • MSB I (various levels) • MSB II (various levels) • Partnership for Health II (level of provincial departments) 	<ul style="list-style-type: none"> • eThekwini municipality • URP in the Eastern Cape
Facilitate the actual implementation of the SBS	<ul style="list-style-type: none"> • Access to Justice (via specific procedure) 	<ul style="list-style-type: none"> • e-justice • Access to Justice 	<ul style="list-style-type: none"> • RCF I (via EIB) • RCF II (via EIB) 	
Strengthen the capacities of other sector actors	<ul style="list-style-type: none"> • URP in the Eastern Cape (support national and provincial urban renewal units) 	<ul style="list-style-type: none"> • Employment Creation (support to line departments) 	<ul style="list-style-type: none"> • RCF I (“business support to end beneficiaries”) • MSB III (“institutional strengthening of WSA” and “CSO capacity building”) • PrimCare (NSA and other service providers) • Partnership for Health II (NSA and other service providers) 	<ul style="list-style-type: none"> • eThekwini municipality • URP in the Eastern Cape • PrimCare

Table 20 Risk Capital Facility I - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>Technical Assistance to DTI</p> <p>“TA facility” whereby the EIB provided capacity development and supervision to the IDC. This facility is demand driven and is expected to support the department with:</p> <ol style="list-style-type: none"> 1. The design of a multi-donor funded sector support programme for private sector development. 2. Support in preparing the Department to take over the implementation task of the sector support programme and in the co-ordination of existing programmes. <p>The assignments in this facility include inter alia capacity building, training, policy research and stakeholder consultations.</p> <p>Business support to end beneficiaries</p> <p>According to the TAPs in the FA, 20% of the fund was allocated for technical assistance and business support before and after approval of the loan. The assistance will be in the form of:</p> <ol style="list-style-type: none"> 1. Business Plans; 2. Mentoring; 3. Management Skills Development. <p>The IDC was expected to provide the mentoring at times but it would primarily be through specialist consultants</p> <p>It is interesting to note that the rider 2 of the programme mentions: “The proposed amendment concerns: (...) the use of internal resources within the implementing agency to provide 2mEUR of the business support, <i>instead of the extensive use of specialist consultants</i>”.</p>	<p><u>FA – section 2.4.3 Technical assistance to DTI</u></p> <p>“This demand driven TA facility will provide DTI with support in the design of a multi-donor funded sector support programme for private sector development. Furthermore it will provide support in preparing the Department to take over the implementation task of the sector support programme and in the co-ordination of existing programmes. Assignments under this facility may include inter alia capacity building, training, policy research and stakeholder consultations. Terms of Reference for specific assignments will be prepared by DTI and submitted to IDC for recruitment and administration of contracts. Procurement of services will be done in compliance with EU procedures.”</p> <p><u>FA – section 2.4.2 Business Support to end beneficiaries</u></p> <p>“A portion of the fund (up to 20%) will be in the form of a grant to the end beneficiaries to provide technical assistance and business support pre- and post loan approval. This will take the form of assistance with business plans, mentoring and management skills development. Assessment of business support grants will be made hand in hand with the underlying investment decision. Technical expertise will be made available for the mentoring at times through the IDC itself but primarily through the use of specialist consultants. The IDC has a database of over 100 accredited consultants from which the consultants will be procured in compliance with EC procedures. In the case of external investment funds, support could also be provided through such a fund if channels for technical assistance/business support already exist.”</p>

Table 21 Risk Capital Facility II - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>EIB support regarding “policy and implementation assistance”.</p> <p>In particular, the EIB’s role will be to offer its expertise in investment decisions and portfolio management. i.e.</p> <ol style="list-style-type: none"> 1. Selection of investments; 2. Macro-monitoring of the portfolio; 3. Reporting on the programme’s performance. <p>The FA also mentions “TA for evaluation, reviews and policy development” which was only used for the MTR.</p> <p>The FA and the riders 1 and 2 do not say much about TA but provide amendments to the budget regarding TA for audit and monitoring and evaluation where it is reduced from 0.7M€ to 0.27M€.</p>	<p><u>FA:</u></p> <p>“The EC will finance the involvement of the EIB on a cost-recovery basis, based on the agreed formula applied for the EC Investment Facility. Technical Assistance for policy and implementation assistance, audit and monitoring and evaluation will be recruited through EC Procurement procedure”.</p> <p><u>Rider 2:</u></p> <p>“The detailed budget allocation for the € 2.77 m support towards implementation and policy support is as follows:</p> <ol style="list-style-type: none"> a. € 2.5 m for provision for implementation support by EIB; b. € 0.27 m for the provision of TA for evaluation, reviews and policy development.”

Table 22 SWEEEP I & II - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>Institutional strengthening features in the FA. For instance, first expected result is “<i>The dti will be strengthened to champion competitiveness through its leadership role in the economic, investment and employment cluster of government departments</i>”.</p> <p>But not clear mention on how this should be achieved (e.g. this is not featuring in the PAF, there is no reference to the mobilisation of national consultants for TA, etc.).</p> <p>Interestingly, analysis of conditions of the third payment (Specific conditions) mentions: “<i>Some recommendations also took into account the need to further develop the performance monitoring system, and the possibility to use SWEEEP to increase the internal department capacity building and more especially maybe the EIDD division in charge of the NIFP co-ordination and the EPRC division responsible for the overall monitoring system.</i>”</p>	<p>FA: “The dti will be strengthened by restructuring to reflect the priority activity areas set out in the MTSF and the IMS (including cross-functional teams); setting and monitoring standards of service delivery; designing and implementing a Performance Orientated Monitoring System (POMS); transforming the dti to better reflect the diversity of SA society; and, training and developing the staff of the dti and its family of institutions.”</p>

Table 23 Employment creation - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>Though not budgeted for by the EC, capacity is a part of the programme as seen by:</p> <ul style="list-style-type: none"> • The specific conditions set by the EC that the Secretariat has to fulfil before the respective tranches are released in terms of: <ul style="list-style-type: none"> ○ Strengthening its own capacities; ○ Providing CD support to the line departments of the Economic cluster upon request. • A planned support by Dfid, esp. for enhancing M&E system. 	<p>FA: “Skills development and departmental capacity building where capacity constraints have been identified with the aim to support a more effective and efficient project implementation and help Departments meet the Programme of Action annual targets”</p> <p>“The Cluster Secretariat will assess the current monitoring systems within the key departments of the cluster to look at ways to improve the synergy of the various co-existing Monitoring and Evaluation Systems. Therefore the improvement of the Performance Monitoring System is closely linked to this Employment Programme through conditions for disbursements. Capacity Development in this area will also be provided through the closely aligned DFID employment programme.”</p> <p>FA - Table C: Specific Conditions for tranche release “Secretariat capacity and technical skills enhanced to facilitate access to additional funding. Terms of Reference and mandate as well as Technical Assistance capacity track record.”</p> <p>“Secretariat facilitating joint multi-departmental projects/ actions in line with PoA and able to provide capacity building and TA to the line departments of the Economic Cluster upon request”</p> <p><u>Analysis of condition (1st Payment):</u> “It is anticipated that a specific TA team will be recruited to process the funding applications, draft the guidelines, advertise to all relevant stakeholders at the time of open funding windows and provide back up support to the Secretariat with specific Departments request for assistance.</p>

Comment/Description	Extracts from FA
	<p>(...)</p> <p>The Cluster Secretariat, based at the DTI in the Economic Policy Research Co-ordination (EPRC) Unit, has provided evidence of the external advertisement for TA request for expression of interest that was launched in March 2009 to support its work. The external TA team was not recruited, as contrary to forecast, no donor funding has been made available so far. The DTI had anticipated the role profile for the 2 external consultants and how their tasks/ responsibilities would fit in to support the ERPC Unit.</p> <p>(...)</p> <p>It is to be mentioned that as part of the NT, a specific pool of national technical assistants is being managed and has been assisting many Economic Cluster's Departments on several occasions. The NT-TA has been commissioned on both short and medium term missions, with the objective of supporting Departments in meeting their annual objectives, including the delivery of specific PoA's related joint actions requiring technical in-puts, preliminary research and building additional capacity at Departments' level.”</p> <p><u>Analysis of condition (2nd Payment):</u></p> <p>“As reported by the Secretariat, the new coordinating mechanisms and the Outcomes Methodology also resulted in the need to reconfigure the Secretariat and strengthen the existing capacity.</p> <p>(...)</p> <p>During 2010, the work of the Secretariat was largely concentrated on the institutionalisation of the Outcomes Methodology to enhance co-operation and increase co-ordination. The Technical Secretariat was instrumental in the development of the Delivery Agreements that fall within the ambit of the Cluster particularly outcome 4. This required the Secretariat to interact with all the Cluster departments to solicit information on their programmes that were identified as fundamental components of delivery.</p> <p>(...)</p> <p>As a result of the support provided to Departments in developing proposals for the Fund, the Secretariat was able to allocate the full amount of the first tranche by end 2010</p> <p>(...)</p> <p>In the assessment of the technical support provided by the Secretariat, 2010 could be considered a learning year (with the first tranche having been received in December 2009) during which it became clear that more technical assistance was required to be provided to the Cluster departments to assist them in developing high quality proposals</p> <p>(...)</p> <p>Due to the reconfiguration of the Cluster and the huge pressure of work on the Secretariat during this time, that is, in terms of preparing the new ToR for the Cluster as well as the drafting of the Outcome 4 Delivery Agreement, the Secretariat did not engage additional TA in the first half of 2010. However in the second half of the year,</p>

Comment/Description	Extracts from FA
	<p>when the urgency for TA to improve the administrative systems of the Fund was apparent, the NT-TAU was engaged to enhance the capacity of the Secretariat. (...)</p> <p>A Memorandum of Agreement (MOA) has subsequently been reached between the Secretariat and the NT-TAU based on DGs' letters to support the Secretariat in carrying out its functions. In this regard, more consultants on a need basis would be dedicated to the ECF during 2011 henceforth. In addition, to support the work of the Cluster, it is agreed that a Cluster Support Facility will be established to finance transversal priorities identified in the Cluster's PoA and enhance support provided to Cluster departments in developing, designing and implementation of projects funded through the ECF.</p> <p>The NT-TAU and the ECF Secretariat will jointly administer the Cluster Support Facility which is currently being designed. A network of 250 consulting companies will be used to provide technical assistance to the Cluster departments."</p>

Table 24 Innovation for Poverty Alleviation - complementary information on TA/CD

Comment/Description	Extracts from FA
No TA/CD foreseen except for implementation of MTR and evaluation.	<p>FA</p> <p>"A total amount of Euro 400,000.00 will be retained for complementary support using EC procedures. Explicitly this will be used through tenders to commission technical support in programme reviews and evaluations."</p>

Table 25 MSB I - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>MSB was initially operated by a project management unit (phased out by the start of MSB II), which had three components all of which were operated by consulting firms:</p> <ul style="list-style-type: none"> • The "National Programme Management Support Consultancy". The tender was submitted on 19 June 2001. However, there was a substantial delay (running into months) from the date of tender to the actual appointment of the consultants. • The "Specialist Contract Management/ Programme Management Support for Water Services Sector" was awarded to Intatakusa Consortium, with the key technical staff coming from Bigen Africa. The tender was submitted on 25 April 2002. • The "Monitoring & Evaluation Programme, Business Plan, Liaison Support & Development Support Contract" for the WS Sector was awarded to SAS Consortium. The tender was submitted on 1 August 2002. The main focus of this consultancy was to further develop and operate the M&E system. Africon provided a significant component of the technical skills. <p>In general, for much of MSB I, most projects were implemented by DWAF through BOTT contractors, NGO's, District Municipalities and other consultants and contractors as the Implementing Agents. However, during the last financial year the policy changed and in line with the MIG approach, DWAF was not allowed to initiate any new projects and project funds had to be</p>	<p>FA</p> <p>"Approximately 5% of the overall budget will be invested in technical assistance (TA) at various levels. Procurement of TA will be done through a framework contract managed by DWAF Head Quarters in Pretoria."</p> <p>"Technical assistance which includes medium term technical assistance, assistance contracts, 'draw down' advisory services, secondments and exchange programs"</p> <p>"Note: Technical Assistance (TA) includes the contracting of expert consultants, secondments and other forms of support providing both direct technical input and capacity building."</p>

Comment/Description	Extracts from FA
<p>transferred directly to municipalities and local governments were then charged with operating these initiatives.</p> <p>TA, funded by SBS, was critical in assisting policy to be implemented at both provincial and local level, particularly in MSB I (e.g. TA designed and helped provinces implement their multi annual action plans during MSB I).</p>	

Table 26 MSB II - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>In MSB II, consultants:</p> <ul style="list-style-type: none"> oversaw the quality of water projects implemented under the Municipal Infrastructure Grant; also helped local/district municipalities comply with the regulatory framework aligned to sector policies including Environmental Impact Assessment (EIA) regulations and water use licensing/registrations by WSA officials). <p>TA deployed by the government included specialists in a number of areas: programme management, monitoring and evaluation, auditing, financial analysis, economics and economic development, strategic analysis, business analysis, change management, organisational development, policy analysis, etc.</p>	<p>FA section “2.3 Results anticipated from the Sector Programme”:</p> <p><i>“Sector collaboration</i> (...) SALGA and municipal structures supported to effectively participate in water sector policy development and implementation. (...) DPLG supported to establish a MIG Strategic Management Unit at Head Office and perform its role as manager of MIG. (...) Training course content developed together with training materials. Capacity will be built through the training of trainers. (...) <i>Institutional support</i> Water Service Authorities and Water Service Providers have an improved capability to fulfil their respective functions and discharge their responsibilities in an efficient and business like manner.”</p> <p>FA ‘Annex A: Risks and assumptions (relating to implementation)’ “The use of consultants crowds out local talent who might otherwise have been employed even through less skilled and experienced. Also consultants do not necessarily promote skills transfer, they may be too preoccupied doing the job they were hired for; lack the ability to train a counterpart, not be given a counterpart at all; or afraid they might be depriving themselves of a future commission. There is an urgent need for consultants in many capacities in this programme but their use is not without risks.”</p>

Table 27 MSB III - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>Assessments of payment conditions by the EUD noted that TA included⁴⁴, which align to key result areas of all three phases of MSB:</p> <p>Monitoring, Evaluation and Reporting at National level and in the 6/9 provinces</p> <ul style="list-style-type: none"> • Project management business process re-engineering; • Project management support round cross cutting issues; • Sanitation support to the National sanitation task team; • Financial management support. <p>These regular assessments by the EUD, were documented and shaped the dialogue with GoSA officials. Thus, for example, one such assessment, which the EUD submitted to DWAF noted that <i>“technical assistance is being utilised in a number of very important areas such as monitoring, evaluation and reporting, cross-cutting issues, sanitation and financial management. As mentioned earlier in this analysis cross-cutting issues has been an area where progress has been mixed under Masibambane and sanitation is an area which has lagged behind water delivery throughout the programme. The Auditor-General's report has clearly indicated the importance of support to financial management. Monitoring, evaluation and reporting is essential for the programme to analyse progress, identify problems and develop action plans”</i>.⁴⁵</p> <p>TA extended its functions all over the technical and institutional areas, including cross-cutting issues. All such TA was funded, identified and managed under the responsibility of the GoSA side.</p>	<p><u>FA (Condition):</u></p> <p>1st tranche: “Procurement of required Technical assistance commenced.”</p> <p>2nd tranche: “Required technical contracted. Report on use of technical assistance.”</p> <p>3rd tranche: “Report on use of technical assistance”</p> <p><u>EUD assessment of Conditions related to 1st fixed tranche:</u></p> <p>“Appointment of a professional service provider to provide financial management, programme management and other ancillary services for the implementation of Masibambane III”</p>

Table 28 The e-justice programme - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>An attempt to strengthen internal resources and organisational skills was made after the MTR in the subsequent re-design of the programme. The revised logframe to Rider 2 mentions as an OVI the development of a Technical Assistance Framework (TA) in support of eJustice programme. The TA main objectives were essentially to develop and draft the updated eJustice Business Plan, the eJustice Programme Monitoring and Evaluation Framework, the eJustice Programme Technical Assistance Framework and finally to define a basket of outcome indicators for the programme.</p>	<p><u>Rider nr 2</u></p> <p>Condition 1st tranche: “A Technical Assistance framework has been approved by the PSC and Technical Assistance has been activated in support of result area five. This will include: Those human resource, gender and strategic planning requirements as identified and costed in the <i>e-justice</i> Business Plan. These requirements are to be endorsed and supported by the office of the Director General and the HR business unit.”</p> <p>Condition 2nd tranche: “An individual report has been presented for each TA component detailing compliance with its TORs and providing an external evaluation of the use and benefits of the TA facility.”</p>

⁴⁴ Delegation Assessment of Payment Conditions: Request for payment of second Fixed Tranche of Euro 24 M to MSB III, p.12

⁴⁵ Delegation Assessment of Payment Conditions: Request for payment of second Fixed Tranche of Euro 24 M to MSB III, p.13.

Table 29 LSPSP - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>Only reference to TA/CD are:</p> <ul style="list-style-type: none"> • A condition (related to 1st fixed tranche) on the establishment of a “Sector Capacity Building Plan”. • A KRA related to capacity development through international exchange. 	<p><u>FA</u> Condition 1st fixed tranche: “Sector Capacity Building Plan”.</p> <p><u>Rider 1</u> “The Sector aims to improve and strengthen existing relations with international Parliaments and parliamentary Bodies, and to establish new relations where it does not already exist. Sharing of experiences and best practices, including capacity building interventions will be undertaken.”</p> <p><u>Analysis of condition for tranche release (1st tranche):</u> “The Speakers' Forum (SF) identified the need for a comprehensive training programme for the Members of Parliament and provincial legislatures. This programme is part of the broader capacity development strategy to ensure effective and efficient legislative institutions. The accredited training programme will be implemented over a three year period, and will commence in 2010. The broader capacity building programme commenced in May 2009 with an induction programme for new Members in all legislatures. The three year training programme is informed by the competencies required for the legislative sector. (...) A consortium of higher education institutions across the country will offer these programmes, and the sector is collaborating with the Public Administration Leadership and Management and Leadership Academy (PALAMA) as the main partner and coordinator of, and interlocutor with, other higher education institutions.”</p>

Table 30 Access to Justice - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>TA to the DoJ&CD's Strategy, Monitoring and Evaluation Unit is planned in the PAF (condition related to the 2nd fixed tranche). In the context of the consolidation of the work of external consultants on the design of the 2011-16 MTSF, the TA eventually focused on the development of relevant and measurable KPIs for the DoJ&CD.</p> <p>Moreover, the second component of the <i>Access to Justice</i> programme is implemented by the EUD through the project modality and the FA refers to the recruitment by the EUD of technical assistance to assist the EUD with the call for proposals.</p>	<p><u>FA</u> “Technical assistance will be recruited by the European Commission Delegation to assist in the preparation (including finalisation of the guidelines), evaluation and implementation of the call for proposals”</p> <p><u>Condition (2nd fixed tranche):</u> “Technical support to the Strategy, Monitoring and Evaluation office of the DoJ&CD in place.”</p> <p><u>Analysis of condition for tranche release (2nd tranche):</u> “The Technical Assistance (TA) to the DoJ&CD Strategy Unit has been appointed in March 2011 and the drafting of the implementation report is ongoing. TA will support the DoJ&CD Strategy Unit to implement:</p>

Comment/Description	Extracts from FA
	i) Strategic planning (including selection and design of key indicators and targets); ii) Monitoring, evaluation, analysis and reporting (collection and analysis of performance data); iii) Management of human resources; iv) Corporate Governance and organizational support.”

Table 31 Partnerships for Health II - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>‘Technical assistance’ (2.4 mEUR) and ‘Training and Capacity Building’ (8 mEUR) were foreseen in the initial FA (which actually corresponded to a project approach) to support various sector actors (incl. NSA, Health Sector Education and Training Authority, etc.). In particular, it was planned to provide technical assistance for NSA in areas such as programme planning, management, basic accounting, monitoring, evaluation and report writing.</p> <p>In the rider that changed the modality of the programme (into a SBS), these components are not have been integrated in the core ‘budget support’ and are not mentioned any longer as separate activities.</p> <p>The rider only foresees 1mEUR for complementary actions including: evaluations, reviews and audits.</p>	<p>Initial FA (when modality was not SBS)</p> <p>Technical Assistance is required in the development and delivery of some activities. All technical assistance will be contracted in accordance with the Practical Guide to Contract Procedures for EC External Actions and will be accountable to the NDOH and/or PDOH (as appropriate) for day to day working and operational performance. Government at the appropriate levels (national, provincial, municipal) will be involved in the design of the terms of reference for all technical assistance and the selection and appointment of all technical assistance will have to have their approval. Short term Consultancies will be required for an external mid- term review, end of project evaluation and audits.</p>

The SBS operation also makes a reference to Capacity building/Technical support provided by CSO that receive grants through the CSO component.

“Under the TC and CSO Component interventions will be focused mainly at decentralised levels, in particular at the District Health System where Primary Health Care services are provided. Its activities will indicatively include: **capacity building, M&E, research, strengthening of public financial management, Human Resources strengthening, public private partnerships, health promotion and community involvement, policy analysis, etc.**”

Table 32 Primary Health Care Sector Policy Support - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>TA is mainly referred to as “TC” in the FA. Very few details provided in the FA.</p> <p>Much more details in the specific Delegation Agreement with DfID related to “<i>Strengthening of PHC services through redefining roles and contracting private GPs to form part of the District health system and referral network</i>” (SARRAH)</p> <p>The objectives of the sub-component of the SARRAH programme are:</p> <ol style="list-style-type: none"> 1. Provision of technical assistance to conduct a situational analysis to determine current distribution of private GPs within a ward and per district; 2. Provision of technical support for advocacy, stakeholder management, community buy-in and communication; 3. Provision of technical support to Provincial and District Health Management Teams to establish governance systems for contracting of private GPs as part of DHS; and 4. Provision of technical support for project management to ensure overall national co-ordination, implementation, monitoring, evaluation and reporting on the impact of GP contracting models in 	<p>FA</p> <p>“The SPSP will comprise two components: A main component of Sector Budget Support; A complementary component for Technical Co-operation and Civil Society Organisations (CSO) Support”</p> <p>“Civil society organisations and short- and longer term technical assistance will be contracted to support the DOH in achieving the objectives and result areas [of the SBS]”</p>

Comment/Description	Extracts from FA
improving access, coverage, efficiency and quality of an integrated PHC model.	

Table 33 Primary Education Sector Policy Support - complementary information on TA/CD

Comment/Description	Extracts from FA
No explicit TA/CD inputs foreseen.	

No explicit TA/CD inputs foreseen. However, "other type" of TA/CD is mentioned as highlighted below.

Table 34 Urban Development Support to eThekweni Municipality - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>No complementary envelope for the provision of TA / CD is foreseen.</p> <p>That said, the whole programme is geared towards the strengthening of the Municipalities' capacity to provide basic services and to stimulate job creation and income generation by introducing Area Based Management (ABM) and Development practices in five selected learning areas.</p> <p>To achieve this purpose the programme has been designed to:</p> <ul style="list-style-type: none"> • Strengthen EMA's capacity to introduce AMBD. • Improve urban management practices within EMA. • Improve urban governance practices within EMA. • Introduce innovative ways of delivering services to poor people in EMA. • Introduce innovative ways to stimulate local economic development in EMA. <p>To be noted that the SBS is not the EMA's Comprehensive programme for ABM. It is a programme designed specifically to support the conceptualisation and implementation of the EMA's programme.</p>	<p><u>FA/TAPs, pp.1-2</u></p> <p>"It is fundamentally a support programme which focuses on learning by incremental implementation and by building the capacity of EMA role players to both implement and participate effectively in "Area Based Management and Development" (ABMD) in five selected districts within EMA". [...] The purpose of the programme is to strengthen EMA's capacity to provide basic services and to stimulate job creation and income generation by introducing Area Based Management and Development practices in five selected learning areas." To achieve this purpose the programme has been designed to:</p> <ul style="list-style-type: none"> - strengthen EMA's capacity to introduce ABMD - improve urban management practices within EMA - improve urban governance practices within EMA. [...]" <p><u>FA/TAPs, p. 2</u> (wording slightly modified in the rider although the essence remains the same.)</p> <p>Result 2. Capacity of ABMD managers, ward councillors, communities, and other stakeholders to play their respective roles in ABMD is enhanced⁴⁶.</p> <p>This result area deals with the building of capacity of all pertinent role players to play a meaningful role in the ABMD programme (including ABMD managers, other EMA staff, councillors, ward councillors, communities and other stakeholders). Moreover a key sub-result is the design and implementation of a Training, Learning and Research (TLR) facility and an Operational Management Support (OMS) facility to provide the capacity building and management support for the EMA's ABMD programme.</p> <p><u>FA/TAPs, p. 3</u></p> <p>Activities Result 2: Capacity of ABMD managers, ward councillors; communities, and other stakeholders to play their respective roles in ABMD is enhanced. Activities are geared to :</p>

⁴⁶ In the rider reference to the *EThekweni Municipality management and staff* was then added.

- establish training and management support facilities;
- design and provide on the job ABMD training to a cadre of area managers and key personnel of the municipality ;
- design and provide ABMD training and support to municipal councillors and community leaders;
- design and provide ABMD training to other programme stakeholders.

FA/TAPs, p. 4

To ensure adequate capacity building and management support to area structures the programme will establish two facilities: the Training, Learning and Research (TLR) facility and the Operational Management Support (OMS) facility.

FA/TAPs, Annex 8. P. 25

“The EMA. recognizes that it does not have the capacity at present to implement ABMD at once but will need to develop this capacity incrementally. ABMD implies major shifts in how business is done and how to do this without totally disrupting operations is a challenge. There is a degree of political risk in the programme. This relates to the response of city councillors and civic organisations to the programme. However the programme design seeks to address this risk by providing training and capacity building functions to help establish stakeholders’ roles that are complementary at the local level. An important assumption for this programme is that sufficient capacity will be forthcoming to ensure it is effectively implemented and that the institutions built will be .durable. In this regard the EMA has made a firm political commitment to ABMD and has made provision for it in its organogram which was confirmed by April the 14th 2002. The EMA has started operationalising its ABMD - related structures by July 2002.”

FA/TAPs, Annex 8. P. 26

4. Institutional and management capacity

The strengthening of institutional and management capacity is a major focus of the programme, both at the metropolitan and "learning area" level. The programme has also built in a sub-programme for the training of potential ABMD managers. In addition to management per se, the programme provides for substantial support for the building of the capacities for governance and development of local stakeholders, notably councillors, civil society organisations and city officials. The proposed TLR and OMS institutions provide support vehicles for continuous building of capacity through training and the dissemination of learning.

FA/TAPs, annex 5.

[...] need for management support has been identified as a critical success factor. [...] the management support required falls into two main categories. The first deals with a more critical, experience-based, scientifically-sound and academically rigorous form of assistance. This kind of assistance is best provided via experienced professionals and academics. The

	<p>second relates to the provision of day to day operational management support and assistance. This kind of assistance is best provided by experienced operational managers. Thus it is proposed that two management facilities be established for the project. The first is a Training, Learning and Research Facility (TLR) facility and the second an Operational Management Support (OMS) facility.</p> <p>FA/TAPs Rider, p.2 - section 3.1 “EMA will provide the majority of the personnel required for the implementation of the programme. To ensure adequate capacity building and management support to area structures the programme will facilitate training, learning, research, and operational support functions (see annex 5)”.</p>
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Table 35 Support to Urban Renewal Programme in Eastern Cape - complementary information on TA/CD

Comment/Description	Extracts from FA
<p>Provision is made for a TA support to national and provincial URPs to be financed through a € 1.22 M complementary envelope (originally € 1.5 M but including audit and evaluation). Objectives, purposes, outcomes and activities for the TA are clearly spelt out in the FA and fall under Result Area 7.</p>	<p>FA/TAPs, p.2 “Programme purpose: - (...) To support and strengthen national and provincial urban renewal units in the form of technical assistance. (...) At the national and provincial levels the South African National Urban Renewal Programme (URP) is an instrument to provide special focus on eight ‘Urban Renewal Nodes’, with the objectives of addressing lack of equity in access to resources and opportunity, poverty and under-development; also of enhancing the capacity of municipal authorities to provide infrastructure, housing and services. (...) Knowledge and capacity of provincial and national stakeholders is shared within and across spheres and leads to improved strategies”.</p>

The FA also mentions that MURP units in each city are to be strengthened in capacity and numbers. FA, p.6 “*Environmental sustainability, gender equality, Capacity Building and Good Governance are all addressed in the results expected from this programme, as well as local policies. [...] Programme management is to be undertaken by the MURP units in each city. These units are to be strengthened in capacity and numbers, as well as improved strategy and operational planning through, inter alia, this support programme.*” FA, p.6 “*The Municipality will increase the capacity of the Urban Renewal Units in each by appointing by both long- and short-term international, national or local technical assistance, as appropriate for the nature of the support and in line with the MURP operational plans*”. FA, Annexure B: Cross Cutting Issues, p.12 “*Capacity building forms an integral part of this programme. By providing Sector Budget support the Municipalities’ capacity to perform better is enhanced. They will address their capacity issues on levels of more staff and specific expertise that need improvement. The other advantage is that this programme through SPSP improves the capacity of the institution itself and does not just add capacity that will be taken away at the end of the programme.*” FA, Annexure C: Sustainability, p.14 “*4. Institutional and Management Capacity The institutional capacity in many areas related to the Urban Renewal Programme requires improvement, and the strengthening of this is therefore a focus of the programme. The key focus is on strengthening the capacities and capabilities of municipalities to fulfil their functions as implementation agents for public sector programmes. Another focus is on enabling Provincial and National Urban Renewal programmes to fulfil their lesson dissemination, monitoring, support and co-ordination functions with regard to Urban Renewal.*”

1.3.2 I-133 Evolution in the type and number of general and specific conditions, and key performance indicators (KPIs)

Table 36 Evolution in the type of general conditions

Title	Macro-economic stability	PFM	Sector policy	Donor co-ordination	Policy dialogue	Other
Employment /Private Sector Development						
Risk Capital Facility I	n/a	n/a	n/a	n/a	n/a	n/a
Risk Capital Facility II						* IDC remains solvent * Compliance audit * Developmental & financial targets substantially met
SWEEEP I & SWEEEP II	n/a	n/a	n/a	n/a	n/a	n/a
Employment Creation						
Innovation for Poverty Alleviation				(*) ⁴⁷	(*)	
Water						
MSB I	n/a	n/a	n/a	n/a	n/a	n/a
MSB II	See spec. cond. ⁴⁸	See spec. cond.	See spec. cond.	See spec. cond.		
MSB III						
Governance: Legislative and Judiciary						
The e-justice Programme	n/a	n/a	n/a	n/a	n/a	n/a
Legislative Sector Policy Support Programme						
Access to Justice						
Health						
Partnerships for Health II						
Primary Health Care Sector Policy Support						
Education						
Primary Education Sector Policy Support						
Urban Development						
Urban Dev Support to eThekweni Municipality						* eThekweni remains solvent * requirements of MFMA met * various conditions related to audits * payments requests supported by NAO
Support to Urban Renewal Programme in Eastern Cape						

Legend

Condition is used	Condition is not used
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Source: Particip GmbH analysis

⁴⁷ These elements were mentioned at the General Conditions level in the financing agreement but were transferred to the Specific Conditions level in the rider 1.

⁴⁸ No distinction made in project documents between General and Specific conditions, however there are clear specific conditions on PFM, Macro-economic stability, etc.

Table 37 Evolution in the type and number of specific conditions

Title	Nr. of cond.	Donor co-ordination	Sector dialogue	Sector prgm or business plan	Annual reports	M&E in place	TA in place	Positive MTR	Progress in KPI	Other
Employment /Private Sector Development										
Risk Capital Facility I	1									
Risk Capital Facility II	10								"development and financial targets"	* Agreement with EIB on monitoring. * Availability of funds * Agreement with IDC on management. * Annual audit. * Commitment rate on funds related to previous tranches.
SWEEEP I & SWEEEP II	2									* Agreement with EIB on indicators.
Employment Creation	7	Donor WG	Multi-stakeholders seminar; High level dialogue							* Monitoring committee in place. * Secretariat functional and with TA capacity.
Innovation for Poverty Alleviation	5							(*) ⁴⁹		
Water										
MSB I	5					(*) ⁵⁰				* Audit
MSB II	4				Also in KPI					* Annual audit and financial review of sector needs
MSB III	5									* Positive final evaluation of MSB II
Governance: Legislative and Judiciary										
The e-justice Programme	4								n/a	* Detailed proposal with regards to technical assistance. * Evidence that the results of the 2001-02 business plan have been achieved. * Internal financial audit.
Legislative Sector Policy Support	5 ⁵¹					(*) ⁵²				* Sector Capacity Building Plan

⁴⁹ The rider actually mentions the condition: "completed MTR for the programme" (no indication on the outcome of the MTR).

⁵⁰ In the FA, the initial condition stated "submission to EC and approval of the MAAP's, in particular in terms of results and monitoring mechanisms". The condition on M&E was made more explicit in Rider 1.

⁵¹ The specific condition "Submission of Sector Action Plan for Year 1 with agreed monitoring evaluation methodology" was considered as two conditions: one on the sector programme (action plan) and one on the M&E system.

Title	Nr. of cond.	Donor co-ordination	Sector dialogue	Sector prgm or business plan	Annual reports	M&E in place	TA in place	Positive MTR	Progress in KPI	Other
Programme										
Access to Justice	3									
Health										
Partnerships for Health II	6									* Agreement on indicators & targets
Primary Health Care Sector Policy Support	3									
Education										
Primary Education Sector Policy Support	3									* Monitoring committee in place
Urban Development										
Urban Dev Support to eThekweni Municipality	5									* Audit
Support to Urban Renewal Programme in Eastern Cape	1									

Legend

Condition is used	Condition is not used
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Source: Particip GmbH analysis

⁵² The specific condition is actually: "Submission of Sector Action Plan for Year 1 with agreed monitoring evaluation methodology"

Table 38 Evolution in the type and number of key performance indicators

Title	Nr. of KPA	Nr. of KPI	Indic. on processes	Indic. on results	Main remarks
Employment /Private Sector Development					
Risk Capital Facility I	n/a	n/a	n/a	n/a	No variable tranche/ no KPI.
Risk Capital Facility II	n/a	6	2	4	
SWEEEP I & SWEEEP II	4	7	3	4	
Employment Creation	3	11	4	7	
Innovation for Poverty Alleviation	8	18	16	2	
Water					
MSB I	n/a	n/a	n/a	n/a	No variable tranche/ no KPI.
MSB II	4 ⁵³	8	6	2	
MSB III	4	12	7	5	
Governance: Legislative and Judiciary					
The e-justice Programme	n/a	n/a	n/a	n/a	No variable tranche/ no KPI.
Legislative Sector Policy Support Programme	4	16	13	3	Originally 3 KPA, 4 th KPA added in a rider.
Access to Justice	3	11	8	3	
Health					
Partnerships for Health II	5	12	10	2	
Primary Health Care Sector Policy Support	n/a	10	3	7	
Education					
Primary Education Sector Policy Support	n/a	12	3	9	
Urban Development					
Urban Dev Support to eThekweni Municipality	5	10	6	4	
Support to Urban Renewal Programme in Eastern Cape	12(6+6)	12(6+6)	5(3+2)	7(3+4)	One set of indicators for each municipality

Source: Particip analysis

⁵³ In some of the project documents, "Institutional Development and Performance" is considered as a performance area but no KPI is associated to it. It was not taken into account in our calculation.

1.3.3 I-134 References or evidence of changes in design in response to best practices / transfer of lessons learnt and/or specificities of evolving context

Table 39 Main evolutions in BS provided in the sector

Title	Date FA ⁵⁴	Integration of best practices/ lessons learnt ⁵⁵ in the initial design	Changes made during implementation and reasons
Employment /Private Sector Development			
Risk Capital Facility I	03/2002	<p>With regards to project management the MTR for RCF 1 noted these lessons and best practices</p> <p><i>“Programme design should be aligned to the needs/priorities of the country</i></p> <ul style="list-style-type: none"> • <i>During programme implementation there is need to react quickly to challenges that may arise</i> • <i>The importance of alternative financing methods to allow for sustainability</i> • <i>Monitoring and evaluation should be at the core of programme management</i> • <i>There is need to put into and agree on measurable inputs, outputs and outcomes”</i> <p>(Source RCF MTR Final Report, page 21)</p> <p>The programme design allowed for IDC to be the implementing agency. With IDC as an implementing agency there was no problem of ownership because it has the advantage of being 100% government owned and it operates on solid commercial grounds (Monitoring Report: page 2)</p> <p>In order to ensure sustainability on RCF1, a formal agreement was put in place between the IDC and its parent ministry ,the dti compelling the IDC to continue to manage the RCF2 for a period of 12 years (Chapter 1 Sector Budget Support 2nd Tranche Payment Request: Detailed Assessment Of Conditions met: Page 22)</p>	<p>Rider 1 (10/2003): Transfer of responsibility of the TA component to dti in order to strengthen ownership and enhance internal development of capacities.</p> <p>Rider 2 (12/2004): Amendment of the cost breakdown to transfer part of the budget from the business support grants to investment funds in order to allow more funds to be available to invest in businesses.</p> <p>RCF exceeded the targets for the number of businesses it had been set to fund. Consequently more funds were needed to invest in the businesses. In-order to cater for the new changes the mode for funding the businesses was thus changed from being Business Support Grants to Investment Funds. (see MTR Final Report, pages 2, 16 and 12TH RCF Quarterly Report, page 9)</p> <p>This was not identified in the initial design because RCF was a pilot programme hence there was no other programme to benchmark against or a benefit of a baseline. (MTR Final Report, page 18)</p>
Risk Capital Facility II	12/2006	<p>As illustrated in the FA, the following lessons were learnt from RCF1:</p> <ul style="list-style-type: none"> • Design: The Risk Facility seeks to intervene in the area of higher-risk situations. As a result return requirements should reflect that risk as well • Inputs : Business Support- for many investees, professional assistance and a degree of training and mentoring remains is 	<p>Rider 1 (02/2008): The RCF1 and RCF2 both exceeded their set targets in terms of the number of businesses that they were supposed to fund. As a result the programme needed more funds for the excess businesses. Funds were thus transferred from the TA to Business Support.</p> <p>(MTR Final Report,RCF1, pages 2, 16, 12TH RCF Quarterly Report,</p>

⁵⁴ Date of signature of the financing agreement.

⁵⁵ From past interventions in the sector, past experience in other sectors or, generally, from EU experience in other countries

Title	Date FA ⁵⁴	Integration of best practices/ lessons learnt ⁵⁵ in the initial design	Changes made during implementation and reasons
		<p>essential to the profitability and sustainability of their enterprises.</p> <ul style="list-style-type: none"> • Financing: Deal flow- in order to broaden its geographical and sectoral reach and further improve its deal flow, the Fund will benefit from co-investing with other (mostly smaller) Investment Funds in active different segments of the market. • KPAs/KPIs: Performance Drivers- agreement on detailed performance drivers prior to launch of the programme will help the RCF-SBU to build the desired portfolio. (Financing Agreement, RCF2, page 4) <p>It has been suggested that the FA needs to include the definition of SMEs (Monitoring Report: Page 2)</p>	<p>page 9, MTR Final Report, RCF2, pages 11,24, 31, 33). There also was a delay in the implementation of the programme by 12 months, hence the request for an extension which was due to the time lag in the set up of stakeholder agreements (MTR Final Report, RCF2, page 11)</p> <p>The request made included the extension of the period of implementation and the closure period as well as the modification of the Special conditions and its Technical Administrative Provisions for Implementation to reflect the above.</p> <p>Rider 2 (12/2009): A request was made to extend the period of execution. This was because of delays due to the global financial crisis. This led to changes in the exchange rate which affected the South African rand and thus impacting on the amount of funding GoSA was entitled to receive. As a result the necessary changes had to be reflected in the project documents. This inevitably caused the delays in implementation of the programme (interview on 30.01.2013).</p> <p>Delays were also experienced with regards to timeframes that were stipulated with regards to the application process for SMEs. It emerged that too many applications had been received. Again the implementation of the programme was delayed to cater for the influx of these applications. (MTR Final Report, RCF2, page 12).</p> <p>There was also a change in the KPIs of the programme. KPIs were to become more specific and measurable.</p> <p>The KPI change also affected the duration of the programme. Furthermore, it was compulsory for businesses that were funded to include HIV/AIDS awareness activities (MTR, Final Report, page 36).</p>
SWEEEP I & SWEEEP II	07/2003 ⁵⁶	<p>When SWEEEP was designed, lessons were being drawn from other programmes and the partnership endeavours between the EU and SA, as illustrated in the FA which mentions that the programme should ensure:</p> <ul style="list-style-type: none"> • Design: The programme was designed to be less rigid and process based as the majority of previous ODA programmes were inflexible and rigid. SWEEEP design emphasised on being process based which allowed for flexibility within the programme. The design also allowed for a wide ranging of consultations with other stakeholders within the industry. There was an introduction of government led 	<p>Although there was no formal rider for SWEEEP, there were 'changes' made to the KPIs, because in the initial design there were no predetermined indicators. Indicators that set "<i>measurable and specific targets</i>" in order to successfully track the programme were introduced during the implementation of the programme (Letter from the DTI, 2007, Final Evaluation Report, SWEEEP, pages 80 and 81).</p>

⁵⁶ The financing agreement for SWEEEPSWEEEP II was signed in 07/2007.

Title	Date FA ⁵⁴	Integration of best practices/ lessons learnt ⁵⁵ in the initial design	Changes made during implementation and reasons
		<p>donor co-ordination committee to provide conceptual clarity and strategic direction so as to secure greater efficiencies and impact of ODA. Lessons learnt from other programmes led to the introduction of a programme management unit with sufficient structural authority and strategic oversight at senior level in government to effectively manage donor-co-ordination</p> <ul style="list-style-type: none"> • Conditions: Closer Alignment of ODA with evolving sectoral government priorities as ODA is of marginal monetary value to GoSA and only acts to add value to the budget; • Financial: Mainstreaming ODA to minimise management transaction costs and also strengthening dti's financial systems; • KPIs/KPAs: Defining outcome based performance indicators to highlight the shift from input/output based indicators and link the indicators to the MTEF. <p>(Financing Agreement, SWEEP, page 22)</p>	
Employment Creation	03/2009	<p>No evidence of lessons learned in the documents reviewed, although the programme certainly built on previous experience in the sector. It is noteworthy that there were no previously similar programmes. The ECF is a unique programme in that was designed to be housed in a cluster of 21 departments with the dti as the PMU, whereas the other SBS operations were under one specific department.</p>	<p>Rider 1 (10/2012): A request was made to extend the period of implementation and the period of execution. This was attributed to delays experienced due to the restructuring of government and the formation of the Economic Department (interview on 14.02.2013). There was also a delay caused by non-disbursements of funds from DFID. Consequently the EC had to disburse its funds first into the programme due to the urgent need for funds by the programme. This led to the programmes being implemented later than originally planned.</p> <p>This was done to ensure that the programme had sufficient time to be rolled out and executed.</p>
Innovation for Poverty Alleviation	03/2008	<p>This programme drew lessons not only from South Africa but from other regional programmes as well. Programme documents such as Identification Fiches summarize the key lessons learnt in the field of SBS in South Africa as they relate to ST developmental initiatives</p> <ul style="list-style-type: none"> • Design <ul style="list-style-type: none"> – The Godisa Programme, established by the DST in partnership with the DTI and funded partly by the EC, proved to be a success at creating sector-focused technology business centres for developing viable and successful technology –based SMEs. This experience helped focus the IPA programme to the needs of the communities it was implemented in. – The Programme for ST Innovations and Capacity Building (PSTICB) in ACP Countries (2006) addresses the issue of building and enhancing strong scientific and technological capacity to support research, development and innovation in the ACP region. The 	<p>Rider 1 (10/2010): The <u>period of implementation</u> was extended as result of the 2007 review of the South African National Research and Development Strategy of 2002 which highlighted gaps that needed to be filled to enable ST to play a bigger role in social and economic development. Consequently the programme design had to accommodate these changes</p> <p>The adoption of the Ten Year Innovation Plan (TYIP) in 2007 also brought about the need to revisit the set targets and indicators of the project. These changes and adoptions brought about the need to extend the end date of the project to 2013 (Project was to end in 2012).</p> <p>The change in duration necessitated the need the <u>re-allocation</u> of funds to cater for the extra costs that would be incurred by the addition of another year. An allocation of allocation of €80,000 from was thus redirected to the Budget Support Fund. Notably, DST</p>

Title	Date FA ⁵⁴	Integration of best practices/ lessons learnt ⁵⁵ in the initial design	Changes made during implementation and reasons
		<p>programme was designed in realisation that ST has a vital role as a strategy for sustainable development, combating poverty and reducing inequalities.</p> <p>• Mix of Inputs</p> <p>Through the use of different instruments and delivery mechanisms, SBS has successfully been implemented in South Africa with programmes such as SWEEP and Water for Growth/Water Services Sector Support Programme (Masibambane 2)</p> <p>Other SBS operations include RCF 2 and Support to Urban Renewal Programme in the Eastern Cape Province.</p> <p>These programmes have provided lessons to IPA on the inputs required to effectively implement a programme.</p> <p>(Identification Fiche, page 5)</p>	<p>already had capacity and did not require a big budget in terms of Complementary Support.</p> <p>As a result of these changes, the <u>dates and amounts of the tranche releases</u> invariably changed. The amounts of the 1st variable tranche, and the 2nd and 3rd fixed tranches remained the same. However the 2nd variable tranche increased in value from €4m to €4.08 in accordance of the attainment of the targets set in KPIs 1 and 2.</p> <p>The total number of <u>KPAs</u> was reduced to two, namely “Sustainable Livelihoods Intervention” and “Sustainable Human Settlements”.</p> <p>This reduction in the number of KPAs was reflected in the change of <u>KPIs</u>, which became more process based, instead of outcome based under the new KPAs. The focus has also shifted from job creation and income generation to improving the quality/standard of life for the target groups. There was also a change in the <u>general conditions</u> for the disbursements of funds as the “Sector and Donor Co-ordination” and “Policy Dialogue” conditions had been removed.</p> <p>Funds from the complementary services were thus redirected to cater for this change.</p>
Water			
MSB I	12/2000	<p>Previous experience in gained through EU support to Eastern Cape and Northern Province (now Limpopo) highlighted the need for i) shifting from a project approach to a sector approach; ii) ensuring that water and sanitation service planning at local level is aligned to other planning initiatives at local government level; and iii) taking greater cognisance of the devolution of roles and responsibilities to local government, particularly the transfer of schemes to local government; and iv) the need for improved capacity to be built.</p> <p>As a result the water services sector support programme (WS-SSP, later MSB I) was designed to strengthen relevant structures at all three levels, including HO, DWAF regional offices and the Water service authorities and providers at local government level; improved implementation of existing policies and legislation particularly those linked to the local government sector.</p> <p>No conditions were specified in MSB FA1 with respect to disbursement, other than that an annual work plan including cost estimate and annual reports will be presented to EUD.</p>	<p>Rider 1 (12/2003): As a result of the MSB I mid-term review, the rider modified the technical and administrative provisions of the original FA. Although the original three result areas were maintained, as were the activities related to each result area, greater emphasis was placed on:</p> <ul style="list-style-type: none"> • Improving the sustainability of water and sanitation schemes; • Accelerating delivery; • Clarifying the role and involvement of non-State actors/CSOs; • Mainstreaming gender; • Appropriate technology; and • Enhancing the monitoring, evaluation and reporting system to include indicators to capture and monitor sustainability.
MSB II	11/2004	<p>Previous experience from MSB 1 highlighted the need for DWAF to take on its sector leadership role, WSA's to deliver the water and sanitation services expected of them, and the sector to develop a sector-wide performance monitoring and evaluation system.</p> <p>Moreover, the poor performance of MSB I in dealing with cross-cutting issues (in particular the lack of involvement of non-state</p>	<p>Rider 1 (12/2005): Budget support from the EUD increased from € 50 M to € 60 M.</p> <p>The € 10 M increase was as a result of a request from DWAF via the NT. FAs can be increased by a maximum of 20% which explains the € 10 M increase. As explained during interviews, the motivation for the increase was:</p>

Title	Date FA ⁵⁴	Integration of best practices/ lessons learnt ⁵⁵ in the initial design	Changes made during implementation and reasons
		<p>actors) saw the EU introduce four conditions and prior actions the GoSA had to meet before tranches were disbursed. As a result the programme identified six key results – namely reduction in service backlogs, sector collaboration, institutional support, transfers, cross-cutting issues and programme management, and operations and maintenance.</p>	<ul style="list-style-type: none"> • To enhance the capacity of LG for service delivery; • To address issue raised at the Cabinet Lekgotia of July 2005 - capacity and organisation of the state, speeding up economic growth and development, improving social cohesion and social services, Africa agenda and global issues; • DWAF strategic planning session of July 2005 – strategic partnerships for cooperative governance and service delivery, co-operation and support of local government, strengthening co-operation with provincial government and other (national) government departments. <p>The rider also notes that organisational and implementation procedures would be revised to take note of the following:</p> <ul style="list-style-type: none"> • The Water Services Sector Leadership group would provide strategic direction; • The Masibambane Co-ordinating Committee (MCC) would steer the programme; • At provincial level <i>MSB</i> would be implemented within a framework of multi-annual action plans. <p>The original FA refers only to provincial structures, but makes no reference to the MCC.</p> <p>Note is also made of two key changes in context, namely that DWAF would cease to implement water and sanitation related projects but would instead play a monitoring and regulatory role; and the consolidation of different funds to support capital investment into a single vehicle the Municipal Infrastructure Grant (MIG) would be completed during <i>MSB II</i>.</p> <p>No changes were made to the summary list of conditions for the release of tranches.</p>
<i>MSB III</i>	03/2008	<p>Previous experience gained through the implementation of earlier phases of <i>MSB</i> points to the need to integrate water services with water resources; improve participation of women in the sector at national, catchment, provincial and local levels; and align the sector to provincial growth and development strategies. In addition, further support to local government (particularly in terms of ensuring alternative financing mechanisms for sustainable service delivery), the failure to integrate CSOs adequately into the sector, and the need to improve the procurement of TA were also lessons learnt that shaped the design.</p> <p>As a result the design of the programme emphasised the adoption and implementation of water resource management principles, promoted the establishment of catchment management areas,</p>	n/a

Title	Date FA ⁵⁴	Integration of best practices/ lessons learnt ⁵⁵ in the initial design	Changes made during implementation and reasons
		highlighted the support required at local government level and stressed the need for greater CSO participation. Moreover, specific conditions were set out governing procurement and use of TA.	
Governance: Legislative and Judiciary			
The <i>e-justice</i> Programme	12/2000	The <i>e-justice</i> programme was the EU's first SBS in South Africa. The programme was entirely new, and the design of the EU contribution was informed by an EU pre-feasibility mission and a DoJCD study into the Criminal Justice System (the Mulweli report, 1998).	<p>Rider 1 (07/2002): granted a time extension of 9 months, which introduced some flexibility in the schedule of disbursements. This was a very ambitious programme, which was “adequately designed” yet the “target dates for the OVIs were optimistic” (<i>e-justice</i> Mid Term Review, 10 June 2004).</p> <p>Rider 2 (12/2004): extended the financial commitment until 31/03/2007 and sought to address certain concerns and recommendations arising out of the Mid Term Review. The second tranche would be disbursed in two instalments to be made during the 2005/06 and 2006/07 financial years.</p>
Legislative Sector Policy Support Programme	03/2009	The Legislative SPSP intervention builds on some of the experiences with supporting parliament through the project modality. Given the multiple administrative and financial hurdles – and the levels of mistrust and misunderstandings the project modality generated – budget support was considered to be a more appropriate vehicle for supporting the sector policies.	<p>Rider 1 (12/2011): Three changes: 1/ Addition of a fourth result area (strengthening capacity of South Africa's legislative sector to engage regionally and internationally with parliamentary bodies and forums) 2/ additional € 5 M; 3/ introduction of new governance-wide Performance Monitoring & Evaluation Policy Framework to be emulated by the Legislative Sector.</p>
<i>Access to Justice</i>	02/2009	<p>The <i>Access to Justice</i> SBS operation builds on a decade of project support (1996-2007) to the Foundation for Human Rights, a grant making mechanism, which has funded in its second phase over 900 CSO projects operating in the human rights sphere.</p> <p>In an environment of shrinking funding opportunities for larger or specialised CSOs, the EU made a case for complementing the smaller and more widespread grants under the SBS component with longer-term and more structural support for effective policy research, capacity development and challenge functions by relevant civil society actors in this <i>Access to Justice</i> programme.</p>	n/a
Health			
Partnerships for Health II	06/2007	The 2007 Feasibility Study for the Conversion of the EU-funded Health Programmes to a Health SPSP highlights a number of best practices from EU experience in delivering budget support in other countries (e.g. reduced number of indicators, importance of M&E and policy dialogue). It also refers to a number of lessons learnt of the previous Partnership for Health programme run as a ‘project aid’ type programme. Interestingly, there is no cross-reference to other SBS already launched in South Africa.	<p>Rider 1 (12/2007): Introduction of the SBS modality (previously, the programme was implemented in the form of “project aid”).</p>

Title	Date FA ⁵⁴	Integration of best practices/ lessons learnt ⁵⁵ in the initial design	Changes made during implementation and reasons
Primary Health Care Sector Policy Support	02/2011	The formulation report of the intervention indicates three general lessons learnt from the previous SBS operation (Partnership for Health II): “(i) good dialogue is required from the outset to ensure strong mutual understanding of SBS as a financing modality; (ii) discussion and careful selection of the indicators for monitoring progress is necessary to ensure that reliable data is collected; and (iii) targets to be used for disbursement must be clear and realistic.”	Rider 1 (12/2011): Contribution agreement for the TA component and small reallocation in budget. Once the FA was signed, the EUD organised a specific consultation with EU MS, esp. to align its provision of TA to the ones of other DPs already active in this area. This led to the contribution agreement concluded with DfID through this rider.
Education			
Primary Education Sector Policy Support	04/2010	No mention of best practices/lessons learnt in the FA. The identification and formulations fiches refers to the experience of SBS provided in the other sectors (e.g. SWEEEP, Masibambane) and highlights some general lessons learnt: “Amongst the important lessons learnt in this regard, are that good dialogue is required from the outset to ensure strong mutual understanding of SBS as a financing modality, and careful selection of and dialogue about the indicators and targets to be used for disbursement.” The experience of other SBS in South Africa is used more to justify the rationale behind the choice of modality (e.g. reduction of transaction costs) than to explain the specific choices made in the design.	n/a (a rider was under discussion in 2012/13).
Urban Development			
Urban Dev Support to eThekweni Municipality	05/2003	No reference found in available documentation.	Rider 1 (11/2006): <ul style="list-style-type: none"> • Increase consistency between the TAPs and the Integrated Development Plan (IDP) of the EM which was in the process of being developed at the time of the FA; and • Adjust the TAPs to the requirements set out in the EC Sector Support guidelines published in 2007 (previous inclusion of detailed activities and activity based budget inconsistent with the guidelines and introduction of conditions for tranche releases and fixed and variable tranches in line with guidelines).
Support to Urban Renewal Programme in Eastern Cape	02/2006	Previous experience gained throughout the implementation of the SBS operation ‘Urban Development Support to eThekweni Municipality’ and of local development programmes (project aid) point to the need to: i) disseminate learning within the municipality; and ii) support links between programme managers and line departments & ensure linkages between the three spheres of government. As a result, the design of the programme foresees a complementary envelope of €1.4 M for the provision of TA to provide ‘Support to the functions of the National and Provincial Urban Renewal Programme, Learning and dissemination of lessons.’ (Result 7).	Rider 1 (12/2010): <ul style="list-style-type: none"> • Adjustment of TAPs to the requirements set out in the EC Sector Support guidelines: Logframe, technical and financial implementation table, chronograph by quarter, deleted; • Significant revision and simplification of general conditions (from a set of eight categories to three) and specific conditions (from a complex set of mixed process project implementation and more outcome indicators to one condition related to KPAs); • Clear identification of performance indicators.

2 EQ2 – Policy Dialogue, TA and H&A

Evaluation Question 2: To what extent has policy dialogue taken place and evolved in the context of BS interventions, including exchange of information and experience on respective commitments and forward looking issues, and to what extent it has profited of the wider dialogue structure provided by the TDCA and the Strategic Partnership, and of specific Capacity Development/ Technical Assistance inputs integrated in the framework of the programmes?

And to what extent has it led to greater harmonisation and alignment and reduced transaction costs of external assistance?

2.1 JC2.1 There is a pyramidal architecture of political and policy dialogue between SA and EU, which starts from the TDCA and Strategic Partnership and arrives to specific partnerships on development policies and programmes (i.e. the high level political dialogue feeds the policy dialogue and vice-versa the latter provides matter for extended dialogue and partnership)

2.1.1 I-211 Evidence that instruments and structures to foster political and policy dialogue are in place and are well articulated (evolution of political and policy dialogue architecture & institutional structure(s) between SA and the EU) & I-213 SBS operation documents⁵⁷ contain explicit references to higher level political and policy dialogue instances and/or other evidence that policy dialogue processes that accompany the formulation and implementation of the SBS operations benefit from the broader strategic framework of the SA-EU Strategic Partnership

Evidence on the architecture for political/policy dialogue⁵⁸ and its evolution over time

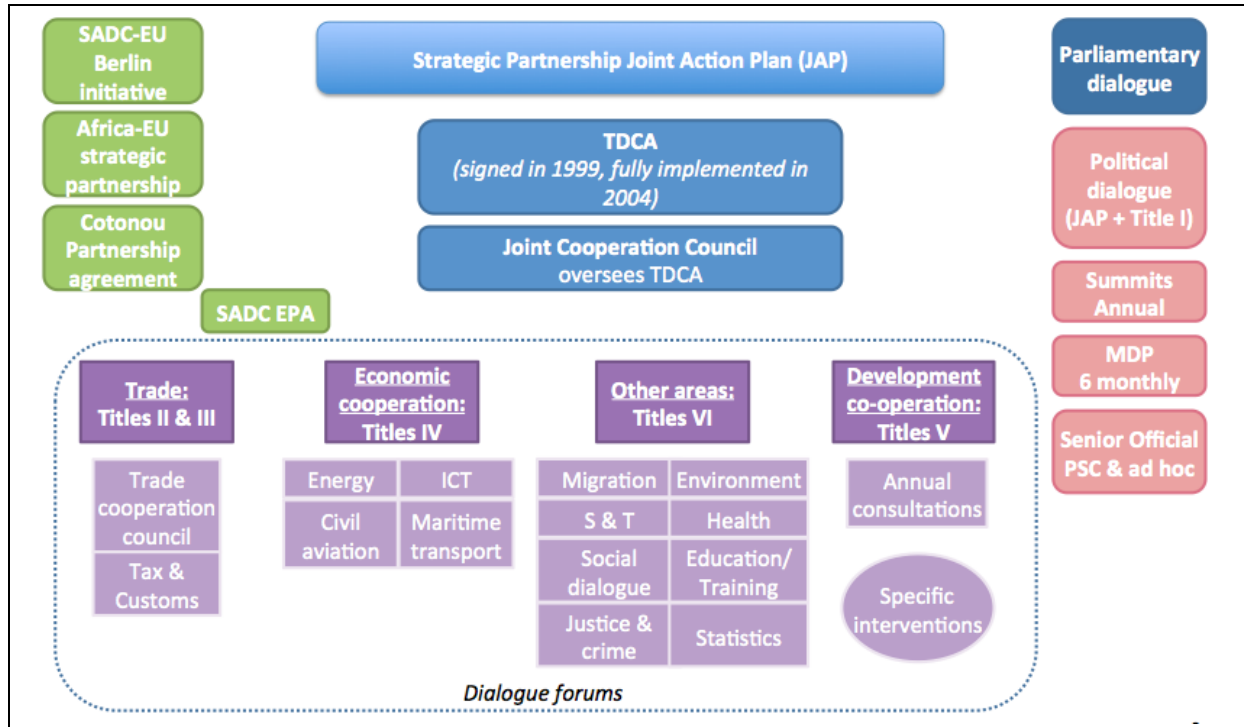
- The first steps as of 1994 involved informal talks at Head of Mission level and visits by politicians/senior officials. Initially, political dialogue was limited due to interferences of parallel trade negotiations (e.g. fisheries, wine and spirits). But the need to formalize it increased over time.
- This led to the TDCA (1999-2004) providing the legal basis for strong multifaceted partnership on trade, development and economic co-operation and political dialogue. The Agreement establishes a regular, institutionalized and codified political dialogue on subjects of common interest, both at bilateral, regional and global level, irrespective of the specific sectors supported by ODA flows.
- South Africa was also integrated in the existing SADC-EU co-operation framework while at continental level the Cairo Plan of Action (2000) provided a structure to engage with the EU as one single voice on continental issues – evolving later into the Joint Africa-Europe Strategy (JAES).
- Over time and in light of South Africa's role in regional and international scenes, the need was felt for more coherence, clearer objectives and shared forward-looking political vision. This led to the Strategic partnership (2007) that proposes a comprehensive, long-term framework for co-operation. The stated goal is to establish a strategic partnership that “*would do justice to the role of SA as anchor on the continent and as a key player in the international environment*”. For this it aims at “*intensifying political dialogue*” at all levels of co-operation.
- The South Africa-EU Strategic partnership Joint Action Plan (JAP) stresses the importance of “*moving from mere political dialogue to active co-operation on issues of mutual interest, at bilateral, regional, continental or global*” (p. 2). To this end it puts in place the Mògòbagòba Dialogue as the overarching multilevel formal architecture. The institutional architecture of the “Mògòbagòba Dialogue” foresees three types of (ideally interlinked) dialogue processes: (i) political dialogue; (ii) peer-to-peer co-operation dialogue linked to wider, non-development

⁵⁷ E.g. financial agreements, monitoring reports, reports of tranche releases...

⁵⁸ We intend for **policy dialogue** the exchange of experiences and ideas between development partners about development policies and measures at macro and/or sectoral level, in a given development context. Policy dialogue can also help identifying specific sector policy support programmes, defining performance assessment framework of the SBS and assessing their KPI. In few cases, the assessment of the KPI feeds new dialogue.

related objectives; (iii) dialogue related to development co-operation programmes/SBSs. In particular, this includes: high level Troika and Summit level; high level ad hoc meetings; the Joint Co-operation Council at senior official/ministerial level, periodic meetings at senior officials and experts to exchange views on regional, continental and global issues as well as regular dialogue at the level of HoM/Department of Foreign Affairs. All existing or new co-operation should report to the Môgabôga Dialogue. See also the figure below.

Figure 2 Policy Dialogue Architecture



Source: Organogram of SA - EU Dialogue Forums available at: <http://www.dfa.gov.za/foreign/saeubilateral/>

- The key policy documents related to the Strategic Partnership refer to the need for an inclusive approach in terms of actors to be involved. There is an explicit mention to “a regular and institutionalised parliamentary interaction” (JAP, p.4) while co-operation fora should be composed of “relevant actors on both sides” (JAP, p. 4).
- While primarily focused on interaction between institutional actors, the partnership has recently organised the first South Africa-EU business forum (as a side event to the EU-South Africa Summit in September 2012).⁵⁹
- These dialogue processes need to consider EU internal consultation processes which are sometimes perceived by key stakeholders as long and heavy.
- The JAP is also quite clear on the specific role of ODA. Its added value is not only the finance itself but “what comes from it, namely best practice, innovation, risk taking, pilot programmes, systems development, capacity building, and above all skills and knowledge” (JAP, p. 5).

Evidence on the purpose and organization of the various dialogue processes

- The JAP of the Strategic partnership defines clear purposes for the enhanced dialogue namely: (i) strengthen political dialogue leading to common political position and joint action; (ii) joint involvement in regional and global issues; (iii) implementation of jointly drafted CSP 2007-2013).
- Strategic documents mainly refer to political dialogue, which is codified, whereas policy dialogue is hardly referred to and when it is, it is not always in a consistent way or it is in a vague manner (e.g. ‘sector co-operation and dialogues’, ‘dialogue’). There is no explicit orientation on the objectives, process or content of policy dialogue in a sector.

⁵⁹ See Helly, D. 2012. The EU-South Africa strategic partnership: changing gear? Policy Brief 7 European Strategic Partnership Observatory, p.3.

- Contrary to the dialogue structure of TDCA and the Strategic Partnership, policy dialogue structures linked to sector interventions/SBS are uneven and varied. They are sector specific and the importance it actually takes depends on many different factors (e.g. genealogy of the sector and partnership...).
- More concretely, there are important differences in how dialogue is included from the outset in the Financing Agreements (FAs):
 - There are varying degrees of incentives for dialogue in the FA across programmes: some SBS only have a general reference to policy dialogue while others include specific or general conditions and/or performance indicators on policy dialogue (e.g. health, legislative, employment, S&T).
 - There are varying degrees of guidance as regards the goals: many FAs claim policy dialogue meant to ensure M&E. Yet, there is often a confusion of what needs to be monitored: the sector, the SBS operation or both? Only FAs related to SBS in the health, education and legislative sectors explicitly refer to both. None of the interventions mention how the 'wider' sector beyond SBS performance indicators shall be monitored. Policy dialogue as a broader and even issue based exchange of information, communication, consultation or dialogue process: this function is the only and single function identified in the justice sector (e.g. no reference to sector performance, SBS performance, and assessment of disbursement tranches). The legislative and the S&T SBS also include this 'broader' function, alongside M&E. Furthermore, few FAs mention other functions of policy dialogue such as exchange of information or knowledge.
 - FAs are relatively weak as regards the scope of the dialogue. Education and health seek to delineate the policy areas that need to be addressed as part of the discussions of sector and SBS performance, namely: progress in the implementation of sector priorities, sector budget and MTEF and relevance PFM issues in the sector. Yet no explicit reference is made to how progress will be effectively monitored.
 - Varying degree of guidance is provided in the FA on process elements (framework; periodicity and actors). Some FAs do not foresee any specific institutional framework for policy dialogue beyond the traditional Steering Committee (e.g. RCF; the two Urban Renewal programmes), which can be explained by the fact that they were designed before EU BS guidelines were out (see also JC13). In the case of RCF, it has not prevented in depth discussions in the framework of the Steering Committee. However, in the case of the urban renewal programmes this did not take place despite the fact that some conditions could have provided the opportunity to discuss policy or strategy issues.⁶⁰
 - Some FAs exclusively refer to the formal Mògòbagòba Dialogue structure and to a dialogue with civil society and they do so in broad terms without creating or making any reference to any dedicated formal fora.
 - Some FAs only refer to programme related policy dialogue without mentioning other wider thematic dialogues that take place in parallel in some sectors and that can be much more important in certain cases. Still other FAs refer to both: to the wider thematic dialogue but also to the sector dialogue linked to the specific SBS. But not all have specific bilateral fora to discuss SBS performance. The more advanced structure in this area are observed in: the health sector with three types of dialogue and attempts to link domestic and donor dialogues through various exchange processes (see selected sector specific evidence provided below) and the legislative sector (whose sector dialogue and co-ordination body is expected to conduct several tasks that can be related to 'wider' sector issues).
 - A different degree of orientation is provided as regards the periodicity of formal meetings and the stakeholders to be involved. Most FAs focus on 'high level' dialogue with no provisions or reference to 'lower' working levels of policy dialogue and co-

⁶⁰ The General conditions of the URP in the Eastern Cape refer to the "*Involvement of the Commission, other donors active in the nodes and dplg in: ...the dialogue on strategic planning for result Areas 1 to 4*", whereas General condition 7 of the e-Thekwini SBS rider refers to "*sector policy and strategy implementation*". In both cases, these could have provided the opportunity to discuss sector which however never took place.

ordination. Some FAs clearly promote a participatory approach and define a meeting's schedule for each level and type of discussions (e.g. Justice).

Evidence related to instruments in support of dialogue

A key instrument (not directly linked to SBS) is the Dialogue Facility, funded by the EU. The programme is unique within the spectrum of EU third country partnerships. With relatively limited funds and a team of TAs it supports in a demand-driven way the dialogue and co-operation between the Government of South Africa and the EU (including Member States). The concrete activities, dialogue processes, organisational and financial arrangements as well as the achievements of the instrument in both 'established' and 'emerging' areas have been documented (see www.dialoguefacility.org).

During the 2013 EUD workshop on policy dialogue⁶¹, there was a broad consensus on the important role played so far by this light and flexible structure in terms of facilitating dialogue and exchange of experiences. As further highlighted during interviews with the Dialogue Facility team, valuable lessons of experience have been gained in the process, including the limited role of funding as a driver for dialogue in South Africa, though financial resources can play a role of "*putting oil into the engine*". However, it was also observed that the support is still predominantly of a piecemeal nature and not yet carried out within the framework of a clearly defined strategic approach to the dialogue.

Other emerging elements of the 2013 EUD workshop on policy dialogue

Regarding the actors involved in dialogue processes the 2013 EUD workshop on policy dialogue (which mainly highlights the EUD's point of view on the issue) also stressed the following points:

- The selection of the 'right' interlocutors has remained a challenge in most SBS operations.
- Too much focus has been given to high level dialogues at the expense of ensuring a continuum across the entire policy chain and various hierarchical and government levels.
- Some programmes have gradually developed a more strategic view on how to effectively involve non-state actors (e.g. Justice).
- Some interventions have promoted parallel dialogue with civil society whereas other interventions have rather promoted inclusive and multi-stakeholders dialogue (e.g. involvement of CSO in regular Government-EU dialogue).

The following elements related to the functioning of the overall architecture for policy dialogue also emerged during abovementioned EUD workshop on policy dialogue:

- There has been a major gap between the institutional arrangements for dialogue 'on paper' and 'in reality'.
- The Joint Co-operation Council (JCC) has been dysfunctional when it comes to real screening and decision making on actual priorities and ensuring cross sector linkages.
- Formal dialogue has often been a 'script' with exchange of statements on both sides of the partnership.
- Weak levels of trust have prevailed between partners despite the formal architecture. The 'EU brand' is not high and has required massive investment in trust building (time, language, attitude, responsiveness).
- Informal channels have not sufficiently been explored.

Finally, the 2013 EUD workshop has shown that mixed results are obtained across SBS operations when using FA provisions and specific/general conditions in and through the dialogue. The success/failure of using FA provisions is sector specific. In some sectors, it seems to be leading to effective policy dialogue, generating innovative practices as regards policy processes, bridging missing links between domestic actors and moving towards public policy dialogue (e.g. justice programme: enhanced inclusion of CSO in the dialogue and dialogue at provincial levels). Success can be explained because the FA and general/specific conditions give sufficient entry points and because the incentive effect works well in the sector (e.g. link to disbursement). This may be so due to favourable sector conditions (e.g. presence of change agents in the sector; shared vision/purpose as in the case of the Innovation for Poverty Alleviation SBS). In other sectors major blockages emerged in terms of dialogue (such as in the case of employment, a programme that has been pursued even in the lack of any policy dialogue).

⁶¹ A workshop on Policy Dialogue and Political Economy Analysis was organised at the EU Delegation in Pretoria on 23-25 January 2013. The evaluation team has taken this opportunity to carry out specific data collection activities (esp. individual interviews) and draw evidence from the exchanges that took place with EUD staff during this event. The information resulting from this data collection is presented in the indicator below with the reference to the '2013 EUD workshop on policy dialogue'.

Selected complementary sector specific evidence

Box 2 Sector dialogue in South Africa - the case of the Water sector

The EUD had been **involved in the water sector since 1994**, particularly in South Africa's poorest provinces, namely the Eastern Cape, KwaZulu Natal and Limpopo. As a result of this experience the EUD was well aware of the needs, particularly in the rural areas to tackle water and sanitation backlogs. Moreover, as a result of interactions between GoSA and EC, the EU was also aware of the need to design an intervention "*designed in accordance of the sector approach adopted by the South African government.*" (see MTR of MSBI programme)

The 'gearing up' of MSB I was based on informal interactions between the EUD and DWAF officials, which led to the EUD funding three consultants/TA that would lead to the completion of multi annual action plans (MAAPS) for each of the three-targeted provinces (Eastern Cape, KwaZulu Natal and Limpopo). These provide the basis for the development of annual work plans used across the sector, and lay at the heart of MSBI. These plans also introduced the concept of a **sector-wide approach**. In other words all sector stakeholders participated in the design of these plans, and jointly identified activities that were to be implemented (see MTR of MSBI programme). The dialogue, facilitated by the EUD, also helped create a shift from single planning to multi-year planning and budgeting in the three-targeted provinces. Prior to MSB, there were some co-ordination fora, but they were generally seen as top-down rather than collaborative. The current sector co-ordination structures at both national (MCC) and provincial level have been set up through MSB. As sector leader, these are chaired by DWA, and generally include the main actors (government and non-government) at the respective levels.

From the outset MSB emphasised the need for **collaborative structures**, which were both policy and decision making bodies. In MSB I, vehicles for facilitate dialogue at provincial level were created in all three of the focal regions, namely:

- Eastern Cape: Integrated Water Sector Management Forum (IWSMF);
- KwaZulu Natal: Water and Sanitation (WATSAN);
- Limpopo: Collaboration Committee (COLLACOM).

By the time MSB I had ended there were **six different sector dialogue structures** in place, which allowed opportunities for both formal and informal dialogue between the EUD and GoSA officials. As the evaluation reports of all three phases of MSB have noted, the sector dialogue was, and has remained, a key strength of the programme. For instance, the quarterly MCC meeting focussed on expenditure in the sector, and tracked implementation against key policy imperatives. Moreover, the quarterly report, which provided the necessary background information for each quarterly meeting, reported progress against the key performance indicators of MSB. This report formed the basis of the dialogue for all stakeholders (including the EUD and GoSA officials) to debate MSB's policy commitment and implementation.

Source: *Particip GmbH analysis*

Box 3 Sector dialogue in South Africa - the case of the Health sector

National sector dialogue

Overall, there is a complex but well-structured sector dialogue on health service delivery in South Africa. All three institutional levels (district, province and national) are covered by the various structures in place.

As explained in the identification fiche of the PrimCare SBS operation, "*the National Health Act provides for institutionalised interaction between the executive (health service delivery) and the political (community representative) arms of the health sector in the form of National, Provincial and District Health Councils.*

Consultative forums are also convened at provincial and district levels to provide an opportunity for stakeholders – providers and beneficiaries of the health service – to discuss relevant health priorities. These structures are considered as effective.

The SA National Aids Council (SANAC) is a good example of sector co-ordination as it is chaired jointly by the Deputy President of SA and a key personality of the SA civil society and HIV/AIDS activist. SANAC's mission is to oversee and facilitate the effective implementation of the National Strategic Plan for HIV/AIDS."

In addition to national associations such as SANAC or the South African Medical Association (SAMA), the health sector in SA also comprises a number of statutory and advisory bodies which regularly participates in the various national fora dealing with sector issues. These bodies include:

- Allied Health Professions Council of South Africa;
- Council for Medical Schemes;
- Health Professions Council of South Africa;
- Medicines Control Council;
- National Health Laboratory Service;
- South African Dental Technicians Council;
- South African Medical Research Council;
- South African Nursing Council;
- South African Pharmacy Council.

EU-SA dialogue

The importance of continuous dialogue is explicitly mentioned in the financing agreements of the two SBS operations:

- Partnership for Health II programme: "*Budget support disbursements will be decided by the European Commission on the basis of an assessment of progress submitted by the National Department of Health of*

South Africa. This assessment exercise will be fully integrated into the health sector dialogue through the National District Health Committee.”

- PrimCare programme: “Under the SBS component the main activities will be continuous dialogue between the EU and the Government on eligibility (PFM, macro-economic, sector policy) in addition to specific reviews relating to the verification of the indicators”.

Moreover, in both programmes, there is a specific condition for the disbursement of the tranches on dialogue:

- Partnership for Health II programme: “Maintain a satisfactory high level of policy and development dialogue as evident by discussions at high level meetings between the relevant sector stakeholders.” (see rider 1)
- PrimCare programme: “Specific conditions for the disbursement of fixed tranches will include the regularity and effectiveness of sector dialogue. The mechanisms for sector dialogue related to performance monitoring are indicated in 1.2 above. The DOH will be responsible to show its commitment to have regular effective and strategic dialogue, using the proposed donor co-ordination mechanisms.”

Interviews with key stakeholders show that intense dialogue took place already in the formulation phase of the programmes during which wide consultation processes were organised.

During the implementation phase, dialogue has mainly consisted in the following platforms:

- **Annual Development Partners consultation forum:** the forum is organised by the DoH and attended by all development partners involved in the health sector. This platform aims at allowing exchange of information on the overall directions taken by the key stakeholders in the health sector. In particular, the GoSA presents the health budget and MTEF for the upcoming period and a review of the overall performance of the sector as well as relevant information on PFM issues at sector level. It is noteworthy that the media and provincial ministers also usually take part in the forum. This platform was renamed **ODA Coordinating and Planning forum** in 2010 and since then focused on monitoring the aid effectiveness framework of the sector. It is chaired by the DG and involves all DPs (the development councillor and relevant health advisors). The meetings take place on a **bi-annual basis** (meetings in their pre-2011 form took place on an annual basis).
- Participation of the EUD in **National District Health Systems Committee (NDHSC)⁶² meetings**. These national level meetings are chaired by DoH and attended by the relevant representatives of all provincial departments (Health Provincial Minister's - Members of the Executive Councils, and senior management staff). The meeting usually takes place on a **quarterly basis**. However, the meetings were put on hold since 2010 when the DoH commissioned an audit of the functionality of the internal committees.
- Participation of the DoH in **donor working groups** such as the “HIV/AIDS & Health” working group which takes place on a **bi-monthly basis**.
- **At the operational level**, dialogue between the EUD and the Chief Directorate for District Health Services of the DoH. The meetings take place on a regular basis⁶³.

All these platforms of exchange except the newly created ODA forum are explicitly mentioned in the financing agreements of the programmes.

In addition, it is important to note that the EU and DoH have taken part in several other platforms of dialogue:

- Ad hoc meetings with the DG (esp. since 2011) on various subjects such as the focus of the technical assistance component or the content of the Call for Proposals and the involvement of the DOH as observer in the related evaluation committee.
- Consultation on the development of the National Health Insurance (NHI) policy (e.g. participation in roundtables on the NIH initiative).
- High level events or meetings where both the Minister of Health and high representatives of the EUD/ the EU took part⁶⁴.

The EUD has also regularly exchanged on an ad hoc basis with the various EU MS active in the health sector.

Source: Particip GmbH analysis

2.1.2 I-212 Evidence of linkages between the higher level political dialogue processes (Strategic Partnership & TDCA) and the more operational policy dialogue which takes place at SBS operation level (e.g. correspondence of issues tackled at the different levels) and evolution throughout the evaluation period⁶⁵

The Strategic Partnership has two main pillars: i) enhanced political dialogue on issues of shared interest like climate change, global economy, bilateral trade and peace and security matters; ii) policy dialogues and sector co-operation on a broad range of areas. The latter may include policy dialogues linked to interventions funded by the EU via its geographic budget lines and co-operation funded

⁶² Before 2008, the platform corresponded to the National Districts and Development Committees (a sub-committee of the National Health Council).

⁶³ Some documents screened (such as the EUD analysis of conditions for tranche release) mention weekly exchanges during the evaluation period.

⁶⁴ For instance, in a period of four months (from December 2007 to March 2008), three meetings occurred between the EU Head of Delegation and the national Minister of Health.

⁶⁵ e.g. strengthening of political / policy dialogue processes as a result of the full implementation of the TDCA as of 2004

under other instruments, DGs and budgets. Therefore, the following levels of linkages need to be addressed:

- Co-ordination between political and policy dialogue;
- Co-ordination between policy dialogues linked to interventions funded by the EU via its geographic budget lines in support to a sector policy/strategy and the wider thematic dialogues that may include other forms of co-operation;
- Cross-sector co-ordination.

Evidence with regard to linkages between political and policy dialogue

- The overarching policy framework does not foresee concrete and effective mechanisms to ensure linkages/articulation between different dialogues besides the bottom-up reporting to the Mògòbagòba Dialogue.
- While the partnership defines clear formal dialogue architecture, it is less clear on what to dialogue about. Objectives and scope of dialogues are too vaguely and broadly defined to lead to clear operational orientations. Whereas the Strategic Partnership clearly defines and codifies the role and the process of political dialogue, the partnership gives limited orientations on the role and process of policy dialogue. (*see also Indicator 2.1.1*)
- While some FAs of SBS operations make explicit reference to the overarching higher-level political dialogue, in practice both dialogues have been traditionally conducted in silos by two different sections of the EUD. (*source: 2013 EUD workshop conclusions on the practice of policy dialogue*)
- Political dialogue on sensitive issues (e.g. trade negotiations/EPAs) has had adverse effects on all the other dialogues (*source: see above mentioned article by D. Helly, see footnote 1*).

Evidence on linkages between dialogue linked to SBS and wider thematic dialogue

- The Strategic Partnership does not define the different parallel streams and types of policy dialogue between the EU and SA and their respective role and comparative advantage, including: (i) dialogues linked to interventions of development co-operation in support to specific sector; (ii) the wider ‘thematic’ dialogues that are not necessarily linked to the financing of any sector or policy; (iii) dialogue processes turned to domestic processes; and (iv) those addressing international issues to prepare joint actions and positions.
- In the context of South Africa a clear evolution has taken place towards an increasing importance of the ‘wider’ policy or thematic dialogues over the development co-operation policy dialogue. This brings along the challenge of coordinating these wider dialogues to existing dialogues taking place under an SBS in the same area.
- Against this background it is not surprising to see uneven experiences in linking policy dialogue related to SBS to wider thematic dialogues. Some sectors only focus on the management of the SBS operation itself. Others are developing a wider dialogue on policies/thematic issues (e.g. health). There are also SBS operations that have favoured the wider thematic dialogues at the expense of the dialogue on the initial objectives of the SBS (e.g. Science and technology).
- The 2013 EUD workshop has also shown that there is often a problem of mobilising non-development oriented DGs within the EU to engage in wider dialogue processes, either because they do not share an interest in the EU-SA strategic partnership or because available expertise cannot be easily used.

Evidence on horizontal cross-sector dialogue co-ordination

In theory, the Mògòbagòba dialogue should allow for synergetic effects between different fields of co-operation and ensure mutual ownership of the strategic partnership. Practice suggests that at such high level effective policy co-ordination can take place, as discussions and objectives are at macro level. If higher level dialogue can stimulate and steer the process, actual co-ordination takes place at working levels.

Some EU funded SBS operations have sought to explore the scope for building horizontal bridges between different policy dialogues in order to ensure an adequate treatment of transversal matters. Yet, as highlighted during the 2013 EUD workshop on policy dialogue, these efforts have been hampered by a lack of a clear mandate and capacities to properly plan and implement such a ‘connection’.

Selected complementary sector specific evidence

Box 4 Linkages between political and policy dialogue - the case of the Governance sector

The objectives as pursued in the justice and legislative SBS, are strongly in line with the Government's Medium Term Strategic Framework (2009-2014) and some of the 12 core outcomes, especially outcome 3 ("All people in South Africa are and feel safe") and outcome 12 ("an efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship"). Moreover, linkages between the level of sector policy support (in the area of the justice SBS operation) and higher end political dialogue seem to be more firmly in place as of 2011. In that year, the Annual Consultation process between the GoSA and the EU adopted a phased format of dialogue that involves *Annual Consultations Cluster Workshops*. The justice sector falls under the Governance Cluster. This phase provides inputs to the next phase, which is the *SA-EU Joint Co-operation Council*, which feeds into the higher levels of the SA-EU Summit, which deals with the SA-EU Strategic Partnership.

However, these linkages do not seem to be pyramidal in the sense that no evidence was found to support the hypothesis that the TDCA and Strategic Partnership are at the apex of the dialogue, with political dialogue setting the markers for the development programmes.

The South African Legislative Sector operates its own dialogue process with donors or external legislative bodies. Here the high-end policy dialogue with the EU takes place at the level of the European Parliament within the key sector performance area of South Africa's international relations with other legislative bodies. In April 2012, a delegation of the Legislative Sector (headed by the Speaker of the National Assembly, the Chairperson of the National Council of the Provinces and the Chairperson of the Speakers' Forum) visited the European Parliament. Subjects ranged from technical to political issues, with both partners acknowledging the importance of the EU-SA Partnership and discussed the need to become more involved in the Strategic Partnership and to play stronger oversight roles (Payment Request LSPSP, 2012).

2.2 JC2.2 The two parties manage the dialogue in a way that they bring in their own specific priorities, expertise and best practice so as to reinforce their respective roles and interests, taking into account the existing multi-level sectoral institutional framework

2.2.1 I-221 Evidence that the two parties (GoSA and EU) share a common understanding and interest to foster policy dialogue

The key policy documents related to the TDCA as well as to the Strategic Partnership stress the existence of a wide range of common interests between the two partners at bilateral, regional, continental or global level (based amongst others on economic grounds, including the fact that the EU is SA's main economic trade partner). On paper, parties recognise that the objective of dialogue is not necessarily to reach an agreement on each and every issue and reality has shown that both partners often have diverging approaches. Yet, the objective is to better understand the other's position.

The 2013 EUD workshop on policy dialogue concluded that the will and interest to engage in dialogue on both sides of the partnership is uneven, strong on the EU side and more limited on the GoSA side. The will to engage and find a common understanding depends on many different interests and resistance factors in the sectors. Among them: (i) the specific genealogy of policy dialogue and interventions (e.g. in some sectors there has been a long standing dialogue even before the programme was designed as is the case for S&T and Employment, whereas in others dialogue is initiated with the SPSP, e.g. legislative sector); (ii) the interests and will of the South African government to engage in policy dialogue; (iii) EU interests and will to engage – which for the moment primarily hinge around the implementation of sector programmes (for aid accountability purposes and to support the fine-tuning of policies), specific areas providing space for wider knowledge exchanges (S&T) and issues of a highly political nature.

More specifically, as highlighted in the interviews carried out with national stakeholders, the SA side seems rather interested in attracting know-how and, partly, funds for policy experimentation:

- (i) with respect to know how, there is a wide interest by GoSA, at the higher levels, and among policy researchers and academia, for new methods, approaches, exchange of experiences with other countries to feed the ongoing country-level debate (the success of the EU Dialogue Facility and the PSPPPD show the high demand in this area);
- (ii) with respect to funds for innovation, instead, the main interests come from the GoSA departments, which seek the possibility of testing and developing the outputs of their internal policy research processes. Most SBS respond to this second type of demand, which is very strong and important, although it is less open to policy debate and exchange.

The EU side seems interested in providing two major types of inputs. First, policy support inputs to strengthen selected objectives and priorities in government policies (e.g.: employment in disadvantaged areas; CSOs participation; gender equality; building participatory democracy; etc.). These are the CSP priorities, which – within the EUD and in Brussels – are particularly supported by

DEVCO. Second, there is also a certain interest for other types of contributions and supply, less directly linked to the present policy support, but with a *stronger strategic dimension*, such as: social cohesion policies and existing models to fight inequality; more equitable tax policies; competitive and equitable higher education, etc. The internal institutional support (or, better, the institutional mandate) for this type of supply is weaker compared to the former, but not absent as shown by the important programmes mentioned above (Dialogue Facility and PSPPPD).

That said, overall, there is a 'dormant potential' yet to be exploited in terms of mutually beneficial policy dialogues around common interests and in relation to SBS. Health is an example of a potential but unrealised connection between operational and broader policy dialogue. According to the TDCA, this is an important area of co-operation: a number of European organisations (academic and research centres, NGOs, EU institutions such as DG Research, the Dialogue Facility, etc.) take actively part in various research and knowledge sharing activities in South Africa. However, the exchanges between these organisations and their SA counterparts are disconnected from the implementation of the SBS operations. At the programme level, there is a lot of dialogue mainly on the aid effectiveness matters, there are good levels of co-ordination and trust, but there are no attempts and incentives to build broader policy partnerships.

On the EU side, the degree of ownership and interest in the Strategic Partnership varies hugely across EU institutions and DGs (uneven prioritization, interest and responsiveness from line DGs). This is a constraint for the EU to be perceived as a credible and reliable partner and to operationalize and bring added value to the different areas of co-operation.

On the GoSA side, beyond challenges like the ones related to internal co-ordination between various line ministries (e.g. Employment), it appears that donor requests to engage in policy dialogue may divert government representatives from their core tasks and priorities at particularly intense policy moments or crisis in a sector where it rather needs to focus on implementation or seeking solutions to an identified problem. In such cases, GoSA may face acute timing constraints to engage meaningfully in policy dialogue with the EU.

Selected complementary sector specific evidence

The dialogue in the S&T area is a success story on how 'good management of dialogue' can foster strong relations.

- The Innovation for Poverty Alleviation MTR report (page 60) notes that the dialogue was initially not well structured in the earlier stages due to lack of understanding about the content but has now improved following the development of clear guidelines.
- There is strong enabling dialogue partnership between the DST and the EU.
- The MTR (page 61) points to the following strengths with regards to successful policy dialogue management:
 - The DST emphasises the centrality of internal policy dialogue to inform that with the EU and other international partners;
 - Provides a substantial international platform through which the country's Innovation for Poverty reduction experience and the associated policy lessons can be aired thereby contributing to a wider policy development agenda; and
 - Donor co-ordination is principally limited to information sharing. DST uses donor co-ordination meetings to ensure that "*double dipping*" (MTR p.8) does not take place

In the Urban renewal area:

- Policy dialogue has not been fostered through the programme and little discussion has taken place to date, thereby limiting also the sharing of a common understanding of policy / sector dialogue in the linked to the operation. "*Policy dialogue is largely underestimated and neglected, while it is of crucial importance in orienting the SP*".⁶⁶

In justice and the legislative sector, the long-standing relationship between the EU and GoSA and Parliament was an important factor for building trust levels and improving the dialogue:

- Both the EU and the first democratically elected Government helped create the Foundation for Human Rights after the elections of 1994. Changes in the EU financing rules and regulations by 2007 prevented direct EU funding to FHR as a grantor to multiple grantees, and ended the direct EC support to the FHR. Because of a strong demand from DoJCD for continued EC support to the sector, the EC and DoJCD were able to design an SBS operation to enhance

⁶⁶ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.01 dated 8/05/2009.

Access to Justice for vulnerable and marginalised groups. DoJCD negotiated an agreement with the Foundation for Human Rights, to implement the component of the SBS operation that provided direct support to CSOs. This was the first component of the new *Access to Justice* programme. The trust among the partners and the EU's sector knowledge were such that the EU was able to develop a second, EU implemented, component through a smaller group of specialised NGOs within the same *Access to Justice* programme.

- In another politically sensitive governance sub-sector, the Legislative Sector, the EU had provided project support since 1996. It is a young sector with new institutions, newly acquired responsibilities, personnel, autonomy and diversity of challenges at national level and in the nine provinces. During the 3rd Parliament (2004-2009), the EU and representatives of the Speakers' Forum started preparatory dialogue sessions, which resulted in a better understanding of the need and potential to evolve from the project support modality to sector budget support modality. It was also in this preparatory phase that the Speaker's Forum finalised its sector strategy. The signing of the *LSPSP* preceded the April elections in 2009 and the transition to the 4th Parliament (2009-2013). The *LSPSP* helped bridge the period of uncertainty between the 3rd to the 4th Parliament, a transition that introduced a drastic change in political personnel in the Speakers' Forum. The new Speakers' Forum reconfirmed continuity in terms of sector programme objectives, as well as to the sector dialogue arrangements in place.

2.2.2 I-222 Evidence that the two parties (GoSA and EU) deploy appropriate resources at the different levels to feed policy dialogue

Meaningful policy dialogue requires the mobilisation of many resources at operational level – human capacities, time for co-ordination with other international and national stakeholders, etc. Whether and how these resources have been mobilised is sector specific.

- The following lessons emerged of the 2013 EUD workshop on policy dialogue:
 - Importance of availability of non-earmarked financial resources which can be mobilised quickly and in a flexible manner on the EU side and readiness to mobilise own financial resources on the government side (e.g. S&T).
 - Importance of ensuring a regular dialogue throughout the entire policy chain (not only 'high level') and including engagement at high level but also capacity and willing people at DST.
 - Making optimal and complementary use of EU assets and combining different types of co-operation to achieve results in a sector (e.g. combination of DCI and non DCI-funded co-operation).
 - The Dialogue Facility has been a useful tool to support demand-driven dialogue processes (leadership issue based).
- The following common challenges across sectors as regards mobilising appropriate means and resources were identified:
 - Challenges on the EU side relate to capacity and organizational setting that is not always conducive to effective co-ordination. More concretely the problems encountered concern: (i) uncertainties about the future of the EUD engagement on Development Co-operation and the move towards a 'wider' co-operation (e.g. impact of the reduction of EU budget lines resources on existing policy dialogues); (ii) possibilities to mobilize the required internal and external expertise to engage in policy dialogue and achieve objectives ; (iii) lack of clarity on mandate, objectives and topics to be covered (why policy dialogue and what needs to be achieved?); (iv) limited budget and availability of HQ and hereby the need to devise modalities to mobilise more support from HQ including missions / backstopping in areas where EUD expertise is more limited and to ensure guidance and instructions to enhance process, content and context.
 - Challenges of EU policy coherence (e.g. EPAs affect other dialogue processes) and logistics (limited budget to engage in and facilitate policy dialogue processes, including the lack of non-earmarked funds).
 - Challenges on GoSA side mainly relate to political will in time constraints to prepare and engage in policy dialogue and challenges in internal co-ordination (e.g. between line departments).

Selected complementary sector specific evidence

Box 5 *Sector dialogue: how the two parties have managed the dialogue? The case of the Water sector*

The **EUD** appears to have used four approaches to manage dialogue, namely:

- payment assessment reports to signal where they thought progress was satisfactory (typically in respect to backlog reductions) or unsatisfactory (e.g. with respect to cross-cutting issues);
- high-level annual meetings with the Minister and/or National Treasury;
- funded TA to design different phases and thus contribute to policy development (e.g. Water for Growth and Development theme for *MSB III* was shaped by consultants preparing the design for *MSB III*); and
- informal meetings with GoSA officials to guide the programme implementation (e.g. during *MSB I* and *MSB II*).

GoSA managed dialogue using the following processes:

- Coordinating structures at different levels (such as the MCC and provincial fora);
- Preparation and discussion of annual reports and evaluation reports;
- Arranging and chairing high level meetings with donors.

It should be noted, however that a significant proportion of the dialogue that did happen in the sector occurred without the EUD's participation, for instance the *MSB II MTR* noted that "**Sector collaboration** has made some strides and has proved to be able to bring the sector partners together. Sector-shared goals have been agreed to and coherently documented in the *Strategic Framework for Water Services*. Further the roles played by each sector partner are clearly defined". The MTR provided several examples of this dialogue including:

- National Coordinating Structures with working groups have been established. These structures bring together key national departments, SALGA, Organs of Civil Society and the donor community.
- The establishment of the national sanitation task team (NSTT) that must report to the Municipal Infrastructure Task Team (MITT) is evidence of an attempt to co-ordinate sanitation initiatives in this sector. Similarly, Provincial Sanitation Task Teams (PSTTs) have been set up in each province to coordinate the provincial sanitation effort.
- Evidence of collaboration can further be seen from the interaction that happens between the Environment and Recreation Sub-Directorate of DWAF nationally (located within the Water Resources Directorate) and DEAT regarding the mainstreaming of environmental considerations in the water services and sanitation sector. During this evaluation period, progress has been made in the development of an EIMS and other environmental tools that can be effectively rolled out by DWAF at a national level to sector role players at provincial and local government level. This environmental management system has been refined and work shopped over the past 18 months and the roll - out phase is now ready for implementation. The DEAT have played a constructive and helpful role in refining this environmental management system.

It should also be noted that the structures established to promote dialogue faced considerable **operational challenges**. The *MSB II MTR* (p. 29) noted, for instance that there was "*uneven capacity between role players that influenced the extent to which each could effectively engage in planning (and other) activities*". This problem was found to be particularly problematic at the provincial / regional and local spheres and evidenced through the activities of regional *MSB* forums / collaboration structures. The following issues were identified by provincial / local level respondents as factors influencing the extent to which effective sectoral collaboration was taking place within provincial water services forums (which represent a core component of provincial level programme management):

- Uneven attendance of sectoral forums by role players;
- Changing role-player representatives which negatively influence continuity and the building of relationships;
- Uneven seniority of persons representing institutions that would compromise the extent to which decisions could be taken at such forums;
- Unclear legal authority of forums to take binding decisions that apply to sectoral role players
- Degree of maturity of the forum where the 'original' *MSB* provinces of Eastern Cape and Kwa-Zulu Natal have built up experience over time in contrast to the relatively new forums of other provinces. Through initiatives such as the Water Information Services Network (WIN) the intention is to have the learning curve for these provinces significantly shortened.

MSB III Final evaluation (p.118) found that the nature of organised water **sector collaboration at provincial level** varies widely. There is strong evidence of cross-sectoral collaboration, and representation of water sector issues in provincial coordinating structures. DWA officials are active in Local Government Turnaround Strategy (LGTAS) coordinating forums in all provinces. However, most Masibambane water sector forums do not meet regularly, in part because the space for provincial co-ordination has become very crowded.

2.2.3 I-223 Evolution in the type and depth of discussions undertaken in the framework of policy dialogue instances linked to EU-SA strategic partnership and SBS operations

The JAP recognises that the partnership is an "*evolutionary process*" (p. 3).

The EUD 2013 workshop shows that various dialogues originated and evolved according to different 'routes' including:

- Preliminary dialogue on the sector triggers an SBS operations and dialogue (e.g. education).

- Preliminary co-operation with Legislative Sector, with government partner (DoJCD) and with non-governmental partner (Foundation for Human Rights) results in dialogue around new sector budget support programmes.
- Dynamism of thematic/political co-operation triggers the definition of an SBS in the same broad sector (S&T).
- The political identifies a priority and triggers specific operations and dialogues under the development co-operation umbrella (e.g. employment).

Overall, the focus appears to be on policy experimentation rather than on policy outcomes or wider sector issues.

As highlighted under JC21, only a few FAs give orientations on the scope of the dialogue. This explains that practice is uneven across sectors (intra sector/cross sector). The widening of discussions to broad sector issues has happened in some sectors but often in a piecemeal manner.

2.2.4 I-224 Evidence of policy dialogue taking place at the formulation and implementation stages of SBS operations: i) general & specific conditions and KPIs of SBS operations are defined on the basis of the contents of policy dialogue; ii) the monitoring of the KPIs and general / specific conditions feeds policy dialogue processes.

Evidence collected on policy dialogue taking place at the formulation and implementation stages of SBS operations can be illustrated by the cases of the health and urban renewal sectors.

In the Health sector, the design of the SBS operations was made in close consultation with national counterparts. While technical aspects such as the weighting and distribution of tranches were actually mainly dealt with directly at EU HQ level, the identification and final selection of indicators and targets was discussed extensively between the EUD and the DoH. Moreover, as highlighted during the interviews carried out in the desk phase, the discussion that took place around the monitoring of the KPIs and general / specific conditions benefited from a general relation of trust between the two parties. However, it appears from the interviews carried out and the documentation reviewed that these discussions were not seen as an opportunity to exchange on wider policy issues but focussed rather on operational aspects related to the implementation of the SBS operations. Other platforms/channels were used to discuss wider issues.

In the Water Sector the design of the SBS operations was made in close consultation between DWA officials and the EUD. Similar to Health (discussed above), whilst technical aspects such as the weighting and distribution of tranches were actually mainly dealt with directly at EU HQ level, the identification and final selection of indicators and targets was discussed extensively between the EUD and DWA. Evidence from the MCC quarterly reports highlight that discussions in the sector took place on a regular basis around the monitoring of the KPIs. It does however appear from the quarterly reports and interviews carried out that whilst much of these discussions focussed on operational aspects, there were also exchanges with respect to wider policy issues. This is particularly the case in the first two phases of *MSB*.

In the Urban Renewal sector, dialogue between the EU and the GoSA in relation to the SBS operations focused on implementation issues. Although the formulation of the programmes was carried out by the EU, it included extensive discussion on the scope and contents of the programme. This is equally true with reference to the original formulation which took the form of a project-approach oriented SBS and at the time of the riders where the identification and formulation of KPIs was strongly linked to the broader existing development plans and urban renewal programmes of the municipalities and saw the active participation of municipal counterparts⁶⁷. At the time of the formulation of the Eastern Cape SBS, it was also felt by the EUD representatives in charge that requests to discuss broader policy implications of the programmes would have been resented. That said, in the case of the Eastern Cape for example, emphasis was placed on services rather than infrastructure which was at the time the greatest area of interest within the Municipality. As is to be expected given the relatively low importance attached to policy dialogue fora in the formulation documents and the difficulties in implementation encountered in relation to the Eastern Cape programme, dialogue between the GoSA and the EU focused on Implementation / operational aspects related to the implementation of the programmes. Among these: i) amendment of the programme and

⁶⁷ The "EU SPSP TOC's Final Report" April 2013 prepared by the Technical & Operations Co-ordinator within the Nelson Mandela Bay Municipality refers to "*the many meetings and workshops that formed part of the process of NMBM getting prepared*" for the EU SBS operation, including initial discussions and support to the preparation of the formulation report (02/2005), of the Financing Proposal (08/2005) and of the Strategic Development Plan and the Institutional Business Plan (12/2005). Reference is also made to the interaction between the EU and BCM. p.22

identification of KPIs for the rider; ii) progress achieved so far; iii) co-ordinating structure and institutional arrangements of the programme. This is true for both UR SBS operations:

- *eThekweni Municipality Programme*: “A major weakness in the performance of the sector budget modality in this case, has been the missed opportunity in relation to policy dialogue. Seen from the EC’s perspective, its participation and partnership in the Programme has been limited to engagement around technical matters, even though structures like the IRG [internal reference group] are meant to discuss matters of strategy and development policy from time to time. There has been very limited or no policy dialogue based on available information, and it does appear that this is a weakness in terms of the possibilities that the sector budget support modality presents. Seen from the Municipality’s point of view, all dialogue must be subjected to its specific priorities and needs at any given point, including policy dialogue. If *eThekweni* determines a need for dialogue, perhaps for the purposes of learning from international development experience for example, then it surely has the capability and latitude to do so. On the surface, it would appear that there has not been a specific need for engagement in the first two-and-a-half years of the Programme. Policy dialogue requires a fairly clear policy agenda that is opened up around specific issues. If the IRG, for example, engages more deliberately with strategic matters relating to the Programme, the process of policy dialogue is likely to happen fairly autonomously, without too much effort required to enable this exchange.”⁶⁸
- In the relation to the *URP Eastern Cape*, interviews conducted confirm that while dialogue was focused on implementation issues (indicators, reporting including templates and deadlines) and that sector dialogue did not take place (also in view of the fact that the National Urban policy itself was still under discussion limiting the space to discuss URP as a policy position), discussions also touched upon operational issues of significance beyond the implementation of the programme although these remain far from policy / sector dialogue, e.g. how to recruit and retain skilled people, set-up of Township Training Sessions (contribution of SBS and in partnership with the NT, CoGTA and South African Cities Network. These discussions however also confirmed that current capacity problems at municipality level completely overshadow the possible of moving discussions to a higher level. ROM reports provide further details: “*The contribution of the SPSP to policy dialogue is much weaker than it should be. Its contribution to an efficient sector policy dialogue is rather limited*”⁶⁹ (...) “*At another level, policy dialogue was noted to be a missing component in enabling the SP to realise its medium and longterm objectives. More attention was thus needed to ensure that ways of facilitating policy dialogue were developed. The monitoring mission did not find evidence to show that much was happening in support of policy level dialogue. There a great deal more focus on implementing 'project activities' rather than efforts to tackle and address strategic and policy issues.*”⁷⁰

Finally, Programme Steering Committees in relation to the *URP Eastern Cape* SBS operation throughout 2010 were not held regularly and attempts from the EUD to foster discussions on issues related to for instance, translation of the Outcomes based Approach at the local level were relatively unsuccessful.

2.2.5 I-225 Evidence that EU-SA policy dialogue is integrated in the framework of inter-institutional sector dialogue processes at government level

The 2013 EUD workshop on policy dialogue shows that:

- Some FAs provide opportunities to engage with domestic processes by inviting EU as observer in specific domestic fora (e.g. Health).
- Gradually and over time, several SPSPs seem to promote formally more inclusive dialogue processes at domestic level and in the dialogue between SA and the EU.
- Several SBS operations play de facto an intermediary role between domestic actors (e.g. Health, Water).
- In certain sectors, the EUD has had positive contributions on the domestic policy dialogue. However, EUD recognises the need to better understand domestic policy processes so as to

⁶⁸ *eThekweni Municipality Programme Mid-Term Review, Final Report, August 2006. Pp.61-62*

⁶⁹ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.01 dated 8/05/2009.

⁷⁰ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.02 dated 31/10/2010

be able to better choose interlocutors and better engage with domestic processes without interfering. Dialogue with GoSA and non-state actors (such as FHR, but also other NSAs) had contributed to developing such more sophisticated understanding.

Moreover, as a result of the national decentralised structures, some SBS have aligned to this setting by using SBS at subnational level (e.g. Urban renewal). Yet, these efforts need to be upgraded as dialogue at these levels has remained limited. Partly, due to the fact that there has not been clear guidance and orientations on how to conduct dialogue and BS at these levels and partly because these programs were designed well before the BS guidelines were finalised and the recent emphasis on policy dialogue. There are however some prospects for improvement following the renewed interest by the CoGTA and the close follow-up by the EUD, which could lead to some results during the course of 2013.

In the Water sector, it is interesting to note that the FAs did not specify the need to integrate policy dialogue into the framework of institutional sector dialogue for the water sector. Thus, the key sector forums in the water sector (quarterly MCC meetings, the Water Services Leadership Group and so on) did not incorporate any features of EU-SA policy dialogue. The only requisite specified in an FA was in the MSB III FA which included a general condition that “*High level discussions on water sector progress between the Government and donors*”, to be assessed through “*annual formal high level review of water sector progress*”.

2.3 JC2.3 The technical assistance and broader capacity development activities incorporated in the SBS operations or provided through complementary projects respond to GoSA priorities and feed into policy dialogue process

Overall technical assistance and capacity development measures financed by the EU amounted to € 15 M during the evaluation period, i.e. a small percentage – 1.5% – of the overall funds provided by the EU in the form of SBS support with the bulk of funds taking the form of financial transfers to the Treasury. Only 5 of the 16 programmes considered included specific TA inputs.

2.3.1 I-231 Evidence of TA and capacity development activities provided by the EU and other donors in the same / similar sectors as those covered by the SBS operations (incl. description linked to their management, issues covered, modality of implementation)

Technical assistance or other capacity development measures are rarely included (embedded) within the SBS operations as one of the key components alongside the financial transfers. This is the case of:

- the *RCF I & II* which included an envelope for a TA facility whereby the EIB provided capacity development and supervision to the IDC;
- the *Urban Renewal Programme in the Eastern Cape* which included an envelope for a Technical Support Facility with a view to support the functions of the National and Provincial Urban Renewal Programme; and
- the Health programme, where a TA envelope has been put in place to acquire a specific high level EU expertise.

The *Access to Justice programme* presents a particular case, whereby two complementary components – one SBS with DoJCD and one EUD implemented project grant – strengthen capacities of different categories of CSOs. The EUD managed grant component supports a smaller number of NGOs that are capable of engaging with national and/or provincial authorities on policy experimentation and implementation, delivering services, sensitisation, policy research, etc. Such CSOs may also use their autonomy to create demand side pressures on public authorities.

In all other cases, although capacity development is a key focus area in terms of priorities of the targeted government programmes, it is not addressed through a complementary – internal or external – input of the SBS package.

Since most of the supported programmes envisage policy innovation, the TA and capacity development intensity is quite high in the majority of them. However, this is defined, managed and overseen almost exclusively by the SA partners and interviews carried out in the desk phase show that the two parties do not seem to consider the opportunity of financing specific TA and capacity development inputs based on EU experiences, as part or complement of the SBS package.

Selected complementary sector specific evidence

In the Health sector:

- A TA component was foreseen in the initial EU-funded *Partnership for Health programme*. But it was eventually abandoned when the programme was changed to a SBS in 2007.
- The *PrimCare* SBS operation includes a TA component (€ 5.3 m). It actually corresponds to a contribution agreement signed with DFID to support its already established TA activities (see box below on the SARRAH programme launched by DfID in 2010). It was decided to focus these TA activities on a very specific subject, namely the involvement of General Practitioners in the District Health System (DHS) and referral network. After a design phase, the idea is to support DoH in analysing the feasibility of the model developed by testing it in 10 pilot districts. The TA activities have started in 2012 and thus very little evidence is available so far on this.
- It is important to note that both SBS operations were aiming at developing the capacities of health service providers at the local level including community based organisations (CBO).

Box 6 *The DfID-implemented SARRAH programme*

SARRAH provides technical advice, funding and support to strategic national initiatives to strengthen South Africa's response to HIV and health. Its main focus is support for the Ministry and National Department of Health in renewed efforts to increase life expectancy, decrease maternal and child mortality, combat HIV and AIDS and TB, and strengthen the health system. SARRAH is designed to support the implementation of the President's Negotiated Service Delivery Agreement (NSDA) for Health which provides a unified strategy on health and HIV with clear targets and indicators related to impact.

The programme commenced in January 2010 and is expected to run until December 2014. It is based on partnerships with leading national players in HIV and health. Key partners are:

- The Ministry of Health and the National Department of Health.
- The South African National AIDS Council (SANAC).

The programme also supports civil society through the Treatment Action Campaign (TAC) and, when established, the work of a parliamentary oversight committee on HIV and AIDS.

SARRAH is structured around 15 work-streams. The programme was not conceived as a single, targeted, large scale intervention, but rather as a fund designed to support national reforms, programmes and institutions of the South African health sector through a range of strategic interventions identified jointly by DFID and NDoH. This has led SARRAH to diversify into a range of different activities, loosely connected with one another, each supporting different parts of the policy landscape (horizontal) and each intervening at different levels in the line of management (vertical), but ensuring flexibility and allowing the programme to adapt to the pace of the reform process and evolutions in the policy environment.

Most of the activities undertaken as part of the SARRAH programme can be categorised as either capacity building (e.g. support to SANAC) or as "strategic added value" activities, i.e. that involve (1) taking on a catalyst role in encouraging the key stakeholders to contribute to national targets, (2) contributing to broader policy intelligence, and (3) coordinating national and international efforts.

Source: <http://www.sarrahsouthafrica.org/> and *Inception report of the impact assessment of the SARRAH programme*.

In the Urban Renewal area:

- The *eThekweni* SBS operation does not contain a complementary envelope for the provision of TA nor do the programme documents refer to other TA or capacity building activities provided through complementary projects
- On the contrary, the *URP Eastern Cape* SBS operation does indeed provide a complementary envelope introduced as a direct result of the experience gained during the implementation of *eThekweni* SBS operation and other local development programmes (project aid). This envelope for TA of € 1.4 m aims at providing "Support to the functions of the National and Provincial Urban Renewal Programme, Learning and dissemination of lessons" (result area 7).

In the Water sector, TA was foreseen for *MSB I*, the FA stipulated the "Recruitment of technical assistance through a framework contract". Approximately 5% of the overall budget will be invested in technical assistance (TA) at various levels. In *MSB III* the FA foresaw the need for required TA to be procured, but no specific envelope for TA was provided. Assessments of payment conditions by the EUD noted that TA included (and which align to key result areas of all three phases of *MSB*):

- Monitoring, Evaluation and Reporting at National level and in the 6/9 provinces
- Project management business process re-engineering
- Project management support round cross cutting issues
- Sanitation support to the National sanitation task team
- Financial support.

2.3.2 I-232 Evidence of explicit (e.g. references in programme documents) as well as potential linkages between SBS operations and other TA/capacity development activities

In most sectors, documents reviewed and people interviewed did not point to significant linkages between SBS operations and other TA/capacity development activities.

Some indirect links can be made with TA/capacity development activities in the area of PFM. For instance in the Health sector, in the assessments of conditions for tranche release, there are some references to the development of capacities of national institutions on PFM issues and to some TA/capacity building activities funded by the EU in this area. In the analysis of conditions related to the 2nd tranche of the Partnership for Health II SBS, it is indicated that: *“The EC-funded FMIP II programme has gained momentum and has already contributed significantly towards the following PFM improvements: contribution to the research and development capacity of the Auditor-General’s Office (especially in the field of performance audit training programmes and modified accrual accounting) ; the strengthening of the CABRI Secretariat to fulfil its international networking functions; the development of a strategy on dealing with capacity building in the PFM Sector in a more coordinated and directed way and the development of a 15-20 year PFM Reform strategy that will guide and coordinate future reform and development efforts.”*

2.3.3 I-233 Evidence that TA & capacity development activities are identified and managed through a government-led co-ordination system and address specific government priorities

See above remark on the limited number of SBS operations where the EU has actually provided inputs related to TA & capacity development.

Selected sector specific evidence

In the Governance sector:

- In the *Access to Justice programme*, the capacity development component and the action or policy oriented research are part and parcel of the DoJCD’s arrangements with the Foundation for Human Rights that are funded within the SBS.
- In the Legislative Sector, the peer pressures, the institutional incentives for CD and the opportunities for mutual and other learning have considerably enhanced through broader sector development dynamics to which the *LSPSP* has contributed.

In the Water sector:

- Specific TA was provided to strengthen budgeting and PFM⁷¹. During *MSB* respondents reported that there has been a lot of work done toward the improvement of budget process as result of TA, with particular focus on "support review and reform of the departments budgeting and financial reporting"⁷². Capacity building efforts with Water Sector Authorities at municipal and district level included training on budget processes. As plans improved and WSAs complied with regulations so budgeting was seen to have improved.⁷³

In the Health sector:

- The interviews carried out show that main TA activities funded under the *PrimCare SBS* operation are actually lead by the DoH itself and that DoH staff have a clear idea of how they want to use this resource. TA mobilised via the DfiD-implemented *SARRAH* programme is also tightly linked to national priorities with the DoH being fully involved in the identification and use of TA.

In the Urban Renewal area:

- The technical assistance envelope provided in the framework of the *URP Eastern Cape SBS* operation has been soundly grounded within the GoSA’s institutional structure. Taking into account the inter-governmental nature of URP, the TA was provided to the DPLG (in Pretoria) and the Provincial Department of Housing, Local Government and Traditional Affairs (DHLGTA) in Bisho in the Eastern Cape in order to create an enabling environment for urban renewal within the two grant receiving municipalities. This complementary support was

⁷¹ Sector Budget Support Payment Request: Masibambane III- 3rd Fixed Tranche and 2nd Variable Tranche, p. 22 (EUD, October 2009)

⁷² Sector Budget Support Payment Request: Masibambane III- 3rd Fixed Tranche and 2nd Variable Tranche, p. 23 (EUD, October 2009); DWA Focus Group (25/01).

⁷³ Interview with Angela Masefield and Bhaka Zondi (1/02).

managed by the Urban Renewal Unit of the national department and provided (up until mid-2009) strong national co-ordination and support for urban renewal. As a result, the TA was indeed aligned to specific government priorities.

- It is also worth noting that the Nelson Mandela Bay Municipality recruited – through the use of its own funds - a Technical and Operations Coordinator (TOC) responsible for the detailed planning, operation and management of the SBS operation and all related activities within the Municipality.

2.3.4 I-234 Evidence that complementary TA / capacity development activities feed into policy dialogue process (e.g. studies carried out inform policy dialogue, capacity development activities reinforce policy dialogue processes...)

Selected sector specific evidence

In the Health sector:

- The assistance provided to the DoH (via DfID and its SARRAH programme) to test a model for the involvement of General Practitioners in the DHS feeds into the national dialogue on health sector reform, incl. the broad National Health Insurance reform.

In the Urban Renewal area:

- Given that implementation of the two programmes has hardly entailed policy dialogue, there is no evidence to inform this indicator. Otherwise said, evidence collected points to the lack of contribution of complementary TA / capacity development to policy dialogue. One of the ROM reports for the *URP Eastern Cape* actually points to the fact that *“much greater use of experience and lessons learnt coming from complementary programmes EC funded, from other donors and SA government [...] has to be made to improve the performance of both, SP and SPSP.”*⁷⁴

2.4 JC.2.4 SBS has increased the overall level of alignment of external aid with the government priorities

2.4.1 I-241 Evidence that SBS has favoured an increased ODA co-ordination by the GoSA / the establishment of joint co-ordination mechanisms between government (including line ministries) and donors (e.g. by strengthening the role of the IDC...)

Overall, the evidence collected shows that positive evolutions in terms of ODA co-ordination cannot be solely explained by the SBS operations, although the adoption of this modality by the EU certainly has helped consolidate the direction taken by the GoSA.

Selected sector specific evidence

In the Governance sector:

- The EU is the biggest donor in the justice and legislative sectors. Within the context of both SBS operations the EU maintains quarterly meetings at policy and reporting level with its counterparts. There are also mechanisms in place for EU-wide co-ordination with partners (through the yearly Cluster meetings in preparation of the Joint SA-EU Summit) and for co-ordination efforts that are steered by the Government and by the Legislative Sector. One cannot infer a precise cause-effect of SBS on this level of co-ordination. Still, such sector policy support programmes may invite interest in wider sector policy issues from governmental and non-governmental partners, for example when transparency and accountability arrangements are combined with reputational incentives.

In the Water sector:

- No separate formalised donor co-ordination mechanisms. Rather, co-ordination was mainly done through the national sector co-ordination mechanisms, or bilaterally with GoSA. Donors did participate regularly in the quarterly MCC meetings, albeit their participation tailed off at the end of *MSB*⁷⁵.

⁷⁴ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.01 dated 8/05/2009; p. 4.

⁷⁵ Interview with EUD staff (28/01).

In the Health sector:

- During the implementation period of the two SBS operations (from 2007 until today), there was a clear improvement in ODA co-ordination in SA. While the SBS operations have certainly created a favourable environment to strengthen this trend⁷⁶, it appears from the documents reviewed and the interviews carried out that the DoH was the one who initiated and actively supported this evolution. The reform process of ODA co-ordination in the health sector was prompted by the multiplicity of donors in this area in South Africa and the pressing need to reduce the related transaction costs. This led to the development of an aid effectiveness framework for the health sector in 2010 and the establishment of an ODA Coordinating and Planning forum involving all relevant actors in the sector. The DoH developed specific guidelines on ODA management and donor co-ordination, established a dedicated Development Co-operation Unit and put in place an ODA co-ordination office in each province. The evolution in the health sector described above also needs to be linked to the general trend in developing the ODA management framework in South Africa during the period (with the IDC playing a key role in this area) and, more generally, to the engagement taken by South Africa in international initiatives on aid effectiveness. Finally, although clear achievements in terms of ODA co-ordination can be recorded in the health sector, a number of challenges still remain as illustrated by the following extract of the 2011 request of DoH for the payment of the first tranche of the PrimCare SBS operation: *“Several modalities for providing donor assistance to health institutions and organisations are employed and these include:*
 - *Sector budget support (European Commission only);*
 - *Direct grants and/or other assistance to the National and/or Provincial Departments;*
 - *Grants and/or other assistance to other Government institutions (e.g. SANAC) applying on behalf of the national department of Health and others;*
 - *Grants and other assistance to the National and/or Provincial Departments of health through an implementing agent; and*
 - *Grants and other assistance (e.g. equipment and technical support) to health related NGOs and other organisations.*

Given this variety of modalities, the National Department of Health and National Treasury are not always informed of the assistance provided which impacts negatively upon the National Department of Health’s ability to monitor and coordinate such grants and/or assistance.”

In the Education sector:

- Development partners active in the education sector, esp. in the area of basic education, have decreased the level of their support or have completely phased out (e.g. the Netherlands). The 2009 action fiche of the SBS operation indicates: *“the Netherlands, the only other donor to provide substantial support to the education sector, intends to focus on technical and vocational education and higher education in the future.”* Although Ireland has carried out some activities in the area of curriculum development, Sweden in the area of inclusive education and USAID has supported some projects in the area of early childhood development and teacher learning, the EU actually appears as the only significant donor in the area of basic education. There was an attempt (esp. by the following EU donors: The Netherlands, Germany, Sweden, France and Belgium) in 2012 to revive the *“Education and Training Development Partners’ Forum”*. Finally, the 2012 mid-term reviews mentions: *“there are two key stakeholders the EC and National Treasury. Analysis of their roles indicated that the EC is performing the role of a strategic stakeholder. In line with the Paris Declaration, the Accra Agreement and the Busan Declaration the development partner complies with the ownership principle and does not get involved with the management and operational aspects of the relevant programme.”*

In the Urban Renewal area:

- Documentation reviewed and interviews conducted to date do not point to a contribution of the two SBS URP towards improvements in the establishment of joint co-ordination mechanisms. That said, one of the reviewed ROM reports points to the fact that: *“Co-ordination among stakeholders has greatly improved in 2008. Stakeholders have agreed on the necessity of (i) ensuring that good practices in fighting poverty and exclusion are replicable, (ii) incorporating*

⁷⁶ The EU actively participated in the various donor co-ordination platforms and insisted on having the DoH participating in the donor working groups.

urban renewal in the conventional organisation chart and institutional procedure of local authorities, (iii) paying more attention on spatial dimension of exclusion and poverty. EC is the only donor providing non-targeted sector budget support; its contribution to this kind of co-ordination is limited to TSFs activity. A much greater use of experience and lessons learnt coming from complementary programmes EC funded, from other donors and SA government (a list, that needs to be updated, is included in the FA) has to be made to improve the performance of both, SP and SPSP.” The same document then goes on to include under the recommendations the need to “*Improve policy dialogue with all concerned parties, making full use of acquired experience in the country (e-Thekwini SPSP, water sector support) and increase co-ordination of donors*”.⁷⁷

2.4.2 I-242 Evidence that SBS has favoured the adoption of a sector-approach and the increased alignment of donors’ activities to GoSA priorities

Overall, as the EU is the main donor and most of the others have significantly reduced their engagement in several sectors, the effects of SBS on harmonisation have been rather limited.

Selected sector specific evidence

In the Employment & Private Sector Development area, the list below presents quotes of reflections made by stakeholders during interviews (carried out in January 2013) on the overall level of alignment of external aid with government priorities

- RCF I: “SBS has been successful in aligning external aid with GoSA priorities as can be witnessed from the success of RCF1. For example an agreement to assist projects in neighbouring countries was abandoned so as to focus resources on internal GoSA priorities.”
- RCF II: “RCF 2 was born out of the success of RCF 1. The lessons learnt from RCF 1 directed the structure of RCF 2 and focused them more on the priorities of GoSA. This programme has been a success as there is broader participation, investing in SMME’s, and HDP’s can access funds. Any aid which comes in has clear alignment with the priorities of the government otherwise it would not work.”
- SWEEEP I & II: “The ECF was developed out of the success of SWEEEP. This shows a continuing alignment of ODA with GoSA priorities.”
- Innovation for Poverty Alleviation: “SBS has aided in the success of the department. The alignment of aid has always been in cohesion with government priorities. The DST can pick and choose which donor it wants to work with for each particular project.” And “There is clear alignment with the GoSA priorities as the programme is targeted where it is most needed.”

In the Governance sector:

Financing Agreements for both sub-sectors reflect the importance of co-ordination.

- DoJCD organised an *Annual Formal High Level Review of Justice Sector* in early 2008 and signed a directive that established the *Policy Framework for Donor Co-ordination*. The framework includes quarterly meetings with the EC for the dialogue on the *Access to Justice programme*. The annual SA-EU consultation process has been further adapted since 2011, so as to ensure structured consultation with multiple development partners and the GoSA through the *Annual Consultations Cluster Workshop on Governance*. These consultations should feed into the Annual Bilateral SA-EU Consultations (with further opportunities for synergies and co-ordination) ultimately providing inputs into the *SA-EU Joint Co-operation Council* and the *SA-EU Summit*.
- In the case of the *LSPSP*, the EC’s shift from project to sector budget support helped strengthen the Legislative Sector Support unit within the Legislative Sector (rather than an external PIU as was the case under the previous project modalities). A strengthened and integrated LSS facilitated a sense of ownership within the sector, which was among other things reflected in the creation of a *Sector Dialogue and Co-ordination Body* with a mandate to organise meetings between the sector and other stakeholders, including donors. The yearly *International Consultative Seminars* are often organised around a particular theme, but are also meeting places for exchanging experiences and information between South Africa’s Legislative Sector, the South African Government, civil society, representatives of other parliaments, and parliamentary bodies (including the European Parliament).

In the Water Sector:

⁷⁷ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.01 dated 8/05/2009. Pp. 4 & 5.

- The harmonisation among the donors has been relatively strong, as a consequence of the GoSA engagements to ensure “*high level discussions on water sector progress between Government and donors*” (general condition 4 of the *MSB III* SBS). There are quarterly consultation and co-ordination meetings at national level, plus an annual water sector forum in each of the nine provinces.

In the Health sector:

- There was a clear evolution from a situation where the GoSA and DPs discussed a donor ‘wish-list’ to a situation where DPs aligned their support to key GoSA priorities in the health sector. However, this is not solely explained by SBS. Moreover, other donors have continued to finance separate actions and have not followed the EU in the adoption of a sector-approach. *The Partnership for Health II* – analysis of conditions related to the 1st fixed tranche indicates: “*both the Chief Financial Officer, Deputy Director Generals’ for Strategic Planning and International Health Liaison have expressed an interest and willingness to “step up the dialogue” with donors. Part of the problem rests with donors continuing to have vertical programmes - that is a focus on TB (UK), Human Resources (BE), International Health Liaison (IT) and so forth*”. The lack of a real sector-approach followed by other DPs points to the fact this situation still prevails. It is however important to underline that, in the *PrimCare* SBS, the EU decided to provide the TA support via a contribution agreement with DfID.

2.5 JC2.5 Increased reliance on SBS has led to reductions of transaction costs for both the government and the EU

2.5.1 I-251 Adoption of shared / joint monitoring performance frameworks & I-252 Establishment of coordinated and joint monitoring processes and procedures

Selected sector specific evidence

For the Water Sector, see *indicator 2.5.3* (whilst no evidence exists of reduced transaction costs, it is noteworthy that all quarterly and annual monitoring reports, and all independent evaluation studies conducted during all three phases of *MSB* were coordinated, shared and were joint).

In the Governance sector:

- As highlighted during interviews, for the SBS component of the *Access to Justice programme* and for the *LSPSP*, the EU has agreed with the South African partners to a performance framework that uses Key Results Areas, Key Performance Indicators and targets as these are integrated in government and legislature management cycles.

In the Health sector:

- There is a shared framework between EU and SA used to assess performance in relation to SBS operations. As highlighted during interviews, Most KPIs were selected from the indicators used by DoH in its annual performance plan. Given the evolution of the national M&E systems some KPIs will need to be amended. Other DPs follow their own monitoring/ assessment frameworks. Co-ordination structures are well established. But monitoring processes directly related to SBS operations have not always been shared or carried out jointly with other DPs.

In the Urban Renewal area:

- The EU is the only donor providing SBS in the area of Urban Renewal. As a result, it has had no impact in terms of the establishment of coordinated and joint monitoring processes and procedures with other donors. Whereas the initial formulation of the two SBS operations in the UR area closely mirrored a traditional project approach, the introduction of riders allowed to shift towards more classic SBS operations. In doing so, KPIs were established and selected among indicators on which the Municipalities would be reporting irrespective of the SBS operation, i.e. indicators which were part of the Municipalities’ plans. That said, the operations maintained a number of conditions on which the Municipalities would need to report in order to trigger the disbursement of tranches.

2.5.2 I-253 Evidence that the shift to SBS has reduced negotiation procedures and duplications of meetings, monitoring missions...

Selected sector specific evidence

In the Employment & Private Sector Development area, most stakeholders interviewed highlighted that the use of SBS has led to an overall reduction in transaction. This is especially the case regarding the alignment of the management systems (including reporting). There is also the concern that, in

several instances, there may be a potential/actual increase in costs to some departments through the following:

- Delays in payment, with regards to the Consumer Protection Commission programme (SWEEEP).
- Lack of clarity about procedures and conditionalities that have caused frustration, cash flow problems and distrust.
- Set-up of separate programme implementation units as was the case for the implementation of the ECF and IPA within the mandated line departments. RCF and SWEEEP, on the other hand, did not lead to the set-up of dedicated management units and were both implemented using existing government structures thereby leading to minimal increases in transaction costs.

The list below presents complementary quotes of reflections made by stakeholders during interviews (carried out in January 2013) on the issue of transaction costs:

- SWEEEP 1 & 2: *“The GoSA implemented the two programmes using its structures and systems and therefore there were no additional transactional costs.”*
- RCF I & II: *“RCF I & II: have been absorbed into the IDC therefore there are no extra costs for the running of these programme.”*
- *Innovation for Poverty Alleviation*: The FA makes provisions for the establishment of a separate structure to implement the programme. This has resulted in an increase in transaction costs due to the need for more capacity. *“There are high transactional costs on senior management brought about by parallel project units.”* MTR mentions the availability of *“Various Programme Units within DST for poverty reduction”*
- *Employment Creation (ECF)*: *“The formation of a separate parallel projects/unit has led to an increase in transaction costs.”*

In the Water Sector, there is a strong evidence for the reduction of transaction costs, namely for the alignment of MSB with the monitoring and reporting system of DWA:

- PAF of MSB II and MSB III align to the Key Results Areas of DWA and MSB reporting thus feed into DWA annual reporting. Annual reports of MSB were a General Condition of the EC FAs for all three phases of MSB, as were annual sector plans. All reporting was done by DWA, with inputs from other key sector players, whilst the reporting on performance was shared (i.e. between sector players) there is little evidence that it was shared/joint with the EU Delegation. All quarterly and annual monitoring reports and all independent evaluation studies conducted during all three phases of MSB were joint.
- In particular, the MSB II MTR (p.49) made the following observations in regard to the reduction in transaction costs *“Masibambane makes it possible for donors to fund water and sanitation services at lower management costs while strengthening national and local delivery processes. The donor support to the initiative is important for its success, although due to the increased prioritization in spending on water and sanitation by the Government of South Africa, the relative importance of donor funding is decreasing. In MSB I, donor funds accounted for about 28% of the total expenditure in the sector, whereas in MSB II, donor funds account for less than four percent according to reported expenditure in the Work Plan. Donor funds represent 17% of the overall budget available to DWAF and 57% of the capital expenditure budget though (Mehta 2004).⁷⁸ The arrangement of pooled financing through budget support under Masibambane continues to be a good mechanism for co-ordination of overall donor support to the Government of South Africa. While ensuring government leadership, it also reduces duplication and overhead costs at the same time as it gives the donors the possibility of supporting specific components of MSB that correspond to their priority areas. It is difficult however to quantify the donor cost-effectiveness under Masibambane within the timeframe of this review exercise”.*

In the Governance sector:

- According to the EU ROM Monitoring Report of the Legislatures Support Programme (the predecessor of the LSPSP) and its final external evaluation⁷⁹, there were numerous problems

⁷⁸ It must also be noted that the relative decline in spending by donors due to the expanded reporting on expenditure in the sector i.e. funds that are captured in the Work Plan now were not necessarily captured in earlier reviews.

⁷⁹ EC (2008). *External Final Evaluation of the EC funded Legislatures Support Programme*

related to the choice of project modality, including the PIU (the *Secretariat for Programme Implementation*), which was too detached from the secretariat of the Speakers' Forum. Hence, communication channels did not function optimally, and sensitivities got in the way between EC and the South African partner as EU rules and regulations were perceived to be constraining and cumbersome. Both EC and partners at the Legislative Sector confirm that with the advent of SBS, negotiation procedures and duplications have been reduced as the ownership over sector co-ordination is now firmly with an empowered Legislative Sector Support Unit

In the Health sector:

- Other DPs are not contributing to a real sector-wide approach and thus do not use the specific structures put in place for the follow up of the SBS operation. For instance, as explained above (see JC22), the DoH has set up a special steering committee for the EU funded PrimCare SBS operation and other DPs are not taking part in the meetings related to it. Overall, the evidence gathered so far does not show that the shift to SBS has significantly reduced the duplications of meetings or monitoring missions. That said, the SBS operation has contributed to simplify and structure the exchanges that take place around the EU support to the health sector in South Africa. This evolution has been positively appreciated by both parties (EU and GoSA).

In the Education sector:

- As stipulated in the Financing Agreement, a Mid-Term Review of the SBS operation commissioned by the Department of Basic Education, utilising SBS funds, was successfully implemented in 2012. In addition, the 2012 mid-term reviews mentions: *"The sector budget support modality was noted by the project managers interviewed as preferable to other donor funding mechanisms because no parallel or complicated approval and reporting mechanisms are required over and above the usual processes for project approval within the DBE."* It further explains that DBE project managers interviewed: *"referred to the relatively prompt disbursement of funds and undemanding approval mechanisms that enable efficient implementation of the projects funded by the Programme. The budget disbursement schedule for the overall Programme from the EC has been highlighted as appropriate for the DBE overall, as the DBE has synchronised its budget and cash flow requirements for delivery of the Programme with the disbursement schedule. Furthermore the ongoing process to withdraw funds from the RDP fund where the Programme funding is deposited is considered uncomplicated and efficient. The DBE's CFO merely submits a RDP Request for Funds report to the International Development Co-operation (IDC) department within the National Treasury that aggregates the drawings required coupled with supporting invoices and expenditure reports. The funds from the RDP fund are then disbursed to the DBE within a week."*

In the Urban Renewal area there is no evidence of significant improvements in terms of reduced transaction costs when looking at negotiation and implementation procedures. This is true both when looking at the intra-donor relation and when looking at the government – donor relation.

- In the case of *e-Thekwini*, the mid-term evaluation indicates that while the SBS operation has certainly allowed to *"enter into a partnership with a very supportive donor"*, it has also involved a number of *"costs to the city"* in the form of *"additional administration and time demands for engagement"* (p. 63). The same report, then confirms however that the specific nature of BS led to reduced transaction costs for the EC *"no traditional EC controls, reporting systems, processes and formats"* (ibid.) which however is reported also to have had a negative impact in terms of *"less rigorous monitoring system and quality of data available"*.
- In the case of the Eastern Cape, the programme - despite its intentions - failed to be fully embedded within the existing structures and ended being operated as a parallel structure with dedicated implementation units and with specific reporting lines. Finally, it is also reported that the repeated delays in the release of funds to the Municipalities (delays involving responsibilities from all parties involved, i.e. municipalities, National Treasury and EU) have prevented their inclusion in the annual IDP/Budget process⁸⁰.

2.6 JC2.6 SBS has promoted / facilitated the attainment of increased levels of co-ordination and complementarity between EU funded SBS operations,

⁸⁰ "EU SPSP TOC's Final Report" April 2013, p.9.

other EU programmes and other donors' programmes (namely EU MS, and USAID)

See above comment on the fact that in several sectors, the EU has been the main donor and most of the others donors have significantly reduced their engagement.

2.6.1 I-261 Main documents related to SBS operations (identification, FAs, progress reports...) include references to other (complementary) programmes and vice-versa

Selected sector specific evidence

In the Governance sector:

- While the planning and strategy documents of DoJCD make reference to additional projects from the EC and from other donors, no references were found in the SBS related documents (Financing Agreements, Identification Fiches, etc.) of complementary programmes as part of a sector-wide sector policy support approach, nor are there explicit linkages or synergies.

In the Education sector:

- There is no mention of other development partners' action in the Financing Agreement. The 2009 action fiche of the SBS operation indicates only: "*the Netherlands, the only other donor to provide substantial support to the education sector, intends to focus on technical and vocational education and higher education in the future.*"

In the Urban Renewal area:

- Unlike the FA of the *e-Thekwini UR* SBS, the FA of the *Eastern Cape UR* SBS operation contains a specific paragraph on 'Linkages with other operations' (§2.7) which is then broken down to provide a synthetic list of: i) EC complementary programmes; ii) Complementary Programmes of other donors; and iii) Complementary SA Government programmes. Annex C of the FA then goes on to describe in more detail the complementary programmes, highlighting the relevance of the other donors' programmes in relation to each result area. No further mention of other donors' activities has been found in the mid-term reviews and monitoring reports. Finally while programmes undertaken by other development partners have been acknowledged during interviews no reference was made to important complementarities or linkages. It is however specified, that complementarities will be sought directly at the level of the Municipal Urban Renewal programmes.

2.6.2 I-262 Evidence of cross-fertilisation and / or 'cluster' approach between SBS and other complementary projects / programmes (e.g. studies carried out under one project then inform specific sub-sectoral policies supported by SBS or SBS conditions, complementary TA is provided to strengthen local or central government institution mandated with the implementation of the 'programme' supported by SBS...)

Selected sector specific evidence

In the Health sector:

- An interesting example of cross-fertilisation relates to the TA support provided through a delegation agreement with DfID (see JC23).

In the Education sector:

- There is no evidence of cross-fertilisation and / or 'cluster' approach between SBS and other complementary projects / programmes. Other EU funded programmes concerns global programmes for the exchange of students (e.g. Erasmus Mundi, etc.) and there is no direct linkages with the action that take place under the SBS operation.

In the Urban Renewal area:

- No references have been found in reviewed documents, and nothing of relevance has been brought to the attention of the team during interviews in terms of cross-fertilisation between different programmes with the exception of a reference to linkages with other donors' programmes found in the MTR of the *URP Eastern Cape*. This points to the involvement of several donors in the areas targeted by the SBS operation and to the fact that "*a number of researches and feasibility studies have been undertaken in the area, and the outcomes have been invaluable in contributing towards information and knowledge for informed decision making and prioritization of projects.*"⁸¹

⁸¹ Support to Urban Renewal Programme in the Eastern Cape, Mid-Term Review, February 2009, p. 44.

2.6.3 I-263 Evidence that SBS has favoured the establishment of joint co-ordination mechanisms among donors

Selected sector specific evidence

In the Private Sector and Employment development:

- In the ECF framework, the Donor Working Group which was established in 2007 did not work as a consequence of the difficulties experienced by the ECF implementation. Furthermore, the increase in size of the employment cluster had created co-ordination problems for donors that are active in this sector. In the other supported programmes, there are few external partners.
- In IPA, there is a case of complementarity among different EU policies: complementarities with the EU poverty alleviation engagement in the ACP countries are evident and are only partially addressed. Complementarities with the EU Science and Technology programme, to expand the research area opened by IPA, mainly – though not only – in other African countries.

In the Education sector:

- As mentioned above, there was an attempt (esp. by the following EU donors: The Netherlands, Germany, Sweden, France and Belgium) in 2012 to revive the “*Education and Training Development Partners’ Forum*” but this has not led to the establishment of a strong co-ordination mechanism.

In the Urban Renewal area:

- There is no evidence showing that the two SBS operations have directly contributed to the establishment of joint co-ordination mechanisms among donors. According to a ROM report of 2009, “co-ordination among stakeholders has greatly improved in 2008. Stakeholders have agreed on the necessity of (i) ensuring that good practices in fighting poverty and exclusion are replicable, (ii) incorporating urban renewal in the conventional organisation chart and institutional procedure of local authorities, (iii) paying more attention on spatial dimension of exclusion and poverty. EC is the only donor providing non-targeted sector budget support; its contribution to this kind of co-ordination is limited to TSF’s activity.”⁸² i.e. to the technical assistance component of the *URP Eastern Cape* SBS operation. Other meetings have not confirmed improved levels of co-ordination or at least do not report that these have been maintained through the period 2010-2012. A Bilateral meeting with the World Bank has been reported by the EUD (June 2011). Its goal however was primarily to exchange information on programmes related to urban renewal, a far cry from the establishment of joint co-ordination mechanisms.

3 EQ3 – Financial Inputs

Evaluation Question 3: To what extent has budget support contributed to increased alignment of ODA to government’s budgetary processes and to increased discretionary expenditure at sectoral level and decentralised level?

3.1 JC3.1 Increased size and share of external funding subject to the GoSA budgetary process (budget cycle, financial management and procurement systems)

3.1.1 I-311 Evolution of the size and share of external aid ‘on Treasury’ (through the RDP account) and ‘off Treasury’

The formulation of this indicator has been revised in light of discussions with the International Development Co-operation / National Treasury. An agreement has been reached during the desk phase in-country mission to rely on this simplified formulation which will nevertheless allow analysing key issues in line with the overall methodology thus ensuring comparability of findings across evaluations. More specifically, the indicator will allow to look at:

- trends over the evaluation period in the absolute and relative amounts of external aid (ODA) disbursed through the budget;
- trends over the evaluation period in the level of SBS disbursed as a proportion of total ODA;

⁸² ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.01 dated 8/05/2009; p. 4.

- trends over the evaluation period in the proportion of ODA utilising country systems (PEFA indicator D-3); and
- pinpoint linkages (if relevant) between the provision of SBS and the adoption of country systems also among other aid modalities, i.e. whether funds managed directly by the donor or disbursed by the donor to a third party are disbursed through the use of government procedures or not (e.g. national procurement rules).

The Paris Declaration (PD) on aid effectiveness emphasises that *when aid directed to the government sector is fully and accurately reflected in the national budget it indicates that aid programmes are well connected with country policies and processes. This also allows partner country authorities to present accurate and comprehensive budget reports to their parliaments and citizens.*

Surveys on the implementation of the PD track changes in indicator 3 that measures the percentage of aid disbursed by donors for the government that is included in the annual budgets for the same fiscal year. The indicator reflects the extent to which aid is captured in government's budget preparation process. The 2010 target is to halve the proportion of aid flows that are not currently reported on government budgets with at least 85% of aid reflected in the budget.

The "Aid Effectiveness 2011: Progress In Implementing The Paris Declaration" report⁸³ indicates that *"Country stakeholders report that a large proportion of aid is implemented outside of government systems, particularly aid to non-state actors and non-concessional loans to parastatals"*. The same report notes that even when looking at ODA where the South African government is at least partially responsible or accountable for management of the funds, none (0%) of the aid disbursed by donors in 2010 for the government sector was captured by the government's budget estimates. This is linked to the deliberate choice of the GoSA to exclude donor financing from the budgetary appropriation processes.

*"Aid in South Africa is reported separately as extra-budgetary income to the respective government departments. Each government department accounts for and reports on aid flows every year in the context of the Treasury's medium-term expenditure framework, and annual Estimates of National Expenditures (ENEs). Use of aid on budget as the numerator for indicator 3 therefore tends to underestimate the degree of alignment of aid in South Africa, as well as the extent to which it is captured by government systems."*⁸⁴

"GoSA estimates produced in the context of the 2011 Survey suggest that 78% of the aid which donors reported as disbursed to South Africa has been reported on in the Treasury's ENE report. This remains lower than the 85% target established for indicator 3 of the Paris Declaration, and is attributed by the stakeholders to several factors ranging from donors' ODA scheduling and predictability, to government departments' absorption capacities and shortfalls in the reports to Treasury. Aid features relatively weakly in government accountability documentation, planning, budgeting and reporting processes. This is partly due to ODA being a very small input in the context of the overall government budget. In some instances, the government prefers to keep donors outside its planning processes to avoid undue interference with domestic policy-making processes, particularly with regards to economic strategies."

The South Africa 2011 Country Report, Monitoring progress of the Paris Declaration International Development Co-operation National Treasury Republic of South Africa & The "Development Co-operation Review III", Final Report 13 July 2010 present evidence to the same effect and this has also been confirmed during meetings held with IDC staff and other consultants to National Treasury / IDC. For instance:

"As such, a large portion of development assistance to South Africa (R 1.4 billion reported in the 2011 Survey) goes directly to non-state actors, alternative channels such as NGOs, multi-lateral institutions, research institutes, foundations, private sector or is implemented directly by the Development Partners. Often the Government has little influence or information on these aid flows. Aid, through alternative channels, is particularly used by development partners such as the Nordics, DFID, USAID, the UN, the Netherlands, Switzerland and Spain. All Development Partners, to some extent, keep separate funding which is channelled through civil society organizations, which are at times South African and in some cases from the donor countries. NGO implemented projects are more predominant in some sectors (e.g. health and justice) more than in others (DCR III, 2010). If non-concessional loans from the World Bank, AfDB and

⁸³ Volume II, country chapters – South Africa", (p.6)

⁸⁴ Ibid.

AFD to South African parastatals are included in these figures aid outside of Government can reach almost R 8 billion”.

The DCR III (2010) explains that ODA featured relatively weakly in government accountability documentation, planning, budgeting and reporting processes. This is partially due to the nature of ODA being a very small input to budget and as such treated as a supplementary (add-on) resource. In some instances, the Government prefers to keep the DPs outside its planning processes in order to guard itself from undue interference with domestic policy-making processes, particularly with regards to economic strategies. Furthermore, the lack of predictability of donor funds and the differing DP budget cycles, make it more challenging to align ODA to South African budget processes or the timeline required for initiatives.

The target for 2010 was that 85% of ODA is reported on budget. The figures from 2009/2010 suggest that 78% of the ODA which DPs claimed to be disbursed to South Africa has been reported on in the Treasury’s ENE report of that year. This can be attributed to numerous factors from DPs ODA schedules and predictability, to Departments fund absorption capacity and shortfalls in the reports to Treasury during the ENE process.⁸⁵

DCR III (2010), p. 4 indicates:

Aid on plan and budget: ODA programmes and projects are reflected in some strategic and operational plans of South African government institutions, but not consistently. ODA to South African national departments was however reflected in national budget documentation during the period under review, more consistently at the aggregate level. At departmental level departments have been providing information on ODA as part of the budget submission since 2000. This information however has not been published consistently. In 2000, 2001, 2002, 2007 and 2008 the documentation submitted to parliament did not contain any information at a vote level on ODA. For the other years however (2003, 2004, 2005 and 2006) the Estimates of National Expenditure for each department included a table that reported on the use of development assistance over the previous three years (against a development partner and project identifier) and provided information on the forward estimates of use. It is notable however that across departments the information on actual use is far better populated than the forward estimates information, including for the budget year, a reflection on the completeness and quality of information available to departments at the time of submitting final tables for publication, i.e. three to four months before the start of the spending year. This also means that technically speaking, although aid projects are reflected in budget documentation, aid is not ‘on budget’ as little forward information is available.

In South Africa there are two main channels of disbursement for ODA⁸⁶:

- ODA funds channelled through the RDP Fund⁸⁷, i.e. aid disbursed to the government’s finance ministry and therefore on Treasury, from where it goes, via regular government procedures, to the government institutions responsible for budget execution. This is the channel always used for SBS but can also be used for other sector programme support or project based support;
- ODA funds that do not go through the RDP Fund but are either managed directly by the donor or transferred by the donor to a third party; in this case expenditure is undertaken by the development partner agency or by non-government agents (PIUs, CSOs) on its behalf and resources can or cannot be spent using government procedures.

With a view to inform with quantitative data these two categories the team has:

- collected data from the IDC and reviewed amounts contained in the RDP audited reports leading to an overview of overall receipts recorded in the RDP account – including disaggregated data by donors – for the period 2000-2011; and

⁸⁵ South Africa 2011 Country Report, Monitoring progress of the Paris Declaration International Development Co-operation National Treasury Republic of South Africa; p.25-26.

⁸⁶ Source: Box 2.2: Different channels for disbursing aid; p. 10 of the “Development Co-operation Review III”, Final Report 13 July 2010, Alta Fölscher, Matthew Smith, Theresa Davies.

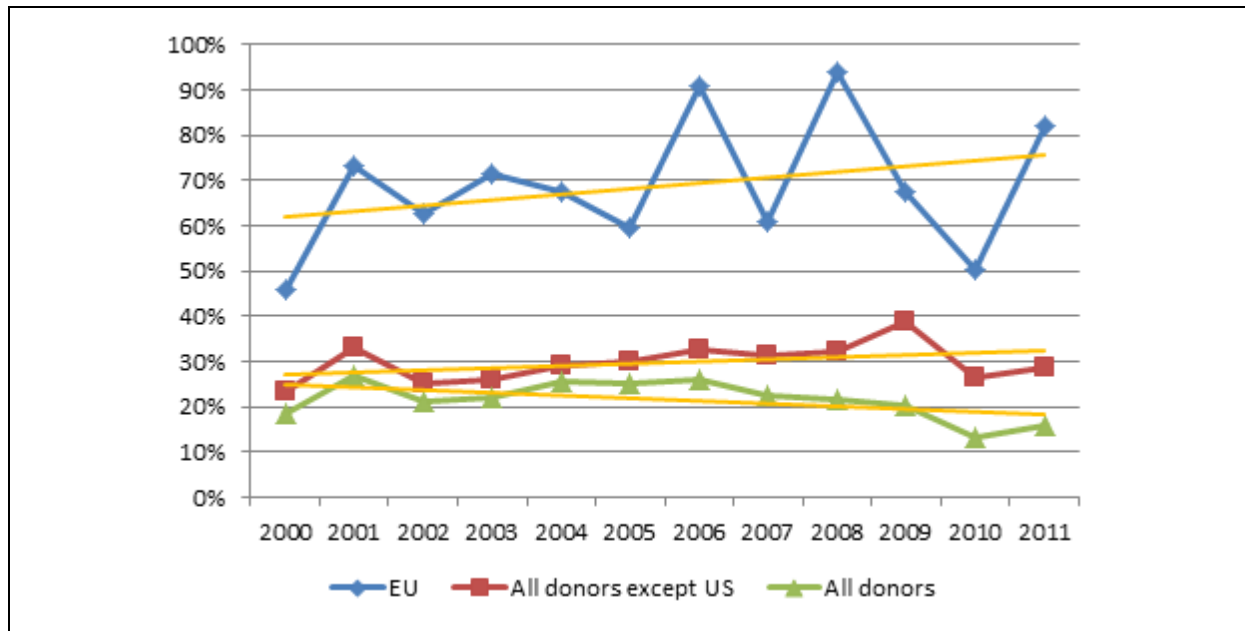
⁸⁷ The Reconstruction and Development Program (RDP) Fund was established in 1994 as a mechanism to channel ODA from donors to the various South African government agencies for development initiatives. The initial guidelines for the RDP Fund were subsequently revised in 1998. The guidelines explained that funds which would go through the RDP would be considered ‘extra-budgetary’, and therefore would not need to be appropriated and voted for by the Parliament. This would allow for a responsive funding mechanism to finance promptly urgent development initiatives in the country. The funds which flow through the RDP use national budget execution modalities, national financial reporting systems, national auditing systems and national procurement systems.

- retrieved and compiled information gathered through <http://stats.oecd.org/qwids/> to gain an overview of total aid flows to the country, again both overall and at disaggregated level by donor / year. Gathering of information through the OECD statistics was identified – together with IDC staff – as the best way to gain an insight on overall aid flows to the country, given that - as anticipated in the above-mentioned quotes – often government has little influence or information on the aid flows going directly to non-state actors, research institutes, foundations, private sector or project aid implemented directly by the Development Partners.

While the team recognizes that a direct comparison between the RDP Fund account and total donor disbursements as recorded in the OECD database should be made with caution (also in light of the fact that the former is reported on the basis of fiscal years whereas the latter is reported on the basis of calendar years), it can provide some insight into the absolute and relative amounts of donor funding on-Treasury and off-Treasury together with information on the preferences of donors, GoSA and the aid modalities used.

The tables in the next pages provide an overview of the whole datasets put together, whereas Figure 3 below provides an overview of the percentages of total ODA to South Africa flowing through the RDP account.

Figure 3 Ratio of RDP receipts to total ODA flows to South Africa, for the EU, for all donors and for all donors excluding the United States, 2000–11



Sources: RDP audited reports and IDC data for RDP receipts reported on the basis of fiscal years and <http://stats.oecd.org/qwids/> for ODA data reported on the basis of calendar years

Table 40 Overview of total receipts of RDP account, FYs 2000/01 – 2011/12, million Rand

Donor (R'm)	2000/2001	2001/2002	2002/2003	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12 Unaudited
European Union	381	624	770	725	625	653	842	622	1,274	876	564	1,181
Global Fund	-	-	-	113	64	106	15	225	198	245	110	99
Netherlands	70	79	178	52	142	87	106	153	37	32	-	-
United Kingdom	5	-	27	15	10	78	-	-	11	39	-	95
Ireland	1	21	11	40	27	41	41	30	81	35	-	-
Finland	-	-	-	12	-	24	36	-	21	56	23	-
Flemish	1	-	14	-	37	21	43	24	26	36	23	10
Norway	29	59	69	31	37	20	19	54	22	33	-	-
Sweden	12	11	19	-	-	19	42	10	-	-	-	-
Denmark	6	16	-	22	13	13	67	47	121	49	47	-
CDC United States	-	-	-	14	28	-	-	-	-	26	42	-
Belgium	5	56	-	12	13	-	23	-	-	-	-	-
Canada	0	-	-	-	-	-	-	11	77	25	57	21
Germany	-	-	-	-	-	-	-	-	12	-	-	-
USAID	13	18	16									
Various Donors *	59	27	39	52	38	39	36	109	113	392	146	74
Road Accident Fund	45	50										
Various Donors for celebrate SA		18										
Reconciled amounts**		-	-	(34)	(98)	(255)	(20)	(62)	(163)			
Total	628	979	1,143	1,088	1,034	1,101	1,270	1,285	1,993	1,844	1,012	1,480

Sources: RDP audited reports and IDC data

* Various Donors consists receipts less than R10 million per annum

** These amounts represent funds received but not yet used. They are indicated to ensure comprehensiveness/consistency with original data but are not included in calculations

*** Slight differences between annual overall amounts indicated in the table and those indicated in the audited report are explained by the rounding of figures.

Table 41 RDP account, receipts from the EU as percentage of total amounts recorded, FYs 2000/01 – 2011/12, million Rand (IDC data & audited reports)

Donor (R'm)	2000/2001	2001/2002	2002/2003	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12 Unaudited
European Union	381	624	770	725	625	653	842	622	1,274	876	564	1,181
Other Donors	247	355	373	363	409	448	428	663	719	968	448	299
EU as % of Total	61%	64%	67%	67%	60%	59%	66%	48%	64%	48%	56%	80%
Total	628	979	1,143	1,088	1,034	1,101	1,270	1,285	1,993	1,844	1,012	1,480

Table 42 % of EU SBS receipts out of total EU receipts & of total donor receipts flowing to the RDP account, FYs 2000/01 – 2011/12, Rand⁸⁸

Donor (R' million)	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12 Unaudited	TOTAL
Total Donors	628	979	1,143	1,088	1,034	1,101	1,270	1,285	1,993	1,844	1,012	1,480	14,857
European Union	381	624	770	725	625	653	842	622	1,274	876	564	1,181	9,137
SBS	-	167	552	451	407	351	429	478	1,089	1,168	468	900	6,460
Share of SBS/Total EU RDP	0%	27%	72%	62%	65%	54%	51%	77%	86%	133%	83%	76%	71%
Share of SBS/Total RDP Funds	0%	17%	48%	41%	39%	32%	34%	37%	55%	63%	46%	61%	43%

Sources: IDC data and own calculations

Table 43 % of RDP receipts to total ODA flows to South Africa, 2000 – 2011, million Rand

		2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
All donors	ODA	3,375	3,662	5,389	4,960	4,064	4,389	4,842	5,689	9,295	9,105	7,545	9,252	71,568
All donors	RDP receipts	628	979	1,143	1,088	1,034	1,101	1,270	1,285	1,993	1,844	1,012	1,480	14,857
All donors Ratio		19%	27%	21%	22%	25%	25%	26%	23%	21%	20%	13%	16%	22%
EU	ODA	832	854	1,228	1,014	926	1,099	926	1,019	1,355	1,299	1,121	1,442	13,114
EU	RDP receipts	381	624	770	725	625	653	842	622	1,274	876	564	1,181	9,137
EU Ratio		46%	73%	63%	72%	68%	59%	91%	61%	94%	67%	50%	82%	69%

Sources: RDP audited reports and IDC data for RDP receipts reported on the basis of fiscal years and <http://stats.oecd.org/qwids/> for ODA data reported on the basis of calendar years

⁸⁸ Remark: Figures in red indicate a discrepancy which is linked to a difference in the methodology employed by the IDC on aid flows and that employed by the Accountant General in the National Treasury.

Table 44 Development Partners use of RDP Fund mechanism in 2009-2010

	<i>Percent of ODA for government sector going through RDP fund</i>	<i>Amount channelled through RDP Fund (2009-10) ZAR</i>
Flanders	99%	36,000,000
Ireland	94%	35,000,000
The Global Fund	87%	245,000,000
Canada	73%	25,000,000
Finland	72%	56,000,000
European Union	55%	876,000,000
Norway	54%	33,000,000
Netherlands	44%	32,000,000
DFID/UK	20%	39,000,000
Belgium	13%	1,500,000
United Nations system	3%	3,800,000
Switzerland	2.5%	850,000
United States	0.5%	26,000,000
Germany	0.4%	1,160,000
France	0%	0
Japan	0%	0

Source: South Africa 2011 Country Report, Monitoring progress of the Paris Declaration International Development Co-operation National Treasury Republic of South Africa; p.32-33

Table 45 Total ODA flows to South Africa, 2000-2011, USD millions

Donor(s)	Total	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
All Donors	9425	486	425	511	656	629	690	715	807	1125	1075	1031	1274
Multilateral	2211	131	111	135	178	169	224	154	213	242	211	207	238
United States	2962	106	86	89	106	95	117	141	227	379	524	530	564
EU Institutions	1736	120	99	116	134	143	173	137	145	164	153	153	199
<i>EU Inst. / Total</i>	18%	25%	23%	23%	20%	23%	25%	19%	18%	15%	14%	15%	16%
Germany	779	42	37	42	41	57	37	41	101	150	87	40	105
United Kingdom	656	43	42	47	123	87	70	1	-23	113	67	39	47
Netherlands	497	24	35	46	30	56	55	53	45	36	49	36	33
France	569	18	1	25	20	2	28	159	105	33	-16	48	144
GFATM	247	0	0	0	17	12	26	10	35	48	36	44	19
Sweden	247	32	26	22	24	26	23	22	19	13	10	14	16
Norway	243	15	17	17	16	16	14	14	16	19	36	25	38
Denmark	238	17	15	19	21	22	18	25	21	28	20	21	11
Belgium	177	4	6	10	13	15	18	25	15	21	18	15	17
Ireland	173	3	4	12	18	17	18	19	20	29	15	8	9
Canada	148	11	8	9	13	12	15	11	14	15	13	16	12
Japan	135	20	13	5	18	19	16	16	5	4	5	7	8
Finland	107	3	4	6	10	10	13	14	8	14	13	6	6
GEF	95	0	0	8	16	3	15	0	20	21	9	1	1
Switzerland	89	5	8	6	8	7	8	9	9	8	5	7	8
Australia	59	6	5	6	10	8	5	3	2	2	3	4	5
Italy	55	1	3	8	4	7	3	2	6	12	2	0	9
UNHCR	41	4	4	3	4	3	1	1	2	3	4	4	11
UNTA	23	3	3	3	3	3	3	2	3	0	0	0	0
UNICEF	20	1	2	2	1	1	1	1	2	3	4	1	1
UNDP	20	3	2	2	2	3	2	2	1	1	1	1	1
Austria	15	1	1	1	1	2	1	1	2	2	1	1	1
UNAIDS	13	0	0	0	0	0	1	3	4	0	1	1	3
Spain	13	1	1	0	0	0	0	1	1	1	5	1	0
New Zealand	13	1	1	1	1	1	1	1	1	1	1	1	1
UNFPA	12	0	2	1	1	0	1	1	1	1	1	2	2
Luxembourg	10	1	0	1	0	2	3	1	0	0	0	0	0
Greece	8	0	0	0	0	0	1	1	1	2	1	1	1
Israel	9	0	1	1	1	0	0	0	0	1	2	1	1
Korea	5	2	1	0	0	0	0	0	0	0	1	0	1
Portugal	4	0	0	2	0	0	1	0	0	0	0	0	0
United Arab Emirates	2	..	0	..	0	0	0	0	0	0	0	0	0
WHO	1	..	..	..	..	..	..	..	..	..	..	..	1
Hungary	1	..	..	..	0	..	..	..	..	0	0	0	0
Poland	1	..	0	..	0	0	0	0	0	0	0	0	0
WFP	1	..	..	..	..	..	0	..	..	..	..	..	1

Source: <http://stats.oecd.org/qwids/> (extraction criteria: i) Sector(s): total bilateral aid to all sectors; ii) type of flow: disbursement of ODA.)

3.1.2 I-312 Evolution of the size and share of external aid making use of GoSA national procedures and systems

Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the government's long-term capacity to develop, implement and account for its policies to both its citizens and its parliament. The Paris Declaration commits donors to increase their use of country systems that are of sufficient quality, and to work with partner countries to strengthen systems that are currently weak.

Again, as anticipated under the I-311, all ODA channelled through the RDP makes use of the South African government systems, i.e.: it uses national budget execution modalities, national financial reporting systems, national auditing systems and national procurement systems. The operation of the RDP Fund is regulated by the *Policy Framework and Procedural Guidelines on ODA Management* (2003). Although Donor Support is not part of the Revenue Fund and therefore it is considered extra-budgetary, it still requires full budgeting, fiscal disclosure and financial reporting. In the ENE only the funds managed through the RDP are included⁸⁹.

As highlighted under I-311, in 2010, only 13% of total aid flows to South Africa were channelled through the RDP and a slightly higher percentage – 20% - of ODA (aid for which the government is at least partially responsible or accountable for management of the funds) used the RDP Fund.

That said, part of the aid flowing to South Africa, despite not being channelled through the RDP Fund still makes use of government PFM systems or procurement systems. Evolutions in this regard are summarised in the table below and further detailed in the pages that follow.

Percentages are summarised in the table below and further detailed in the following pages.

Table 46 Baselines and Targets for 2010 (Paris Declaration indicator 5a & 5b)

	Indicators	2005 reference	2007	2010 actual	2010 target
1	Operational development strategies	--	--	B	'B' or 'A'
2a	Reliable public financial management (PFM) systems	--	--	--	No target
2b	Reliable procurement systems	Not available	Not available	Not available	No target
3	Aid flows are aligned on national priorities	71%	--	0%	85%
5a⁹⁰	Use of country PFM systems	38%	--	25%	No target
5b⁹¹	Use of country procurement systems	44%	--	30%	No target
6	Strengthen capacity by avoiding parallel PIUs	15	--		5
7	Aid is more predictable	44%	--	93%	72%
8	Aid is untied	97%	97%	99%	More than 97%
9	Use of common arrangements or procedures	27%	--	61%	66%
10a	Joint missions	19%	--	52%	40%
10b	Joint country analytic work	75%	--	39%	66%
11	Results-oriented frameworks	--	--	B	'B' or 'A'
12	Mutual accountability	Y	Not available	N	Y

Alignment **Challenge:** Limited use of country systems by donors despite country systems achieving exemplary performance during assessments.

Priority action: Shift donor support to programme-based approaches or National Reconstruction and Development Programme Fund to support use of national systems.

Source: *Aid Effectiveness 2011: Progress in Implementing The Paris Declaration – Volume II Country Chapters / South Africa; p. 2*

⁸⁹ An exception is the fiscal year 2007/08 when such estimates were not included due to poor quality of data.

⁹⁰ **Indicator 5a:** Use of country public financial management systems measures the volume of aid that uses partner country PFM systems (budget execution, financial reporting, and auditing) as a proportion of total aid disbursed for the government sector.

⁹¹ **Indicator 5b: use of country procurement systems** measures the volume of aid that uses the partner country procurement systems as a proportion of total aid disbursed for the government sector.

Table 47 How Much Aid for the Government Sector Uses Country Systems?

	Aid disbursed by donors for government sector (USD m) a	Public financial management						Procurement			
		Budget execution (USD m) b	Financial reporting (USD m) c	Auditing (USD m) d	2005 (for reference) e	2007 (for reference) f	2010 (%) g	Proc. systems (USD m) h	2005 (for reference) i	2007 (for reference) j	2010 (%) k
							avg(b,c,d)/a				e / a
[Other donors]	0	0	0	0	--	--	0%	0	--	--	0%
African Dev. Bank	0	0	0	0	--	--	--	0	--	--	--
Australia	--	--	--	--	0%	--	--	--	20%	--	--
Austria	--	--	--	--	--	--	--	--	--	--	--
Belgium	4	3	0	0	75%	--	23%	3	75%	--	69%
Canada	7	7	7	7	100%	--	100%	7	100%	--	100%
Denmark	10	0	0	0	37%	--	0%	0	75%	--	0%
EU Institutions	205	161	161	161	42%	--	78%	161	42%	--	78%
Finland	10	7	0	7	85%	--	48%	0	85%	--	0%
France	1	0	0	0	2%	--	0%	1	7%	--	100%
GEF	0	0	0	0	--	--	--	0	--	--	--
Germany	35	0	0	0	33%	--	0%	11	33%	--	30%
Global Fund	36	36	36	36	67%	--	100%	36	100%	--	100%
Hungary	0	0	0	0	--	--	--	0	--	--	--
IOM	4	0	0	0	--	--	0%	0	--	--	0%
Ireland	5	4	4	4	100%	--	94%	4	100%	--	94%
Italy	2	0	0	0	33%	--	0%	0	0%	--	0%
Japan	6	0	0	0	0%	--	0%	0	0%	--	0%
Netherlands	9	9	9	9	100%	--	100%	5	100%	--	53%
New Zealand	0	0	0	0	100%	--	--	0	100%	--	--
Norway	3	2	2	2	100%	--	53%	3	100%	--	100%
Spain	0	0	0	0	--	--	--	0	--	--	--
Sweden	0	0	0	0	42%	--	0%	0	42%	--	0%
Switzerland	0	0	0	0	88%	--	0%	0	88%	--	0%
United Kingdom	25	5	5	5	0%	--	19%	5	29%	--	19%
United Nations	17	0	0	0	81%	--	3%	0	0%	--	0%
United States	523	3	3	3	0%	--	1%	39	4%	--	7%
World Bank	22	0	0	0	--	--	0%	5	--	--	23%
Total	926	238	228	235	38%	--	25%	279	44%	--	30%

Source: Aid Effectiveness 2011: Progress in Implementing The Paris Declaration – Volume II Country Chapters / South Africa; p. 11

“Since 2005 there has been a decline in donors’ use of South Africa’s PFM systems from 38% of aid for the government sector to 25% in 2010. There is significant variation in performance across donors. The GoSA maintains that the Reconstruction and Development Programme (RDP) Fund is the main mechanism in South Africa to channel ODA through the government systems. Despite high marks from several independent reviews, only 20% of ODA funds to South Africa used the RDP fund in 2010.

Donors have expressed a desire to use South Africa’s PFM systems to a greater extent but progress has been slow. Country stakeholders gave several reasons, many relating to issues with their own procedures. Some donors prefer to use their own project management units citing faster or more flexible delivery. Some donors also cite their own rules and policies on ODA management as constraints, with the transfer of funds through South African systems often accompanied by heavy reporting obligations from donor headquarters.

Country stakeholders also identified some of the challenges faced in the use of South African systems during the discussions surrounding the 2011 Survey. Fund transfers through government processes are cited as being very slow, and audit reports are not always available on time and are sometimes perceived to be inadequate in meeting donor requirements. Other concerns raised included the slow implementation of the Public Financial Management Act regulations at the sub-national level due to weak capacity of provincial government departments. The GoSA suggests that delays can be caused by donors’ late submissions, difficulties in aligning log frames, and generally complex donor procedures not adapted for South African systems, especially where staff are not specialised in the management of aid funds.

Indicator 5b follows a similar graduated target to indicator 5a which is set relative to indicator 2b on the quality of procurement systems. For partner countries with a procurement score of ‘A’ on indicator 2b (quality of procurement systems), a two-thirds reduction in the proportion of aid for the public sector not using the country’s procurement systems and for partner countries with a procurement score of ‘B’ to reduce the gap by one-third. Between 2005 and 2010, the percentage of aid that made use of South

Africa's procurement systems reduced from 44% to 30%. While the quality of South Africa's procurement systems was not assessed as part of the 2011 Survey on Monitoring the Paris Declaration – and therefore no target for indicator 5b is calculated – South Africa set itself a target for use of country procurement systems of 79%, which was not met in 2010.

Despite the reforms undertaken to improve procurement in South Africa, some donors continue to use their own procurement systems, causing major delays in project implementation. In some cases, procurement related issues are referred back to donor headquarters before decisions can be taken. However, according to South Africa's own data, 39% of ODA from donors between 2009 and 2010 was implemented using government procurement systems. This excludes concessional loans received by parastatal and semi-government entities from multilateral and bilateral development banks and financial institutions. GoSA data suggests that if these are included, the proportion of aid using country procurements systems would more than double.”⁹²

Although the team did not have access to the data underlying the calculations presented in the Surveys of the Paris Declaration and could therefore not calculate the percentages in the absence of US funding, information gathered from the National Treasury points to the fact that an increase in US funding is likely to explain the decline in overall use of country systems. Calculations carried out with regards to the use of the RDP Fund (see figure 3 'Ratio of RDP receipts to total ODA flows to South Africa, for the EU, for all donors and for all donors excluding the United States, 2000–11' under I-311), indicate that in the absence of US funding, the ratio of RDP receipts to total ODA flows increases although the trend does not change much.

“France, the AfDB, World Bank and other development banks do not use the RDP fund but report to and use the financial management systems of the parastatals, state owned enterprises and other South African institutions, as their assistance is mainly in the form of financial loans.

Sweden, Japan, Italy and China do not use the RDP Fund. Italy and DFID tend to have their own Programme Management Units (PMU's) and claim to use their own country systems so they can implement faster, with more flexibility and agility, and deliver more effectively their services and equipment to the SA departments.”⁹³

“Although they are committed to strengthening South Africa's Public Financial Management (PFM) systems, Germany and USAID are two major donors that do not make extensive use of the RDP fund. Both DPs have expressed their plan to gradually increase the use of country systems. USAID reports to have their own very restrictive home government rules and policies on ODA management, which they are currently reviewing worldwide. The South African government is anxious to see the USA and Germany in the use of its country financial management systems, considering the volume of aid they bring to the country.

Some UN agencies have reported that channelling UN funds through the RDP is not always an effective option due to the very small funding amounts which are accompanied by heavy reporting obligations from headquarters.

Ireland and WHO have reported that when using the RDP fund, transfers from the National Treasury to the Departments and Provinces have been very slow, taking up to 8 months before funds are available to be spent. Some donors have raised concerns with the slow implementation of the PFMA regulations at sub-national levels due to weak capacity of provincial government departments, particularly in the area of procurement and supply chain management. The National Treasury, while acknowledging some of these capacity short-falls at local levels, expects more from Development Partners in regards to strengthening the capacity of poor performing local institutions as was expressed in the Accra Agenda for Action (2008).

Norway has justified their limited use of the RDP fund and shift from Government to academic and research institutions as a strategic move to establish long-term bi-lateral partnership between the two countries.

The DPs complain about audit reports on the RDP fund which are not available on time for their home government assurance controls. The SA National Treasury on the other hand, explains that if all necessary documentation and requisitions from the beneficiary institutions are submitted on time, transfers take only 3-6 days to take effect. At times, donors request audited reports of government entities as prerequisite to authorising national treasury to transfer funds from the RDP to recipient institutions. There have been instances where national departments are not familiar with the processes and required documentation for funds to be transferred to provincial treasuries and departments, which

⁹² Aid Effectiveness 2011: Progress in Implementing The Paris Declaration – Volume II Country Chapters / South Africa; pp. 11-12

⁹³ South Africa 2011 Country Report, Monitoring progress of the Paris Declaration International Development Co-operation National Treasury Republic of South Africa; p.33

contribute to delays in accessing funds by beneficiaries. Also the absence of dedicated ODA units or ODA officials to manage the donor funds in the particular government entity can sometimes contribute to delays. In sum, delays in implementation of programmes funded through national systems come from weak capacity of some government institutions (mainly at sub-national level) to plan and manage budgets, produce reports and process procurement requisitions. The challenge that remains in ODA policy is that the provincial and local authorities which are weaker in the management of donor funds are at the same time paradoxically the institutions which require aid the most.

Government has raised some concern with DP interference and micro-management practices on some ODA projects. Some delays are also caused by the process of aligning development partner log-frames and key performance areas to departmental systems as part of the donor financial reporting requirements. Departments have stressed the need to simplify financing agreements and adapt them towards the existing South African PFM systems.

In spite of the many reforms undertaken on improving procurement systems in South Africa, some development partners still prefer using their own procurement systems. This caused major delays in project implementation, as some crucial matters had to be referred back to a particular donor country headquarters for decision.

In 2009-2010, Development Partners reported that 39% of their ODA has been implemented using Government procurement systems. If we include parastatals and semi-governmental entities receiving concessionary loans from the multi-lateral and bi-lateral development bank and other financial institutions then the percentage of funds using national procurement systems easily increases to 84% due to the large volume of loans received by South African institutions.

If we look at the figures from the 2006 baseline survey of the PD in South Africa with regards to DP use of country systems, the situation has declined with only 20% of aid going through the national PFM systems in 2010 as opposed to the 34% in 2006, and 39% of aid using national procurement in 2006 versus 48% in 2010. South Africa is still far from reaching its 2010 target of 75% of ODA being channelled through national PFM systems and 79% through national procurement systems⁹⁴.

According to data included in the PEFA report 2008, 72% of funds channelled through the RDP Fund follow national procedures. Given that funds that are not channelled through the RDP do not follow national procedures and that these constitute the greatest share, it is estimated that only 21% of total donor funds use national procedures, see table below.

Table 48 Donor Funds and the Use of National Procedures (Rand, million)⁹⁵

	2005/2006	2009/07	2007/08	Paym. Acc.	Proc. ⁹⁶ Acc.	Audit	Fin. Rep.
RDP non Budget Support							
Belgium	5,190,077	27,041,450	6,695,243	1	1	1	1
Canada	1,978,378	10,304,147	11,410,669	1	1	1	1
Denmark	12,249,151	65,588,665	30,924,747	1	1	1	1
Finland	16,061,730	36,318,278	8,095,757	1	1	1	1
Flanders	22,034,724	42,820,499	32,784,777	1	1	1	1
France	1,353,846	1,428,571	1,740,385	1	0	0	0
EC	343,041,446	555,502,746	509,655,743	1	1	0	0
Global Fund	105,704,688	23,374,780	219,380,757	1	1		1
Ireland	16,892,322	14,658,910	616,041	1	1	1	1
Netherlands	31,250,000	136,694	46,150,245	1	1	1	0
New Zealand	1,927,647	0	0	1	0	0	0
Norway	16,361,760	19,166,582	53,956,788	1	1	1	1
Sweden	19,149,496	43,069,623	10,079,400	1	1	1	1
Switzerland	2,505,442	3,200,000	5,999,600	1	0	0	0
UNDP	0	954,000	0	1	0	0	0
UNEP	0	0	1,786,985	1	0	0	0
UNESCO	209,287	0	0	1	0	0	0

⁹⁴ South Africa 2011 Country Report, Monitoring progress of the Paris Declaration International Development Co-operation National Treasury Republic of South Africa; p.34-35.

⁹⁵ Paym. Acc. – Payments and Accounting; Proc. – Procurement, Fin. Rep. – Financial Reporting.

⁹⁶ 1 – national procedures are used; 0 – national procedures are not used.

UNICEF	0	541,700	0	1	0	0	0
UK	76,230,739	7,562,113	27,900,653	1	0	0	0
Other	88,083,744	10,438,587	3,829,799	1	1	1	1
Subtotal	627,130,733	851,668,757	967,167,788	100%	96%	21%	39%
Average				64%			
EC SBS	239,592,000	318,693,950	112,231,047	1	1	1	1
NL SBS	55,999,479	151,667,150	138,354,000	1	1	1	1
Ireland SBS	24,418,390	26,648,840	29,068,250	1	1	1	1
Subtotal NS	320,009,869	497,009,940	278,653,237	100%	100%	100%	100%
Average				100%			
	2005/2006	2009/07	2007/08	Paym. Acc.	Proc. Acc.	Audit	Fin. Rep.
Total RDP	1,080,224,346	1,359,117,284	1,250,650,884	100%	97%	38%	52%
Average				72%			
Funds outside RDP	-	-	> 3* billion	0%	0%	0%	0%
Grand total	-	-	> 4 billion	29%	29%	12%	16%
Average				21%			

Source: Development Budget 2006/07; (*) – The amount of donor funds outside RDP is an estimate based on data provided and interviews with donors and IDC portfolio managers.

The PEFA report concludes that “Donor funds channelled through the RDP Fund amounted to approximately 1 billion Rand in 2007/08 representing about 25% of the total estimated donor funds. So, 75% of the funds did not use national systems”. Leading to an overall D score for indicator D-3 ‘Proportion of aid that is managed by use of national procedures’.

Interviews at country level and more specifically with National treasury staff involved in the implementation of the EU financed “Financial Management Improvement Programme II” (FMIP II) have pointed to the fact that they have a strong preference for a project approach which by using EU procurement and management systems: i) allows them to access key technical assistance resources which would not be possible under GoSA rules and procedures, ii) enhances flexibility and timeliness of implementation. Given a choice they would confirm such a preference in the future. This point was also confirmed during subsequent interviews.

In the case of the FMIP II, part of the funds were channelled through the RDP account and made use of country systems and part of the funds made use of the Commission’s procurement system. The table below provides an overview of the different use of funds. Attention is drawn to the ‘Programme Estimates’ whereby funds were channelled to an imprest account to fund the NT overheads for FMIP II, including the PCU, as well as designated service delivery. All other funds instead were allocated making use of EU procedures.

Table 49 Budget for FMIP II – Financing Agreement

	FA	PEs	FWCs	Audits	Evaluations	Contractor	Contracted	Balance
Supplies	200,000	41,015	0	0	0	0	0	158,985
Management	1,500,000	754,085	0	0	0	0	0	745,915
Services	5,700,000	353,879	1,448,022	0	0	3,305,340	5,107,241	592,759
Evaluation	200,000	0	0	0	185,664	0	185,664	14,336
Audit	150,000	0	0	45,000	0	0	45,000	105,000
Contingencies	200,000	0	0	0	0	200,000	200,000	0
Recoveries		-227,135					-227,135	-227,135
	7,950,000	921,843	1,448,022	45,000	185,664	3,505,340	6,105,869	1,844,131

Source: Final Evaluation of the Financial Management Improvement Programme II, Final Report, July 2010

Key to Table:

- FA: The Financing Agreement
- PEs: The 3 Programme Estimates on the basis of which funds were channelled to an imprest account to fund the NT overheads for FMIP II, including the PCU, as well as designated service delivery.
- FWCs: Short term projects funded under the framework contract arrangement of the EC support of Result Areas 2 and 3 of FMIP II.
- Contractor: Funds channelled through the main service contract and the consortium responsible for providing the bulk of advisory and technical assistance services. The contractor provided the core Technical Assistance Team of FMIP II and long term advisors at provincial and municipal levels.
- Recoveries: Funds not used and credited back to the relevant FA budget line (de-committed according to EC terminology).

The procurement of the main technical assistance services was decentralised i.e. managed by NT but following EC rules and procedures. [...] The procurement of FWC short term projects was managed by the EUD based on planning by the NT, PCU and the Technical Assistance team.

The Development Co-operation Review (DCR) III (July 2010) provides a good synthesis of this issue: *“available data does not allow a reliable quantitative assessment of shifts in the use of the RDP fund and South African procurement and audit systems. Qualitative research however points to a possible shift with the increased use of sector budget support like arrangements and some donors moving to only using the RDP Fund. However some factors – such as SA departments preferring donor systems and policy decisions by some development partners – mitigate against such a shift. The available data however does point to less aid being tied at the end of the period than at the beginning.”* P. 49

3.2 JC3.2 Improved predictability of aid flows

The Paris Declaration calls on donors to provide reliable indicative commitments of aid over a multi-year framework, and to disburse aid in a timely and predictable manner according to agreed schedules.

Predictability of aid disbursements (how much aid will be delivered and when) is important to enable countries to manage public finances and undertake realistic planning for development. Although in the case of South Africa where ODA constitutes just 1.3% of the government’s budget and 0.3% of GNP, aid predictability becomes less important, it remains an important objective. Two indicators have been proposed in this regard:

- I-321 which measures the predictability of budget support
- I-322 which measures the predictability for aid in general

3.2.1 I-321 Evolution in the annual deviation of actual BS from the forecasts provided by the donor agencies at least 6 weeks prior to the government submitting its budget proposals to the legislature [PEFA indicator D1 (i)]

In the period covered by the evaluation, budget support was provided by the EU and by the Netherlands and Ireland although it is questionable whether in the latter cases it can actually be termed budget support in its strictest sense. In fact whereas in all cases, the funds are transferred to the RDP account for further transfer to the Line Departments, the FA signed by Ireland and the Netherlands foresee some accompanying conditions which go beyond what is normally foreseen in relation to BS. In both cases, conditions are made on the exact use of funds and on reporting requirements to include financial accounts linked to programme implementation. This view is also held by the IDC which considers the EU-funded SBS operations as the only true SBS operations.

In the case of the Netherlands in fact, the FA foresees the transfer of funds to the GoSA but also specifies that: i) funds transferred must be used for given purposes *“sectoral budget support funds shall be used exclusively for the purpose of financing the activities of the programme [...] use of these funds is exclusively for the Programme as well as limited to the agreed purposes as set forth in this Arrangement and the Notes”* (art. 9 of the FA); and ii) Line Departments will have to report on the use of the funds *“Line Departments shall provide the Embassy with periodical narrative and financial reports”* (art. 8 of the FA).

The FA between Ireland and the GoSA (support to the water sector) again foresees a number of conditions which are not typical of budget support: i) funds are to be kept in a separate interest bearing account; ii) all funds are to be used exclusively for Programme activities and the Embassy of Ireland may access all financial accounts for verification purposes.

Timeliness in the submission of forecasts

In the case of the EU, the majority of FA include forecasts for disbursements specifying the month or quarter in which the disbursement is expected to take place. This is particularly true for the most recent SBS operations whereas in some of the earlier SBS a more generic reference to the fiscal year

may be found. In most cases this ensures that forecasts are approved at least six weeks prior to the submission of the government budget, ensuring that SBS forecasts can be taken into account and planned prior to the start of the financial year by the GoSA and Line Departments. In the case of the Netherlands and Ireland, disbursements are agreed on the basis of yearly plans and actual disbursement forecasts are generally not available prior to the GoSA submitting its proposal to the legislature. As a result, the PEFA report argues that “*there is no evidence to [un]ambiguously conclude that all BS forecasts were approved at least six weeks prior to the submittal of government budget.*”⁹⁷

Completeness of disbursements

The comparison between allocated amounts to be disbursed through different tranche payments and actual paid amounts shows that:

- 99% of allocated amounts in the framework of SBS operations which are now completed have been disbursed;
- Only two among the closed programmes have disbursement rates that fall below 99-100%. These are: i) MSB III (94.77%) where an amount of 5.6 M Euros was withdrawn (and de-committed) from MSB III; and ii) SWEEEP (97.21%) where the unpaid amount of € 1.4 M under the 4th variable tranche was de-committed. In both cases the de-commitment of funds is based upon the variable tranche assessments, i.e. lack of compliance with targets set for the KPIs

⁹⁷ PEFA Report, Ecorys for the European Commission, Sept. 2008, p.102.

Table 50 Overview of financial inputs: planned amounts and paid amounts

Colonna1	Private sector/ economic development					Water			Governance			Health		Education	Urban development	
	Employment Creation	Innovation for Poverty Alleviation	Risk Capital Facility II	SWEEP I & SWEEP II	Risk Capital Facility I	Water for Growth and Development - MSB III	MSB II	Water Services Sector Sup Pro - MS	Legislative Sector Pol. Sup Programme	Access to Justice & Promotion of HR	The e-Justice Programme	Primary Health Care Sector Pol Sup Prog	Partnerships for Health II	Primary Educ. Sector Pol Sup Prog	Sup to Urban Renewal Prog in Eastern Cape	Urban Dev Support - eThekweni Municipality
FINANCIAL INPUTS																
Total Allocated amount	100,000,000	29,680,000	47,230,000	50,000,000	52,900,000	107,000,000	60,000,000	75,000,000	20,000,000	20,000,000	25,000,000	110,000,000	44,000,000	122,680,000	28,600,000	35,000,000
<i>Planned amount</i>																
Tranche N. 1 - Fixed	20,000,000	9,600,000	20,000,000	10,000,000	27,450,000	31,000,000	26,000,000	22,080,000	5,000,000	6,000,000	7,000,000	35,000,000	17,000,000	32,680,000	4,000,000	2,200,000
Tranche N. 2 - Fixed	25,000,000	7,000,000	13,500,000	10,000,000	25,450,000	24,000,000	12,000,000	25,000,000	3,000,000	4,000,000	7,000,000	20,000,000	10,000,000	22,500,000	7,000,000	8,000,000
Tranche N. 2 - Variable	6,015,000	3,000,000		5,000,000		14,000,000	7,000,000		2,000,000	3,000,000		15,000,000	5,000,000	22,500,000		
Tranche N. 3 - Fixed	13,000,000	6,000,000	13,730,000	10,000,000		25,000,000	7,000,000	27,920,000	5,000,000	3,000,000	11,000,000	20,000,000	7,000,000	22,500,000	6,000,000	8,000,000
Tranche N. 3 - Variable	11,000,000	4,080,000		5,000,000		13,000,000	8,000,000		2,000,000	4,000,000		20,000,000	5,000,000	22,500,000		
Tranche N. 4 - Fixed	13,000,000			5,000,000					1,000,000						6,000,000	4,000,000
Tranche N. 4 - Variable	11,985,000			5,000,000					2,000,000						5,600,000	4,000,000
Tranche N. 5 - Fixed																4,400,000
Tranche N. 5 - Variable																4,400,000
Total Paid amount	51,015,000	19,600,000	47,230,000	48,602,500	52,900,000	101,403,637	59,958,551	75,000,000	10,000,000	19,894,750	25,000,000	35,000,000	44,000,000	55,180,000	14,000,000	35,000,000
<i>Disbursed amount</i>																
Tranche N. 1 - Fixed	20,000,000	9,600,000	20,000,000	10,000,000	27,450,000	31,000,000	26,000,000	22,080,000	5,000,000	6,000,000	7,000,000	35,000,000	17,000,000	32,680,000	4,000,000	2,208,061
Tranche N. 2 - Fixed	25,000,000	7,000,000	13,500,000	10,000,000	16,470,000	24,000,000	12,000,000	25,000,000	3,000,000	4,000,000	7,000,000	-	10,000,000	22,500,000	7,000,000	8,000,000
Tranche N. 2 - Variable	6,015,000	3,000,000		5,000,000		11,887,429	6,340,000		2,000,000	2,894,750		-	5,000,000	-		
Tranche N. 3 - Fixed	-	-	13,730,000	8,822,500	8,980,000	25,000,000	7,000,000	27,920,000	-	3,000,000	11,000,000	-	7,000,000	-	3,000,000	8,000,000
Tranche N. 3 - Variable	-	-		-		9,516,208	7,430,000		-	4,000,000		-	5,000,000	-		
Tranche N. 4 - Fixed	-			5,000,000					-						-	4,000,000
Tranche N. 4 - Variable	-			9,780,000					-						-	4,000,000
Tranche N. 5 - Fixed																4,400,000
Tranche N. 5 - Variable																4,391,939
% BS Paid / Allocated amount	51.02%	66.04%	100.00%	97.21%	100.00%	94.77%	99.93%	100.00%	50.00%	99.47%	100.00%	31.82%	100.00%	44.98%	48.95%	100.00%
STATUS	ongoing	ongoing	closed	closed	closed	closed	closed	closed	ongoing	closed	closed	ongoing	closed	ongoing	ongoing	closed

Source: Financial agreements and riders of SBS operations for allocated amounts; CRIS database, detailed decision form (D-form) for paid amounts.

Timeliness of disbursements

On average across the evaluation period, 95% of the total volume of forecasted amounts were disbursed (and credited to the RDP Fund) within the same fiscal year with highs of 112% in FY 2009/10 (more funds disbursed than what forecasted) and 108% in FY 2004/05, and lows of 60% in FY 2007/08 and 62% in 2010/2011. This however hides major delays in the payments of the different tranches and overall there is no clear trend towards improved timeliness of disbursements. To be noted that in a number of cases, original forecasts have been modified through subsequent riders to take into account implementation delays thereby enhancing likelihood of timeliness of disbursements.

Despite this good performance when looking at the aggregated data from the whole set of programmes and despite the fact ODA constitutes just 1.3% of the government's budget and 0.3% of GNP making aid predictability becomes less important, delays in the disbursements of individual tranches at programme level remain important in view of the fact that Line Departments rely on the SBS funds for the implementation of specific sector / sub-sector policies / programmes. As a result, delays in disbursement negatively affect the Departments in terms of budget implementation, accountancy and ultimately project financing. Only one of the EU funded SBS operations – the Partnerships for Health II - registered no delay in the disbursement of tranches. In all other cases some delays were registered although these varied between minor delays (one or two quarters but within same fiscal year) to more important and continuous delays leading to disbursements in different years from forecasted ones.

Looking at the water sector for example, and specifically at *MSB III*, significant delays were registered in the disbursement of all tranches (often paid in different FYs from those forecasted). As a result, only 4% of forecasted SBS amounts in relation to water sector were disbursed in 2007/08 and an opposite high of 186% was disbursed in 2009/10, i.e. the last year of implementation. Documentation reviewed⁹⁸ in this respect points to considerable evidence of significant delays in disbursements during *MSB III*. Reasons given for the delays include – late submission of request by DWAF, “*heavy end of the year administrative burden obliged the EC Delegation services to delay the analysis of the file to January 2009*”, *disagreement between the EUD and DWAF as to whether or not the proposed targets had been met, the “complexity of assessment of the 3rd condition of the general conditions (Auditor General’s report of the DWAF); and absence of supporting documentation re 3rd condition of specific conditions for the second TF was missing (report of use of technical assistance)”*, and “*mistakes in the calculations of the document provided by DWAF*”.

These delays have arguably undermined effectiveness of the *MSB III*. For instance, the delay in payment of the first tranche of *MSB III* by a year represented a fatal blow for CSO participation in the operation. The implementation of the proposed workplan prepared by CSOs was delayed by a year, by which time a number of the CSOs had disbanded due to financial difficulties (some of these CSOs had hired new staff based on their approved projects and budgets, but were then unable to pay salaries when these projects at first received a small percentage of their planned budgets). Several CSO pilot projects collapsed. Moreover, a number of viable CSOs had taken on other projects outside of *MSB* in the interim and were therefore not in a position to assist once the CSO programme was restarted. Subsequent delays in the disbursement of the following tranches are also reported although in this case delays in timeliness of disbursements are partially offset as payments of previous delayed tranches take place in the same FY as the forecasted following tranche. The *MSB III* final evaluation notes that as a result of the delay in payments to the CSOs “*the early Masibambane III programme actually undermined trust and relationships between CSOs and other MSB water sector stakeholders, particularly the DWA*”.

With regards to the Urban Renewal sector – Eastern Cape programme, the ROM report points out that delays have affected implementation especially during the start-up phase (first tranche) and in the period following the MTR. Delays of one FY or more have in fact been recorded. Furthermore, it is worth noting that the significant delays mentioned are even longer if we consider the original FA and it is reminded that the overall table instead refers to data that has been updated on the basis of riders.⁹⁹

“*The more demanding challenge has been the more than one year delay in receiving the start-up funds (first tranche) and the more than one and half year break that has elapsed since the presentation of the MTR*”¹⁰⁰. Reasons for delays vary and often are the result of multiple causes including: i) difficulties encountered by the two Municipalities in complying with the established

⁹⁸ Exchange of letters in respect of disbursement of tranches, notes to File re Request of disbursement

⁹⁹ Whereas the original FA had set out actual months (e.g. 2/02006 for the 1st tranche, 12/2006 for the 2nd and 12/2007 for the 3rd; the rider adopted a more flexible approach and only indicated the year (07/2005-06/2006; 07/2006-06/2007 and 07/2010-06/2011).

¹⁰⁰ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.02, 31/10/2010; p.3

conditions for payment; ii) delays in actual payment by the EU; iii) delays in the transfer of funds from the RDP Fund to the Municipalities' accounts.

The final report produced by the Technical and Operation Coordinator recruited by the NMB Municipality provides a detailed picture of the delays, their causes and consequences. More specifically, the report concludes that delays in transfers have hampered the inclusion of the EU funds within the IDPs and Budget and concludes that:

- although EU funds “gradually became part of the successive annual budgets [...] the use of EU funds was never properly incorporated in the Municipality’s annual IDPs and Budgets”;
- “the fact that the funds repeatedly failed to timely reach the Municipality for their incorporation in the annual IDP/Budget process, led to serious problems: lack of commitment, low spending, and further delays”;
- “despite an often desperate quest for getting a slice of the EU funds, spending the municipal funds linked to the NMBM’s IDP, Budget and Integral Scorecard System was the priority. After all, Grant funds could just be rolled over, or in this case, just sit and wait in the EU vote, until it suited someone to spend!”¹⁰¹

Table 51 Synthetic overview of delays in payment of tranches

PROGRAMME	Comment
Employment /Private Sector Development	
Risk Capital Facility I	Some minor delays but only within the FY
Risk Capital Facility II	Delay with only one tranche by 1 Q in same FY
SWEEEP I & SWEEEP II	Significant delays - different FYs
Employment Creation	Delay in disbursement of 2nd tranche by more than one FY
Innovation for Poverty Alleviation	Delay of 2Q in payment of second tranche but leading to different FY
Water	
Water Services SSP (MSB I)	Minor delays and disb. Delayed by 1/2 Q but within same FY
Masibambane II	Minor delays by 1/2 Q within FY with more important one related to residue of variable tranche
Water for Growth &Development (MSB III)	Significant delays in all tranches (different FYs)
Governance: Legislative and Judiciary	
The e-justice Programme	Significant delays (different FY) in disb. of first tranches / start-up phase
Legislative Sector Policy Support Programme	Delays by 2Q but ≠ FY of 2nd tranche
Access to Justice	As above
Health	
Partnerships for Health II	Right on time!
Primary Health Care Sector Policy Support Programme	1Q delay but same FY
Education	
Primary Education Sector Policy Support Programme	Delay by 2Q in same FY for 1st & 2nd fixed tranches but delay to following FY for variable tranche
Urban Development	
Urban Dev Support to eThekwin Municip.	Very minor delay (1Q in same FY) in the payment of one tranche
Support to Urban Renewal Programme in Eastern Cape	2Q delay (same FY) for the 1st tranche if we consider the new date foreseen by the rider but different FY if we consider the original FA. Significant delays also in disbursement of 2nd and 3rd tranches (initially forecasted for 12/2006 & 12/2007, later postponed by rider to FYs 2010/11 and 2011/12 and still unpaid).

Source: Particip GmbH analysis

The PEFA report, following the analysis of disbursements for the period 2005/06-2007/08 concludes that EC SBS disbursements were neither predictable nor timely and gives as score of ‘D’. This is justified on the basis of: i) the fact that difference between SBS forecasts and disbursements fell

¹⁰¹ EU SPSP TOC’s Final Report, April 2013 prepared by the Technical & Operations Co-ordinator within the Nelson Mandela Bay Municipality, pp. 9 & 44.

above 15% in two of the three years considered; and ii) that the actual weighted disbursement delays are well in excess of 50% for each of the years reviewed.¹⁰²

The PEFA report reaches the same conclusion with reference to the Irish and Dutch support.

*“The Financing Agreements for Dutch BS are not aligned with the South African FY nor is the disbursement or reporting. Based on the data corresponding to the calendar years, for the period considered, it can be concluded that the budget support outturn was below forecast by more than 15%” & “For the **Dutch BS** the “weighted disbursement delays” cannot be determined. However, it is still possible to conclude that disbursements were neither timely nor predictable. The available information for the **Irish sector budget support** does not allow a proper calculation of the actual outturn vis-à-vis the forecasts nor the “weighted disbursement delays”. Nevertheless, the data point out to a full disbursement although with big delays at least for the first tranche [The first tranche which represent about 30% of the total amount has been delayed with 11 months].” (pp.103-104)*

¹⁰² % of funds delayed multiplied by the number of quarters of the delay – e.g. 10% of funds arrive in Q4 instead of Q1, then 10%*3=30% weighted delay.

To be noted that the PEFA report only analyses four SBS operations (SWEEEP II, RCF II and MASIBAMBANE II & III).

Table 52 Forecasted and paid amounts in relation to EU SBS operations (million €)

D-1 Predictability of budget support																
PROGRAMME	Forecasts FY 2000/01				Disburs FY 2000/01				Forecasts FY 2001/02				Disbursements FY 2001/02			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employment /Private Sector Development																
Risk Capital Facility I																
Risk Capital Facility II																
SWEEEP I & SWEEEP II																
Employment Creation																
Innovation for Poverty Alleviation																
Sub-total Employment/Private sector																
Total per Quarterly period																
Total per year €																
Difference between forecasted & paid amounts																
% disbursed																
Water																
Water Services Sector Support Programme (MSB I)											22.1			22.1		
Masimbane II (MSB II)																
Water for Growth and Development (MSB III)																
Sub-total Water																
Total per Quarterly period									0.0	0.0	22.1	0.0	0.0	22.1	0.0	0.0
Total per year €												22.08				22.08
Difference between forecasted & paid amounts																0.00
% disbursed																100%
Governance: Legislative and Judiciary																
The e-Justice Programme												7.0				
Legislative Sector Policy Support Programme																
Access to Justice																
Sub-total Legislative / Judiciary																
Total per Quarterly period									0.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0
Total per year €												7.00				0.00
Difference between forecasted & paid amounts																-7.00
% disbursed																0.00
Health																
Partnerships for Health II																
Primary Health Care Sector Policy Support Programme																
Sub-total Health																
Total per Quarterly period																
Total per year €																
Difference between forecasted & paid amounts																
% disbursed																
Education																
Primary Education Sector Policy Support Programme																
Sub-total Education																
Total per Quarterly period																
Total per year €																
Difference between forecasted & paid amounts																
% disbursed																
Urban Development																
Urban Dev Support to eThekwni Municipality																
Support to Urban Renewal Programme in Eastern Cape																
Sub-total Urban Development																
Total per Quarterly period																
Total per year €																
Difference between forecasted & paid amounts																
% forecasted amount / disbursed amount																
Overall total																
Total per Quarterly period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22.08	7.00	0.00	22.08	0.00	0.00
Total per year €				0.00				0.00				29.08				22.08
Difference between forecasted & paid amounts								0.00								-7.00
% disbursed								-								76%

PROGRAMME	Forecasts FY 2002/03				Disbursements FY 2002/03				Forecasts FY 2003/04				Disbursements FY 2003/04			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employment /Private Sector Development																
Risk Capital Facility I	27.45				27.45						27.45					16.47
Risk Capital Facility II																
SWEEP I & SWEEP II												10.00				
Employment Creation																
Innovation for Poverty Alleviation																
Sub-total Employment/Private sector																
Total per Quarterly period	27.45	0.00	0.00	0.00	27.45	0.00	0.00	0.00	0.00	0.00	27.45	10.00	0.00	0.00	16.47	0.00
Total per year €				27.45				27.45				37.45				16.47
Difference between forecasted & paid								0.00								-20.98
% disbursed								100%								44%
Water																
Water Services Sector Support Programme (MSB I)			25.0					25.0	27.9							27.9
Masimbane II (MSB II)																
Water for Growth and Development (MSB III)																
Sub-total Water																
Total per Quarterly period	0.0	0.0	25.0	0.0	0.0	0.0	0.0	25.0	27.9	0.0	0.0	0.0	0.0	0.0	27.9	0.0
Total per year €			25.0	25.00				25.00				27.92				27.92
amounts								0.00								0.00
% disbursed								100%								100%
Governance: Legislative and Judiciary																
The e-Justice Programme				7.0				7.0								7.0
Legislative Sector Policy Support Programme																
Access to Justice																
Sub-total Legislative / Judiciary																
Total per Quarterly period	0.0	0.0	0.0	7.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	0.0
Total per year €				7.00				7.00				0.00				7.00
amounts								0.00								7.00
% disbursed								100%								-
Health																
Partnerships for Health II																
Primary Health Care Sector Policy Support Programme																
Sub-total Health																
Total per Quarterly period																
Total per year €																
Difference between forecasted & paid																
% disbursed																
Education																
Primary Education Sector Policy Support Programme																
Sub-total Education																
Total per Quarterly period																
Total per year €																
amounts																
% disbursed																
Urban Development																
Urban Dev Support to eThekweni Municipality											2.2					2.2
Support to Urban Renewal Programme in Eastern Cape																
Sub-total Urban Development																
Total per Quarterly period									0.0	0.0	2.2	0.0	0.0	0.0	2.2	0.0
Total per year €											2.20					2.20
amounts																0.00
% forecasted amount / disbursed amount																100%
Overall total																
Total per Quarterly period	27.45	0.00	25.00	7.00	27.45	0.00	7.00	25.00	27.92	0.00	29.65	10.00	0.00	0.00	53.59	0.00
Total per year €				59.45				59.45				67.57				53.59
amounts								0.00								-13.98
% disbursed								100%								79%

PROGRAMME	Forecasts FY 2004/05				Disbursements FY 2004/05				Forecasts FY 2005/06				Disbursements FY 2005/06			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employment /Private Sector Development																
Risk Capital Facility I							8.98									
Risk Capital Facility II																
SWEEP I & SWEEP II				15.00		10.00					15.00				13.82	
Employment Creation																
Innovation for Poverty Alleviation																
Sub-total Employment/Private sector																
Total per Quarterly period	0.00	0.00	0.00	15.00	0.00	10.00	8.98	0.00	0.00	0.00	15.00	0.00	0.00	0.00	13.82	0.00
Total per year €				15.00				18.98			15.00					13.82
Difference between forecasted & paid								3.98								-1.18
% disbursed								127%								92%
Water																
Water Services Sector Support Programme (MSB I)																
Masimbane II (MSB II)			26.0				26.0				19.0				18.3	
Water for Growth and Development (MSB III)																
Sub-total Water																
Total per Quarterly period	0.0	0.0	26.0	0.0	0.0	0.0	26.0	0.0	0.0	0.0	19.0	0.0	0.0	0.0	18.3	0.0
Total per year €				26.00				26.00			19.00					18.34
amounts								0.00								-0.66
% disbursed				93.12				100%								97%
Governance: Legislative and Judiciary																
The e-Justice Programme											7.0				7.0	
Legislative Sector Policy Support Programme																
Access to Justice																
Sub-total Legislative / Judiciary																
Total per Quarterly period	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7.0	0.0	0.0	7.0	0.0	0.0
Total per year €				0.00				0.00			7.00				7.00	7.00
amounts								0.00								0.00
% disbursed								-								100%
Health																
Partnerships for Health II																
Primary Health Care Sector Policy Support Programme																
Sub-total Health																
Total per Quarterly period																
Total per year €																
Difference between forecasted & paid																
% disbursed																
Education																
Primary Education Sector Policy Support Programme																
Sub-total Education																
Total per Quarterly period																
Total per year €																
amounts																
% disbursed																
Urban Development																
Urban Dev Support to eThekweni Municipality				8			8				8					8
Support to Urban Renewal Programme in Eastern Cape																
Sub-total Urban Development																
Total per Quarterly period	0.0	0.0	8.0	0.0	0.0	0.0	8.0	0.0	0.0	0.0	8.0	0.0	0.0	0.0	0.0	8.0
Total per year €				8.00				8.00			8.00					8.00
amounts								0.00								0.00
% forecasted amount / disbursed amount								100%								100%
Overall total																
Total per Quarterly period	0.00	0.00	34.00	15.00	0.00	10.00	42.98	0.00	0.00	0.00	42.00	7.00	0.00	0.00	39.16	8.00
Total per year €				49.00				52.98			49.00					47.16
amounts								3.98								-1.84
% disbursed								108%								96%

PROGRAMME	Forecasts FY 2006/07				Disbursements FY 2006/07				Forecasts FY 2007/08				Disbursements FY 2007/08			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employment /Private Sector Development																
Risk Capital Facility I																
Risk Capital Facility II			20.00				20.00									
SWEEP I & SWEEP II											10.00				10.00	
Employment Creation																
Innovation for Poverty Alleviation																
Sub-total Employment/Private sector																
Total per Quarterly period	0.00	0.00	20.00	0.00	0.00	0.00	20.00	0.00	0.00	0.00	10.00	0.00	0.00	0.00	10.00	0.00
Total per year €				20.00				20.00				10.00				10.00
Difference between forecasted & paid								0.00								0.00
% disbursed								100%								100%
Water																
Water Services Sector Support Programme (MSB I)																
Masimbane II (MSB II)			15.0				14.4								1.2	
Water for Growth and Development (MSB III)											31.0					
Sub-total Water																
Total per Quarterly period	0.0	0.0	15.0	0.0	0.0	0.0	14.4	0.0	0.0	0.0	31.0	0.0	0.0	0.0	1.2	0.0
Total per year €				15.00				14.43				31.00				1.19
amounts								-0.57								-29.81
% disbursed								96%								4%
Governance: Legislative and Judiciary																
The e-Justice Programme			4.0				4.0									
Legislative Sector Policy Support Programme																
Access to Justice																
Sub-total Legislative / Judiciary																
Total per Quarterly period	0.0	0.0	4.0	0.0	0.0	0.0	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total per year €				4.00				4.00				0.00				0.00
amounts								0.00								0.00
% disbursed								100%								-
Health																
Partnerships for Health II											17.0				17.0	
Primary Health Care Sector Policy Support Programme																
Sub-total Health																
Total per Quarterly period									0.0	0.0	17.0	0.0	0.0	0.0	17.0	0.0
Total per year €											17.00				17.00	
Difference between forecasted & paid																0.00
% disbursed																100%
Education																
Primary Education Sector Policy Support Programme																
Sub-total Education																
Total per Quarterly period																
Total per year €																
amounts																
% disbursed																
Urban Development																
Urban Dev Support to eThekweni Municipality			8				8				8.8				8.8	
Support to Urban Renewal Programme in East London	4						4				7				7	
Sub-total Urban Development																
Total per Quarterly period	4.0	0.0	8.0	0.0	0.0	0.0	12.0	0.0	0.0	7.0	8.8	0.0	0.0	0.0	15.8	0.0
Total per year €				12.00				12.00				15.80				15.79
amounts								0.00								-0.01
% forecasted amount / disbursed amount								100%								99.9%
Overall total																
Total per Quarterly period	4.00	0.00	47.00	0.00	0.00	0.00	50.43	0.00	0.00	7.00	66.80	0.00	0.00	0.00	43.98	0.00
Total per year €				51.00				50.43				73.80				43.98
amounts								-0.57								-29.82
% disbursed								99%								60%

PROGRAMME	Forecasts FY 2008/09				Disbursements FY 2008/09				Forecasts FY 2009/10				Disbursements FY 2009/10			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employment /Private Sector Development																
Risk Capital Facility I																
Risk Capital Facility II			13.50				13.50									
SWEEP I & SWEEP II							14.78									
Employment Creation				20.00							40.00			20.00		
Innovation for Poverty Alleviation				9.60			9.60									
Sub-total Employment/Private sector																
Total per Quarterly period	0.00	0.00	13.50	29.60	0.00	0.00	37.88	0.00	0.00	0.00	0.00	40.00	0.00	0.00	20.00	0.00
Total per year €				43.10				37.88				40.00				20.00
Difference between forecasted & paid								-5.22								-20.00
% disbursed								88%								50%
Water																
Water Services Sector Support Programme (MSB I)																
Masimbane II (MSB II)																
Water for Growth and Development (MSB III)	38.0						31.0		38.0				24.0		11.9	34.7
Sub-total Water																
Total per Quarterly period	38.0	0.0	0.0	0.0	0.0	31.0	0.0	0.0	38.0	0.0	0.0	0.0	24.0	0.0	11.9	34.7
Total per year €				38.00				31.00				38.00				70.54
amounts								-7.00								32.54
% disbursed								82%								186%
Governance: Legislative and Judiciary																
The e-Justice Programme																
Legislative Sector Policy Support Programme											5.0				5.0	
Access to Justice											6.0				6.0	
Sub-total Legislative / Judiciary																
Total per Quarterly period	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	11.0	0.0	0.0	0.0	11.0	0.0
Total per year €				0.00				0.00				11.00				11.00
amounts								0.00								0.00
% disbursed								-								100%
Health																
Partnerships for Health II			15.0				15.0				12.0				12.0	
Primary Health Care Sector Policy Support Programme																
Sub-total Health																
Total per Quarterly period	0.0	0.0	15.0	0.0	0.0	0.0	15.0	0.0	0.0	0.0	12.0	0.0	0.0	0.0	12.0	0.0
Total per year €				15.00				15.00				12.00				12.00
Difference between forecasted & paid								0.00				-3.00				
% disbursed								100%								100%
Education																
Primary Education Sector Policy Support Programme																
Sub-total Education																
Total per Quarterly period																
Total per year €																
amounts																
% disbursed																
Urban Development																
Urban Dev Support to eThekweni Municipality																
Support to Urban Renewal Programme in Eastern Cape																
Sub-total Urban Development																
Total per Quarterly period	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total per year €				0.00				0.00				0.00				0.00
amounts								0.00								0.00
% forecasted amount / disbursed amount								-								-
Overall total																
Total per Quarterly period	38.00	0.00	28.50	29.60	0.00	31.00	52.88	0.00	38.00	0.00	23.00	40.00	24.00	0.00	54.89	34.65
Total per year €				96.10				83.88				101.00				113.54
amounts								-12.22								12.54
% disbursed								87%								112%

PROGRAMME	Forecasts FY 2010/11				Disbursements FY 2010/11				Forecasts FY 2011/12				Disbursements FY 2011/12			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Employment /Private Sector Development																
Risk Capital Facility I																
Risk Capital Facility II			13,73				3,67	10,06								
SWEEP I & SWEEP II																
Employment Creation															31,02	
Innovation for Poverty Alleviation				10,00										8,84		
Sub-total Employment/Private sector																
Total per Quarterly period	0,00	0,00	13,73	10,00	0,00	0,00	3,67	10,06	0,00	0,00	0,00	0,00	0,00	8,84	31,02	0,00
Total per year €				23,73				13,73				0,00				39,86
Difference between forecasted & paid								-10,00								39,86
% disbursed								58%								#DIV/0!
Water																
Water Services Sector Support Programme (MSB I)																
Masimbane II (MSB II)																
Water for Growth and Development (MSB III)																
Sub-total Water																
Total per Quarterly period	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Total per year €				0,00				0,00				0,00				0,00
amounts								0,00								0,00
% disbursed																-
Governance: Legislative and Judiciary																
The e-Justice Programme																
Legislative Sector Policy Support Programme				5,0								7,0		5,0		
Access to Justice				7,0								7,0		6,9		
Sub-total Legislative / Judiciary																
Total per Quarterly period	0,0	0,0	0,0	12,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	14,0	0,0	11,9	0,0	0,0
Total per year €				12,00				0,00				14,00				11,89
amounts								-12,00								-2,11
% disbursed								0%								85%
Health																
Partnerships for Health II																
Primary Health Care Sector Policy Support Programme									35,0						33,2	
Sub-total Health																
Total per Quarterly period	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	35,0	0,0	0,0	0,0	0,0	0,0	33,2	
Total per year €				0,00				0,00				35,00				33,15
Difference between forecasted & paid								0,00								-1,85
% disbursed								-								94,73%
Education																
Primary Education Sector Policy Support Proc	32,68						32,68		22,5		22,5				22,50	
Sub-total Education																
Total per Quarterly period	32,68	0,00	0,00	0,00	0,00	0,00	32,68	0,00	22,50	0,00	22,50	0,00	0,00	0,00	22,50	0,00
Total per year €				32,68			32,68				45,00					22,50
amounts								0,00								-22,50
% disbursed								100%								50,00%
Urban Development																
Urban Dev Support to eThekweni Municipality																
Support to Urban Renewal Programme in Eastern Cape				6								12				
Sub-total Urban Development																
Total per Quarterly period	0,0	0,0	0,0	6,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	11,6	0,0	0,0	0,0	0,0
Total per year €				6,00				0,00				11,60				0,00
amounts								-6,00								-11,60
% forecasted amount / disbursed amount								0%								0%
Overall total																
Total per Quarterly period	32,68	0,00	13,73	28,00	0,00	0,00	36,35	10,06	57,50	0,00	22,50	25,60	0,00	20,74	86,67	0,00
Total per year €				74,41				46,41				105,60				107,41
amounts								-28,00								1,81
% disbursed								62%								102%

PROGRAMME	Total Forecasts 2000-2011	Total Disbursements 2000-2011
Employment /Private Sector Development	Employment /Private Sector Development	
Risk Capital Facility I	54,90	52,90
Risk Capital Facility II	47,23	47,23
SWEEP I & SWEEP II	50,00	48,60
Employment Creation	60,00	51,02
Innovation for Poverty Alleviation	19,60	18,44
Sub-total Employment/Private sector		
Total per Quarterly period		
Total per year €	231,73	218,19
Difference between forecasted & paid		
% disbursed		
Water		
Water Services Sector Support Programme (MSB I)	75,00	75,00
Masimbane II (MSB II)	60,00	59,96
Water for Growth and Development (MSB III)	107,00	136,19
Sub-total Water		
Total per Quarterly period		
Total per year €	242,00	271,15
amounts		
% disbursed		
Governance: Legislative and Judiciary		
The e-Justice Programme	25,00	25,00
Legislative Sector Policy Support Programme	17,00	10,00
Access to Justice	20,00	12,89
Sub-total Legislative / Judiciary		
Total per Quarterly period		
Total per year €	62,00	47,89
amounts		
% disbursed		
Health		
Partnerships for Health II	44,00	44,00
Primary Health Care Sector Policy Support Programme	35,00	33,15
Sub-total Health		
Total per Quarterly period		
Total per year €	79,00	77,15
Difference between forecasted & paid		
% disbursed		
Education		
Primary Education Sector Policy Support Programme	77,68	55,18
Sub-total Education		
Total per Quarterly period		
Total per year €	77,68	55,18
amounts		
% disbursed		
Urban Development		
Urban Dev Support to eThekweni Municipality	35,00	34,99
Support to Urban Renewal Programme in Eastern Cape	28,60	11,00
Sub-total Urban Development		
Total per Quarterly period		
Total per year €	63,60	45,99
amounts		
% forecasted amount / disbursed amount		
Overall total		
Total per Quarterly period		
Total per year €	756,01	715,56
amounts		-40,45
% disbursed		95%

NB: Forecasted amounts are based on the original financing agreement and riders when relevant. When the disbursement date foreseen generically refers to the fiscal year, the forecasted amounts have been included in the last quarter of the FY with the exception of amounts which have actually been paid before then and in this case the two quarters coincide.

Actual disbursement rates and amounts are based on data provided by the IDC and correspond to the actual amount of money deposited on the RDP account. This can also explain slight discrepancies with data provided by the EU on date of transfer. For on-going programmes, the totals reported in this table are partial in that they only cover tranches forecasted or paid until the FY 2011/12.

In the case of RCF II, a subsequent rider reduced the amount to 52.9 therefore indicating that all amounts have been disbursed. This modification however was not included in the revision of tranches.

Sources: financing agreements and riders for forecasted amounts; IDC data for disbursements.

3.2.2 I-322 Completeness and timeliness of budget estimates and disbursements by donors for project support [PEFA indicator D2 (ii)]

Predictability of aid is monitored through the surveys of the Paris Declaration under Indicator 7¹⁰³ which look at two aspects:

- donors' ability to disburse aid on schedule; and
- government's ability to record comprehensively disbursements made by donors for the government sector government's in its accounting system for the appropriate year.

The table below shows the improvement in terms of Indicator 7.

Table 53 Baselines and Targets for 2010 (Paris Declaration indicator 7)

	Indicators	2005 reference	2007	2010 actual	2010 target
1	Operational development strategies	--	--	B	'B' or 'A'
2a	Reliable public financial management (PFM) systems	--	--	--	No target
2b	Reliable procurement systems	Not available	Not available	Not available	No target
3	Aid flows are aligned on national priorities	71%	--	0%	85%
5a	Use of country PFM systems	38%	--	25%	No target
5b	Use of country procurement systems	44%	--	30%	No target
6	Strengthen capacity by avoiding parallel PIUs	15	--		5
7	Aid is more predictable	44%	--	93%	72%
8	Aid is untied	97%	97%	99%	More than 97%
9	Use of common arrangements or procedures	27%	--	61%	66%
10a	Joint missions	19%	--	52%	40%
10b	Joint country analytic work	75%	--	39%	66%
11	Results-oriented frameworks	--	--	B	'B' or 'A'
12	Mutual accountability	Y	Not available	N	Y

Source: *Aid Effectiveness 2011: Progress in Implementing the Paris Declaration – Volume II, country chapters, p.7*

In relation to the first aspect, in 2005, “donors scheduled USD 359 m for disbursement and actually disbursed – according to their own records – slightly less than expected (USD 351 m). The discrepancy varies considerably among donors and is mainly due to late disbursements carried over to 2005 and to delays in implementing programmes.” As is to be expected, significant differences can be found across donors whereby for example, in the cases of the Australia, Belgium, Ireland, UK and Japan there are no differences between aid scheduled for disbursement and aid actually disbursed; in the case of the EU there is an USD 18M difference (USD 157 m scheduled and USD 139 m disbursed); and in the case of the US there is a USD 41 M gap (USD 2 m scheduled and USD 43 m disbursed). See table that follows for details.

¹⁰³ Indicator 7 on predictability has been designed to encourage progress against both of these angles so as to gradually close the predictability gap by half by 2010. In other words, it seeks to improve not only the predictability of actual disbursements but also the accuracy of how they are recorded in government systems – an important feature of ownership, accountability and transparency.

Table 54 Monitoring the Paris Declaration: Disbursement on schedule and recorded by government

	Disbursements recorded by government in FY05 (USD m) a	Aid scheduled by donors for disbursement in FY05 (USD m) b	Aid actually disbursed by donors in FY05 (USD m) For reference only	Baseline ratio ¹⁰⁴ (%) c=a/b c=b/a
Australia	--	1	1	
Austria	--	0	0	
Belgium	--	6	6	
Canada	--	6	0	
Denmark	--	18	14	
European Commission	--	157	139	
Finland	--	11	9	
France	--	3	1	
Germany	--	19	21	
Global Fund	--	11	10	
Ireland	--	8	8	
Italy	--	4	3	
Japan	--	15	15	
Netherlands	--	34	22	
New Zealand	--	0	0	
Norway	--	10	8	
Sweden	--	10	7	
Switzerland	--	0	0	
United Kingdom	--	41	41	
United Nations	--	4	2	
United States	--	2	43	
Total	159	359	351	45%

Source: 2006 Survey on Monitoring the Paris Declaration, Country Chapters: South Africa", OECD 2007, p.29-7

In relation to the second aspect, in the same year "government systems recorded USD 159 m out of the USD 351 m notified as disbursed by donors [i.e. only 45%], indicating that some disbursements were not captured, either because they were not appropriately notified by donors or because they were inaccurately recorded by government". [...] "In South Africa, this combined predictability gap amounts to USD 200 m (56% of aid scheduled for disbursement).¹⁰⁵

Looking at data for 2010 (towards the end of the period covered by the evaluation), significant improvements can be noted. In fact, "in 2010, the score for the share of aid scheduled for disbursement by donors and recorded by the government as disbursed was 93%, meeting the 2010 target of 72%. The GoSA notes that donor self-reporting on scheduled and actual disbursements at the same time is likely to have led to an overestimation of this indicator. The overall score is significantly higher than that of the average donor, with the high score of the United States – by far the largest donor – driving up the totals. The majority of donors scheduled more aid for disbursement than was recorded by the government as disbursed and most donors also disbursed less than they had scheduled for disbursement. This suggests that progress can be made against indicator 7 by improving both the recording of aid disbursements and also donor predictability."

"As part of the Accra Agenda for Action, most donors pledged to improve predictability by providing indications of future aid on a three-to-five year basis. In South Africa this is attempted through bilateral co-operation agreements signed between donors and the government although some sector ministries report that only year to- year predictability is achieved. The GoSA also questions the degree to which indicator 7 offers an accurate assessment of aid predictability, pointing to the low score for predictability of budget support identified in the most recent PEFA assessment.

Stakeholders in South Africa have pointed to a number of factors as having an impact on the predictability of aid: some initial commitments were reduced in value as a result of the global financial

¹⁰⁴ Baseline ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a)

¹⁰⁵ "2006 Survey on Monitoring The Paris Declaration Country Chapters: South Africa", OECD 2007, pp.29-6 & 7

crisis; changes to appropriation laws and budget cuts made in donor countries have had a negative effect; some funds are disbursed as variable tranches, making it difficult for departments to predict and plan ahead, and disbursements made by donors are often dependent on project implementation and performance indicators.

The National Treasury notes that it continues to face problems in recording all aid flows, often the result of incomplete, inaccurate or delayed departmental reports. The International Development Co-operation Directorate is making efforts to improve this through better communication with government departments and donors aimed at addressing these data shortfalls.¹⁰⁶

Table 55 Are disbursements on schedule and recorded by government?

	Disbursements recorded by government in 2010 (USD m) a	Aid scheduled by donors for disbursement in 2010 (USD m) b	2005		2007		2010 *		For reference: Aid disbursed by donors for government sector in 2010 (USD m) d	For reference: % of scheduled aid disbursements reported as disbursed by donors in 2010 **	
			(for reference)		(for reference)		(%) c = a / b c = b / a			(%) e = d / b e = b / d	
[Other donors]	0	0	--	--	--	--	--	0	--	0%	
African Dev. Bank	0	0	--	--	--	--	0%	0	--		
Australia	--	--	--	--	--	--	--	--	--		
Austria	--	--	--	--	--	--	--	--	--		
Belgium	1	6	--	--	--	--	10%	4	72%		
Canada	4	7	--	--	--	--	60%	7	100%		
Denmark	0	0	--	--	--	--	--	10		0%	
EU Institutions	0	0	--	--	--	--	--	205		0%	
Finland	6	12	--	--	--	--	53%	10	83%		
France	1	1	--	--	--	--	78%	1	100%		
GEF	0	0	--	--	--	--	--	0	--		
Germany	33	35	--	--	--	--	92%	35	100%		
Global Fund	1	37	--	--	--	--	2%	36	96%		
Hungary	0	0	--	--	--	--	--	0	--		
IOM	0	0	--	--	--	--	--	4		0%	
Ireland	6	13	--	--	--	--	46%	5	38%		
Italy	4	5	--	--	--	--	75%	2	45%		
Japan	3	4	--	--	--	--	68%	6		69%	
Netherlands	4	0	--	--	--	--	0%	9		0%	
New Zealand	0	0	--	--	--	--	--	0	--		
Norway	2	6	--	--	--	--	43%	3	51%		
Spain	0	0	--	--	--	--	--	0	--		
Sweden	0	0	--	--	--	--	0%	0		0%	
Switzerland	0	1	--	--	--	--	20%	0	26%		
United Kingdom	26	6	--	--	--	--	23%	25		24%	
United Nations	3	14	--	--	--	--	23%	17		83%	
United States	567	559	--	--	--	--	99%	523	94%		
World Bank	0	5	--	--	--	--	2%	22		23%	
Average donor ratio			--	--			38%			48%	
Total	660	710	44%	--			93%	926		77%	

* Ratio is c=a/b except where disbursements recorded by government are greater than aid scheduled for disbursement (c=b/a).
** Ratio is e=d/b except where disbursements recorded by donors are greater than aid scheduled for disbursement (e=b/d).

Source: Aid Effectiveness 2011: Progress in Implementing the Paris Declaration – Volume II, country chapters; p. 8.

Although the above table points to a significant improvement it also overlooks data related to the EU for which nothing is reported. This is very strange as at least all data related to disbursements in the framework of EU funded SBS operations is certainly accounted for in the RDP audited reports.

Another source of data on this issue is the PEFA Report¹⁰⁷, which looks at these issues under Indicator D-2 “Financial information provided by donors for budgeting and reporting on project and program aid”. It is worth noting that the scores are in both cases D (lowest score) as indicated in the table that follows.

¹⁰⁶ Aid Effectiveness 2011: Progress In Implementing the Paris Declaration – Volume II, country chapters; pp. 8-9.

¹⁰⁷ PEFA Report, Ecorys for the European Commission, Sept. 2008, pp.104-106.

Table 56 Scores on Donor Practice PEFA Indicator D2

No	Donor practices	Score	Justification
D-2	Financial information provided by donors for budgeting and reporting on project and program aid	D	
(i)	Completeness and timeliness of budget estimates by donors for project supports	D	The Government of SA does not have comprehensive and reliable information on the value and composition of all donor assistance provided to the Government. While all major donors channelling funds through the RDP Fund (which represent less than 25% of all donor funds) provide data on pledges, commitments or available funding, they do not provide actual budget estimates informed by full developed procurement plans and absorptive capacities pertaining to realistic schedules of project implementation. These budget estimates are not aligned to the SA budget cycle.
(ii)	Frequency and coverage of reporting by donors on actual donor flows for project support	D	A few donors provide data on actual disbursements to national departments and/or National Treasury (IDC). Most donors however do not provide any financial quarterly reports. In some cases annual financial reports are provided.

Source: PEFA Report, *Ecorys for the European Commission, Sept. 2008, p. 106.*

The report points to the following:

- The existence of substantial off budget donor assistance. The precise volume of which is unknown and estimated at two to three times of what flows to RDP.
- The current lack of a reliable and comprehensive information system on the actual value and composition of all donor assistance provided to the Government.
- The fact that very few donors provide meaningful budget estimates for disbursement of project aid in a timely fashion at least three months before the start of the fiscal year. *“Information on donor funding in budget documents is missing. For the last budget 2007/08 donor funds including estimates channelled through RDP Fund were not included in the Budget Estimates due to their poor quality. Most of the budget estimates provided by donors do not distinguish between pledges, multi-year versus single year commitments, and available funding. In addition, in many cases donors base their projections on their own fiscal year rather than specifically taking into consideration the South African fiscal year.”*
- The fact that “Donors generally do not provide quarterly reports on the disbursements within two months of the end-of the quarter. Financial reporting does not generally happen, exception being for the RDP funds which represents approximately less than 25%. In this case the government prepares these reports. Reporting on other funds is generally ad-hoc and the compliance to the National Treasury reporting requirements varies across donors. When provided they do not reflect the fiscal year nor take into account the national accounting standards.”
- Lack of provision by the National Treasury of “clear requirements and guidelines as to budget estimate submissions. The up-shot of this is no budget estimates are provided and financial reporting remains ad-hoc.” The DCR III (July 2010, p. 36) points states that “While the IDC at a national level has been promoting the integration of ODA into South African systems, it is only at the end of the review period that there was a shift in the local budget process and a move to clearer reporting requirements to incentivise the inclusion of ODA on plan and on budget.” This has been confirmed through interviews with IDC officials that indicate that work is ongoing on this with the objective of setting-up a comprehensive database.

3.3 **JC3.3 Increased size and share of the government budget available for additional spending**

3.3.1 **I-331 Size and share of global and sectoral budget funds available for additional expenditure**

The presentation of the GoSA budget does not include the category of discretionary expenditures defined as “*spending set by annual appropriations [... which] is optional, and in contrast to entitlement*”

*programmes for which funding is mandatory*¹⁰⁸ or as new optional expenditure to be incurred in the year x to be decided and financed through unallocated additional revenue and/or budget savings from the year x-1.

In light of this an following discussions with the Management Group, in the report reference will be made to additional allocations, i.e. additional spending made possible by: i) changes to the macro-framework (e.g. higher growth projections, reduction in the projected costs of servicing public debt); ii) drawdown of the contingency reserve; iii) savings on previously budgeted allocations.

The methodology used to calculate GoSA additional allocations was discussed with the NT and the EUD during the field mission and entailed the following:

- Compilation in excel format of the 'additional allocation' budget lines and figures for the years 2001/02-2011/12. In the majority of cases these are provided in the tables "Budget Priorities – additional MTEF allocations" contained in the Budget Reviews. The whole three year period additional allocation was taken into account.
- Cleaning of data:
 - Improved sectoral allocations of figures. Budget speeches, budget highlights and chapter 6 of the budget reviews (the one that in most cases deals with the additional allocations) have been reviewed in order to gather additional information (when/where available) on intended use of, for example, additional allocations to the provincial equitable share, i.e. whether the allocation is intended to support education or health expenditure or others or a mixture. This has allowed a more accurate allocation of expenditure per sector. Should more than one sector be covered with no information on the exact figures, the overall amount will be divided in equal shares among the sectors covered.
 - Additional resources made available to finance spending for salaries, military development and defence have been taken into account to provide an overall picture of the weight of additional allocations vis a vis national expenditure but have been removed when looking at the relative weight of additional allocations vis a vis budget support commitments as they fall beyond the realm of activities which could be financed through development aid.

The tables that follow summarise data retrieved from the Budget Reviews in relation to additional allocations (classified as 'Budget priorities – additional MTEF allocations in the Budget Reviews) and total national expenditure, and allow to calculate the size of funds available for additional allocations at both global and sector level and to calculate the share of additional allocations overall.

¹⁰⁸ Mandal, U.C. (2007) *Dictionary of Public Administration*, Sarup & Sons, p.140.

Table 57 Additional Allocations over the period 2000-2011, R million

Budget priorities – additional MTEF allocations												
R million	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Public administration capacity & Financial services	1,025	1,400	2,641	1,506	1,277	1,190	916	696	3,681	2,496	2,467	562
Presidency	25	14	100									
Parliament	49	37	96									
Foreign Affairs, incl. African Union & African Renaissance Fund	348	538	1,575	662	427	478	916	696	1,454	520		
Home Affairs (service delivery, reforms)	523	531	822	844	850	712			1,317	1,227		
Public works, Exp.public works progr (DEAT, incentive, ...)	79	280	49						910	749	2,467	562
Financial and Administrative services	3,279	1,469	8,881	1,390	-	-	5,786	2,047	1,000	-	-	-
Gov. Communication & Information Systems	23	169	60									
National Treasury (plus SARS & financial manag. Systems)	2,887	1,240	8,608	1,390			1,940	1,317	1,000			
Public enterprises												
Public Service and Administration	54	34	172				3,281					
Public Service Commission												
Statistics SA	315	26	41				565	730				
Social Services	436	728	3,564	16,833	6,974	24,660	8,052	9,168	20,081	22,312	25,862	40,885
Social Development: Arts and Culture	147	318	1,487									
Education	17	275	771	4,308	1,652	1,826	2,400	4,776	2,856	6,911	5,130	18,755
Health care	269	120	1,283	1,625	2,072	540	1,551	3,680	5,210	1,893	8,540	7,999
Social security benefits/grants (old age, disability, child support)				10,900	3,250	22,294	2,660		12,015	13,174	12,192	8,910
Sport and Recreation South Africa	3	15	23				1,441	712		334		
General Public Services		-	-	-	-	-	-	-	-	-	-	5,221
Justice and Protection Services	1,300	4,137	6,585	3,311	3,452	2,760	5,366	6,741	22,432	5,600	860	1,783
Correctional services	-271	641	587					2,929	1,953	900		

Budget priorities – additional MTEF allocations												
R million	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Other allocations: peace-keeping operation, Nat. Empowerment Fund...				600	1,100	2,100			17,509			
Justice & Constitutional dev., Courts administration & capacity and other budget lines (e.g. Child Justice Act...)	466	1,168	838	1,237	475		1,800	1,461	300		180	
Safety and security (including border control)	1,104	2,328	5,160	1,474	1,877	660	3,566	2,351	2,670	4,700	680	1,783
Economic Services and Infrastructure	1,225	2,550	7,151	3,558	1,450	14,405	22,428	22,295	20,894	71,312	15,963	30,976
Land reform and agricultural support	-32	165	344	1,890	1,450	7,270	-	-	2,560	1,779	2,360	2,844
Communications	-265	12	1,033			400		316	984	1,586		450
Environmental Affairs and Tourism	230	142	236				180					1,000
Housing (and community development)	30	130	1,462			2,000	3,500	2,730	2,200	3,662	2,200	4,865
Minerals and Energy	-2	1,800	1,105								4,500	
Science and Technology				1,008			1,355	698	4,400			
Job creation, Ind. Dev., international trade & SMMEs, economic empowerment	1,082	-394	784					1,627	2,540			10,067
Transport	373	360	1,078			4,235	3,500	3,156	5,926	6,394	2,849	10,415
Regulatory capacity							600	44		1,634		735
Other infrastructure (World Cup, Gautrain, ind. Dev. Zones)		94	1				12,413	13,724	2,284	56,257	554	
Water Affairs & Forestry	-195	241	1,108	660		500						
Trade & Industry (Enterprise inv. & Automotive prod.&dev. programmes, clothing & textile incentive,...)	3						880				3,500	600
Less: Infrastructure announced in 2005 & savings							-11,693					
Provincial Equitable share (National Treasury)	5,682	-	18,579	36,395	19,731	7,400	30,881	24,596	33,159	24,798	21,000	
Increasing Services (mainly health)	1,421		4,645	12,132	6,577	3,700	7,720	6,149	8,290	12,399	5,250	
Increasing Services (mainly education)	1,421		4,645	12,132	6,577	3,700	7,720	6,149	8,290	12,399	5,250	
Increasing Services (mainly welfare)	1,421		4,645		6,577		7,720	6,149	8,290		5,250	

Budget priorities – additional MTEF allocations												
R million	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Increasing Services (mainly infrastructure)	1,421		4,645	12,132			7,720	6,149	8,290		5,250	
Infrastructure grant to provinces (prov. Infrastr)	-	-	-	-	1,500	1,000	-	4,290	2,700	4,143	-	-
Infrastructure grant to provinces (school building)					500	333		1,430	900	1,381		
Infrastructure grant to provinces (roads)					500	333		1,430	900	1,381		
Infrastructure grant to provinces (clinics)					500	333		1,430	900	1,381		
Municipal/Community infrastr. Schemes and grants	292	26	6,525	5,862	1,700	4,700	8,250	7,424	3,804	4,295	2,500	2,450
Local government equitable share / Municipal services					2,200	3,650	2,260	5,741	6,474	2,934	6,700	
Standing appropriations	290	-255	100									
Other adjustments	-11,807		4,200	8,717	6,177	3,218	6,251	2,551		21,114	8,072	
SUB-TOTAL (excluding	1,720	10,053	58,225	77,572	44,461	62,983	78,497	85,549	114,225	159,004	83,424	76,656
Salaries / Compensation of employee adjustments		-	-	-	-	11,466	-	-	-	675	25,807	17,455
Military skills development							600	450			220	
Defence	6,709	500	3,932				3,061	3,550	1,400	941	2,780	
Total	8,430	10,553	62,157	77,572	44,461	74,449	82,158	89,549	115,625	160,620	112,231	94,111

Source: National Treasury, Budget reviews 2001-2012

NB. The amounts correspond to the totals allocated in each year across the three year period covered by the MTEF with the exception of the year 2000/01 for which only two years are provided for in the budget review. Across the years, different budget lines can be found, these have been aggregated by the team in macro-categories. Negative figures are reproduced as indicated in the original tables in the Budget Reviews (in most years these correspond to the tables titled 'Budget priorities – additional MTEF allocations'. Where present they represent a redefinition of priorities whereby amounts previously allocated to a given budget line for a given year have been re-allocated to other budget lines.

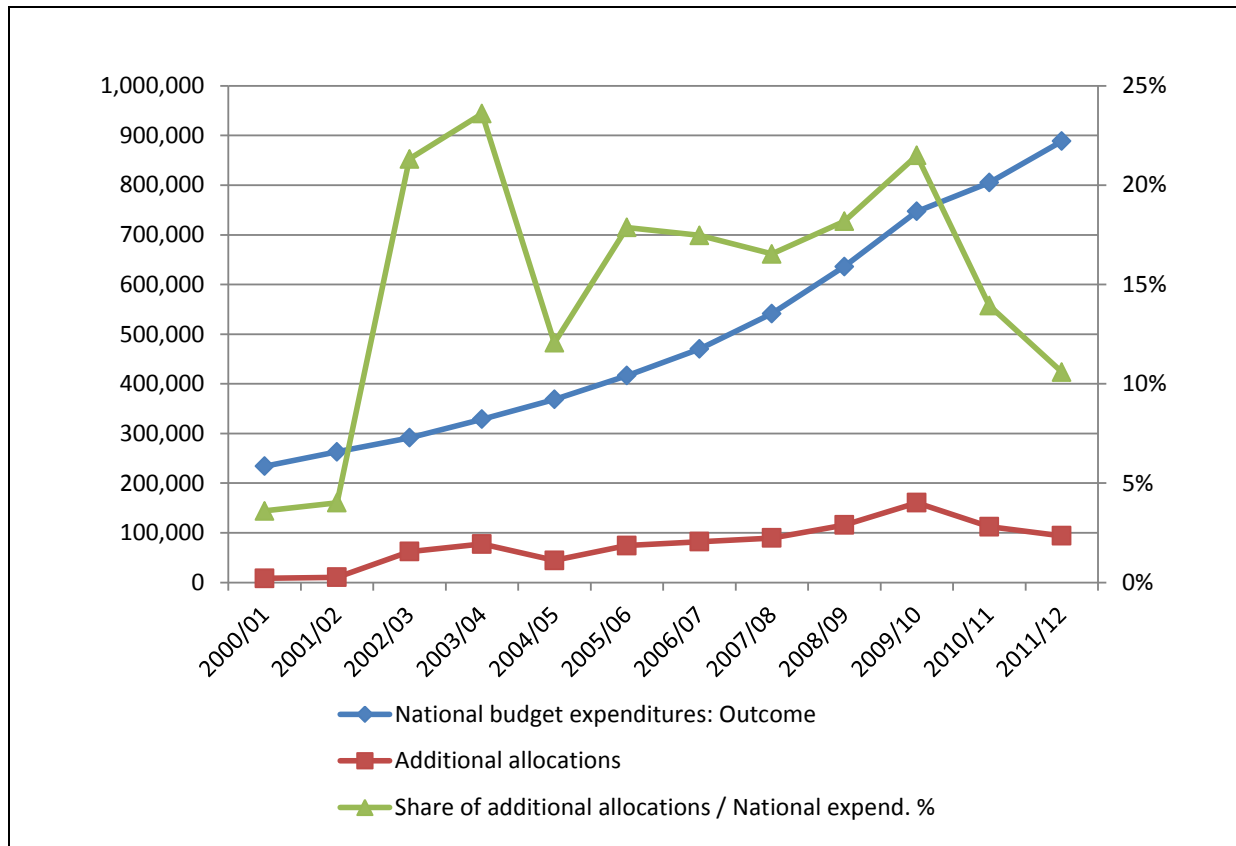
Table 58 Additional expenditure as percentage of total national expenditures over the period 2001-2011, R million

TOTAL EXPENDITURE, R million	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
National budget expenditures: Outcome*	233,934	262,905	291,524	328,666	368,459	416,684	470,193	541,443	635,953	747,197	805,141	888,523
% increase over previous year budget			11%	13%	12%	13%	13%	15%	17%	17%	8%	10%
Additional allocations**	8429.7	10,553	62,157	77,572	44,461	74,449	82,158	89,549	115,625	160,620	112,231	94,111
% increase over previous year budget			489%	25%	-43%	67%	10%	9%	29%	39%	-30%	-16%
Share of additional allocations / National expend. %	4%	4%	21%	24%	12%	18%	17%	17%	18%	22%	14%	11%

Source: Own calculations based on National Treasury, Budget Reviews 2001-2012

As shown by the table above, across the period analysed, additional allocations range between a low of R 8.430 m in 2000/01 period to a high of R 160,620 m in 2009/10. However, as evidenced by the figure below there is no clear upward trend. That said, with the exceptions of 2004/05 and 2009/10-2011/11, additional allocations have consistently grown reaching peaks well over 100 000 in the period 2008/09 – 2010/11.

Figure 4 Trends in total national expenditure and additional allocations over the period 2000/01-2011/12, R million (nominal) and trends of share of additional allocations as % of total national expenditure



Source: Own calculations based on National Treasury, Budget Reviews 2001-2012

3.3.2 I-332 Estimate of the size and share of SBS funds in relation to additional allocations at aggregate level and for selected sectors

Table 59 Size and share of SBS committed funds in relation to additional allocations overall and for selected sectors (selected budget lines), 2000-2011, R million

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	Total 2000-11
Employment /Private Sector Development													Empl / Private sector
<i>Trade & Industry (Enterprise inv. & Automotive prod.&dev. programmes, clothing & textile incentive, ...)</i>	2.9						880				3500	600	4,982.9
<i>Job creation, Ind. Dev., international trade & SMMEs, economic empowerment</i>	1082.2	-394.0	783.8					1627	2540			10,067	15,706.0
<i>Science and Technology</i>				1,008			1355	698	4400				7,461.0
<i>Public works, Exp.public works progr (DEAT, incentive...)</i>	79	280.0	49.1						910.0	749.0	2,467.0	562.0	5,096.1
Total GoSA additional allocations	1,164.1	-114.0	832.9	1,008.0	0.0	0.0	2,235.0	2,325.0	7,850.0	749.0	5,967.0	11,229.0	33,246.0
SBS commitments	0	407.55	247.35	0.00	0.00	372.56	200.68	286.17	1,203.32	0.00	0.00	0.00	2,717.6
Total additional funds (GoSA add allocations + SBS)	1,164.1	293.6	1,080.2	1,008.0	0.0	372.6	2,435.7	2,611.2	9,053.3	749.0	5,967.0	11,229.0	35,963.6
Share SBS commitments over total	0.0%	138.8%	22.9%	0.0%	-	100.0%	8.2%	11.0%	13.3%	0.0%	0.0%	0.0%	7.6%
Water													Water
<i>Water Affairs & Forestry</i>	-195.3	240.8	1,107.8	660.0		500.0							2,313.3
<i>Provincial/Municipal/Community infrastr. Schemes and grants</i>	291.8	26.0	6,525.0	5,862.0	1,700.0	4,700.0	8,250.0	7,424.0	3,804.0	4,295.0	2,500.0	2,450.0	47,827.8
Total GoSA additional allocations	96.5	266.8	7,632.8	6,522.0	1,700.0	5,200.0	8,250.0	7,424.0	3,804.0	4,295.0	2,500.0	2,450.0	50,141.1
SBS commitments	478.8	0.00	0.00	0.00	478.49	0.00	0.00	1,031.66	0.00	0.00	0.00	0.00	1,989.0
Total additional funds (GoSA add allocations + SBS)	575.3	266.8	7,632.8	6,522.0	2,178.5	5,200.0	8,250.0	8,455.7	3,804.0	4,295.0	2,500.0	2,450.0	52,130.1
Share SBS commitments over total	83.2%	0.0%	0.0%	0.0%	22.0%	0.0%	0.0%	12.2%	0.0%	0.0%	0.0%	0.0%	3.8%
Governance: Legislative and Judiciary													Governance
<i>Parliament</i>	49.3	37	95.6										181.9
<i>Justice & Constitutional dev., Courts administration & capacity and other budget lines (e.g. Child Justice Act...)</i>	466.4	1167.9	838.3	1237	475		1800	1461	300		180		7,925.6
Total GoSA additional allocations	515.7	1,204.9	933.9	1,237.0	475.0	0.0	1,800.0	1,461.0	300.0	0.0	180.0	0.0	8,107.5
SBS commitments	89.376	0.00	0.00	0.00	87.78	0.00	0.00	0.00	421.16	0.00	0.00	50.32	648.6
Total additional funds (GoSA add allocations + SBS)	605.1	1,204.9	933.9	1,237.0	562.8	0.0	1,800.0	1,461.0	721.2	0.0	180.0	50.3	8,756.1
Share SBS commitments over total	14.8%	0.0%	0.0%	0.0%	15.6%	-	0.0%	0.0%	58.4%	-	0.0%	100.0%	7.4%

Health													Health
<i>Health care</i>	268.7	120	1282.9	1625	2072	540	1551	3680	5210	1893	8540	7999	34,781.6
<i>Infrastructure grant to provinces (clinics)</i>					500	333.333 3		1430	900	1381			4,544.3
<i>Prov equitable share, increasing services health</i>	1420.5		4644.8	12,132	6,577	3,700	7,720	6149	8289.75	12,399	5,250		68,281.9
SBS commitments	0	0.00	0.00	0.00	0.00	0.00	374.12	0.00	0.00	0.00	1,065.97	0.00	1,440.1
Total GoSA additional allocations	1,689.2	120.0	5,927.7	13,756.7	9,149.0	4,573.3	9,271.3	11,259.0	14,399.8	15,673.0	13,790.0	7,999.0	107,607.9
Total additional funds (GoSA add allocations + SBS)	1,689.2	120.0	5,927.7	13,756.7	9,149.0	4,573.3	9,645.4	11,259.0	14,399.8	15,673.0	14,856.0	7,999.0	107,358.7
Share SBS commitments over total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.9%	0.0%	0.0%	0.0%	7.2%	0.0%	1.3%
Education													Education
<i>Education</i>	17.0	275	770.9	4308	1652	1826	2400	4776	2856	6911	5130	18755	49,676.9
<i>Infrastructure grant to provinces (school building)</i>					500.0	333.333 3		1430	900	1,381			4,544.3
<i>Prov equitable share, increasing services education</i>	1420.5		4644.8	12,132	6,577	3,700	7,720	6149	8289.75	12,399	5,250		68,281.9
Total GoSA additional allocations	1437.5	275.0	5415.7	16439.7	8729.0	5859.3	10120.3	12355.0	12045.8	20691.0	10380.0	18,755.0	122,503.2
SBS commitments	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1,430.18	0.00	0.00	1,430.2
Total additional funds (GoSA add allocations + SBS)	1,437.5	275.0	5,415.7	16,439.7	8,729.0	5,859.3	10,120.3	12,355.0	12,045.8	22,121.2	10,380.0	18,755.0	123,933.3
Share SBS commitments over total	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	6.5%	0.0%	0.0%	0.01
Urban Development													Urban Dev
<i>Local government equitable share / Municipal services</i>					2200.0	3650	2,260	5741	6,474	2,934	6,700		29,959.0
Total GoSA additional allocations	0.0	0.0	0.0	0.0	2,200.0	3,650.0	2,260.0	5,741.0	6,474.0	2,934.0	6,700.0	0.0	29,959.0
SBS commitments	0	0.00	346.28	0.00	0.00	225.60	0.00	0.00	0.00	0.00	0.00	0.00	571.9
Total additional funds (GoSA add allocations + SBS)	0.0	0.0	346.3	0.0	2,200.0	3,875.6	2,260.0	5,741.0	6,474.0	2,934.0	6,700.0	0.0	30,530.9
Share SBS commitments over total	-	-	100.0%	-	0.0%	5.8%	0.0%	0.0%	0.0%	0.0%	0.0%	-	1.9%
Total GoSA additional allocations*	1,720	10,053	58,225	77,572	44,461	62,983	78,497	85,549	114,225	159,004	83,424	76,656	850,649.5
Total SBS commitments	568	408	594	0	566	598	575	1318	1624	1430	1066	50	8,797.4
Total additional funds (GoSA add allocations + SBS)	2,288	10,461	58,819	77,572	45,027	63,581	79,072	86,867	115,849	160,434	84,490	76,706	861,167.2
Share SBS commitments over total	24.8%	3.9%	1.0%	0.0%	1.3%	0.9%	0.7%	1.5%	1.4%	0.9%	1.3%	0.1%	1.0%
* excluding allocations to salaries, military development and defence													

Sources: own calculations based on data retrieved from the Budget Reviews (2001-2011) and EUD data. With regards to data related to EU commitments to note that:

- committed amounts have been adjusted to include only amounts linked to disbursement of tranches (i.e. other amounts linked to TA, M&E or others have not been taken into account here).

- where original files sent from the EUD did not include amounts as foreseen in FAs, info has been cross-checked with other tables (e.g. invoices...). In particular for MSBI, data on commitments as per EUD files indicated only an amount of € 47.08 M whereas other files indicate disbursements for an overall amount of € 75 M, the latter amount has thus been included;
- EUD data is presented by calendar year and not by fiscal year, i.e. data committed in the year 2000 has been included under the column FY 2000/2001.

Table 60 Share of SBS committed funds as % of total additional funds (GoSA additional allocations plus SBS committed funds), 2001-2011

	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	Total 2000-11
Employment /Private Sector Development	0%	139%	23%	0%	-	100%	8%	11%	13%	0%	0%	0%	8%
Water	83%	0%	0%	0%	22%	0%	0%	12%	0%	0%	0%	0%	4%
Governance: Legislative and Judiciary	15%	0%	0%	0%	16%	-	0%	0%	58%	-	0%	100%	7%
Health	0%	0%	0%	0%	0%	0%	4%	0%	0%	0%	7%	0%	1%
Education	0%	0%	0%	0%	0%	0%	0%	0%	0%	6%	0%	0%	1%
Urban Development	-	-	100%	-	0%	6%	0%	0%	0%	0%	0%	-	2%
TOTAL (total SBS comm. / (total GoSA add. Allocations* + SBS)	25%	4%	1%	0%	1%	1%	1%	2%	1%	1%	1%	0%	1%

* excluding allocations to salaries, military development and defence

Sources: own calculations based on data retrieved from the Budget Reviews (2001-2011) and EUD data. See above.

Specific evidence emerging from the water sector case study:

Little discussion on sector budget funds, and no clarity as to whether it is for additional allocations. However, there is some evidence that GoSA has recognised the need to fund some core functions (such as co-ordination and capacity development) and as a result some funding has been earmarked to carry out those functions previously financed by donors

- 1994 White Paper suggested additional spending on water and sanitation services of 1% of the national budget to reach the goals,
- Strategic Framework for Water Services set a spending target of 0.75% of GDP for WSS infrastructure
- Progress towards this target is not being reported in sector or DWA strategic documents.

The *Masibambane III* workplan for 2009/10 covers capital and recurrent expenditure for the sector incurred by DWA, the programme implementing agent, and other sector stakeholders most specifically the Water Service Authorities in the Local Government sphere. The total estimated water sector budget for 2009/10 is 19.79 Billion Rand some 24% higher than the indicative figure given in the Financing Agreement. The fact that the budget in the sector programme action plan for 2009/10 exceeds the indicative sector budget in the Financing Agreement confirms the commitment of the Government of South Africa to the *Masibambane* operation and the additional support of the European Union.¹⁰⁹

4 EQ4 – Public Spending / Budget management

Evaluation Question 4: How has the level and composition of public spending for innovation and experimentation changed, and with which consequences in terms of budgetary flexibility, allocative and operational efficiency, transparency and oversight, including the decentralised levels, and what was the contribution of BS to the observed changes?

4.1 JC 4.1 Strategic budget management, budget efficiency, transparency and oversight have improved, according to PEFA and basic transparency criteria

4.1.1 I-411 PEFA indicators in relation to: i) comprehensiveness and transparency (PI 5 – 10); ii) predictability and control in budget execution (PI 13 – 21); iii) accounting, recording and reporting (PI 22 – 25); and iv) external scrutiny and audit (PI 26 – 28)

“The change in government brought about by the first democratic election in 1994 set off a transformation process to incorporate the democratic principles established in the pre-election negotiations. The principle of budget accountability is no exception. The South African budget process has been reformed in ways that markedly increased the degree of transparency and participation¹¹⁰.”

The following developments were essential to this dramatic transformation in the budget process:

- *The new Constitution, enacted in 1996, calls for specific measures to translate transparency and participation principles into practice.*
- *In 1997, the executive embarked on a drive to reform budget management in the public sector to improve service delivery. The reforms are based on a world-wide trend towards more performance-oriented management, including the devolution of power with increased accountability and transparency.*
- *The introduction of a Medium Term Expenditure Framework (MTEF) for the 1998/99 fiscal year brought forward projection of macro-economic assumptions, revenue and expenditure over two years beyond the fiscal year, illustrating how revenue and spending will develop over the medium term. The first MTBPS was published at the end of 1997 for the 1998/99 fiscal year. This pre-budget report stated government’s overall fiscal policy (balance between expenditure, revenue and the deficit) objectives and its budget policy objectives (the relationship between*

¹⁰⁹ Sector Budget Support Payment File: Sector Budget Support Payment Request: Masibambane III- 3rd Fixed Tranche and 2nd Variable Tranche, Ch1, p.21, October 2009.

¹¹⁰ Budget Transparency (BT) is defined as the full disclosure of all relevant fiscal information in a timely and systematic manner. BT is a precondition for public participation in budget processes. The combination of BT and public participation in budget processes has the potential to combat corruption, foster public accountability of government agencies and contribute to judicious use of public funds (OECD, 2002).

spending decisions and policy priorities) for the forthcoming budget and the following two fiscal years.

- The evolution of an intergovernmental fiscal relations system was marked by the establishment of a clear intergovernmental budget process, intergovernmental negotiation structures and legislation (the Intergovernmental Fiscal Relations Act and the Financial and Fiscal Commission Act) to provide a legal framework for the division of revenue and assignment of roles and responsibilities between spheres of government.
- As the term of the country's first democratic legislatures (national and provincial) in office progressed, it increasingly became clear that the legislative arm of government was developing an identity separate to the executive, resulting in demands for more information and greater participation in the decision-making process.
- The government also enacted critical legislation in 1999 that will have important effects on budget transparency and participation in the years ahead. In February, the Public Finance Management Act (PFMA) was passed which establishes stringent transparency requirements, including regular reporting and the assignment of accountability. The PFMA is the cornerstone of new public financial management in South Africa. It has far-reaching provisions covering the scope and usefulness of information on fiscal activities. For example, the PFMA demands monthly actual expenditure reports from departments to treasuries and audited statements to the legislatures within seven months after the end of the fiscal year. It also brings public enterprises under the transparency and accountability net. The PFMA Amendment Act, passed in March, extends the requirements of the PFMA to the sub-national level of government.

One of the notable lessons from South Africa is how much progress can be made in instilling transparency and participation into the budget process in a relatively short period. If these principles are established as objectives, it is possible to move towards them at a rapid pace. On the other hand, the South African experience also shows the difficulties of implementing any framework changes in budget management. **Achieving desired levels of transparency and participation will be an ongoing process as government and civil society develop the necessary capacity to effectively implement the reforms.**¹¹¹

More specifically, the PFM reforms started in the mid-1990s have allowed to put in place a comprehensive budgetary process whereby¹¹²:

- *Budget documentation is complete, comprehensible and comprehensive.* It includes: macroeconomic assumptions, fiscal balance, debt profile and status, financial assets, historical budget outturns and clear explanations on the impacts of new major revenue and expenditure policy initiatives. In the years that follow the publication of the PEFA report, the structure of some of the main budget documentation (e.g. Budget review) has been found to vary slightly although the depth of information remains unchanged.
- Fiscal forecasts are realistic and debt management is based upon a clear and well articulated debt management strategy with a regular, accurate and timely reporting and monitoring of the debt stock;
- Standards for the budget formulation and execution are in place and ensure that the budget documentation reports on program and sub-programme classifications as well as on cluster and functional classifications;
- The budget classification, institutional arrangements and accounting and financial reporting are well suited to support a policy based budgeting process. However, although the PEFA report points to "ongoing efforts to define programmes more consistently and to better specify output indicators", the latest OBI survey of 2012 shows a deterioration of the relevant score vis a vis the 2010 survey and recommends that South Africa "include performance indicators in expenditure programs and improve their quality". To be noted that in 2010 a considerable reorganization effort took place in order to create a system for the design and follow-up of performance information in relation to outputs and related indicators stemming from the 12 national high-level outcomes for the development of South Africa announced by the Presidency in 2012. The effects of which might require more time to become visible.

¹¹¹ Transparency and Participation in the Budget Process; South Africa: A Country Report; Alta Fölscher, Warren Krafchik and Isaac Shapiro - Idasa: Budget Information Service and the International Budget Project; December 2000; pp. 8-10.

¹¹² Primary source of information and unless otherwise specified: PEFA Report, September 2008, ECORYS for the EUD, mostly pp. 16-17.

- The budget documents submitted to parliament are comprehensive and comprehensible. They include a Medium Term Expenditure Framework which appropriately addresses the requirements for both meaningful budgetary formulation as well as to properly guide and control budget implementation.
- The high level of transparency in South Africa's budget processes is anchored in the PFM Act. [...] There is broad transparency demonstrated by way of inter-governmental fiscal relations, the oversight of public enterprises and public borrowing, and with respect to public access to key fiscal information.
- A review of the mechanisms for the vertical and horizontal allocation of resources to Subnational Government suggests a fully evolved and transparent system which incorporates parliamentary oversight. The budget allocation process provides reliable information on the allocations to be made to them well in time before the start of their detailed budgeting processes. The budget releases to sub-national government entities are timely and fully predictable.
- All revenues generated directly by Departments are transferred to the National Revenue Fund which operates as a Treasury Single Account. All expenditure is made through a centralised payments system. This arrangement provides effective control over the extent of extra-budgetary expenditure by the Departments that can be undertaken. [...] The comprehensiveness of extra-budgetary reporting ends with the reporting on donor activity (see EQ 3). The proportion of Donor funds managed through the Reconstruction and Development Programme (RDP) and therefore budgeted for and reported on fairly transparently and comprehensively represents a minor percentage of overall donor funds, the majority of which is operated off budget. Despite this, given the low overall weight of donor funds vis a vis expenditures, the score remains high.
- The culture of transparency with regards to budget documentation is very active and there is budgetary, tax revenue, procurement and audit information that is made available in a timely fashion on the Internet through government websites. Fiscal information is also made available through public and academic libraries. Efforts [have been] made at improving access to public information through the use of simplified budget material and encouraging direct public interaction with Minister of Finance through web submissions. On this however, the OBI 2012 survey points to a deterioration of the score registered by South Africa in the level of detail provided by the Citizens Budget¹¹³.

On the issue of performance indicators it is worth noting that the Final Evaluation Report of the "Financial Management Improvement Programme II" – FMIP II (Final Report, July 2010) (p. 16) reports the following:

"In January 2010 the Presidency announced 12 high level outcomes for the development of South Africa and proceeded to conclude performance agreements with ministers of national departments and their corresponding MECs in the each of the 9 provinces.

In order to align the stated outcomes to national departments a considerable reorganisation exercise took place that increased the number of departments and line agencies to 43. Two new ministries were formed under the auspices of the President's office: the Ministry of Planning and the Ministry of Monitoring & Evaluation. These new entities, together with the National Treasury, will be responsible for designing and putting in force the new system of outputs and related indicators stemming from the 12 national outcomes.

FMIP II supported the technical work required to create a system for the design and follow up performance information (under Result Area 2). This was in addition to the assistance provided to the A-G (Result Area 7) to enhance capacity for audit of performance information discussed above."

¹¹³ Whereas South Africa scored 'a' in the first three rounds of the survey (2006, 2008 and 2010), it scores 'c' in the 2012 survey, meaning that the Citizens Budget no longer includes information on all the following six topics but only on two or three: 1) budget process, 2) revenue collection, 3) priority spending and allocations, 4) sector specific information and targeted programs, 5) contact information for follow up by citizens; and 6) economic assumptions.

Table 61 Summary of PEFA Scores as reported in the 2008 report covering the period 2005/06-2007/08 - Indicators 5 to 10

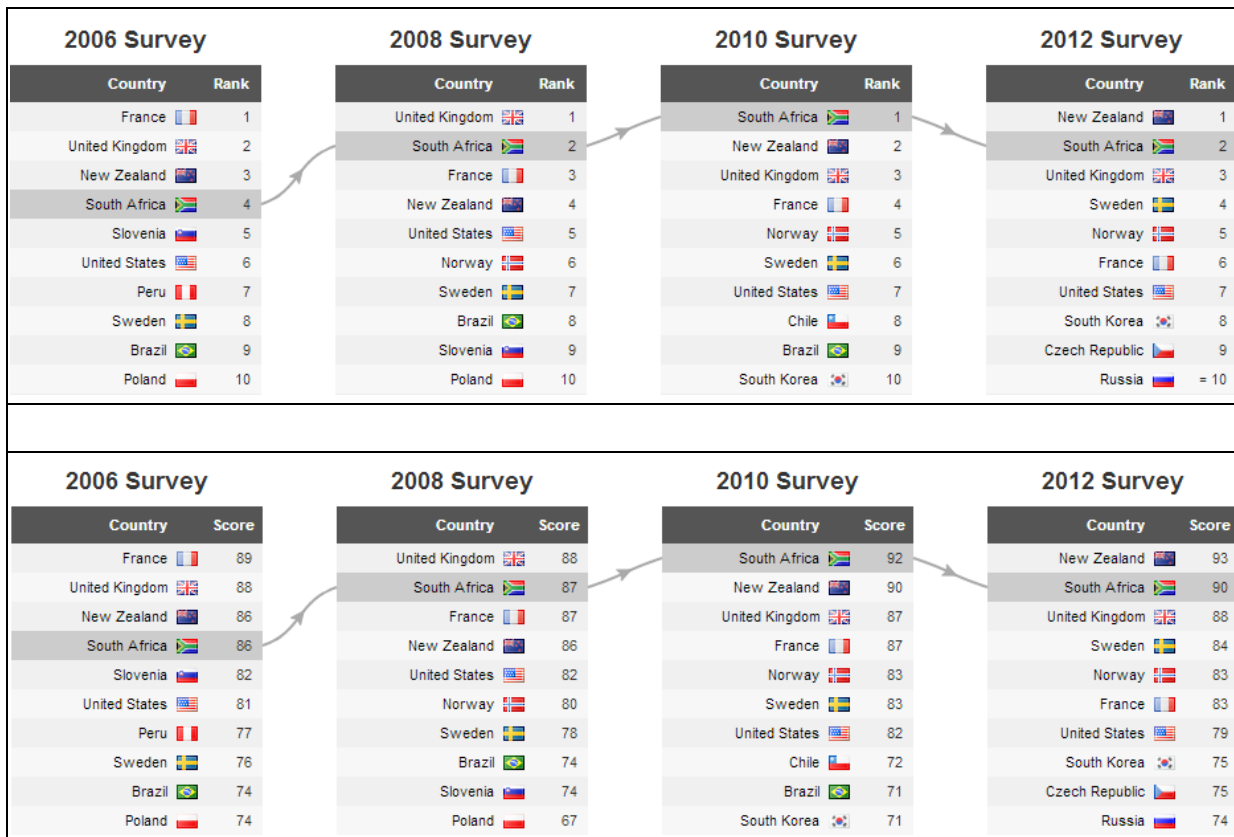
No.	Comprehensiveness and transparency	Score	Justification
PI-5	Classification of the budget	A	The budget formulation and execution is based on economic, administrative, programme and subprogramme classification that can produce consistent documentation according to GFS/COFOG standards at the functional as well as sub-functional level. The chart of accounts is derived from and is an extension to the GFS 2001 standard.
PI-6	Comprehensiveness of information included in budget documentation	A	Budget documentation fulfils all 9 benchmarks. The Budget documents are comprehensive.
PI-7	Extent of unreported government operations	A	
(i)	Level of unreported extra-budgetary expenditure		All revenues generated directly by the Departments are transferred to the National Revenue Fund. Intelligence and security agency budgets are reported on, if not in detail. There is no evidence of off balance sheet debt instruments being used to finance subsidies and deferred financing arrangements such as incorporated into public private partnership transactions are reported on within the budget. The consolidation process of the Departmental final accounts includes an aggregate reconciliation process that would reveal any gaps in the sources and uses of funds. The level of unreported extra-budgetary expenditure remains insubstantial.
(ii)	Income/Expenditure information on donor-funded projects		Complete income/expenditure data of donor funded grant projects are not included in budgetary information. However, reasonable extrapolations of how much donor grant funded expenditure occurs beyond expenditure channelled through the RDP account still suggests the total amount to be less than 1% of total expenditure.
PI-8	Transparency of Intergovernmental fiscal relations (M2)	A	
(i)	Transparent and objectivity in the horizontal allocation among SN government		The transfers to Provincial and Local Governments are classified as unconditional equitable share transferred directly to the Provinces, and the conditional share transferred through the Departments. Both components are transparent and rule based and embodied into the annual Division of Revenue Act.
(ii)	Timeliness of reliable information to SN government on their allocations		All SNGs are provided reliable guidelines on the budget ceilings through the MTEF process prior to the start of their detailed budget procedures even though, minor adjustments may be made after the budget hearings. While the capital transfers are not made available to Local Authorities at the start of the budget preparation process, their later fiscal years (July 1st to June 30th) allow them ample time to prepare their detailed budgets after their individual allocations have been agreed in the National Budget
(iii)	Extent of consolidation of fiscal data for government according to sectoral categories		58% of SNG fiscal information (ex-ante and ex-post) is consolidated into annual reports within 10 months of the close of the fiscal year and 100% within 18 months (see table below)
PI-10	Public access to fiscal information	A	All of the six listed elements of information are made available to the public access via the web and other means. The exception is the information on resources available to primary service units.

Information drawn from the PEFA report has been cross-checked also with a view to gather more updated information by looking at "The Open Budget Survey", a comprehensive analysis and survey that evaluates whether governments give the public access to budget information and opportunities to participate in the budget process at the national level. The survey also assesses the capacity and independence of formal oversight institutions.

"South Africa scores 90 out of 100 placing it among the top performers on the Open Budget Index 2012 and significantly higher than the average score of 43 for all the 100 countries surveyed. South Africa's score indicates that the government provides the public with extensive information on the national

government's budget and financial activities during the course of the budget year. This makes it possible for citizens to hold the government accountable for its management of the public's money."¹¹⁴

Figure 5 South Africa rank and score in the Open Budget Survey (2006-2012)



Source: <http://survey.internationalbudget.org/#timeline>

The Open Budget Index (OBI) scores of various questions related to the Executive's Budget Proposal all point to the fact that South Africa has maintained on average the same scores, mostly 'A's with a number of improvements in the period 2006-2012. Improvements include the provision of a more extensive amount of information in relation to the expected impact of policy proposals on expenditures (and revenues) which includes both a narrative discussion and quantitative estimates.

On the down side, the Open Budget Index Survey also points to some deteriorations in scores (e.g. Q 52 which deteriorated from a in 2010 to c in 2012). To this end, the OBI survey recommends that South Africa "include performance indicators in expenditure programs and improve their quality"¹¹⁵

"Transparency and public participation foster equity by matching national resources with national priorities: In South Africa, a country with an alarmingly high rate of HIV infection, the national government resisted funding programs to prevent the transmission of the virus from expectant mothers to their babies and to provide antiretroviral medicines (ARVs) to those infected, arguing these services were unaffordable. In response, the Treatment Action Campaign, a broad-based civil society coalition, launched a high-profile advocacy effort that included taking the government to court. By analysing available government budget data on health spending, TAC was able to produce solid evidence that there was more than enough in the health budget to pay for ARVs for all HIV-positive South Africans, as well as for programs to prevent new infections. TAC won its case, and the government increased spending on HIV/AIDS treatments by US\$6 billion, providing lifesaving medicines to 1.6 m people who were not receiving such help before." Source: Open Budget Survey Report 2012, International Budget Partnership, p.10

"In some countries, legislatures hold exemplary public hearings on the budget during which testimony from the executive branch and the public is heard: The South African Money Bill Amendment Procedure and Related Matters Act requires parliament to hold public hearings on the fiscal framework and

¹¹⁴ <http://internationalbudget.org/wp-content/uploads/OBI2012-SouthAfricaCS-English.pdf>

¹¹⁵ <http://internationalbudget.org/wp-content/uploads/OBI2012-SouthAfricaCS-English.pdf>

revenue proposals. Interested parties are invited to make oral presentations during the hearings.” *Ibid.*, p. 35.

Predictability and control in budget execution

The PFM systems of South Africa’s central government score well overall with respect to predictability and control in budget execution except for one area. This area is with respect to procurement and non-salary expenditure management as it pertains to adherence of the procurement regulations close to the end of the fiscal year. Predictability in budget execution is premised upon revenue adequacy which in turn requires sound revenue administration. Many elements of revenue administration work very well. These include clarity of taxpayer obligations and liabilities, the legal constraints on officer discretion in the application of penalty waivers and rates, the sustaining of vigorous tax awareness and educational programs, the selection basis, planning and implementation of tax audits. Most directly and immediately the reconciliation of collections and transfers to the National Revenue Fund work very well. There is however one area of revenue administration that scores poorly in this assessment with respect to the stock and collection of tax arrears (see PI-15(i)). Closer inspection though reveals that current collection rates on tax arrears are very high and that the high stock of tax arrears may just be a historical characteristic made more prominent by a combination of historically high interest rates, and accounting policies that tend to overstate the level of arrears and the inclusion of substantial uncollectible tax arrears stemming from prior to 19947 that are yet to be written off.

Cash management and debt management are very well managed in the central government of South Africa and facilitate highly predictable budget releases. It should be noted though that cash management in the central government of South Africa succeeds primarily on careful considerations of predictability of revenue and debt service and do not require the same level of success with respect to non-salary expenditure predictability. The reason for this is that given the large component of transfers and subsidies in the central government budget and with wages and salaries being predictable only approximately 7% of budget expenditure occurs through the procurement vehicle. South Africa uses a centralised payments system out of the National Revenue Fund which beyond daily bank balance consolidation that informs and guides payments facilitates the integration of cash management and debt management allowing the National Treasury to trade instruments on the money markets to effectively manage liquidity (fiscal) and earn interest income.

The effective management of debt and the government policy to reduce debt well below 20% of GDP has ensured adequate fiscal space within which to operate budget releases and hence avoid the need for cash rationing or undermining the administration’s capacity to disburse to the Departments in accordance with agreed draw-down schedules. Debt management is enhanced by having the authority to incur loans being vested in a single authority - the Minister of Finance. South Africa has adopted a debt management policy that is prudent and has led international rating agencies to assess South Africa’s credit ratings as positive. Debt is monitored using a specific national system and regularly reconciled and reported on with respect to stock as well as debt service. The central government employs a transverse computerised system BAS for expenditure management, accounting and financial reporting. Budget allocation and budget release discipline is strong. There is commitment control system built into the BAS which contributes to the achievement of expenditure outturns that closely match budgetary intent. There remain some issues pertaining to procurement planning and reporting on commitments which may contribute to the “March spike” phenomenon where there is a rush to spend unutilised funds at the close of the year. This in turn may be part of the reason for working around procurement procedures and incurring increasing expenditure arrears.

Payroll management is facilitated using a transverse computerised payroll system, PERSAL. This system directly links three databases: the establishment of posts, the personnel database which serve as control files, and the payroll database. Changes to these databases leave an audit trail and permit only selected access dependent upon function. The databases are encrypted. All civil servants are registered through PERSAL that include appropriate fields to protect against duplication. There are effective controls with respect to the creation of new posts, that include budgetary controls, the hiring of new employees (controlled by the posts database), and the assignment of promotions, transfers, allowances and terminations. Further, through the use of verification procedures, exception reports and regular physical payroll audits, there is fair assurance of the integrity of the payroll management system.

Both the Institute for Democracy in South Africa (IDASA) and the Steel and Engineering Industries Federation of South Africa (SEIFSA) report on a perception of public procurement being fair, responsive to open competition and broadly accessible. While it was not possible to demonstrate strict adherence to open competition across all National Departments the analysis of data from the Department of Health did show close compliance. There is a fully effective procurement complaints resolution process which

is subject to oversight of an independent body. SEIFSA considers the complaints resolution process to be effective.

That said there are a few areas of concern. While effective controls exist for each of the main steps of the expenditure cycle, procurement controls remain less than fully effective. The legal regulatory requirements do not clearly establish open competition as the default method of procurement. They would suggest that practical considerations determine the use of other less competitive procurement methods. When coupled with the absence of clear regulation to curb the use of dilatory practice to justify the use of sole sourcing under emergency procedures, this may become an area of abuse. Indeed there is some evidence (see PI-4, PI-20) that expenditure is rushed at the end of the fiscal year, and on occasion procurement rules are by passed. Indeed such abuse is a concern of the National Treasury (see PI-20).

Internal audit in South Africa adopts the IIA standards and have developed manuals that are aligned with these standards. Quality assurance exercises, to ensure compliance with the standards are carried out each year, with independent bodies performing the quality assurances reviews once every five years. The Internal Audit Units prepare a risk assessment of their Departments and elaborate 3-years audit plans as well as annual operational plans. The plans incorporate a range of audit types including compliance, financial audits, payroll audits, system including information technology audits, forensic and performance audits. Audit work plans suggest that more than 50% of audit time is spent on systems audits.

Given their small proportion of the total budget expenditure (0.2% through the RDP fund account, and another approximately 0.6% outside of the budget) there are no impacts on expenditure predictability of donor practices discernible at an aggregate level. However, there are still significant impacts upon budgetary performance that can be introduced. Less than 85% of the committed disbursements under sector budget support were released during the period reviewed, and what was released was generally neither timely nor predictable. This finding is particularly significant given that the immediate impetus for this assessment was to justify the intended move towards sector budget support. Without improved performance, such a move would further impact negatively on budget predictability in the central government budget.¹¹⁶

Table 62 Summary of PEFA Scores as reported in the 2008 report - Indicators 13 to 21

No.	Predictability and control in budget execution	Score	Justification
PI-13	Transparency of taxpayers obligations and liabilities	A	
(i)	Clarity and comprehensiveness of tax liabilities		For all major taxes the obligations are well specified in the Acts and in regulations. The SARS issues specific public information that ranges from general guidance to detailed sector, entity and tax specific documents. Waiving of tax, penalties and interest is subject to policy notes and rules detailed in manuals and any waiving has to be reported to the Auditor-General, the Minister of Finance and the National Assembly.
(ii)	Taxpayer access to information on tax liabilities and administrative procedures		For all major taxes SARS provides education and support to taxpayers and has made it a priority to provide information that is as accessible and clear as possible. The website contains a set of useful regulations, documentations, guides and tools. A help desk and call centres during the filing period are also in place to respond to public demand for information. SARS also makes use of all available mass communication means such as print media, radio and television, text messaging and mobile offices. All new legislations and regulations are subject to a wide consultative process.
(iii)	Existence and functioning of a tax appeals mechanism		For all major taxes SARS applies an administrative appeal mechanism referred to as the Alternative Dispute Resolution process. Clear policies and rules have been developed. A guide on the appeal system has been published by SARS and data available demonstrates that the system is operational and that appeals receive due attention.
PI-14	Effectiveness of	A	Budget documentation fulfils all 9 benchmarks. The Budget

¹¹⁶ PEFA Report, September 2008, ECORYS for the EUD; pp. 20-22.

No.	Predictability and control in budget execution	Score	Justification
	measures for taxpayer registration system		documents are comprehensive.
(i)	Controls in taxpayer registration system	A	Taxpayers are registered in databases for income tax, VAT that have direct links with each other and with the Registrar of Companies and through the inclusion of bank accounts with the Financial Sector. The Customs database is linked to the Income Tax through VAT.
(ii)	Effectiveness of penalties for non-compliance with registration and declaration obligations	A	Penalties for all major taxes are set high enough to deter against non compliance with registration and filing. In addition SARS is empowered to bond the businesses revenues and bank accounts to cover any unpaid tax liabilities.
(iii)	Planning and monitoring audit and fraud investigation programs	A	Tax audit and fraud investigation are based upon clear risks assessment criteria undertaken independently by the Business Intelligence. Audits are carried by the Audit Unit on the basis of cases prepared by the Business Intelligence. Reports are used to provide feedback from audits to risks assessment and for fraud investigation. The Customs post clearance inspections and audits are also selected independently by the Business Intelligence.
PI-15	Effectiveness in collection of tax payments (M1)	D+	
(i)	Collection ratio for gross tax arrears, being the percentage of tax arrears at the beginning of a fiscal year, which was collected during that fiscal year	D	Although the collection of current debt is strong and well managed, historical debt is significant and not reduced. The total debt stock stands at 13% of revenue collection in 2006/07 and the collection ration is less than 30% in the last two years.
(ii)	Effectiveness of transfer of tax collections to the Treasury by the revenue administration	A	SARS operates a very efficient collection system that enables an effective transfer of tax collection to the Treasury Single Account daily.
(iii)	Frequency of complete accounts reconciliation between tax assessments, collections, arrears records and receipts by the Treasury	A	Reconciliations between tax assessment and collections and between collections and receipts by the Treasury are done daily. Reporting is done monthly in Section 32 within 30 days of the close of the month.
PI-16	Predictability in the availability of funds for commitment of expenditures (M1)	A	
(i)	Extent to which cash flows are forecast and monitored	A	Draw down schedules (cash flow forecasts) are prepared annually by the Departments. The Treasury informed by the pro forma cash flows and cash availability projections allocates funds on an annual basis by entering Draw Down Schedules at the vote, and programme level. These are updated monthly based upon updated cash flow projections. It is not clear that across all Departments the pro forma cash flows are prepared on the basis of detailed procurement plans.
(ii)	Reliability and horizon of periodic in-year information to Line Ministries on ceilings for expenditure commitment.	A	Departments are provided with an annual Draw-down schedules that reflect the annual Budget Forward Plans. These allocations are updated on a monthly rolling basis.
(iii)	Frequency and transparency of adjustment to budget allocations, which are decided above the management of Line Ministries	A	Due to effective budgetary allocation controls, all programme virements must be made subject to the approval of the National Treasury not exceeding 8% of programme estimate. Any re-allocations above this require the approval of parliament .Typically an Adjustment Budget is submitted once a year in October.
PI-17	Recording and management of cash balances, debt and guarantees	A	

No.	Predictability and control in budget execution	Score	Justification
(i)	Quality of debt recording and reporting	A	Comprehensive records on domestic and external debt are compiled and are updated and reconciled on a monthly basis. Comprehensive statistical reports providing information on debt stocks, debt service and debt management operations are prepared on a monthly basis.
(ii)	Extent of consolidation of the Government's cash balances	B	The payments system utilises the National Revenue Fund for all payments on Government expenditure (except for a number of grant funded project accounts). This facilitates a monitoring mechanism that reports and reconciles the account on a daily basis. All other outside of the RDP Fund account do not appear to be reported on even though progress reports and financial statements are submitted to the IDC on the implementation grant funded projects.
(iii)	Systems for contracting loans and issuance of guarantees	A	The contracting of loans and the issuing of guarantees are bound by transparent criteria. Targets are set within the Budget Review. Debt Management Strategy sets clear benchmarks. Debt is monitored and reported on against the strategy targets.
PI-18	Effectiveness of Payroll Controls	A	
(i)	Degree of integration and reconciliation between personnel records and payroll data	A	The application used in South Africa, PERSAL, allows for a direct link between the establishment and personnel and the payroll databases. Salary, promotions and allowances are criteria attached to a post, not to a person thus ensuring effective control.
(ii)	Timeliness of changes to personnel records and the payroll	A	Payrolls are controlled monthly and changes are effected within the next month pay period. Retroactive changes are rare and almost never extend beyond two pay periods.
(iii)	Internal controls of changes to personnel records and the payroll	A	The types of changes that can be made are restricted. Only authorised persons are granted access through passwords to PERSAL. All entries create an audit trail. All payrolls have to be verified monthly by the employee's supervisor.
(iv)	Existence of payroll audits to identify control weaknesses and /or ghost workers	A	Payroll audits are conducted routinely by the Internal Audit Unit and specific audits are performed by the Auditor-General. PERSAL has features that support physical audits.
PI-19	Competition, value for money and controls in procurement (M2)	D+	
(i)	Evidence on the use of open competition for award of contracts that exceed the nationally established threshold for small purchases	D	There is no central registry for procurement requirements and awards but the data generated by LOGIS, the procurement proprietary software, is stored in the Business Intelligence Platform of Treasury. Data was not retrieved during the assignment. Evidence submitted by the Department of Health suggests high level of compliance but this is insufficient to draw a conclusion on the national statistic.
(ii)	Extent of justification for use of less competitive procurement methods	D	The Act or Regulations do not clearly establish open competition as the default procurement method, with a requirement to justify less competitive methods when used. There is some indication that there is occasional abuse of emergency as a reason for circumventing competitive methods without adequate justification at year end when expenditure is rushed in a bid to prevent unspent funds being returned to the National Treasury.
(iii)	Existence and operation of a procurement complaints mechanism	B	A complaints mechanism exists and is functional. The Supply Chain Management Unit keeps a record of complaints and resolutions. Complaints are systematically responded to in order to settle matters or refer the case to a higher authority. Resolutions are not accessible to public scrutiny.
PI-20	Effectiveness of internal controls for non-salary expenditure (M1)	C+	
(i)	Effectiveness of expenditure commitment controls	A	Commitment control is a requirement of the PFMA and specific procedures have to be developed by Departments for all internal controls. The accounting software (BAS) provides a sound basis for ensuring an effective commitment control.
(ii)	Comprehensiveness,	A	Other internal controls are well covered in the PFMA and the

No.	Predictability and control in budget execution	Score	Justification
	relevance and under standing of other internal control rules/ procedures		Treasury Regulations and manuals. Integration between the accounting and procurement management software support the application of rules. Departments have developed policies and procedures which are widely understood.
(iii)	Degree of compliance with rules for processing and recording transactions	C	Although compliance to rules is generally considered high according to the Internal Audit Units there are important concerns about the abuse of procurement rules to circumvent the use of competitive methods during what is referred as the March spike.
PI-21	Effectiveness of internal audit	A	
(i)	Coverage and quality of the internal audit function	A	The Internal Audit Function and its supervision by Audit Committees cover all Departments. The Internal Audit Units apply the IIA standards. The Internal audit unit prepare annual works plans that include process/full expenditure chain and procurement audits, payroll, compliance and financial audits, forensic, systems including IT audits and performance audits. At least 50% of the audit time is deemed spent on system audits.
(ii)	Frequency and distribution of reports	A	The audit reports carried out against a work plan are prepared and presented quarterly to the Departments through Audit Committees, the National Treasury and the Auditor-General.
(iii)	Extent of management response to internal audit findings	A	The Department management response to internal audit findings is complete and timely.

Source: PEFA Report, September 2008, ECORYS for the EUD, pp. 73-92

Accounting, recording and reporting

“South Africa has achieved a full integration of cash management and debt management. This has been facilitated by the near real time status of its treasury managed bank account reporting and reconciliation. These are formally reported (Section 32) on a monthly basis within four weeks of the close of the month. There are a number of donor funded accounts that are not reported on by donors. Indeed, in contravention to the PFM Act a number of such accounts are opened without the explicit authorisation of the National Treasury. Reconciliation and clearance of suspense accounts take place monthly within a month of the close of the month (except for a few identified accounts) and are force closed as part of the end of year procedures.

Government accounting standards that promote full disclosure are applied across all Departments consistently and are included in the annual reports that present the audited annual financial statements. The monthly expenditure returns are comprehensive, consistent with the budget classification and structure, and allow direct comparison of budget implementation to the original budget. The reporting format does not, however, distinguish commitments. The PFM Act requirement (Section 32) to consolidate the Department expenditure returns and publish within 30 days of the close of the month has ensured their timeliness and hence their effectiveness as a management tool. The report also includes a reconciliation of revenues, net changes in debt position, expenditures and consolidated bank balances. This aggregate reconciliation provides assurance as to the accuracy of the reports.

The BAS accounting system, a transverse system used across the central as well as provincial governments provides reliable information on resources received in cash and kind by the primary schools and the primary health clinics across the country. The front line service delivery units are managed by the nine provinces and five metropolitan authorities and their expenditure reported upon annually. The National Treasury compiles this data and presents it in a consolidated report: the Provincial Budgets and Expenditure Review.

Consolidated government accounts are prepared annually with revenue and expenditure information as well as a table of financial assets and liabilities. The annual appropriations accounts are completed and audited within six months after the close of the fiscal year.”¹¹⁷

Table 63 Summary of PEFA Scores as reported in the 2008 report - Indicators 22 to 24

No.	Accounting, recording and reporting	Score	Justification
PI-22	Timeliness and	B+	

¹¹⁷ PEFA Report, September 2008, ECORYS for the EUD, pp. 22-23

regularity of accounts reconciliation (M2)			
(i)	Regularity of Bank reconciliations	B	All treasury managed bank accounts are reconciled to the cash book on a monthly basis within 10 days of the close of the month. There are other government accounts specifically donor funded project accounts which are not reconciled on a regular basis.
(ii)	Regularity of reconciliation and clearance of suspense accounts and advances	A	The reconciliation and clearance of suspense accounts is carried out monthly within 30 days of the end of each month. As part of the year end closing procedures all suspense accounts are force closed at the end of each year to facilitate the issuance of the annual financial statements.
PI-23	Availability of information on resources received by service delivery units	A	The front line service delivery units are managed by the nine provinces and five metropolitan authorities and their expenditure reported upon annually. The National Treasury compiles this data and presents it in a consolidated report: the Provincial Budgets and Expenditure Review.
PI-24	Quality and Timeliness of in year budget reports	C+	
(i)	Scope of reports in terms of coverage and compatibility with budget estimates	C	Comparison to the main budget is available at the vote and main economic classifications reported for both the current period and accumulated to date. Information includes all items of expenditure at the payment level but not at the commitment level.
(ii)	Timeliness of the issue of reports	A	Reports are prepared monthly by Departments and submitted to the National Treasury within 15 days of the close of the month. The National Treasury consolidates the submittals and publishes the consolidated report on its website monthly, within 30 days of the close of the month.
(iii)	Quality of information	A	A cash flow statement that reconciles revenue receipts with expenditure and net borrowings against bank balances is included in the consolidated statement. There are no material concerns regarding the accuracy of data given the regularity and comprehensiveness of reconciliation procedures and the fully integrated implementation of the BAS application.
PI-24	Quality and timeliness of annual financial statements	A	
(i)	Completeness of the financial statements	A	A consolidated government statement, termed consolidated financial information is prepared annually. It includes all revenues and expenditures, liabilities and financial assets.
(ii)	Timeliness of submission of the financial statements	A	While the Departmental financial statements are submitted to the Auditor-General within two months of the end of the fiscal year, the consolidated financial information was submitted within 5 months of the close of the fiscal year to the Auditor-General for each of the three years reviewed during this assessment.
(iii)	Accounting standards used	A	The Accounting Standards Board of South Africa has been constituted to set and promulgate accounting standards. All financial statements disclose the accounting policies that have been employed.

Source: PEFA Report, September 2008, ECORYS for the EUD, pp. 73-92

External scrutiny and audit

“Both the position and the office of the Auditor-General (AG) meet all of the standards of independence set by INTOSAI for supreme audit institutions. These include the legal requirements with respect to the appointment and termination of the Auditor-General, the financing of the budget, the hiring of staff, the auditor’s jurisdiction and the timing and extent of dissemination of audit reports. In practice all central government entities are audited every year. A full range of audits are performed, including systems audits, financial and compliance, procurement and performance audits as well as payroll and Information Technology audits. Public Enterprises are audited by private audit firms. These audit reports are disseminated to the Auditor-General. The standards applied are the International Standards on Auditing (ISA) and the International Organisation of Supreme Audit Institutions (INTOSAI). The Auditor-General uses this combination as the INTOSAI standards do not provide sufficient guidance on specific matters for providing assurance.

Departmental audit reports along with their audited financial statements are submitted to the legislature within five months from the end of the fiscal year which is equivalent to three months from submission

to the AG. Step one; Departments submit their financial statements within two months from the fiscal year-end to the Office of the Auditor- General. Step two; the AG audits the statement within two months. Step three; Departments submit their annual reports to the legislature within one month. As a separate process a Consolidated Financial Information (CFI) report on departmental financial statements is prepared by the National Treasury and submitted to the AG separately within five months from the end of the fiscal year. These are further submitted to the legislature within six months of the end of the fiscal year.

There are audit committees responsible for ensuring timely and systematic follow up on audit findings by accounting officers. While there appear to be systematic follow up on internal audit findings, there is little evidence of systematic and timely follow up on external Audit findings and it is often left to the field auditors to ensure that recommendations are followed through as part of subsequent audits. It appears that there may be opportunities missed to strengthen further the PFM system as the recommendations made by the Auditor-General are not enforced through the full implementation of corrective measures.

South Africa is characterised by a democratic system and the parliamentary oversight of the government's budget processes also includes actual expenditure achievements and the quality of expenditure management. The parliamentary debates cover fiscal policies, the medium term fiscal framework as well as the details of revenue and expenditure estimates. The annual budget legislative review takes about five months including the review of the Medium Term Policy Paper at the start of the budget cycle. In practice, it usually begins with the tabling before parliament of the appropriations bill about a month before the end of the fiscal year. It usually allows for passing the budget to occur about three months after the start of the financial year. The process of budget review is subject to clear rules and a specific calendar and so permits the thorough review by committees and sub-committees to facilitate vigorous debate.

The Adjustment Budget Estimates presented by the Minister of Finance and voted by the parliament, is reviewed once a year usually in October. This stance is consistent with the Government's emphasis on a strong fiscal discipline objective to its public finance management. Clear rules exist with respect to in-year budget amendments by the executive with respect to item, programme and vote amendments.

A review of expenditure anomalies as identified through external audit is done through a public accounts committee, SCOPA. At the present time SCOPA relies on the Audit Committees to ensure that Accounting Officers fully implement its recommendations. However there have not been systematic or timely follow up on SCOPA recommendations across all Departments.¹¹⁸

Table 64 Summary of PEFA Scores as reported in the 2008 report - Indicators 26 to 28

No.	Accounting, recording and reporting	Score	Justification
PI-26	Scope, nature and follow-up of external audit	B+	
(i)	Scope/nature of audit performed (incl. adherence to auditing standards)	A	The Auditor-General audits all Departments and public and constitutional entities every year within the specified period by law. He performs a full range of audits including systems, financial, compliance, procurement, IT and some performance related audits (without formal opinion). The Auditor-General adheres to the ISA and INTOSAI Standards.
(ii)	Timeliness of submission of audit reports to the legislature	B	The Auditor-General combines its audit of the institutions with the audit of their financial statements. As a result, audited financial statements are submitted to the legislature within three months from the receipt of the financial statements by the Auditor- General. The Auditor-General's Reports are submitted to the legislature within five months from the fiscal year-end.
(iii)	Evidence of follow-up on audit recommendations	B	Although a formal response is made in timely manner, there is no systematic evidence of corrective measures taken by the Executive.
PI-27	Legislative Scrutiny of the Annual Budget Law	A	
(i)	Scope of the legislature's scrutiny	A	The legislative review covers the details of revenue and expenditure estimates, a medium term expenditure framework, a medium term sector and fiscal policies including the impact of the changes in the new tax policy proposals.

¹¹⁸ PEFA Report, September 2008, ECORYS for the EUD, pp. 23-24

(ii)	Extent to which the legislature's procedures are well-established and respected	A	The legislature's powers are enshrined in the Constitution and in the PFMA. The House rules govern a number of Budget Committees whose requirements are adhered to. Rules are generally clear and accessible.
(iii)	Adequacy of time for the legislature to provide a response to budget proposals (time allowed in practice for all stages combined)	A	The Legislature is involved both at the beginning and at the end of the budget cycle. The combined time that the legislature has to review the budget documentation is five months.
(iv)	Rules for in-year amendments to the budget without ex-ante approval by the legislature.	A	Clear rules exist for in-year amendments without ex-ante approval. Excessive virements and expenditure over budget ceiling require the approval of the National Assembly of an Adjustment Budget.

PI-28	Legislative scrutiny of external audit reports (M1)	B+
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(i)	Timeliness of examination of audit reports by legislature (for reports received with the last three years)	A	A review of all departments' Annual Reports is done within two months from submission prior to the start of the formal in depth hearings.
(ii)	Extent of hearings on key findings undertaken by legislature	A	Public Hearings are conducted for the departments where serious concerns are identified e.g. adverse or qualified opinion. The hearings are thorough and are publicly accessible. In addition to this process, SCOPA has rules to ensure that each department is summoned at least once every three years.
(iii)	Issuance of recommended actions by the legislature and implementation by the executive	B	Actions emanating out of the SCOPA hearings are always recommended to the Departments, but these are not systematically implemented which leads to some implementation delays and omissions.

Source: PEFA Report, September 2008, ECORYS for the EUD

Evidence emerging from the governance sector case study:

In the context of the SBS operations the EUD, DoJCD and the Legislative Sector come together for quarterly dialogue sessions which include monitoring of agreed conditions, including PFM conditions. In the case of the Legislative Sector, there was also an agreed key performance indicator on PFM for the variable tranche.

One of the conditions as part of the general conditions framework of the *Access to Justice Financing Agreement*¹¹⁹ relates to the compliance with the PFMA reporting requirements, the follow up of Auditor General's recommendations and progress in the improvement in DoJCD's management of third party funds and asset register. Over the years, the Payment Requests indicate the following evolution and progress (based on AG's reports, DoJCD's Plans of Action, and on quarterly policy dialogue). In all three years the EC considered this condition being met for tranche payment:

- *1st Tranche Payment Request (September 2009)*: The Auditor General's report (Annual Report 2007/08) issued a qualified opinion on the Voted funds. The DoJCD submitted a Plan of Action and a narrative on how it had addressed progress with respect to the previous plan. DoJCD reported, among other things, on its efforts to improve performance information in order to align the planning cycle, in particular on the alignment between MTSF with MTEF. The EC's First Tranche Payment Request (September 2009) reports on the efforts by DoJCD to improve performance information in order to align the planning and in particular the MTSF with the MTEF. The department's Strategy Unit addresses shortcomings in quarterly reporting and development of a Strategy Reporting Policy that is in line with the National Treasury's *Framework on Managing Programme Performance Information*.
- *2nd Tranche Payment Request (May 2011)*: The qualified AG opinion related to following underlying problems: governance issues (department's poor reputation of service delivery, non-compliance, ineffective reporting capacity, delayed staff response and inefficient systems),

¹¹⁹ Annex 1 to the Financing Agreement Performance (Agreement SA/21.060200-02-08). Indicators Used for Disbursements

human resources (insufficient capability and lack of direct supervision), unaligned policies and lack of monitoring.

- *3rd Tranche Payment Request (July 2012)*: This document reported on general progress in the areas of comprehensive budgeting (shift to include functional budgeting and incorporation of donor funds on reports), increased efforts to enhance oversight (through the establishment of a *Parliamentary Budget Office* – see further), and a move towards the quarterly monitoring of annual performance targets and the roll-out of the new PFM Capacity Development Strategy. DoJCD reduced the number of qualifications from 5 (in 2008/09) to 2 (in 2010/11). A detailed internal analysis was undertaken as to the root causes of audit qualifications in DoJCD and in the justice department environment. As a result of the AG's reports and this analysis, the MTSF of DoJCD spelled out a Strategic Objective (Priority 1) to ensure unqualified Audit reports on financial statements by 2012/13 (DoJCD, MTSF 2011/16. Annual Report).

The Financial Agreement between the EC and the Legislative Sector (October 2009) includes a general condition on “*satisfactory progress in the implementation of a credible and relevant programme to improve and reform PFM*”, and puts forward that by year 2 of implementation “*the sector adopts common treasury/financial regulations*”. In this respect, the FA refers to improvements in PFM such as the adoption in 2009 of the *Financial Management of Parliament Act (FMPA)*. The purpose of this act – and the *Financial Management of Provincial Legislatures Bill* – is to regulate the financial management of legislatures in a manner that is consistent with its status in terms of the Constitution. Until then, Parliament was only subject to a limited extent to the Public Finance Management Act, which covers PFM for the national and provincial executives, not the legislative. The LS had developed a comprehensive plan for PFM improvements in the 2009/10 *Sector Action Plan*. The Parliament had received unqualified AG reports for 2008/09 for the third consecutive year. Additional information from the Tranche Payment Requests includes:

- *1st Tranche Payment Request (October 2009)*: this report provides background information to overall PFM changes and progress in the LS. One of the improvements in terms of accountability and transparency of the FMPA is the creation of a Joint Committee of National Assembly and the National Council of the Provinces, with an oversight function over financial management of Parliament.
- *2nd Tranche Payment Request (March 2011)*: the payment request referred to the AG 2009/10 report that depicted an improved financial management environment in the LS (with reference to the 2008/09) period. The 2009/10 report did not list any disclaimers nor adverse audit findings.¹²⁰
- *3rd Tranche Payment Request (September 2012)*: The EUD produced a substantial chapter on the evolution in PFM¹²¹. It reported on the efforts towards “programme-and function-based budgeting” (as steered by the National Treasury) and the new Outcomes Approach (as implemented by the Department of Performance Monitoring and Evaluation in the Presidency. As of the financial year 2010/11 (AG report published in 2012), the AG report also included auditing on performance objectives. The Payment Request report referred to a strengthened oversight role for parliament through the establishment of the new *Parliamentary Budget Office*¹²². This is however yet to materialise. What can be said is that the establishment (February 2013) of the *Parliamentary Budget Office* is expected to lead to a strengthened oversight role for parliament as it seeks to build-up the analytical and research capacity in the Legislative Sector. More specifically, members of the legislatures have been trained in the assessment of procedures to amend Money Bills and the compilation of quarterly reviews and recommendations. It is anticipated that such roles, new (research) functions of the *Parliamentary Budget Office*, strengthened capacities and the promotion by the National Treasury and the South African Local Government Association of the *Municipal Accounts Committees* may strengthen the oversight functions of the Legislatures at different levels of governance. Furthermore, it reported that the LS planned to review and have a common number of

¹²⁰ See also Report of the Accounting Officer 2009/10 with reference to “*the foreign donor funding that Parliament received as part of the country agreement between GoSA and the EU. Parliament and the nine Provincial Legislatures benefit from the agreement through a sub-agreement for the LS. The funds are transferred via Parliament for use within the various Legislatures. Parliament recognizes as income in the financial statements the portion allocated for use by the institution. Funds available will be determined as per the agreement, provided the objectives are met as per the agreement.*” (quote from 2nd Tranche Payment Request, p 17).

¹²¹ EUD (2012), *Public Financial Management Report, April 2011-June 2012 (Report No 8)*

¹²² In February 2013, the process of recruitment and staffing had not been resolved yet [interview J. Muller, 4 February).

programmes per budget vote to facilitate a standardised consolidated framework, which will make it easier to compare budget allocations within the sector. In agreement with the National Treasury, the Legislative Sector intended to implement common budget structures starting at the beginning of the 2014/15 financial year. The Tranche Payment Request also noted a closer working relationship between the LS and the Auditor General since the start of the 4th Parliament. The AG made presentations to the Speakers' Forum at the level of the Financial Management Performance for the Legislatures and Performance of the Executive at national and provincial levels. Engagement with the AG also assisted the SF to exercise close oversight over the administration of the Legislatures. Financial management and audit matters have become standing issues on the SF agenda. In the words of the Tranche Payment Request, the AG Report 2010/11 portrayed a "significantly improved financial management environment in the LS relative to the previous financial year" (Tranche Payment Request, p 25), and noted that this outcome was "particularly significant" since this was the first audit to introduce performance auditing.

In terms of the oversight function of the LS over the Executive, new legislation was voted – the *Money Bills Amendment Procedure and Related Matters Act* (2009) – that provides a procedure for exercising oversight over Money Bills presented to Parliament and the right to amend them. The February 2010 budget was the first to be processed under this act. Research suggests that South Africa's "legislative powers have strengthened over the last five years, for example, through the growing capacity of the parliamentary research office" (1st Tranche Payment Request, p). Subsequent to the passing of the Act, the Provincial Legislatures proceeded to develop their own legislation in line with the FMPA. The Constitutional Court, however, ruled that all Provincial Acts were unconstitutional, as legislatures did not have the competence to enact legislation of this kind. The Legislative Sector aims to complete and submit the Amendment Bill to the Constitutional Court before the 9 September 2013 deadline that has been imposed by the Court.

4.1.2 I-412 Evidence of increased accountability (at both central and local level) in relation to the use of SBS funds (which go through Treasury) vis-à-vis other aid modalities

The DCR III report (July 2010) provide a comprehensive analysis of issues related to mutual accountability. *Mutual accountability refers to the degree to which: i) ODA flows and their use is transparent, and ii) mechanisms exist for joint assessments by donors and partner countries.*

The report notes that "*efforts to establish mutual accountability in both aspects at aggregate level were weakened by inconsistent mutual accountability at the programme and institutional level. Key factors here were poor information flows and a seeming lack of incentives to demand better information flows to achieve both aspects*". (p.55). More specifically the report highlights the following issues:

- Mutual accountability requires the set-up of joint structures and successful management for results; and a correlation has been found between mutual accountability and programme success. (p.56)

Box 7 Mini case study: Financial Management Improvement Programme (II)

In the FMIP II it was observed by the evaluators of the programme that the efficiency of implementation can be divided into two distinct periods.

The first period is from the start of the project (June 2006 until the first half of 2008). This period is marked by the absence of any functioning Project Steering Committee (PSC); no Project Co-ordination Unit (PCU); no staff fully dedicated to the project; long periods where no implementation of the project was occurring. Along with this, the Office of the Accountant General was understaffed and overloaded and FMIP II was just one of the many activities within the portfolio of the persons in charge of implementing it. This two-year period was largely unproductive, and stakeholders lost interest in the project because of the lack of progress.

The second period started with the establishment of a new PCU and the appointment of a new Programme Director in May 2008. This was followed in August by the appointment of a Capacity Building Officer, Project Officer and Technical Officer. A Project Manager from the Office of the Accountant General was also seconded to work part time with the PCU. The results were dramatic; efficiency of the project increased manifold with the establishment of a competent team which was able to develop good links with key stakeholders both with the Accountant General's Office and beyond it including those responsible for the MFMA implementation. This rekindled the interest of the stakeholders in the project. Stakeholders are now able to direct their queries and concerns to a single PCU rather than having to interact with several decision makers. A Project Steering Committee (PSC) was established and is meeting regularly.

The development of mutually agreed framework on modalities for reporting on results, wherein such a

framework would specify the means, identify roles and responsibilities, and reporting schedule, is evidence of increased mutual accountability in the project. (p.56)

Source: *Final Evaluation Report of the "Financial Management Improvement Programme II" – FMIP II (July 2010)*

- The existence of strong mutual accountability institutions at aggregate level does not translate in accountability at local level. In fact, despite the organisation of annual consultations by the IDC with development partners and the fact that SA stakeholders track mutual progress in implementing partnership commitments as per the country co-operation agreements, there is low accountability at local level.
- Weak local accountability due to the fact that ODA is largely invisible in local accountability systems. In fact, few departments have functional systems capable of ensuring oversight of ODA by top management and executive authority (exceptions include science and technology sector and the KwaZulu Natal province).
- **Donor practices do not support strong local accountability.** As indicated under EQ 3, practices adopted by most development partners which do not use the RDP Fund make it very difficult (or impossible) for *Departments of National Treasury to meaningfully account for resources to the country*. At the same, it is also recognised that with few exceptions and until very recently, the GoSA did not act pro-actively at national and institutional level in demanding comprehensive and accurate information on aid flows to donors, which in turn is a key factor for enhanced accountability¹²³.
- **Poor incentives for local accountability at heart of problem.** *"Underlying the negative reinforcement between poor information flows, poor local accountability, poor mutual accountability and hampered aggregate institutions for mutual accountability are weak incentives at the institutional level (on programme managers and on departments as a whole) to account for aid comprehensively. Unless institutions individually recognise the value of ODA, they do not perceive that the effort to manage for results and hold development partners to account for their interventions in their sectors is worthwhile. In the absence of strong demands for accountability at the national level (from institutions with oversight functions such as The Presidency, the National Treasury and the DPSA, as well as provincial legislatures and Parliament) such institutions have no reason to behave differently". (p.57)*
- **ODA programmes as add-on to programme managers' duties.** *"Aid may be a small proportion of expenditure on public services overall, but (i) in some sectors it is significant and (ii) in all sectors it offers opportunities for improving services if used well that are particular to ODA, for example access to technology through partnering and so forth. However, because it has been perceived as marginal to the domestic budget, it has been managed on the side and as a result, has become invisible in mainstream processes.*

The 'invisibility' of aid in South African processes over the period under review was problematic. The main drawback of this is that it disincentivises ownership and leadership. Because accountability is not demanded systematically, it is not present as a matter of course, even if present in some institutions. The result is that ODA programmes are implemented as an add-on to programme managers' duties, the part of their responsibilities that they will turn to only after disposing of the duties for which they are accountable in a way that will affect their careers and bonuses. The reason why sector budget support and other arrangements for which there are institutional ownership (such as the support to Masibambane even if not sector support but very specific contributions in kind) work better, is because they result in some degree of local accountability at the programme level.

The aim should be to reform ODA management institutions such that the ownership/accountability spiral is positive, notwithstanding the ODA modality used. The impact of reforms to the project management cycle to achieve this will be limited. There will always be development partners who choose not to use sector budget support arrangements and some interventions might not be suited for these. And even if all ODA is switched to sector budget support / RDP fund arrangements, the accountability and ownership will still be limited unless it is demanded through mainstream processes". (p.78)

¹²³ While the IDC at a national level has been promoting the integration of ODA into South African systems, it is only at the end of the review period that there was a shift in the local budget process and a move to clearer reporting requirements to incentivise the inclusion of ODA on plan and on budget. Development Co-operation Review III, July 2010; p.3

The report concludes that ‘Accounting for aid in the budget cycle should ensure political accountability’. The RDP fund arrangement works well. It offers a tightly managed, traceable flow of funds from the development partner to the project/programme which can be accounted for uniformly across institutions in the chart of accounts. Whereas putting ODA on parliament (as opposed to merely on budget) is not viewed as a feasible solution, the DCR III report recommends in fact that ODA should feature in parliament’s oversight of institutions. This would then ensure that executive authorities and accounting officers become accountable for the use of cash that did arrive, for putting pressure on donors to be predictable, for having information on the effectiveness of ODA that is delivered in terms of agreements signed with the executive (on behalf of citizens) whether it is in kind or in cash and for the use of non-cash resources such as programme managers’ time in the implementation of ODA programmes. This type of accountability can be enabled through reporting aid transparently on budget and on report. (pp. 79-80)¹²⁴

4.1.3 I-413 Evidence of improvements in the budgetary process (strengthened participation of line ministries and decentralised levels of government)

As anticipated under I-411, the South Africa budget process has undergone significant reforms leading to an marked increase of the degree of transparency and participation.

The South African Government commenced with major financial management and budget reforms, with the introduction of the Medium Term Expenditure Framework in 1998 (i.e. prior to the period covered by the evaluation). These reforms were aimed at advancing and promoting growth and development. Further reforms involved introducing new legislation governing public financial management (PFM) and a number of development programmes. The main initiatives included:

- The adoption of the Public Finance Management Act (PFMA) in 2000 and the Municipal Finance Management Act (MFMA) in 2004.
- Other important relevant legislations include the Preferential Procurement Policy Framework Act (2000), the Broad Based Black Economic Empowerment Act (2003), the Division of Revenue Act and the Appropriation Act.
- Strengthening of institutional arrangements and capacity building.

The PFMA promotes the objective of good financial management in order to maximize delivery through the efficient and effective use of limited resources and is part of a broader strategy of improving financial management in the public sector. The Act assumed a phased approach towards improving the quality of financial management in the public sector. Implementation in the first phase focused on the basics of financial management, like the introduction of proper financial management systems, appropriate control and the accountability arrangements for the management of budgets. Subsequent phases are focusing on the efficiency and effectiveness of programmes and best-practice financial management.

With the exception of some national longer-term priority strategies (e.g. ASGISA) towards which relevant departments are expected to contribute, policy is generally developed and implemented on a medium-term rolling basis whereby each department is responsible for developing its own strategic direction. In practice, policies are developed jointly by Ministries and departments with the latter taking the lead. At the lower level, Provinces develop their Integrated Growth and Development Strategies whereas Municipalities develop medium term Integrated Development Plans.

The institution of the annual budget cycle provides a further mechanism for policy co-ordination. The introduction of a Planning Framework (Government Programme of Action) for government is designed to integrate and synchronize strategic policy processes with the budget cycle whereby every department and provincial administration is expected to develop their own planning cycles within the overall planning framework of Government as agreed by Cabinet.

The framework links the electoral, parliamentary and budgetary cycles, and ensures that policy decisions taken by Cabinet inform planning throughout government. The planning framework includes: i) a Medium Term Strategic Framework (MTSF), that sets out a limited but focused set of medium-term strategic objectives for five year periods coinciding with national and provincial elections, which are shared by all spheres of government and in turn inform the Medium Term Expenditure Framework (MTEF); and ii) a Medium Term Budget Policy Statement (MTBPS), a Cabinet policy statement tabled

¹²⁴ Development Co-operation Review III, Final Report, July 2010

annually in Parliament that sets out the economic context and assumptions that inform the following year's budget, as well as the framework in which the budget is prepared.¹²⁵

Specific considerations emerging from the water sector case study:

In terms of budget planning:

- The sector approach has enabled better planning through the support for Provincial Water Sector Plans and municipal Water Service Development Plans, which predated the municipal integrated development plans.
- The sector approach has also enabled the sector to be prepared for the evolution of budgeting in South Africa towards outcome-based budgeting.
- By law, local governments must involve communities in their planning and budgeting processes.
- It is not clear that the sector approach has helped to increase co-ordination between spending retail infrastructure (funded through the MIG) and bulk infrastructure (funded through a different grant, the Regional Bulk Infrastructure Grant, RBIG)

In terms of budget execution – the evidence is less clear.

- Stable budgeting process in South Africa allows reporting on spending performance against budget
- However, since 2004, municipalities are the main executor of public resources in the water sector. National government provides general budget support to local government (capital and operating grants) but does not control how this money is locally allocated and spent.
- Municipalities are required to set aside money for the depreciation of the assets, and to budget appropriately for the O&M of the assets.
- A major concern for the sector is that the unconditional grant is not used by municipalities to ensure adequate maintenance of water infrastructure. By helping to increase co-ordination and develop capacities¹²⁶,

However, the sector approach has not succeeded in engaging National Treasury substantively in sector development. Up till now, National Treasury's engagement with the different sectors has focused on ensuring compliance rather than on maximising outcomes.

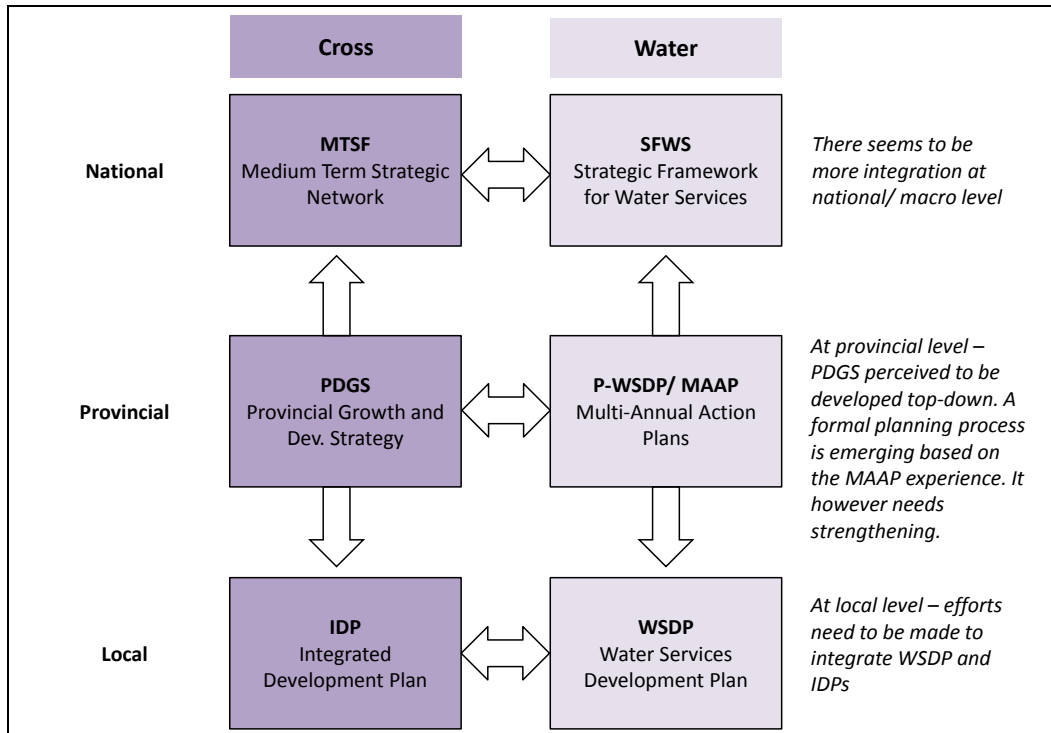
Nevertheless, the *MSB II MTR* (p. 54) made the following observation with regards to budget management *"During the evaluation there have been raised concerns about the integration of the planning process(es) in the sector with the budgeting system. As a result of decentralization in service delivery and the changing fiscal environment – primarily through the introduction of MIG under DPLG and the Equitable Share under Treasury – Masibambane (II) and the water sector finds itself in a multi-sectoral environment with a more complex budget process and where the sector has to compete with other sectors for attention in local and provincial planning process as well as the budget process. Funds are no longer under the direct control of DWAF – the sector leader. The new environment therefore necessitates a need to encourage integration of the planning and budget process to ensure (continued) strategic allocation of funds. For this to happen, integration needs to be encouraged at three levels: national, provincial and at local/ implementation level.*

Towards an integrated planning and budgeting. Provincial governments have also a role to play to ensure that water is appropriately catered for in the IDP process as well as DPLG which approves the IDPs and control the finances as well as National Treasury (and DWAF). Figure 5 suggests an emerging framework for aligning the water services sector with national and municipal planning and budget systems. The emphasis on provincial planning process can also facilitate better provincial and local needs assessment in terms of identifying the support required at various levels.

¹²⁵ The budget framework consists of the fiscal framework, government spending priorities, the division of resources between national, provincial and local government, and a tabulation of the major conditional grants. The budget framework enables national departments, provinces and municipalities to prepare their detailed budgets for the following year. South Africa has a multi-year budgeting process, so the framework covers the present year and the three subsequent years. The fiscal framework sets out government's revenue projections, spending estimates, borrowing requirements and assumptions concerning debt interest costs over the period. *Source: Medium Term Budget Policy Statement, 2009, National Treasury.*

¹²⁶ Interviews conducted with National Treasury officials (29/01) and separate focus group with DWA officials (25/01)

Figure 6 Towards integrated planning and budgeting



Success factor: *The five year WSDP is being implemented as the primary instrument for planning in the water sector and there is a push for alignment of the planning process with the budget process."*

4.1.4 I-414 Improvements in Policy-based budgeting (Increasing correspondence between budget allocation and strategic priorities - PEFA indicators PI 11 – 12)

With respect to policy based budgeting, the central government scores very well save for two specific areas. These are in respect of when parliament approved the appropriations bill, and the preparation of fully costed sector strategies within a forecasted fiscal frame. South Africa has adopted a three-year Medium Term Expenditure Framework for its budgetary processes. The budget process occurs within a pre-announced resource envelope based upon three-year credible macro-fiscal forecasts and has strong bottom-up elements from the budget entities. The macro-fiscal framework is derived from a three year revenue forecast, a three-year pro-forma debt profile based upon careful macroeconomic considerations. At the present time the macro-fiscal framework considerations exclude donor contributions which currently account for less than 1% of central budget expenditures. South Africa adopts a single budget process with both the recurrent and capital budget process coordinated by the National Treasury. The macro-fiscal framework defines both aggregate as well as cluster and functional forecasts which are directly linked to the annual budget ceilings.

The budget process encompasses policy input both by the parliament and the cabinet at the beginning and the end of the budget process. There are strong institutional arrangements in place for ensuring both strong policy as well as technical review. These include the Minister's Committee on the Budget that considers key policy and budgetary issues prior to the budget being tabled before the cabinet. The MinMEC serves as a political forum where national and provincial departments within a given sector discuss their budgets and the MTEC which is the technical committee responsible for evaluating the Departmental MTEF budget submissions. At the beginning of the budget cycle, parliamentary oversight is facilitated through the Medium Term Budget Policy Statement and at the end of the cycle by the debates on the Budget Review, the Division of Revenues Bill, and the Estimates of National Expenditure (ENE).

The budget process occurs in accordance with a definite budget calendar and is guided by clear and timely call circulars that facilitate an early budget preparation process by the budget holders. The budget preparation process as carried out by the budget holders is based upon firm base lines, if not hard budgetary ceilings, that are provided by the previous year's MTEF. The Departments have six to eight weeks to prepare their budget bids. Finalised ceilings authorised by cabinet which are provided towards the end of the budget preparation cycle facilitate about a month for Departments to finalise their budgets with approved bids incorporated. The preparation of budgets within final ceilings may be viewed as an amendment to the MTEF base lines since they typically differ by just a few percent from the previous budget ceilings and are allocated solely to new or expanded initiatives.

The national vision, mission and development objectives have been articulated within the Government's Contract with the People of South Africa. The Accelerated and Shared Growth Initiative for South Africa (ASGISA), which was formally launched in 2006, is the national development strategic framework aiming to raise growth and reduce employment and poverty. This national strategy has been updated through a medium term national development framework, the Medium Term Strategic Framework, which refines a 5 year national development framework. The strategic horizon is largely determined by the executive election cycle. The policy framework may be updated through the annual State of the Nation speech which highlights the "Apex" priorities. This, as was the case in 2008, can then be taken into account in the preparation of annual sector corporate plans and budgets. This national development framework serves as a basis for the development of sector strategies.

Most Departments prepare 5 year sector strategies along with updated annual corporate plans. Such strategies, however, are not developed within a fiscal frame nor are they always costed. Even when costed this is not done with recurrent cost implications taken into account. Links between the sector development plans and the budget occur mainly on a qualitative basis. Many elements of sound strategic planning have been introduced directly into the budget process and there are important elements of multi-year budgeting that are in place, however these elements remain constrained. There are strategic advantages missed when an insufficient planning horizon is assumed; when there are not direct links between the national plans, the sector plans, the MTEF and the annual budget process; and when planning is not carried out within a fiscal frame with some costing considerations as a basis for prioritisation. In the absence of these programmes and projects may reduce to a wish list. Indeed, officials indicated some concern that the inclusion of Departmental programmes and priorities into the MTEF may sometimes be somewhat ad hoc. While South Africa has evolved a very strong MTEF process there remains significant weakness in its longer term planning processes. The annual budgeting and medium term expenditure framework is well evolved in South Africa, however the strategic planning process and its linkage to the budget through the MTEF process omit some important aspects that suggest that some strategic advantages and investment efficiency improvement opportunity may be missed.

The inclusion of projects into the MTEF process follows a much stricter process which requires a complete costing process that includes both investments as well as forward linked recurrent expenditure ramifications. The Medium Term Expenditure Committee (MTEC), responsible for evaluating the MTEF budget submissions of national departments, and making recommendations to the Minister of Finance, places a high priority on the appropriate accommodation of forward linked recurrent expenditures. MTEC provides the aggregate and sector ceilings for the budget. Further, there is a direct and quantitative link between the MTEF process and the annual budget process with MTEF projections being used as the basis for the following year's budget preparation and resource re-allocation.

Debt sustainability analysis is performed on an annual basis by the National Treasury as well as the South African Reserve Bank. The debt sustainability assessment has become somewhat routine especially because of the very low debt stock levels that are currently at only 22.3% of GDP.

While the executive completes its budget allocation planning four to six weeks prior to the start of the fiscal year, the Parliament approves the appropriations three to four months after the start of the fiscal year after subjecting the budget proposals to vigorous debate. The PFM Act allows for continued spending by the executive up to a third of the proposed budget for the first four months of the new fiscal year.

While the quantum of donor contribution is small, its strategic and policy impact can be substantial especially in regards to the piloting of new initiatives and the transfer of expertise. The large components of donor funds that are off budget miss the opportunity to contribute positively in alignment with the budget policy objectives. Indeed, officials state that in some cases donor activities have undermined the achievement of policy objectives by forcing the unforeseen reallocation of national resources to complete projects whose funding may have been suspended or delayed due to unmet conditionalities. The complete implementation of the budget formulation process based upon the integration of a strategic planning process and centred on a Medium Term Expenditure Framework that is directly linked to the annual budget process should allow the Donors to align their support with the Government's own clear strategic development objectives and manage it in a way that harmonises well with the budget implementation and reporting.¹²⁷

4.1.5 I-415 Evidence of increased PFM capacity at decentralised level

The Final Evaluation Report of the "Financial Management Improvement Programme II" – FMIP II (July 2010) starts off by stating that "*The evaluation team was struck by the extreme contrast between the*

¹²⁷ PEFA Report, September 2008, ECORYS for the EUD; pp. 17-20

sophisticated management capacity of the government at the national level (as well as at the metro local government level) and the weak capacity to be observed in the poorer rural areas. Even where FMIP II has been making visible progress in improving PFM capacity at the local level, there remains a lack of capacity to think creatively about local economic development possibilities.” (p.14)

As mentioned under JC 4.1, one of the key reforms in terms of PFM was linked to the introduction, in 2004, of the Municipal Finance Management Act (MFMA) which provided an enhanced impetus for financial management reform at local government level. The MFMA and the subsequent and related series of regulations set out the rights and responsibilities of the devolved local government entities.

The final evaluation report insists on the differences between the national and local levels when it comes to PFM:

*“Experience with the FMIP II has demonstrated the striking gap between the sophisticated national budgeting and financial management structures, and great capacity weaknesses in poorer provinces and weaker municipalities. **If local governments are to play an effective role in a program of rural development and livelihood enhancement, which is desperately needed in the poorer parts of South Africa, there is an urgent need for strengthening capacity in these areas.**” (p.19)*

“The sustainability of the important component of the FMIP II which supported capacity development at the provincial and municipal levels (Result Areas 4 and 5) is more problematic. This is because of the inherent weaknesses in provinces and municipalities that make it difficult to keep up with the pace and technical complexities of the reform agenda (see further discussion in section V below). Important factors affecting sustainability will be the degree to which officials who have benefitted from the program retain the knowledge they have acquired, and build on the foundations laid. This will in turn depend on how long the officials trained stay in post (one source of capacity weakness has been high rates of staff turnover).” (p.27)

“Municipalities, especially those with low capacity, have a host of challenges associated with the implementation of the MFMA and would require sustained financial and technical support. Achieving the “clean audit” outcome in 2014 would require a considerable effort in improving all aspects of the financial management system, including being able to produce reliable annual financial statements. In addition, low capacity municipalities would need substantial help in producing the new accruals-based budget formats, which also require non-financial performance information on service delivery. All of this will require a much more substantial commitment of national resources to local capacity building than has been the case in the past.” (p.35)

“There are acute problems with financial management in the provinces covered by FMIP II. It is recognized that some provinces still face serious challenges to comply with the PFMA. Provincial advisors assigned to the Provincial Treasuries of Eastern Cape and Limpopo by the program helped in several aspects but the multitude of issues at provincial level require an enhanced framework of intervention from the NT and the EU.

It is imperative that efforts to assist weaker provinces improve financial management in line with requirements of the PFMA are sustained. Future assistance by the EU in PFM should build on and enhance the achievements of FMIP II in the provinces of Eastern Cape and Limpopo. Provinces are at the forefront of service delivery in South Africa and absorb a large volume of public spending in critical sectors such as education and health.” (p.36)

One worrying aspect of the situation in the municipalities is the weakness in planning capacity and the poor linkage between preparation of development plans with budgeting and financial management. In the short-term, of course, it will be a considerable achievement if financial systems are in place ensuring hard budget constraints and high financial integrity. But beyond that, financial management should be seen as part of the box of tools for the achievement of more effective resource allocation in the pursuit of development. (p.40)

The same report also emphasizes the differences between municipalities supported by the FMIP II, differences both in starting points and in improvements and results reached. In all cases, the FMIP II is reported to have had a positive impact and in some more significant than others. For example, the report indicates that:

In Modimolle, “the 2008/09 AFSs audited received a qualified opinion by the A-G compared to disclaimers in the previous two years. This is also attributed to the positive support by the FMIP II advisor in assisting the municipality put up proper control systems and apply critical policies foreseen in the MFMA.” (p.37)

Evidence emerging from the water case study:

Although important challenges remain, the sector approach has improved PFM in the sector through funding relevant capacity development activities.

Public financial management in the water sector benefits from generally good public financial management but the local government financial reporting systems do not facilitate the separate identification of spending on subsectors, and in the absence of better financial ring-fencing of the water services function within municipalities, it is difficult to properly understand the financial performance of water services.

“Budget base support by donors required the program be integrated with the government’s usual budgeting and allocation process. The budgeting process of MSB is therefore aligned with the normal processes followed by the Department and meets the PFM acts and division of revenue act requirements. The budgeting and work plan process along with expenditure reporting ensures compliance with international agreements provide the basis for the quarterly reporting to DWA donors and all sector partners. Development of MSB proposal was preceded by a consultative process of preparation of multiannual action plans in each province which provided a strategic base for the annual work plans. Actual identification approval of projects is however aligned with the normal process followed by DWA.” MTR of MSB I, p. 45.

Evidence emerging from the health sector:

South Africa’s Health Department aims to improve the country’s healthcare system and to get a clean audit this financial year, and has enlisted the help of 400 graduate interns to help it achieve this [...] The interns joined the department on 2 May [2012] and have been grouped into three internship programmes: financial management, human resources and information management. The unemployed graduates - who have qualifications in the fields of finance, commerce, accounting, human resources and information communication technology - will be put to work in the department’s offices in all nine of the country’s provinces. [...] The department is planning to appoint 15 interns per category per province, where they will be deployed in provincial offices with effect from mid-June 2012 for a period of 12 months. They will get a stipend of R3 500 per month from European Union (EU) funding. An amount of R 84 m has been allocated towards the programme, which will also include accommodation and transport. <http://www.southafrica.info/about/health/health-interns-010612.htm#UdLrITv0EZV>

Although these measures are very recent (mid 2012), they clearly indicate that steps are being taken to improve public spending and PFM especially at decentralised level within the health sector with the objective of improving the country’s healthcare system and getting a clean audit from 2012 onwards.

4.2 JC4.2 The allocative capacity has improved, allowing innovation and experimentation, including the PFM support at decentralised levels and budget provisions for non-State actors (NSAs)

4.2.1 I-421 Trends in innovative, pilot and risk-taking initiatives programmes and projects within ENE & correspondence with GoSA (line departments) policies

Evidence emerging from the private sector / employment case study:

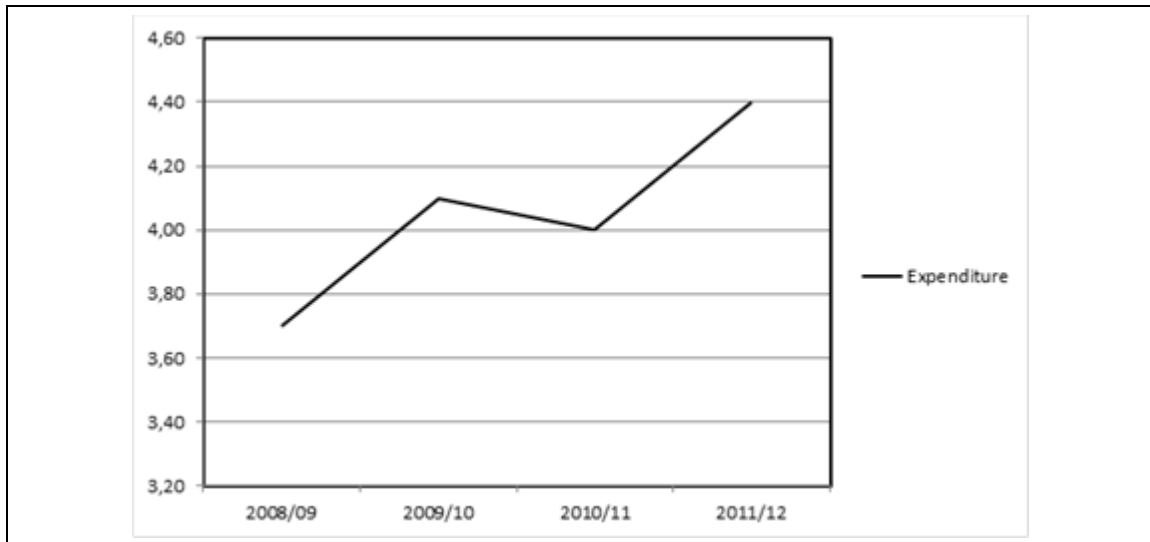
Government takes into account criteria such as national interest and the division of resources (the goals of the country), developmental needs, economic disparities, predictability and sustainability (2012 Budget Review, pages 2-4). These determine what amount is allocated for expenditure in each department, region and sector etc.

Information gathered points to the success of the *Innovation for Poverty Alleviation* operation and the projects it has implemented (e.g. the Community Wireless Mesh Network Programme), which have, to a certain extent, influenced the recent new Science and Technology (S&T) budget line item.

- There has been an increase in S&T budgetary allocation from R 400 m in 2004 to R 4 bn in 2012 (IPA Monitoring Report, page 4). Each department now has an “S&T” budget line amounting to a total of R10.7billion for 2012/13 thus rendering budgeting for innovation a priority for GoSA.¹²⁸
- Expenditure increased from R 3.7 billion in 2008/09 to R 4.4 billion in 2011/12, at an average annual rate of 6 per cent in the S&T budget (National Treasury, Estimate of Expenditure, page 6) as can be seen in the chart below.

¹²⁸<http://www.info.gov.za/speech/Dynamic?pageid=461&sid=27370&tid=67948>

Figure 7 IPA - Expenditure in R' billion



Caution must be exercised in attributing this development to the IPA as there are other considerations that have been made that have resulted in the adoption of innovation as a budget item (source: interviews February 2013).

Evidence emerging from the water sector case study:

Numerous examples of pilots/risk taking/innovation and experimentation can be found within MSB. Examples of Pilots/risk taking/Innovation and Experimentation include:¹²⁹

- Sector Collaboration – national and provincial forums.
- Change management.
- Local Government Support – especially to WSAs.
- Culture change – e.g. introducing Peer Review system (WinSA), whereby local government share ideas of good practice and others reflect/debate the lessons.
- SALGA moved towards a much stronger focus on water (e.g. have institutionalised water sector unit permanently into their structures).
- Transfer Assets: The Water Services Act (Act 108 of 1997) requires DWA to transfer all water assets to Water Sector Authorities to ensure effective local level operation. By 2009/2010 Financial year 1,643 schemes had been transferred (out of a provisionally estimated list of 1,403 schemes)¹³⁰. In addition the Department transferred 4,879 staff to local municipalities.
- Water Conservation and Demand Management (WC/DM)¹³¹: DWA initiated a pilot program in 2007/2008 in eight municipalities to promote better conservation of water with a particular focus on eradicating poor maintenance of infrastructure, illegal connections, physical water losses and demand driven water service provision. As a result of a successful pilot the Minister rolled the programme out to 26 of the poorest performing municipalities across all nine provinces in 2008/2009.
- Green Drop/Blue Drop¹³²: In order to assist WSA's better understand and manage their drinking water the DWA introduced the Blue Drop system. Blue Drop assessments assess certify the water quality and include an assessment of maintenance and management skills, the efficiency of the drinking water quality monitoring program, the credibility of the drinking water sample analyses, whether the drinking water complies with international standards and the drinking water quality failure response management process. In 2009 401 systems were assessed in the first year. The success of the certification process was then rolled out across 787 systems in 2010, with only nine WSAs in South Africa not taking part

¹²⁹ Examples taken from MSB Evaluation Reports, MSB Annual Reports, DWA HO Focus Group (25/01), Interview with Charles Reeve (22/01)

¹³⁰ Masibambane Annual Report: 2009 – 2010, p. 35-34

¹³¹ Masibambane III Annual Report: 2008/2009, p. 62-62

¹³² Masibambane Annual Report: 2009 – 2010, p. 65-68

- Implementing Sustainable Water Service Institutions Programme (ISWSIP): ISWIP began a pilot in the Regional Councils of KwaZulu Natal (funded by DANIDA). The programme's primary focus was to prepare municipalities for the decentralisation of water services infrastructure to local level. It was eventually rolled-out to those district councils most in need across South Africa, primarily in Limpopo, Mpumalanga, and the Eastern Cape after a review of the pilot had been completed¹³³. The support was intended to provide a temporary support service specifically aimed at assisting the WSA division of the municipality in implementing water services projects, and in empowerment of existing employees through the transfer of suitable skills.

A snapshot of the support it provided in the E. Cape in the period up to 2008:¹³⁴

- A total of R 24 m from MSB spent;
- Improve Capacity in 17 x WSA municipalities;
- Funded a Water Services Authority support unit;
- (25 Staff members appointed to WSA Municipality- 5x UKDM; 5x OR Tambo; 3x ANDM; 2x ADM; 3x CHDM; 2xBCM; 2xCDM);
- Trained and developed unit to comply with requirements as per the Constitution and Water Services Act;
- Entrenched taking of responsibility for service delivery by WSA municipality.

Evidence emerging from the governance sector case study:

In the case of the *Access to Justice programme*, interviewees confirmed that the SBS modality had contributed to ensuring both additional financial resources and flexibility to pilot and develop a funding mechanism with the Foundation for Human Rights to deepen and broaden engagement with civil society actors, including public funding.

Evidence emerging from the education sector:

Interviews with Department of Higher Education and Training (DHET) representatives pointed to the fact that the amounts made available through the SBS operation could sometimes almost reach the level of the financial resources needed for certain important 'strategic programmes' that the DHET intends to implement. As an element of comparison, one can look at the programme on "*teacher education campuses*" (approx. 500mZAR) that DHET intends to implement over the 2014-17 MTEF. The amounts made available by the SBS correspond to around one third of the financial resources required for this 'huge' programme which includes an important infrastructure component.

Evidence emerging from the urban renewal sector:

Interviewees consulted in relation to the formulation and implementation of the *e-Thekwini* operation, have pointed to the fundamental role played by the SBS operation in providing 'seed money' or the much needed 'oil to test the urban renewal programmes' machine'. The point was made that the funds provided to the Municipality through the SBS operations convinced line departments to follow through with the implementation of the area-based programme. As a result of this and of the highly prepared and qualified management team of the e-Thekwini Municipality, the pilot programme ran successfully under the strong leadership of the Municipality.

4.2.2 I-423 Evidence of budget allocations for NSAs

Evidence emerging from the water sector case study:

Whilst there is evidence of budget allocations to NSAs, NSAs only received a fraction of what was budgeted in all three of the FAs for MSB.

- MSB I Final Evaluation¹³⁵ found that "*EU indicated that 25% of funds should be applied for the meaningful involvement of civil society (NGOs). The funding streams were, however, unclear. The procurement policies of municipalities also do not make provision for the allocation of funding to civil society*" (2004, p. 71). However the evaluation also found considerable involvement of CSOs at local community level "*DWAF approval for Business plans was a pre-*

¹³³ Vermuelen, A & Wijesekara S (2001), *Lessons from ISWIP*, paper presented at the 27th WEDC Conference, Lusaka, Zambia.

¹³⁴ Nomonde Mnuqua (2009) *Support provided to local government, Eastern Cape*, Presentation to Portfolio Committee on Water and Environmental Affairs.

¹³⁵ Evaluation of the Water Services Support Programme: April 2001 – March 2004, Final Evaluation Report, 20 August 2004.

requisite for project funding and in general, most projects were implemented by DWAF through Implementing Agents who were usually NGO's (in one province 98% of work given to NGOs was given to Mvula), District Municipalities and often BOTT contractors". (2004, p. 95). Nevertheless, the evaluation concluded that "The allocation of 25% of the EU contribution to the budget to civil society participation has caused a sizeable division between the various sector stakeholders. The disbursement thereof and the mechanisms that needed to be created presented a substantial challenge to the Department of Water Affairs and Forestry and hence its reliance on a definition of civil society which focused on service delivery". (2004, p.205)

- Evidence from MSB II Final evaluation suggests that whilst budget was allocated to CSOs MSB "focussed too much on developing the capacity of CSOs as service providers and not enough resources were allocated towards developing other roles that CSOs could play within the sector such as research, advocacy, monitoring and evaluation, community participation and so on" (2007, p. 177). In fact the MSB II Final Evaluation found that for MSB II "only R 34 m of expenditure is so designated which represents less than 3% of MSB II expenditure". (p. 267)
- CSOs had separate budget in MSB III - enhancing the role of CSO's, accounted for 4% of the expenditure, according to MSB III final evaluation (2011, p. 288).

Evidence emerging from the governance sector case study:

The *Access to Justice* operation opened a funding window through the Foundation for Human Rights who acts as a grantor to civil society grantees.

4.3 JC4.3 SBS has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities

4.3.1 I-431 Evidence of specific linkages between SBS action (policy dialogue, conditions, funds, embedded and complementary TA) and the above-mentioned results

EU headquarters view of the role of SBS operations to improvements in the PFM area.

The EU approach to treating PFM issues in South Africa evolved considerably over the three phases of budget support identified in section 1 of volume 1.

Initially the quality of the PFM system was effectively taken to be sound and sufficient but without any structured analysis. Following the reorganisation of DEVCO in 2005, however, the EU headquarters began to insist that the Delegation provided regular PFM reporting.

The approach to this reporting was substantially revised with the budget support guidelines of 2007 which established a more a structured approach to assessing progress (dynamic approach). The application of this approach in South Africa initially proved difficult but gradually allowed a stronger focus on key reforms that could be brought forward in dialogue with strong synergies with the capacity building support to PFM.

The move to a more structured approach also highlighted the absence of a comprehensive baseline against which to assess progress. This led to intensive dialogue between the EU and the SA authorities on conducting a PEFA assessment. This was eventually undertaken in 2008 and measures to address the weaknesses have been integrated into the government's overall reform plans. The government have also domesticated the instrument by using it at provincial level.

At the same time, disbursements to SBS programmes focused on the findings of the South African National Audit Office and the observations of the Parliamentary Standing Committee on Public Accounts. Where the trends in audit findings were qualified or adverse this led to dialogue between the EU and the line ministry concerned with a view to identifying corrective measures. In this way, the EU dialogue was supportive of the overall domestic accountability systems at national level.

In summary, the EU approach from 2007 onwards allowed a stronger focus on dialogue around key weaknesses which presented important opportunities for synergies with on-going project support to PFM. At the same time, the emphasis on domestic accountability mechanisms also supported national PFM systems.

Evidence emerging from the private sector case study:

There is **no clear link between improvements** in budget management, efficiency, transparency and oversight with SBS operation. GoSA realised the need to strengthen its public spending/public management systems in the period preceding the implementation of the programmes and introduced the Public Finance Management Act (PFMA) in 2000 and later on the Municipal Finance Management Act (MFMA) in 2004. These aided in correcting and enhancing processes and control measures (SWEEP Final Evaluation Report, page 49.) Certain procedures apply as explained below:

- Financial reporting on the usage of ODA should be done in accordance with government requirements, and systems and follow government formats (ODA guidelines Revised Draft page 23)
- In Sector Budget Support, the commission funds are intended to be subject to the South African planning and compliance systems, and therefore increase government involvement in allocation as bringing accounting fully into South African systems (Sector Budget Support in South Africa page 10)
- GoSA stresses the need for efficiency and effectiveness in the management of public funds and this has been weighed with the use of the input,-output,- and impact indicators
- The RDP Fund Amendment Act (1998), provides for the management, accounting and accountability of public funds

Consequently, improvements in the PFM at sector level have been achieved by GoSA without the aid of SBS (EC Monitoring Report, page 3).

- South Africa's PFM systems have already achieved remarkable budgetary discipline, and have the expenditure management systems in place to assure that outcomes are in line with budgetary intent (Final PEFA Report on South Africa 2008;53)
- The DST already had an efficient Budget Management system before SBS (interview)
- Strong M&E processes have evolved in SA since 2009 following the release of the M&E Green Paper in 2009.
- The EC report noted that "*The SPSP has not contributed to the improvement of the expenditure planning processes given that the grant provided through direct-non-targeted sector budget support is not integrated in the National Budget, and it has not contributed to the progress registered in the PFMP.*" (EC Monitoring Report Page 5)

A link can be drawn between an increase in budgetary allocations to innovative, pilot and risk-taking initiatives and SBS operations. "*The SPSP has heightened the prioritisation of the sector programme. Part of the explanation to the dramatic rise in national budgetary allocation to S&T, from R 400 m, in the 2004 financial year, to R4 billion, in 2012, could be linked to the work of the SPSP*", Innovation for Poverty Alleviation, ROM Report MR-135682.02, 11/2012; p.4.

The SPSP has some added value in its assistance in developing innovative and pilot projects, considering that such projects cannot be funded through national budgets

Employment creation, Sector Policy Support to the Economic Cluster, MR-136102.01, 12/02010, p.2

The efficient use of the medium term expenditure planning system and the improvements in PFM at the sector level is progress that has been achieved essentially by the SA government (the NT, the South African Revenue Service, the Department of Public Service and Administration and the Auditor-General's Office), without the contribution of the SPSP. (ibid. p.3)

"In the same vein, the SPSP has not contributed to the improvement of the expenditure planning processes given that the grant provided through direct, non-targeted Sector Budget Support is not integrated in the National Budget, and it has not contributed to the progress registered in the PFM improvements either." (ibid. p.5)

Evidence emerging from the water sector case study:

Although important challenges remain, the sector approach – facilitated by SBS –has improved PFM in the sector through funding relevant capacity development activities. Important achievement in the water sector as described in the preceding sections came about as a result of SBS funding, and in several instances were the result of specific TA inputs.

Complementary TA was provided to strengthen PFM capacity at all three levels within the sector, with good success. This is within a context, as noted by the EC delegation, that "*high standards of public financial management already in place, as well as the improvements underway and being planned, South Africa remains eligible for continued Sector Budget Support from a PFM perspective. Significant improvements have been implemented during 2009 that continues to strengthen the public finance sector in South Africa. These improvements build on and are aligned with the government's PFM reform approach. South Africa has evolved its PFM reform approach away from a comprehensive integrated approach centred on a single integrated strategy, with emphasis on sequencing and co-ordination, to a more incremental one. Implicit in the approach of PFM reform in the first decade after the establishment of a democracy was a focus on three platforms, namely (1) achieving fiscal discipline, (2) the efficient delivery of services, and (3) the strategic allocation of resources. Building on this foundation a new phase of development has been embarked upon and currently constitutes a major proportion of the*

implementation focus, namely the rolling out of capacity development to the provinces and municipalities¹³⁶.

The delegation noted further that “it is reported that some of the successes for the financial management support are the following¹³⁷;

- The completion of the scope and definition of the financial monitoring and reporting platform.
- The support to a clean audit had tax saving benefits and significant assistance to ensure that a clean audit was achieved.
- Provision of support to regional offices to assist and train staff with regard to the upgrade of BAS and creditor reconciliations.
- Review of head office and regional office’s accounting processes to support the financial strategy;
- Reviewed and clarified the required information for monthly management accounts including reports for material discretionary spending like travel and subsistence, etc;
- Financial management and reporting for donor-funds
- Support to drive for a 2008/09 Clean Audit report (this has been achieved)
- Review and update the departments financial policies and Procedures”.
- Former PFM consultants to DWA are now embedded within Department, which has decreased the need for TA¹³⁸.

Furthermore, the EUD noted that “Satisfactory progress in the implementation of DWAF’s programme to improve and reform public financial management as evidence *inter alia* by the Auditor Generals report for the Department of Water Affairs and Forestry... however, while progress is clearly evidenced continued efforts are expected towards an unqualified opinion in coming years¹³⁹”.

Additional assessments, with respect to Condition 3 of the General Conditions listed in the MSB III FA (i.e. Satisfactory progress in the implementation of DWAF’s programme to improve and reform public financial management, as evidenced *inter alia* by the Auditor General’s report for the Department of Water Affairs) noted the following:

- Observations made by the Auditor General with respect to the April 2007 – March 2008 Financial Year which note that whereas there were 6 qualifications in the Auditor General’s 2006/2007 report there was only one qualification in the 2007/2008 report (p.10).
- In response to the Auditor General’s 2006/2007 report DWAF prepared Action Plans to address issues of organisation, management and mechanisms of internal control. According to analysis of progress against the plans the EC delegation reported that “undeniable progress was achieved by DWAF” (p.11)

In addition, a note¹⁴⁰ prepared by the EUD in March, 2010, noted that “satisfactory progress in the implementation of the DWAF programme to improve and reform public financial management”. Reasons for this opinion include: The AG issuing an unqualified report for DWA’s financial statements and performance for the 2008/2009 financial year (the first in more than 5 years), thus leading the Delegation to argue that there has been “strong PFM at Sectoral level”.

Evidence emerging from the governance sector case study:

See information drawn from tranche releases included under Indicator I-411.

4.3.2 I-432 Evidence of specific linkages between the other (non-SBS) ODA projects / programmes and the above-mentioned results

The EU funded FMIP II, by supporting innovation work in critical areas such as budget planning and formulation, accounting, financial control, internal audit, risk management, supply chain management (Result Areas 2 and 3) contributed to the implementation of the PFMA. Support was also provided at

¹³⁶ Sector Budget Support Payment File: Sector Budget Support Payment Request: Masibambane III- 3rd Fixed Tranche and 2nd Variable Tranche, Ch1, p.11, October 2009,

¹³⁷ Sector Budget Support Payment Request: Masibambane III- 3rd Fixed Tranche and 2nd Variable Tranche, p. 23 (EUD, October 2009)

¹³⁸ DWA HO Focus Group (25/01/2013).

¹³⁹ EC ‘Note to File’ re Request for disbursement for 2nd Fixed Tranche/1st Variable Tranche (dated 16 April 2009) – notes”(p. 9 – 10).

¹⁴⁰ 10 March 2010, note to Mr Briet, Head of Delegation from Gary Quince, Director AIDCO C in respect to Condition 3 of the submission for the release of 3rd Fixed Tranche/2nd Variable tranche, p.4.

provincial level whereby the FMIP II (Result Area 4) worked on improving compliance with PFMA in specific topics considered as priority by the Limpopo and Eastern Cape PTs. Finally, the programme (Result Area 5) *played a significant role in assisting the NT and targeted municipalities implement the MFMA through the placement of resident advisors*. Source: Final Evaluation Report of the “Financial Management Improvement Programme II” – FMIP II (Final Report, July 2010) (p. 15)

“Capacity building under FMIP II included actions covering all levels of government. Although there was a dedicated component (Result Area 3) for capacity building, activities aimed at enhancing technical and managerial skills were prominent in all result areas of the program.

A considerable volume of the program’s resources (long and short term expertise mobilised through the lead contractor, the framework contracts and programme estimates) contributed to the improvement of policies, standards, procedures and guidelines in a wide range of PFM themes. A mix of on-the-job and conventional training was used to enhance skill development and implement innovation subscribed by the PFM reforms.

An important contribution of FMIP II has been support to the Municipal Finance Internship Program. Internship schemes are funded through the conditional fiscal transfer Financial Management Grant (FMG) to support the MFMA implementation. Young graduates recruited under this scheme were provided on-the-job training and mentoring. FMIP II advisors made sure that interns were deployed in critical sections of the municipal budget & treasury offices and assisted them in selecting and accessing government courses to strengthen their professional credentials. This work needs to continue as it can make a strong contribution to the longer term strengthening of financial management capability of the municipalities.

Another important contribution of the four advisors was their continuous coaching of the municipal managers, chief financial officers and technical municipal managers in the wide spectrum of policy issues required by the MFMA. For instance, during the course of the FMIP II implementation the new budget format for the preparation of the 2010/2011 came into force as required by MFMA regulation roll-out. [...] Despite the increased complexity of these new budget formats in relation to the capabilities in low level municipalities, the advisors were able to provide practical advice to their municipal counterparts. There was a reasonable degree of completion of budgets by all four municipalities of FMIP II, but it is questionable whether this can be sustained without further support.

Advisors played an important role in stimulating municipal councillors to understand the requirements of the MFMA implementation, in particular strengthen their oversight capability by enabling them to understand the requirements of the new municipal budget formats and the information in the annual financial statements.

In provinces advisors had a much wider breadth of topics to address but succeeded, despite the very short span of the program, in prioritizing together with the chief financial officers and senior provincial treasury managers and assisting in the areas of critical importance. However, as already discussed in several parts of this final report, the provinces are at the forefront of service delivery and those with weaker capacities should be the focus of an intensified framework of support by government and the EU.” Ibid., p.39

4.3.3 I-433 Comparison of SBS and alternative aid modalities / Evidence on the possibility of attaining similar or better results through: i) other support modalities, at comparable or lower cost ;or ii) in absence of SBS and/or ODA projects

Interviews with the National Treasury have highlighted a preference for the provision of support in the area of PFM in the form of project aid. This stems from two main considerations: i) the GoSA and National Treasury have a strong sense of the direction in which the PMF system should be driven forward; and ii) advances require in addition to the commitment of the GoSA, the provision of high-level expertise for short-term ad hoc inputs which can often be better accessed through a programme implemented with a project aid modality. This in fact allows the timely recruitment of high level expertise which could not be possible – or at least more difficult – should GoSA procurement procedures apply.

In the case of the e-Thekwini urban renewal programme, interviewees have pointed out on more than one occasion that the only aid modality that would have allowed to effectively support the implementation of the broader area-based management programme was budget support. No other aid modality would have been accepted by the Municipality in conjunction with this initiative as it would have undermined – or at least would have been perceived to undermine – the leadership and ownership of the programme.

5 EQ5 – Policy formulation / implementation processes

Evaluation Question 5: Have there been improvements in the areas supported by BS, in policy formulation/review and policy processes, and related accountability, and to what extent and through which mechanisms (flow of funds, policy and institutional effects, others) has BS contributed to these improvements?

5.1 JC5.1 Strengthening of policies and policy processes linked to the interaction with - and/or lessons learned through - the implementation of initiatives / programmes supported through SBS (e.g. feedback and/or mainstreaming within policies of pilot or risk-taking and/or capacity building initiatives)

5.1.1 I-511 Evidence of increased feedback / lessons learnt on policy processes in relation to the implementation of pilot, risk-taking or other value-added initiatives supported through SBS and their dissemination

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

Documents reviewed did not reveal a link between the increased feedback/ lessons learnt with policy processes, this is due to the absence of formal policy dialogues on the majority of the programme reviewed in the employment and private sector area.

Evidence emerging from the Water sector

The main policies, whose influence was shaped by during the period 2001 to 2011 for the water sector were as follows:

- 2003 Strategic Framework for Water Services (SFWS)
- 2009 Water for Growth and Development Framework (WfGD)

In both instances, the policies were shaped by extensive consultation with key stakeholders across the sector. The extensive nature of these consultations typically lasted more than a year¹⁴¹. The WfGD framework was also extensively debated at the Water Resource Conference and National Water Summit of 2008.

A key determining factor in shaping these policies was the shift in emphasis of GoSA policy. Thus the SFWS takes into account local government transformation, new water policies and the new financial framework¹⁴². As DWA noted at the time, as a result of work done in the sector “by 2002 it became clear that the 1994 White Paper for Water Services was outdated. It was necessary to put forward a vision for the water services sector in South Africa that took account of progress in the establishment of democratic local government”¹⁴³. Moreover, the SFWS confirmed that whilst DWAF would no longer be directly involved in operating any water infrastructure or funding any new infrastructure it would continue to set policy frameworks, oversee and regulate water service institutions, and support the functioning of those services.

WfGD, as discussed previously, takes into account GoSA’s emphasis on growth and development.

The 2003 SFWS has as its main support objectives, all lessons learnt from working with local government during *MSB I*, the following:

- To ensure the establishment and functioning of capable, effective and efficient water services institutions.
- To ensure the development of adequate skills and competencies required in the water services sector.
- To enable all sector role-players and partners to fulfil their roles effectively

The SFWS was arranged around ten focus areas, of which each area is designed to strengthen the water sector support provided to local government, and are based on lessons learnt whilst

¹⁴¹ *MSB III Annual Report, 2010/2011, p.34.*

¹⁴² *SFWS (September, 2003), p. 9.*

¹⁴³ *DWAF (2004), A history of the first decade of Water Service delivery in South Africa 1994 – 2004: meeting the millennium development challenges, p. 21.*

implementing support initiatives during *MSB I* and align to GoSA priorities for local government¹⁴⁴. Thus the framework groups the support as follows:

- Support to Local Government Water Services Institutions: - WSA support and WSP support
- Development of Skills – Councillor development in water services and resources, leadership and management training for water services, training support managers, skills development education and training
- Enable all sector role players to fulfil their roles effectively – sector wide approach, co-ordination, peer networks, knowledge management.

Key features of the framework, and which shaped the local government support hereafter in the sector, was to provide appropriate tools such as the WSA checklist, WSA support plans. This meant that the design of the framework included practical tools for local government and was thus seen as value added¹⁴⁵.

However, as raised in discussions with both DWA officials and CSO representatives, WfGD did not develop a clear strategy or plan as to how it would be realised and was therefore less successful. Whilst it too was based a consultation processes, it was not exhaustive (it was developed over a far shorter period, it not involved the prepared of detailed background documents/reports (as SFWS did), nor did it undertake the type of consultative forums the sector hosted during the preparation of SFWS.

Evidence emerging from the Governance sector

in the Justice sector, within the *Access to Justice programme* the DoJCD focused on engaging with CSOs for the (alternative) services that they deliver, and secondly for the often less tangible, predictable and *amenable* roles of policy innovators or *incubators*. On both roles, all interviewees in the DoJCD, within IDC, FHR and the EUD provided positive comments on the feedback opportunities that were created by the SBS for policy innovation and implementation, as well as the lessons and benefits of working with such a diverse set of non-state service providers and policy innovators. As of February 2011, DoJCD adopted the goal of “*effective co-ordination of the Justice, Crime Prevention and Security Cluster in the delivery of Outcome 3*” of the Government’s *Action Plan*. This outcome (“all people in South Africa are and feel safe”) is one of the eight core objectives of government. The three result areas of the *Access to Justice* programme are all of relevance to Outcome 3, and given FHR’s work in these result areas, it utilised multiple opportunities to provide feedback and inform on implementation challenges with the other JCPS Cluster partners (departments of Police, Social Development, and Home Affairs). Moreover, the overall environment in which the DoJCD reaches out to civil society is one in which both state and non-state actors vocally criticise public service delivery failures and corruption. This creates demand-side pressures on public authorities for openness and uptake of such policy piloting and experimentation. Pilot and innovation areas included: informing initiatives (draft legislation) with respect to traditional authorities (and the related areas of restorative justice, reconciling traditional values with those of a modern constitution and Bill of Rights, etc.), drafting national training in support of the Restorative Justice Strategy, implementation of the Child Justice Act (2008) with among other things training of children’s court clerks, the introduction of *Equality Courts* and the strategy of diversion.

Actors in the Legislative sector and the EUD echoed similar positive experiences about the *LSPSP* [Discussion Group and interviews]. During this SBS operation, opportunities for pilot implementation, policy innovation and lesson learning have increased substantially at different policy process levels within the Legislative sector. In this process, the LSS was enabled to engage with the nine Provincial Legislatures, the National Parliament, and the Speakers Forum so as to ensure mutual learning, harmonisation of policies or strategies, etc. Such *sector development* took place on issues such as the finalisation of a harmonised *Legislative Sector Oversight Model*, review of the *Sector Public Participation Framework*, ensuring sound financial management through implementation of the *Financial Management of Parliament Act* and ensure that amendments to this act will expand accountability mechanisms across the legislative sector, etc.

Evidence emerging from the Health sector

Partnership for health II (PfH II)

The documentary evidence gathered and the interviews carried out with both the EU and national stakeholders show that the activities undertaken under the GoSA programme supported by the PfH II SBS have contributed to shaping the DoH strategy to PHC service delivery.

¹⁴⁴ DWA HO Focus group (25/01), interview with Louise Colvin (31/01)

¹⁴⁵ Interview with Charles Reeve (22/01), DWA HO Focus group (25/01), interview with Louise Colvin (31/01).

According to the 2010 ROM monitoring report, some of the key impact prospects of the GoSA programme supported by the *PfH II* SBS operation were:

- *“Good Governance: A significant impact of the PDPHCP II lies in structuring the NPOs and providing adequate governance bodies. For the NPOs involved in the programme it is of considerable impact that they now have structures and are able to assign different tasks to specific persons, as well as being able to access additional funds more easily and boost their management skills;*
- *Development of Human Resources: the development of a critical core of experts at all levels of the DOH to work in collaboration with providers from the private sector in building the capacity of the non-profit organisation services (NPOs) that are critical to delivering quality PHC services including HIV and AIDS;*
- *Development of private initiative: During the implementation of the programme the NPOs are able to improve the quality of the service being provided and expand areas of intervention. Local mechanisms and structures have been reinforced to the benefit of the community;*
- *Strengthen the integrated district health system: Through the programme, 1,264 NPOs were funded at the time of the MTR to provide PHC packages ensuring that they support the DOH in its effort to provide PHC to all communities. From the data available the programme is currently operational in 42 of the 52 health districts in the country thereby improving access to PHC services in many local communities in all the provinces. In addition, the Programme's procedures are being used in all 52 districts.”*

The activities undertaken under the GoSA programme supported by the *PfH II* SBS directly contributed to the design of the new approach to PHC adopted by the DoH during the implementation of the following SBS operation.

PrimCare

During the implementation of the *PrimCare* SBS operation, the DoH efforts aimed at *re-engineering Primary Health Care* (PHC) and positioning PHC as the mainstay of the health sector. As explained in various documents (see, for instance, DoH recent annual reports or the documents related to the analysis of conditions for the release of the 1st tranche), the DoH approach is rooted in a three-tiered PHC model of which the main tenets are:

- Deployment of ‘*district-based clinical specialist team*’: These teams usually consist of the following specialists: Principal Obstetrician and Gynaecologist, Principal Paediatrician, Anaesthetist, Principal Family Physician, Principal Midwife, Advanced Paediatric Nurse and Principal PHC Nurse. A key area of focus is improved maternal and child health.
- Strengthening of ‘*school health services*’: after the design of a related specific national framework (in 2011-2012), the DoH started to pilot-test a system of mobile health clinics to provide basic PHC complemented by eye care in schools. The aim is that the system is taken up by provincial departments in 2013.
- ‘*Ward-based*¹⁴⁶ *PHC outreach teams*’: this action consists in the formalisation of the inclusion of community health workers (CHW) as part of service delivery at local level and, in particular, the development of formalised curriculum for the training of these teams, the delineation of the scope of their work via standardised service delivery arrangements and the establishment of standardised arrangements on costs.

In addition, in the context of the ongoing National Health Insurance reform, the DoH designed and started to test a ‘*General Practitioner contracting model*’: it is a specific initiative focussing on the strengthening of the referral system at the local level via the involvement of private providers.

Evidence emerging from the Education sector

The 2012 MTR of the *PrimEdu* SBS operation explains that the support provided was applied “as ‘*top-ups*’ to support achievement of scale within an existing DBE programme or as innovative start-up projects within a broader DBE programme”.

This has allowed the implementation of two types of projects:

- “***Once-off projects*** aiming at bridging an existing gap. Once the gap has been bridged (e.g. infrastructure completed, LTSM¹⁴⁷ supplied), the project is completed and it is up to the provincial or national departments of education to sustain the deliverables through voted funds.

¹⁴⁶ The ward is a unit of analysis based on the SA electoral system.

¹⁴⁷ Learning and teaching support materials.

- **Innovative, risk-taking, piloting projects** aiming at introducing and testing new approaches or systems. Once developed and tested, the projects (e.g. multi-grade teaching, textbook catalogue, HRMIS, CPTD¹⁴⁸) are completed and the products and systems are mainstreamed and funded as an integral part of the operational budgets of the DBE and/or Provincial Departments of Education”.

The box below provides further details for some examples of activities/projects supported by the PrimEdu SBS operation.

Box 8 *Examples of activities managed by DBE or DHET which were supported by the PrimEdu SBS operation*

Examples activities/projects managed by DBE:

- Implementation of a **Human Resource system** (HRMIS) that is cleaning the data on PERSAL, payroll and developing relevant organisational structures. This comprehensive system assists in ensuring that information on teachers is correct and that the compensation of teachers is managed correctly. The system will be first implemented in Limpopo and the Free State.
- **Training and capacity building of teachers** in preparation for the implementation of the Curriculum and Assessment Policy Statement (CAPS).
- **Multi-grade teaching:** Preparation of a CD assisting teachers to teach in multi-grade classes. For the first time ICT has been used to prepare model lessons to assist teachers who are teaching multi-grade classes.
- **National catalogue:** For the first time the DBE has produced a national textbook catalogue. Previously Provincial Education Departments prepared their own catalogues. This innovation has helped to save on costs as only one catalogue is produced rather than nine separate catalogues. All screening of LTSM is now done centrally, which has helped to ensure better quality because of the stringent national requirements.
- **Workbooks project:** Benefiting from economies of scale in terms of the large numbers of workbooks being developed (for Grades 1 to 9, and Mathematics workbooks for Grade 12), the DBE is able to reduce drastically the cost of production. The total number of workbooks for 2012 is expected to be approximately 58 m.
- Pilot testing a **management system for Continuing Professional Teacher Development (CPTD):** The development of the CPTD management system¹⁴⁹ is innovative in the sense that it is developing a new national system to enhance teacher professional development. The system will (a) endorse appropriate teacher development courses, (b) systematise and structure the varied range of teacher development activities so that their impact is measurable and (c) possibly introduce the CPTD points system to reward teachers for participating in professional development (a new development in the South African context).
- The development of **programmes that address areas of low performance** in the schooling system through analysis of the Annual National Assessments and National Senior Certificate results is a new and creative systemic approach. The programmes aim to (a) identify the trends in errors that learners make in their assessments and exams and (b) assist teachers in improving their teaching in those areas.

Examples of activities/projects managed by DHET:

- Publishing a second copy of a **journal** (the South African Journal of Childhood Education). The journal includes best practices to help ECD teachers.
- **Teacher Education Conference** (which take place in July 2012).
- **Early Childhood Education Research and Development Week**, to take place in Grahamstown, 10th-14th September 2012.
- The competitive process of providing **grants to universities** encouraged the development of new programmes as well as further enhancing research and material development in existing programmes.

Source: 2012 Mid-Term Review of the PrimEdu SBS operation

In summary, the SBS operation has indeed allowed the testing/experimentation/development of several new activities, tools or systems.

However, no strong linkages exist between several of the actions implemented. Most of the innovative actions implemented correspond to the identification of ways of strengthening a number of existing systems and tools. Despite some exceptions (e.g. actions in the area of teacher education), the actions didn't correspond to the implementation of a consistent set of experimentations with the view of developing a new policy or a specific sub-sector strategy.

Finally, the MTR report notes that: “Some of the project managers who have developed and implemented new systems or innovations believe that an exchange of best practices from EC member

¹⁴⁸ Continuing Professional Teacher Development.

¹⁴⁹ The design of a management system for Continuing Professional Teacher Development actually started in South Africa before 2008. See <http://www.sace.org.za/upload/files/CPTD%20Design%20doc%20draft%20version%2013A%201006081.pdf>

countries could have been a valuable input. Additionally, accessing research networks from other countries could have supported some of the projects. Through better utilisation of the ad hoc high level dialogue discussed above, this support could be facilitated.”

Evidence emerging from the Urban renewal sector

Evidence gathered to date does not point to any significant change in policy processes as a result of lessons learnt through the implementation of the programmes. That said, some of the good practices implemented through the programmes, especially in the case of *eThekweni* have led to the adoption of similar practices within the broader work of the Municipality although this has yet to translate in formalized changes in policies processes.

With regards to the Eastern Cape, it was expected that the TSF (i.e. the technical assistance) would contribute to improving knowledge systems through the capturing, documenting and dissemination of URP lessons as part of monitoring and on-going improvement of policy and practice. To date however, and despite the good work carried out, this is yet to happen as work undertaken has improved to varying extent capacities and processes within the targeted areas but has not moved beyond that.

On this the mid-term review notes that:

- With respect to Inter-Government Relations (IGR), DPLG national (now CoGTA): *“The IGR respondent confirmed the value of the TSF’s and emphasized the need for the development of intellectual capital on integrated urban renewal to be continued on an ongoing basis. This should be delivered through the MURPs introducing training and mentorship. [...] This will be essential for the ongoing development of the URP.”* and
- *“The latest draft Cabinet Lekgotla Report (January 2009) records the EC’s financial support to the two Eastern Cape urban nodes, but not that of the TSF to strategic thinking, approaches and capacity building for Urban Renewal”.*¹⁵⁰

5.1.2 I-512 Evidence of changes introduced in policies in relation to the implementation of pilot, risk-taking or other value-added initiatives supported through SBS

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

SBS operations influenced policy through several ways:

- Strengthening of current policies
 - **Gender Policy:** *SWEEEP* assisted in funding research as well as the overall process of developing the Strategic Framework on Gender and Women’s economic empowerment. This framework addressed gender with regards to economic empowerment especially towards rural HDIs. The current BBBEE policy did not address these specific issues. (see MTR: page 69)
- Formulation of new policy
 - **Consumer policy:** SBS funds also assisted in fast-tracking formulation of new policies. The Consumer Law Reform is one such policy. The new policy aims at *“incrementally building the capacity of the consumer not for profit organisations, and customer responsiveness both in the public arena and private sector.”* (MTR: page 81)
- Institutionalisation of policies
 - **IPA:** The compulsory inclusion of ICT programmes in the budget across all departments successfully reflect the strengths of SBS operations through *IPA* (source: interview).
 - SBS operations have influenced the mainstreaming of programmes into public sector budgets. SBS funded programmes were instrumental in increment of budget allocation to the DST *“Part of the explanation of the dramatic rise in national budgetary allocation to the Department of Science and Technology from 400 m to 4 bn in 2012 is due in part to the work of SPSP.”* Monitoring report: page 4)
- Capacity building to reinforce national capacities to analyse, formulate, implement, monitor and evaluate policies

¹⁵⁰ Mid-term Review of the EU Support to Urban Renewal Programme in the Eastern Cape, February 2009, p.41.

- o Additional value has been in the form of development of gender strategy within the *dti*. The Gender Equity Fund within the *dti* aims at supporting women entrepreneurs (MTR: page 81)

The *RCF* influenced policy changes with regards to **financing risky projects**. The Risk Facilitator Report notes that, “*The ability of the programme to address current financial market failures through co-investment with the IDC has been significant. At the most obvious level some investments simply would not take place because other financiers would not have sufficient appreciation of the non-financial benefits involved.*”(Risk Facilitator Report: 2)

With regards to the *IPA*, the SBS is now being adapted to the 10 year National Innovation plan giving the action a full national reference (Poverty Alleviation through Innovation Report: p.26). In addition, SBS funding influenced government policy with regards to ICT. All the government departments are now mandated to include ICT policies in their yearly budgetary plans (interview).

Evidence emerging from the Governance sector

Well before DoJCD started a sector budget support programme in the justice sector, the department had already worked with the specialised NGO Foundation for Human Rights, which was funded by the EC Delegation after the first democratic elections. The existing levels of trust enabled the department and FHR to adapt and improve their relationship within the context of designing the *Access to Justice* SBS. Co-operation modalities between the department and FHR were refined and formalised in a *Memorandum of Understanding*, and further programme implementation allowed to test the relevance and validity of such engagement policy or strategy. Generally speaking, such state-society relationships and programmes pose numerous content, managerial and institutional challenges, especially in a broader context in which government is often criticised by civil society and vocal media for non-performance. During the validation phase of the SBS evaluation, the evaluator had a group discussion with representatives from the NT/IDC, the DoJCD and FHR – during which all confirmed that the co-operation arrangements with civil society through the Foundation for Human Rights had proven their effectiveness. In the words of the Director of Donor Co-operation and Programme Management at DoJCD [group discussion, 20 May 2013] the challenge for the department boiled down to resolving the question of “how to work in partnership with civil society so as to tap its added value without stifling its independence”. The answers generated throughout the SBS operation were highly satisfactory to all partners: DoJCD, FHR, and EUD. Reporting documents reveal strong levels of confidence and of satisfaction that bode well for further institutionalisation of such state-society co-operation in the justice and constitutional development policy arena (see also I-523). This is further illustrated by government efforts to consolidate its co-operation through FHR with civil society. DoJCD has targeted a new SBS operation (“Socio-Economic Justice for All”), with among other things, a civil society policy as part of the broader Justice, Crime Prevention and Security Cluster, as well as a sustainability target in terms of future government spending by the end of the programme. Already, a new departmental branch (“Constitutional Development Branch”) has been created that will specifically deal with civil society and that will be headed by a senior civil servant (Deputy Director General), so as to ensure continuity for its work with civil society (interviews and Annual Plan DoJCD, 2011). Through its presence in the Justice, Crime Prevention and Security Cluster, the FHR has been able to familiarise itself with key policy issues and contribute to inter-departmental policy dialogue and innovation. At a workshop about the future of Belgian aid in South Africa organised in Pretoria in 2013, the IDC/NT called the co-operation between DoJCD and FHR with the *LSPSP* support as an example of effective multi-stakeholder partnership.

In the various interviews (EUD and legislative sector) it was pointed out that the SBS in the South Africa Legislative Sector had contributed to strengthening the Legislative Sector Support, the secretariat that was dedicated to support the Speakers’ Forum in further developing the different structures and systems. LSS contributed to strengthening the stakeholders in SALS to take ownership over the sector development process. The *LSPSP* was prepared during the 3rd Parliament (2004-2009). After the April elections of 2009, almost all members of the Speakers’ Forum were new, and the fact that LSS was in place and a sector strategy had been finalised before the *LSPSP* helped to ensure a transition which made it possible for new members of the legislatures to pick up the *sector thread*. The new Speakers’ Forum built on the *LSPSP* results areas and KPIs, and asked for a fourth key result area, i.e. to engage with regional, continental and international legislative bodies as part of the *LSPSP*. These international relations and other results areas are energetically being pursued by LSS and the Legislative Sector.

Evidence emerging from the Water sector

(See also previous indicator) no specific changes introduced in the policies have come about as a result of pilot, risk taking initiatives, other than to repeat what is noted above – that the framework was an attempt to consolidate the experiences learnt during *MSB I*, in particular the need to systematically shape the response to local government around the key focus areas listed above.

Evidence emerging from the Health sector

There is no evidence of major “policy changes” directly related to the implementation of the initiatives supported through the two SBS operations. That said, interviews confirmed that, in general, the initiatives supported have fed into policy processes aimed at enhancing the implementation of strategies in the areas covered by the two SBS operations and further expanding the existing policy framework (e.g. by developing a specific Community Care Worker Management Policy Framework¹⁵¹).

Specific policy guidelines focusing on the delivery of PHC services were developed under the programme supported by the PfH II SBS. The 2011 Impact assessment study of the programme indicates that: “*Before the introduction of the PDPHC programme there were no policies, strategies and guidelines to facilitate partnerships between the DoH and NPOs.*” And it further explains: “*The programme developed policy guidelines which were operationalised, adopted and rolled out as models to 45 of the 52 health districts. The developed guidelines, manuals and frameworks created an official role for NPOs in the health sector.*”

Moreover, the experience gained by the DoH under the Partnership for Health programme (which was first supported by the EU via a project approach and then, from 2007 onwards, via SBS) has reportedly contributed to the design of the three-tiered approach to PHC recently adopted by DoH (described under *Indicator 5.1.1*).

Finally, in the context of the development of the wide National Health Insurance reform, the DoH has tested a number of innovative models for the delivery of health services. Some of these experimentations were directly supported by the PrimCare SBS operation such as the General Practitioner contracting model.

Evidence emerging from the Education sector

There is no evidence that the implementation by DBE and DHET of the supported actions was done with the view to feed into the development of new national policies or the introduction of new elements in existing national policies. As explained above, the support provided by the SBS operation allowed experimenting a number of innovative activities/tools/systems. As highlighted in an interview carried out with the line department staff, the SBS operation rather helped “to identify key leeway to push forward certain processes in terms of the implementation of the sector strategy”.

Evidence emerging from the Urban renewal sector

Evidence is mixed in this respect.

On the one hand documentary evidence points to a lack of influence, e.g. with reference to the Eastern Cape URP, “*the MTR demonstrated a clear gap in the URP information flow between the different spheres of Government. For a number of years, the country has been moving towards evidence-based policy-making, based upon outcomes-based reporting. To a considerable extent, this has not been manifested as yet in the programme. The MTR presents an opportunity to revisit the alignment of the different spheres’ monitoring and evaluation so as to align these more closely and thereby contribute to more effective evidence-based policy-making. DPLG and DHLGTA should pursue how best to align outcomes-based monitoring and evaluation together with National Treasury.*”¹⁵² See also I.511 above.

On the other hand, interviewees have highlighted: i) the importance of the SBS operations and more broadly of all *URP Eastern Cape* in providing lessons learnt that are being fed into the on-going policy-making process expected to lead the formulation of a National Urban policy; and ii) the important role played by the *e-Thekwini* SBS in allowing to test the new Area-Based Management idea and thereby contribute to policy direction through the subsequent set-up of the Neighbourhood Development Programme in 2007.

5.1.3 I-513 Evidence of changes introduced in policy processes in relation to the implementation of initiatives supported through SBS

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

The most visible changes to policy processes were seen in the implementation of the *SWEEP* SBS operation and examples have been given in I-511 above.

In the case of *RCF*, the MTR mentions: “*Design of new pricing monitoring system - The Corporate and Structured finance SBU’s main responsibilities are to organise usually large and complex structured*

¹⁵¹ as mentioned in the EUD analysis of conditions related to the payment of the third tranche of the PfHII programme.

¹⁵² Mid-term Review of the EU Support to Urban Renewal Programme in the Eastern Cape, February 2009, p.55

finance deals for the IDC. However, it intervenes as well for smaller operations as advisor to other IDC departments when the need arises. Regarding RCF, this SBU has been involved with the design of a new pricing monitoring system for RCF, which had been identified and encouraged by the EIB, to determine the pricing to be applied to RCF commitments in order to attain the required financial sustainability.”

Evidence emerging from the Water sector

As noted above the shaping of SFWS came about in response to experiences of working at local level, funded by MSB I.

Evidence emerging from the Governance sector

The preparation and implementation of the two SBS operations touched on multiple policy processes in the two sectors. In the justice sector exchanges with civil society at different levels have markedly increased as a result of SBS. Because of the politics of policy making it is always hard to identify what has contributed to policy changes or who can claim ownership over implementation successes or the realisation of outcomes. One can hypothesise that such increase in state-society interactions in the context of South Africa’s constitutionally embedded principle of *participatory democracy* and of open public debate is likely to create more incentives for public authorities to respond to citizens’ demands, although this is not a straightforward or one-directional process. In the case of the Legislative Sector it has been pointed out during interviews and in the literature that the party political dominance in determining the members of national and provincial parliament and legislatures (and thus national and provincial governments) creates strong political disincentives for members of Parliament and provincial legislatures to pursue improved sector performance in areas such as independent oversight, citizens representation and checks and balance roles over the executive arm of government.

Access to Justice operation

In the *Access to Justice* operation one has to distinguish two complementary programme components. The first component is managed by the department and FHR. The second one is implemented by the EUD through a Call for Proposals (2009-2013).

The first component played out at different levels and involved civil society actors in both direct and indirect ways. Schematically put, there are three interrelated engagement strategies between DoJCD and civil society. First, in order to better implement its constitutional obligation to deepen democracy the department engages with civil society to strengthen citizen participation and to sensitise about constitutional rights. Secondly, the department engages with the Foundation for Human Rights to extend the reach of service delivery in areas of provision of alternative or paralegal justice services. There is a realisation that given the enormous challenges (including crime, increase in the number of fraud and corruption cases¹⁵³, increased civilian case load, increased number of litigations against the state¹⁵⁴, and the obligation to fight pervasive inequality and racism) the department has to engage with civil society to tap alternative sources of service delivery and for enhancing or facilitating the *Access to Justice* for the poor and the marginalised. In fact, the GoSA also reaches out to other stakeholders, such as *Traditional Authorities* in rural areas, who traditionally fulfilled roles in dispute resolution or administration of traditional justice.

Thirdly, the Foundation for Human Rights and other civil society organisations engage with the department to signal (potential) problem areas and to provide evidence on what works and what does not work in terms of policies and policy experiments. Enhanced collaborative engagements between the Government and civil society in the context of this SBS operation creates new opportunities for civil society to influence policy processes at different levels and through various approaches¹⁵⁵:

- At a first level, government has adopted policies for engaging with civil society as part of the constitutional obligation to make South Africa’s democracy truly participative. The intervention areas the department has targeted include sensitisation around constitutional rights and

¹⁵³ *The DoJ&CD. Strategic Plan 2012-2017 (March 2012)*, p. 21

¹⁵⁴ The DoJCD highlighted that “more people are taking government to court to exercise their constitutional rights, and more marches are being held by people trying to exert influence on government to deliver” (*Strategic Plan 2012-2017*, p 17).

¹⁵⁵ Civil society, for example, warns against an over-reliance on Traditional Authorities in the *Traditional Courts Bill* (to be debated in parliament during 2013) who are promoted by policy makers for their potential to provide alternative dispute resolution, but may also entrench gender inequality.

promotion of equality, and enabling dialogue with Government and Chapter Nine Institutions¹⁵⁶.

- At a second level, SBS has helped the department and the Foundation for Human Rights to engage with a multitude of civil society organisations to help deliver services in hitherto under- or un-serviced areas. The department has developed policies and legislation on restorative justice, on alternative dispute resolution mechanisms involving a diverse range of civil society actors as well as Traditional Authorities. The department through the SBS operation engages with and supports Community Advice Offices that provide such alternative or paralegal services. Attempts are being undertaken to keep juvenile delinquents out of overcrowded jails through “diversion” programmes involving paralegal or civil society mediation. The contributions of civil society to dialogue and experiment can inform policy processes such as the development of a Restorative Justice Strategy and the Diversion Indaba. This was a broad consultation process that DoJCD organised as leader of the *Justice, Crime Prevention and Security Cluster* to improve the understanding and implementation of diversion and alternative dispute resolution mechanisms¹⁵⁷.
- Thirdly, the Foundation for Human Rights indicated that through strengthening dialogue with civil society and delivering (alternative) services, the department may improve its approach to “*conflict and the breakdown of relationships between government and civil society*” (*Access to Justice and Promotion of Constitutional Rights Programme 2009-2012*, p.31). FHR refers to the many social conflicts – often triggered by service delivery failures, and regularly flaring up in violence. FHR also points to the need for quality engagement by civil society in such policy dialogue, and the need to inform evidence based policy development. Other determinants of the quality of the civil society inputs into the policy dialogue include the quality of sensitisation, mobilisation and leadership of the civil society interlocutors. One of the multiple social action strategies for social mobilisation and policy influencing evolves around public interest and pro-poor litigation (idem, p. 22). On the long list of FHR grantees, quite a few challenge public authorities on poor governance, on corruption, unequal or ineffective delivery of public goods, on policies that perpetuate gender imbalances and historic wrongs, etc. This challenge function is also applied with other departments, as the case of *Equal Education* illustrates. The Minister of Basic Education was successfully challenged by Equal Education, a CSO receiving funding from among others FHR and from the EU (thematic budget line). Equal Education threatened the minister with litigation over non-delivery of textbooks in one of the poorer provinces and over too low common standards for basic education infrastructure more generally.
- Fourthly, there are various policy processes within the *Justice, Crime Prevention and Security Cluster* in which careful facilitation and piloting is required. For example: translating constitutional principles such as outlawing discrimination on the basis of sexual orientation is tricky in a society with dominant traditional values that are opposed to the values and rights on lesbian, gay, bisexual, and transgender (LGBT) people. Gender based violence is extremely high in South Africa. In the Group Discussion with DoJCD and FHR [20 May 2013] it was recognised that FHR is playing a conducive role, as it can take on such sensitive matters for piloting and policy development in a department where even senior civil servants may be primarily informed by traditionalism and opt for inaction.
- Finally, FHR also provides capacity development to civil society actors within the context of the *Access to Justice* programme. Capacity Development may provide insights on when and how to engage purposefully in policy processes with government actors (including in the Legislative Sector, see next point).

So providing policy inputs and creating feed-back loops, policy facilitation and piloting, civic activism, delivering services, sensitising on human rights and even initiating public litigation against the state go together within the *Access to Justice* programme. Yet government interlocutors did not express their nervousness or negative sentiments about the likely tensions and conflicts within DoJCD or within other government departments emerging from this partnership model and the mix of such engagement modalities. In fact, interviewees at the DoJCD expressed their trust with the way FHR operates. They did not hide the fact that this mix sometimes created some tensions, but these need to be managed properly. In fact, a new Constitutional Development Branch has been created that elevates the

¹⁵⁶ These are the statutory, independent bodies that the Constitution has established for supporting constitutional democracy (Chapter 9 of the Constitution). They include the Public Protector, the Human Rights Commission, the Commission for Gender Equality, the Auditor General, the Electoral Commission, etc.

¹⁵⁷ *The DoJ&CD. Strategic Plan. For the period 2011-2016.* (March 2010)

importance of this type of work within the department. This was also seen by the interviewees as a positive signal of the interest of Government to entrench this way of working with FHR and civil society [interview, discussion group and Strategic Plan 2012-2017]. The Strategic Plan elaborates a little further and refers to “financial pressure points” due to budgetary constraints that may put the “enhancement of constitutional development programmes” in danger (Strategic Plan, p, 20). This message may be read as a sign of departmental interest to ensure timely measures to ensure sustainability of the FHR partnership. The Discussion Group with DoJCD, the National Treasury (IDC) and FHR [20 May 2013] confirmed the plan of the DoJCD to set up a new SBS that builds on the experiences of past policy processes and seeks to sustain funding through the South African budget by the end of the next SBS.

There are additional opportunities for civil society contributions through the *Access to Justice* operation (and through the opportunities offered under the *LSPSP*, see next point) for purposeful policy engagement with the National Parliament and the Provincial Legislatures. Capacity development and early awareness of legislative processes (most draft legislation emanates from departments) are enabled within the *Access to Justice* programme and interactions between DoJCD and FHR (and civil society partners).

The second – EUD managed – part of the *Access to Justice* programme, also affects policy processes of among others the DoJCD. Through a Call for Proposals, the EUD identified a number of large and medium sized NGOs (six grants between EUR 500,000 and EUR 960,000 over maximum 30 months) for complementary activities such as lobbying, advocacy, networking, public debate, policy dialogue, policy oriented research, capacity building and litigation. This approach proved to be an independent source of funding in areas that are complementary to those covered by FHR and the DoJCD. The final evaluation¹⁵⁸ of these six EUD grants¹⁵⁹ under the *Access to Justice* operation was positive about the effects on policy processes in terms of promoting a conducive environment for CSOs, more meaningful and structured participation of CSOs in domestic politics” and increased local CSO capacities to perform roles as independent development actors (Final Evaluation and Feasibility Study, p. 33).

LSPSP

Since 1997, the Speakers’ Forum relied on two consecutive project support programmes from the EU (the *Parliamentary Support Programme* and the *Legislature Support Programme*). In order to prevent institutional memory loss, to promote stronger ownership and to enhance institutionalisation of the Legislative Sector more broadly, the Speakers’ Forum set up the *Legislative Sector Support*¹⁶⁰ (October 2006). The roles and functions of this unit or secretariat evolved as the Speakers’ Forum formalised and as it decided to operate as a sector (February 2007). Towards the end of the 3rd Parliament (2004-2009), this resolve and inter-parliamentary policy processes between Parliament and the provincial legislatures to become a coherent sector took the shape of a formally adopted *Sector Policy and Strategic Framework* by the Speakers’ Forum (May 2008). The characteristics of the *LSPSP* as an SBS aid modality proved to reinforce or support this evolution, especially at a time of transition between the 3rd and 4th Parliament. The national and provincial elections of April 2009 had profoundly changed the membership of Parliaments and Legislatures, with only a few members in the Speakers’ Forum staying on. LSS and *LSPSP* provided mechanisms for continuity, and for the new members to take ownership of *LSPSP* and the on-going policy process of Legislative Sector development. The Speakers’ Forum of the 4th Parliament also added “international relations” as a fourth key policy area for the LS. A yearly international Consultative Seminar is hosted by the Speakers’ Forum since 2010 – which sees the beginnings of an emerging policy of engaging in South-South co-operation with potential for regional capacity building, as well as broader international relations development.

“*The fact that the sector determines its own priorities and proceeds to act on these, demonstrates the high level of commitment and ownership of the sector approach,*” according to the Payment Request

¹⁵⁸ EUD (2013), Final Report. *Access to Justice* and Promotion of Constitutional Rights Programme (CSO Component). Final Evaluation and Feasibility Study. May 2013.

¹⁵⁹ Six grantees were: Association for Rural Advancement’s Land Rights Legal Unit, Black Sash, Community Law Centre, Khulisa Social Solutions, Oxfam GB, Tshwaranang Legal Advocacy Centre.

¹⁶⁰ The Speakers’ Forum has evolved to become the highest decision making-body of South Africa’s Legislative Sector that sets the direction, oversees the management and coordinates sector programmes. This Forum draws up the policy framework and consists of: Speaker and Deputy Speaker of the National Assembly, the Chairperson and Deputy Chairperson of the National Council of Provinces and the Speakers and Deputy Speakers of all nine Provincial Legislatures. The Speaker of the National Assembly is the chairperson.

The Legislative Sector Support is a unit that functions as the sector’s co-ordination mechanisms and is responsible for management, co-ordination and facilitation of the implementation of sector-wide projects and provide support to sector structures. LSS supports the Secretary to Parliament with the administration of the *LSPSP* fund.

(2012¹⁶¹). This document also refers to the significant deepening of the relations between a range of actors and stakeholders as the sector matured, with support of the *LSPSP*. These key stakeholders and actors that determine the nature and quality of the policy processes in the Legislative Sector include:

- Sector actors: the SBS directly contributed to strengthening the Legislative Sector Support, the unit that acts as a secretariat to the Speakers' Forum and is responsible for management, co-ordination, facilitation of the sector-wide projects and support to the Secretary to Parliament with the administration of donor funds. The Legislative Sector programme organises meetings for the nine thematic Forums of the Secretaries' Association of the Legislatures of South Africa (SALSA). A *Sector Dialogue and Co-ordination Body* was created to oversee the sector dialogue process and provide direction for LS planning, to engage with external stakeholders, and to oversee the *LSPSP* agreement. Linkages between the National Parliament and Provincial Legislatures are enabled and structured in order to strengthen systems and capacities for two policy priorities in the LS, strengthening law-making and improving oversight functions.
- Citizen participation: Another sector policy priority is about "deepening and entrenching people-centred democracy". One can distinguish a supply-side and a demand-side dimension to this priority. In terms of the supply-side of deepening citizens' involvement in South Africa's democracy, the Speakers' Forum reviewed the Public Participation Framework, i.e. those activities that the Legislative Sector can undertake vis-à-vis the public. These activities include organising Women's and Youth Parliaments, and People's Assemblies at national and provincial levels, improve and standardise the petition processes, etc. Secondly, there are also an increasing amount of demand-driven initiatives to which legislatures are invited – or often challenged – to respond. Some of these demands originate from civil society actors that are supported through the *Access to Justice* programme (see also synergies as described in the example of the People's Parliament, 1-531). A whole range of important bills (dealing with sensitive matters with a profound impact on inequality, rural poverty, gender distortions, restorative justice, the right to information etc.) are being debated and voted in parliament, and test the capacity and preparedness of legislatures to respond to civil society, think-tanks, and other non-state actors. The quality of the interactions between demand and supply side efforts determine the quality of such policy processes.

Other changes in the core policy process of the Legislative Sector development and institutionalisation include:

- Finalisation of the *Legislative Oversight Model*.
- Improved audit outcomes for Parliament and Provincial Legislatures.
- Commencement and progress in the review of the *Sector Public Participation Framework*.
- Sound financial management in place due to the implementation of the *Financial Management of Parliament Act*, and the efforts to expand these accountability mechanisms to the Provincial Legislatures.
- Realisation of a standardised tertiary education programme (graduation ceremony in attendance of the President of the European Parliament, May 2013), plus development of a human resource strategy so as to ensure swift capacity support to new members of Parliament and Legislatures after elections.
- The SALS oversight model, Petitions Framework and Performance Management Framework have been finalised.
- Strengthened international engagement with other legislatures and parliamentary organisations with a view to learn and share knowledge.

Evidence emerging from the Health sector

Interviews confirmed that the initiatives described in *Indicator 5.1.1* have fed into policy processes aimed at improving specific sector strategies in the areas covered by the programme.

In particular, under the PfH II programme, the support to the implementation of a new model of sector governance including NPOs for enhancing service delivery at local level and the support to the development of Human Resources at various levels of the sector institutional environment have certainly had an effect in terms of strengthening policy processes in the health sector.

¹⁶¹ COM (2012). *Sector Budget Support 3rd Fixed and 2nd Variable Tranche Payment Request: Legislative Sector Support Programme*. September 2012.

However, there is no evidence of major changes in ‘policy processes’ as such which can be related to the implementation of the initiatives supported through SBS.

Finally, it is noteworthy that the PrimCare SBS operation was more seen as an opportunity to scale up the experimentation of innovative activities or models with the view of enhancing the implementation of specific sector strategies rather than a direct contribution to policy development.

Evidence emerging from the Education sector

Since most of the activities have been implemented in 2012, it is too early to analyse in a comprehensive manner the contribution of supported actions to changes in policy processes. That said, if the definition of policy processes is taken broadly, some notable achievements can already be identified. For instance, the DHET launched an initiative to create synergies between the efforts of various South Africa Universities in research projects/curriculum development activities related to teaching in early grades. As a result, a number of partnerships between SA Universities and DHET were created to enhance policy innovation in this area. A notable achievement concerns the establishment of a national research association on teacher education that has the potential to actively contribute to future policy developments in this area.

Evidence emerging from the Urban renewal sector

See I.511 above.

5.2 JC5.2 Strengthening of public sector institutional and technical capacities (dti, MoH, Water, S&T...), including support to provincial and local governments, linked to the implementation of initiatives / programmes supported by SBS

5.2.1 I-521 Evidence of increased technical capacities within line ministries, provincial and local governments in relation to initiatives supported through SBS

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

There is evidence of capacity building initiatives within the dti. Various methods of capacity building activities are evident

- **Programme implementation spinoffs:** The SEDA incubation programme improved the dti’s capacity to accelerate technology driven organisations. “*SWEEEP funds were used to ensure the use of appropriate technology and financing of the establishment of technology incubators, innovation centres, demonstration centres and hybrid centres which have effectively increased the dti’s capacity to accelerate technology driven enterprises and assisting HDIs.*” (MTR: p.69)
- **Industry know how:** The deciduous Fruit Canning initiative was one example where the dti by the use of ODA funds assisted in supporting the industry and exchanges of know how. (MTR; p.69)
- **Building capacity for non-profit organisations:** SWEEEP aided in incrementally building the capacity of the not for profit organisations and raised consumer awareness in the public and private sectors.

In summary one dti participant in an interview noted that “*The Capacity that is being built in the unit is capacity that will remain within the dti.*”

There is limited contribution of TA across all SBS operations under evaluation. With regards to ECF it emerged that the technical experts had limited knowledge with regards to employment creation projects (*source: interviews*). However, 10% of SWEEEP SBS programming was kept aside for TA.

Evidence emerging from the Water sector

At both provincial and local level, there is considerable evidence of increased technical capacities as a result of SBS to the water sector. Through *MSB, DWA and SALGA* provided support to Water Service Authorities and Water Service Providers to establish their water governance functions, identify performance gaps, develop action plans with performance targets, and prepare support plans to achieve performance targets.

However, recent years capacity constraints have impacted the implementation of *MSB* itself. As DWA reportedly has lost many skilled staff due to political and leadership changes, DWA’s overall capacity is seen to have decreased and face difficulties in regulating the sector. As *MSB III* Final evaluation noted (p. 15) “*One of the key findings of the evaluation was that the marked discontinuity in DWA leadership*

in the top 4 tiers impacted heavily and negatively on decision-making, institutional memory and strategic coherence during MSB III.”

Nevertheless, during the 10 year programme, there is evidence of a considerable number of different types capacity building initiatives within the sector.

At provincial level:¹⁶²

- strengthened the capacity of DWA Regional Offices to coordinate with other actors, and
- regulate and provide support to municipalities

At local government level:¹⁶³

- DWAF 5-year Local Government Strategic agenda developed to address Municipal Support Plans, Free Basic Water, bucket eradication, alignment of WSDPs to Provincial Growth Strategies and IDPs.
- Support to 155 municipalities re WSDPs – as 5 WSDPs are adapted and a further 75 are in various stages of development.
- WSA checklists.
- Transfer Schemes.
- Skills development and training was provided to councillors and water services staff and technical advisory services were provided to municipalities.
- Siyenza Manje programme placed retired engineers and engineering students in municipalities to strengthen their capacity.

Focus areas of technical support included¹⁶⁴:

- Policy development & By-Laws;
- Financial planning & management;
- Infrastructure development;
- Performance management;
- Regulatory capacity;
- WSDP preparation, implementation & monitoring;
- WSP institutional arrangements;
- Transfer of water & sanitation schemes;
- Integration of WSA structural & organisational issues within the municipal structure.

Challenges faced in providing capacity building¹⁶⁵:

- Structural challenges - WMAs do not have the ability to effectively contract and oversee Water Service Providers, who themselves have capacity constraints in ensuring effective service delivery.
- Attracting and retaining staff (poor salaries, poor working conditions, poor resources) is problematic, particularly engineering staff.
- WSS service provision to informal urban settlements is an area with particular constraints and difficulties. Masibambane has a strong rural focus, and DWA has not been equally strong in supporting service provision to informal urban settlements.
- During *MSB II* consultants were frequently brought in, often also to undertake DWA core functions, and the intended capacity building appears often not internalised by DWA. As a result there was a backlash and it is now perhaps overly difficult for DWA to procure consulting services. At local level *MSB* support was often used to engage consultants, but often the resulting plans, recommendation and skills were not internalised by municipalities.

All changes referred to above came about as a result of funding from *MSB*, in certain cases funding of TAs shaped these activities.

¹⁶² DWA focus group at DWA's KZN regional office (1/02)

¹⁶³ EC 'Note to File' re Request for disbursement for 2nd Fixed Tranche/1st Variable Tranche (dated 16 April 2009)

¹⁶⁴ List provided during Focus Group with DWA HO (25/01)

¹⁶⁵ Focus Group with DWA HO (25/01), interview with Louise Colvin (31/01), interview with Adrian Wilson (31/01)

Dialogue, in the form of EUD assessments of requests for disbursement of tranches, appears to be a vehicle to raise concerns about the lack of progress made with regards to cross-cutting issues. For instance, in April 2009, the EUD raises concerns about the gender mainstreaming strategy not being developed, that “*the sector continues to struggle with interpreting a universally acceptable approach to the engagement of civil society*” (p. 4) and stresses that these issues “*need close monitoring from the Delegation*”¹⁶⁶.

In MSB III alone, the MSB III Final evaluation team found an “*extraordinary wide range of initiatives and activities aimed at supporting and strengthening municipal water services management and service delivery*” (2012, pp 3-18 to 3-22), which can be categorised into five broad objectives, namely

- Access to basic services, i.e. planning and implementing projects to eradicate service backlogs and enable access to free basic water and sanitation;
- Strengthening institutional capacity to drive, oversee and regulate provision of water services;
- Direct operational support;
- Skills development;
- Knowledge management and sharing.

Examples cited by the final evaluation team are tabled as follows:

Table 65 Broad objectives and Examples of projects funded by MSB

Broad objective	Examples of projects funded by MSB
Improving access to basic services	<ul style="list-style-type: none"> • Supported the planning, design and management of infrastructure projects and contracts to address service backlogs in numerous municipalities; • (...) • Provided supplementary infrastructure planning, development and funding to support municipal service provision and overcome infrastructure bottlenecks through the Accelerated Community Infrastructure Programme (ACIP) and Regional Bulk Infrastructure Grant (RBIG); • Helped municipalities develop and implement Free Basic Water and Sanitation policies; • Implemented a Free Basic Water Special Intervention Programme that explored how to provide FBW on privately-owned land, how to support water supply for stock-watering, and how to mobilise alternative finance to fast-track backlog eradication and service upgrading; • Implemented a programme to boost job creation and SMME development through localised enterprise hubs for toilet building and sanitation improvement in 16 Limpopo settlements.
Strengthening institutional capacity to drive, oversee and regulate provision of water services	<ul style="list-style-type: none"> • Ran a national five year programme of municipal Councillor induction and training to strengthen their understanding of the requirements of their water services portfolio; • Provided support to municipalities to develop Water Services Development Plans and align these with Integrated Development Plans; • Assisted municipalities in developing a range of policies, strategies and contracts in line with statutory requirements; • Supported Section 78 assessments to decide municipal service provider arrangements; • Supported municipalities nationally to identify their water sector support needs, and consolidated the findings into regional / provincial water support plans to inform direct support; • Implemented the third round of the national Water Services Authority Benchmarking Initiative in 2007, involving 80 WSAs, culminating in a major feedback workshop in early 2008; • Worked with local, provincial and national partners to implement a wide range of activities arising from the 2008 Municipal Indabas; • Developed health and hygiene guidelines and promotional materials for use by municipal and provincial environmental health practitioners; • Developed guidelines for VIP pit desludging; • Assisted dplg/CoGTA to set up and institutionalise its management of the Municipal Systems Improvement Grant;

¹⁶⁶ EC ‘Note to File’ re Request for disbursement for 2nd Fixed Tranche/1st Variable Tranche (dated 16 April 2009)

Broad objective	Examples of projects funded by MSB
	<ul style="list-style-type: none"> • Supported an acclaimed municipal Operation and Maintenance programme in the Northern Cape, which included the development of five handbooks; • Implemented a WSA Checklist in virtually every WSA to assess their compliance with statutory requirements of WSAs; lessons and findings were used to inform the implementation of the Regulatory Performance Monitoring System, now mandatory for all WSAs. This was complemented by a Municipal Strategic Self-Assessment tool, implemented in nearly every WSA by 2011; • Deployed technicians and professionals to work in local, regional and national government to provide hands-on support to project planning and management; • Undertook physical condition assessments of bulk reticulation network in several municipalities; • Supported the development of water and sewer masterplans in some municipalities; • Supported a web-based electronic Water Quality Monitoring System, with monthly reporting and support, used nationally by nearly every municipality; • Supported the introduction of the Blue Drop and Green Drop incentive-based regulation of drinking water and wastewater quality management; • Developed a risk-based matrix to identify low-capacity municipalities facing severe difficulties, and provided direct feedback on their vulnerabilities as a basis for prioritising remedial interventions and support - by technical specialists, and through refurbishment programmes funded through ACIP; • Drafted a Water Services Infrastructure Asset Management Strategy; • Worked with selected municipalities to build understanding of what asset maintenance entails and to support the development of maintenance plans; • Led a national basic training programme in Water Conservation and Demand Management focussed on understanding how to do a water balance, and assisted a number of municipalities to implement WCDM strategies, including major capital programmes in four metros; • Supported GIS mapping and management information systems development in some municipalities; • Funded contract positions in DWA, SALGA and DPLG to support municipal water services provision (most posts now institutionalised with own funding).
Direct operational support	<ul style="list-style-type: none"> • Piloted Water Services Provider Business Plans to address specific operational challenges in four municipalities; • Led a remediation programme to reduce water contamination by six municipalities in the Berg River catchment and six municipalities impacting on Hartebeespoort Dam; • Provided direct project management and operational support through Siyenza Manje and associated programmes; • Provided support to 40 prioritised municipalities to identify quick wins and longer-term water services improvement as part of their Municipal Turnaround Strategies; • Provided crisis-response driven interventions to address mainly water and wastewater treatment failures in 23 municipalities through the Emergency Response Facilities; • Led a special intervention programme in OR Tambo District Municipality which resulted in agreement to bring in two water boards to take over the WSP function on an interim basis; • Provided direct technical assistance; • Provided funding support for household leak repair projects in Drakenstein and Mogale City Local Municipalities.
Skills development	<ul style="list-style-type: none"> • Assessed opportunities for increasing the employment by municipalities of unemployed recent graduates with technical and engineering qualifications; • Supported the development of a Co-ordinated Water Sector Leadership Group (WSLG) Skills Development Task Team, and DWA's drafting of an Education and Training Strategy; • Drafted an ESETA Sector Skills Plan; • DWA, DCoG and partners developed and adopted a draft

Broad objective	Examples of projects funded by MSB
	Implementation Plan – Coordinated Response to Skills Development in the Water Sector (Phase 1) in alignment with HRD Strategy for South Africa and JIPSA; <ul style="list-style-type: none"> • Drafted a DCoG/DWA Water Services Provision Skills Development Plan (subset of above implementation plan) in support of LGTAS & Joint National WS Sector Support Strategy, which is being finalised; • Developed and implemented a comprehensive program to train 1700 treatment works process controllers nationally; • Training of unemployed youth in leak repair (Kagiso) and water treatment process control (Maluti a Phophung).
Knowledge management and sharing	<ul style="list-style-type: none"> • Supported networking and peer-to-peer learning through the District Water Managers' Forum and 'learning journeys' / exchange visits between different municipalities and organisations; • Supported five peer reviews by District Municipality WSAs; • Supported the development of a range of case studies documenting useful learning in municipal water services, published by the Water Information Network-South Africa; • Developed six issues of a Local Government Support (LGS) Bulletin; • Extensive range of case studies and 'lessons' developed by WIN-SA.

This institutional and capacity building contribution was stronger in *MSB I*, continued in *MSB II* and was reduced in *MSB III*, due to changes in leadership and expertise (*MSB III* final evaluation and interviews).

The *MSB III* final evaluation (p.26) noted that there has been a loss of impetus, direction and leadership since 2009, and what was once a sector-wide agenda has become an increasingly DWA-focused agenda. Moreover, the situation was exacerbated by a significant turnover in leadership within DWA (at ministerial, DG, and senior management levels), and in Masibambane programme leadership, with a loss of continuity and consensus around Masibambane's strategic objectives, and a loss of shared vision around the value of collaboration beyond government.

Evidence emerging from the Governance sector

Access to Justice programme

Through the implementation process of the SBS, the Foundation for Human Rights has strengthened "technical capacities" in areas of developing credible and effective grant schemes, assessing capacity needs with grantees, screening project proposals, setting up financing arrangements, improving monitoring and evaluation methodologies, piloting new policies, and exploring and facilitating uptake of evidence and relevant lessons by key governmental stakeholders. (Some of the impact stories that FHR is sampling and extracting from the work of its grantees, or the upcoming EUD evaluation of the *Access to Justice* programme may confirm or illustrate this further).

In terms of institutional and technical capacities, it also merits attention to focus on how FHR modus operandi and engagement strategies influence transparency and accountability relations at different governance levels. These strategies and actions may create incentives for public authorities to strengthen technical or delivery capacities. Generally speaking, if there is no felt need to "learn" or if there is not a sufficiently strong public service ethos to deliver proper public services, it won't happen. No amount of technical training inputs or capacity development will *do the trick*. In the three main result areas and at different governance levels, three illustrations of such stimuli for improved accountability and strengthening technical capacities include:

- *Community Advice Offices*: these civil society organisations (many of which were already active in the apartheid era) are often the first port of call or primary sources of *Access to Justice* for the poor and marginalised. They provide paralegal services (legal advice, interpretations of laws and policies, assistance with accessing public services, consumer protection etc.). These CAOs may also organise citizens around common concerns or may take on tasks of community-based organisations in other areas such as public service delivery of water, education, health, security etc. While government policy encourages civic participation, the reality is more sobering. For example, the *Municipal Systems Act* (No. 32 of 2000) tasks each of the municipal councils (8 at metropolitan, 44 at district and 226 at local level) with involving local communities in the design, development and implementation of its *Integrated Development Plans*. So, the opportunities and institutions for engagement exist. In reality, it demands organised and capacitated community based groups to engage – and the results on the ground don't show "significant progress" yet (FHR 2009, p. 29).
- *Promotion of Equality and Prevention of Unfair Discrimination Act* (No. 4 of 2000) or PEPUDA. This act seeks to prohibit unfair discrimination, hatred and harassment and to attain substantive

equality. FHR engages with civil society actors and funds projects that cover a number of areas, including policy relevant or action oriented research on the use of the *Equality Courts and* the types of complaints/judgements. It also supports initiatives to strengthen CSO capacity to undertake anti-racism and anti-xenophobia activities, and to address inequality.

- *Public Interest litigation* has received some attention by public authorities as this type of collective action, in combination with other forms of engaging public authorities, has resulted in some cases in improved responsiveness from the state or has reinvigorated stalled policy processes. In other cases it has resulted in controversy, or resistance to reforms from public authorities. This is also fully recognised by the DoJCD, as this department also provides the legal services to national and provincial departments. The department now seeks to develop a policy framework for the efficient management of litigation against the state (Strategic Plan 2012-2017, p. 19).

LSPSP

The LSPSP has supported efforts and processes to enhance technical capacities within the Legislative Sector. Sector budget support enabled the transition from a loose *Programme Implementation Unit* under a project support to Parliament into supporting the Legislative Sector Support unit, which is firmly embedded within SALS. LSS acts as a secretariat of the Speakers' Forum and a facilitator to the Legislative Sector. With support from the LSPSP, it has clarified lines of responsibility, has strengthened ownership and has anchored institutional memory. Judging from the sector documents and various initiatives to emerge from the Legislative Sector Support¹⁶⁷ there is a clear increase in quantity and quality of initiatives geared at strengthening institutional and technical capacities and performance of the sector. By way of example, initiatives that indicate processes of technical capacity strengthening include:

- a sector strategy and plan of action for strengthening the sector capacities.
- a Legislative Sector Oversight Model.
- a review of the Sector Public Participation Framework to enhance harmonisation.
- the improved monitoring and evaluation framework for the sector.

A member of the evaluation team participated in a well-attended and energetic SALSA workshop as part of the efforts to harmonise sector efforts to strengthen participatory democracy and was able to have a small Discussion Group session with seven participants, including the SALSA Chairperson.

A second element helped appreciate the potential for strengthening institutional and technical capacities within the Legislative Sector relates precisely to the nature of that "sector". Since the Legislative Sector is now better organised and *institutionalised*, there are more opportunities for effective capacity development and for peer learning. A Commissioner of the Fiscal and Financial Commission (FFC)¹⁶⁸ for the Legislative Sector provides specialised and targeted training workshops on budget and finance to the parliamentary *Standing Committee on Appropriations*. She stressed the pertinence of strengthening such technical capacities (telephone interview, 1 February 2013). The sector and its key actors are more ready for such training now, and through the enhanced interactions between the various legislatures, there is also potential for more peer pressure. The Commissioner referred to the reports of the Auditor General, which have undergone design changes so as to enhance readability, allow for easy comparability, and send out clear messages in terms on legislative oversight. As the Auditor General clearly states, "the public accounts committees and portfolio committees deal with financial and performance management and the implementation of legislation by auditees and are key assurance providers in this regard". The Auditor General has multiple interactions with these committees, which is both an opportunity for technical assistance and for creating performance incentives through monitoring on the honouring of commitments made and the impact or resolve of the promised actions or assurances provided¹⁶⁹. The reports of the AG now clearly signal trends in PFM

¹⁶⁷ See for example, Legislative Sector South Africa (2012). *Report. Analysis and Verification of the general and specific conditions for release of the Third Fixed Tranche and the Second Variable Tranche of the LSPSP*

¹⁶⁸ The FFC is a statutory body that analyses division of revenues, spending patterns and behaviour and budgeting, revenue generating and spending capacities at the various government levels. An FFC Policy Brief clarified that such "capacity constraints are often used to mask the real causes of municipal non-performance. Local government performance is uneven not only because of capacity constraints, but also (perhaps more importantly) as a result of tensions in intergovernmental roles and responsibilities, the political-administrative interface" (FFC Policy Brief, p. 3)¹⁶⁸.

¹⁶⁹ Auditor-General of South Africa (2013), Consolidated General Report on National and Provincial Audit Outcomes (p. 140-154)

performance, but also transparently flag to what extent the various legislatures have acted on the areas where AGSA seeks assurances from the legislatures.

The *LSPSP* thus contributed to institutionalising the Legislative Sector. A predictable set of rules within which sector actors – elected representatives in Parliament and provincial legislatures, various legislative secretariats, research and support staff, including the Legislative Sector Support – have to operate and interact can create the environment in which sector actors *compare notes* (and scores), and can exercise forms of peer pressure¹⁷⁰. Combinations of enhanced transparency and exposure (as in the case with the new make-up of the Auditor General's performance audits), strengthened leadership and improved *rules of the game* may create the types of incentives or pressures, or may nudge sector actors to comply with PFM systems. These dynamics may stimulate Members of these Legislatures to take up new skills to improve functions of the Legislative Sector, including oversight and law making. The Acting Deputy Secretary to Parliament and the Executive Director of the Legislative Sector Support unit were both positive about the capacity support that was enabled through SBS (interviews 29 January and 1 February 2013), an appreciation that was echoed by members of SALSA (Discussion Group, 1 February).

Evidence emerging from the Health sector

Partnership for health II

As illustrated in the box below, there is evidence of increased technical capacities at all institutional levels and, esp. at the level of non-profit organisations (NPO) and community caregivers (CCG) involved in the delivery of PHC services. These improvements were confirmed during the interviews carried out.

Box 9 Results of capacity development activities carried out in the health sector under the Partnership for Health programme (from the 2011 Impact assessment study)

The 2011 Impact assessment of the Partnership for health II programme highlights the importance of capacity building in the supported programme: capacity building is seen as “*critical and essential for the achievement of objectives*” (see p.104). In particular, non-profit organisations (NPOs) were trained in management and administrative tasks while community caregivers (CCGs) received basic trainings in primary health care. The study provides evidence of improvement in terms of capacities of all key stakeholders: “*since inception, notable progress was made in the training aspect for the capacity development of the NPO personnel and the DoH. The training needs addressed covered managerial issues, systems and tools, and health technical aspects.*” (p. 104).

As explained in the study, a programme management unit (PMU) training was organised and some 247 staff members involved in the national programme received training in areas such as computer skills, financial and project management or leadership. Apart from this, a “Clinical Associate Programme” was implemented in 2007 and contributed to the development of skills of professional staff in the health sector. Furthermore, between 2008 and 2011, more than 8,000 NPO staff members were trained in respect to different management disciplines.

This resulted in better qualifications regarding aspects such as financial management, report writing and resource mobilisation. Still according to the 2011 study, CCGs received training in Ancillary Health Care, which was perceived as positive and helpful by most CCGs. Patients’ responses to the CCG staff were also positive, stating that patients were satisfied with the CCGs’ ability to understand their illnesses, treatment and care.

However, the study also emphasises that some key needs (such as home-based care provided by CCGs) still requires further attention.

Source: 2011 Impact assessment study of the Partnership for Health Programme.

PrimCare

As under the Partnership for Health programme, the *PrimCare* SBS operation continued to directly contribute to the improvement of technical capacities of local service providers.

¹⁷⁰ During the desk phase of the evaluation report, media reported that the Department of Finance had warned eight municipalities that the department would suspend fund transfers from the nation government if the municipalities failed to comply with the Auditor General’s requirements. According to the Business Day (21 January 2013), this is a strong signal from Treasury that it will not tolerate financial mismanagement.

Moreover, as highlighted in some interviews, the TA recently provided under the *PrimCare* SBS operation via a contribution agreement between the EU and DfID has reportedly played a key role in terms of reinforcing institutional capacities at central level.

So far, there is no evidence of significant increased technical capacities within provincial and local governments in relation to initiatives supported through SBS.

Evidence emerging from the Education sector

Interviews carried out show that the internal calls for proposal organised by the departments under the programme have had some effect on the capacities of the national departments' staff to formulate and monitor projects but that important needs remain.

It is interesting to note that the 2012 MTR recommends the appointment of a programme manager and explains: *"The project managers as well as the appointed programme manager are encouraged to draw in specific technical assistance from the National Treasury or procured through Programme funds, as required, to improve the effectiveness and efficiency of the services and enhance the capacity of the managers. This is within the scope of the decisions expected of DBE as part of the budget support model."*

Moreover, the MTR recommends strengthening the existing monitoring of the actions implemented: *"to identify gaps in individual projects and in the suite of projects, provide input to decision making and strengthen project management."* It is further suggested that *"role of management is to improve communication (frequency and content) with the key stakeholders, National Treasury and the EC."*

All this points to the existence of substantial needs in terms of capacity development in the relevant departments.

Overall, there is no strong evidence that the SBS operation has contributed to any significant increase in capacities within the line ministries or at provincial/local government level.

Finally, it is important to note that the SBS operation was designed before the major institutional change that occurred in 2009 and there was no provision made in the design to address the challenges posed by such an evolution. Various sources of information (reports, interviews, etc.) highlight the actual decrease in institutional capacities after the split of the Department of Education into two Departments in 2009. Departments have thus been in a consolidation phase in recent years.

Evidence emerging from the Urban renewal sector

Area-Based Management and Development Programmes – ABMDPs (i.e. the urban renewal programmes supported by the two SBS operations) are located within the Municipalities but in a manner that isolates them from the rest of the institutional management hierarchy including line function departments. They are clearly articulated as separate programmes, and the Management of the ABMDPs rests with Area Managers who report directly to the City manager. As a result, documentary evidence points to the fact that this separation has also brought, in a number of instances, resistance from line departments. In this framework, it is also to be noted that the majority of the staff in the Area teams are working with temporary contracts (in the case of *eThekweni* 3-year contracts).

Before looking at strengthening processes in more detail it is also worth mentioning that documentary review to date points to significantly different outcomes when looking at the two SBS supported programmes: strong in the *e-Thekwini* ABMDP and weak in the Eastern Cape.

e-Thekwini ABMDP:

- Main beneficiaries of capacity-building processes are the Area managers which have gained actual on-the-job practical experience and learning as well as ad hoc training, advice, and more generally an environment that has fostered management and leadership skills, problem-solving capacities.
- City managers have also benefitted, though to a lesser extent, through *"more integrated patterns of line management delivery across de line departments through the implementation of Area-specific projects, understanding and knowledge gained that ABM offers significant opportunities for innovation and enhanced integrated service delivery and infrastructure development, over and above traditional approaches of line departments, and greater appreciation of the importance of effective co-operation, partnerships and consultation to support and direct local development."*
- *"Councillors and traditional leaders have developed a better understanding of ABM as an instrument with which to promote development in relevant local areas. Through improved democratic capacity to engage in debates, discussions and consultative/planning processes (such as the IDP), democratically elected community leaders and traditional leaders (in rural areas) are able to get involved in shaping local development, and gain an understanding of how*

the City implements its mandate and goes about implementing its core functions. In this way, the capacity of councillors and traditional leaders has been built through the ABMD Programme.”¹⁷¹

URP Eastern Cape

Strengthening of capacities has been significantly supported and pursued through the TA envelope which complements the SBS operation. In this respect TA it is worth reminding that the TSF was explicitly linked to Result Area 7 “Support to the functions of the National and Provincial Urban Renewal Programme, Learning and dissemination of lessons” with the objective of “*Strengthening the Urban Renewal Programme within all three spheres of government, improved inter-governmental relations leading to focussed support to the nodes from national and province, dissemination of learning and incorporation of learning into provincial and national programmes and strategies.*” That said, the core business of the TSF is also linked to Result Areas 5 & 6 which later became through the rider key areas under general conditions 5 & 6 as follows: 5 “*Improved strategy, programming, project implementation and co-ordination and service delivery to the two nodes*” & 6 “*Improved Municipal Institution relating to Financial Management, Audit, Procurement, Project Management and integrated planning*”.

Support provided through the Technical Support Facility (TSF) “*has proved an important contribution to strengthening competencies within the two municipalities, and the Province generally. However, while the TSF has been efficient, it has not been adequate on its own to do more than lay the groundwork for further efforts in this regard*”.¹⁷² More specifically, the review points to the contribution of the TSF to:

- The continuous improvement of business planning skills for DPLG and DHLGTA,
- The development of an URP knowledge management framework and two-year Programme of Action
- Preparation of a baseline template for the integration of successful URP co-ordination practice within the broader environment of intergovernmental relations
- The development of a mainstreaming guide, linked to policy recommendations on how best to accommodate townships as a settlement typology with its own challenges into the evolving national urban policy process
- The incorporation of URP lessons and smart practice in new training initiatives to grow implementation capacity amongst township renewal practitioners

The 2010 ROM report goes a step further and allows to draw a distinction between progress in the two Municipalities “*To date, while limited progress has been achieved in tackling capacity challenges in both BCM and NMBM, much more progress has been made in strengthening human resource capacity in the NMB URP than in the case of BCM.*” [...] *A major problem experienced has been the lack of sufficient technical staff to implement the MURPs in both locations. NMB has benefitted from the services of a Technical and Operations Coordinator and improved human resource capacity and placement than the BCM. Capacity development is better coordinated and handled within the NMB; poorly so in BCM. Insufficient technical capacity has been aggravated by frequent turnover of staff and the consequent loss of institutional memory on URP issues within line departments in the municipalities and within URPs.*¹⁷³

“*The SPSP has really not been aggressive enough at strengthening the organizational and administrative capacities of Municipalities in managing financial resources targeted at URP. Their presumption that capacities would be built within municipalities to levels envisaged at project design has not been met. This has been the case because of lack of diagnosis of the stage of development of the two municipalities. Information availed during the field phase shows that the potential to empower Local Government Authorities such as BCM and NMB remains high. However, this cannot happen without a driving force beyond the measures so far taken under the current SPSP*”. The same report also emphasizes that “*the design of the TSF was such that it focused upon providing support to national and provincial governments. Improvements were meant to filter down to municipalities through an improved oversight role of the national and provincial governments. The facility was terminated in 2009,*

¹⁷¹ Programme Mid-Term Review “Area Based Management & Development Programme, eThekweni Municipality, Durban. Final Report, August 2006, p. 44-45.

¹⁷² Mid-term Review of the EU Support to Urban Renewal Programme in the Eastern Cape, February 2009, p.28. & pp- 40-41.

¹⁷³ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.02 dated 31/10/2010; p.3

before any results could be demonstrated in NMB and BMC in terms of direct or indirect positive benefits".¹⁷⁴

5.2.2 I-522 Evidence that the implementation of initiatives supported through SBS has favoured improvements in co-ordination of activities across government levels

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

There are indeed visible improvements in co-ordination of activities across government levels. Examples include economic cluster meetings in which the dti is mandated to produce economic 4 cluster reports. (Finches report: 3)

However, meetings with different stakeholders revealed that there is need for improvement of co-ordination between different departments. Furthermore it is generally acknowledged that the dti needs to be more effective in coordinating different stakeholders. The dti is mandated to coordinate these departments; the DPE, DoL, DEAT, DOA, DST, DoE and Presidency M&E unit. Poor co-ordination between the dti and other government departments has been blamed on a weak secretariat. (int)

With regards to **dialogue** there are plausible examples in which SBS operations proactively initiated and participated in policy dialogue. Examples are given below:

- During the formulation of SWEEP there was effective dialogue which included an annual event and adhoc meeting driven by the programme though it was difficult to meet higher authorities. Currently the EUD/Ops together with POETIC are currently trying to unfreeze this dialogue.(int)
- The EU is highly involved with organising Annual Joint S&T co-operation meetings.(int)

Evidence emerging from the Water sector

Before *Masibambane*, there were some co-ordination fora, but they were generally seen as top-down rather than collaborative. The current sector co-ordination structures at both national and provincial level have been set up through *Masibambane*. As sector leader, these are chaired by DWA, and generally include the main actors (government and non-government) at the respective levels.

Major sector co-ordination mechanisms¹⁷⁵

- **The Water Services Sector Leadership Group (WSLG)** is a two-day strategic meeting held twice a year for sector stakeholders. The primary focus of the WSLG is to provide strategic guidance to the water services sector on the challenges facing the sector. This is the principal forum for discussion of high-level strategic issues. Participants include: DWA, relevant Departments, local government, water institutions, private sector, and civil society.
- **WSLG EXCO** (Executive Committee) is a management committee of WSLG that oversees the operations of the WSLG to ensure relevance, efficiency and value of WSLG meetings. It comprises senior officials representing key partners in the water sector. It is convened by DWA, under the stewardship of the Deputy-Director General: Regions. It meets twice in between WSLG meetings to review actions from WSLG meetings, coordinate work of the strategic task teams and guide preparations for the next meeting. Members include representatives from DWA, DeCoG, SALGA, WRC, Water Information Network - South Africa (WIN-SA), private sector, and donors (EC, Irish Aid).
- **WSLG Strategic Task Teams** focus on specific priorities and issues, e.g. institutional reform and regulation, financing, skills development, water security.
- **The Masibambane Coordinating Committee (MCC)** comprises key sector partners at both a provincial and national level. The forum meets on a quarterly basis to discuss sector priorities and progress. Members include representatives from DWA at national and regional level, DHC, CoGCogTA, District Municipalities, Maluti SALGA, WIN-SA, WRC, CSOs, EC, and Irish Aid.
- **Masibambane Provincial Sector Fora** are coordinated by the respective Masibambane Coordinators to ensure collaboration between the key partners in the provinces, i.e. stakeholders from de-concentrated department offices (DWA and other Departments), provinces, municipalities, NGO's/CSOs, and private sector. They promote integrated sector

¹⁷⁴ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.02 dated 31/10/2010; p.4

¹⁷⁵ <http://www.dwa.gov.za/masibambane/Structures.aspx>, DWAF (2009); 11/11/09 – letter from then DG (Ms Pam Yako) to the then head of EC delegation (Mr A.E. Briet)

planning and co-ordination and monitor progress against agreed provincial water sector agenda and priority programmes. They report to provincial Premiers' coordinating committees. **Indabas** are water sector platforms initiated and politically driven collaboratively by the Minister of Water, provincial Premiers and members of provincial executive councils. They seek to address key service delivery issues and provincial political leadership, officials, private sector & CSOs agree and commit on programme of action.

Masibambane is widely seen as having been extremely successful in creating a sense of sector belonging and ownership, and a culture of consultation, co-ordination and experience sharing at national and in provincial level, bringing together sector stakeholders. Before *Masibambane*, the sector was reportedly moved the sector from operating in silos to being a single sector and a strong sense among stakeholders of belonging to the sector¹⁷⁶.

Evidence that the implementation of SBS to the water sector has supported improvements in co-ordination of activities across government levels includes:

- At national level, co-ordination and collaboration led to the Strategic Framework for Water
- Services, which is universally agreed upon by sector actors as a critical pillar of the water sector¹⁷⁷.
- The provincial level fora and collaboration are generally perceived as the perhaps most significant achievement of *Masibambane*, as it has resulted in a more integrated approach to local government support and Provincial Water Sector Plans aligned with provincial development strategies.
- Another feature of the provincial fora is the inclusion of municipalities in provincial planning processes.
- DWA has worked closely with SALGA in providing sector support for municipalities, and *Masibambane* created opportunities for municipalities to share experiences and learn from each other, e.g. through the WIN-SA facilitated peer review process, where staff from different municipalities would review the performance of a host municipality and come up with recommendations.
- However, while sector co-ordination is generally effective, co-ordination of cross-sectoral issues remains a challenge, and Water Services Leadership Group participation by most non-lead departments with a role in the sector is generally reported to be low¹⁷⁸.
- Informal working relations, and trust are seen as an important element of sector co-ordination up till 2009¹⁷⁹.
- Initial progress was to a large extent driven by dedicated individuals from different organizations in the sector, within and outside government, and donors. While this initially created momentum, ownership and fast progress, it also made the process vulnerable to staff changes, and changes in political and senior management leadership in DWA.
- Due to such changes, at one point a more prescriptive and less collaborative role was assumed by DWA, which reportedly weakened working relations with other actors, perhaps most notably with CoGTA due to an arising unclarity over the roles in relation to support for municipalities¹⁸⁰. DWA had been active in providing support, but shifted its focus towards regulation and expecting CogTA to take over the support role. While current senior management appears keen to resume with a collaborative approach and provide sector support for municipalities, collaboration with CogTA appears to remain weakened.
- While leadership issues have affected the effectiveness of co-ordination mechanisms, this has also affected the culture of sharing and collaborating. The *MSB III* final evaluation (p.26) noted that there has been a loss of impetus, direction and leadership since 2009, and what was once

¹⁷⁶ Interviews with Louise Colvin (31/01) and Charles Reeve (22/01). In 2005, sector stakeholders agreed to carry out the "Review of Sector Collaboration in the Water Services Sector, South Africa" (Jones and T Williamson, 2005), with the purpose to "critically review and document for key stakeholders both the rationale for and progress to date of the collaborative approach taken, analysing the driving forces behind sector collaboration and its evolution over time", which captured collaboration lessons learned with *Masibambane* and provided tangible recommendations for future collaboration.

¹⁷⁷ Interviews with Louise Colvin (31/01) and Charles Reeve (22/01), focus group with DWA (25/01)

¹⁷⁸ *MSB III* Final Evaluation Report.

¹⁷⁹ Interview with Charles Reeve (22/01), and interview with Malcolm White (25/01), see also *MSB III* Final Evaluation Report.

¹⁸⁰ Interview with Louise Colvin (31/01), Charles Reeve (22/01), see also *MSB III* Final Evaluation Report

a sector-wide agenda has become an increasingly DWA-focused agenda. Moreover, the situation was exacerbated by a significant turnover in leadership within DWA (at ministerial, DG, and senior management levels), and in Masibambane programme leadership, with a loss of continuity and consensus around Masibambane's strategic objectives, and a loss of shared vision around the value of collaboration beyond government. However, interviews with sector actors (such as DWA regional officials, and CSOs) report that the culture of sharing and collaborating remains to some extent in the sector, albeit at a lower and more informal level.

Another issue in relation to co-ordination is that to a certain extent it appears to have become more government centric, and although civil society and private sector have participated in Water Services Leadership Group and were involved in the consultative process in relation to the 2003 Strategic Framework for Water Services, their participation in sector co-ordination has reduced over time at both national and provincial level.

Evidence emerging from the Governance sector

The *e-justice Programme* technically facilitated enhanced co-operation and interdepartmental co-ordination between the DoJCD, the Department of Safety and Security, the Department of Social Development (or the *Crime Prevention and Security Cluster*) as it provided the IT soft and hardware for information and data exchange.

In terms of the restructuring and new strategic planning and monitoring/evaluation cycle after the 2009 elections, the GoSA assigned the lead function of the Justice, Crime Prevention and Security Cluster to **DoJCD**. To that end, the department signed a *Cluster Delivery Agreement* and engaged with departments of Public Security, Home Affairs and Social Development. So the scope for FHR to engage in a coordinated way with other departments that are key for enhancing *Access to Justice* and for constitutional development objectives enhanced considerably, especially in relation to restorative justice, *diversion*¹⁸¹ and alternative dispute resolution.

In the Legislative Sector the **LSPSP** has supported the sector efforts for improved co-ordination and co-operation between Parliament and the provincial legislatures (see also I-513). It has also supported the South African Legislative Sector efforts to engage and cooperate with legislative bodies at regional, continental and international level. The yearly *International Consultative Seminars* have become initiatives where also non-state actors¹⁸² are invited to participate on issues such as the Millennium Development Goals (2011) and oversight functions (2012).

Evidence emerging from the Health sector

Partnership for health II

The programme supported by the PfH II SBS has had considerable impact on communication and co-ordination across the sector.

As explained in the 2011 Impact assessment of the programme:

- *“Through the establishment of formalised structures, forums and networks that served as platforms for providing guidance and assistance to the NPOs and CCGs in the delivery of PHC, the donor funded PDPHC programme ensured that the programme was not implemented in silo.*
- *The programme developed policy guidelines which were operationalised, adopted and rolled out as models to 45 of the 52 health districts. (...) This resulted in improved communication, efficiency, effectiveness, accountability, compliance to national policies, strategies and standards through streamlined processes and set targets.*
- *The system of contracting NPOs established parameters for the DoH to manage and coordinate partnerships with NPOs. The signing of Service Level Agreements (SLAs) brought a binding effect, making it possible for the DoH to monitor and solidify the partnership with NPOs. (...)*
- *Prior to implementation of the PDPHCP, there was no standard patient referral system between NPOs and PHC facilities. The co-ordination of the PDPHCP at provincial and district level harmonised the standard referral system.”*

PrimCare

¹⁸¹ “diversion” relates to redirecting certain cases to alternative or informal dispute settlement so as to reduce the formal judicial case load and stimulate where possible community healing processes

¹⁸² In 2013, the independent watchdog *Parliamentary Monitoring Group* was invited for the International Seminar – somehow illustrating that the network and outreach function takes time to mature.

No strong evidence that the implementation of initiatives supported through SBS has favoured improvements in co-ordination of activities across government levels.

That said, the initiatives could not have been implemented without the adequate involvement of the relevant stakeholders at provincial and local levels. Moreover, interviews carried out show that the good collaborations between national and provincial departments has allowed several innovative activities or models to be taken up by provincial departments.

Evidence emerging from the Education sector

The *PrimEdu* SBS operation has contributed to the improvement of consultation processes across government levels. This is illustrated by the Human Resource Management Information System project (HMIS). As explained in the 2012 MTR: “*the DBE convened a consultative process with all Human Resource managers across the provinces, provided extensive training and obtained regular feedback to improve the HRMIS*”.

Another example concerns the initiative of DHET to establish a research network on teacher training. As mentioned in the MTR and confirmed in the interviews carried out, this initiative has significantly enhanced the dialogue between DHET, Universities and other key stakeholders in the area covered by the project: “*The project involved consulting widely with all the public institutions of higher education and hosting numerous research forums addressing the Foundation Phase. The establishment of a Foundation Phase research association helped to strengthen the status of Foundation Phase teaching across the higher education sector, and also served as a platform for extensive dialogue.*”

Evidence emerging from the Urban renewal sector

e-Thekwini ABMDP: the role played by the programme in promoting intergovernmental coordinated processes of development delivery involving intersectoral role-players, such as provincial and national government departments is particularly complicated.

While the ROM report (2005, p.2) argued that despite efforts deployed by the ABMD Area Managers in seeking the participation and co-operation of line departments this has not led to the acceptance of the ABMD approach. The mid-term review goes a step further and emphasizes the importance of the role played by the Programme Office in “*building and engineering relationships with specific structures that have a bearing on overall programme performance such as City clusters, departments and strategic structures. Through the work of the Programme, resources have been leveraged from other government departments, and partnerships and co-operation between government stakeholders in general, have increased the overall capacity of the Programme and created opportunities for much higher levels of effectiveness.*”

In addition, the same report also argues that “*there is a cooperative approach between ABMs and line departments, although the Programme initially took a considerable period to set itself up and build delivery momentum. ABMs have been able to engage with line departments in a manner which has provided a new delivery focus, and enhanced service delivery in programme Areas.*” (pp. 45-46). The same report concludes that it is too early to assess the impact of the programme on improved co-ordination across government levels but also points to “*clear examples (INK, iTRUMP) of an effective working relationship based on coordinated relationships between different government departments at local level and between spheres of government.*”

The mid-term review of the SBS supported *e-Thekwini ABMDP* also points to the undoubted contribution of the programme to the “*enhancement of democratic processes in eThekwini*” by increasing opportunities and spaces for consultation and engagement. In this respect, the programme has: (i) expanded “*the linkage between formal local representatives (ward councillors) and the City, to include the Amakhosi in Rural Area. The expansion of the urban governance engagement process to include traditional leaders is a major innovation, and represents a significant widening of traditional opportunities for involvement in local government delivery.*”¹⁸³

With regards to the *URP Eastern Cape*, it is to be noted that the TSF has contributed to the preparation of a baseline template for the integration of successful URP co-ordination practice within the broader environment of intergovernmental relations (see above I-511). In practice however while there is some “*evidence of a level of strategic planning, programming, implementation and co-ordination of service delivery in NMB [whereby] a number of special projects have been planned and implemented through collaboration between the NMB and various line departments and stakeholders; [...] due to poor programming, implementation, co-ordination, monitoring and evaluation, including reporting on project*

¹⁸³ ROM report, MR-01322.01 of 17/05/2005 & Programme Mid-Term Review “Area Based Management & Development Programme, *eThekwini* Municipality, Durban. Final Report, August 2006, p. 45

status, the status of BCM remains challenging. Line departments in BCM have operated in silos, for unclear reasons, distancing themselves from the URP team”.¹⁸⁴

The latest ROM report (October 2010) mentions that “discussions with National Treasury, COGTA and senior management in municipalities showed that a partnership was building up with a view to undertaking a substantial capacity development programme with municipalities. Largely due to organisational constraints cited in earlier monitoring, high staff turnover has been particularly of concern”. Improvements have been noted and in particular “NMB had managed to mobilise the various line departments and stakeholders of various sorts with a view to expanding the SP interventions in Motherwell. The sustainability of these efforts would need to be tested against reality during the final phase of the EU supported URP. In the case of BCM, despite the much discussed constraints, information provided to the field mission was that there were plans to mainstream the URP into the newly established structure of the municipality. This would be possible through renewed and more bold support by National Treasury and COGTA within the framework of a new strategy for capacity building of municipalities and local government structures in South Africa”.¹⁸⁵

5.2.3 I-523 Evidence of changes introduced at institutional level following interactions with-and/or lessons learnt throughout the implementation of initiatives supported through SBS (e.g. units created for the implementation of pilot initiatives to be undertaken through SBS funds have then been institutionalised on the basis of best practice)

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

SBS operation implementation has led to positive changes in equipping departments with the necessary manpower and resources to accommodate these developments as shown below:

- The ECF has created a separate unit that oversees SBS operations. The *dti* is responsible for supporting the PMU. At the moment the employees are engaged on a contract basis and it is envisaged that the contract will be on going. (source: interviews)
- The *SWEEP* secretariat which was located in the office of the Chief Financial Officer was set up and charged with the duty of managing and coordinating donors and more specifically *SWEEP* funds.
- With regards to IPA, “The SBS is fully internalised with DST’s socioeconomic programme thus ensuring local ownership.” (Poverty Alleviation through Innovation: p. 26)

Evidence emerging from the Water sector

Several units have been institutionalised as a result of SBS, albeit more evidence is needed.

In the first instance, *MSB* established and paid for a unit with *SALGA*. In 2002, the Water Services Unit was established to coordinate the Masibambane Water Services Sector Programme.¹⁸⁶ The unit is now embedded within the Municipal and Infrastructure Services provided by *SALGA*, and all expenses/staffing of the unit are now the responsibility of *SALGA*.¹⁸⁷

A second unit is the Blue Drop/Green Drop scheme, which is part of a wider Regulatory Performance Management Systems (RPMS) initiative. As a result two pilot programmes have now been nationalised, namely the Blue Drop¹⁸⁸ (to improve drinking water quality) and Green Drop¹⁸⁹ (to improve waste water management) schemes. Introduced by *DWA* in 2008, the certification schemes provide a comprehensive assessment process. Compliance by a *WSA* leads to the coveted Blue drop or Green drop status.¹⁹⁰

Evidence emerging from the Governance sector

The experiences and change trajectories differ in the three SBS supported programmes.

According to its previous head (interview 31 January 2013), the *e-justice programme* was not able to maintain the momentum and ensure that the process was further anchored in the institutional set up of

¹⁸⁴ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.02, dated 31/10/2010; p.5

¹⁸⁵ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.02 dated 31/10/2010; p.4

¹⁸⁶ <http://www.irc.nl/page/7263>

¹⁸⁷ Focus group with *DWA* HO (25/01); <http://www.salga.org.za/pages/About-SALGA/Directorates>

¹⁸⁸ http://www.dwaf.gov.za/dir_ws/dwqr/

¹⁸⁹ http://www.ewisa.co.za/misc/BLUE_GREENDROPREPORT/GreenDrop_certification.htm

¹⁹⁰ EC ‘Note to File’ re Request for disbursement for 2nd Fixed Tranche/1st Variable Tranche (dated 16 April 2009).

DoJCD. The coordinator function of the department got diluted, and the strategic steer was directed away from the SBS supported programme after this SBS ended.

The SBS supported component of the *Access to Justice programme* is integrated in the strategic planning and reporting of the department as “objective 15” (“promote constitutional development and strengthen participatory democracy to ensure respect for fundamental human rights”). It is linked to “strategic goal 3” (“transformed legal services”) and is firmly anchored in the results framework of the department. The *Strategic Plan for the period 2011-2016. Annual review 2011/12* refers to the risk that there may be “lack of budget to implement the protection of constitutional development and human rights”. It also states that the risk mitigation will involve the creation and capacitation of a “Constitutional Development Branch” (see also interview DoJCD, 29 January 2013) and “ensure funding is aligned with the mandate of the Constitutional Development Branch”. During a Discussion Group with DoJCD and FHR, both confirmed that this sustainability component was being integrated in the successor to the SBS *Access to Justice* programme, the so-called Socio-Economic Justice for All programme.

LSPSP has reinforced the efforts by key actors – especially the Legislative Sector Support and the Speakers’ Forum – to further institutionalise the Legislative Sector (see also I-512, I-513, I-521). An illustration of the on-going institutionalisation was provided during the desk phase. The evaluation team was able to attend part of a *Technical Reference Group* on good practices and standardisation of public participation in the Legislative Sector. The Legislative Sector Support had organised this well attended three days workshop in January 2013 for the *Secretaries’ Association of Legislatures of South Africa (SALSA)*. During a Discussion Group with seven members of SALSA participants addressed questions as representatives from a “sector” rather than as members of distinct Provincial Secretariats [interview January 2013]. Participants confirmed that Parliament and the nine provincial legislatures are proud of their independence, but that this pride has not prevented them from meeting around sector themes and common concerns. These efforts to institutionalise interactions had also contributed to improving institutional and organisational capacity. In terms of the challenges on the ground that legislatures face, participants also pointed to the tensions that need to be managed at provincial levels between capacity to deliver and levels of expectations with citizens, as well as opportunities for resolving conflict.

Evidence emerging from the Urban renewal sector

Although the *eThekweni* ABMDP was conceived as a separate programme with its own set of procedures and systems, it was later embedded within the organisational framework and systems of the Municipality. As a result, the programme has contributed to the City adopting its Document Management system, has favoured the introduction of changes to the City information system to enable disaggregated financial and socio-economic information and has contributed to the strengthening of the City system and procedures. In addition, the innovative policy development work undertaken in the framework of the URP has supported changes at institutional impact level, in that it has provided “*urban-focused line departments with clarity on how to go about service delivery in a rural context.*” [...] Capacity to introduce and mainstream change within the broader Municipality structure is however “*heavily dependent on the quality and calibre of leadership*”. Finally, “*there are signs of emerging institutional impact in relation to more effective decision-making and programming, as a result of improved Area knowledge and information.*”¹⁹¹

5.3 JC5.3 Enhanced multi-actor partnerships including consultation / participation mechanisms involving non-state actors and improved transparency and accountability of the institutions involved, linked to the implementation of initiatives / programmes supported through SBS

5.3.1 I-531 Enhanced participation of civil society as part of the general mechanism of policy formulation and M&E processes in relation to initiatives supported through SBS

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

Whilst there are efforts to increase multi sector partnerships there is widespread concern that this aspect of SBS programming could be improved especially with regards to strengthening participation of non-state actors.

MTR findings show that the private sector is currently under represented in the DST’s activities and its National System of Innovation (MTR: p.7). In addition, a high-ranking DST official expressed concern

¹⁹¹ Programme Mid-Term Review “Area Based Management & Development Programme, *eThekweni* Municipality, Durban. Final Report, August 2006, p. 57

that “*Not enough co-ordination was made to link the real economic actors with rural enterprises.*” (IPA Sector Budget Support Payment Support File; p.10)

However, strong collaborations do exist between government departments and non-state actors as shown in the following examples:

SWEEEP

- The CAV is a concrete example where the public and private sector have collaborated and created synergies which result in the establishment of a first world technology hub that also involves players from the second economy in South Africa. (MTR: p. 57)
- In addition *SWEEEP* supported IOs involved in policy dialogue such as the BUSA, NTSIKA and CHAMSA and Deciduous Fruit Canning Initiative. Strong partnerships were formed in the Deciduous Fruit Canning Initiative, the NTI, CMMI, as well as the NFTN. Benefits to the private sector included the building of capacity in the structures of the various stakeholders. (MTR: p.57)

IPA

- Innovative Private Sector collaboration between the CSIR and Chemcity (Sasol sponsored NGOs). In this instance the private sector is responsible for the development of the knowledge intensive and high added value of the project. The private partner assisted in migrating the project from being a **research based** initiative to a profit making entity. (IPA: p.54)

Evidence emerging from the Water sector

NSA participation throughout *MSB* was problematic, and arguably deteriorated by the end of *MSB*. Most CSOs did not benefit from SBS, and their role diminished by the end of SBS in the sector. Some CSOs argue that they would have been better served without SBS (for instance, Irish Aid withdraw support from *MSB* precisely so that they could channel money directly to CSOs as opposed to channelling money through the designated implementing agency)¹⁹².

Throughout *MSB*, it is clear that the sector struggled in interpreting a succinct and universally acceptable approach to the engagement of CSOs. The Masibambane evaluations of both I and II reported the lack of effective levels of participation of CBOs in the local level planning process.

The original perception of the role of civil society in the sector may be found in the Masibambane Civil Society Strategic Framework¹⁹³, but evaluations of *MSB* found that in most instances little of the strategy was ever implemented.

Extracts from the *MSB I* project documentation (incl. the final evaluation) are listed below.

- *MSB I* FA (p.21) “*NGOs will be effectively engaged as appropriate*” to strengthen Water Service Providers. Support was to provided “*through organisations such as Mvula Trust*” (p.28). No CSO specific indicators were included as part of *MSB I* FA.
- *MSB I* Final Evaluation found that “*The struggle to create an appropriate context in which “meaningful involvement” will flourish remains among the sector role players*”. (2004, p.205)
- *MSB I* Final evaluation (as did *MSB II* MTR) emphasized a decrease in the number of CSOs participating in the sector.

Extracts from the *MSB II* project documentation (incl. the final evaluation) are listed below.

- In *MSB II*, however, *MSB* did establish the Masibambane Civil Society Support Programme (CSSP) to address the objectives outlined in the FA. From an output perspective, evaluations provide evidence that CSSP was successfully implemented. Nevertheless, of the estimated R 100 m foreseen in the FA for CSO, evaluations of *MSB II* could only find evidence of R 42 m being channelled through CSO structures.
- Evaluations do point out, that CSOs were also responsible for the poor co-ordination of civil society during *MSB*. *MSB II* final evaluation, for instance, points out that CSOs did not organize themselves effectively. Furthermore divisions within civil society further undermined their effectiveness.
- *MSB II* FA, CSO participation was seen as a cross-cutter, with the objective that CSO will be “*supported to entrench democratic and people centred development in the sector through the meaningful participation of civil society organisations of all types*” (p. 16). In addition the FA stipulated that *MSB II* should empower CSOs, increase awareness of the usefulness of CSOs

¹⁹² Interviews with the Limpopo NGO coalition (LINGO), Tzaneen, 24/05.

¹⁹³ Department of Water Affairs and Forestry, March 2002

in the sector and ensure CSOs play a meaningful participatory role in the sector (p. 17). No CSO specific indicators were included as part of *MSB II* FA.

- *MSB II* Summative Evaluation found that that *MSB II* “was unable to increase the meaningful participation of CSOs in the delivery of water and sanitation services in the sector” (p. 176).
- *MSB II* Final Evaluation (2007, p.19) argued that “at a national level, CSOs made strategic contributions with respect to policies affecting service delivery, but the participation of CSOs at the provincial level was limited and inconsistent. When it comes to project implementation at the municipal sphere, CSOs have a poor track record as service providers when competing with private sector service providers. Limited use was made of community-based organisations and project committees during project implementation and even less for providing services for operation and maintenance”.
- *MSB III* FA emphasises the role of CSO, and signals that a key priority of the program will be the empowerment of CSOs. *MSB III* lograme thus includes a KRA specifically to address the role of CSOs in the sector, namely that “Civil Society organisations are able to provide training, and support to, and advocacy in the water sector” (p. 17). KPIs specified to assess the result were i) advocacy, lobbying and communication programme developed and rolled out; ii) CSO capacity building; and iii) involving communities in water resource management P.32). Specific targets for enhancing the role of CSOs were linked to each indicator. (see p. 37 and 38)¹⁹⁴

Extracts from the *MSB III* project documentation (incl. the final evaluation) are listed below.

- The Financial Agreement for *MSB III* valued the CSO component at 10% of the total programme; however, expenditure on the CSO programme totalled only 4% of total programme expenditure according to the Final evaluation of *MSB III*.
- As the *MSB III* final evaluation notes, that by the time *MSB III* began there was a strong desire to prioritise the role of CSOs in the sector. In an effort to re-vision the CSO programme there was an initiative by several key individuals at DWA to incorporate CSO input from a wider variety and larger number of CSOs - and so advocacy and research CSOs were engaged with for the first time. With a mandate for a more inclusive approach, Mvula Trust as the CSO Implementing Agent (IA), engaged with a wider range and number of CSOs such that 17 different CSOs were supported to develop *their own* detailed project proposal and plan for *MSB III*. (This was also an important shift to a *bottom-up* approach as opposed to the more top-down approach from *MSB I* and *II*). However, this movement towards greater inclusiveness never gained momentum as the various funding flow disruptions from 2008 (i.e. the delayed release of the first tranche) made it difficult to implement the projects as planned and furthermore put various CSOs themselves under a great deal of stress. For example, some of these CSOs had hired new staff based on their approved projects and budgets, but were then unable to pay salaries when these projects at first received a small percentage of their planned budgets’. Thus according to the *MSB III* final evaluation ‘The result was that the early Masibambane III programme actually *undermined* trust and relationships between CSOs and other *MSB* water sector stakeholders, particularly the DWA’.
- *MSB III* Final Evaluation (and as confirmed in discussions with CSO representatives in Limpopo, 24/05) argues that by mid-*MSB III* the CSO programme had virtually been disbanded. This in turn led to a rethink by DWA, and a ‘particularly around the institutional arrangements upon which the programme had been based. A shift from using a CSO implementing agent (IA), to a CSO professional service provider (PSP), was made.

Throughout *Masibambane*, a national IA had been appointed to manage the CSO programme. During *MSB I* it was Mvula Trust, who then continued as the national CSO IA part way into *MSB II*. Then for the 2nd and 3rd year of *MSB II*, Tsogang, based in Limpopo, was appointed as the national CSO Implementing Agent. Once again, with the start of *MSB III*, Mvula Trust was appointed as the IA. But after the first year, their plans for the year ahead were not approved and Mvula was not re-appointed. Following this, CORE was appointed as a temporary CSO IA for a 6-month period.

By the middle of *MSB III*, it had become clear to DWA that there was general unhappiness amongst CSOs with the institutional arrangement of a CSO implementing agent, as well as specific concerns with Mvula Trust as the IA. The majority of interviewees for this evaluation (from a variety of

¹⁹⁴ Note that for *MSB* “these KPIs were never specifically reported against in the CSO Sector Reports that fed into the DWA Consolidated Water Services Quarterly Reports” (*MSB III* Final Evaluation, 2011, p.60).

stakeholders including CSOs, DWA, and consultants) stated that the IA arrangements for the *MSB* CSO programme had not worked. The *perceived* concerns raised by interviewees included the following:

- A large percentage of the CSO programme budget went to the IA and did not filter down to CSOs on the ground.
- Masibambane CSO funds primarily supported the continued existence of Mvula Trust (perceived by a number of informants to be “*an arm of government*”, rather than a ‘real’ NGO), and were not used to develop the CSO sector.
- The arrangement of directing CSO funding through an IA contributed to factionalism and division within the CSO sector, instead of developing the CSO community as intended.
- Because the IA was able to spend money fairly easily itself, it was able to ‘tick the box’ on budget expenditure. While this was valued by some at DWA (i.e. no under-expenditure was regarded as an indicator that the programme was working), it was *not* an indicator of real success in terms of enhancing CSOs in the water sector.

In 2010, attempts to once again resuscitate the CSO programme began with the appointment of the Community Water Supply and Sanitation Research Unit (CWSSRU) at the Cape Peninsula University of Technology as the CSO *Professional Service Provider* (PSP) - a different type of institutional arrangement. Their task was to coordinate and manage the implementation of the National CSO Support Programme and report on progress to the sector. This appointment was a more limited arrangement compared to the previous IA model in that the general CSO programme budget does *not* go through the PSP; the CWSSRU only undertakes the co-ordination and management task. The PSP contract is for a 3-year period from July 2010 to July 2013, extending beyond the period of *MSB III* (DWA has committed to finding the funding to continue beyond *MSB III*).

- *MSB III* Final Evaluation found that “*despite examples of individual CSOs doing relevant and vital work in the water sector, the programmatic development of CSOs in the sector has largely failed to take place over the course of Masibambane*”. (August 2011, p.25)
- *MSB III* Final Evaluation argued that “The scores of the KPIs [see below] for the enhancement of the role of CSOs show a clearly downward trend in the results over the time of *MSB III*. This is due partly because of early targets being easier and more generously interpreted at the time of the 1st variable tranche. The poor finish can be attributed at least in part to the virtual collapse of the CSO programme in the 2009/10 financial year, ostensibly due to funding delays. These results raise serious questions about *MSB III*’s CSO programme”. (2011. p. 93)
- Of particular concern to CSOs during *MSB II* and *MSB III* (according to interviews with Limpopo Civil Society Representatives and as articulated in the final evaluation of *MSB III*) was the disappointing programmatic development of CSOs in the sector. Considerable effort was spent on building capacity of CSOs, but this development focussed largely on generic organisational skills and did not address the specific needs of civil society in the sector. Whilst there were a few CSO initiatives that explored water resource management, the *MSB III* final evaluation found that these were largely isolated and were not sustainable.
- As the Final evaluation of *MSB III* notes insufficient use was made of CSOs to support and enhance the further development of water services provision and water resource management. Furthermore, there is little evidence that CSOs were used to bridge the gap between communities and the state, to ensure service delivery is kept as a discussion rather than a protest.

Also, of particular concern to CSOs during this period is that the PFMA/Procurement rules have become a major obstacle to engaging CSOs to do specific work and ensuring that they can be paid. Thus a combination of robust procurement rules and a misunderstanding of what CSOs can contribute has largely neutralised the role of CSO in the sector.

Nevertheless, there are examples of a range of initiatives which highlight the value CSOs can play when supported effectively. According to the final *MSB III* evaluation, examples of CSO projects supported by *MSB* included:

- Capacity-building for local councillors, as well as community representatives and other stakeholders;
- Community awareness campaigns (related to many of the proceeding activities / issues listed below);
- Water conservation and demand management (WC/DM) – monitoring and maintenance of leaks;
- Water quality / drinking water quality monitoring;

- Water services;
- Rainwater harvesting;
- Water resource management (including pollution of groundwater and acid rain);
- Wetlands protection (including awareness / advocacy / education);
- River health (including Adopt-a-River projects / monitoring mercury levels at Inanda Dam);
- Food security / community gardens / sustainable livelihoods;
- Promotion of the rights of citizens and the responsibilities of their water regulator;
- Acid mine drainage (AMD) – CSOs played a major role in getting this issue on to the public agenda;
- Free Basic Water advocacy and awareness;
- Dams-affected communities advocacy and compensation;
- Billing (advocacy on behalf of consumers / awareness campaigns on behalf of local government);
- Housing and inadequate water supply advocacy;
- Advocacy related to government-initiated forestry projects for job creation that do not necessarily take cognizance of related water consumption;
- Sanitation (health and hygiene training / advocacy / service provision);
- Appropriate technology promotion and implementation;
- Biogas and gas pods initiatives, particularly in KwaZulu Natal.

The *MSB III* Final evaluation (p.5 -11) does however note one CSO initiative that continues to this day, namely the South African Water Dialogues¹⁹⁵:

- *“which was linked to a process of international water dialogue on the role of the private sector in water services provision. Its purpose was to advance discussion beyond deeply polarized and increasingly sterile debate. The South African Water Dialogues chose to explore ways of strengthening delivery in the public sector. Within this broader question, it assessed what role, if any, the private sector could play in supporting more effective service delivery by municipalities. Masibambane funds, through DWAF, and subsequently Irish Aid, funded much of the work of the Dialogues.*

The Water Dialogues group reviewed current municipal service delivery models and commissioned eight case studies, each highlighting a different approach. The research process and findings informed robust debate, and an emerging consensus on what matters most for effective service delivery. An important conclusion, endorsed across a continuum from organized labour, through local and national government to the organized private sector, was that no resolution of local service delivery challenges is likely unless the perspectives and needs of all stakeholders are understood and respected through ongoing engagement”.

The EUD assessment¹⁹⁶ with respect to CSOs notes the progress on civil society involvement continues to be disappointing, as the following table illustrates:

¹⁹⁵ For more information see Mary Galvin (2009) ‘Straight Talk to strengthen delivery in the Water Services Sector: The Water Dialogues – South Africa Synthesis Report and presentation made by the SA Water Caucus entitled ‘National Water Resources Strategy – 2’ to Water and Environment Parliamentary Portfolio Committee, 24 October 2012.

¹⁹⁶ *Delegation Assessment of payment conditions: Request for payment of 2nd Fixed Tranche of Euro 24 M, MSB III*, 25 Nov 2009, p. 3 & *Sector Budget Support Payment Supporting File, Sector Budget Support Payment Requests: Water for Growth and Development*, 2nd Variable tranche, Ch.3, p.14, January 2010.

Objective	Target for 1 st Variable tranche	Status Reported By DWAF	Proposed Delegation Assessment	Target for 2 nd Variable tranche	Status Reported By DWAF	Proposed Delegation Assessment
	1st Variable Tranche			2nd Variable Tranche		
Advocacy, lobbying and communication programme developed and rolled out	National workshops facilitated by provincial committee members All 9 provincial committees actively engaged and municipalities aware of CSO capabilities	10	Half - achieved	CSOs contracted in 50 municipalities	24	48% fulfilled
CSO capacity building	8 CSOs accredited M&E training provided by 9 provincial committees	72	Achieved	8 CSO's accredited by Municipalities & 10 CSO's engaged in M&E projects	7 CSOs accredited had contracts with municipalities & no CSOs with M&E contracts with municipalities	49% fulfilled
Involving communities in water resources	Train 10 CSOs in Water Resource Management	35	Achieved	10 CSOs involved in WRM projects	9 CSOs involved in WRM projects that were successfully delivered	Condition fulfilled (albeit it should read 90%)

Source: Delegation Assessment of payment conditions: January 2010

DWAF's own assessment in 2004/2010 (but not linked to a variable tranche as they had all been disbursed) was that for KPI 10.1 performance was "poor – fair", for KPI 10.2 performance was poor, and for KPI 10.3 only 39% of the target had been achieved¹⁹⁷

KPI 10 - Enhanced role of Civil Society Organisations (DWAF reported results against target of 100% for MSB III)	Year 1: (2007/8)	Year 2: (2008/9)	Year 3: (2009/10)
KPI 10.1: Advocacy, lobbying and communication programme developed and rolled out.	100%	48%	Poor - Fair
KPI 10.2: CSO capacity-building	424%	39%	Poor
KPI 10.3: Involving communities in water resources management	350%	90%	35%

Evidence emerging from the Governance sector

Both programme components have contributed to enhanced participation of civil society.

Access to Justice programme

"Enhancing participatory democracy" through public policy dialogue and strengthening the capacities of CSOs is one of the three government priorities in the *Access to Justice* programme. Two programme components have contributed to enhanced participation of civil society. The first programme component is managed by DoJCD and the Foundation for Human Rights. FHR's capacity development support and its work as a grantor have extended the delivery of services in scope and nature (diversion, restorative justice, child justice, etc.), and has allowed it to experiment with policy innovation, to create feed-back loops, and to sensitise on constitutional rights thereby strengthening the potential for collective action and creating incentives for responsiveness from public authorities (see also I-521). The opportunities created through the SBS operation included participation in formulation, implementation, and monitoring of policies [Discussion Group FHR, 25 January 2013; Discussion Group between FHR, DoJCD and NT on 20 May 2013]. This can relate to the departmental level, where FHR regularly interacts with various units within the DoJCD, but it also relates to the quarterly meetings between department, FHR and EUD and to other departments in the Justice, Crime Prevention and Security Cluster. Given the central place

¹⁹⁷ MSB III Final Evaluation, p. 93.

of the FHR in this programme, it is closely involved in monitoring and evaluation processes, and also develops capacities of civil society actors throughout the country in engaging with public authorities at municipal, provincial and national levels.

The second component was managed by the EUD, and supported a small number of CSOs through a Call for Proposals. The supported CSOs also engage with various departments on policy matters, including DoJCD – as well with Parliament and provincial legislatures (see also I-513).

LSPSP

One of the strategic goals of the Legislative Sector includes “deepening and entrenching people-centred democracy”. The Speakers’ Forum oversaw a major revision of the sector’s *Public Participation Framework*, which has resulted in a new strategy and framework. At national and provincial levels, numerous initiatives have been undertaken to reach out to the public (with all ten legislatures having sectoral parliament outreach programmes to civil society in place), promote public participation, organise public hearings, etc. A first time ever conference with civil society at the provincial level was organised by the Gauteng Provincial Legislature. This well attended *Public Participation Indaba* took place in March 2012, and signals the political interest in such dialogue with citizens and civil society by the Provincial Legislature in South Africa’s economic heartland. During the desk phase, the evaluation team was able to attend part of a *Technical Reference Group* on good practices and standardisation of public participation in the Legislative Sector. The LSS unit had organised this well attended three days workshop for the *Secretaries’ Association of Legislatures of South Africa (SALSA)*.

During a separate Discussion Group of SALSA with one of the evaluators, six participants – including the Chairperson of SALSA (Secretary of the Legislature of Gauteng) – addressed questions as representatives from a “sector” as much as they represented their distinct Provincial Secretariats (Tuinhuys, 31 January 2013). Participants confirmed that bringing the independent legislatures together around sector themes and common concerns had contributed to improving institutional and organisational capacity. In terms of the challenges on the ground that legislatures face, participants also pointed to the tensions that need to be managed at provincial levels between capacity to deliver and levels of expectations with citizens, as well as opportunities for resolving conflict.

Evidence emerging from the Health sector

Partnership for health II

The 2010 ROM monitoring report states that: “*The policies and strategies (...) are informed by evidence and were prepared in a context of broad consultation with civil society and stakeholders*”

The core focus of the programme was on establishing links between the DoH and CSOs for the delivery of PHC services. In particular, the programme allowed the development of a framework to ensure a formalised involvement of non-profit organisations (NPOs) and community based organisations (CBOs) in the PHC system in place at the local level.

Overall, the focus of the programme was on the local level and not on the participation of civil society in policy formulation processes but the framework developed in the sector actually spanned over all institutional levels. As a result, the model put in place has had an effect on the overall participation of civil society in the general mechanisms of policy formulation and M&E processes.

PrimCare

No strong evidence of enhanced participation of civil society in relation to the SBS component of the programme.

The PrimCare programme includes a specific component to provide technical assistance and involve civil society at decentralised levels with the view of supporting “*the DOH in achieving the anticipated results through external expertise of civil society organisations active in South Africa as well as national and international technical assistance*”. The Action fiche of the programme provides additional details on the role to be played by this component: “*activities will indicatively include: capacity building, monitoring and evaluation, research, strengthening of Public Finance Management and Human Resources, public private partnerships, health promotion, policy analysis, etc.*”

The 2012 ROM monitoring report explains that four CSO grant contracts were awarded after the first Call for Proposal and, in particular, two of the projects focus on: “*on social mobilization (Cell-Life and Soul City with respective objectives to i) strengthen the demand for quality health services through the use of mobile communications and to ii) promote health literacy among South Africans aged 7-14 years old).*”

The EUD analysis of conditions for the release of the 1st tranche indicates, in relation to the ODA Coordinating Forum held on January 2011: “*In general the European Union (Commission and Member States) was very positive about the meeting (...). It was also appreciated to have representatives from different provinces, either from Members of the Executive Council (MEC) or Heads of Provincial*

Departments of Health. For the future the European Union hopes that also representatives from civil society organisations, health workers' organisations and health employer's organisations will be invited."

Interviews carried out show that, historically, there were some difficulties in the relationship between the DoH and CSO but that situation has improved in recent years. In particular, the 2012 ROM monitoring report notes that: "*Efforts have also been made to adequately involve civil society organisations, and business to streamline their activities with those of the NDoH. (...) The development of the new National Health Insurance (NHI) system has involved wide consultation; a Green Paper was released for public consultation in August 2011 through a participatory approach with final beneficiaries. Community dialogues have been set up and public written inputs are currently being evaluated for incorporation.*"

However, the report also highlight that further efforts are required in this area: "*Efforts to associate civil society more closely with sector governance still need improvements as per NDoH comments and reports.*"

Evidence emerging from the Education sector

There is only very little evidence of SBS contribution to enhanced participation of non-state actors in the education system and in particular in terms of policy formulation and M&E processes.

The few examples identified relate to actions implemented at DHET level such as the Teacher Education Conference organised in 2012 or the support to the creation of the national Foundation Phase research association (see *Indicator 5.2.2*).

During the country case study carried out in 2010 in the framework of the Evaluation of the EU support to basic education, it was noted that: "*In poorer areas, school governance quality is severely compromised and the key accountability chains that are supposed to hold educators accountable have been broken. (...) The shift towards sector budget support should arguably have been made at an earlier stage, given not only the robustness of GoSA fiscal systems, but also because of the urgent need to intensify the sector dialogue on systemic issues around accountability and governance at school level.*"

The report further explains: "*the EC could have used NGOs more strategically to complement its main government focus, for example in experimenting with different ways of promoting accountability at school level.*"

From the interviews carried out and the documents reviewed during the desk phase, it appears that the SBS operation has sustained this 'government focus' and didn't manage to find a strategic entry point to discuss with the national counterparts ways to address the issue of broken accountability chains at local level.

Evidence emerging from the Urban renewal sector

No evidence found

5.3.2 I-532 Enhanced role of civil society in promoting an increased understanding by the citizens of their civil and political rights in respect of administrative, legislative and justice sector authorities in relation to initiatives supported through SBS

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

Review of documents reveal very minimal impact with regards to the role of civil society in promoting an increased understanding of their administrative and legislative rights.

The DG of *diti* has acknowledged the need for greater engagement of all actors in the economy, incl. in rural economy. IDC is holding a quarterly steering meeting involving private sector stakeholders and members of civil society. Finally, plenary and annual meetings of the National Science & Technology Forum (NSTF) are attended by key sector stakeholders, under leadership of the NSTF. However, none of these examples can be directly linked to the support provided through SBS.

Evidence emerging from the Water sector

See first indicator under this JC.

Evidence emerging from the Governance sector

The two components of the *Access to Justice* operation enabled and supported interactions, dialogue and/or exchanges between (organised) citizenry on their core rights with different levels of government. The DoJCD managed component of the programme has a specific window that enables the Foundation for Human Rights to sponsor initiatives by media or by civil society actors who build greater awareness of constitutional rights through media campaigns, storytelling, educational initiatives, networking, conferencing, sensitising and campaigning. The media campaigns involved a series of ten lively, well-

attended debates about rights related issues (February-April 2013), broadcasted by the Public Broadcaster on Sunday evening and followed by a call-in radio programme. It involved high-level government representatives, business, academics and civil society participants. Some of this work takes FHR also in highly contested and sensitive areas such as xenophobic violence, land or gender rights and traditional authorities, poor or unequal service delivery etc. So there has been an increase through the *Access to Justice* programme of opportunities for civil society engagement with government, including Parliament and the provincial legislatures. All targets of the key performance indicators on “deepening public participation and representation” were met. All interviewees of civil society agreed on the enhanced access to public authorities, but remained somewhat critical on the quality and the influence of such interactions on policy processes and policy outcomes [January and February 2013¹⁹⁸].

Some interviewees also pointed to the good knowledge base within the EUD on state-society relations in the area of governance. Such expertise enabled the delegation to organise the *Civil Society Dialogue*¹⁹⁹ and facilitate exchanges with civil society actors on possible synergies or complementarities, either through the *Access to Justice* programme or through thematic budget lines such as the European Instrument for *Democracy and Human Rights – Country Based Support Scheme*. Under this scheme, for example, the EU supported the *Heinrich Boll Foundation*. Together with a host of other CSOs (including the EU sponsored Community Law Centre) the Heinrich Boll Foundation organised a conference, *People’s Power. People’s Parliament* (2012). This well-attended event clearly illustrated the capacity for academia, think tanks, private sector, trade unions and other civil society actors to engage with representatives of Parliament and provincial legislatures on public participation, accountability and monitoring performance. It also illustrated the potential and pertinence within the South African socio-political context for such exchanges. The report of this civil society initiative was sub-titled “Not waiting for an invitation”²⁰⁰, clearly pointing to the felt need for a strong demand-side to the objective of *deepening democracy*. There was a good attendance and active participation of members of the legislatures.

Evidence emerging from the Health sector

Partnership for health II

CSOs had a specific role in the programme supported by the SBS which was not directly related to awareness on citizens’ rights in respect of administrative, legislative and justice sector authorities. However, it can be assumed that the important contribution that the programme had in terms of strengthening CSOs in the health sector has had a positive effect on the overall role played by the CSOs in the sector.

PrimCare

No strong evidence of enhanced participation of civil society related to the activities supported by the main component of the SBS operation. That said, as explained in the previous indicator, the SBS operation include a component to involve CSO at decentralised levels and an important aspect of the activities supported has been social mobilisation.

Evidence emerging from the Education sector

In the education sector, there is no evidence of SBS contribution to this area.

Evidence emerging from the Urban renewal sector

No evidence found

5.3.3 I-533 Enhanced role of civil society in programme implementation, e.g. Foundation for Human Rights / Health in relation to initiatives supported through SBS

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

Reviewed documents point towards enhanced role of civil society in the implementation of programmes in the S&T area:

¹⁹⁸ Representing Heinrich Boll Foundation, the Black Sash, and the Community Law Centre

¹⁹⁹ This EUD organised dialogue with civil society intends to allow civil society actors to provide views and inputs on a range of issues, including future EU-SA relations that affect civil society (http://eeas.europa.eu/delegations/south_africa/eu_south_africa/civil_society_dialogue/ongoing_consultations/index_en.htm)

²⁰⁰ Ben-Zeev, K. and Waterhouse, S. (2012), *Not Waiting for And Invitation*”, Cape Town: HBF

- The IPA Vermiculture Programme in Amanzimtoti revealed that local community members can empower themselves through training initiatives. In this case the Project manager provides training to local farmers (MTR; p. 58).
- The IPA engages members of civil society and private stakeholders at a quarterly basis (interviews). Regular events related to funded projects also involved a variety of stakeholders. Some wider events (e.g. 'policy dialogue workshop' hosted by DST and the European Union in partnership with the HSRC) have brought together senior policy makers, sector advisors, researchers and (national and international) practitioners to discuss the research results and the implications that the research has for policy development and implementation.

Evidence emerging from the Water sector

See first indicator under this JC.

Evidence emerging from the Governance sector

The Foundation for Human Rights provides a clear example of a partnership between a public department and a civil society actor on programme implementation.

This partnership provides a mix of inputs. There are the typical services that are being funded through FHR as a grantor. But there are also less visible aspects and functions such as policy experimentation, policy influencing and feedback loops through formal and informal channels on policy innovations that work (or don't). Areas of service delivery are diverse and typically range from services provided by Community Advice Offices, social research, capacity development within and among CSOs, broadening the paralegal network, sensitisation on equality and human rights, and strengthening the roles of civil society in a participatory democracy (see also I-512, I-513, I-521).

The EU managed part of the Justice for All programme provided complementary support over a longer period, and with more substantial amounts to a smaller group of civil society organisations with a strong management track record and policy practice capacity, and with capacity to generate added value in some of the results areas of the programme.

Evidence emerging from the Health sector

As explained above (see JC5.2 and I-531), civil society (esp. NPOs and CCGs) has a special role to play in the PHC system which was further developed by the GoSA in recent years.

Evidence emerging from the Urban renewal sector

The mid-term review of the SBS supported *e-Thekwini* ABMDP points to the enhanced involvement of "various community and civil society role-players in developmental local government [...] through participation in stakeholders forums, project consultative events, and direct involvement in various elements of programme delivery across the five learning areas". "Businesses and community groups have been encouraged to participate in development processes, but it is unclear to what extent real capacity has been built to either participate in local development, or to play particular roles within the development process." "There was evidence of effective participatory planning approaches used in the Municipality in some 40 wards, many of which fall within ABM Areas. Community Based Planning (CBP) is empowering and encourages communities to become self sufficient. The remaining 60 wards are also experiencing the introduction of CBP." The same report also argues that "communication activities of ABMs are in line with the City's priorities and desired outcome to promote accessible responsive developmental local government, and specifically empowered citizens."

Despite limitations, a case is therefore made that "general democratic engagement has been expanded in the learning areas, as a result of the work of the ABMD Programme" and that "there is also enhanced area-based communication between the Municipality and communities as a result of the opportunities and spaces for consultation and engagement".²⁰¹

With regards to the Eastern Cape, the latest ROM report (October 2010) mentions that "WARD based planning was initiated in all the wards of NMB, but not fully concluded and promoted to the levels envisaged in the URP plans and by beneficiaries. In the BCM, the situation regarding ward based planning is uncertain, in the absence of adequate monitoring reports and information."

The same report indicates under "KRA 4: Improved Public Participation" that: "The Motherwell Community Development Forum (MCDF) was inaugurated in Feb. 2009, and has been reported to be operating effectively, with strong community participation. The MCDF has received training through the project and is understood to be providing a sound basis for community participation in the Nodal Area."

²⁰¹ Programme Mid-Term Review "Area Based Management & Development Programme, *eThekwini* Municipality, Durban. Final Report, August 2006, p. 45

However, the MCDF has still not resulted in the development of a Social Contract for Motherwell, involving other sector-based fora and special groups involved in development. A recently established Community Radio Station, which is now functional, is helping to bridge the gap in public participation through live radio programmes targeted at the community. This is an innovative strategy on which the NMB needs to be complimented for initiating through SPSP support. BCM has recorded less success on public participation because of a more volatile political climate in the municipality, aggravated by lack of co-ordination between the URP team and line departments in their focus or lack of it on the Mdantsane Nodal Area".²⁰²

5.4 JC5.4 Enhanced quality and quantity of goods and services provided by the public sector, in the sub-sectors supported by SBS, namely through the use of the experimentations and/or supplementary experiences linked to the implementation of initiatives / programmes supported by SBS

5.4.1 I-541 Evidence that the implementation of pilot, risk-taking or other value-added initiatives supported through SBS has led to enhanced quality and quantity of goods and services provided by the public sector

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

The Risk Capital facility has enhanced the supply of risk capital. In addition the programme has also produced a high number of HDI recipients. Key milestones of the programme are listed below

Table 66 Key milestones of the Risk Capital Facility

Number of enterprises	59 companies directly
Amount invested	ZAR 270,552 524
Number of new jobs	4810
Investment per job	ZAR 56000
Number of HDP mangers	109
Number of SMEs owned by HDPs (at least 25% shareholding)	57
Gender	25 out of 59 net direct investments (43% has female shareholding)

- With regards to IPA there is now **enhanced coverage of Information technology** to the rural poor.
- The IPA programmes (Essential Oils) created women groups to produce and sell (interview).
- IPA programmes assisted in increasing the budget. "Part of the explanation of the **dramatic rise** in national budgetary allocation to S&T from R 400 m to 4 bn in 2012 could be linked to the work of the SPSP" (Monitoring Evaluation Report p. 4).

SWEEEP's contribution has been mainly instrumental to provide complements to the policy and institutional process, while it is difficult to identify specific contributions in terms of actual service delivery.

Evidence emerging from the Water sector

The final evaluation of *MSB III* (2012, p. 2-59 to 2-60) provided an updated assessment of SBS against the targets of the revised KPIs from the original *MSB III* FA. In so doing they provide an overview of instances where there was improved and expanded coverage, but not whether the delivery of services improved (as tabulated below). *MSB III* Final evaluation (2004, p. 24 of Summary and Recommendations) noted that "current sector data provides inadequate insight into service functionality or effectiveness".

²⁰² ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.02 dated 31/10/2010; p.4

Result Areas (As per MSB III Financing Agreement)	Revised target for MSB III (from 2nd Variable Tranche Assessment)	MSB III Final Evaluation Report Assessment
Reduction in Services Backlogs		
§ KPI 1- Decrease in population without access to a basic water supply facility	5.5. million people	75%
§ KPI 2 - Decrease in households without access to a basic sanitation facility	1.6 million households	69%
§ KPI 3 - Decrease in number of schools without access to a basic water and sanitation services	100%	100%
§ KPI 4 - Decrease in number of clinics without access to a basic water and sanitation services	100%	100%
§ KPI 5 – Eradication of bucket toilet system in formal established settlements	100%	99%
Institutional Development and Performance		
§ KPI 6 Institutional Management & Planning Skills of WSA's		
KPI 6.1. % of total number of WSAs reporting annually on progress against the WSDPs	100%	30% of WSAs reporting
KPI 6.2. WSAs with Council approved supplier and provider arrangements in place	100%	80%
§ KPI 7 - Enhanced Water Service Provider Capacity		
KPI 7.1. Development of approved WSP business plans	100%	0%
KPI 7.2. Development and dissemination of consumer charter	100% (using progress table)	60%
KPI 7.3. Implementation of tariff policy and consumer friendly billing	100%	86%
KPI 7.4. Development of asset management systems	100% (using progress table)	100%
§ KPI 8 - Establishment and Development of CMA's		
KPI 8.1. Number of CMAs published in the Government Gazette	100% (using progress table)	60%
KPI 8.2. Number of CMS Governing Boards appointed	100% (using progress table)	60%
KPI 8.3. % of established CMAs with Business Plan and strategies in place	100% (using progress table)	60%
§ KPI 9 Implementation of Integrated Water Resource Management in priority areas		
KPI 9.1. Water Allocation Reform schedules finalized	100% (using progress table)	80% (System in roll out phase)
KPI 9.2. Water conservation and demand management strategies	100% (using progress table)	100% (System in place and operational)
KPI 9.3. Compliance monitoring and enforcement strategy developed and implemented	New cases (100%) & backlog (40%)	New cases (100%) & backlog (100%)
KPI 9.4. % Irrigation Boards transformed to Water User Associations	50%	100%
KPI 9.5. Number of resource poor farmers established / supported financially	1092	50%
Enhanced Role of Civil Society Organisations (CSO's)		
§ KPI 10 Enhanced role of Civil Society Organisations		
KPI 10.1. Advocacy, lobbying and communication programme developed and rolled out	All MSB CSOs working for municipalities	40%

<i>Result Areas (As per MSB III Financing Agreement)</i>	<i>Revised target for MSB III (from 2nd Variable Tranche Assessment)</i>	<i>MSB III Final Evaluation Report Assessment</i>
KPI 10.2. CSO capacity building	500 municipal staff trained; 20 CSOs doing M&E	40%
KPI 10.3 Involving communities in water resources management	20 CSOs fully engaged in community awareness	30%
Strengthening of Sector Collaboration		
§ KPI 11 Strengthening collaborative structures and processes		
KPI 11.1. Sustainable collaborative structures in place at national & provinces	All 10 collaborative structures	80%
KPI 11.2 Provincial Water Sector Plans developed and reviewed annually	9 PWSPs reviewed and improved	90%
KPI 11.3. National Water Sector Plan developed and reviewed annually	NWSP reviewed and improved	60%
KPI 11.4 Co-operation and integrated water resources management in Africa reported yearly	Annual report on IWRM in Africa	100%
§ KPI 12 – DWA Sector Reporting		
KPI 12.1 % of WSAs reporting on DWQ management	100%	100%
KPI 12.2. DWA reports annually against all 19 target areas in Strategic Framework for WS	100% (using progress table)	100%

Evidence provided by the *MSB III* Final Evaluation (2012, p3-8 to 3-10) notes that whilst *MSB* delivered (as indicated in the table above) serious questions remain about the quality of services provided. The report noted that “A wide range of surveys, assessments, statistics and media reports indicate a combination of complex challenges and mismanagement in water services delivery.” They provide the following evidence to support this statement:

- A survey conducted by the Human Sciences Research Council (HSRC) on behalf of the Independent Electoral Commission (IEC) in late 2010 revealed high levels of discontent with municipal performance: 45% of respondents said they were dissatisfied, against 39% who were satisfied. A detailed breakdown of the responses indicates that the areas registering the highest levels of satisfaction with municipal performance tended to be high income, urban formal settlements. The least satisfied tended to be poor and rural, particularly in Limpopo, Eastern Cape, Mpumalanga and North West Province (*IEC Voter Participation Survey 2010/11* (2011)).
- User perspectives, captured through two surveys conducted in 2010 for the Independent Electoral Commission and IDASA, respectively, indicate declining levels of satisfaction with service provision nationally. The IEC /HSRC survey found 58% satisfaction with water services in 2011, down from 62% in 2004. The 2011 IDASA survey in small towns and rural areas in KwaZulu-Natal, Limpopo, North West and Mpumalanga showed 11% of respondents were satisfied with council service delivery in 2010, compared with 39.5% in a separate survey just before the 2006 local government elections.
- An April 2011 DWA concept paper, *Enhanced Local Government Support Approach*, signed by the Minister of Water Affairs, noted the major challenges in municipal provision which have yet to be satisfactorily dealt with by the sector include:
 - Poor asset management resulting in asset stripping and rapid deterioration;
 - High non-revenue water and non-payment for water;
 - Pollution of rivers and streams by ineffective wastewater treatment works;
 - Diarrhoea and cholera outbreaks due to water treatment works not meeting drinking water standards;

- o Very poor revenue management resulting in inadequate revenue collection to run the necessary operations in municipalities
- o Lack of ring-fencing of water services meaning that it is impossible to determine the true costs of water services and to manage the business effectively;
- o As a result of much of the above, poor customer service leading to service delivery protests and rates boycotts.

The 2011 SAICE *Infrastructure Report Card*²⁰³, noted a deterioration in the state of water services infrastructure outside of the major urban areas: *"The quality and reliability of basic infrastructure serving the majority of our citizens is poor and, in many places, getting worse. Urgent attention is required to stabilize and improve these."* It rated the state of water infrastructure in the major urban centres as C plus and wastewater infrastructure as C minus - 'satisfactory for now'; but it gave all other areas a D minus - 'at risk' - for water infrastructure, and an E minus - 'unfit for purpose' for their sanitation infrastructure.

Evidence emerging from the Governance sector

In the *Access to Justice programme*, the DoJCD was able to extend its service delivery reach by engaging with civil society on alternative service provision through innovation in areas such as restorative justice. Annual reporting by DoJCD (DoJCD Analysis of Performance Indicators) on the programme implementation clearly indicates the quantitative improvements (number of Community Advice Offices created, or number of *Service Level Agreements* signed, number of cases diverted, asylum seekers assisted, etc.). Qualitative indicators and data are harder to come by. Hence, FHR is developing an additional monitoring system for capturing more qualitative performance data, for example through storytelling. This may contribute to developing a better understanding on the extent in which the quality of services has improved, and what factors may have contributed to improved performance (Discussion Group FHR, 25 January 2013).

In the case of *LSPSP*, sector budget support has supported the Legislative Sector in delivering on the mandate to improve and deepen "participatory democracy", and reach out to citizens through a host of initiatives at provincial and national levels, but also through organising public hearings (in the financial year 2010/11, 56 public hearings were organised, some in remote rural areas). The set-up was such that peer learning was encouraged in a spirit of cooperative governance.

Evidence emerging from the Health sector

The 2011 Impact assessment study provides ample evidence of increased coverage of services provided and improved quality of service delivery.

The 2012 ROM monitoring report of the PrimCare programme also illustrates a number of positive achievements in the sector: *"According to the Annual Report 2011/2012 by the NDoH, progress is in line with expectations. For example, i) the ward-based PHC outreach teams in place each of them in charge of 1500 families; ii) the School Health Services (launched during the ROM visit) is functioning in Quintile 1 and 2 (most vulnerable) schools in the NHI pilot areas; and iii) specialist district team members were appointed by the NDoH. (...)*

The SPSP outcome is to improve access to public health services and to increase the quality of service delivery of primary health care through the district health system, in line with the NDSA for 2010-2014. The Annual report 2011-2012 has shown significant and satisfactory progress in each of the five SPSP result areas. Highlights of progress achieved are as follows:

1) Increased access to PHC services: PHC headcounts reflect a significant increase between 2006-2011 with a slight flattening in the last year, in addition the re-engineering PHC model contributes directly to this result and the achievements are: 337 PHC outreach teams established (target of 54 teams exceeded) and 5000 CHWs were re-trained; the scope of work for the district clinical specialist teams was finalised and the recruitment process completed; a total of 3690 primary and 2234 secondary schools implemented primary preventative health programmes and the Integrated School Health programme was launched;

2) Improved quality of PHC services: comprehensive audit done of (90%of) public health facilities, followed by business plans to address gaps by Facility Improvement Teams; 66.6% of fixed PHC facilities received a monthly supervisory visit from a PHC supervisor;

²⁰³ The South African Institution of Civil Engineers (SAICE) published editions of their Infrastructure Report Card for South Africa in 2006 and 2011 .

3) *Improved capacity for management of PHC services: 45 of 52 districts have a district health plan which was analysed by the NDoH and feedback provided (baseline 33);*

4) *Accelerated implementation of national plans for HIV&AIDS and TB: 80.4% of HIV+”*

The EUD analysis of conditions related to the payment of the third tranche of the PfHII programme provides the following overview:

- *“Between April 2008 and April 2009 298,381 new HIV positive patients started receiving anti-retroviral treatment (ART), bringing the total number of patients on ART to 781,465 (718,907 adults and 62,558 children).*
- *Nutritional supplements were provided to 734,409 people living with HIV, AIDS and TB. The baseline in 2007/08 was 480,000.*
- *The number of HIV positive pregnant women referred for and receiving CD4 testing increased from 78,888 in 2007/08 to 82,091 in 2008/09.*
- *The percentage of public health facilities offering voluntary counselling and testing (VCT) services increased from 92% in 2007/08 to 96% in 2008/09.*
- *The percentage of public health facilities offering prevention of mother to child transmission (PMTCT) services was maintained at 95%.*
- *The TB case detection rate increased from 55% in 2007/08 to 83% in 2008/09.*
- *The TB cure rate has improved steadily from 57.7% in 2004/05 to 62.3% in 2005/06 and 64% in 2006/07 (reported for the period 2008/09 in accordance with WHO requirements).*
- *The TB mortality rate decreased from a baseline of 71 per 100,000 population to 22.2 per 100,000 population in 2008/09.*
- *Immunisation coverage for children under one year of age increased from 85.2% in 2007/08 to 88.8% in 2008/09.*
- *Two new child vaccines were introduced to reduce cases of diarrhoea and pneumonia, which are significant causes of child morbidity.*
- *The number of malaria cases decreased from 8,743 in 2007/08 to 6,167 in 2008/09, and the number of deaths due to malaria decreased from 68 in 2007/08 to 40 in 2008/09.*
- *140 of 400 hospital managers were enrolled for a hospital management training programme during 2008/09.*
- *Budget execution slightly improved in 2008/09 with 97.7% of revenue spent. In 2007/08 96.7% of revenue was spent.*

With respect to Primary Health Care (PHC), which is delivered through the District Health System (DHS), special mention is made of increased access to PHC services (from 106,623,648 headcounts in 2007/08 to 117,341,256 in 2008/09), which translates into an increased utilisation rate (from 2.2 visits per person per annum in 2007/08 to 2.4 visits per person per annum in 2008/09). This is lower than the target of 2.7 visits per capita set for 2008/09 though, and concrete steps are being taken to address this and other challenges remaining in the public health sector.”

Evidence emerging from the Education sector

The 2012 MTR shows that a number of targets are even already met after only one and half year of implementation:

“The 2012 MTR shows that a number of targets are even already met after only one and half year of implementation. The 2012 MTR shows that a number of targets are even already met after only one and half year of implementation.”

In particular, improvements have been recorded regarding the provision of adequate and appropriate learning and teaching support materials for quintile 1 schools. However, important challenges prevail in the sector and it appears that several obstacles which are out of the control of the national department might limit the effects of the SBS supported actions.

Overall, the SBS operation started only recently and the effects of the supported actions will take time to materialise. The MTR underlines that: *“many of the individual projects supported by the Programme (such as initial teacher training, CPTD, HRMIS) will take time to generate benefits for beneficiaries throughout the system”.*

Evidence emerging from the Urban renewal sector

Documentary reviews allow pointing to improvements in service delivery although available documentation does not allow quantifying increases nor qualifying in a significant manner qualitative improvements. More specifically, reviewed documentation points to:

e-Thekwini ABMDP “Despite constraints, mainly due to significant staff shortages in ABMs and line departments and one or two other issues, **service delivery has (in the main) improved in the value of its contribution to programme areas, despite delivery targets not being reached. Service delivery is taking place in ways that meet with the specific needs and challenges in specific Areas**, based on the specialist knowledge and insights of Area Teams. From this point of view, the Programme has made a huge contribution, through enabling greater levels of efficiency and effectiveness in programme delivery, mainly implemented through line departments.”

“In terms of volume, the programme Areas are demonstrating an **increasingly effective ability to speed up projects**, as demonstrated by the declining annualised levels of unspent funds across Areas.²⁸ The Programme is, therefore, likely to meet all of its expenditure targets by the time it is terminated in 2008, which implies that its projects will have delivered effectively. This is, however, likely to occur at great personal and programme quality cost as there are capacity constraints in ABMs and particularly in line departments. [...]

Improvements in service delivery are also about the manner in which local communities in the Areas experience changes in the quality and appropriateness of services delivered. [...]. ABMs have made a big contribution to enhancing the quality of service delivery in Areas, through the development of “expert” familiarity with the specific local contexts or issues within Areas which, in turn, has allowed the Area teams to put together more appropriate plans and projects which are more appropriate to the specific needs and desires of stakeholders in these local Areas. In each case, ABMs have developed a set of programmes that have specific meaning and relevance for each Area, in line with their own distinct area focus. [...]

Despite work having been performed in relation to social programming, it has comparatively not been receiving the required levels of attention, apparently because of smaller budget allocations in comparison to capital projects. These issues must receive serious attention to enable the Programme to meet its own social programming targets, and to avoid the Programme as a whole being viewed as one involving mainly infrastructure development.²⁰⁴

Looking at the programme’s contribution to economic development, the same report (pp. 47-48) points to:

- infrastructure development: changes to the physical environment In terms of industrial development, thereby contribution to bring economic efficiencies to small, medium and large industry and manufacturing;
- urban settlements: contribution to the economic development of four major residential urban areas in eThekwini, through (i) infrastructure development and service delivery to stimulate investment and small, medium and large business growth, (ii) skills training initiatives leading to small increases in job creation, and (iii) building linkages to leverage further opportunities for economic development with intersectoral roleplayers and government stakeholders.
- rural economic development: small but highly significant contribution to the rural economy, through (i) the development of basic infrastructure and services, and (ii) the creation of opportunities for small business development through four focused nodes.

Finally, when looking at the contribution of the ABMDP to the City’s desired development outcomes (8-point plan), the mid-term review reports a contribution - to varying degrees - to all of these outcomes:

- Significant contribution to the outcome (goal) of sustainable economic growth and job creation, both through the delivery of bulk and other infrastructure development in the form of its various capital projects across the various Areas, and (indirectly) to job creation, as a result of contributing seriously to creating the necessary spatial and land-use configurations to enable economic growth and development. Further, through its business support and skills development projects, as well as by supporting and facilitating the entry of job seekers and small entrepreneurs into the formal and informal job markets.
- Substantial contribution to the *development outcome of fully-serviced, well-maintained, quality living environments through the provision of bulk and other infrastructure, coordinated service delivery in Areas and the limited take-up of environmental issues across rural and urban areas.*
- Significant contribution to safe and secure environments through its safety and security projects, as well as to the other development outcomes.

URP Eastern Cape:

²⁰⁴ Programme Mid-Term Review “Area Based Management & Development Programme, eThekwini Municipality, Durban. Final Report, August 2006, p. 46-47

***KRA 1: Improved Local Economic Development:** Focus of the URP in this area has been on providing training to Micro, Small and Medium Enterprises (MSMEs) identified for targeted assistance within small business hives and other convenient locations. Indeed some form of training has been provided to MSMEs within the two nodal areas. However, the quality and depth of training offered and received has not been elaborated upon in available monitoring and review reports. Whilst there is some progress in local economic development activities supported, there are indications that the training given has not been holistic, systemic and synchronised with other forms of essential support and services required to deepen the overall capabilities of the beneficiaries to produce high quality goods and services. Focus seemed to be on one-off training and awareness raising, with a limited scope, without examining scaled up modes of enterprise support.*

***KRA 2: Habitable Human Settlement:** In NMB, one public open space had been identified and developed in each of the nine wards of Motherwell during the course of the project which brought great benefits to communities. More areas had been zoned and cleared for public open spaces in the NMB. However, challenges were experienced in terms of access to water and additional funds to develop the open spaces and make them functional for community use. Some progress had also been made in identification and development of public open spaces in BCM, Mdantsane. However, the quality and quantity of the projects supported under this KRA in Mdantsane could not be verified due to lack of adequate information.*

***KRA 3: Improved Social Development:** Some progress was made in awareness raising and training on HIV and AIDS in NMB, with target number of beneficiaries reportedly achieved. However, whilst similar progress was reported for BCM, lack of improvement in M & E and reporting makes assessment of progress difficult.*

***KRA 5: Improved strategy, programming, project implementation, co-ordination and service delivery:** [...]. Many of the physical infrastructure projects are in a state where further investment is required in terms of strategic planning and co-ordination and require further substantial capital investments in software, project management and other key inputs to make the infrastructure functional. This requires co-ordination of the various line departments and identification of key bottlenecks to further progress and to take measures to deal with constraints identified.²⁰⁵*

The letter and report requesting the release of the third fixed tranche dated November 2011 provide further details on accomplishments and progress made.

5.5 JC5.5 Strengthening of M&E capacities and systems, namely in the framework of the experimentations and/or supplementary experiences linked to the implementation of initiatives / programmes supported by SBS

5.5.1 I-551 Evidence that GoSA has put in place an effective performance monitoring system to monitor the implementation of the SBS supported programmes, including indicators at the level of expected results, and that the SBS indicators correspond to such system

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

GoSA has put in place an effective performance monitoring system to monitor government departments, though monitoring systems for SBS operations are inferred. There have been considerable and relevant changes in the Government Wide Monitoring and Evaluating framework (GWME) (Employment Creation, MR, p. 2).

GoSA M&E systems are characterised by the following:

- In SBS, the government undertakes to lead a joint M&E system and shares the results with the donors. If the national and sectoral M&E systems are weak, then logically, the issue of M&E should figure prominently on the Policy Dialogue agenda. Page 52 EU/SA evaluation report. (Source: Mid Term Review EU/SA Country Strategy Paper 2007-2013 p. 32)
- This GWM&E Policy Framework will not result in a single automated IT system for the South African government but shape the policy context within which electronic IT based systems will operate.

²⁰⁵ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.02 dated 31/10/2010; pp. 3-4

- The GWM&E framework seeks to embed a management system within public sector organisations which articulates with other internal management systems (such as planning, budgeting and reporting systems). (Source: GWME Policy Framework)

Evidence emerging from the Water sector

It is agreed among sector partners that *MSB* has had a profound positive impact on sector reporting by establishing clear sector goals and targets, a Regulatory Performance Management System (RPMS)²⁰⁶, and regular reporting with inputs from sector stakeholders, including municipalities. Furthermore, reporting quality from municipalities is seen as having improved significantly over the years.

- DWA has set up an electronic water quality management system (eWQMS).
- *MSB* had its own quarterly and annual reports.
- *MSB* had its own set of 12 KPI, as agreed in the respective FAs, against which it reported – as already discussed these KPIs largely correspond to the KFAs and associated targets of *MSB*, and which DWA also reports on an annual basis.
- *MSB* co-funded the National Water Services Benchmarking Initiative (NBI) between 2005-2008, which was led by SALGA, DWA and the Water Research Commission. The aim of the system was to benchmark municipal water services to help spur performance tracking and service delivery improvement.

Evidence emerging from the Governance sector

DoJCD has put in place an effective monitoring system. The SBS package included a TA to support the Strategy, Monitoring and Evaluation Unit of the DoJCD. DoJCD and the Foundation for Human Rights have set in place an effective monitoring system that helps track both process and expected results at a quantitative level. This mechanism does not only serve the *Access to Justice* programme, but it is integrated in the framework for monitoring and evaluation that serves multiple purposes of multiple institutional actors (Treasury, Presidency, etc.). On top of these efforts, FHR has started strengthening monitoring and reporting so as to better capture quality aspects of service delivery, as well as the reasons behind success (or failure), using new approaches (such as story telling), making use of baseline surveys and developing new systems. Included in the SBS package was the integration of TA for the.

A comprehensive monitoring and evaluation framework for the Legislative Sector has been developed, which integrates all aspects of the Sector Strategic Framework. The monthly financial and quarterly performance reports are submitted to the Auditor General (AGSA). As of 2010/11 besides the annual financial statements AGSA annual reporting also includes performance audits. Monitoring and reporting of the *LSPSP* was fully integrated in Legislative Sector monitoring and reporting.

Evidence emerging from the Health sector

Partnership for health II

According to the 2010 ROM monitoring report, *“The programme has invested substantial amounts of resources in the development of an M&E system and the training of all participants on its use. The NDOH has expanded the District Health Information System (DHIS) by developing and installing software that includes collection of data from the Community Based Health System. In strengthening this initiative the programme has developed guidelines and tools for monitoring and evaluating services delivered by the NPOs at community level, followed by training of programme staff on its implementation. NPO staff have also been trained on the importance of data collection, reporting and proper feedback on service delivery. All these actions provided by the SPSP clearly support the SP in strengthening its capacity to monitor the effects and if necessary to take appropriate measures in the future in order to improve the outcomes and/or decrease the negative effects.”*

PrimCare

As highlighted during interviews with the EUD and DoH, the new SBS operation has continued to put an emphasis on monitoring and data collection activities. If less appears to have been done compared to the previous SBS operation, it is mainly explained by the significant improvement which had already been achieved by the previous initiatives in the sector and the overall efforts made by GoSA at national

²⁰⁶ *MSB III Final Evaluation* (p.2 – 23) notes that “The RPMS builds on a range of municipal data sources, with DWA consultants working with WSAs to compile and analyse their data. The RPMS is currently under-resourced; DWA acknowledges real challenges in getting the required information and securing the co-operation of some municipalities. This impacts on the reliability of some reported findings”.

level (see, in particular, the creation of a specific department in charge of M&E under the direct supervision of the Presidency).

Evidence emerging from the Education sector

SBS Indicators were selected from existing lists used in national systems. However, evolutions in the institutional environment created discrepancies with the initial design (see next indicators).

Overall, the system in place was assessed of good quality by the stakeholders met although certain weaknesses still need attention.

Evidence emerging from the Urban renewal sector

In both cases, the URPs supported by the Commission's SBS operations lack an efficient and effective M&E system which has prevented both easy access to good quality data on programmes outcomes and possibly impact and the systematic gathering of experience to inform best practices and learning. In the case of *eThekweni*, the mid-term review actually points to the choice of the aid modality as one of the factors that have negatively affected the set-up and running of an effective monitoring system.

Monitoring and evaluation of the *e-Thekwini ABMDP* were located within the EMA's budgetary and monitoring/control systems, with 6-monthly reports to be submitted to the EC by the EMA for each of the Areas. Annual programme reports, together with annual financial programme audits, were also to be submitted by the EMA (see p. 23 of the mid-term review). That said, the MTR argues that "*the potentially developmental input and value-add provided by traditional development co-operation in the form of the strengthening of systems, monitoring controls and research information, amongst other things*", has not been provided in the case of the SBS operation precisely because of the choice of aid modality. The report goes a step forward and actually refers to the fact that "*some of the disadvantages of budget support as experienced included issues around non-uniform reporting, absence of a typical programme MIS (since these was basically embedded in the City's MIS), [...] a less rigorous monitoring system and quality of data.*"²⁰⁷

Finally, the report points to the "*need to substantially improve various aspects of programme implementation monitoring, in order to allow for effective documentation of learning across the five learning areas*". Improvements are recommended in terms of "*the process of recording and documenting relevant experiences on a consistent and ongoing basis. Simple recording instruments should be used to facilitate ease of use, designed to cut down the effort and time required to record information. A thoroughly planned learning system should, therefore, be put in place to cover all aspects of learning. The learning system should not capture unnecessary information but must focus on what is strategically important based on clear learning outcomes*".²⁰⁸

In the case of the *URP Eastern Cape* a number of challenges are also reported: "*Monitoring of performance indicators in URP and M & E for BCM overall, faces some challenges, with lack of clarity on the roles and responsibilities of the MURP Team in terms of linkages with line departments, co-ordination and reporting structures within the Municipality's institutional framework. [...] In the BCM, there have been substantial M & E challenges, apart from the constraints faced in project implementation. The absence of joint planning, implementation, monitoring and supervision has made the co-ordination role of the URP team in BCM difficult and making up-to-date reporting on progress a big challenge. Largely due to institutional constraints facing the Buffalo City Municipality, overall, the prospects for longer term impacts remain very uneven, being more positive for the NMB, Motherwell, than for the BCM*".²⁰⁹

As in the case of *e-Thekwini*, both the mid-term review and the ROM reports point to need for a properly functioning M & E system viewed as central to the success of the SPSP and strongly recommend that efforts be put in place to this end. See for example the ROM report of 2010 "*Recommendation: MURPs: 1) Improve M & E and progress reporting, providing more evidence on results achieved, paying particular attention to taking timely corrective actions, if necessary*".²¹⁰

The final report produced by the Technical and Operation Coordinator recruited by the NMB Municipality helps to shed some further light on the difficulties encountered.

²⁰⁷ Programme Mid-Term Review "Area Based Management & Development Programme, *eThekwini* Municipality, Durban. Final Report, August 2006, p. 61-63

²⁰⁸ Programme Mid-Term Review "Area Based Management & Development Programme, *eThekwini* Municipality, Durban. Final Report, August 2006, p. 66

²⁰⁹ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.02 dated 31/10/2010; pp.3-5

²¹⁰ ROM Report of the Support to Urban Renewal Programme in the Eastern Cape; MR-120520.02 dated 31/10/2010; p.6

- “The planned monitoring system for the EU SPSP never really left the concept stage”;
- “A proper Monitoring and Evaluation system [...] was eventually developed but [...] then] shelved due to lack of funds, thus never tested.
- The development of an Integrated Scorecard (IS) at Municipal level which would have allowed an appropriate monitoring of the SBS operation as well as other municipal activities took over five years to be fine-tuned into an appropriate system;
- On a more positive note, “A budgeting, accounting and auditing system, which was area-based and activity based was established by the Municipality” in compliance with one of the conditions for the original 2nd variable tranche. This, together with the Municipality’s annual budget ensures that a very good set of tools is in place to monitor budget and expenditures, although in both cases it is restricted to asset-creating projects, i.e. to capital budget only.
- “In conclusion, implementation of projects and related spending was monitored, and regular reports were prepared, but a more advanced system could have gone some way in support of improved performance.”²¹¹

5.5.2 I-552 Evidence that data on selected indicators is collected on a regular basis and that data is reliable

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

Evidence that data on selected indicators is collected on a regular basis is inferred. Review of documents for IPA and SWEEEP contain data that list indicators such as employment, gender aggregation. Most SBS operations have pointed out that they will align their M&E systems with the GWME framework.

- *ECF*: Rider to change indicators to enhance alignment to government M&E systems
- *SWEEEP*: Indicators are taken from the government policies and strategy documents. In addition there is need for more specific indicators
- *RCF*: Quarterly monitoring report to track indicators

In relation to the *SWEEEP* programme, the MTR highlights several weaknesses of M&E systems within government department:

- There are no **adopted measurable performance indicators** for each incentive programme and most programme area indicators collected currently are mostly output indicators such as number of applications approved, size of investment. This is useful information, however, for consistency, it would be more effective to have generally accepted and adopted indicators to track the performance of each scheme (MTR: p. 67)
- There is no central database/centre from which the M&E unit can draw data to analyse and compile regular monitoring reports, data is collected by programme administration official using excel spreadsheets. (MTR: p. 67)
- *SWEEEP* was launched and completed without an operational performance monitoring system in place. (MTR: p. 67)

Evidence emerging from the Water sector

- Data is generally collected against the KPIs/KFAs, and regular national household surveys (General Household Survey, formerly the October Household Survey, conducted by Stats SA are conducted and include questions on access to WSS, and service quality
- Between 2005/2006 and 2007/2008 the sector used the WSA checklist to assess compliance. DWA officials visited nearly all WSA in the country and the data was seen to be valuable for building relationships between regional DWA officials and municipalities. The process was further refined in 2009 with the introduction of the Regulatory Performance Monitoring System (RPMS), mandatory for all WSAs. (*MSB III Final Evaluation*, 2012, p. 3-38).
- There are however, concerns about the quality of some data gathered, especially financial information²¹².

²¹¹ “EU SPSP TOC’s Final Report” April 2013 prepared by the Technical & Operations Co-ordinator within the Nelson Mandela Bay Municipality, pp.46 & 48.

²¹² These issues are raised in all the *MSB* evaluation reports, and was also raised in interviews with Charles Reeve, Adrian Willson and Malcolm White.

- RPMS does not provide a clear differentiation between urban and rural subsector performance. Different data sources show different trends in access to services, e.g. the recent general household surveys show declining performance in household access to basic WSS services.
- Municipal reporting on water services compliance and performance is poor, and current reporting requirements require too much detail and reporting requirements to different national departments are overlapping and duplicated.
- Some data are based on assumptions; DWA does not collect all data itself but receives reports from other departments and municipalities, which it then reports on quarterly basis without validating the data. Quantitative data for some KPIs appears not easily located in annual reports or can be difficult to compare against a baseline.
- *MSB II Final Evaluation (2007, p. 277) notes that “although no one can question the strength of the reporting tools and processes already in place in this programme the real issue is the value all this data is adding to the decision making process on the ground. For instance, the National Benchmarking Initiative (NBI) has already noted several concerns with regards to validity and the reliability of the data being used to help measure the 9 performance indicators provided in the National Water Services Regulation Strategy”²¹³.*
- *MSB II Final Evaluation (p. 272) found that in the most recent provincial 4th Quarter Regional report provinces, on average, only reported on 8 of the 14 Key Focus areas they are meant to be regularly reporting on.*
 - Data not analysed locally in order to shape interventions to identified problems
 - Weak M,E & R capacity within regions and local authorities
 - Duplication of reporting procedures to different national authorities working in the sector.
 - Limited alignment with planning
 - Rules within existing data bases not enforced (e.g. it is possible to make unauthorised data entries)
 - Data systems not aligned (e.g. DWAF systems used different field names to those used by DPLG).

Evidence emerging from the Governance sector

Data on the key performance indicators in the DoJCD component of the *Access to Justice* programme and the *LSPSP* proved to be reliably and regularly monitored. The Foundation for Human Rights has indicated an interest in developing new indicators and monitoring or reporting tools that will also allow for a more in-depth qualitative assessment. The EUD managed component of the *Access to Justice* programme has meanwhile also been evaluated²¹⁴.

Evidence emerging from the Health sector

See 2012 ROM report: “KPI 6 ‘Percentage of PHC facilities providing Basic Antenatal Care’ is not a monitored indicator in the health Annual Performance Plan (APP). It is therefore recommended to replace this KPI with two equivalent ones namely ‘Antenatal (ANC) Coverage’ and ‘ANC Coverage within 20 Weeks Rate’ both of which are monitored quarterly under the ‘Framework for the Quarterly Monitoring’ of the Annual Performance Plans (APPS) of NDoH.”

Evidence emerging from the Education sector

The EUD analysis of conditions for the release of the 3rd payment explains: “significant institutional and strategy changes have taken place since the signature of the PrimEd SPSP Financing Agreement. These have necessitated, in some instances, the use of sources of verification that are different from those indicated in the Financing Agreement.” The table below (extracted from the EUD analysis of conditions) provides an overview of the changes that have occurred.

²¹³ National Water Services Benchmarking Initiative (2007) Promoting Best Practice Benchmarking Outcomes for 2005/2006.

²¹⁴ EUD (2013), Final Report. *Access to Justice* and Promotion of Constitutional Rights Programme (CSO Component). June 2013 *Forthcoming*

Table 67 *PrimEdu: Changes in sources of verification of KPIs*

KPI	Source of verification		Reason
	FA	Actual	
2	Education Management Information System (EMIS)	General Household Survey (GHS)	The source of verification for the baseline was the GHS (not EMIS); thus the GHS is again used to ensure comparability of data.
3	Quality Improvement, Development, Support and Upliftment Programme (QIDS- UP) reports	Workbooks report	QIDS-UP reports are no longer generated, because the QIDS-UP programme has been incorporated into DBE Programme 2. Workbooks are the main learning resource provided to schools since the beginning of 2011.
5	EMIS	PERSAL data as reported in Macro Indicator Trends in Schooling: Summary Report 2011	PERSAL is the system used throughout the SA Government to record data related to human resources.
7 & 8	Foundations for Learning Campaign reports	Annual National Assessment (ANA) report	Since 2011 large-scale evaluation of learner performance takes place by means of the ANA. Specific ANA reports are now being generated.
9	Higher Education Management Information System (HEMIS)	DHET Annual Report 2010/2011 & Strengthening Foundation Phase Teacher Education first year progress report (March 2011 – April 2012)	Comprehensive data on HEIs involved in Foundation Phase teacher education cannot be obtained from HEMIS, as this system does not record data on HEIs that are still preparing to offer Foundation Phase teacher education programmes.
10	HEMIS	Strengthening Foundation Phase Teacher Education first year progress report (March 2011 – April 2012)	The progress report contains audited data obtained from the HEMIS officer at each HEI. These data are more comprehensive and up-to-date than the data currently available in HEMIS.

Source: EUD analysis of conditions

Evidence emerging from the Urban renewal sector

As anticipated under I-5.5.1 while implementation of activities, projects and related spending was monitored and regular reports prepared no structured monitoring and evaluation system has been put in place. Following the rider of 2010 to the FA of the Eastern Cape SBS operation, data related to KPIs and achievement of targets was provided although the request for the payment of the 3rd tranche, submitted in February 2011 was rejected five months later due to serious shortfalls in the Joint Annual Review Report in relation to the new General Condition No. 3 thus pointing to unsatisfactory reporting.

5.5.3 I-553 Degree of access, use and dissemination of data collected

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

Review documents are not very clear on the degree of access, use and dissemination of data collected. There are no patterns that are emerging to support the above assertions. However there seems to be wide distribution of data and information through several channels shown below.

RCF (Detailed Fiches Report: p. 9)

- Annual budget review and budget tabled in parliament Government plan of action programme and report on implementation;
- Monitoring and evaluation briefings of economic, social and governance clusters;
- Quarterly financial stability review of SA Reserve Bank;
- With regards to the *dti*, government policies and strategy documents were the main sources of data.

Evidence emerging from the Water sector

Evidence from the evaluations of *MSB* and discussions with regional officials in DWA shows that the M&E system appears top-down, where the role of municipalities is exclusively to feed information to national level. The system and data collection is not used locally as a planning and learning tool, but rather seen as a requirement from the national level to check municipal performance, so there can be reluctance towards reporting on poor performance.

MSB II Final Evaluation (p. 277) found that “*The overwhelming view amongst WSA and PMU managers is that they are overburdened with reporting demands. Eight out of ten (81%) agreed with this*

statement, with only one out of ten disagreeing (10%). Interviews conducted at the KZN quarterly meeting of Masibambane found an even stronger opinion on this matter when all 10 managers endorsed the view that “there seems to be no end of surveys that we have to fill in or respond to. We seldom see any feedback from these surveys and they waste our time”.

Evidence emerging from the Governance sector

DoJCD and the Legislative Sector Support publish data in a structured and yearly way, mainly through web-based applications. FHR also has its proper communication channels.

Evidence emerging from the Health sector

No evidence collected on the evolution in terms of use and dissemination of data collected.

Evidence emerging from the Education sector

No evidence collected on the evolution in terms of use and dissemination of data collected.

Evidence emerging from the Urban renewal sector

No further evidence beyond what already provided under I-551 & I-552.

5.5.4 I-554 Data collected is analysed with a view to reflect on lessons learnt and best practices

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

Collection of data has been one of the major challenges observed on the SBS operations reviewed. There are no formal structures to reflect on lessons learnt based on an analysis of data.

Evidence emerging from the Water sector

Evidence that data is used to reflect on lesson learning and best practices to help improve accountability and governance in the sector, but this has deteriorated over time. MSB has contributed to improving accountability and governance of the sector through:

- District Water Managers’ Forum – an annual peer review mechanism where one participating municipality invites close scrutiny of its approach to water services management from a panel of its peers. “For many, this is their first opportunity to look at water services from an integrated municipal perspective - across HR, budget and treasury/finance, environmental health, asset management, communications and so on - with participants often seeing the bigger picture for the first time. Several peer reviews noted their appreciation of this opportunity, and their comments that this was their first experience of an integrated municipality-wide perspective on water services management¹⁹. Their comments suggest that water sector programmes need to seek opportunities to work more closely with municipal finance and HR managers, in particular²¹⁵.”
- WIN-SA: Water Information Network of South Africa, which describes itself as “a network of organisations focusing on improving knowledge sharing in the water and sanitation sector, targeting decision makers within and beyond government concerned with municipal water management²¹⁶.” WIN-SA’s activities include the following:
 - It convenes the District Water Services Managers Forum and the peer review of one municipal member each year by that forum.
 - It hosts training events and convenes workshops.
 - It facilitates exchange visits and learning journeys, between municipalities and within the region. In May 2010, it hosted a learning journey for 20 SADC CSO representatives from Botswana, Malawi, South Africa, Sweden, Tanzania, Uganda and Zambia working to improve basic water and sanitation.
 - It commissions field notes, ‘lessons learnt’ case studies and topical papers on a wide range of themes – public accountability through ‘citizens’ voice’, district planning and co-ordination, effective health and hygiene promotion, asset management, customer care, sustainable implementation of free basic services, climate change, catchment management, job creation in sanitation programs, Section 78 assessments, water and wastewater quality management, household sanitation improvement, and so on.

215 MSB III Final Evaluation, 2012, p.3-47.

216 See www.winsa.org.za

Other examples of lesson learning include:

- Involving sector actors in the development of the Strategic Framework for Water Services (2003). However, NWRS (2004) was not prepared in a similarly participatory manner
- Improving access to sector information. All annual reports, policies and strategies are available online
- Deliberately engaging councillors and senior municipal staff to enhance sector understanding and promoting good governance at local level
- Enhancing sector regulation and providing guidelines to municipalities
- Introducing Blue Drop and Green Drop certification for drinking water and effluent compliance as incentives to adhere to standards
- Engaging and building the capacity of CSOs

However, certain trends pose challenges for lesson learning:

- Information access has deteriorated in recent years, many newer documents are not available at DWA's website, including most *MSB* documents and reports after 2009.
- There are concerns about the loss/inaccessibility of knowledge and tools produced under *MSB*. Nevertheless, while recent quarterly reports are not publicly available on DWA's website they are provided to sector partners on CD.
- The role of civil society in the sector has weakened. It appears difficult for some NGOs to balance the advocacy role with the need for government funding.
- Poor governance still create problems at local level, e.g. in relation to tendering/procurement. The final tranche of Irish Aid funding for the sector was not disbursed due to governance and systemic concerns and particularly the findings of the special audit report on alleged procurement irregularities, the findings of 2009-10 annual audit of DWA and the departure of key senior management personnel.
- *MSB III* Final evaluation (2004, p. 24 of Summary and Recommendations) noted that "current sector data provides inadequate insight into service functionality or effectiveness"

Evidence emerging from the Governance sector

No evidence was found, although the strengthened policy processes and dynamics within the two SBS operations suggest that there are multiple opportunities and stakeholders sufficiently interested to analyse policy relevant monitoring data and relevant experiences and lessons from this policy piloting and experimenting.

Evidence emerging from the Health sector

No evidence collected so far on the evolution in terms of use and dissemination of data collected.

Evidence emerging from the Education sector

No evidence collected so far on the evolution in terms of use and dissemination of data collected.

Evidence emerging from the Urban renewal sector

No further evidence beyond what already provided under I-551 & I-552.

5.6 JC5.6 SBS has contributed (directly or indirectly) to the observed changes in ways which could not have occurred through alternative aid modalities

5.6.1 I-561 Evidence of specific linkages between SBS action (policy dialogue, conditions, funds, embedded and complementary TA) and the above-mentioned results

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

In the Private Sector and Employment development, the SBS has contributed to the four programmes (SWEEEP, RCF, IPA and ECF) mainly allowing the experimentation of new approaches and measures (*RCF and IPA*) and the provision of specific complements to existing policies (*SWEEEP and ECF*). In all these cases, the financial contribution of SBS seems the most important, since the experimental design and other policy supports were conceived by the relevant departments and were implemented as coherent programmes due to the availability of the additional funds provided by SBS. The dialogue and other non-financial components have had a certain importance, particularly in the case of IPA and RCF:

- *IPA* was conceived in a framework of strong sectoral dialogue promoted by DST, namely in the GoSA Economic Cluster, to advocate for a more intensive application of the new technologies in the economic policies. On the other hand, DST considers the strategic dialogue with EU a fundamental window of opportunities for its international relations: in such framework, its association with the EU in the effort to enhance the innovation in the national economic policies was seen as a materialisation of the EU-SA strategic partnership, including the possibility of extending the IPA approach to other African countries. EU has been involved in the sectoral dialogue, in the accompanying workshops and dissemination activities.
- *RCF* has benefited from the EU experience, mainly through the participation of the EIB, for the design and establishment of a risk capital facility and the needed capacity building support. Such exchange of know-how has been fundamental to launch and consolidate the IDC managed programme.
- In the other cases, the dialogue has played a role in the phases of preparation, monitoring and ex-post evaluation of the SBS Financing Agreements, namely for the definition and negotiation of the indicators and triggers. A TA component was included only in the RCF SBS, as the programme relied on the EIB experience and expertise.

Evidence emerging from the Water sector

The key SBS contribution has been the availability of funds, which has allowed the launching and experimentation of an innovative policy approach, of which the results have brought to the establishment of a new sector policy framework. Indeed, the trust and dialogue developed over the years through project support have played a critical role when the decision to embark in budget support was taken in 1999, selecting the water sector and the experimentation of a new institutional set-up as an area for a new challenging partnership between GoSA and the EU. In the meantime, the dialogue has had a role during the implementation, mainly as a vehicle to raise concerns about the lack of progress made with regards to cross-cutting issues. For instance, in April 2009, the EUD raised concerns about the gender mainstreaming strategy not being developed and the role of civil society. The TA has not been included among the SBS inputs, although the quality and quantity of TA have been assessed by the EUD when considering requests for payment of the fixed tranches (*MSB III*).

Evidence emerging from the Governance sector

In the *e-justice programme* the dynamics around programme implementation and the co-ordination activities with the interdepartmental Cluster seem to have worked during the time of implementation of this SBS (Final Evaluation, 2007²¹⁷). Once the ownership of the project was shifted to a lower function within the departmental organogram, the *drive* from the department diminished and the programme lost traction with other departments of the cluster and lost its central place in the transformation process of the department (interview with former staff of the *e-justice programme*, January 2013). No other sources could be verified as most civil servants involved had moved on.

In the *Access to Justice programme* one can point to the following specific linkages:

- Initially, the EC had supported FHR through a project modality, in which FHR acted as a grantor for a multitude of grantees. This generated an interest with DoJCD, who wanted to ensure continuity and experiment with a policy to support civil society organisations in a number of well-specified results areas through the Foundation for Human Rights. SBS was the ideal modality as it supported policy innovation, strengthened ownership, enabled flexibility and allowed for other inputs (including TA, complementary EUD managed projects, etc.).
- Solid levels of trust, dialogue between DoJCD, FHR and EUD, strong alignment to government priorities and to government systems, up-to-date EUD knowledge of policy and institutional challenges in the justice sector and sensitivity to state-society relations were all factors that proved to be conducive to the set-up of the *Access to Justice programme* and its contributions to a) policy innovation in the area of working with civil society 'service providers' through a grantor (FHR), b) working with FHR in identifying and overcoming implementation challenges in some of the strategic intervention areas for the department, c) testing policy innovations in sensitive or complex areas such as awareness raising on constitutional rights, diversion, traditional authorities, LGBTI, etc.
- The arrangements with FHR through this SBS operation have generated opportunities for FHR and other civil society actors to acquaint themselves with different DoJCD driven policy

²¹⁷ COM, DoF&CD (2007). *Final Evaluation. Support to the Transformation of the Justice System: The e-justice Programme*

processes and to create functional linkages beyond the department through the DoJCD lead in the inter-departmental *Justice, Crime Prevention and Security Cluster*. The scope of policy issues, the flexibility with which to respond to challenges and opportunities, the depth of policy analysis, the diversity of engagement or change strategies, and the feedback loops have been far greater because of the SBS funding arrangement through FHR. With a stronger ownership of DoJCD in this SBS construct, the likeliness of such positive cross-fertilisation or feedback loops through exchanges of experiences from the field on innovations, or from action oriented research or project implementation has been far greater than through a project modality.

- At two occasions interviewees at the department [interviews/discussion group May 2013, NT, DoJCD and FHR] indicated that through a project modality, this potential would not have been tapped.
- Interviewees at DoJCD also reported on their efforts to sustain or institutionalise the co-operation with FHR and civil society within the department's structure, systems and budget as presented in the DoJCD Annual Review 2011/12 (see also I-523) and as integrated in the new proposal for the successor SBS in the justice sector (*Socio-Economic Rights for All*).
- In the second, EUD managed component of the *Access to Justice* programme, specialised middle-sized and larger NGOs have been supported over a longer time horizon and in strategically important policy processes for DoJCD. This component provided "an innovative financing model" and an "independent source of funds to CSOs to pilot innovative, 'hard to fund' activities such as lobbying, advocacy, networking, debate, discussion, dialogue, litigation, research and capacity building. This challenge function and the demand side pressures it generated within policy processes, according to the EUD evaluation "performed well with good alignment with the priorities of the government" and "complemented the SBS component of the *Access to Justice* programme" (Final Evaluation and Feasibility Study, p. 5).
- Regular dialogue helped track progress as well as opportunities for linkages across projects/programmes/modalities.

Open dialogue between the EUD and the Speakers' Forum during the Third Parliament identified the project support modality as a hindrance to a stronger ownership over externally supported sector development. Flexibility in the timing allowed for sufficient dialogue for SBS to mature as a preferred modality for both the EC and the Speakers' Forum. SBS was seen as the modality to help strengthen sector ownership, to improve management, and to facilitate enhanced linkages among different sector actors and thus contribute to the institutionalisation of the Legislative Sector, which resulted in the *LSPSP*. Even though the total of government funding to the Legislative Sector is about ten times bigger than the SBS financial input, the strategically targeted and well embedded *LSPSP* has supported the institutional development and strengthening of the whole sector, and has contributed to improving the international co-operation with other legislatures in the region and the world. A project modality could not reach such scale nor scope.

Evidence emerging from the Health sector

The whole SBS package has had notable positive contributions.

Dialogue in the design phase on the thematic issues to be covered by the support has helped to focus EU contributions in a specific area (*Primary Health Care*) with notable positive results in this area.

Box 10 The case of the Health programme - the role of SBS as a catalyser for innovative initiatives and synergies between SBS and the TDCA facility

Before the SBS to PrimCare was launched, the NDoH had already a sector strategic plan which was part of the service delivery agreement with the Presidency and which had PHC as a focus. When a letter from NT arrived mentioning that EU could make available budget support resources for Health, it was decided to put together a number of programmes already identified, to focus on strengthening local service delivery in PHC, with a new approach including a general re-engineering of PHC and a strong contribution of CSOs.

A workshop with the EU was then organized. The NDoH presented its National Service Delivery Agreement on PHC, the priorities, the gaps, etc. Following the workshop, the Financing Agreement was finalized specifying: the Financial inputs and the focus of the TA and CSOs components. Both TA and CSOs actions are run by autonomous agencies (DFID for TA, and CSOs) and thus are not directly executed by the NDoH.

The SBS allowed launching a number of sub-programmes incl. Provincial support programmes; Mobile clinics/education in schools; Facility improvement team; Staffing of the National Health Insurance (NHI) programme; etc.

The SBS contributed as well to strengthening sector co-ordination and the leadership of the NDoH in a sector where many donors were involved. A system of dialogue was established (sector wide approach – co-ordination), with regular meetings of Ambassadors. According to GoSA staff interviewed, the SBS enhanced the NDoH ownership and, in particular, showed that it was possible to finance specific government led-programmes.

In addition, and as a complement to the SBS supported programme, the NDoH promoted two wider consultations, with the EU support. These aimed at improving the strategic process and developing knowledge in terms of the worldwide best practices, models and approaches, in some key areas, such as health insurance and regulatory medicine. The consultations were organised through the TDCA facility. The access to the TDCA facility assistance was ensured through the Joint Co-operation Council (Title IV/Health). For the National Health Insurance (NHI) part, an international workshop was held and high level expertise to advise the NDoH in drafting the new strategy was appointed. On Regulatory Medicine, an international workshop was held to improve the knowledge of the international models in view of creating the SA Institute of Regulatory Medicine (IRM).

In brief, according to interviewees within GoSA, the SBS has had following effects on the policy process:

- SBS has allowed an enhanced implementation of the PHC, with a focus on local service delivery, including some important experimental components (e.g. mobile clinics and health education in schools) and some innovative approaches (e.g. a strong involvement of CSOs, a new model to integrate general practitioners in local service delivery, etc.).
- The combination of SBS with some high level exchange of know-how in the area of NHI supported the launch of the recent NHI reform process. In particular, the direct contribution of SBS to the NHI policy has permitted to complete the national pool of staff working on the NHI.
- The IRM initiative was supported by the TDCA facility without any direct link with SBS, but there is an indirect link due to the need to associate the strengthening of the state regulatory capacities with the enhancement and extension of the public health system (supported by SBS).

The recent EU contribution (via a delegation agreement) to the TA provided by DfID is further strengthening the institutional environment and policy framework in the sector.

Support to the national strategy provided since 2012 via the grants to CSO component is also likely to strengthen the above mentioned results, esp. at local level.

Finally, financial inputs have directly contributed to the efforts of DoH in improving both the access to and the quality of PHC.

Evidence emerging from the Education sector

Main contributions come from availability of funds for experimenting new actions.

The choice of conditions does not seem to have played an important role so far. Discussions following the implementation of a MTR in 2012 highlighted the need of better focusing the SBS operation and set of conditions.

Policy dialogue has not played a significant role in the achievement identified.

There was no embedded or complementary TA provided.

Evidence emerging from the Urban renewal sector

Changes described under the preceding indicators have been significantly different between the two URP supported by SBS. In the case of *eThekweni*, the use of the SBS modality – primarily through the provision of funds – has supported the establishment of a strong partnership, has promoted flexibility in the implementation of the ABMDP and promoted stronger empowerment by transferring decision-making to the implementing partner within a “*strong institution and one of the leading local authorities in the country*”. Interviewees have confirmed that the use of the SBS modality has been crucial for two principal reasons: i) it has allowed to test the area based management development by contributing to transform an idea into an operating mechanism through the provision of seed money; ii) it ensured ownership at Municipal level where extremely motivated and knowledgeable human resources would not have easily accepted a more traditional type of project-support entailing different accountability relations with the donor. The use of budget support has allowed to institutionalise and mainstream the concept of area based management in ways which would not have been possible otherwise. On the contrary, in the case of the *URP Eastern Cape*, the transfer of ‘control’ in favour of the national implementing partner implicit in budget support programmes has not led to meaningful results. The significant changes at institutional level which followed the elections shortly after the start of the programme, lack of policy dialogue, excessively tight timeframes, delays in payment of tranches and hence lack of inclusion of EU funds within the IDP/Budget process and possibly insufficient timeframe for the TSF TA which has come to an end before managing to accomplish its role in light of a challenging environment, have all hindered the smooth implementation of the programme and with it the contribution of budget support.

5.6.2 I-562 Evidence of specific linkages between other (non-SBS) ODA projects / programmes and the above-mentioned results

Selected sector specific evidence

Evidence emerging from the PSD/Employment sector

See the first indicator under this JC.

Evidence emerging from the Water sector

See the first indicator under this JC.

Evidence emerging from the Governance sector

See the first indicator under this JC.

Evidence emerging from the Health sector

The support provided by DfID, esp. the effects of the TA, was assessed positively by the stakeholders met. This justifies the decision of the EU to link the TA component of its SBS package directly to this action.

On top of that, SBS funds allowed scaling up the scope of the experimentation and leveraging government resources for innovative actions and the strengthening of the strategy and policy framework in place in the area of PHC services.

Evidence emerging from the Education sector

Support provided via other (non-SBS) ODA projects and related achievements remain modest. No major contributions were identified in the documents reviewed or were highlighted by the various persons met.

Evidence emerging from the Urban renewal sector

Reviewed documentation and interviews carried out do not point to evidence in this respect.

5.6.3 I-563 Comparison of SBS and alternative aid modalities / Evidence on the possibility of attaining similar or better results through: i) other support modalities, at comparable or lower cost ;or ii) in absence of SBS and/or ODA projects

Selected sector specific evidence***Evidence emerging from the PSD/Employment sector***

Differences between the SBS and other traditional funding modalities are mainly seen through the funding modality (Presentation; Evaluation Budget Support Calendar; Slide 20).

In SBS the EC funds are intended to be subject to South African planning and compliance systems, and therefore increase Government involvement in allocation as well as bringing accountability fully into South African systems. (SBS in SA Module 1: p. 10)

- Budget support is an effective tool to support the government and the society when they are determined to implement well designed, developed and courageous policies
- SBS cannot generate major political changes but can offer strong support for the development and implementation of policies through a combination of financial aid, non financial contributors and adaptability It benefits from the complementarity with other forms of assistance, whether it be classical or project assistants twinning and innovative forms of mobilisation of civil society
- The advantages of budget support are strengthened and expanded when it is linked to broader, political and economic partnerships that enhance development opportunities

On the other hand perceived drawbacks from the classical approaches are:

- Projects often suffer from slow and delayed implementation
- High transaction costs
- Limited sustainability
- tend to undermine government structures and processes
- Projects respond to the preferences of donors rather than national priorities

Source (*The World Bank and GAVI Alliance report*)²¹⁸

It can be argued that SBS programming does seem to have **comparative advantages** of other traditional approaches though the EU/SA MTR report cautions that “*The use of SBS is regarded by the GoSA and EC as very positive but there is an urgent need to refine the planning and implementation processes. Delays in payment and lack of clarity about procedures and conditionalities have caused frustration, cash flow problems and distrust*”. (Source: Mid Term Review EU/SA Country Strategy Paper 2007-2013 p. 32)

²¹⁸ http://www.who.int/immunization_financing/tools/Brief_10_Budget_Support.pdf

See also the first indicator under this JC.

Evidence emerging from the Water sector

See the first indicator under this JC.

Evidence emerging from the Governance sector

See the first indicator under this JC.

Evidence emerging from the Health sector

Interviews show that SBS presents several comparative advantages to key stakeholders (EUD and DoH). As indicated above, the

Moreover, a key official within the DoH explained:

- “SBS is more predictable. It strengthens the sustainability of actions undertaken by the DoH and facilitates the integration of these actions in the existing framework”.

Moreover, the use of SBS gave a clear message that the EU, as a partner, endorsed the national PHC strategy and ensures that its contributions support directly GoSA actions in this area.

The strategic use of SBS funds made by DoH actually gave the overall directions for the contributions of the other components (dialogue, TA, CSO grant component) allowing a consistent support provided by the EU, aligned with DoH efforts.

Evidence emerging from the Education sector

In the Education sector, it is likely that a facility-type arrangement would have allowed supporting similar types of innovative initiatives. However, the SBS has been perceived as having a clear comparative advantage by the national counterparts as it has used national systems, has allowed greater flexibility and has strengthened internal lines of communication.

From interviews:

- “SBS provides with a leeway, even when it comes to reporting (the EU is not asking how much money is used for what)”;
- “SBS creates a lot of flexibility.”

Evidence emerging from the Urban renewal sector

See the first indicator under this JC and overall assessment.

6 EQ6 – Employment & Private Sector Development

Evaluation Question 6: To what extent, in the employment / private sector development sectors, have the development outcomes pursued through the policies and programmes supported by SBS been (or are being) achieved? And which have been the determining factors of their achievement?

EU SBS operations in this sector aimed at supporting the implementation of government initiatives, policies, plans and strategies. While in some cases, the programmes supported by SBS had specific job creation objectives, their general aim was to support the employment strategies of the government, by providing policy and regulation improvements (e.g. SWEEEP), testing innovative approaches (e.g. IPA, RCF), and/or strengthening specific government interventions (e.g. ECF). With few exceptions, the outcome indicators included in the SBS FAs have focused on job creation, skills development, financial support / funding of SMMEs nation-wide targets.

Evaluation Question 6.1: To what extent the main development outcomes identified as SBS targets have been achieved?

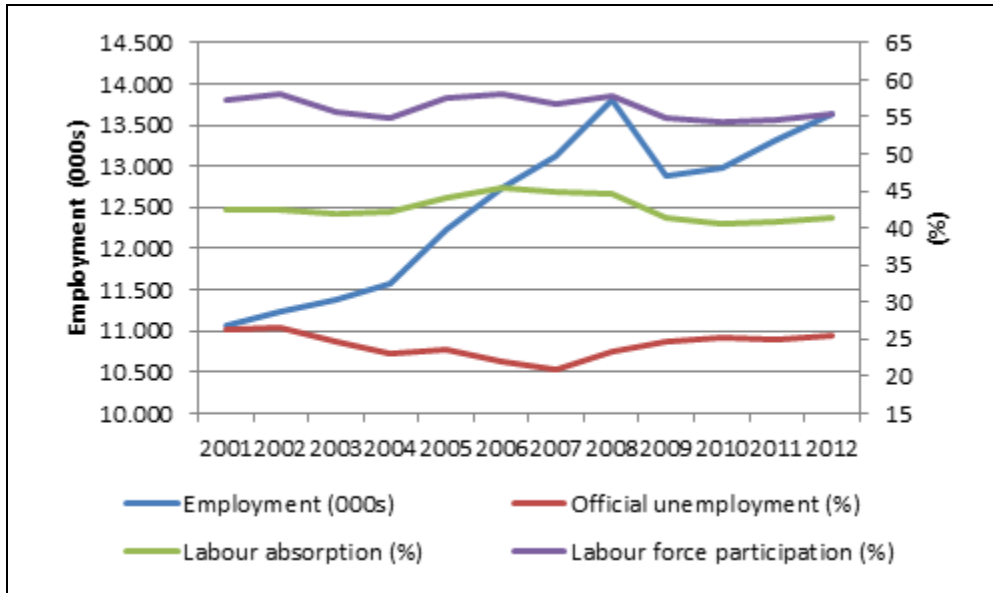
6.1 JC6.1 Improved employability and employment especially among HDPs (unskilled, women, youth, disabled)

6.1.1 I-611 Trends in formal and informal employment and their breakdown by target group

Between 2001 and 2012 the South African economy added more than 2 million new jobs. These jobs were all added in the period up till the global financial crisis which reached South Africa in 2008. With the onset of the crisis 1 million jobs were shed between 2008 and 2009 but by 2012 employment levels had almost returned to pre-crisis levels. The changes in employment are reflected in the unemployment rates. The official unemployment rate fell from 26% in 2001 to 21% in 2007 and went on to peak at 25.3% in September 2010. However, these unemployment rates under-represent the true impact of the

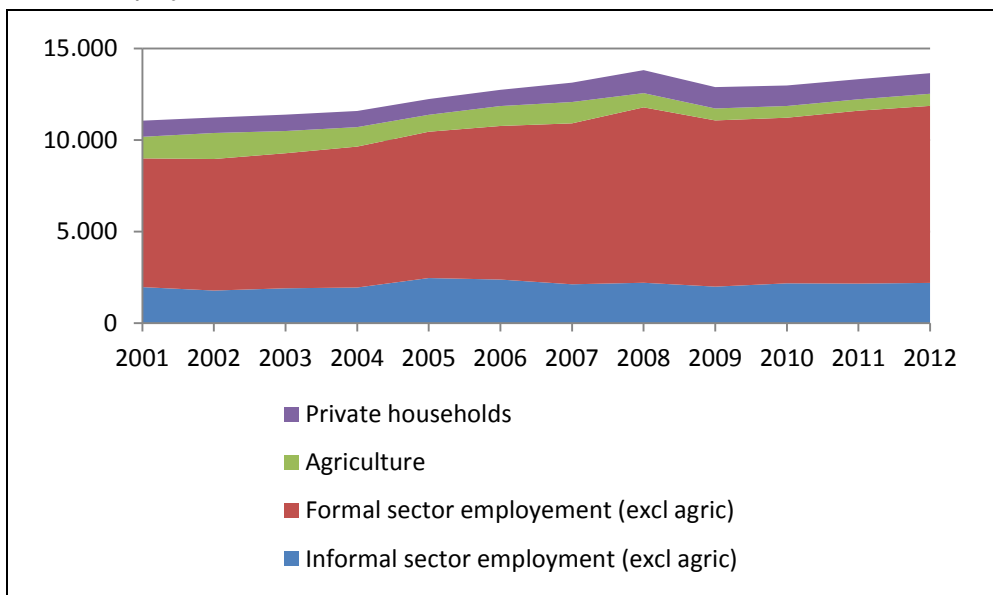
crisis on unemployment since a common response by job-seekers to the fall in employment was withdrawal from job search. Both the labour absorption rate (the percentage of the working aged population who are employed) and the labour force participation rate (the percentage of those in the labour force as a percentage of working aged adults) have declined marginally during the 2001 to 2012 period. The fall in the labour absorption rate indicates that despite more people becoming employed during this period, growth in the working aged population has meant that proportionally fewer people were working in 2012 than in 2001.

Figure 8 Employment ('000s, left hand axis), official unemployment rate, labour absorption and labour force participation (% , right hand axis) in South Africa



Source: Statistics South Africa's Labour Force Survey (pre-2008) and Quarterly Labour Force Survey (2008 and later). September figures.

Figure 9 Employment in South Africa, '000s



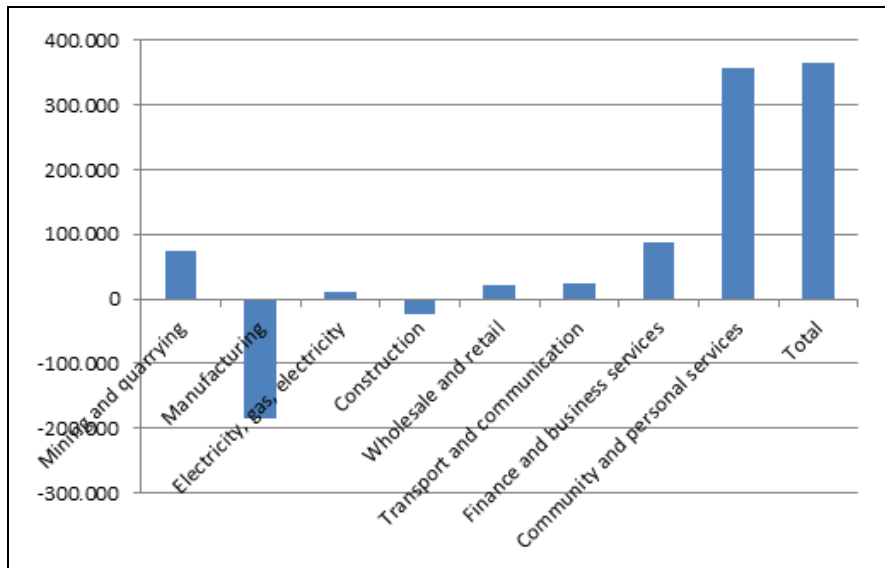
Source: Statistics South Africa's Labour Force Survey (pre-2008) and Quarterly Labour Force Survey (2008 and later). September figures.

Over the 2001 to 2012 period most of the jobs which were added to the economy were classified as being in the formal sector. These results need to be treated with caution since in 2008 Statistics South Africa changed the survey instrument for collecting labour market data from the biannually Labour Force Survey (LFS) to the Quarterly Labour Force Survey (QLFS). Given these changes it is difficult to compare changes across types of employment over the period. However, the observed increase in formal sector employment over this period is in line with other data which shows that most employment

in the South African economy has been created by larger firms (Kerr, et al., 2013). The decline in the number of jobs in the informal sector has also been shown by studies such as Yu (2010) which have attempted to create consistent definitions across the Statistics South Africa surveys. The relative growth in jobs in the formal sector compared to the informal sector reinforces the small role which the South African informal sector plays in job creation if compared to other African countries.

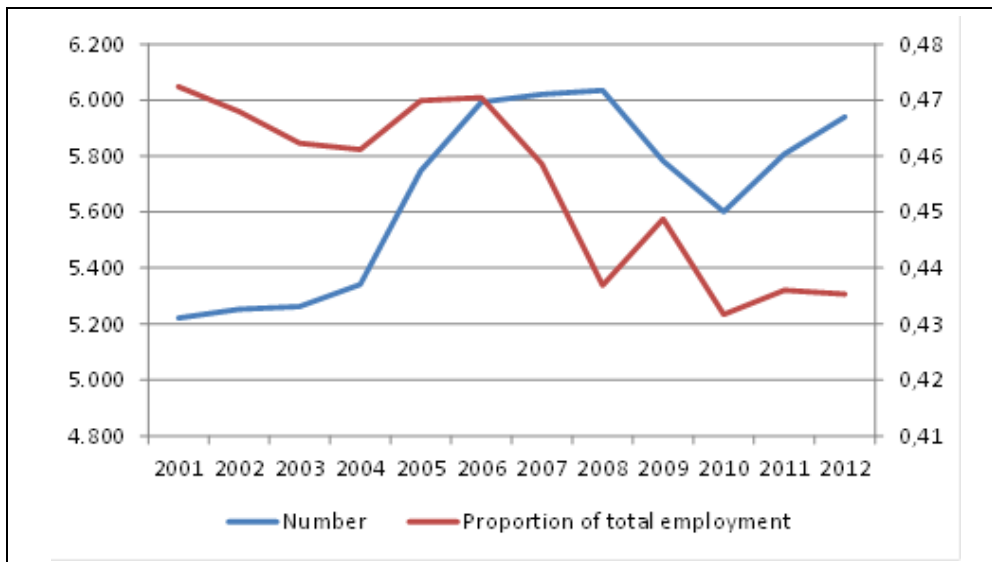
Almost all of the net job creation which has happened in the non-agricultural formal sector since 2006 has been in the community and personal services sector. This division includes government, education, health and recreational, cultural and sporting activities. During this period manufacturing shed 185,000 jobs and construction lost 23,000 jobs. Job losses in these sectors are particularly disturbing since it is these sectors which are most likely to be labour intensive and have the ability to employ low-skilled workers.

Figure 10 Formal non-agricultural employment changes between 2006 and 2012 by sector,



Source: Statistics South Africa's Quarterly Employment Statistics. June figures.

Figure 11 Female employment, '000s



Source: Statistics South Africa's Labour Force Survey (pre-2008) and Quarterly Labour Force Survey (2008 and later). September figures.

Female employment has exhibited a similar trend to employment in general – a steady upward trend until 2008, a decline as the global financial crisis reached South Africa and a return to 2008 levels towards the end of the period. However, despite adding approximately 700,000 during the period the proportion of females in total employment has exhibited a downward trend. In the early 2000s females made up between 46 and 47% of total employment. From 2010 this was in the 43 to 44% range. The slowdown in South African economic growth as a result of the financial crisis had a much larger effect

on female employment and other marginalised groups in the labour market as Verick (2012) and Rankin et al. (2012) show.

6.1.2 I-612 Relative and absolute number of jobs created through the EPWP and their breakdown by target group

Box 11

The role of the Expanded Public Works Programme (EPWP) in creating jobs

The EPWP is one of government's initiatives to bridge the gap between the growing economy and the large numbers of unskilled and unemployed people who have yet to fully enjoy the benefits of economic development.

The EPWP involves creating temporary work opportunities for the unemployed, using public sector expenditure. It builds on existing best-practice government infrastructure and social programmes either by deepening their labour absorption or extending them.

Given that most of the unemployed are unskilled, the emphasis is on relatively unskilled work opportunities. All of the work opportunities generated by the EPWP are therefore combined with training, education or skills development, with the aim of increasing the ability of people to earn an income once they leave the programme. Together with the SETA's, the Department of Labour (DOL) coordinates the training and skills development aspects of the programme.

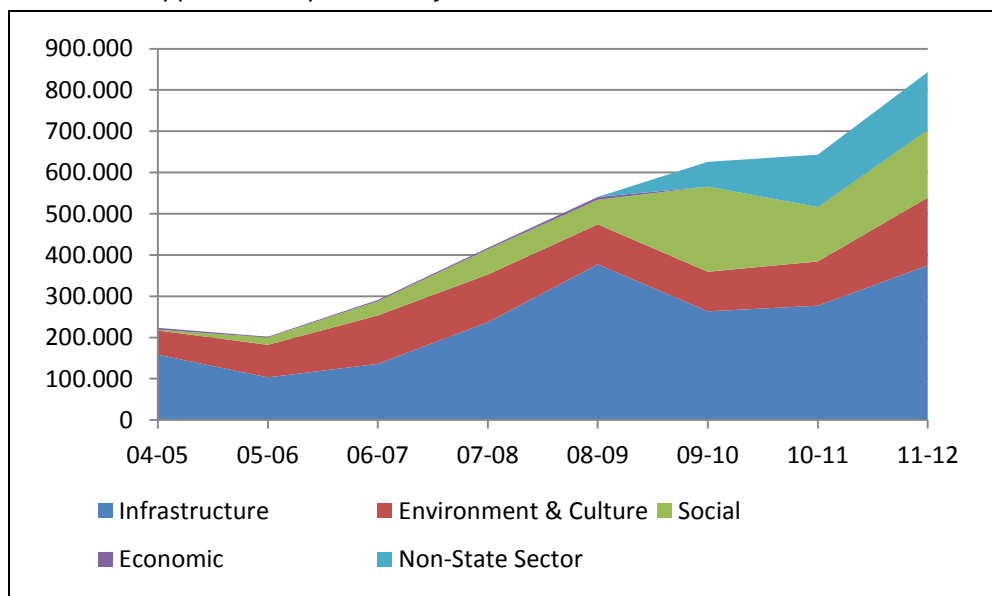
The EPWP is one of several government strategies aimed at addressing unemployment. The fundamental strategies are to increase economic growth so that the number of net new jobs being created starts to exceed the number of new entrants into the labour market, and to improve the education system such that the workforce is able to take up the largely skilled work opportunities which economic growth will generate.

Source: <http://www.epwp.gov.za/index.asp?c=About>

The Expanded Public Works aims to create jobs for the poor and unemployed in South Africa through the delivery of public and community services. The goal of the first phase, which ran for five years (2004/5 to 2008/9), was to create at least 1 m work opportunities. During Phase 1 this goal was achieved and exceeded by 700,000 job opportunities. The success of this first phase resulted in the extension to a second phase which aims to create 2 million full-time equivalent jobs between 2009 and 2014.

Despite only three years of Phase 2 having elapsed, the number of job opportunities provided in this phase have exceeded the total for Phase 1 as a whole. In the period 2009-2011 Phase 2 of the EPWP has provided 2.1 m job opportunities. This means that together with the job opportunities provided in Phase 1, the EPWP has provided almost 3.8 m job opportunities in total. Almost 2 m of these opportunities have been on infrastructure projects with over 800,000 in environmental and cultural projects.

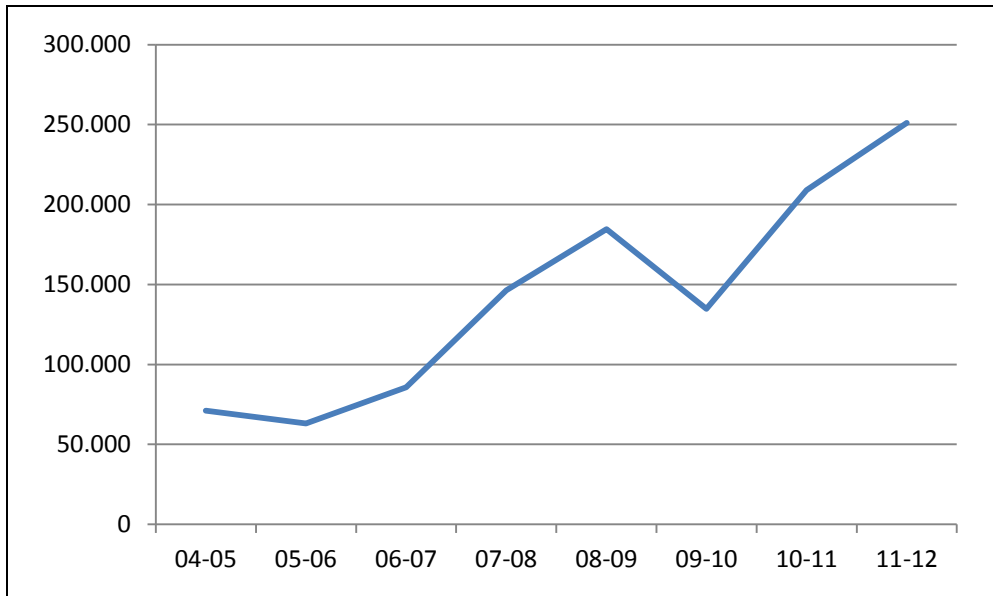
Figure 12 *Job opportunities provided by the EPWP*



Source: EPWP reports.

In the EPWP job opportunities can either be long- or short-term. Figure 13 shows a different measure of the success of the EPWP – person years of work. This shows that over the period the number of person years of work, including years of training, has increased too. This metric also shows that the number of jobs in Phase 2 has exceeded the number of jobs in Phase 1 despite having only being three years into the five year phase. By 2012 Phase 2 had created almost 600,000 person years of work compared to the total of 551,000 created in Phase 1. Despite this success in the next two years substantially more jobs will need to be created in order to reach the target of 2 m full-time equivalent jobs.

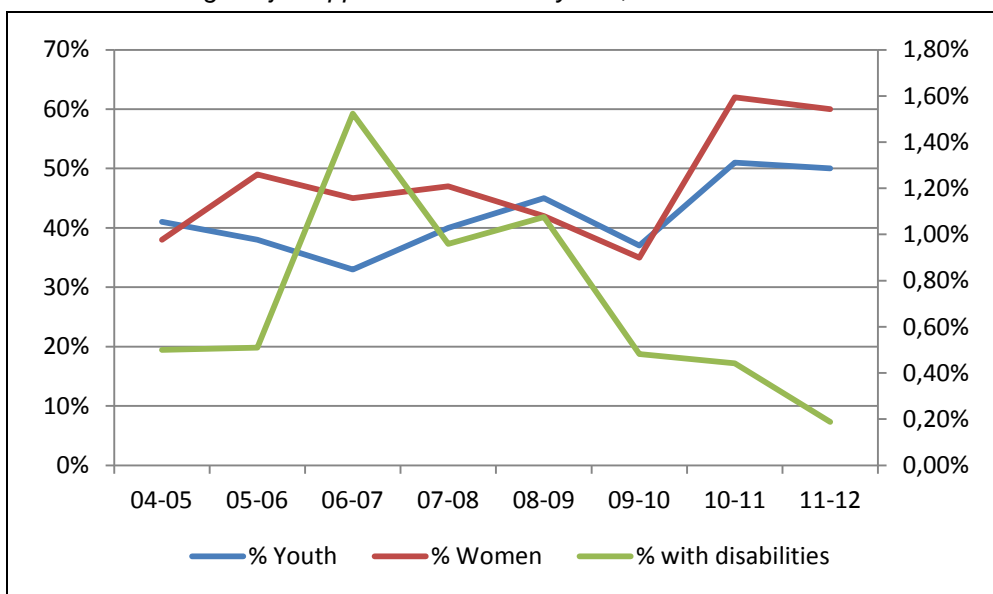
Figure 13 Person years of work, including training, provided by the EPWP



Source: EPWP reports.

The aim of the EPWP is also to target the most marginalised in the labour market. Phase 1 aimed for 40% of beneficiaries of job opportunities to be women, 30% youth and 2% people with disabilities. Figure 14 shows that for both women and young people these targets have been comfortably exceeded. Through both Phase 1 and Phase 2 youth comprised approximately 40 % of opportunities which has since risen to 50% in the 2011/12 year. Job opportunities for women follow a similar pattern being above 40% for almost all years and rising to 60% in 2010/11 and 2011/12. The programme has been less successful in reaching its targets for the disabled. In none of the years have the number of job opportunities for the disabled exceeded the target of 2% and in fact the relative proportion of job opportunities for the disabled has fallen since it peaked to more than 1.4% in 2005/6 to below 0.2% in 2011/12.

Figure 14 Percentage of job opportunities for the youth, women and those with disabilities



Source: EPWP reports.

6.1.3 I-613 Relative and absolute total number of jobs created by target group, highlighting - through disaggregated figures - those fostered through GoSA supported programmes other than the EPWP

In its drive to raise employment levels, the GoSA has put in place a number of other policies / programmes such as the New Growth Path, the Industrial Policy Action Plan (IPAP), and the Community Works Programme.

Documentary reviews point to the fact that all of the Government programmes supported through SBS for which the team has had access to information have exceeded their job creation targets. The Community Works Programme (CWP) aimed to enrol 69,120 participants in 2011/12 but exceeded that by 50% enrolling 105,218 people instead. Enrolment of youth and women exceeded the targets even more. 72,600 women and 56,818 young people were enrolled – in both cases this was more than double the target.

The Community Works Programme (CWP) is another initiative which has been supported through SBS which aims to create an employment social net for unemployed people in the most marginalised areas through providing participants with a minimum number of days of regular work. This programme was begun in 2007 but scaled up in 2009. The CWP has come close to meeting its targets in both 2009/10 and 2010/11 and created almost 24,000 full-time equivalent (FTE) jobs in 2010/11 at a cost of R19,000 per FTE. The CWP specifically targets the most marginalised and in 2009/10 71% of participants were female and half young people.

Table 68 Selected Key Performance Indicators (KPIs) drawn from SBS Financing Agreements in the Employment & Private sector area

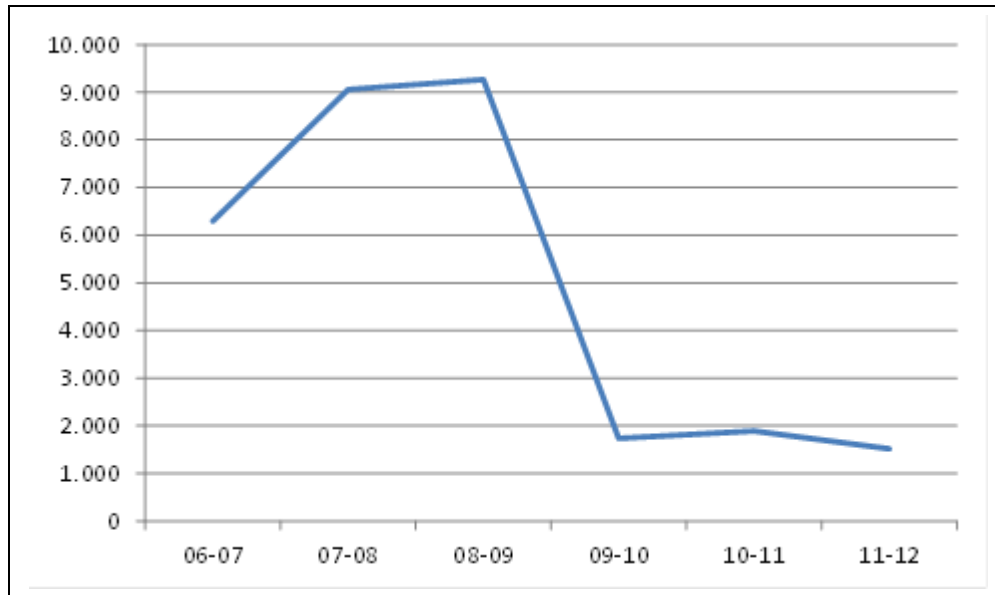
	Baseline	Actual	Target	% of target
Employment creation fund (second variable tranche)	2010/11	2011/12	2011/12	
KPA 1: Expanded Public Works Programme (EPWP)				
KPI 1.1 EPWP Infrastructure programme (number of work opportunities created)	227,100	-	440,000	
KPA 2: Community Works Programme (CWP)				
KPI 2.1 CWP Participants	89,689	105,218	69,120	152%
KPI 2.2 Work Participants (Women)	62,343	72,600	27,648	263%
KPI 2.3 Work Participants (Youth)	50,734	56,818	20,736	274%
KPA 3: Skills development				
KPI 3.1 No. of learners trained in National Skills Fund projects	0	-	37,793	
KPA 4: Support for Industrial development (IPAP 2 and New Growth Path)				
KPI 4.1: No. of jobs created and supported through funding proposals	39,069	45,900	41,227	111%
KPA 5: Enhanced Financial Support to SMMEs				
KPI 5.1: No. of SMMEs funded	0	-	90	
KPA 6: Monyetla Work Readiness Programme				
KPI 6.1: N. of benef completing full work seekers training programme	3,000	3,350	3,200	105%
KPI 6.2: % of benef placed in time bound internships/placements.	100%	112%	100%	112%
KPI 6.3: % of benef finding employment after completion of work seekers programme	70%	122%	70%	174%
SWEEP		Actual	Target	% of target
IDC programmes		33,000	24,000	138%
BPO incentive		6,104	1,000	610%
Innovation for poverty alleviation		Actual	Target	% of target
Number of sustainable jobs created		728	300	243%
Risk capital facility II		Actual	Target	% of target
Funding of 70 SMEs		41	70	59%
Creation of jobs for HDPs (data retrieved from MTR mention potential creation of jobs)		6,576	6,655	99%

Sources: Own PTC elaboration based on Financing Agreements and Riders of SBS operations; data provided by the dti, the department of Science and Technology, and MTR of the Risk Capital Facility 2.

6.1.4 I-614 Number of HDPs who had access to training (in- and out-of the framework of the EPWP)

There has been a dramatic fall in the person years of training as part of the EPWP. This fall occurred between the two phases for reasons which cannot currently be identified.

Figure 15 Person years of training - EPWP



Source: EPWP reports.

Despite the fall in training years in the EPWP other supported projects have exceeded the training targets they set. In the Monyetla Work Readiness Programme 3,350 beneficiaries completing the full work seekers training programme, against a target of 3,000. 38,821 learners were trained in National Skills Fund (NSF) projects compared to a target of 37,793 and in the innovation for poverty alleviation programme 1,159 individuals benefited from training compared to a target of 800.

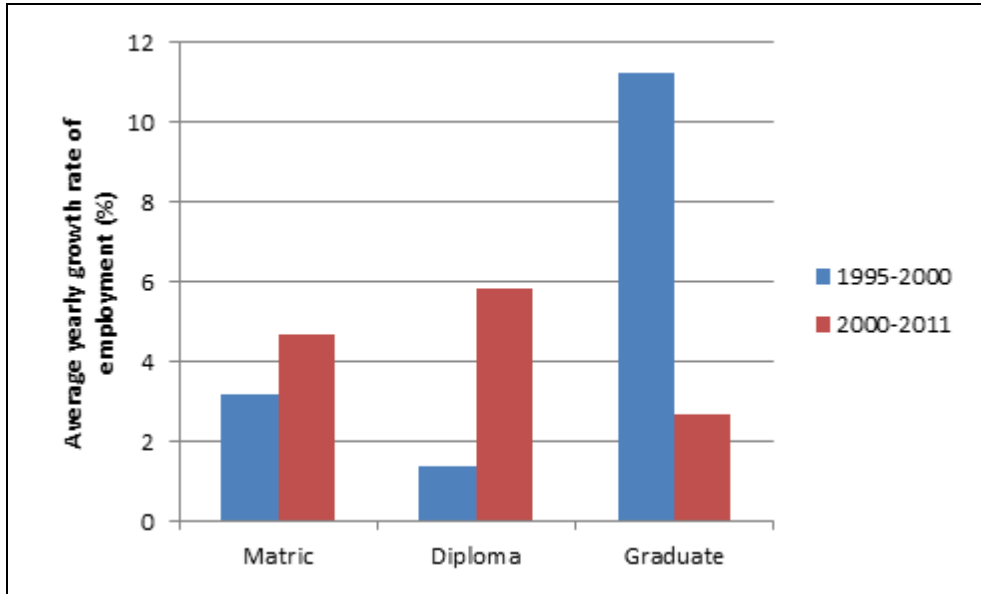
The team has been unable to access figures for programmes other than the EPWP.

6.1.5 I-615 Relative and absolute numbers of people employed in knowledge based jobs, highlighting, through disaggregated figures, those who benefited from the GoSA supported programmes

Employment by further education

Employment of individuals with university degrees increased dramatically immediately after the democratic transition in 1994 with average annual growth of more than 11%. These growth rates declined substantially during the period 2000-2011 and during this period employment grew slower for those with degrees than those with only matric. However, employment growth rates for those with diplomas increased by almost 6% during this period.

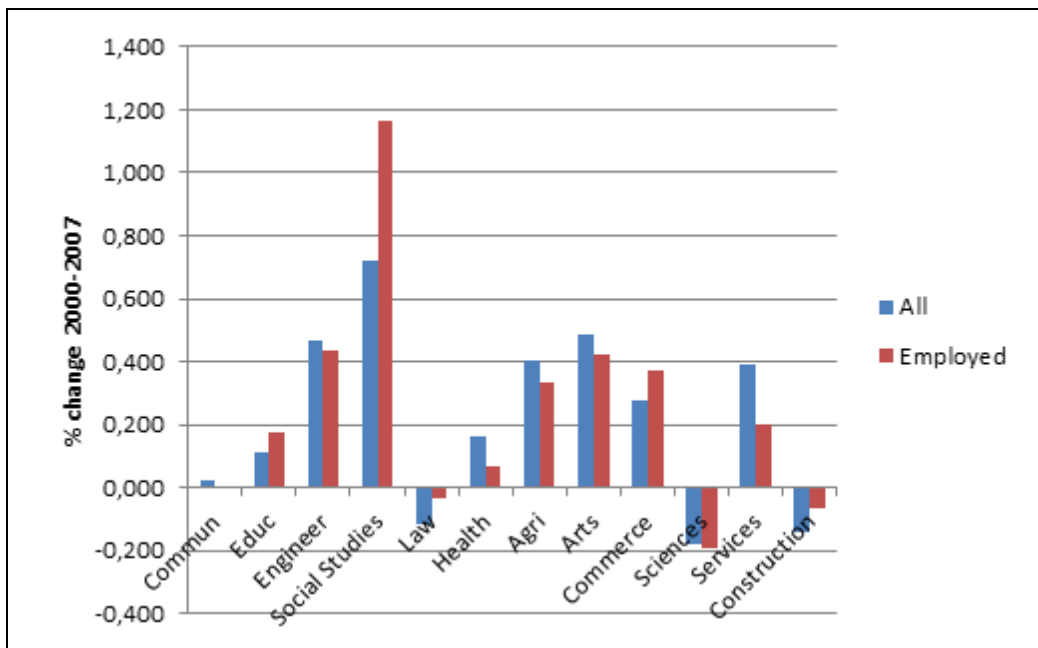
Figure 16 Average yearly growth rate of employment by education type



Source: van der Berg & van Broekhuizen, 2012

Between 2000 and 2007, employment changed most for those with social studies degrees, with numbers more than doubling. This was faster than the growth in numbers taking these degrees. Employment of those with engineering, agriculture, arts and commerce degrees also increased by more than 30% but worryingly both numbers and employment of those with science degrees fell.

Figure 17 Change in numbers of graduates, and numbers employed by degree subject, 2000-2007



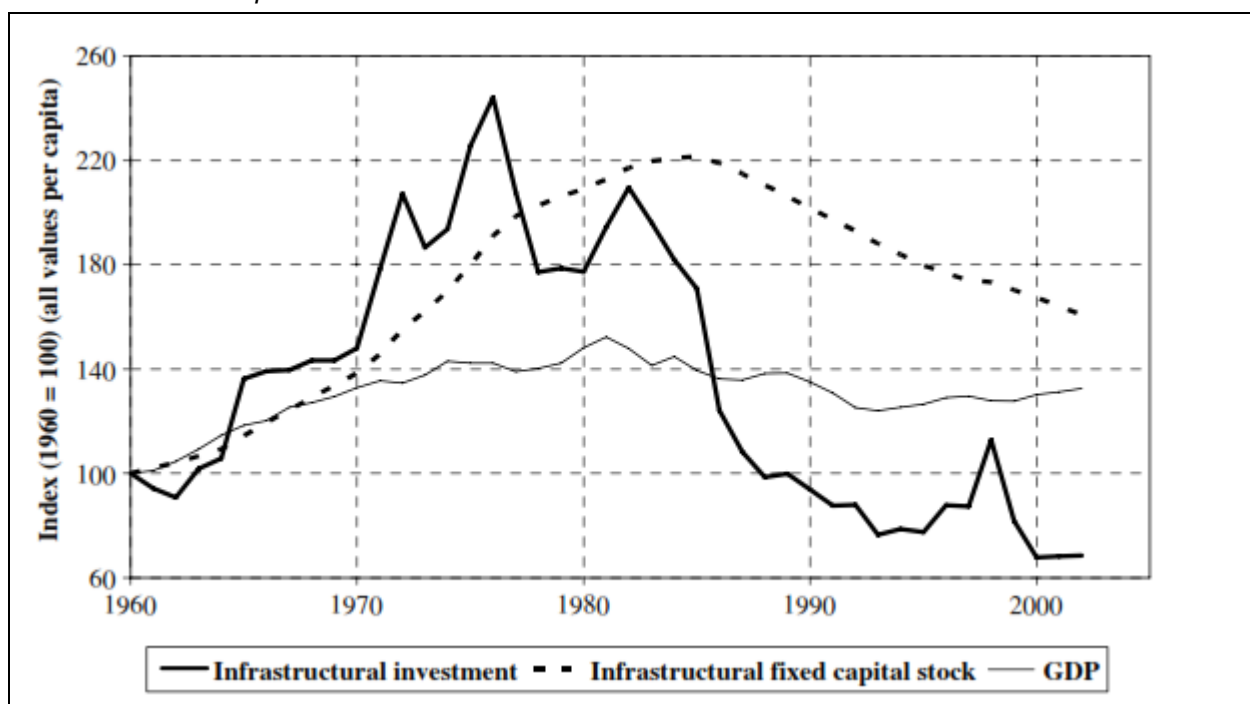
Source: van der Berg & van Broekhuizen, 2012

6.2 JC6.2 Increased public & private sector investment, overall and in priority sectors

6.2.1 I-621 Trends in private sector investment (disaggregated data focusing in particular on priority sectors/areas), highlighting - through disaggregated figures - investments promoted through GoSA supported programmes & I-622 Trends in public sector investment by priority area/sector, highlighting - through disaggregated figures - those fostered through GoSA supported programmes

In the decade before the transition to democracy, South Africa's fiscal deficit increased dramatically, peaking at 7.3% of GDP in 1993. A pressing concern for the new government was reversing this increase and curtailing government spending. This objective formed the core of the Growth, Employment and Redistribution (GEAR) strategy, introduced in 1996. GEAR was remarkably successful in cutting the government deficit – by 2000 the deficit was down to 2.1% of GDP and below the GEAR target of 3%. This fiscal prudence continued throughout the 2000s resulting in surpluses in 2007 and 2008. One of the outcomes of this fiscal prudence was low rates of gross fixed capital formation (GFCF) – a measure of investment - by both government and public corporations during the late 1990s. For both these groups GFCF was relatively erratic over this period and in 2001 GFCF levels were very similar to those in 1996 when GEAR was introduced. As (Fedderke, et al., 2006) show this resulted in a decline in the infrastructural fixed capital stock, continuing a trend from the mid-1980s.

Figure 18 Real GDP and public sector economic infrastructural investment (gross) and fixed capital stock



Source: Fedderke et al (2006) *Infrastructural Investment in Long-run Economic Growth: South Africa 1875-2001*

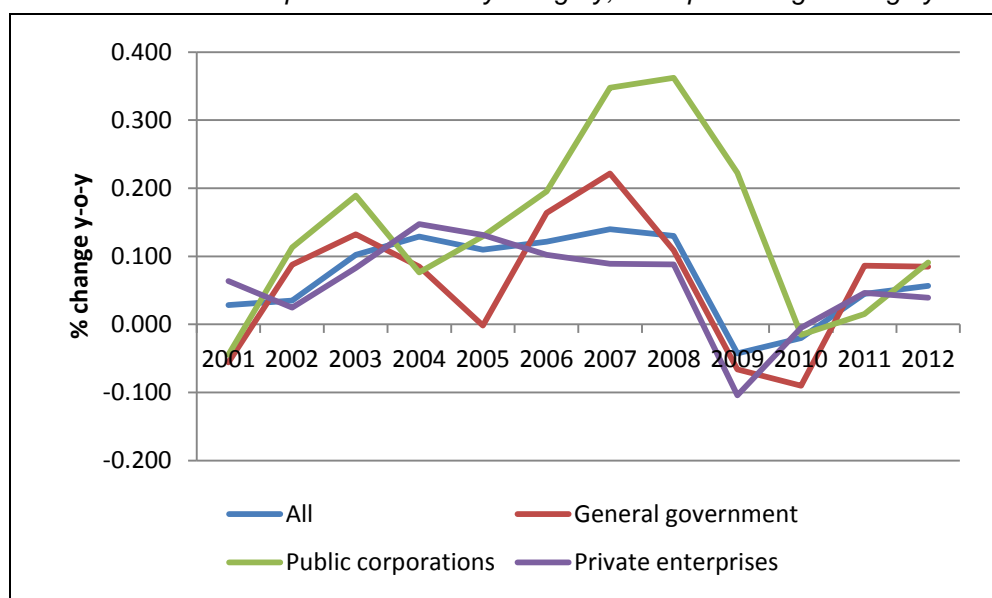
Table 69 GEAR, government devicit and investment, targeted versus actual

	1996	1997	1998	1999	2000
GEAR base scenario					
Government deficit (% of GDP)	5.1	4.5	4	3.5	3
Real government investment growth	2.6	2.4	2.2	2.2	2.4
Real parastatal investment growth	3	2.5	2.5	2.5	3
Real private investment growth	6.3	4.2	4.4	5.8	7.1
GEAR integrated scenario					
Government deficit (% of GDP)	5.1	4	3.5	3	3
Real government investment growth	3.4	2.7	5.4	7.5	16.7
Real parastatal investment growth	3	5	10	10	10

	Real private investment growth	9.3	9.1	9.3	13.9	17
Actual						
	Government deficit (% of GDP)	5.1	5	3.7	2.8	2.1
	Real government GFCF growth	15.1	6.8	-0.3	-4.4	5.7
	Real parastatal GFCF growth	10.6	9.2	51.2	-27.4	-20.1
	Real private GFCF growth	7.7	4.8	-1.9	-3.2	8.1

The government acknowledged that investment was below optimal levels and began to ramp up spending both directly and through public corporations. The Accelerated and Shared Growth Initiative - South Africa (ASGISA) specifically targeted infrastructure investment and planned to raise public sector investment from 4 to 8% of GDP. In real terms, increases in GFCF in both the public and private sector were substantial over the 2000s. Between 2000 and 2012 GFCF directly by government and by the private sector doubled. The real increase in GFCF by public corporations was even more substantial – in 2012 real GFCF was more than four times that of 2000. Much of this investment was on public infrastructure, including power generation, power distribution, rail transport, harbours and an oil pipeline, through Eskom and Transnet but also in physical infrastructure in the run-up to the 2010 Football World Cup.

Figure 19 Gross Fixed Capital Formation by category, 2005 percentage change year-on-year

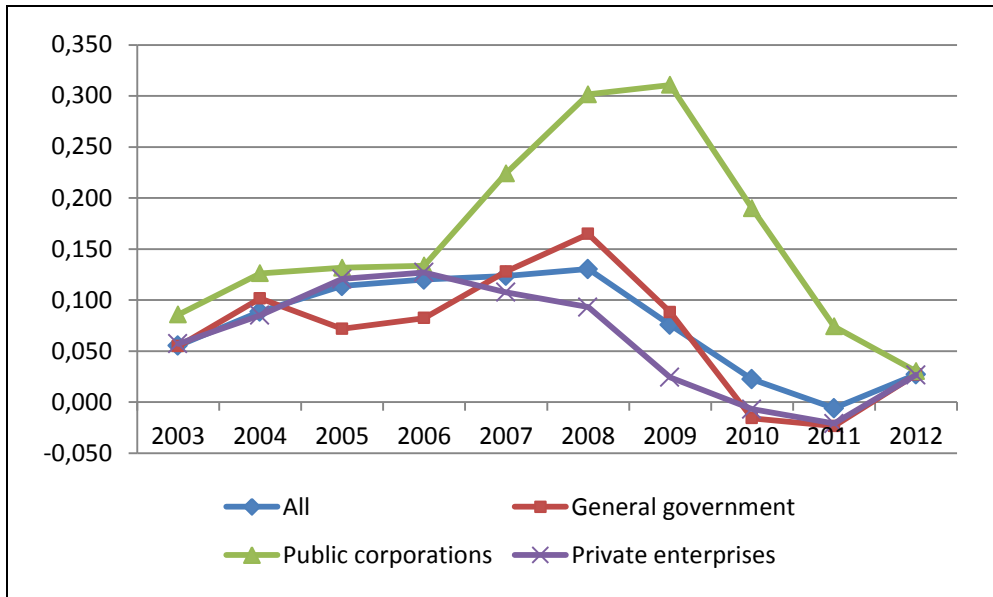


Source: South African Reserve Bank, series KBP6009Y, KBP6100Y, KBP6106Y, KBP6109Y.

As the figure below shows, this surge in investment by public corporations began in 2006 and lasted until 2009. During this period yearly growth in GFCF exceeded 20% in real terms and peaked at almost 40% between 2007 and 2008. During the period of 2006-2009 National Treasury budgeted R58 billion to be spent on roads, R58 billion on electricity, R32 billion on housing, R22 billion on education, R19 billion on water, R18 billion on rail and R15 on ports, for capital and infrastructure investment.

During the period of the global financial crisis, which corresponded with lower economic growth rates and tax revenues in South Africa, GFCF for both general government and public corporations plateaued.

Figure 20 Annual changes Gross Fixed Capital Formation by category, 2005 prices, 3-year moving average



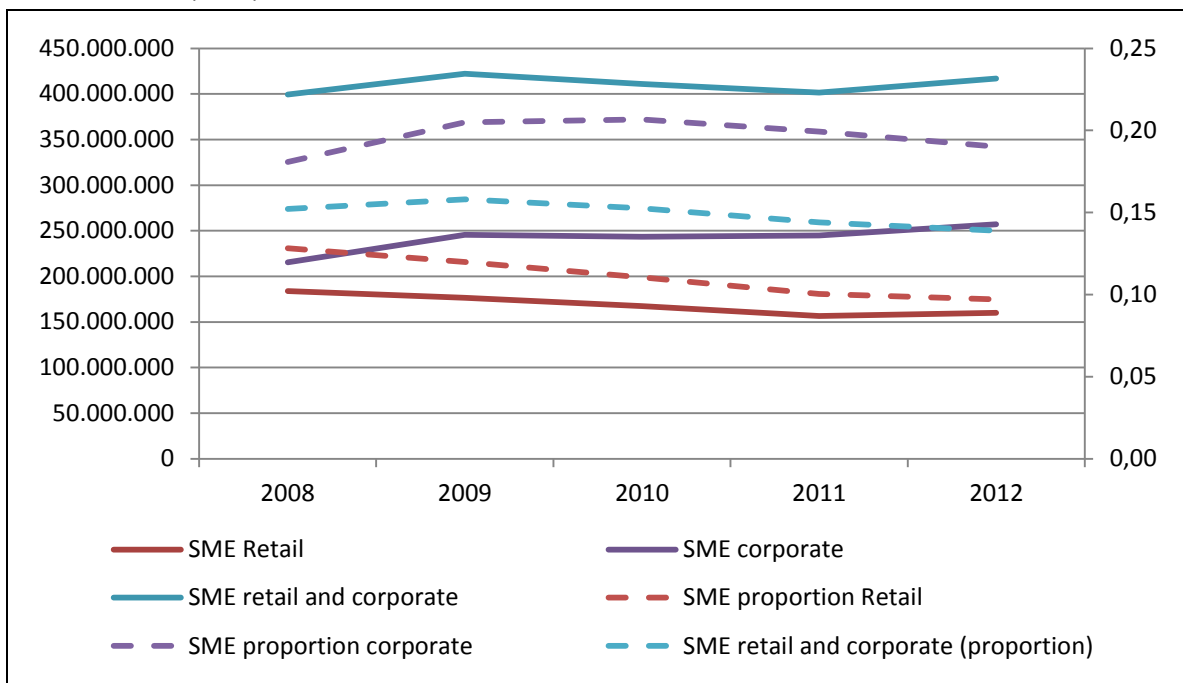
Source: South African Reserve Bank, series KBP6009Y, KBP6100Y, KBP6106Y, KBP6109Y.

Over the period of 2000 to 2012 private sector investment also increased in real terms. In 2012 GFCF was almost double, in real terms, what it was in 2000 (R' 248 billion starting from R' 128 billion in 2000 to R' 394.4 billion in 2012).

6.2.2 I-623 Trends in involvement of commercial sector financiers in emerging entrepreneur market

Large banks contribute 95% of all lending to SMEs in South Africa (World Bank, 2011). During the period 2008 to 2012 overall bank credit exposure to SMEs through both retail and corporate lending remained relatively constant. However, the proportional exposure of banks to SMEs has fallen over this period from approximately 15.2% to 13.9%.

Figure 21 Bank credit exposure to SMEs, levels (LHS) R'000s, proportion of total exposure (RHS)



Source: South African Reserve Bank.

Access to finance is a larger obstacle for smaller firms than large ones, and particularly for those firms with less than 20 employees this does not seem to have changed between 2003 and 2007. In both years approximately 40% of firms in this size category reported that access to finance was some type of obstacle. This is in contrast to firms with more than 100 employees, where the proportion reporting that access to finance was an obstacle fell from 34% in 2003 to 21% in 2007.

Figure 22 Proportion of firms reporting access to finances as an obstacle to business, by firm size



Source: World Bank Investment Climate Surveys, 2003 and 2007, own calculations

During the period 2007-2012 the RCFII made investments of R 400 m, slightly less than the targeted R 469 m. This investment included 73 SMMEs which had 3,198 HDI shareholders of which almost half were female. (source dti / IDC)

6.2.3 I-624 Trends in South African SME investments in neighbouring countries, highlighting through disaggregated figures, those who benefited from the GoSA supported programmes

No quantitative data on this has been found. Data gathered suggests that that SME investment in neighbouring countries is close to 0.

6.3 JC6.3 Increased and diversified economic activity focusing in particular on SMMEs and BEE entrepreneurs

6.3.1 I-631 Trends in number of SSMEs and other revenue generating activities, highlighting through disaggregated figures – SSMEs and other economic activities that benefitted from the GoSA supported programmes

Very little is known about the number of SSMEs in South Africa because data is not collected on these in a systematic manner. This is further complicated by the change from the Companies and Intellectual Property Registration Office (CIPRO) to the Companies and Intellectual Property Commission (CIPC) which occurred in May 2011. The CIPC provides information on the number of registered entities per year but these numbers are volatile, registration does not necessarily mean that the firm is active and there is no information on turnover or employment which could be used to classify firms.

The South African Revenue Service (SARS) does provide some information on registered taxpayers for company tax. These are by income group and provide an indication of the number of entities in each group. In South Africa the official classification of enterprises into business size categories differs by sector. Enterprises are grouped into size categories which are as close as possible to the official size classifications for manufacturing. These are presented in the table below. These numbers are likely to undercount smaller firms (particularly micro firms and to some extent small firms) who may fall under the tax threshold. There is also likely to be 'bracket creep' as firms enter higher tax brackets as their nominal incomes increase but not their real incomes. All else equal this should lead to more firms in the higher size categories over time.

These figures suggest that between the period 2007 and 2010 the number of corporate income tax payers fell substantially (from 176,175 in 2007 to 150,568 in 2010) driven by a fall in the number of micro firms (from 122,950 to 96,960). A change in tax thresholds is unlikely to have resulted in this. In the small and medium categories, where the reported number of firms is likely to be more accurate, numbers are roughly similar between 2007 and 2010 although numbers were slightly higher in the 2008-9 period. What we can conclude from these figures is that there is no upward trend in the number

of enterprises paying corporate income tax in South Africa over this period. This indicates that South Africa is not creating large numbers of micro, small and medium firms. For manufacturing the picture is similar – across all size categories there were fewer firms in 2010 than in 2007.

Table 70 Corporate income tax payers by firm size category. All enterprises

		2007	2008	2009	2010
Micro (R' 1 to 250,000)	Number	122,950	121,523	112,515	96,960
	Proportion	0.70	0.67	0.66	0.64
Small (R' 250,001 to 10,000,000)	Number	49,636	54,708	54,845	50,513
	Proportion	0.28	0.30	0.32	0.34
Medium (R' 10,000,001 to 50,000,000)	Number	2,739	3,234	3,161	2,493
	Proportion	0.02	0.02	0.02	0.02
Large (R' 50,000,001 +)	Number	850	956	908	602
	Proportion	0.005	0.005	0.005	0.004
Total	Number	176,175	180,421	171,429	150,568

Source: South African Revenue Services' Tax Statistics 2011

Table 71 Corporate income tax payers by firm size category. Manufacturing only

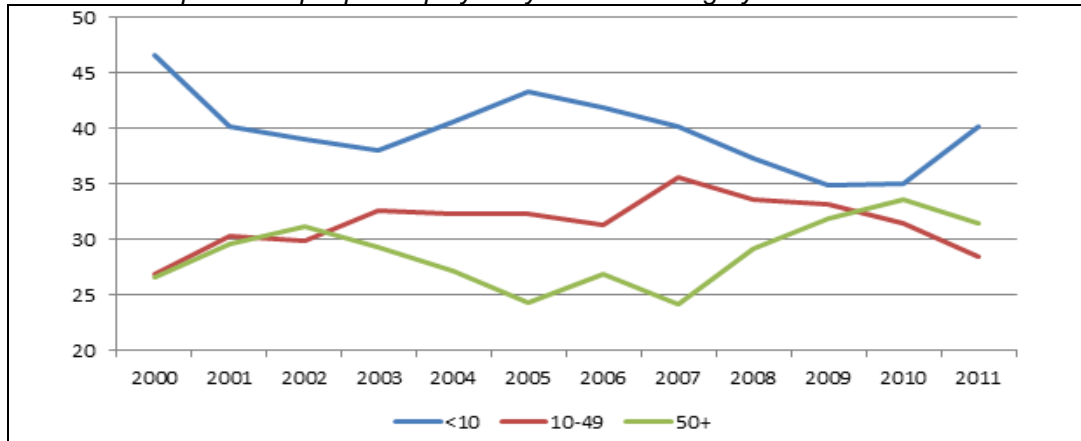
		2007	2008	2009	2010
Micro (R' 1 to 250,000)	Proportion	11,128	11,221	11,265	9,515
	Number	0.55	0.53	0.53	0.53
Small (R' 250,001 to 10,000,000)	Proportion	8,284	8,805	8,767	7,702
	Number	0.41	0.42	0.42	0.43
Medium (R' 10,000,001 to 50,000,000)	Proportion	676	805	807	608
	Number	0.03	0.04	0.04	0.03
Large (R' 50,000,001 +)	Proportion	212	243	240	132
	Number	0.01	0.01	0.01	0.01
Total	Number	20,300	21,074	21,079	17,957

Source: South African Revenue Services' Tax Statistics 2011

6.3.2 I-632 Evolution in the structure of South African SSMEs and evidence of integration of SMEs in formal economy

The seemingly declining contribution of SSMEs in the South African economy is also reflected in employment numbers. Figures from Statistics South Africa's Labour Force Survey (LFS) and Quarterly Labour Force Survey (QLFS) indicate that the share of employment in firms with less than 10 people has shown a broadly declining trend over the past decade. The share of employment in the 10-49 size category was increasing until 2008 but declined since then and the share of employment in firms with more than 50 workers seems to have increased. The survey approach and instrument were changed in 2008 so caution needs to be exercised in interpreting trends over the whole period. However, the trends do suggest that since 2008 the share of employment in small firms has been declining. One obvious explanation for this is that the global financial crisis and unfavourable economic conditions in the South African economy have affected small firms disproportionately. However, the declining importance of small firms for employment has been documented over a longer period. One study, using data which Statistics South Africa collects directly from companies, (Kerr, Wittenberg, & Arrow, 2013) shows that between 2005 and 2011, there was net job destruction in all size categories of firms with less than 500 employees.

Figure 23 Proportion of people employed by firm size category



Source: own calculations based on Statistics South Africa's Labour Force Survey (prior to 2008) and Quarterly Labour Force Survey (post 2008). Those who did not report a firm size category, because they did not know it, are excluded.

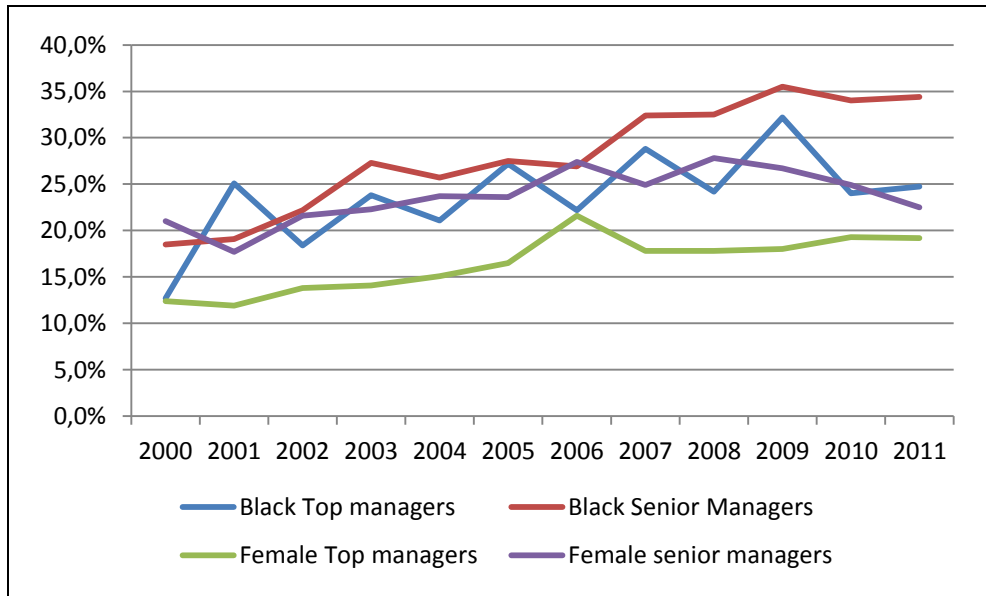
Other surveys which focus on small and medium business also show declining employment among these sized firms. SBP's SME Growth Index (2012) showed that between 2011 and 2012 aggregate employment in firms with 10-49 employees decreased by 6%. This decline in employment was unevenly distributed across sectors. Manufacturing and business service firms reduced contracted by 7 and 8% respectively, whilst aggregate employment in the tourism sector fell by only 1%.

6.3.3 I-633 Evidence of increased HDP empowerment through shareholding and holding of managerial positions, highlighting - through disaggregated figures - those who benefitted from GoSA supported programmes

Employment equity reports submitted by business show a steady upward trend in the share of management who are female or black. The share of top management who are black almost doubled between 2000 and 2011.²¹⁹ The share of senior management who are black also increased substantially, by 86%, over the same period. Although the share of female management has increased, it has done so at a slower rate. Females comprised 19.2% of top management in 2011 compared with 12.4% in 2000 (an increase of more than 50%). The increase in female senior management has been less dramatic – by just 7% between 2000 and 2011, although this group of workers seem to have been particularly affected over the financial crisis period. In 2008 females were 27.8% of senior managers but this had fallen to 22.5% by 2011.

²¹⁹ The jagged pattern in the black top managers series is due to different samples of firms being analysed in even and odd years. In odd years only larger companies are analysed whereas in even years both large and small companies are analysed. This suggests that larger companies have a higher proportion of top managers who are black than smaller companies.

Figure 24 Share of top and senior managers who are black or female



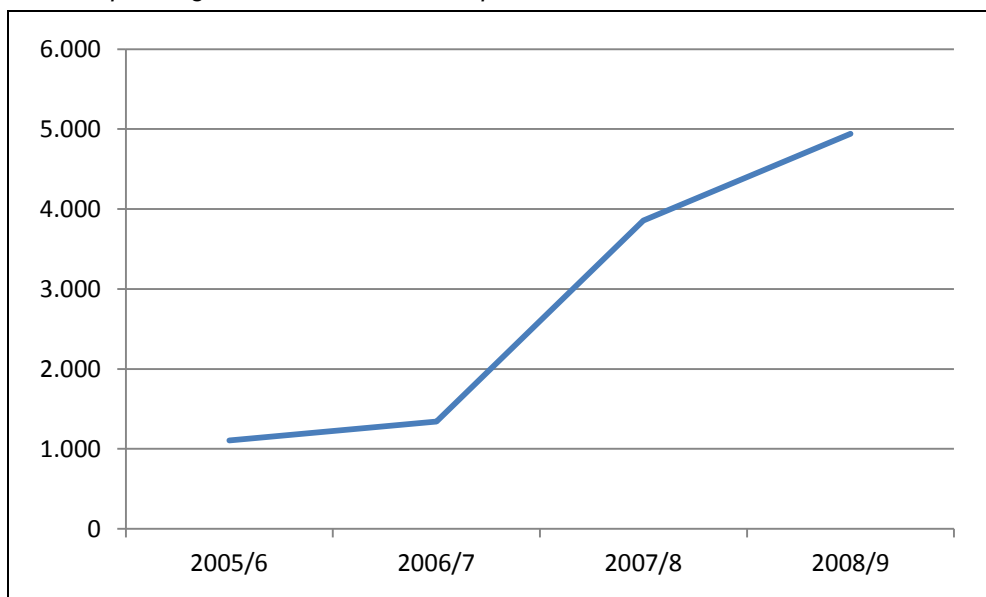
Source: Department of Labour, CEE Annual Reports

Entrepreneurship also seems to be growing in South Africa. The Global Entrepreneurship Monitor (GEM) data suggests that the proportion of owner-managers in the South African population increased by about three times between 2001 and 2012. However, in comparison to other countries these proportions remain very low – in 2012 the proportion of owner-managers in Brazil was 15% whereas in South Africa it was only 2.3%. The involvement of HDIs in entrepreneurship also seems to be increasing. Between 2008 and 2012 Statistics South Africa's QLFS indicates that the number of Black individuals who were self-employed and employing other people increased by 6% and although the number of females fell by 9%. This increase has been more widespread than just entrepreneurs in micro firm: Black individuals who were self-employed with firms with more than 10 employees increased by 35%, and females increased by 13%, over this period.

6.3.4 I-634 Trends in numbers of PPPs, highlighting - through disaggregated figures - those fostered through GoSA supported programmes

The private sector contribution to public-private partnerships (PPP) increased almost five-fold between the 2005/6 financial year and the 2008/9 year. In 2007, there were 17 PPPs being implemented including the Gautrain, the Department of Transport's car fleet management agreement, Inkosi Albert Luthuli hospital in Durban and the vaccine production PPP (National Treasury, 2007).

Figure 25 Spending on PPPs, R'000,000s, private sector contribution



Notes: PPPs are capital expenditure PPPs overseen by the Treasury PPP Unit, SA National Roads Agency, Department of Public Works and at municipal level. Amount only

includes private sector contribution.

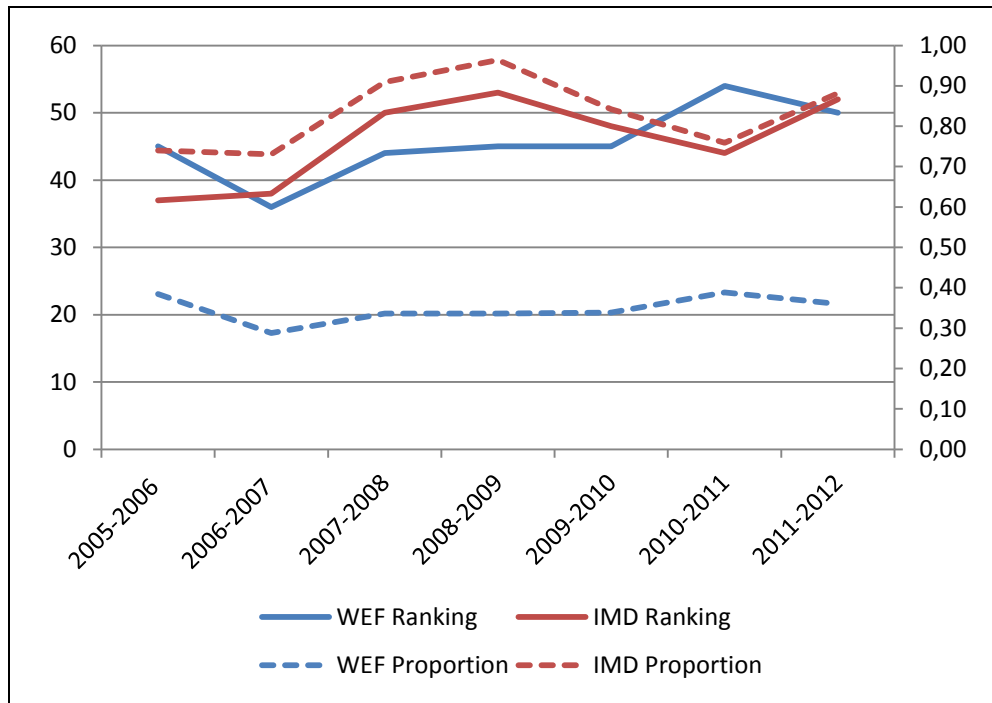
Source: National Treasury's National Budget Review, various years

6.4 JC6.4 Improved competitiveness of the SA economy and improved trade outlook.

6.4.1 I-641 Trends in competitiveness indexes

Since 2005 South Africa's ranking in global competitiveness has shown a steady downward trend. In 2005/6 it ranked 45th by the World Economic Forum (WEF) measure and 37th by the International Institute for Management Development (IMD) measure. By 2011/12 it had fallen to 50th (WEF) and 52nd (IMD). There are a number of limitations with these types of measures, including that the sample of countries can change between years. However, standardising for this still shows a stagnant to declining trend. These measures of competitiveness only stretch back less than 10 years but the Economic Freedom of the World indicator presents a longer term view. Although not specifically measuring competitiveness, this measure is highly correlated with economic growth. This measure is now higher than during apartheid and the mid-1990s but since 2000 has been declining.

Figure 26 Trends in competitive measures, World Economic Forum (WEF) and International Institute for Management Development (IMD), global rankings (left hand axis) and proportion (right hand side)



Source: The Global Competitiveness Reports 2006-2011 - World Economic Forum (WEF), International Institute for Management Development (IMD) (www.imd.ch); Productivity Institute South Africa.

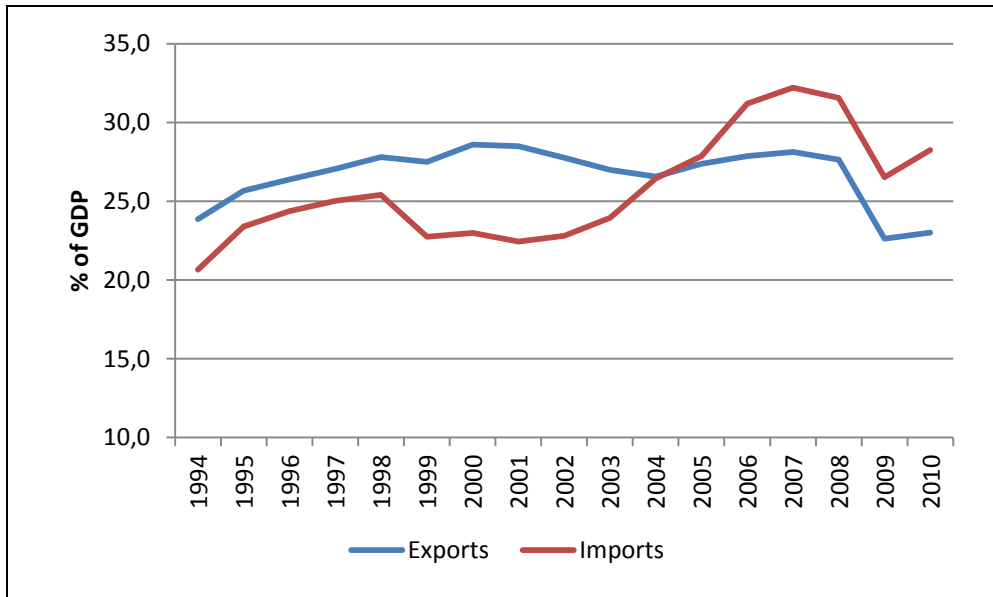
Worryingly, in terms of competitiveness, South Africa performs particularly badly on education and labour market aspects which have a direct influence on the poor and most marginalised. The two broad aspects which the World Economic Forum (WEF) ranks South Africa lowest on is primary education and health and labour market efficiency (Gwartney, Lawson, & Hall, 2011). Specifically South Africa ranks in the bottom 10% of all countries surveyed (of which there were 142 in 2011) in the following areas: business costs of crime and violence; tuberculosis; HIV; life expectancy; the quality of primary education; the quality of the education system; the quality of mathematics and science education; co-operation in labour-employer relations; flexibility of wage determination; hiring and firing practices; pay and productivity.

Some of this weak performance can be explained by South Africa's violent and racialised past, some by government's inactivity in the past (HIV/AIDS) but mostly by political economy considerations. Educational and labour market reform is blocked by the powerful organised labour constituency which has been influential in the African National Congress.

6.4.2 I-642 Trends in foreign trade (exports / imports volume & value)

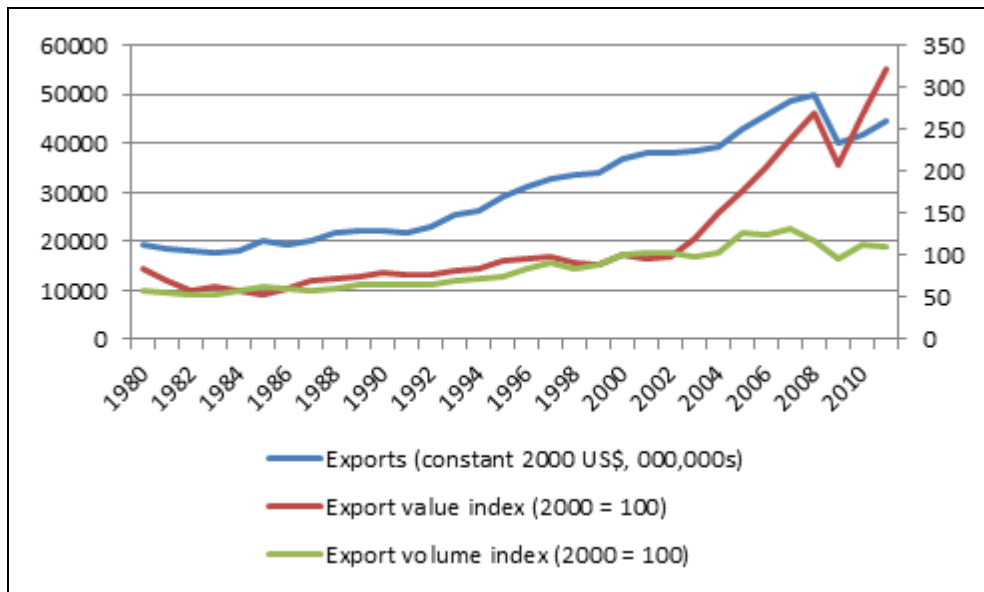
South Africa has generally become more open since democracy in 1994. However, much of this has been driven by the increasing share of imports which exceeded exports in 2005. Worryingly, although exports exhibited a slight upward trend in terms of their share to GDP until 2007, they are below the share of GDP which they were in 1994. In addition to this, South Africa has, despite its historic reliance on primary products, failed to capitalise on the rise in commodity prices which happened during this period. The increase in real exports experienced over the period has been, since the early 2000s, been driven mostly by an increase in the value of exports rather than an increase in volume. Overall, the South African economy has become less export intensive and these exports are now higher value per unit indicating that actually the volume of exports, relative to GDP, is now lower than previously.

Figure 27 Exports and imports as a share of GDP



Source: South African Reserve Bank

Figure 28 Exports since 1980



Evaluation Question 6.2: Which have been the main factors responsible for such achievements?

6.5 Analysis of determining factors - JC6.1 Improved employability and employment especially among HDPs (unskilled, women, youth, disabled)

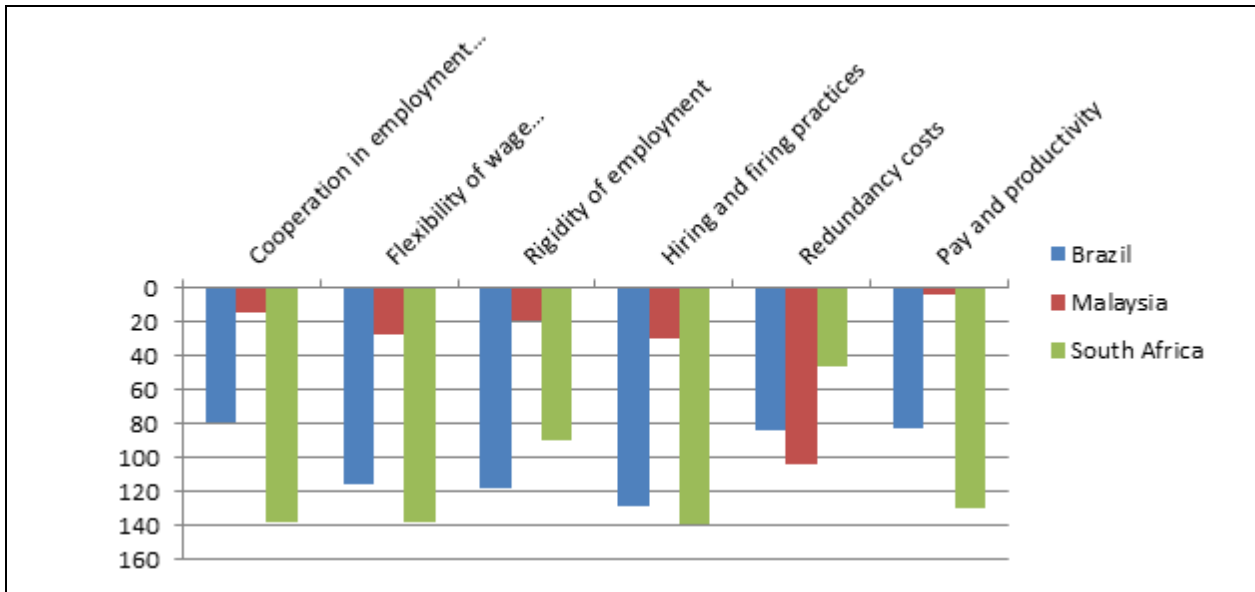
South African employment levels have increased over the past 10 years (and for even longer than this), adding more than 2 m jobs – an increase of approximately 20%. However, this increase has not been large enough to substantially reduce the official unemployment rate. This lack of progress in reducing unemployment has been the result of a number of factors, including structural constraints, adverse recent economic conditions and policy ineffectiveness.

From a long-term point of view, the South African economy, and with it labour demand, has been changing. Since, and even prior to, 1994, the historical drivers of the South African economy – agriculture and mining – have experienced declines in absolute employment numbers. In 2004 employment in mining was 29% lower than in 1994 and agriculture was 12% lower (Hausmann, 2008). This move away from employment in the primary sector has not been accompanied by an increase in manufacturing jobs. Rather employment in this sector has been falling too – in 2004 there were 165,000 jobs fewer in this sector than in 1994, a decline of 12%, and between 2006 and 2012 the sector shed an additional 185,000 jobs. Many of the jobs that have been created post-1994 have been in the service sector. Labour demand has thus been moving away from labour-intensive sectors which require lower levels of skills to sectors where skills requirement have been higher. Even within sectors production is becoming less labour-intensive and more skills and capital-intensive. Illustrative of this change is that in 2010, 20% fewer workers were required to produce the same amount of real output as in 1995. This has meant that South African economic growth is relatively low in terms of labour absorption. Zhan (2011), who compares the performance of South Africa in terms of job creation against a group of peers over the period 2000-2009, finds that the poor performance of South Africa is both a relatively lower output growth and a lower labour intensity of growth.

What has led to these changes? Part of this is explained by broader global trends – output per unit labour has been increasing in most developing and developed countries, but there are a number of South African specific factors which compound these, the two most important being the institutional and regulatory structure of the South African labour market, and the characteristics, especially the skills profile, of labour market participants.

In the mid to late 1990s the South African government passed a series of new laws related to employment and the labour market. This legislation was intended to address some of the glaring regulatory failures which characterized the apartheid period. However, a consequence of this legislation and its application is that across a number of dimensions the South African labour market is one of the least competitive in the world. South Africa performs particularly badly in areas such as co-operation between employers and employees (138 out of 142), flexibility of wage determination (138 out of 142), hiring and firing practices (139 out of 142) and the link between pay and productivity (138 out of 142) (World Economic Forum, 2012). These are all areas where outcomes are heavily influenced by the institutions in the labour market, such as bargaining councils, and where rapid job creators perform much better (Zhan, 2011). The continued close relationship between the Congress of South African Trade Unions (COSATU) and the ANC has meant that there has been no reform of labour market regulations to make the labour market more flexible and that proposed amendments are likely to make it even less flexible.

Figure 29 Ranking in terms of labour market competitiveness (out of 142 countries)



Source: World Economic Forum's Global Competitiveness Report (2011-12)

One of the key institutional factors which has limited the creation of jobs and labour intensive firms is the sectoral nature of the wage bargaining system. Agreements on wages and working conditions reached by a group of employers and employees in Bargaining Councils are extended to all firms in the sector. Once a bargaining council structure allows the unfettered extension of collective agreements to non-parties, the interests of the parties who negotiate the agreements begin to coalesce. Employers represented in the council have an incentive to reduce competition and thus increase their profits and unions have an incentive to increase the wages of their members by extracting some of these profits and by eliminating downward pressure placed on wages by lower paid workers in other firms. These interests can be served if the parties within a bargaining council collude, either intentionally or unintentionally, to raise the level of wages that, in consequence of the process of extension, all firms in the sector will have to pay. Academic research such as (Magruder, 2012) shows the impact of these Bargaining Councils on employment, entrepreneurship and small firms and recent events in the clothing and textile industry are a stark illustration of the negative consequences of these structures (see box).

The education and skills of the labour force has not changed sufficiently to adequately meet this demand. A shortage of skills was listed as one of the top three constraints to business in both of the World Bank's Investment Climate Assessments in 2004 and 2008. (Kraak, 2008) argues that by the mid-2000s the South African economy of education 'expansion saturation' after a period of massive growth and expansion. Contributors to this saturation included a declining share of education spending in the national budget, low financial allocations to adult basic education and training and early childhood development, a slowdown of learner enrolment in public schools, poor efficiency, and a decline in further education and training enrolments. He suggests that "South Africa does not face a numerically severe 'skills crisis' as yet, but rather, a set of systematic malfunctions which need urgent attention." ASGISA specifically acknowledged the need for education and skills training and proposed a number of measures to address the issues mentioned by Kraak. One of these was the Joint Initiative for Priority Skills Acquisition (JIPSA).

The creation of jobs in South Africa stalled temporarily with the global financial crisis and the resulting slower rates of South African economic growth from 2008. Between 2007 and 2012 the unemployment rate increased by 4 percentage points driven by the loss of almost one million jobs between 2008 and 2009. The financial crisis seems to have affected most the marginalized in the labour market – the young, females, the low-skilled and those in rural areas. Particularly for the youth, the sharp rises in unemployment rates are driven not by large-scale retrenchment but rather by fewer people being able to actually enter employment (Rankin, et al., 2012). Furthermore, the impact of the financial crisis on unemployment in South Africa is actually larger than the narrow definition of unemployment suggests. (Verick, 2012) has shown that during this period many individuals actually gave up searching for jobs and thus were not categorized as unemployed under the official definition.

It is against this background and these trends, most of which further disadvantage those who are already disadvantaged in the South African labour market – the unskilled, women, youth, the disabled, Africans and those living in rural areas, which the success of the various GoSA's initiatives (be they specific programmes or broader strategies / plans) supported by SBS operations needs to be

measured. An obvious point to note, is that these HDPs are the most natural group for programmes to target which seek to improve welfare in South Africa. It is to these groups that the EPWP is targeted.

Despite the large number of 'job opportunities' which the EPWP has created and that actual job creation has exceeded targets, many commentators have been critical of the ability of the EPWP to improve the longer term employability of participants (see (Centre for Development and Enterprise, 2012) for an overview of some of the evidence). The largely short-term nature of many EPWP job opportunities means that many participants do not gain useful skills and consequent there is little impact on post-EPWP employability (Nzimakwe, 2008). Furthermore, it does not seem that EPWP expenditures resulted in the creation of many micro, small or medium enterprises (McCord & Meth, 2009).

The CWP, being relatively new, has not undergone any quantitative evaluation of its impact. However, a set of studies under the auspices of Trade and Industrial Policy Strategies (TIPS) provides mostly qualitative evidence of the impact of the programme. (Vawda, et al., 2013) find that the CWP has increased the capability set of participants. Participants interviewed report improvements in nutritional intake; that they continue to look for formal employment opportunities; they accumulate capital and assets; invest in savings products; engage in micro-enterprises; contribute to improvement of community assets and social services; improve their educational qualifications; and reduce in alcohol consumption. They also report that the work opportunities given by the CWP have shifted the perspectives of the participants, making them feel part of their community. (Vawda, et al., 2013) argue that the low entry requirements and universal access makes the programme efficient in dealing with the needs of the most marginalised in the most marginalised communities. However, there are a number of perceived challenges facing the CWP including: late payments; insufficient and poor quality occupational and health gear; unfair recruitment practices; and limited management and leadership skills amongst managers. A second paper in this series, (Stanwix & Van Der Westhuizen, 2013), argues that an increase in the reach of the CWP can impact on large numbers of people, although the impact on national poverty levels is fairly small. These impacts are largest for those who are most poor.

Industrial policy, and using it to specifically create jobs, is controversial. A key aim of the Industrial Policy Action Plan (IPAP) is to promote a labour absorbing industrialisation path where the state plays an active leadership role. A concern often raised by the critics of industrial policy is that it creates rents and can be captured by specific interest groups and can end up benefiting a small, usually already well-off, group at the expense of the large group of consumers. South Africa's Motor Industry Development Plan (MIDP) provides an example of this in South Africa.²²⁰ Originally designed as a short-term programme to help South African motor manufacturers respond to the trade liberalisation that happened with the end of apartheid, and planned to last seven years, it has since been renewed twice. Whilst the South African motor industry has adjusted it has not created new jobs. A second example of trade and industrial policy, designed to protect local jobs, but resulting in large costs borne by consumers was the restriction of imports of Chinese clothing in 2007 and 2008. Edwards and Rankin (2012) find that trade restrictions in the form of voluntary export restrictions (VERs) on some Chinese clothing and textile products during the period 2007-8 increased consumer prices of these restricted products by 6-11%. This impact fell most on poorest households and the sector continued to shed jobs throughout this period. Complementary government actions, including the compliance drive to enforce minimum wages on firms in this sector which were not part of the bargaining process which resulted in these wage agreements, also hindered jobs creation in this sector (see the box on Newcastle clothing producers). Both these examples show how government policy has responded to specific interest groups, in these cases larger organized producers and organized labour representing these workers, at the expense of consumers and owners of, and workers in, smaller firms.

6.6 Analysis of determining factors - JC6.2 Increased public & private sector investment, overall and in priority sectors

Government's performance in funding investment since the mid-2000s has been impressive. This has been possible for a number of reasons. First, GEAR's fiscal prudence significantly reduced the budget deficit and created fiscal space in the 2000s. Second, government investment, or at least the budget for investment, happens by fiat. There is little need to coax private sector actors or other constituencies. Third, infrastructure and social investment is politically uncontroversial, supported by business, labour and government. This investment does not, or is not perceived to, challenge entrenched interests.

This increase in infrastructure bodes well for future economic growth given the relationship identified between infrastructure and growth by (Fedderke, et al., 2006). However, there are at least two concerns surrounding this investment. The first is the ability of government, particularly at the municipal level, and

²²⁰ See (Flatters & Stern, 2008) for an overview of this programme.

public corporations to spend these amounts efficiently. The second, as (Frankel, et al., 2006) indicate, is that South African growth is likely to be investment intensive and thus increases in economic growth are likely to require very large amounts of investment. Rodrik (2000) has shown that successful growth accelerations generally see an increase of 1% in investment to GDP ratios for every 3% of increase in output growth but for South Africa this is reversed – a 1% increase in economic growth requires a 3% increase in investment to GDP. (Frankel, et al., 2006) argue that “given the employment/productivity performance of the South African economy even such a large investment program will barely deliver the desired growth rates while imposing an impossible burden on public investment.” Public investment by itself is thus not sufficient for growth but requires other complementary economic policies which change the structure of the economy.

The fiscal space created in the 2000s, which was the result of the prudence in government spending stemming from GEAR, meant that, at least in terms of the budget deficit, South Africa was well placed to weather the global financial crisis. Despite lower tax revenues as South African economic growth slowed from 2008, government spending was largely unaffected leading to an increase in the budget deficit. However, the performance of the South African economy, and with it tax revenues, is closely related to the performance of the global economy. A sluggish, or limited, recovery will mean that South African economic growth and revenue collection will be limited. This will mean a widening fiscal deficit unless spending is curtailed. The Financial and Fiscal Commission, in their submission to the Standing Committee on the Appropriation Bill (2013) argue that

“The current economic deficit represents the single biggest strategic fiscal risk facing South Africa. This fiscal downturn means that a prolonged period of consolidation in public expenditure will lead to difficult choices. In trying to balance the competing needs of fiscal sustainability and promoting growth, it is critical that fiscal consolidation be done in such a way that (a) short run growth is least compromised, (b) the potential for long run growth is increased and that (c) gains in the progressive realisation of socio-economic rights are not rolled back but are in fact extended, (d) the impact of existing public spending is raised and (e) institutional capability, accountability and performance orientation is built. Taken together, these measures will be instrumental in maintaining a positive economic growth rate and prudent financial management and importantly move the country towards attaining the identified priorities of (a) promoting economic support and development, (b) investment in infrastructure, (c) job creation and (d) enhancing local government capacity.”

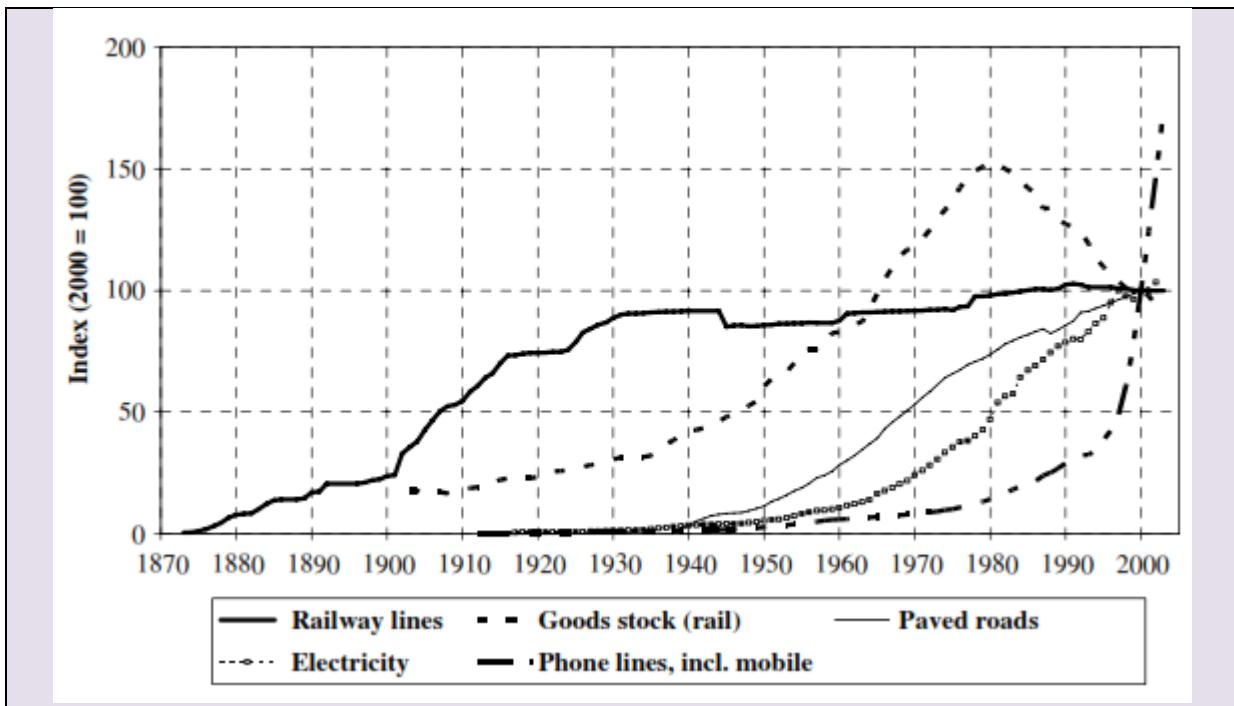
Although private GFCF has risen steadily since 2001, higher levels of investment, by both domestic and foreign firms, is essential for future economic growth. Government spending on infrastructure has the potential to ‘crowd-in’ private investment but there are a number of factors which can limit this investment. Uncertainty about policy and the future performance of the South African economy is likely to temper investment levels. Although government strategies, such as the National Development Plan, are relatively clear on the direction of economic policies, it is less clear whether these will actually be implemented. Other factors, such as crime, also limit investment. The (World Bank, 2009) provides evidence that crime against business reduces the gross profitability ratio of fixed assets, and raises risk and uncertainty, which in turn will lead to lower investment.

For smaller firms, access to finance, and financial products, to help pay for investment can be a constraint and does not seem to have changed significantly over the period. It also seems like the gap in access between smaller and larger firms is bigger than for other similar countries. The World Bank (2009) shows that in South Africa only 59% of SMEs have any credit products compared to 82% of large firms, a gap of 23 percentage points. For countries like Argentina, Brazil, Malaysia and Thailand, this gap is in the range of 10 to 14 percentage points.

Box 12 *The role of infrastructure investment in South African economic growth*

It is widely believed that infrastructure investment is important but what is the rigorous evidence showing that it matters for South Africa? Public expenditure on infrastructure, which includes roads, transportation and housing, can play an important role in facilitating economic growth and may even ‘crowd-in’ private investment. (Fedderke, et al., 2006) examine the relationship between investment in economic infrastructure, such as railways, telephone infrastructure and electricity, and economic growth over a very long time horizon – 1875-2001.

Their research shows a sequential series of infrastructure roll-out, starting with the railway lines over the 1875-1930 period, then paved roads, and more recently electricity and phone lines. Using time-series econometrics they show that infrastructure investment leads economic growth in South Africa and that the impact is both direct and indirect, by also raising the marginal productivity of capital. This suggests that infrastructure investment is complementary to other types of investment. These results help justify the emphasis on infrastructure development by government.



Source: Source: Fedderke et al (2006) *Infrastructural Investment in Long-run Economic Growth: South Africa 1875-2001*

Ultimately, it is firms which drive private investment. (Teal, 1999) interprets what the research findings on firm-level investment from other African countries mean for South Africa. He finds that uncertainty is important in constraining investment but argues that “the reduction of risk and the creation of a more stable macroeconomic environment would undoubtedly be of enormous benefit it may well not be sufficient to see a rise in investment.” He also argues that for the other African countries considered there is little evidence that firms fail to invest because of a lack of sufficient funds. He argues that one reason for this may be that firms are relatively inefficient. This suggests that in the South African context policies to promote firm-level efficiency, such as trade liberalisation, product market competition and a reduced regulatory burden, are likely to lead to higher investment levels.

6.7 Analysis of determining factors - JC6.3 Increased and diversified economic activity focusing in particular on SMMEs and BEE entrepreneurs

South Africa has experienced a long-term shrinkage of the tradeable non-mineral sector (Rodrik, 2006). Rodrik argues that a decline in manufacturing productivity since the 1990s has made this sector less attractive resulting in weakness in export-oriented manufacturing and hence lower growth and employment opportunities, particularly at the lower end of the skills distribution.

In addition to this broad movement away from the non-mineral tradable sector, South African industries are relatively concentrated with high mark-ups (Aghion, et al., 2006) (Fedderke, et al., 2007). This makes it difficult for smaller firms to compete. Given the strong relationship between competition and productivity growth identified by empirical studies such as (Aghion, et al., 2005), this high concentration is a further factor limiting export-led growth. Economic sanctions and a closed economy during apartheid contributed to this. A more diversified economy, in terms of both SMMEs and more representation of HDIs through BBBEE, is thus essential for future economic growth and job creation.

South Africa has relatively fewer smaller firms compared to a country like Brazil and labour market institutions such as Bargaining Councils result in fewer jobs and smaller firms (Magruder, 2012). Agreements reached by larger firms and the unions in these firms which are extended by these Bargaining Councils to, usually smaller, firms in the sector which were not involved in the negotiations entrench large firm dominance and create a barrier to entry for new firms. However, it is not only the institutional structure of the labour market which disadvantages smaller firms. Regulation more broadly is severely regressive in terms of the proportion of turnover spent by smaller firms in dealing with it compared to larger firms and the share of turnover spent dealing with regulation has been increasing (SBP, 2011) (SBP, 2012).²²¹ Between 2004 and 2012 the proportion of turnover spent dealing with red-

²²¹ <http://smegrowthindex.co.za/?p=326>

tape has increased by more than 50% for firms with turnover less than R 10 M (in 2004 prices) (SBP, 2013).

The costs of red-tape, regulations which raise labour costs, high concentration rates and the fact that smaller firms are more sensitive to economic fluctuations have all contributed to what seems like a declining role for smaller firms in the economy. Since 2006 net job creation has been concentrated in firms which employ more than 500 people (Kerr, et al., 2013), SARS returns suggest that there are fewer smaller firms, and the labour force statistics indicate that, at least since 2007, there is a lower proportion of people working in firms with less than 50 employees.

Over the shorter-term, the relative decline in the contribution of smaller firms may be related to the financial crisis. Small firms are less likely have cash buffers to help them with the contraction in demand which has been the result of the global financial crisis. (SBP, 2012) find that 35% of small and medium businesses experienced a shock which threatened their survival during the period 2011-2012. These businesses experienced a fall in employment which was larger than those businesses which had not been threatened.

Since the introduction of the Competition Act in 1998 South African competition policy has become more robust and the Competition Commission has become steadily more active. However, there has been a lack of research on how concentration and mark-ups have changed since 2005 so it is not clear whether more active competition policy has led to higher levels of competition.

There are also other service delivery issues which may also disadvantage smaller firms relatively to larger firms. Small firms mention that municipal services are one of their most pressing concerns (SBP, 2012). An erratic electricity supply will disadvantage those firms who do not have a generator. Delays in company tax assessments or refunds will also disadvantage smaller firms without the cashflow or cash reserves to carry them through these periods.

South Africa has a number of policies designed to promote SMMEs and entrepreneurship. These include the government funded agencies Small Enterprise Development Agency (SEDA), Small Enterprise Finance Agency (SEFA) formed by a merger of South African Micro Apex Fund, Khula Enterprise Finance Ltd and the small business activities of IDC in April 2012, and the National Youth Development Agency. One measure against which SEDA evaluates its performance, is the proportion of its clients whose turnover and employment have grown. Between 2011 and 2012 the set targets were exceeded for both measures. 56% of their clients experienced turnover growth and 25% experienced employment growth. However, this impact is not measured against a counter-factual of similar firms which were not SEDA's clients. An impact evaluation which attempted to do this by randomly allocating a sample of businesses between a group which receives SEDA support and another which does, was not completed due to a lack of commitment by the implementing agency.²²²

Other measures to encourage SMMEs include various tax incentives such as a progressive tax structure and accelerated depreciation, and initiatives undertaken by SARS to lessen the administrative burden associated with tax. (Friedland, 2010) suggests that one impact of these incentives was to increase capital intensity among small firms.

Overall though it seems that South Africa's small business policies can be improved. (Timms, 2011) argues

“South Africa’s small business policies have done little to create effective support agencies to help support business owners to start up and grow their business. Added to this awareness of many of the government’s support schemes also remains very low. Much of this is as a result of the government’s lack of co-ordinated strategies aimed at small business and a government support architecture ... which is both clumsy and confusing – both to business owners and to government officials themselves. The government simply has too many agencies trying to assist business owners, which are in turn spread across two different departments – in turn confusing government officials.”

²²² For the proposal on how this evaluation was to be carried out see:

http://www.google.co.za/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCkQFjAA&url=http%3A%2F%2Fsit.eresources.worldbank.org%2FINTDEVIMPEVAINI%2FResources%2F3998199-1285617002143%2F7430173-1287379684274%2FVHarinath_FPD_in_South_Africa.ppt&ei=HqytUZPQN42O7QaO_YGoDA&usq=AFQjCNHIs3L8Q4YRRHiYtcieVnjX1QVRGg&bvm=bv.47244034.d.ZGU&cad=rja

(Campos, et al., 2012) provide a broader overview of why these types of interventions can fail.

Box 13 *The deleterious effect of South African collective bargaining institutions on smaller firms: the case of the Newcastle clothing firms.*

The involvement of SMMEs in the South African economy remains constrained by a number of factors, including institutional and regulatory ones, which changes in government policy can help alleviate. One key aspect is the institutional **structure of wage bargaining in South Africa. The recent experience of small and medium clothing firms situated in Newcastle, in Northern KwaZulu-Natal illustrates how the interests of established firms, organised labour and government coalesce with the result that the survival of these smaller firms and the jobs of the workers in these firms are threatened.** In 2004 National Bargaining Council for the Clothing Manufacturing Industry (NBC) was extended to cover non-metro areas, including Newcastle. This meant that agreements on wages reached by predominantly metro-based larger firms were extended to non-parties who were not part of the negotiations such as many of the firms in Newcastle. Many of these non-party firms chose to ignore the wage agreements and in 2010 the NBC took the decision to close all non-compliant firms. In August 2010 raids began on non-complaint firms resulting in the closure of 16 factories. During the same month 85 factories in Newcastle closed in support of those closed down by the Bargaining Council. The NBC has never been representative of clothing firms in South Africa (Nattrass & Seekings, 2013) and the wage agreements reflect the wages paid in metro-areas where many of the NBC firms are based, and which are significantly higher than wages in non-metro areas.

The extensions of the NBC also effectively shut off an adjustment mechanism of the sector to increasing competition – the use of lower wage labour-intensive production techniques with pay linked to productivity. According to Nattrass and Seekings (2012):

“The NBC’s collective agreements criminalise the preferred wage model of many factories in places like Newcastle both because they set a minimum wage that leaves labour-intensive factories unable to compete with imports and because they effectively rule out any significant productivity-linked pay. Collective agreements allow for modest piece work under various conditions but such payments have to be over and above the legal minimum wage. Through extensions, the NBC thus imposes wages suitable for the top end of the clothing market onto the bottom end, and rules out a crucial dimension of their wage and business model: productivity linked pay via the piece-work system for some categories of worker, especially machinists in the busy season.”

The very presence of these types of firms in places like Newcastle, the fact that they pay wages below the minima mandated by extensions, and the fact that people choose to work in these firms, indicate that they can compete both with other domestic producers but also importantly with imports from countries like China, and by so doing create jobs. These are the types of jobs which those who are currently unemployed could fill.

The Newcastle experience illustrates how government policy, especially in the area of small firm development has failed to recognise the trade-off between wages and employment. As (Nattrass & Seekings, 2013) eloquently put it: *“The extension of agreements, the [National Bargaining Council for the Clothing Manufacturing Industry’s] compliance drive, and resulting job losses puts paid to the argument that South Africa’s bargaining councils do not affect employment. Indeed, the story illustrates how, under the hypocritical guise of promoting ‘decent work’, labour-market institutions and industrial policies can create an unholy coalition of the state, a trade union, and metro-based, relatively capital-intensive employers whose actions can inflict massive job-destroying structural adjustment on a labour-intensive industry.”*

Source: Nattrass & Seekings, 2013

6.8 Analysis of determining factors - JC6.4 Improved competitiveness of the SA economy and improved trade outlook

The competitiveness of the South African economy, as measured by various international rankings of competitiveness, has not improved over the period under review. The share of exports in South African GDP, another indication of South Africa’s external competitiveness was lower in 2010 than in any year since 1994. Two key aspects which lead to South Africa’s low ranking in the competitiveness comparisons are its education system and labour markets which have a direct impact on the ability of South African firms to compete in the international market through exports.

South Africa’s exports have surged since the end of apartheid and economic sanctions driven by changes in the trade policies of the 70s and 80s which created an anti-export bias (Edwards & Lawrence, 2006). In 2011 South Africa’s real exports were more than double those of 1980 and 70 percent higher than in 1994. Although both the volume and value of South African exports have increased dramatically over the past 20 years, the overall value of these exports have increased at a faster rate than the volume. This indicates that, on average, South African exports have become higher value per unit. This transition towards higher valued exports is in line with the more general trends in the South African economy – increases in output per unit labour and capital intensity.

Despite large increases in the value of exports, the ratio of exports to GDP has remained relatively constant during the period. Over the period South Africa has not managed to become a more export-intensive economy. In addition to this, South African export growth has been mediocre relative to other middle-income economies (Alves and Edwards, 2006; Hausmann 2008). During the period imports

have also grown more rapidly than exports, overtaking them as a share of GDP in 2005. This has led to a current account deficit which, as has happened in the past, is likely to be a constraint to future growth.

Recent economic development plans have acknowledged this, most recently the NDP which emphasises the potential contribution of exports to growth and jobs. However, South African exports are limited by a number of factors. The first is the current global economy. Low growth rates in South Africa's traditional export markets of Europe and North America means that demand for South African goods and services is likely to be constrained in the future. This is in an international trade environment which has become more competitive due to increases in exports from low-wage countries such as China. South African firms have not been able to switch to non-traditional markets to compensate for this since in many cases these markets are different. Markets such as the Southern African Development Community (SADC) and the rest of Africa, which many South African firms participate in often require lower-value products and due to lower income levels are limited (Rankin & Schöer, 2013). South African firms are thus likely to send only a small proportion of their output into the region. These regional markets also do not serve as a stepping stone to international markets since the types of products which are exported to them are different to those required for exporting outside of Africa.

South African exports outside of Africa are also limited by the availability of skills and wages in South Africa. Firms which export outside of Africa pay higher wages, use more skilled labour and more productive than within Africa exporters (see (Edwards, et al., 2008) for a review of South African evidence). Without changes in their production technology these firms are constrained by the availability of the types of people which they employ.

Trade liberalisation, which in the view of (Edwards & Lawrence, 2006) was an important contributor to the improved export performance on the 1990s, has stalled recently. There is evidence that this trade liberalisation was related to improvements in productivity growth (Jonsson & Subramanian, 2001) (Harding & Rattso, 2005) and reduced mark-ups (Edwards & van de Winkel, 2005) (Fedderke, et al., 2007). Dawdling on further trade reform thus helps to maintain the levels of high concentration and limit productivity improvements in South Africa. Part of the explanation for the lack of further reform is due to the stalling of the World Trade Organisation's Doha Development Round of negotiations. However, much of the lack of progress is attributable to the Department of Trade and Industry's view of trade policy as a component of industrial policy, and a lack of focus on what the role of trade policy should be.

The broader competitive environment also hampers South African exports. International comparisons indicate that South Africa's relative competitiveness seems to be relatively stagnant. In these comparisons South Africa performs very badly in the areas of education and the labour market – both areas which are likely to be important for encouraging exports.

There are other factors which hamper South Africa's export performance too. The costs exporters incur due to transport are high. South African port charges are considerably higher than the international norm (Botes, 2006) Firms also choose road over rail due to an unreliable rail network. This adds costs because over longer distances per-kilometer costs are higher for rail than road, and South African road costs are also high by international standards. These high transport costs also act to limit imports. This has a dual impact – uncompetitive local producers are not forced to become more productive and the cost of importing intermediate inputs increases. This means that South African production costs increase which makes South African firms less competitive on the international market. These high transport costs are the result of the inefficiencies of public companies. Neither Portnet (which runs the ports) nor Transnet (which runs the railways) seem able to deliver efficient and cost-effective services.

7 EQ7 – Water

Evaluation Question 7: To what extent, in the water sector, have the development outcomes pursued through the policies and programmes supported by SBS been (or are being) achieved? And which have been the determining factors of their achievement?

Evaluation Question 7a: To what extent the main development outcomes identified as SBS targets have been achieved?

7.1 Equitable access to basic water supply and sanitation services (JC7.1)

7.1.1 I-711 Decrease in population without access to a basic water supply facility & I-712 Decrease in households without access to a basic sanitation facility

Background

The box below provides some background information on access to a basic water supply facility and access to a basic sanitation facility.

Box 14 *Background information on access to a basic water supply facility and access to a basic sanitation facility*

The 1997 Water Services Act provides for the rights of access to basic water supply and basic sanitation by setting national standards and norms, and in conjunction with the 1996 Constitution (enshrined within which is the concept that all South Africans have a “right to sufficient water”) provides DWA with the responsibility to support and strengthen the capacity of municipalities to assume their role and functions in providing basic water and sanitation supplies. In 2000 the Free Basic Services Policy was implemented by the GoSA, which stipulated that every household in South Africa was to receive free basic services, including water, sanitation, electricity, and solid waste collections. Free basic water is defined as 6,000 litres of water per month per household at no cost.

In 2003 South Africa adopted 19 targets for the water sector as part of its Strategic Framework for Water Services (SFWS), the first two spoke directly to access to water and sanitation, namely:

- All people in South Africa have access to a functioning basic water supply facility by 2008
- All people in South Africa have access to a functioning basic sanitation facility by 2010

However, in 2008 it was recognized that, despite the significant progress that had been made since the SFWS goals were set, the supply of water and sanitation to all by 2008 and 2010 respectively was not achievable and the target dates were both reset to 2014.

The intent of this indicator is to assess what progress was made during the period 2002 – 2011 in reducing the back log to those living without a basic water supply and those households who have no access to a basic sanitation facility, as stipulated in the 2000 Free Basic Services Policy.

Approach to data collection and analysis

A mix of quantitative and qualitative assessments was used for the analysis. For the quantitative part, the following variables were used.

Quantitative variable	Source	Availability of data
Percentage of households with access to piped water (provincial and national level)	GHS (question: Does this household have access to piped water from a local municipality?)	2002-2011
Percentage of households that have no toilet facility or were using a bucket toilet (provincial and national level)	GHS (question: What type of toilet facility is available for this household?)	2002-2011

Overview of the evolution in development outcomes

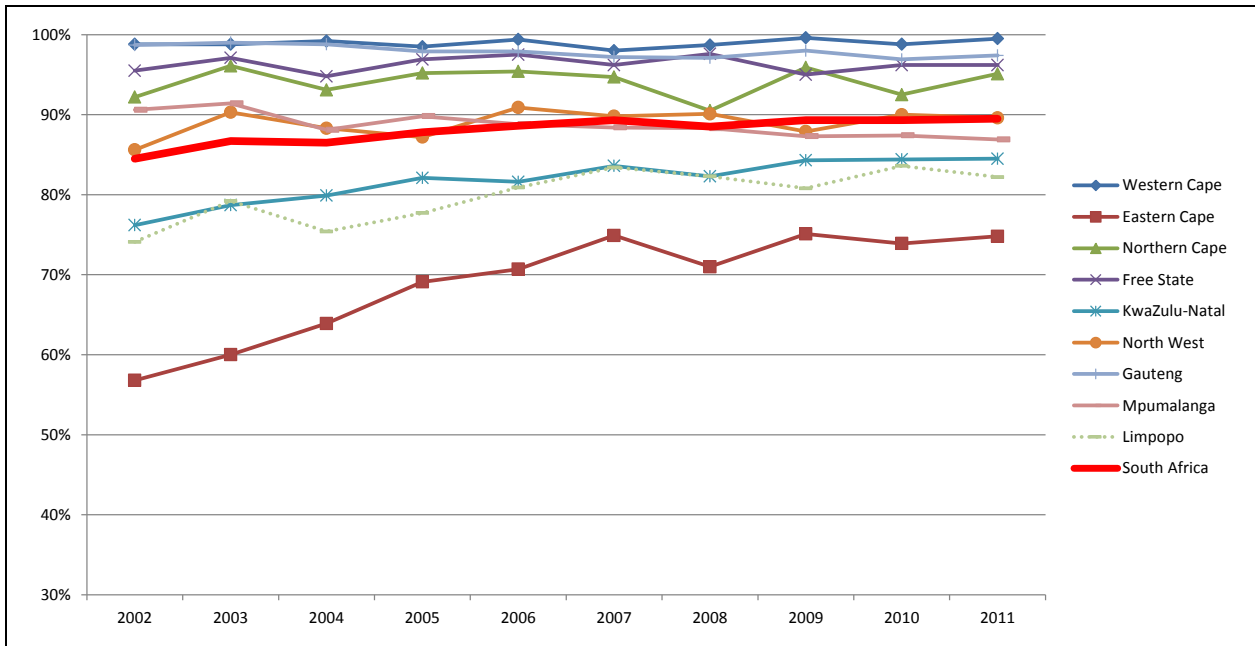
Overall, there is a downward trend in the population without access to a basic water supply and sanitation facility. Access to piped water increased, and the proportion of people without toilet facilities decreased, substantially during the 2002-2011 period. These changes were particularly large in the poorer provinces, such as the Eastern Cape, Limpopo and KwaZulu Natal, but the rates of change in these indicators generally slowed towards the second half of the period.

In 1994, only about 59% of South Africa’s population had access to water supply infrastructure. This meant that about 15.9 million people had no access to basic water supply. The Department of Water Affairs reports in its 2009/10 annual report that overall access to water supply infrastructure has since increased to 97%. Currently, about 1.65 million people have no access to water infrastructure, while 1.98 million people have access to infrastructure that is below minimum standards. The current backlog is therefore estimated at 3.63 million people as at March 2010.

In 1994, only 49% of people had access to sanitation facilities. The Department of Water Affairs reported that in 2009/10, the overall access to sanitation had increased to 79%. It is estimated that approximately 10.6 million people or 2.6 million households still do not have access to basic sanitation services.

As illustrated in Figure 30, the situation in terms of number of households with access to piped water is in general improving in most provinces as well as at national level during the period 2002-2011. However, certain provinces (e.g. Eastern Cape, Kwazulu Natal and Limpopo) still experienced significant backlogs in terms access to piped water in recent years.

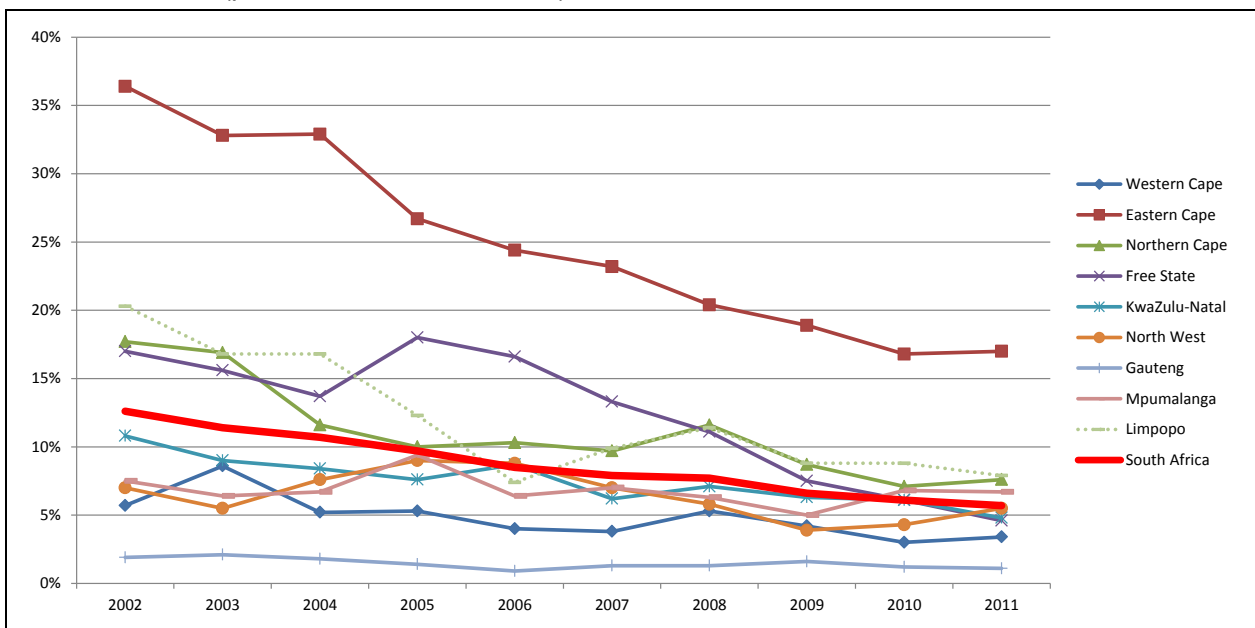
Figure 30 Percentage of households with access to piped water (provincial and national level)



Source: own calculations based on data from the GHS survey

Similarly, as illustrated in Figure 31, whilst certain provinces (in particular, *URP Eastern Cape*) still experienced significant backlogs in terms access to a basic sanitation facility in recent years, the situation is in general improving in most provinces as well as at national level during the period 2002-2011.

Figure 31 Percentage of households that have no toilet facility or were using a bucket toilet (provincial and national level)



Source: own calculations based on data from the GHS survey

The *MSB III* Final Evaluation (p. 75 - 87) records that during the period October 2001 to April 2007 it is estimated that the backlog to water was reduced from 13.1 million people to 7 million people, and that the backlog in access to sanitation was reduced from 4.8 million households to 3.5 million households. By April 2010 the water backlog had been reduced to 3.6 million people and the sanitation backlog had been reduced to 2.7 million households.

However, it does note that although the progress has been steady throughout *MSB*, the bulk of the water backlog is in just three provinces, which are also those targeted by *MSB*, namely KwaZulu-Natal, Limpopo and the Eastern Cape. Nevertheless, in terms of the backlog for sanitation, the literature noted that the sanitation backlog is much more evenly spread between the provinces.

In 2012, DPME conducted a study on the “quality of sanitation in South Africa”. The study underlines that “approximately 11% of households (Formal - no services and Informal – no services) still have to be provided with sanitation services (these households have never had a government supported sanitation intervention). Additionally at least 26% (rounded) of households within formal areas disturbingly have sanitation services which do not meet the standards due to the deterioration of infrastructure caused by a lack of technical capacity to ensure effective operation, timely maintenance, refurbishment and/or upgrading, pit emptying services and/or insufficient water resources”.

Assessment of determining factors

A quantitative econometric analysis was carried out to try to answer the following question:

- Does water sector related expenditure and the Masibambane programme affect access to water and sanitation facilities?

At a provincial level it is difficult to determine a causal relationship between the GoSA supported programmes (Masibambane) and the outcome variables (percentage of households with access to piped water and percentage of households that have no toilet facility or were using a bucket toilet) since the data is at a high level of aggregation and the outcomes are affected by a large variety of factors. However, to determine whether there is a relationship between the GoSA supported programme and the outcome variables we undertake a quantitative econometric analysis where we attempt to control for a number of factors which may influence the outcome variables.

The box below described the overall approach adopted in the analysis.

Box 15 Overall approach adopted in the quantitative econometric analysis

Two quantitative approaches are used:

- In the first we examine whether water-related expenditure is associated with changes in the outcome variables;
- In the second we employ a difference-in-differences (DiD) methodology to examine whether there are any significant differences in the outcome variables between the provinces where the GoSA programmes were most intensively implemented and other provinces during the period of implementation.

The two **outcome variables** are given at the provincial level and span the period 2002 to 2011. These are the dependent variables in our analysis.

We include the population of the province and the amount of water related expenditure as **independent variables** for the first approach. These are expressed as natural logarithms so that we can interpret them as elasticities.

We also include ‘province fixed-effects’ which **control for factors** which are specific to the province and unchanging over the period. These could be factors such as the geographical characteristics of the provinces, average income levels and even other unobservable characteristics.

In the **DiD approach**, we extend our analysis to include a variable to control for time-specific changes for all provinces during the period of implementation but also a DiD variable which examines whether changes for the provinces where the programmes were most intensively implemented (the Eastern Cape, Limpopo and KwaZulu-Natal) were any different during the period than for all the other provinces. This is the variable of interest in the analysis which will tell us whether the programmes have any significant impact.

The box below provides further details on the specifications used for the econometric analysis.

Box 16 Specifications used for the quantitative econometric analysis

The specification we use for the first approach is:

$$Y_{it} = \alpha_i + \beta_1 \text{Water expenditure}_{it} + \beta_2 \text{Programme expenditure}_{it} + \beta_3 \text{Population}_{it} + \varepsilon_{it}$$

Where:

Y_{it} is the outcome variable of interest (access to water or toilet facilities) which varies by province (i) and year (t);

α_i is the province fixed effect which varies by province (i) and accounts for initial conditions in the province including poverty and infrastructure levels, geographical characteristics and unchanging, or

very slowly changing, observed and unobserved provincial characteristics;

Water expenditure_{it} is the water sector related expenditure²²³, which does not include Masibambane programme expenditure, by province (*i*) and year (*t*). In years and provinces where there was no expenditure by the Masibambane programme, we assign a very small value to this expenditure so that we do not lose observations when taking natural logarithms;

Programme expenditure_{it} is the expenditure for the Masibambane programme by province (*i*) and year (*t*);

ε_{it} is an error term which accounts for anything unexplained by the model.

Of particular interest in this specification is the value of the coefficients β_1 and β_2 which measure the association between water sector related expenditure and the Masibambane programme expenditure and the outcome variable.

For the difference-in-differences analysis, the specification extends the first specification to:

$$Y_{it} = \alpha_i + \beta_1 \text{Water expenditure}_{it} + \beta_2 \text{Programme expenditure}_{it} + \beta_3 \text{Population}_{it} + \beta_4 \text{DiD}_{it} + \beta_5 \text{Period dummy}_t + \varepsilon_{it}$$

The additional variables are:

DiD_{it} is the difference-in-differences dummy variable which takes a value 1 for the Eastern Cape, KwaZulu-Natal and Limpopo provinces during the 2007-2011 period but 0 otherwise;

Period dummy_t is a dummy variable that takes a value 0 for the 2001-2006 period and a value 1 for the 2007-2011 and is constant across provinces.

The coefficient estimate on the DiD variable, β_4 , measures whether the three provinces were relatively different during the 2007-2011 period compared to the previous 2001-2006 period, when compared to the changes in the other provinces.

The table below indicates the results from the first econometric analysis.

In columns (1) and (2) the outcome variable of interest is access to piped water. Column (1) includes all nine provinces and in column (2) the two better-off provinces of Gauteng and the Western Cape are excluded in order to check whether the results are driven by these provinces. The results are consistent across both columns.

The estimates indicate that water sector related expenditure is positively and significantly associated with the proportion of households with access to piped water – more water related expenditure is associated with more access to piped water. The magnitude of the estimate suggests that a 1% increase in expenditure is associated with a 0.025 percentage point increase in access to piped water.

However, *Masibambane* expenditure is negatively related to the proportion of households with access to piped water but this is not significant when Gauteng and the Western Cape provinces are excluded. The coefficient estimates are also relatively small. One explanation for this negative relationship is that *Masibambane* expenditures are likely to be endogenous - they will be highest where the proportion of households with access to piped water is the lowest.

Columns (3) and (4) investigate the relationship between expenditure and sanitation facilities.

As with the first two columns, the results are consistent even when Gauteng and the Western Cape are excluded. These estimates also indicate a significant relationship between expenditure and access to toilet facilities - higher water sector related expenditure is associated with a lower proportion of households with no, or bucket, toilets, and thus better access to toilet facilities. The coefficient estimates on the expenditure variable suggests that a 1% increase in water expenditure is associated with a 0.034 percentage point fall in the proportion of households with poor toilet facilities.

The expenditure by the *Masibambane* programme is not significantly associated with access to toilet facilities and the magnitude of the coefficient estimate is very small.

²²³ To estimate relevant water sector expenditure at local level, the following assumption is made: over the period, relevant water sector expenditure roughly consists of 40% of Local Government Equitable Share (recurrent expenditure), 55% of Municipal Infrastructure Grants expenditure (capital expenditure) and 60% of Consolidated Municipal Infrastructure Programme expenditure (the CMIP programme ended in 2004).

Table 72 Fixed effects estimates of the impact of water sector related expenditure and population size on access to water and toilet facilities

VARIABLES	(1)	(2)	(3)	(4)
	Proportion of households with access to piped water		Proportion of households with no toilet facilities	
	All provinces	Excluding Gauteng and the W. Cape	All provinces	Excluding Gauteng and the W. Cape
Ln(water sector related expenditure)	0.0246***	0.0263***	-0.0341***	-0.0367***
	(0.00465)	(0.00537)	(0.00539)	(0.00601)
Ln(Masibambane expenditure)	-0.00190*	-0.00182	0.00127	0.000549
	(0.000970)	(0.00124)	(0.00112)	(0.00138)
Ln(population)	-0.234***	-0.220**	0.152*	0.0690
	(0.0681)	(0.0866)	(0.0788)	(0.0969)
Constant	4.152***	3.849***	-1.785	-0.443
	(0.996)	(1.270)	(1.154)	(1.421)
Observations	90	70	90	70
R-squared	0.287	0.309	0.404	0.453
Number of provinces	9	7	9	7
Standard errors in parentheses				
*** p<0.01, ** p<0.05, * p<0.1				

Source: Particip GmbH analysis

The table below extends the analysis to investigate whether the provinces where the programmes were most intensively performed any differently to those where the programmes were less intensively implemented. The coefficient estimates on the DiD variable indicate this.

These estimates suggest that the programme had a significant impact - during the period of implementation, the provinces which implemented the programme had on average relatively higher levels of households with access to piped water and relatively lower levels of households with poor toilet facilities. The coefficient estimates indicate seemingly large effects - piped water was 6 percentage points higher and lack of access to toilets was approximately 3.5 percentage points lower on average.

Table 73 Fixed effects estimates of the impact of water sector programmes on access to water and toilet facilities

VARIABLES	(1)	(2)	(3)	(4)
	Proportion of households with access to piped water		Proportion of households with no toilet facilities	
	All provinces	Excluding Gauteng and the W. Cape	All provinces	Excluding Gauteng and the W. Cape
Ln(water sector related expenditure)	0.0197***	0.0210***	-0.0205**	-0.0221**
	(0.00613)	(0.00721)	(0.00815)	(0.00926)
Ln(Masibambane expenditure)	-0.000521	-0.000188	-0.0000766	-0.000761
	(0.000866)	(0.00110)	(0.00115)	(0.00141)
Ln(population)	-0.130**	-0.127*	0.0931	0.0364
	(0.0588)	(0.0747)	(0.0782)	(0.0960)
2007-2011 dummy	-0.0212**	-0.0230*	-0.00732	-0.0108
	(0.00939)	(0.0115)	(0.0125)	(0.0148)
DiD term	0.0619***	0.0628***	-0.0356***	-0.0304*
	(0.0101)	(0.0119)	(0.0134)	(0.0153)
Constant	2.617***	2.503**	-1.041	-0.119
	(0.864)	(1.104)	(1.149)	(1.418)
Observations	90	70	90	70
R-squared	0.525	0.534	0.475	0.514
Number of provinces	9	7	9	7
Standard errors in parentheses				
*** p<0.01, ** p<0.05, * p<0.1				

Source: *Particip GmbH analysis*

Although this analysis suggests that the programmes were associated with better outcomes in terms of the outcome variables, these estimates do not necessarily indicate a causal impact of the programmes on these outcomes. There may have been other types of interventions or changes in these provinces during this period which were unrelated to the programmes which may have caused these changes.

Some qualitative considerations can be developed to highlight such a causal link:

- Since the end of apartheid, the sector has undergone major reforms, both in terms of the provision of water and sanitation services, but also in the management of water resources. All of which has substantially transformed the sector over the last two decades.
- During the period 2000-2011, *Masibambane* has focused on soft issues which have contributed to strengthen the on-going reform process (see also EQ5). *Masibambane* was mainly about strategic programmes complementing infrastructure development, in the hopes of building a foundation for sustainability. In particular, the programme focussed on educating entirely new rural administrations about what water services entail and how to go about it. Hence, its focus on building capacities at local government level and promoting sector collaboration.
- *Masibambane* also funded much of the strategic planning of the sector (such as the Strategic Framework for Water Services and the National Water Resource Strategy), much of the research and development (as distributed by the Water Information Network of South Africa), and a number of innovative pilot programmes (such as the electronic Water Quality System) that DWA did in the regions and within the WSAs..

The *MSB III Final Evaluation*²²⁴ summarises the contribution of the programme as follows: “*Masibambane has provided a programme of sustained support and institution building which, since 2003, has brought together the 21 District WSAs to share their experiences and learn from each other. Together those DMs serve a third of the population - the poorest third - the third prioritized in current government policy. Support provided through Masibambane has been very important to these WSAs.*”

²²⁴ *MSB III Final Evaluation* (2012) - p.157-159.

This is where the value of the Masibambane approach has been so profound: in bringing together municipal roleplayers in workshops and regional forums to share information, municipalities learn about their roles and service options... Masibambane support has greatly assisted in accelerating the pace of infrastructure development to eradicate backlogs, with extensive support from DWA, DPLG/CoGTA/DCoG, DBSA and others helping municipalities to plan their capital development programmes and 'unlock' access to MIG, RBIG and ACIP funding and project management implementation".

A good example of why the backlog remains so difficult to eradicate, particularly in rural South Africa, can be seen in the following case study²²⁵:

"The Greater Eston Water Supply scheme which lies to the south east of Pietermaritzburg has an approved business plan budget of R272,3 M, which comes to R52 824 for each of the 5 155 families to be served, excluding VAT. This is substantially higher than the R10 000 per family that is considered by Water Affairs to be the national norm for new water services. The terrain covered by the project is rugged and the settlement is dispersed. In cases like this, one can possibly question whether there might not be more appropriate levels of service that would be more affordable and sustainable (e.g. spring protection, hand pumps and rainwater harvesting)."

The 2012 study carried out by DPME on the state of sanitation in South Africa also indicates: *"Poor planning across government from a national strategic level through to the site level as well as inadequate resources for both the capital costs as well as on-going maintenance costs are some of the root causes of failure in regards to sanitation service delivery."*

In general, whilst access to water infrastructure has improved, the quality and quantity of the services have deteriorated; primarily operation and maintenance has failed to keep up with the installation of services. This is particularly visible in provinces such as Limpopo which was visited by the evaluation team in early 2013. As one interviewee noted *"municipalities were incentivised politically and by capital grants to focus on expanding coverage, and radically under-estimating what it takes to keep services working"*. The lack of capacities of certain key local stakeholders to assume new roles and responsibilities in service delivery has thus remained a major obstacle. In particular, in several areas, the system has expanded so rapidly that this could not be matched by a comparable expansion of capacities to sustain these developments. The 2012 DPME study on the state of sanitation in South Africa also notes: *"The speed with which the bucket eradication programme was implemented did not allow municipalities sufficient time for proper feasibility assessments and project life cycle planning."*

7.1.2 I-713 Decrease in schools without access to basic water supply facility

Background

The box below provides some background information on access to a basic water supply facility in schools.

Box 17 *Background information on access to a basic water supply facility and access to a basic sanitation facility in schools*

Children need reliable access to safe drinking water to prevent illness and promote health and hygiene²²⁶. As most children attend school for seven hours a day, five days a week, it is crucial that they have access to an adequate supply of potable water while at school. Research has shown that poor learning environments are linked to low levels of teacher morale, poor learner performance and high drop out rates²²⁷.

Access to sufficient water is recognised as a right in the South African Bill of Rights and in international human rights treaties such as the United Nations Convention on the Rights of the Child. If children do not have access to safe drinking water at school, their right to water is not being realised. This also impacts on their right to health, as illnesses spread rapidly in crowded conditions. It is therefore vital that children can wash their hands after using the toilet and before touching food. Poor water supply can also impact on children's right to basic nutrition because water is needed to prepare the food and the nutritious drinks provided by the National School Nutrition Programme, which is made available to primary school children in poor areas of South Africa.

In 2003 South Africa adopted 19 targets for the water sector as part of its Strategic Framework for Water Services (SFWS), one of the key targets was around provision to schools, namely: *All schools have adequate and safe water supply and sanitation services by 2005.*

²²⁵ MSB III Final Evaluation, p. 82.

²²⁶ IPEC ILO (2012), *SOUTH AFRICA - The impact of water service delivery on children's livelihoods, especially on their school attendance and performance* / International Labour Organization, International Programme on the Elimination of Child Labour (IPEC) - Pretoria: ILO, 2012 - vol. 1.

²²⁷ South Africa: School Toilets in Shocking State By Anso Thom, 2 May 2013 <http://allafrica.com/stories/201305021370.html> (accessed 25 May 2013).

In 2004 the South African Human Rights Commission released a report 'The Right to Education' which noted that schools in the Eastern Cape, Limpopo and KwaZulu-Natal provinces were the most affected by backlogs in infrastructure. As noted previously these were the three provinces targeted by the *MSB* programme and were thus provinces which the programme targeted in terms of helping to provide adequate and safe water and sanitation services.

However, it is important to note that the primary responsibility for the provision and operation of water and sanitation services at South Africa's state schools lies with the Department of Basic Education (DBE). Treasury made a special allocation of R 950 M available for the period 2007 to 2010 to improve the quality of water and sanitation in South African schools; the Department of Water Affairs was requested to assist with the implementation of the resulting programme. The schools allocated to the DWA were those with:

- no access to water and/or sanitation services;
- water and/or sanitation services that were partially functional/non-functional and requiring in excess of 50% refurbishment/replacement works to be performed to allow the proper functioning of the water service facilities;
- sanitation facilities that were considered to be hazardous and unsafe.

All schools outside of the above criteria were and are being addressed by the DBE. All schools allocated to the DWA were verified by DWA's regional offices to ensure that they fitted the above criteria. By April 2010 the DWA-implemented Schools Water and Sanitation Programme had come to an end. The Masibambane Quarterly Report (3rd Quarter 2010/11) states that in the three years since the 2007/08 financial year, a total of 2,879 schools were provided with water and 3,565 were provided with sanitation facilities by both the DWA and the DBE. The DBE continues to provide water and sanitation facilities to schools.

The intent of this indicator is to assess to what extent there was a reduction in the number of schools with no access to water.

Approach to data collection and analysis

Quantitative variable	Source	Availability of data
Proportion of schools with no access to water	National Education Infrastructure Management System (NEIMS)	1996*; 2000*; 2006; 2009; 2011

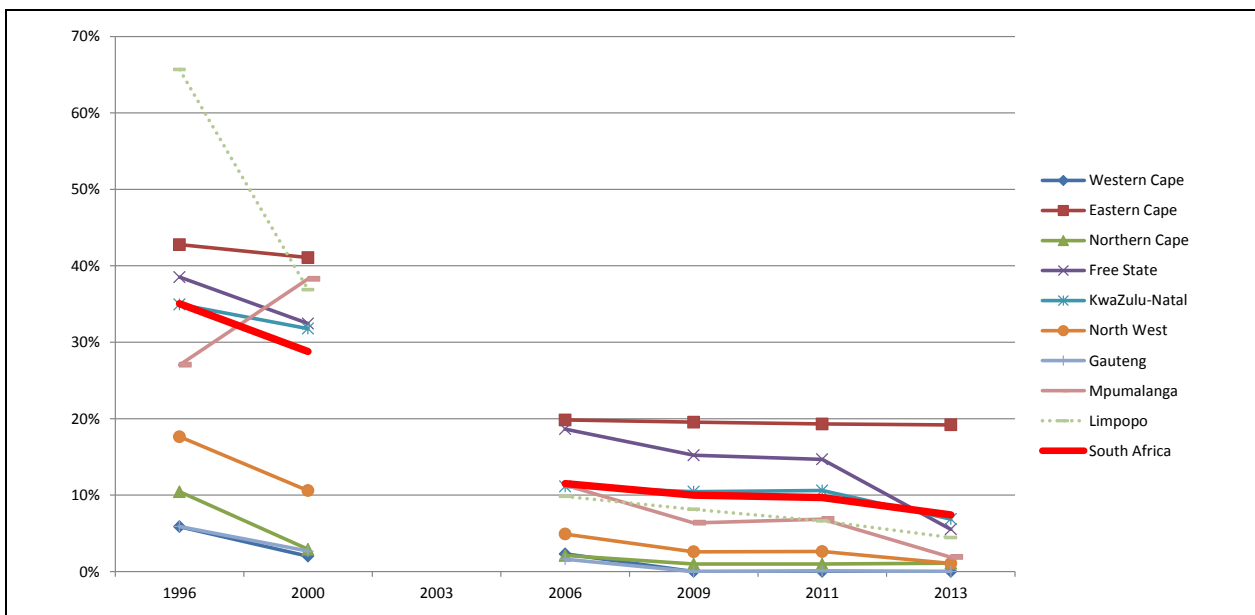
*for the years 1996 and 2000 the data actually comes from the direct reporting from the provinces.

Overview of the evolution in development outcomes

As illustrated in Figure 32, the situation has substantially improved in all provinces over the period under evaluation. The improvement is even more striking if we look further in the past; yet, it should be noted that the data prior to 2006 relates to information reported by provinces themselves (and thus not through surveys carried out by the national department of education).

It is noteworthy that, in recent years, some provinces (e.g. Eastern Cape) still experienced a relatively high proportion of schools with no access to water.

Figure 32 Proportion of schools with no access to water (provincial and national level)



Source: own calculations based on data from NEIMS

Assessment of determining factors

Improvements certainly due to efforts by GoSA (National Department of Education supported by DWA). However, backlogs remaining in part due to the Apartheid legacy and in part due to other factors described below. Many of the inequalities created during Apartheid remain today – in other words the separate education ministries with their separate budgets for different races, and the separate education departments set up in each homeland. This system ensured that during the Apartheid period previously white schools received more funding than schools in black, coloured and Indian communities. Apartheid policies therefore left a legacy of large school infrastructure backlogs in what were formerly black areas while provision in formerly white schools appears relatively lavish, with schools provided with well-equipped laboratories and irrigated sports fields. Thus experts have argued that the backlog was so huge recent attempts have simply been inadequate²²⁸.

Moreover, the context of shrinking education budgets, provincial education departments often have to make difficult decisions about who constitutes the prime recipients of redress. Coupled with weak administration (many of inherent from homeland days) a provincial education department that does not know the true extent of the backlog could with justification be regarded as not well placed to eliminate such dire needs. Therefore, it appears in terms of the implementation of addressing this backlog administrative weaknesses may prolong the time it takes to access deserving poor school communities to build school water and sanitation facilities.

However, the apartheid legacy only provides a partial explanation. Experts have also identified the on-going legislative confusion about responsibility for schools persists²²⁹ and the inability of provincial and local governments to provide effective basic services (as already articulated elsewhere in this report). With respect to legislative confusion:

- the constitutional distinction between basic, compulsory education on the one hand, and further education and training on the other, seems to have been eroded by subsequent education policy and service delivery strategies
- consequently, in the allocation of funding, priority is accorded to basic education in some parts of the legislation but not others
- provincial departments have also not responded to the constitutional distinction between basic and further education.

In addition, there is no formal definition of “what makes a school a school”. Nowhere does law or policy define what a school in South Africa must consist of and thus no norms or standards exist with regards to infrastructural provision for schools. According to education policy experts binding minimum norms and standards would set the basic level of infrastructure every school must meet in order to function properly²³⁰. This would include toilets, running water, electricity, libraries, safe classrooms, sports fields and perimeter security. Such standards would enable the national minister to set a standard for provinces to work towards, and against which to be held accountable, and would similarly enable communities to hold government officials accountable.

As noted in the findings provided above there is a strong rural urban divide in terms of water and sanitation backlogs for schools. This is because many of the rural schools (such as those in the Eastern Cape) are located in remote villages with no proper access roads, no access to running water and located far from the ESKOM grid, which has contributed to slowing down efforts to eradicate the backlog. Other reasons cited for the slow progress include suppliers not prepared for the amount of material the programme demanded and this resulted in huge shortages of some material contractors failing to get the level of skilled workers necessary to complete the work in these remote areas²³¹.

7.1.3 I-714 Decrease in the number of households who pay for water

Background

The box below provides some background information on number of households who pay for water.

²²⁸ Graeme Bloch (2009) *The Toxic Mix: What's wrong with South Africa's schools and how to fix it*. Tafelberg: Cape Town.

²²⁹ Russell Andrew Wildeman (2002) *Infrastructure Provisioning in Schools and the Right to Basic Education*, <http://www.erp.org.za/htm/issue2-1.htm> (accessed 16 June 2013).

²³⁰ For more on this debate see <http://www.equaleducation.org.za/campaigns/minimum-norms-and-standards>

²³¹ See the Accelerated School Delivery Initiative (ASDI) Brief (April 2013, Vol 1), <http://www.education.gov.za/LinkClick.aspx?fileticket=RXlvqXTee1k%3d&tabid=861&mid=2410>. See also and also Osiame Moelefe (19 June 2013), 'Crisis or challenge, school infrastructure is nowhere near where it should be', <http://www.dailymaverick.co.za/article/2012-06-19-crisis-or-challenge-school-infrastructure-is-nowhere-near-where-it-should-be/#.UdkRpuvHQSR> (accessed 19 June 2013).

Box 18 *Background information on number of households who pay for water*

As previously noted, the South African constitution establishes access to potable water as a basic right for all South Africans. To implement this constitutional right, GoSA enacted the Free Basic Water (FBW) policy and directed municipalities to provide poor households with access to sufficient water free of charge in 2001. The Equitable Share, a government grant that redistributes tax revenue from the central government to the provinces and municipalities, was designed to help municipalities cover the costs of providing basic services, such as access to clean water, to their poor households. However, government policy also directed municipalities to provide and price water in a way that would generate enough revenue to cover the operating and maintenance costs of providing water not met by the Equitable Share and other grants.

During the RDP, it was determined that the FBW policy equated to six thousand liters of potable water per household per month as the minimum amount of water needed to meet the basic needs for a household of eight people, assuming the need for 25 liters per person per day. Additionally, 200 meters was the maximum distance that the water source could be from a dwelling, and 10 liters per minute was the minimum flow rate that could still be considered meeting the basic water service standard.

Traditionally, water has been regarded as a free resource in South Africa. Any costs for water are usually associated with the cost of processing and delivery alone, rather than allocating any intrinsic value to the resource. It has been argued that, without a satisfactory pricing mechanism, consumers have no motivation to use water more efficiently, as they receive no indication of its relative value on the market. Thus, there is growing interest internationally in the use of water pricing to curb demand, as well as to generate revenue to cover the cost of providing water supplies and maintaining infrastructure.

However, as a result of FBW policy, there is still a strong reluctance amongst many South Africans to pay for water services.

Thus the intent of this indicator is to assess whether or not there has been a decrease in those who are paying for water (in line with the FBW policy).

Approach to data collection and analysis

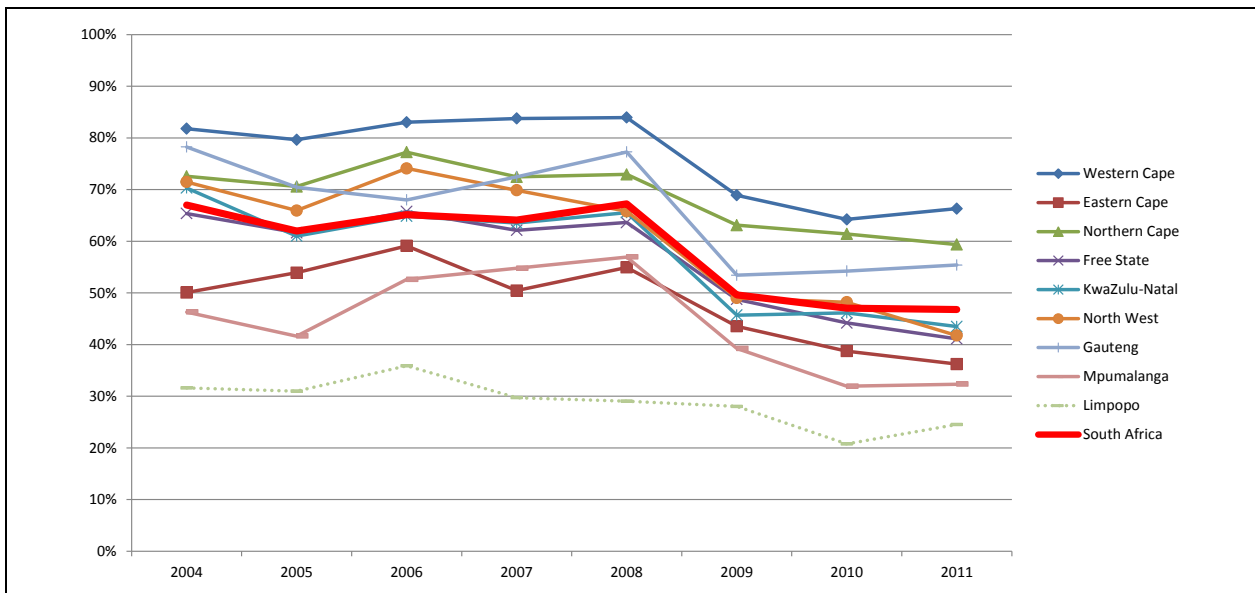
Quantitative variable	Source	Availability of data
Percentage of households paying for water (provincial and national level)	GHS (question: Does the household pay for water?)	2004-2011

Overview of the evolution in development outcomes

Overall, decrease in the number of households who pay for water.

As illustrated in Figure 33, there was an overall decrease in the percentage of households paying for water during the period 2004-2011. The decrease actually took place in the period 2008-2011. From 2004 to 2008, the situation was actually stable in most provinces.

Figure 33 *Percentage of households paying for water (provincial and national level)*



Source: own calculations based on data from the GHS survey

Assessment of determining factors

The decrease in the number of households who pay for water, as illustrated above, in the period 2004 to 2011, is influenced by a number of factors, many of which were outside the control of *Masibambane*. It is important to note that the means to fund the policy were from the Equitable Share, which was overseen by National Treasury and outside the ambit of *MSB*. Moreover, with the rise in the clout and

autonomy of municipalities – fuelled by rapid increases in the Equitable Share and MIG funding – DWA’s profile as the driver of water services successes has diminished. Thus many of the gains made must be seen as the consequence of the efficacy in spending money demarcated for this purpose.

However, the implementation of the policy, (as noted in both the *MSB II* and *MSB III* final evaluation) has been facilitated through guidelines and workshops produced and organized by *MSB*. It has already been noted that *MSB* played a key role in empowering and transforming WSAs to improve service delivery. As part of this initiative, emphasis was placed on empowering WSAs to implement the FBW policy.

The *MSB III* final evaluation for instance noted that “*Masibambane funded the Free Basic Water Special Intervention Programme (fbwSIP), which was a joint initiative of dplg, SALGA and DWA, and was implemented in partnership with Magalies Water and provincial government representatives. The SIP focused on ways of improving municipalities’ bankability, and explored off-balance sheet financing for ring-fenced project loans....the project revealed significant gaps in project preparation resources in government. The project also demonstrated the potential to use project finance as a vehicle to drive a turnaround in municipal performance and management systems, and to offer some ‘tough love’ to municipalities that are not utilising their available resources adequately*” (p.38).

Nevertheless, the policy has come under criticism. Recent research has shown that “*the volumes of water supplied free greatly exceed the amounts specified in municipality’s free basic water strategies, or the amounts that municipalities budget to fund free basic services*”.²³² Moreover, the National Treasury is of the opinion that whilst there has been good progress in extending access to basic water (especially to indigent households), there is a need to moving away from providing services free to all households to ensure sustainability of FBW²³³.

Certainly though, as Muller (2008) noted “*it has helped not only to achieve social equity but also has supported the broader objectives of conservation and environmental sustainability*”²³⁴. Thus, it is not simply about distribution and welfare goals, but the policy is also part of a broader effort to promote efficient use of water in an environmentally sustainable manner, and, for Muller, this means that the policy has been largely successful.

7.2 JC7.2 Improved access to clean water and efficient use of water resources

7.2.1 I-721 Decrease in diarrhoeal incidence under 5

Background

As explained in the 2012 District Health Barometer (DHB):

“*Across all provinces in South Africa diarrhoeal disease is the top cause of child mortality outside the neonatal period. The diarrhoeal incidence under 5 years measures the number of new episodes of diarrhoea in children under 5 years per 1 000 children under 5 years in the catchment population. Although diarrhoea is formally defined as three or more watery stools in 24 hours, in practice any episode of diarrhoea reported by the mother or adult accompanying the child is counted. The reliability of the indicator is further compromised by the fact that it only considers episodes of diarrhoea that are reported to a health facility and ignores those episodes treated at home.*”

Approach to data collection and analysis

Quantitative variable	Source	Availability of data
Average number of new cases of children (under 5) with diarrhoea per 1000 children	District Health Barometer (based on DHIS)	2003-2010

Overview of the evolution in development outcomes

There is an overall increase of diarrhoeal incidence under 5 in the period 2003-2008 and a decrease in the period 2008-2011.

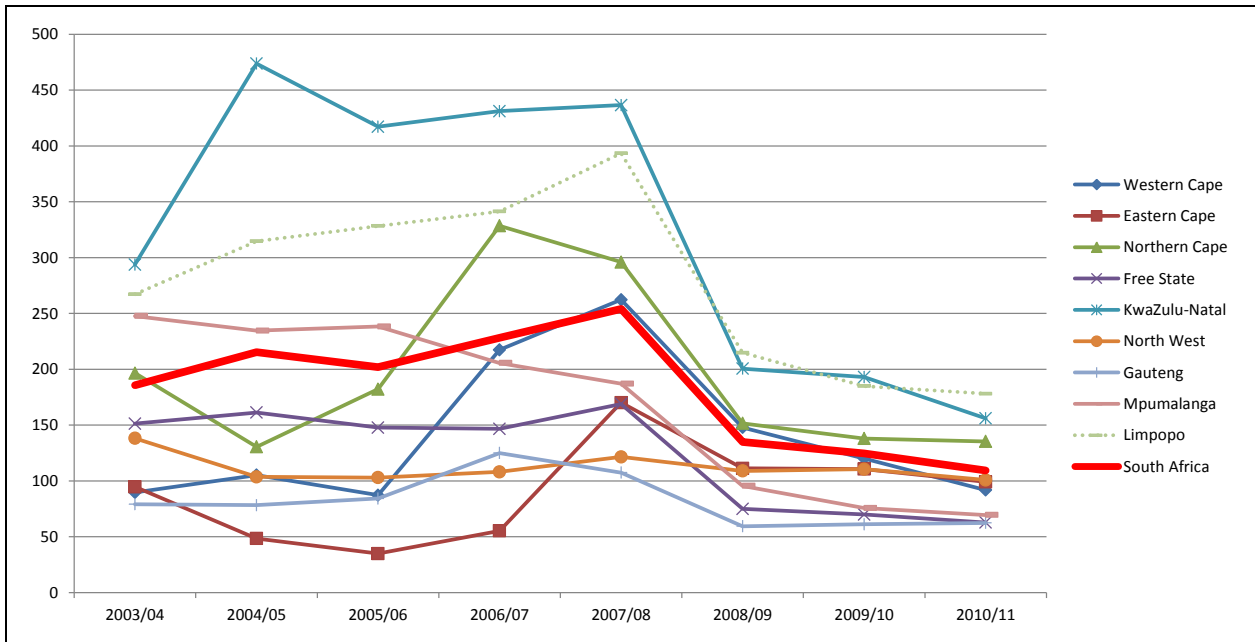
As illustrated in Figure 34, the situation worsened in most provinces during the period 2003-2008 but then dramatically improved in the period 2007/08-2010/11.

²³² See *MSB III* Final evaluation (p.171 – 172) for more discussion of this issue.

²³³ National Treasury (2011), 2011 Local Government Budgets and Expenditure Review, Chapter 8, p. 133.

²³⁴ Muller, Mike (2008), ‘Free basic water – a sustainable instrument for a sustainable future in South Africa’, Environment & Urbanization, International Institute for Environment and Development (IIED). 67 Vol 20(1): 67–87.

Figure 34 Average number of new cases of children (under 5) with diarrhoea per 1000 children (provincial and national level)



Source: own calculations based on data from the District Health Barometer (based on DHIS)

A number of reporting bias and data quality issues were pointed by the DHIS and DHB staff contacted in this evaluation. Beyond some weaknesses in terms of monitoring systems and quality of reporting before 2008, there is the issue that the definitions of monitored indicators were not always clear to staff in charge of reporting at local level, e.g. if a child visit a clinic and hospital with the same episode of diarrhoea, both will record it as a new case of diarrhoea.

Despite this reporting bias, there is an overall recognition that diarrhoea incidence under 5 has significantly dropped in recent years.

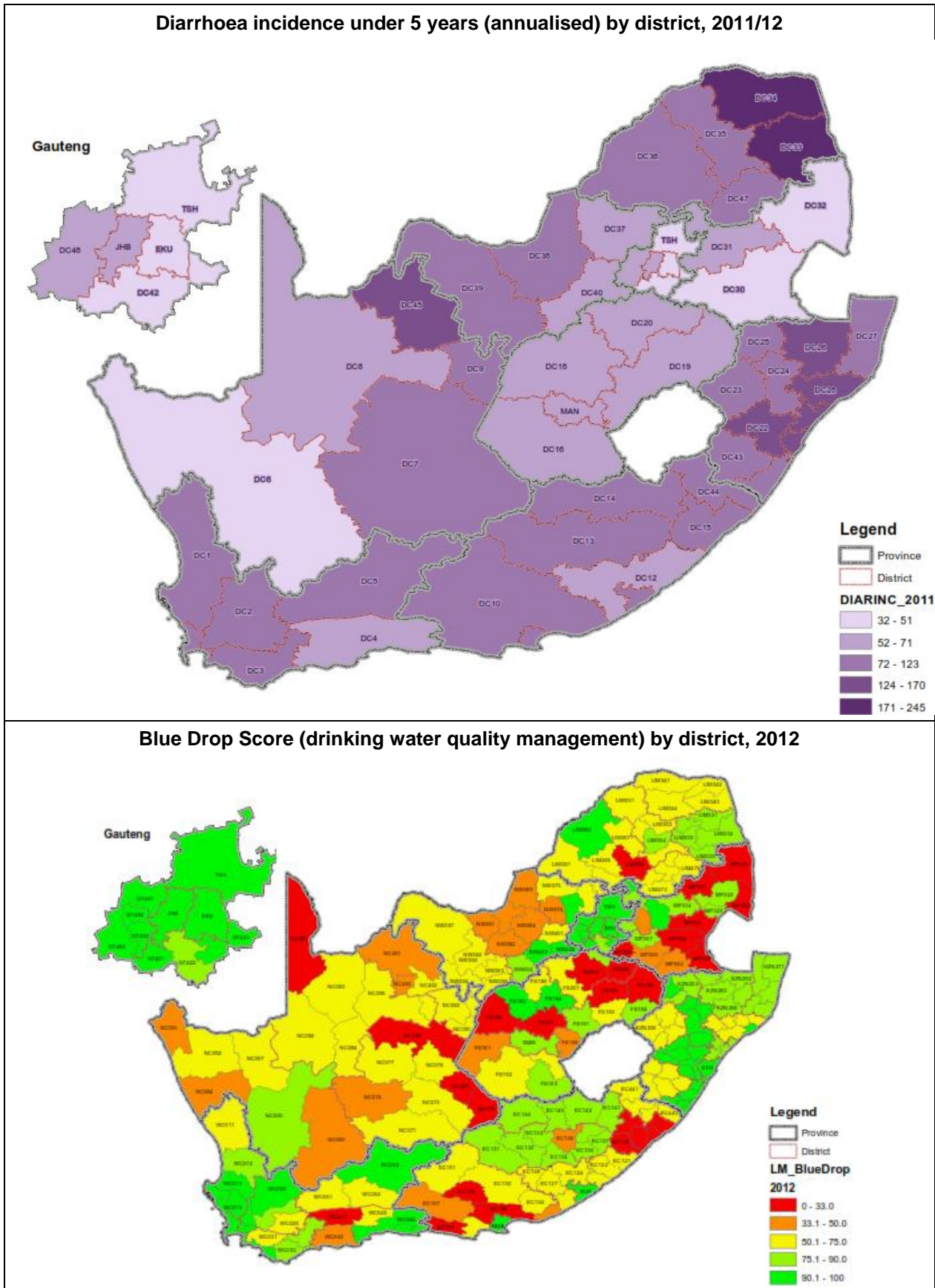
Assessment of determining factors

The 2012 District Health Barometer (DHB) indicates:

“The clustering of districts with a high incidence of diarrhoea in these two provinces is illustrated in the Map below that, when compared with the Blue Drop Score²³⁵ for quality of drinking water in Map 3, shows no correlation between the incidence of diarrhoea and the Blue Drop Score. Ehlanzeni and Gert Sibande (both MP), which have the two lowest incidences of diarrhoea, both have a majority of sub-districts with a Blue Drop Score below 33%. This possibly reflects access to reticulated water rather than the quality of this water.”

²³⁵ The Blue Drop Score is a composite index based on several measures of Drinking Water Quality Management (DWQM) processes at water treatment works. A score of less than 33% is an indication of inadequate DWQM efficiency.

Figure 35 Comparison of diarrhoea incidence under 5 and blue drop score



Source: 2012, DHB (published by Health System Trust)

The incidence of diarrhoea is considered to be closely linked to socio-economic factors and household practices. It is also recognised that environmental factors and improved health services, could have a

significant influence: environmental factors and quality of water can explain the high level of diarrhoea incidence in certain provinces.

But other factors play a more determinant role on the evolution of incidence over time. It turns out that the most likely main explanatory factor for the overall positive evolution of the indicator in recent year is a vast health intervention implemented by the GoSA, namely the introduction of a vaccine against rotavirus in 2008. The article 'An Overview of Health and Health care in South Africa 1994-2010: Priorities, Progress and Prospects for New Gains' (2009, D. Harrison) explains: "*The introduction of a vaccine against rotavirus in 2008 should significantly reduce the incidence of childhood diarrhoeal disease requiring medical attention.*"

However, the article also explains that "*these gains could be offset by deterioration in municipal water supplies. Although the Department of Water Affairs notes a high degree of compliance with national health standards of water quality (94%, DWA 2009), the experience of Ukhahlamba district in the Eastern Cape, where 80 infants died of contaminated water in 2008, points to the need for heightened vigilance and pre-emptive action between the Department of Health and local municipalities.*"

7.2.2 I-722 Improvement in the quality of the water consumed by domestic users

Background

The box below provides some background information on the quality of the water consumed by domestic users.

Box 19 Background information on the quality of the water consumed by domestic users

In South Africa, water is a human right and it is acknowledged that having access to clean water is one of the first steps towards reducing poverty and improving the standards of living, especially in poor communities. All domestic water supplies have to comply with the South African National Standards specifications (SANS) 241, which meets all international drinking quality standards. Although all municipalities are legally required to monitor their drinking water quality, owing to lack of capacity, not all municipalities do so on a continuous basis.

In 2005 DWA released its Drinking Water Quality Framework for South Africa which noted its own research showed an unacceptably high incidence of poor drinking water quality in non-metro South Africa. The report cited a number of reasons for the poor quality of drinking water standards, including:

- A lack of understanding by Water Services Authorities (WSAs), regarding the requirements for successful drinking water quality management;
- Poor management including monitoring of drinking water services;
- Poor infrastructure management;
- Insufficient WSA institutional capacity (staffing, funding, expertise, education); and
- Inadequate interventions to tackle poor drinking water quality when identified.

In response, the DWA instituted a drinking water quality regulation programme, with the aim of ensuring the improvement of tap water quality through compliance monitoring, which subsequently led to the initiation of an incentive-based regulation programme, termed the Blue Drop certification system, that began in September 2008. Blue Drop certification aims to test the quality of drinking water provided by South African municipalities and water authorities. Only municipalities that score 95% and above are awarded Blue Drop status. In 2010 municipalities were assessed on nine criteria instead of six, with water safety plans, asset management and drinking water quality performance introduced as new requirements in the year.

The 2011 Blue Drop report, released in June 2012, indicates a general trend of improvement in the management of drinking water quality, with 914 water supply systems in 162 municipalities assessed in 2011, compared with 787 systems in 153 municipalities in 2009, showing a marked improvement in submissions by municipalities.

The intent of this indicator is to establish to what extent these efforts have convinced domestic users that the quality of their water is safe.

Approach to data collection and analysis

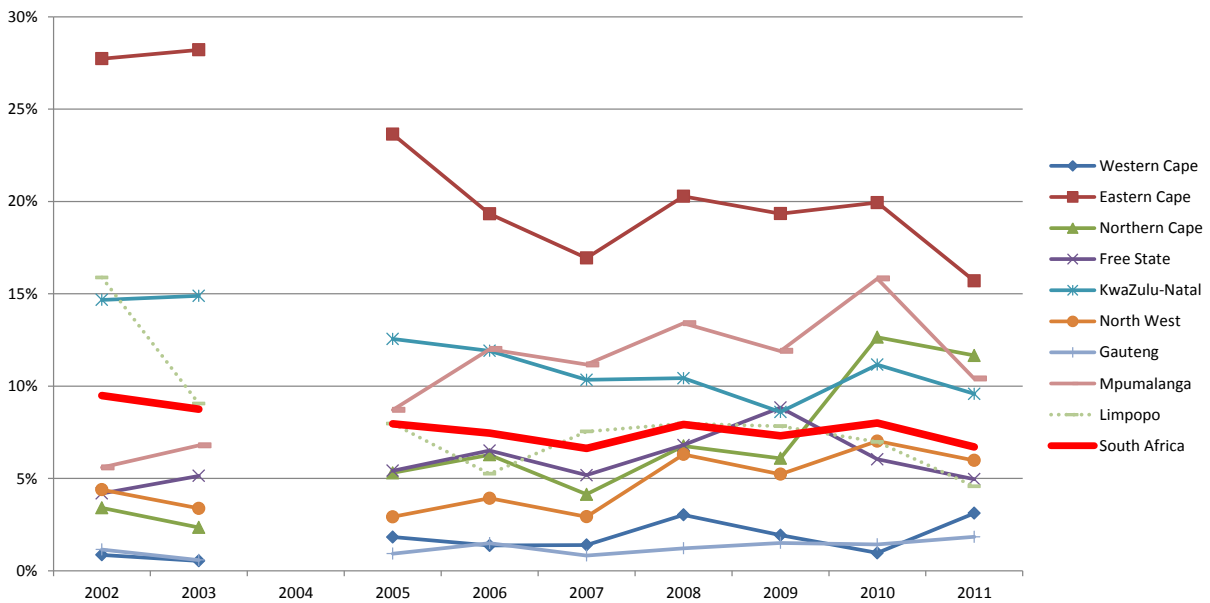
Quantitative variable	Source	Availability of data
Percentage of households with water from the main source not safe to drink	GHS (question: <i>Is the water from the main source of drinking water safe to drink?</i>)	2002-2011 (data not available for year 2004)

Overview of the evolution in development outcomes

Contrasted evolutions from one province to another and no major improvement in the quality of the water consumed by domestic users at national level.

As illustrated in Figure 36, the situation worsened in some provinces during most of the period (e.g. Mpumalanga, North West) and improved in other provinces (e.g. Eastern Cape, Limpopo). There is no major evolution at national level in recent years.

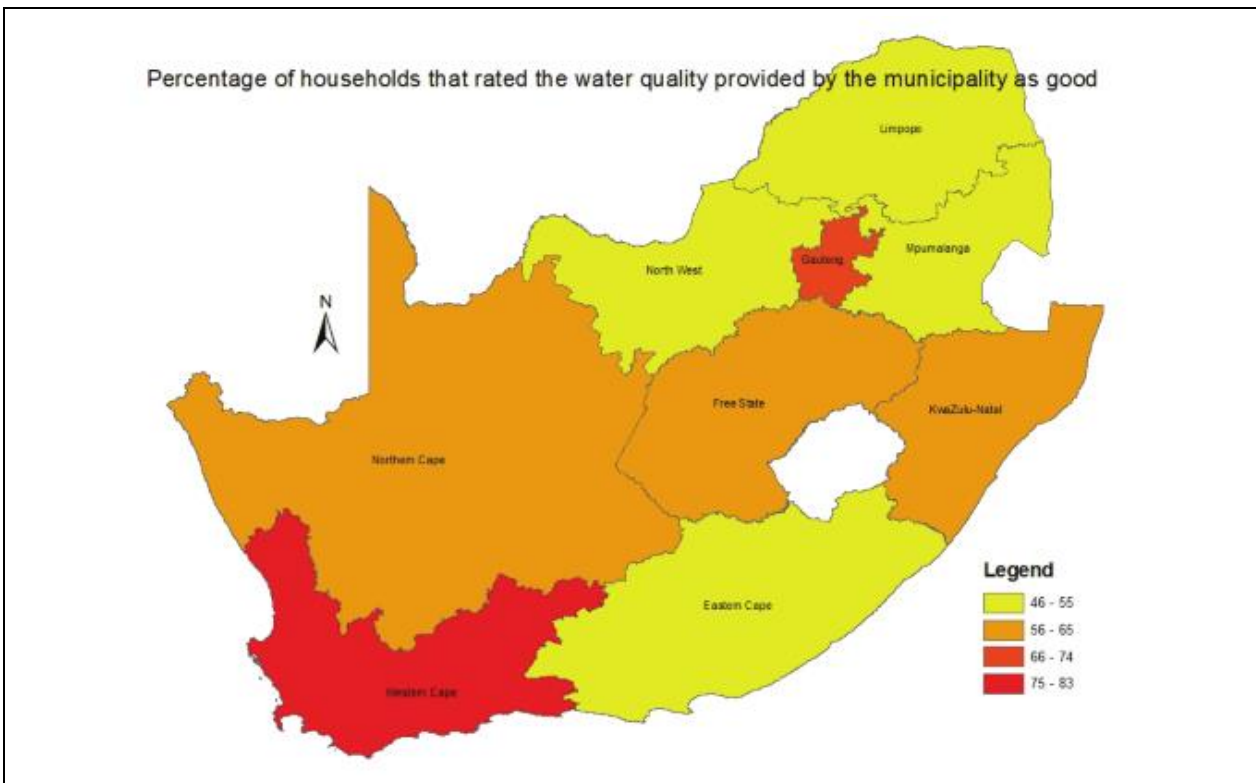
Figure 36 Percentage of households with water from the main source not safe to drink (provincial and national level)



Source: own calculations based on data from the GHS survey

As shown in Figure 37, the country presents a contrasted situation in 2011. Not much more than half of the residents in Northern Cape (59.3%), Free State (59.3%) and KwaZulu-Natal (61.2%) rated water services as good. Fewer residents perceive the water of good quality in several other provinces such as: Limpopo, North West, Mpumalanga or Eastern Cape.

Figure 37 Percentage of households that rated the water quality provided by the municipality as good, 2011



Source: GHS survey 2011

Assessment of determining factors

During MSB III (2007-2010), DWA shifted decisively away from providing direct support to municipalities, in favour of an emphasis on its own water services regulatory mandate; the Blue Drop

programme has been a major success of this initiative. The initiative not only moved the discussion away from simply monitoring the quality of drinking water, but to actually ensuring systems and procedures were in place to effectively respond to the monitoring information. Thus *MSB* has been actively involved in providing a more holistic approach to water quality.

However, as noted in more detail elsewhere in this report, the under investment in the operations, maintenance and refurbishment of water service infrastructure has undermined the efforts of *MSB*. As one researcher noted if the quality of water entering a reticulation system is poor, it usually indicates that there are operational problems with the treatment plants, either in the forms of plant breakdowns, poor maintenance or delayed maintenance, and plants operating at above their build capacities²³⁶.

Thus although *MSB* played a key role in ensuring the sector focused on water quality issues, the deterioration of sector infrastructure and the shortage of appropriate skills in the sector is undermining this good work.

7.2.3 I-723 Reduction in water lost through leakages

Background

Water lost through leakages in a water resource poor country as South Africa has obvious implications, it reduces a scarce resource further, it prevents municipalities from acquiring revenue, and it profoundly affects attempts to manage water resources. Moreover, for the user water leakages often lead to a variable water supply, which means there could be certain hours or even days when no water is provided to the consumer.

Therefore the intent of this indicator is to establish to what extent water lost through leakages has been reduced.

Approach to data collection and analysis

Variable	Source	Availability of data
Reduction lost through water leakages	A qualitative assessment will be made in the next phase of the evaluation drawing on reports such as The State of non-Revenue Water; ²³⁷ SAICE Water Infrastructure Report Card. ²³⁸	2003-2010

Overview of the evolution in development outcomes

Three studies have been conducted during the period 2002 – 2010²³⁹, with a fourth conducted in 2012, based on these studies the following can be deduced:

- In 2002 the Non-Revenue water as a percentage of the system input was estimated to be 23%, the Physical Leakage was estimated to be in the order of 16% of the system input;
- In 2005 the Non-Revenue water as a percentage of the system input was estimated to be 27.8%;
- In 2006 the Non-Revenue water as a percentage of the system input was estimated to be 29.2%;
- In 2007 the Non-Revenue water as a percentage of the system input was estimated to be 30%;
- In 2008 the Non-Revenue water as a percentage of the system input was estimated to be 33.8%;
- In 2009 the Non-Revenue water as a percentage of the system input was estimated to be 35.3%;

²³⁶ National Treasury (2011), 2011 Local Government Budgets and Expenditure Review, Chapter 8, p. 138 – 140.

²³⁷ http://www.wrp.co.za/sites/default/files/event_attachments/WaterWheel_2013_1_Jan.pdf

²³⁸ http://www.csir.co.za/enews/2011_jun/download/infrastructure_report_card_sa_2011.pdf

²³⁹ McKenzie, R. and Lambert A. (2002). Development of a simple and pragmatic approach to benchmark real losses in potable water distribution systems in South Africa: BENCHLEAK. Report TT159/01 published by the South African Water Research Commission, January 2002. ISBN No. 1 86845 773 7. Mckenzie, RS & Seago, CJ. (2005). Benchmarking of Leakage from Water Reticulation Systems in South Africa. Report to the South African Water Research Commission. Report number TT 244/05, ISBN 1-77005-282-8. March 2005. Seago, CJ. & Mckenzie, RS (2007) Non-Revenue Water in South Africa. WRC Report TT 300/07. Mckenzie R., Sikleba ZN., Wegelin WA (2012) 'The state of non water revenue in South Africa, prepared for the Water Research Commission, WRC Report No. TT 522/12.

- In 2010 the Non-Revenue water as a percentage of the system input was estimated to be 36.8%.

Unfortunately, the percentage of physical leakage has only been estimated in 2002 (16% of the system input) and again in 2012, when it was estimated that 25.4% is considered to be lost through physical leakage.

Whilst the authors of these reports do warn that these figures could be misleading and that calculating consumption where no accurate data is kept makes measurement difficult (in fact in some instances it was estimated in the cases where proper data were available and subsequently extrapolated to cover the whole country) the authors do nevertheless believe that *“It appears that the levels of Non-Revenue Water are gradually rising which is obviously cause for concern. Unfortunately it has not been possible to work with a consistent data set over the previous 10 years and it is therefore difficult to draw firm conclusions in this regard. It is anticipated that future assessments will be more reliable and clear conclusions will be possible”*²⁴⁰.

Assessment of determining factors

Some of the main reasons for the increase in Non-Revenue Water are as follows²⁴¹:

- Deteriorating municipal metering and billing systems with resulting increased commercial or apparent losses. An example is the City of Johannesburg that has been trying for the past few years to rectify their billing system while several municipalities have also changed or amalgamated their billing systems with disastrous consequences.
- Deteriorating infrastructure due to aging and lack of preventative maintenance. The reticulation networks in several municipalities have effectively reached the end of their design life and burst pipes are a common phenomenon which results in increased physical leakage.
- Ready access to capital funds has encouraged a focus on new capital projects, often at the cost of sound management of existing infrastructure. The consequences of long-neglected asset management are now impacting directly on service quality, as pumps fail, bursts multiply and wastewater treatment processes are compromised by flow volumes far in excess of available capacity²⁴².

WIN-SA (using MSB funding prepared a series of five case studies on infrastructure asset management in central KwaZulu-Natal, which points to common themes (uThekela Water Infrastructure Refurbishment Series 1- 5, 2011) for why leakages remain a problem, these included²⁴³:

- Poor planning and resource allocation, with cumbersome procurement processes presenting a common stumbling block;
- Poor or ineffective institutional arrangements, particularly where these affect relationships between different organisations (notably between district and local municipalities);
- Very limited institutional memory, with particularly negative implications for maintenance and asset management; and
- Limited political will to focus on service delivery requirements beyond new asset creation. This latter point was illustrated by several informants for this assessment, including one senior municipal official managing water services in a major economic centre who said she struggled to get funds for maintenance, because this was seen as investing further in areas that already had services, whereas many areas were not yet served at all.

Meanwhile, the 2011 SAICE Infrastructure Report Card²⁴⁴ noted a deterioration in the state of water services infrastructure outside of the major urban areas: *“The quality and reliability of basic infrastructure serving the majority of our citizens is poor and, in many places, getting worse. Urgent attention is required to stabilize and improve these.”* It rated the state of water infrastructure in the major urban centres as C plus and wastewater infrastructure as C minus - ‘satisfactory for now’; but it gave all other areas a D minus - ‘at risk’ - for water infrastructure, and an E minus - ‘unfit for purpose’ for their sanitation infrastructure.

²⁴⁰ McKenzie R., Sikleba ZN., Wegelin WA (2012) ‘The state of non water revenue in South Africa’, prepared for the Water Research Commission, WRC Report No. TT 522/12, p.63.

²⁴¹ McKenzie R., Sikleba ZN., Wegelin WA (2012) ‘The state of non water revenue in South Africa’, prepared for the Water Research Commission, WRC Report No. TT 522/12, p.59.

²⁴² MSB III Final Evaluation, p157.

²⁴³ Cited in MSB III Final Evaluation p.159.

²⁴⁴ http://www.csir.co.za/enews/2011_jun/download/infrastructure_report_card_sa_2011.pdf

Whilst access to water infrastructure has improved, the quality and quantity of the services have deteriorated (primarily operation and maintenance has failed to keep up with the installation of services), particularly in provinces such as Limpopo²⁴⁵. As one respondent noted *“municipalities were incentivised politically and by capital grants to focus on expanding coverage, and radically under-estimating what it takes to keep services working”*. Thus both old and new infrastructure is breaking down due to neglected maintenance. As the system has expanded rapidly this has not been matched by a comparable expansion of operational staff with the necessary skills²⁴⁶.

As a result of a strong affirmative action push in the sector there has been a loss of *“the old techies who could fix things, and the almost total breakdown of the old artisan training systems which were essential for producing mechanics, electricians and plumbers”*. This has meant an undersupply of artisans (especially electricians able to fix electro-mechanical - pumps and motors - equipment which is generally the most significant cause of service failure). Moreover, with the increase in the independence of municipalities, as a result of the rapid increases in the Equitable Share and MIG funding, the authority DWA had over local government has declined and thus reduced its ability to resolve these challenges

This has been further exacerbated by many municipalities failing to collect revenues from users. One respondent was of the view that the Equitable share has *“lulled most municipalities into complacency that now they don't have to collect revenue... budgeting officials in local government seem to like to believe that people are just fetching and carrying water from standpipes, and are not noticing the spaghetti of unauthorised connections which drains local tanks and reservoirs and causes network leaks. This also pushes up the bulk supply bill”*²⁴⁷.

Other respondents spoke of how the behaviour towards water in certain communities has shifted, which in turn aggravates the supply of water. Two examples were mentioned:

- *“Because local reservoirs run dry quickly and are frequently empty, people leave the standpipe tap on so that they can see when the water's on; but when the water does come on again, people might not be around to notice and so it just pours out fruitlessly, and the cycle repeats itself as the reservoir empties and so on”*.
- *“Where consumption is low, municipalities don't feel it's really worth their while to bill / meter / collect revenue; and without economic rationing beyond Free basic water, consumption soon climbs. So you commonly find people irrigating their veggies all day from hosepipes rigged up to an unauthorised connection from the supply-line serving a tap stand. So soon the whole system grinds to a halt entirely”*.

7.3 **JC7.3 CSOs and community representatives effectively participate in water sector policy development and implementation**

7.3.1 **I-731 Number of communities (CSO) involved in water resources management**

Background

The box below provides some background information on the involvement of CSO in the water and sanitation sector and esp. in water resources management.

Box 20 Background on the involvement of CSO in the water sector

The 2008 Masibambane Draft Civil Society Strategy emphasizes the **critical role that civil society** (including both NGOs and community based organizations) **plays in the water and sanitation sector** in South Africa. As the strategy notes (and this echoes what can be seen in the MSB III FA) *“A vibrant civil society is generally seen, and is seen by our government, as an important prerequisite for a strong and sustainable democracy in any country”*. CSOs play a number of important roles, such as:

- Giving organised expression to the needs of citizens;
- Holding government and elected officials accountable;

²⁴⁵ South African Institution of Civil Engineering. Infrastructure report card for South Africa 2011 has also emphasized this point. See also 'Challenges in small municipalities' (March 2013) available at [infrastructurene.ws](http://www.infrastructurene.ws) and service delivery, <http://www.infrastructurene.ws/2013/03/11/challenges-in-smaller-municipalities/> (accessed in June 2013).

²⁴⁶ Other challenges mentioned in the literature can be found in Centre for Environmental Rights (2012) 'Stop Treading Water: What civil society can do to get water governance in South Africa back on Track'.

²⁴⁷ One respondent claimed that currently water boards are owed R1.9-bn with several Limpopo boards being the worst offenders.

- Supporting government to achieve its developmental democratic objectives.
- For the water sector, more specifically, the contribution that CSOs can make includes²⁴⁸:
- Facilitating the links between communities and government structures;
 - Identifying local priorities and bringing them to the attention of local authorities;
 - Monitoring whether or not issues raised by communities are being addressed;
 - Supporting and enhancing the further development of water services provision and water resource management in South Africa;
 - Building capacity, raising community awareness; and
 - Promoting the use of appropriate technology.

As one interview respondent noted “CSOs, particularly in the rural areas, are best placed to provide services to the 5% that the state cannot reach”.

Legislation in South Africa, pertinent to the water sector, provides a framework for ensuring that civil society is engaged in both the management of water services and water resources²⁴⁹:

- **Municipal Systems Act** (no 32 of 2000): Chapter 4 specifies that municipalities must make resources available to promote community participation and that it “requires the municipality to develop a culture of community participation and to contribute to building the capacity of the local community to participate in the affairs of the municipality.”
- **Strategic Framework for Water Services** (SFWS): the Strategic Framework sets out various ways in which civil society can interact with both its water service authorities and water service providers, including participatory stakeholder processes around WSDPs and consumer charters. Furthermore, the SFWS explicitly acknowledges the role of “well educated and active” consumers to encourage better service and to alert DWA as the national regulator to areas of concern, stating that “the most important and effective monitoring strategy for the sector is strengthening the voice of consumers”.
- **National Water Act**: the Act legislates community participation in Catchment Management Agencies (CMAs) and Water User Associations (WUAs).

Thus the intent of this indicator is to assess to what extent civil society is participating effectively in the sector to ensure water resource management, both from a quantitative perspective (i.e. how many) but also from a qualitative perspective (i.e. the quality of this participation).

However, no data has ever been collected in a systematic manner to measure this indicator despite it being used as part of the assessment of the variable tranches of *MSB III*. Therefore, a range of qualitative means have been used to assess whether or not there have been any observed changes over time in this outcome and to identify determining factors.

Approach to data collection and analysis

As no quantitative data is available for this indicator, a qualitative assessment was carried out. The analysis was mainly based on informed opinions of representatives of CSOs interviewed in Limpopo Province and Pretoria, complemented by documentary evidence available in the *MSB III* Final evaluation report, other *MSB* evaluation reports, *MSB* Annual reports and CSO sector reports.

Overview of the evolution in development outcomes

Overall, there is a limited increase in number of communities (CSO) involved in water resources management. Whilst the GoSA supported programmes (esp. *MSB III*) can claim to have supported CSOs in WRM, no meaningful evidence can be found that CSOs were “fully engaged in community awareness programmes” and certainly there is no evidence of how many were “actively engaged”.

Interviews with CSO representatives in Limpopo (May 2013) highlighted that the national legislative commitment has not translated to actions on the ground. Civil society groups have been largely excluded from meaningful participation at either the level of provincial/sectoral level (i.e. they no longer attend water sector meetings) or at local level (i.e. local authorities do not engage civil society organizations in any meaningful way to resolve water and sanitation issues)²⁵⁰. Thus there is little evidence of CSOs ever performing the role that was envisaged of them. In the interviews, CSO representatives emphasized that whereas previously they had been very engaged with WRM issues in the province, but that this was virtually non-existent in recent years. CSO representatives in Limpopo claimed they had not attended a provincial-wide sector forum for more than 12 months

²⁴⁸ As suggested in focus group discussions with CSOs in Limpopo Province, 24/05, and noted in both *MSB II* Final evaluation report and the *MSB III* Final evaluation report (p. 259).

²⁴⁹ *MSB III* Final evaluation, p. 260

²⁵⁰ *MSB III* Final Evaluation Report (pp. 242 – 243) provides a case study of how the role of CSOs in engaging with WRM matters has diminished over time, the case study is of water sector collaboration and co-ordination in the Eastern Cape. The case study noted that whereas the collaboration structures in the provinces once involved all key role players in the sector including CSOs, this is no longer the case.

This is further borne out in the assessments of the variable tranches for MSB III (as mentioned above) which highlight that there was little progress in terms of increasing the number of community participation in water resource management. The scoring for the tranches is tabulated below.

Table 74 MSB III - KPI 10.3: Involving communities in water resources management

Year	KPI target	Achieved
2008 (1 st variable tranche request)	Train 10 CSOs in WRM	Scored 350%
2009 (2 nd variable tranche request)	CSOs engaged in 10 pilot WRM projects	Scored 90%
2010 (final tranche request)	20 CSOs fully engaged in community awareness programmes	Scored 35%

Nevertheless, MSB I final evaluation²⁵¹ observed considerable involvement of CSOs at local community level: "in general, most projects were implemented by DWAF through Implementing Agents who were usually NGO's (in one province 98% of work given to NGOs was given to Mvula Trust), District Municipalities and often BOTT contractors²⁵²".

Moreover, the GoSA supported programme can claim to have supported a number of water resource pilot projects²⁵³. For instance, water resource related CSO projects are listed below.

- Seven water resource-related CSO projects reported from 2009/10 – 2010/11:
 - WC/DM in James Moroka Municipality in Mpumalanga Province;
 - Raising Citizen's Voice, health and hygiene, and WC/DM in the City of Cape Town, Western Cape;
 - Awareness campaigns on drinking water quality aimed at promoting conservation and protection of water resources in Khayelitsha, Western Cape (National Water Week Awareness Campaign);
 - CSOs in the Western Cape coordinated the engagement of school learners in the Adopt-a-River Programme by facilitating a visit to the Eerste River for learners from Khayelitsha to test the water quality of the river (National Water Week Awareness Campaign);
 - Three CSOs in the Eastern Cape implemented Water for Growth and Development projects with a focus on WC/DM, health and hygiene, and environmental awareness.
- Nine water resource-related CSO projects reported from 2008/09 – 2009/10 undertaken in the area of water resource management:
 - Supporting dam affected communities in South Africa;
 - Water quality;
 - Impact assessment of the use of water as a scarce resource in 2010 in the Western Cape;
 - Water service delivery and resource management in the context of climate change;
 - Strengthening civil society advocacy on water issues at local and provincial levels – a Western Cape case study;
 - Catchments management with the focus being on timber monocultures;
 - Rainwater harvesting;
 - Strengthening the South African Water Caucus;
 - Creating wealth in rural and peri-urban communities through small-scale wastewater treatment.

Moreover, MSB III did have some success supporting and promoting a pilot project that, whilst never rolled out completely across the country (due to resource constraints) demonstrated the value of

²⁵¹ MSB I Final evaluation (2004) - p. 95.

²⁵² 'BoTT contractors': private sector partners to Build, Operate, Train and Transfer (BoTT) water schemes under contract.

²⁵³ For other examples see also Klarenber, Geraldin & Masondo, Jabu (2005) 'Masibambane Civil Society Support Programme: Good Practice of Civil Society Organisation Involvement in Water Services Delivery.

involving CSOs in WRM related issues. This can be seen in the following case study from the *MSB III* Final Evaluation report (section 6, p.270).

Box 21 Case study on Citizens' Voice (Water sector)

The "Raising Citizens' Voice in the Regulation of Water Services" was first initiated by the National Regulator within DWA and conducted in four Cape Town township areas as a pilot project. The basic concept was to empower citizens through a phased training process so that target communities could engage knowledgeably with water issues and hold local government to account. Following the capacity-building period, "user-platforms" (monthly meetings between the municipality and the community) were to be set up to institutionalise on-going engagement between communities and government around water issues.

Based on the success of the Cape Town pilot projects, the City of Cape Town took on "Citizens' Voice" as a fully-fledged Municipal Programme and began rolling it out to other areas. Additionally, DWA decided to fund further pilot projects in Ekurhuleni Metropolitan Municipality (Gauteng) and Msunduzi Local Municipality (KwaZulu Natal). At the same time, *eThekweni* Metropolitan Municipality was inspired to implement and self-fund its own version of Citizen's Voice.

The Citizen's Voice initiatives are in their essence intended to be public accountability mechanisms working for the public. The benefits, however, work both ways. In the areas where it has been successfully implemented, Citizen's Voice projects have resulted in reduced water losses, increased payment levels, and more active citizens within target communities. A key challenge in most areas has been taking the time to engage properly with local government - because without their buy-in, the platforms are unable to work as intended'.

Whilst *MSB I* did not focus on WRM, the evidence from *MSB II* supports the fact that few, if any, CSOs were playing a key role in water resource management. Specific mention was made in the final evaluation report of *MSB II* that CSOs were not being used in monitoring service provision, nor was there much evidence that of community/local labour being used on projects. Moreover, the evaluation found "*Inconsistent participation of CSOs in provincial forums (with little sector funding provided to facilitate access to these meetings)*". In conclusion, the *MSB II* final evaluation reported that "*skills development/capacity building initiatives did not increase number of CSOs actively engaged at local level to assist in delivery of services*" and that there had been "*too much focus on developing capacity and insufficient attention paid to what CSOs could do with their new found capacity (e.g. no resources for M&E, delivery, advocacy, promoting capacity participation) (p.178)*".

Assessment of determining factors

There are three reasons why there has been little observed change in this particular area, namely:

- confusion over the role of CSOs in the GoSA programme (*MSB*),
- the virtual collapse of the component of the programme focusing on CSO during the recent years, and
- the fact that the proposed funding for CSOs, as envisaged in the FAs for the three different phases of *MSB*, was never realized.

Thus CSOs were never properly supported to fulfil the role that was expected of them.

Exacerbating this lack of engagement has been the inability of DWA and other state agencies to provide clear guidance on what role CSOs should play. Interviews with CSOs in Limpopo found that CSOs had repeatedly been offered capacity building training, but much of this training was seen to be "*generic, and of little practical use....and it certainly did not provide us with the means to effectively work in the sector*".

From the outset (as noted in the final evaluation of *MSB I*) there has been confusion over the role of CSOs. The challenges that emerged in the implementation of the programme revolve largely around the nature and extent of civil society participation (p.72 *MSB I* final evaluation): "*The terms 'meaningful involvement' and 'meaningful participation' are used interchangeably*". Subsequent evaluations of *MSB II* and *MSB III* noted that this confusion remained.

Co-ordination of CSOs within *MSB* was also poor. Evaluation reports, interviews and DWA's own documents suggest that CSOs were not effectively coordinated by *MSB*, nor were CSOs effective in organizing themselves.

The scores taken from the assessments of the variable tranches for *MSB III* demonstrate a downtrend, which is symptomatic of the virtual collapse of the CSO programme in the 2009/10 financial year, ostensibly due to funding delays but also due to absence of a meaningful strategy to engage CSOs fully. As the *MSB III* final evaluation concluded that "*the programmatic development of CSOs in the sector has largely failed to take place over the course of Masibambane... Little use made of CSOs to support and enhance the further development of water services provision and water resource management*".

CSOs were never financially supported as the three FAs intended. Interviews with CSOs in Limpopo confirmed that they only received a fraction of what was intended. As noted in EQ4/EQ5, CSOs were expecting up to 25% of the proposed SBS, but only a small percentage was actually disbursed to CSOs. Limpopo CSOs interviewed (24/05) argued that their sustainability had been achieved by Irish Aid withdrawing its targeted funds for CSOs from the sector budget and distributing it directly to the CSOs in the province.²⁵⁴

7.3.2 I-732 Number of Water User Associations established in catchments, to enable localised operational functionality

Background

The box below provides some background information on Water User Associations.

Box 22 Background on Water User Associations

Chapter 8 of the National Water Act (Act no. 36 of 1998) sets out the establishment, powers and disestablishment of water user associations (WUAs). Unlike Catchment Management Agencies, the purpose of WUAs is not water management, but rather by operating 'at a restricted localized level' they are in effect "co-operative associations of individual water users who wish to undertake water-related activities, for their mutual benefit"²⁵⁵. Thus WUAs were to be established at a local level to facilitate local water resource needs. The associations are expected to be financially self-supporting from income derived from water use charges determined and made in terms of the pricing strategy and payable by members (National Water Resource Strategy, 2004, p. 96). Nevertheless, it is the Minister of Water Affairs who establishes and disestablishes a WUA, according to procedures set out in the Act. Moreover, the scope of the WUA is governed by national policies, especially those aligned to national water resource policies and strategy²⁵⁶.

The primary political purpose for the establishment of WUAs, was to transform Irrigation Boards (established during the Apartheid years to deal primarily with the interests of commercial farmers) into more equitable associations that ensure both a more democratic approach to the distribution and use of water, but also to ensure a more holistic and effective approach to sustainable water resource management.

The first two phases of Masibambane, which focused primarily on water services, provided little focus on WUAs. However, the third phase of Masibambane (*MSB III*), which promoted the integration of water services and water resources, did provide support to the establishment of WUAs. Typically, this support was in the provision of service providers/TA who helped facilitate the creation of a WUA. *MSB III* was tasked with intensifying the transformation of Water User Associations as well as strengthening the institutional functioning of WUAs in order to promote stakeholder engagement and empowerment within the management of water resources.

The KPI 9.4 of the *MSB III* FA is formulated as follow "% of Irrigation Boards Transformed to Water User Associations". It falls under KRA 9, namely the "implementation of Integrated Water Resource Management in priority areas". The goal of KRA 9 was that "key planning processes and systems are put in place in priority catchments that will contribute significantly to Integrated Water Resource Management (IWRM) and to the ongoing development of IWRM best practice approaches in South Africa". Almost 300 existing organisations are to be transformed into water user associations and the intention is to complete this process by the end of 2006. As per the *MSB III* FA (KPI 9.4), *MSB III* was set the target of assisting the transformation of 50% of existing Irrigation Boards (IB) into Water User Associations, which at the time of the FA being prepared meant that 139/279 IB were to be transformed during *MSB III*²⁵⁷.

This indicator mirrors KPI 9.4 of the *MSB III* FA. The intent of this indicator is to assess to the number of Water User Associations established in catchments during *MSB*, and whether or not they facilitated the functionality of operations at a local level. The indicator contains both a quantitative component (i.e. the number of WUAs established) and a qualitative perspective (i.e. whether WUAs have enabled local operations). Data has been gathered from DWA reports and variable tranche assessments. This has been complemented with interviews held with members of WUAs and DWA officials who work with WUAs, in addition to existing documentation on WUAs.

Approach to data collection and analysis

The analysis is based on a mix of:

²⁵⁴ *MSB III* final evaluation report (p. 265 – 266) argues that had the EU opted for project support as opposed to SBS, the outcomes would have been more positive. The evaluation report cites the example of Irish Aid, who "withdrew its funds designated for CSO support from the general *MSB* funding pot because it felt that these funds were not reaching CSOs or communities on the ground as they should. Irish Aid then re-distributed these funds as direct programme support to the LINGO consortium of CSOs in Limpopo province".

²⁵⁵ 'Water User Associations', Chapter 8, National Water Act, 1998, p. 98.

²⁵⁶ Thus it is the Minister who receives a proposal for the establishment of a WUA, adjudicates its merit and decides whether to approve the establishment of the WUA. Approval is provided by notice in the Government Gazette.

²⁵⁷ Initially, according to the 2004 National Water Resource Strategy, the plan was to have all Irrigation Boards (IB) transformed by 2006, but the 50% target within the *MSB III* FA was seen to be more realistic.

- quantitative data as provided by DWA records, and
- qualitative information drawn from:
 - interviews with members of Water User Associations,
 - interviews with DWA officials who work with WUAs
 - complementary documentary evidence

Overview of the evolution in development outcomes

Overall, there is a large increase in the number of Water User Associations (WUAs) established in catchments, particularly during the latter half of the period. The integration of WUAs however remains a challenge. Thus greater effort is still required at the level of social transformation to ensure the inclusiveness of, and participation by, new entrants into the process. Moreover, the future sustainability of the changes is threatened by the lack of funding for these newly established WUAs.

Data gleaned from variable tranche assessments and DWA's own records for the *MSB III* programme (KPI 9.4) are tabulated as follows.

Table 75 MSB III - KPI 9.4 “% of Irrigation Boards Transformed to Water User Associations”

Financial Year	Target	Achieved	Difference between Target and Achievement
2007/08	84 Irrigation Boards in total transformed into WUAs (30%)	46 in total transformed (16.5%)	- 15.5%
2008/09	112 in total transformed (40%)	68 in total transformed (23%)	- 17%
2009/10	139 in total transformed (50%)	150 in total transformed (54%)	+ 4%

Source: Variable tranche assessments and DWA's own records

Thus by the time *MSB III* had been completed there were still 129 (46%) IBs to be transformed. The three provinces that were the focal points of *MSB*, showed steady progress between 2001 and 2010:

- KwaZulu Natal had 28 IBs at the outset, and by the end of *MSB* 19 (67%) were still to be transformed,
- Eastern Cape had 33 IBs at the outset, and by the end of *MSB* 9 were still to be transformed,
- Limpopo had 7 IBs at the outset, and by the end only 1 was yet to be transformed.

Interviews with members of WUAs in Limpopo not that whilst DWA have been effective in the creation of WUAs, the total number created does not reflect on whether these WUAs are integrated, whether members (particularly Historically Disadvantaged Individual - HDIs) have been empowered to work within these structures, and whether the WUAs can address local water service and water resource related issues²⁵⁸. Interviews with WUAs found that where historically white Irrigation Boards had been transformed into a WUA, a process which included incorporating previously disadvantaged and excluded communities, the new entrants to the process were yet to be fully integrated into the functioning of the WUA. This is supported by recent research which found that WUAs are typically dominated by commercial farmers and that there is little evidence of any meaningful transformation in WUAs.²⁵⁹

However, this is not always the case. For instance interviews with the Letaba Water User Association (a self-funding organization that covers administration and water management costs by collecting levies from members) has made serious steps to integrate HDIs with support from DWA. Nevertheless issues of HDI participation remain a challenge in this and other transformed WUAs²⁶⁰.

²⁵⁸ A similar point is made in the *MSB III* Final Evaluation (p.110), which noted that ‘the definition of a KPI that measures number of Irrigation Boards transformed reflects fairly directly on progress in this area when viewed institutionally, but does not reflect on internal integration and empowerment of new entrants into the structures’.

²⁵⁹ J.S. Kemerink, L.E. Méndez, R. Ahlers, P. Wester, P. van der Zaag (2013). The question of inclusion and representation in rural South Africa: challenging the concept of Water User Associations as a vehicle for transformation. *Water Policy* 15, p. 243–257. See also “Kemerinka J.S. & al (2012): The question of inclusion and representation in rural South Africa: challenging the concept of Water User Associations as a vehicle for transformation”; “DWA (2011): Report for the common vision for water management institutions workshop”.

²⁶⁰ A similar view was found in Surplus People Project (2008) Water user Associations in the Olifants-Doorn Water Management Area, compiled by Gwendolyn Wellmann.

Interviews with WUAs made up solely of ‘resource-poor farmers’ in Limpopo (May 2013) found that the issue of integration was far less of an issue, and that participation levels were high amongst communities, community members valued the work that WUAs were doing, and WUAs were seen “*to be providing a voice*” for local users. Furthermore, those being interviewed reported that farmers/users have embraced the concept of WUAs as they realise the importance of the need for water resource management (several recent droughts in the province has helped emphasise this point). Moreover, WUAs appear to be widely recognised as an effective means to collectively organise users and develop a common goal for managing water resources locally²⁶¹, but they are powerless. Respondents expressed deep concern that they do not have any power to fine those abusing water resources (such as over irrigating, polluting rivers, destroying riverine vegetation). In addition, respondents reported that they have no means to respond to local water management infrastructural challenges (e.g. collapsed canals, obsolete equipment, silted up dams and so on).

Assessment of determining factors

There are two determinants of the observed changes, the first being the legislative imperative being enforced by DWA (namely the requirement to transform all Irrigation Boards into WUAs) and the second being the acceleration of the transformation process by DWA during *MSB III*.

The *MSB III* Final evaluation presents evidence to show how the transformation process has been accelerated²⁶². This is, for instance, reflected in the rapid progress that the Eastern Cape DWA team has made in transforming a number of irrigation schemes, motivated by expectations from HO, during *MSB III*. *MSB* funds were used directly to support the Eastern Cape programme. *MSB* provided two types of support - the provided consultants to facilitate the social consultation (i.e. bringing local groups together to work out a common vision for their area) and it also provided DWA with the means to host meetings, facilitate disputes and so on. However, interviews with DWA officials found that now that *MSB* has ended DWA has very limited means to help support and strengthen existing WUAs and almost no means to build capacity/shape the setting up of new WUAs.

Moreover, National Treasury’s strict application of the PFMA to WUAs (i.e. they are subject to the requirements of the PFMA) have created difficulties for many WUAs. Whereas DWA has been effective in getting WUAs to emerge, and has provided considerable capacity building support to WUAs, DWA has no means to provide ‘seed money’ to WUAs. Thus WUAs cannot become formal entities (i.e. they have no ‘seed money’ with which to open a bank account, rent an office etc.). Thus it is a vicious cycle – the WUA cannot raise its own money by billing users as the WUA is not formally constituted, but they cannot get constituted properly without some start-up funds.

7.3.3 I-733 Levels of performance of the Users’ Associations and Community management

Background

The previous indicator noted that WUAs were established to create co-operative associations of individual water users who wish to undertake water-related activities, for their mutual benefit and that they would operate at a restricted localized level (Chapter 8 of the National Water Act, Act no. 36 of 1998). Thus they were established to address local level water resource issues, and are de facto meant to serve the needs of local communities. As noted previously, the establishment of WUAs has to be in response to a genuine need of user groups for collective water management. Moreover, they are also required as DWA systematically withdrew from direct water supply operation and maintenance functions, leaving water users on existing irrigation schemes and potential new users to organise into WUAs to ensure continued water supply services. Importantly, as noted above, these associations are expected to be financially self-supporting from income derived from water use charges.

Thus the intent of this indicator is to assess the level of performance of WUAs to ensure effective water resource management. In this instance, performance is not only about identifying water resource related issues but also about the extent to which these issues can be managed and ultimately resolved. No quantitative data has ever been collected in a systematic manner to measure this indicator, therefore a range of qualitative means have been used to assess whether or not there have been any observed changes over time and what are the determinants of this change.

²⁶¹ An example of the value of WUAs has also been explored in detail in Seshoka, J. de Lange, W. Faysse, N. 2004. *The transformation of irrigation boards into water user associations in South Africa: Case Studies of the Lower Olifants, Great Letaba and Vaalharts Water User Associations*. Working Paper 72. Colombo, Sri Lanka: International Water Management Institute.

²⁶² P.201 notes that in the 2010/2011 financial year, DWA has intensified its work on water management institutions (WMLs), including WUAs: “*This is evident as it is in the process of appointing service providers to support the establishment of CMAs and WUAs*”.

Approach to data collection and analysis

Since no quantitative data available, a qualitative assessment was carried out. The analysis was based on informed opinions of representatives of WUAs, CSOs and DWA officials interviewed in Limpopo Province and Pretoria, complemented by documentary evidence available in the *MSB III* Final evaluation report, other *MSB* evaluation reports, *MSB* Annual reports and CSO sector.

Overview of the evolution in development outcomes

Overall, WUAs are being effective in identifying local water resource issues, but many do not have the resources to address the operational and maintenance issues they identify.

Interviews with members of WUAs in Limpopo province gave examples of WUAs performing a wide range of local water resources issues, these included:

- Preventing any unlawful water use (such as supervising and regulating the distribution of water in line with relevant water use entitlements, and ensuring the operation of devices that measure and assist in the diversion of water);
- Regulating the flow of the water course (such as by clearing its channel, cutting back riverside vegetation);
- Monitoring (such as investigating and recording quantity and quality of the water in a water course); and
- Maintenance (such as maintaining waterworks necessary for draining lands and supplying water for irrigation and other water uses).

Literature referred to earlier supports the view that WUAs are currently operating in many region and, are effective in identifying local water resource issues but many do not have the means to intervene to protect water resources if capital investments are required²⁶³.

Interviews with WUAs also highlighted that many WUAs, particularly those which are predominantly made up of 'poor-resource farmers' do not have the ability to be self funding. The effective operation of a WUA is only possible if members are able to pay for the administrative costs of the WUA as well as the operation and maintenance costs of any capital works associated with the WUA. A WUA is therefore normally funded through charges levied on its members called 'water use charges'. Whereas IBs that have been transformed into WUAs typically have mechanisms and means to levy charges, WUAs that have been created from 'resource-poor farmers' do not.

In theory (as per provisions made in the National Water Act of 1998), WUAs can turn to other potential sources of funding, including the proceeds from operating waterworks, direct financial assistance from the DWA or from a CMA. Moreover, a WUA can annually assess charges on its members if its constitution provides for this (these charges must be according to the pricing strategy for water use set by the Minister). However, interviews with WUAs in the Limpopo province found that most WUAs have yet to access these sources of funding and thus have little to no resources to respond to local water resource issues that require investments.

Other challenges raised during interviews with WUAs which have inhibited the effective operation of WUAs include both water quantity and water quality. Water quantity is not only issue in terms of overall volume, but also when there is a variable supply. Respondents in the interviews noted that most WUAs have difficulties managing canals (often very old and therefore leak water), dealing with silted dams, canals and weirs, and also repairing sluice gates. From a water quality perspective pollution remains a significant challenge, especially when the source of the pollution is outside from upstream and outside the boundary of the WUAs.

Assessment of determining factors

DWA has been effective in the establishment of WUAs, and has provided considerable support and guidance in helping in the formation of WUAs and also to begin functioning. Interviews with WUAs found that where Irrigation Boards had been transformed, members of the IBs had shown a willingness to embrace the intentions of the transformation process, made an effort to include previously disadvantaged farmers, women and local government representatives as required by policy. However, meaningful participation remains problematic as new members of WUAs often have had limited exposure to water resource issues and lack the technical competencies.²⁶⁴

²⁶³ Surplus People Project (2008) Water user Associations in the Olifants-Doorn Water Management Area, compiled by Gwendolyn Wellmann; J.S. Kemerink, L.E. Méndez, R. Ahlers, P. Wester, P. van der Zaag (2013). The question of inclusion and representation in rural South Africa: challenging the concept of Water User Associations as a vehicle for transformation. *Water Policy* 15, p. 243–257.

²⁶⁴ This point was also raised in the *MSB III* MTR, p.45.

A further determinant of change, according to those interviewed is that there are questions around the financial viability of many of these WUAs, as they simply do not have the resources. Respondents were of the view that the sector does not have funding to sustain the small WUAs made up of 'resource poor farmers' all over the country. Those WUAs that are likely to survive are those that have taken on functions in, for instance, assisting DWA with billing for water. These WUAs are then able to generate income and are therefore more likely to be sustainable.²⁶⁵

Those interviewed also pointed out that the 'exhausting process' involved in forming a WUA also has an impact on participation levels. The process laid out in the Water Act of 1998 is comprehensive. It includes a rigorous process of validation and verification of water use entitlements, a demonstration that the WUA has the capacity to take on the responsibilities, and a requirement that the WUA can show how service delivery will be improved and so on. Although the 2004 National Water Resource Strategy (p.121) predicted this would be a slow process, and attempted to make recommendations to speed up the process up, this has not resolved the very slow pace of transformation. Typically, according to the WUAs that were interviewed, the process can take five years, and very few have met the one-year target that was initially proposed. The unintended consequence of this slow transformation process is that the patience of those involved has worn thin, and this has negatively affected the effective participation of certain WUAs as they no longer have the trust of all users.

7.4 JC7.4 Gender equality in the water and sanitation sector

7.4.1 I-741 Increase in number of women in top and senior management positions in the Department of Water

Background

The box below provides some background information on gender equality in the water and sanitation sector.

Box 23 Background information on gender equality in the water and sanitation sector

In line with international best practice, all three phases of *MSB* emphasized gender equality, with a particular emphasis on 'gender mainstreaming'. As *MSB III Final Evaluation* (p.8-27) noted, in *MSB* the "emphasis is placed on the inclusion of women in order to attain gender equality in water resources management, as an imbalance results from the prevailing gender biases".

Gender equity is seen as a central pillar in all the main sector policies in the period under discussion. Gender equality is in line with the Bill of Rights as enshrined in Chapter 2 Section 9 of the Constitution of 1996. Moreover, the gender policies in the sector were also guided by the Employment Equity Act (No. 55 of 1998) and the South Africa National Policy Framework for Women's Empowerment and Gender Equality (2000).

Within the water sector, the National Water Act of 1998 (Section 27.1) emphasized "the need to redress the results of past racial and gender discrimination" and "to achieve equitable access for all to the water". Moreover, the Act highlighted the need to redress past inequities with regards to the distribution of water, and the need to promote gender equity in the management of water resources.

Subsequent key policy documents in the sector all emphasized the need for a strong emphasis on gender equality. For instance, the 2003 Strategic Framework for Water Services advocated gender sensitivity in planning, operations, capacity building, communication and institutional reform processes in order to ensure equitable, effective, efficient and sustainable services provision. It clearly states that "Women often bear the brunt of absent or poor water services and hence are key stakeholders in the sector. The needs and responsibilities of women and men in relation to water services and sanitation are often different. There will be a targeted effort to enable women to play a meaningful role at all levels in consultations, planning, decision making and in the operation and management of water services" (DWA, 2003).

The 2004 National Water strategy, and other more recent sectoral policies, emphasize the need for gender equality in water resources management and include the need to involve and ensure that both men and women benefit and participate on an equal footing even in infrastructure development.

A critical feature of the sector's policy response to the Act, and of particular relevance to the analysis under this indicator, was that DWA set a gender equity target, namely that 30% of all staff should be women. DWA and other key sector departments were predominantly run by white males: "white men, mostly engineers, predominantly occupy the bulk of senior positions in the water sector".

The FAs for *MSB* reflect the intent of the programme to align itself to both sector and national policies of gender equality. Thus the FA for *MSB I* stipulated the need for:

- A gender unit within the water services chief directorate of DWAF established.
- The proposed Water Services Sector Support Programme (*MSB I*) will continue to strengthen the role of women in provision of water and sanitation services and in development in general.

Moreover, Rider No. 1 (for *MSB I*) stipulated that under implementation in 2003/2004 the programme will ensure

²⁶⁵ See also *MSB III MTR*, p.76, which makes a similar point.

that “the gender mainstreaming programme is focusing on the development of a national sector strategy for mainstreaming as well as the integration of appropriate key performance indicators into the monitoring and evaluation system. Roll out of the programme to other provinces and continued development of advocacy and promotion materials as well as capacity building and training of sector players”.

Within the FA for MSB II gender was seen as a cross-cutter (as it was in MSB III). The FA stipulated that MSB II is required to:

- Formulate a gender implementation plan;
- Conduct gender mainstreaming awareness raising with stakeholders;
- Promote the empowerment of women with skills which will enable them to take up management positions in the water services sector.

The FA for MSB III also emphasized gender equality’s importance as a cross-cutter, making specific reference to it in the purpose of the programme: “positive participation of women in water resource management at national, catchment, provincial and local levels”.²⁶⁶

However, whilst all three FAs thus emphasized the need for gender equality, no KPIs were ever defined as to how gender equality should be measured or reported upon in the programme. The only reference made by the FAs to measuring gender equality was in the FA for MSB I which required the programme to align itself to DWAs gender policy, namely “at the level of engagement of women in community committee structures, a quota provision of a minimum of 30% has generally been successfully implemented”.

Therefore the intent of this indicator is to establish the outcome in this area, specifically whether or not there was a noticeable increase in the number of women in top and senior management positions in the Department of Water.

Approach to data collection and analysis

A mix of quantitative and qualitative assessments was used for the analysis. For the quantitative part, the following variables were used.

Quantitative variable	Source	Availability of data
Women in Top Management positions in the DWA	DWA Annual reports	2002/03-2004/05 & 2006/07-2011/12
Women in Senior Management positions in the DWA	DWA Annual reports	2001/02-2004/05 & 2006/07-2011/12
Women in the SASCO category ‘Legislators, senior officials and managers’	DWA Annual reports	2002/03-2004/05 & 2006/07-2011/12

This quantitative assessment was complemented by informed opinions and documentary evidence.

Details on changes in development outcomes

Overall, there was an upward trend in number of women in top and senior management positions in the Department of Water.

The DWA annually publishes figures regarding the division of employees according to the South African Standard Classification of Occupations (SASCO) as well as regarding different Occupational Bands (ranging from ‘Top Management’ to ‘Unskilled’).²⁶⁷

Table 76 and Table 77 below show the change in numbers of women in Top and Senior Management positions during the past years. In addition to this, the total number of positions is shown in order to get an overview of the proportion of female employees in these positions.

As illustrated in Figure 38, there is an overall upward trend in the proportion of female managers.

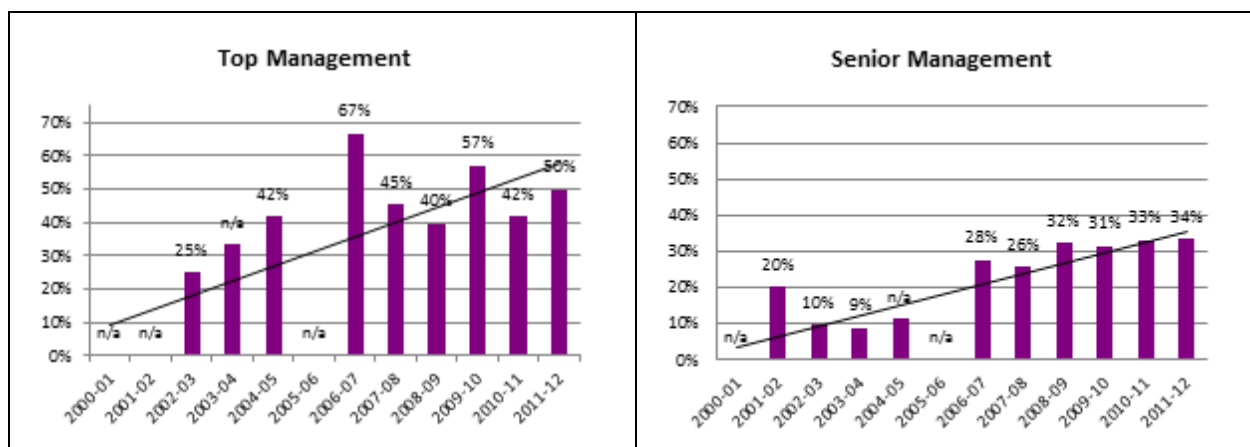
The main evolution happened between 2002/03, where 25% of positions were held by women, and 2006/07, where their percentage peaked to 67%. In 2007/08 the percentage went down to 45 and has been more or less steady since, averaging at about 50%.

The increase in Senior Management positions also shows that the proportion of women has increased. Starting at 20% in 2001/02, there was a low between 2002/03 and 2004/05, averaging at 10%. In 2006/07 it went up to 28% and has since then grown to an average of 32.5% between 2008/09 and 2011/12.

²⁶⁶ Zonde, M. (2006), ‘Empowered women in water management’, A mini-thesis submitted to the Faculty of Sciences, University of the Western Cape, in partial fulfillment of the requirements for Master of Philosophy in Integrated Water Resource Management.

²⁶⁷ There are data limits regarding the years 2000/01, 2001/02 and 2005/06. For further explanations on data composition and availability please refer to the footnotes of the tables below.

Figure 38 Increase in the proportion of women in DWA Top and Senior Management positions 2001/02 - 2011/12



Source: own calculations based on the DWA Annual Reports 2000/01 – 2011/12.

Table 76 Women in Top Management positions in the DWA 2000/01 - 2011/12

Top Management	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Total	n/a	n/a	8	6	12	n/a	6	11	48	14	12	12
Total female	n/a	n/a	2	2	5	n/a	4	5	19	8	5	6
Proportion female	n/a	n/a	25%	33%	42%	n/a	67%	45%	40%	57%	42%	50%

Source: own calculations based on data from the DWA Annual Reports 2000/01 – 2011/12²⁶⁸

Table 77 Women in Senior Management positions in the DWA 2000/01 - 2011/12

Senior Management	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Total	n/a	69	102	124	125	n/a	83	140	117	172	169	155
Total female	n/a	14	10	11	14	n/a	23	36	38	54	56	52
Proportion female	n/a	20%	10%	9%	11%	n/a	28%	26%	32%	31%	33%	34%

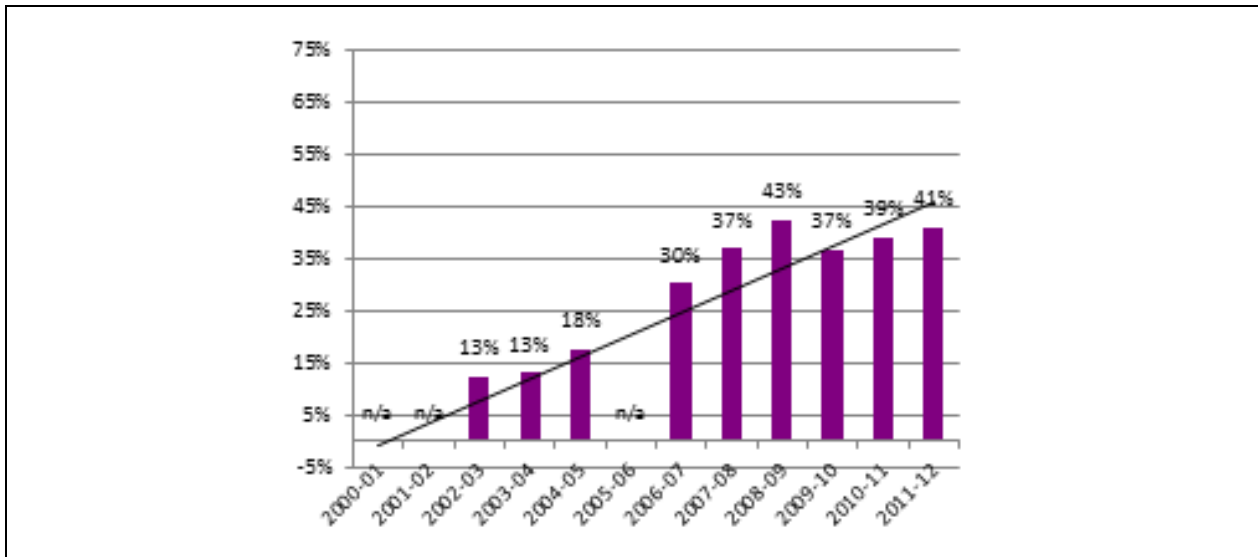
Source: own calculations based on data from the DWA Annual Reports 2000/01 – 2011/12²⁶⁹

The SASCO classification figures that are also published in the DWA Annual Reports support the above findings. Table 78 gives an overview of the number and percentage of women occupying the highest category 'Legislators, senior officials and managers'. Figure 39 again shows the upward trend that has already been found in the data regarding Occupational Bands.

²⁶⁸ Contract positions included from the year 2007/08 on (only 'contract' data available for the year 2007/08). The numbers represent 'permanent and temporary' positions for 2003/04, and only permanent positions for 2004/05 and from 2007/08 on. No clear indication is given for 2002/03 and 2006/07.

²⁶⁹ Contract positions included from the year 2007/08 on. The numbers represent only permanent positions for 2004/05 and from 2007/08 on and permanent and temporary positions for 2003/04. No clear indication is given for 2001/02, 2002/03 and 2006/07. No data available for 2000/01 and 2005/06.

Figure 39 Increase in the proportion of women in the SASCO category "Legislators, senior officials and managers" 2002/03 - 2011/12



Source: own calculations based on data from DWA Annual Reports 2002/03 – 2011/12.

Table 78 Women in the SASCO category "Legislators, senior officials and managers" 2000/01 - 2011/12

Legislators, senior officials and managers	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Total	n/a	n/a	64	68	68	n/a	89	73	87	106	107	95
Female total	n/a	n/a	8	9	12	n/a	27	27	37	39	42	39
Proportion female	n/a	n/a	13%	13%	18%	n/a	30%	37%	43%	37%	39%	41%

Source: own calculations based on data from DWA Annual Reports 2002/03 – 2011/12²⁷⁰

The proportion of women occupying the highest position category, being as low as 13% in 2002/03, steadily grew until reaching 43% in 2008/09. Falling slightly in 2009/10 (37%), the proportion has risen again, reaching 41% in 2011/12. All in all, the chart shows a very linear rise in the proportion of female employees in the top category.

In brief, the percentage of women in management positions in the DWA has experienced an upward trend, growing importantly until 2006/07 and remaining steady since.

Assessment of determining factors

Throughout the *MSB* period, DWA has engaged in a number of significant initiatives to implement gender equality policies, both in-house (such as establishing a gender quota whereby a minimum of 30% of positions needs to be filled by women, setting up a gender unit and training its staff in gender sensitivity training, initiating a special awards program to recognize the work of women in the department) and externally (such as promoting gender equality in service provision, developmental initiatives, and regulatory functions). *MSB* gender initiatives thus operated within this environment, and were often integral to what DWA was doing both internally and externally.

MSB was important for a number of reasons with respect to contributing to the increase documented above, including:

- Supporting and facilitating the formulation of gender equality policies that promoted the importance of women in leadership positions;
- Supporting (through resources) the establishment of the Gender Unit within DWA;
- Championing gender equality efforts through the Water Services Sector Leadership Group (WSSLG);

²⁷⁰ The numbers represent only permanent positions for 2004/05 and from 2007/08 on and permanent and temporary positions for 2003/04. No clear indication is given for 2002/03 and 2006/07. No data available for 2000/01, 2001/02 and 2005/06.

- Recruiting women into key leadership positions in the programme, so that by the time of *MSB III* nearly all of the senior decision making positions were occupied by women;
- Supported (through resources) efforts to ensure every provincial DWA office had a gender coordinator;
- *“By Masibambane recognising the importance of mainstreaming gender in the water sector, the programme has elevated the significance of gender in the sector, especially with regards water services provision” (MSB III Final Evaluation).*

In summary, the gains made in this area cannot be seen without taking the wider evolutions in the national legislative and policy framework or the broad efforts made by DWA into account. However, within this broader context, *MSB* has actively supported and directly contributed to the evolution taking place in this area.

7.4.2 I-742 Increase of women participation in the water sector

Background

In describing the background to the previous indicator, mention was made of the South African government prioritizing gender equality and of the water sector ensuring its policies aligned to this policy. Mention was also made of the noticeable increase in the number of women in senior positions in DWA, which has exceeded DWA’s target of ensuring that women are in at least 30% of leadership positions in the department. The intent of this indicator, however is to explore to what extent women are participating actively in the sector, and not just within DWA.

Access to water and sanitation is a critical component in advancing the human rights of women, and being free to make decisions about water and sanitation is seen as a key component of gender equality. The literature is largely unanimous in emphasizing the importance of ensuring that women can participate actively in the water and sanitation sector to bring about the necessary changes that ensure gender equality²⁷¹. Brown (2010, 59) has noted *“women function within a system of structural and gender-based inequality, in which they are responsible for ensuring available water for the cooking, cleaning, bathing and other needs of the household. Lack of implementation of the right to water has a disproportionate impact on women because they are the ones who generally have to fill in when the state abdicates its... social service responsibilities”*.

Good governance of the water sector is recognized as essential in all efforts to reduce inequality, particularly those that effect marginalized and vulnerable members of society²⁷². The participation of both men and women is seen as an important component of good governance, *“however, there is no such thing as gender-neutral governance reform. If governance reforms do not address the social relations that undermine women's capacity to participate in public decisions, they run the risk of reproducing gender biases and patterns of exclusion in the management of public affairs”*²⁷³. It is therefore critical that women participate actively in the decision making to ensure that services address their needs and that barriers that restrict access are eliminated.

Therefore, as noted with regards to the previous indicator, the intent of this indicator is not simply about representation on committees, but about women actively participating in the sector and that their views are taken into account on policy and implementation issues.

²⁷¹ See for instance, Brown, Rebecca(2010) 'Unequal burden: water privatisation and women's human rights in Tanzania', *Gender & Development*, 18: 1, 59 — 67. Prabha Khosla (2009) 'An Overview of Capacity Building on Gender Equity in the Water Sector for Women for Water Partnership (WfWP), http://www.womenforwater.org/docs/Final_Side_Paper_Gender_-_prabha.pdf (accessed 26 May 2013). Schreiner, Barbara and van Koppen, Barbara (), 'From bucket to basin: Poverty, Gender, and integrated Water Management in South Africa', published by International Water Management Institute (IWMI), <http://publications.iwmi.org/pdf/H029113.pdf> (accessed 23 May 2013).

²⁷² Zuma, Khumbuzile (2011), 'The key role women play in communities facing chronic water crisis', prepared for Mvula Trust, http://www.mvula.co.za/resources/entry/the_key_role_women_play_in_communities_facing_chronic_water_crisis/ (accessed in May 2013).

²⁷³ The international Women’s Rights project (April 2010) , 'Mainstreaming Gender in the Governance of Transboundary Waters: A Concept Paper for the Good Practices and Portfolio Learning in GEF Transboundary Freshwater and Marine Legal and Institutional Frameworks Project,' University of British Columbia, <http://iwrp.org/new/wp-content/uploads/2010/07/gender-concepts.pdf> (accessed 24 May 2013).

Approach to data collection and analysis

Since no quantitative data available, a qualitative assessment was carried out. The analysis is mainly based on informed opinions complemented by documentary evidence available.

Overview of the evolution in development outcomes

Overall, whilst there is some evidence of women participating actively in the water sector, there is little evidence to support the view that participation has increased particularly at the local level.

At the project level, one of DWA's most visible achievements in gender mainstreaming efforts was the ability to ensure a fifty percent quota for participation by women in Village Water Committees according to interviews conducted in the Limpopo Province (with CSOs, WUAs and DWA provincial officials). Those interviewed reported that during *MSB* there was some evidence that women attending meetings regularly, were participating actively, were playing a leadership role, and that a subtle shift in behaviour could be seen when men trusted the decisions being taken by women²⁷⁴.

Employment data reported in the Consolidated Water Sector Reports (and the *MSB* Annual reports) regularly presented sex disaggregated data, demonstrating that the GoSA programme reportedly created jobs on a range of projects (such as Working for Water and Working on Fire) to actively promote employment opportunities for women and thus facilitating the participation of women in the sector.

Other opportunities provided by the GoSA programme to support the participation of women included the Women in Water Awards, the Adopt-a-River project, and a women's project within the River Health Programme in KwaZulu Natal that trained women in water safety, first aid, waste sorting for recycling purposes, bio-monitoring to determine water quality of water, and awareness on environmentally friendly best practices (DWA, *3rd Quarter Consolidated Water Sector Reports* 2010/11). There have also been attempts to mainstream gender in water conservation and demand management (WC/DM). In the Free State, more than 20 women were trained in water purification by the department. These women were selected from an impoverished area. The training not only sought to impart skills, but also to contribute to employment creation²⁷⁵.

However, interviews conducted in the Limpopo province found that whilst newly formed WUAs and other relevant community structures still embrace efforts to promote gender equality, the same could not be said for local government. Those interviewed were of the opinion that gender equality is not a priority for municipalities and other local government structures, and thus the participation of women at this level had not increased. This view is supported by findings in *MSB II Final evaluation*, which noted, after visiting municipalities, that "*Gender as a cross-cutting issue very low on the agenda at local level*".

There is a general view within civil society that women are still very involved but not in formal structures. One CSO interviewed in Limpopo described how every morning when she opens the office there are women waiting outside to ask for help with water/sanitation issues. Women are thus turning to those who can make a difference and are therefore participating but not necessarily with local government structures.

Assessment of determining factors

During *MSB*, gender mainstreaming programmes focused mostly on employing more women and promoting women-specific projects. Thus, whilst *MSB* was operating, this encouraged women to participate. The 2010/11 *MSB* Annual Report (p.54) reports that of the 30,500 jobs created on these projects, 9,615 were created for women. Limpopo province, a key target province of *MSB*, was the province where the vast majority of jobs were created (91% of all jobs created for women in that financial year).

When DWA is present, such as in the creation and formation of WUAs the sense is that women participation is encouraged and duly increases. However, when DWA is not present women participation declines.

Whilst municipalities were required to ensure that contractors met gender targets on water related projects (and report on these targets) during the earlier phases of *MSB*, this declined as *MSB* had less control over projects as they no longer funded infrastructure initiatives.

Local government has not been as effective in encouraging participation, and with *MSB* now ended the participation levels have dropped according to the CSOs interviewed in the Limpopo Province.

²⁷⁴ The *MSB I Final evaluation* noted that "*there are reported research findings indicating improved relations between men and women as a result of serving on project steering committees. This includes decrease in cultural stereotypes around gender*".

²⁷⁵ *MSB III Mid-Term Review*.

MSB was successful in gender integration at institutional level by encouraging participation through projects, but a range of external factors (such as domestic/household duties, discriminatory land ownership practices, food/financial insecurity, restricted mobility, barriers to freely associate with others, gender based violence, traditional cultural values, local government less effective in promoting gender equality and so on) continue to create barriers to effective participation of women in the sector.

Respondents interviewed were of the view that whereas DWA (and the water sector generally in SA) has a lot of strong and capable women good work has been done around gender, however at local level capacity is generally much less, and capacities and skills of women are often - certainly not always – less. Moreover, there some respondents also pointed out that whilst local Ward committees still meet, they have become less credible. As one respondent noted “*whereas previously meetings were about dealing with issues, today meetings tend to be about deciding who will go for or get which tender*”.

Thus there is plenty of cynicism around attending these meetings as they do not resolve the issues at hand. As one respondent noted “*you can engage but it doesn't necessarily change anything there because the people you meet with aren't necessarily able or willing to fix the problems you raise, so you see little value in going to meetings*”.

A key external factor is the current state of local government in South Africa, which is seen as largely dysfunctional particularly in the smaller municipalities²⁷⁶. If the system is imperfect, and not operating effectively, it makes it very difficult for women and men to participate. And although “*pockets of good governance survive amidst systemic corruption and mismanagement*”²⁷⁷, the current local government system is likely to continue to exclude meaningful participation of women. Moreover, this system might continue to consistently fail to meet the expectations of national policy goals.

7.4.3 I-743 Evidence on reduced burden on women related to access to water

Background

Surveys from 45 developing countries show that women and children bear the primary responsibility for water collection in the majority of households. This is time not spent working at an income-generating job, caring for family members, or attending school²⁷⁸. Women as a sub-group are therefore singled out as they are not only the main group responsible for water at the household level, but they are also the ones that suffer the most when services are absent or fail.

Thus the intent of this indicator is to assess to what extent the burden of accessing water has reduced for women during MSB.

Approach to data collection and analysis

A mix of quantitative and qualitative assessments was used for the analysis. For the quantitative part, the following variables were used.

Quantitative variable	Source	Availability of data
Percentage of women spending more than one hour fetching water every week	GHS (<i>question: In the last seven days, did spend at least one hour fetching water for home use?</i>)	2002-2008

Overview of the evolution in development outcomes

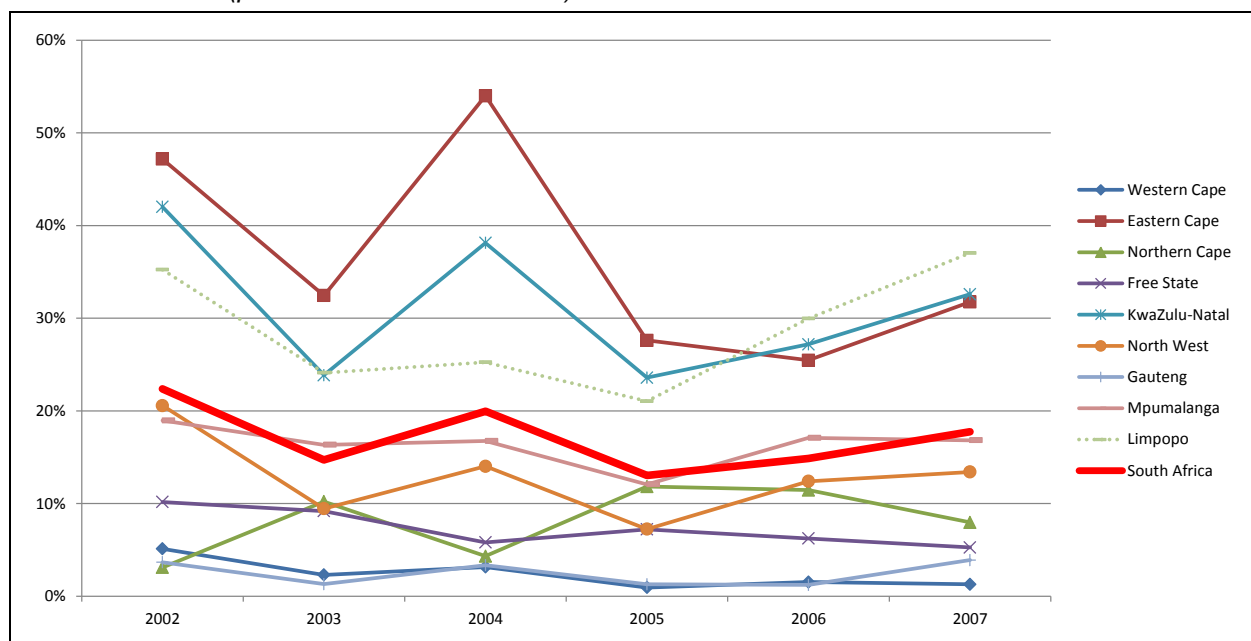
As illustrated in Figure 40, overall, there is no major improvement in the situation regarding the time spent by woman fetching water every week. While in some cases (e.g. Eastern Cape) the situation seems to have improved in the last years of the period under review, in other cases (e.g. Limpopo) the situation appears to have worsened.

²⁷⁶ COGTA (2009) ‘State of Local Government in South Africa: Overview Report’, prepared by the Department of cooperative governance and traditional affairs, <http://www.info.gov.za/view/DownloadFileAction?id=110100> (accessed in June 2013). See also McKinley, Dale (March 2011), ‘A state of deep crisis in South Africa’s Local Government’, <http://sacsis.org.za/site/article/635.1> (accessed in June 2013).

²⁷⁷ Powell, Derek (2012) ‘Imperfect transition – local government reform in South Africa, 1994 - 2012’, <http://repository.uwc.ac.za/xmlui/bitstream/handle/10566/551/PowellLocalGovernment2012.pdf?sequence=1> (accessed in June 2013).

²⁷⁸ WHO/UNICEF Joint Monitoring Programme (JMP) for Water Supply and Sanitation. (2010), ‘Progress on Sanitation and Drinking-water: 2010 Update’

Figure 40 Percentage of women spending more than five hours to fetch water every week (provincial and national level)



Source: own calculations based on data from the GHS survey

The table below compares the percentage of women and men spending more than one hour fetching water every week in each province and at national level. It confirms that, in several provinces, there is still a significant burden on women related to access to water. For instance, in Eastern Cape and for most of the years under review, there are around twice as many women than men who spend more than one hour fetching water every week. A similar observation can be made at national level.

Table 79 Comparison of the percentage of women and men spending more than one hour fetching water every week (provincial and national level)

	2002		2003		2004		2005		2006		2007		2008	
	Fem.	Male	Fem.	Male	Fem.	Male	Fem.	Male	Fem.	Male	Fem.	Male	Fem.	Male
Western Cape	5%	4%	2%	3%	3%	3%	1%	1%	2%	2%	1%	1%	2%	3%
Eastern Cape	47%	19%	32%	10%	54%	23%	28%	10%	25%	7%	32%	16%	40%	21%
Northern Cape	3%	4%	10%	11%	4%	5%	12%	10%	11%	11%	8%	7%	14%	12%
Free State	10%	7%	9%	4%	6%	4%	7%	3%	6%	5%	5%	4%	5%	4%
KwaZulu-Natal	42%	20%	24%	6%	38%	16%	24%	9%	27%	11%	33%	19%	32%	17%
North West	21%	20%	9%	9%	14%	14%	7%	6%	12%	11%	13%	13%	11%	13%
Gauteng	4%	4%	1%	1%	3%	3%	1%	1%	1%	2%	4%	5%	3%	4%
Mpumalanga	19%	14%	16%	10%	17%	12%	12%	6%	17%	11%	17%	14%	22%	18%
Limpopo	35%	16%	24%	7%	25%	12%	21%	7%	30%	12%	37%	20%	33%	21%
South Africa	22%	12%	15%	6%	20%	10%	13%	5%	15%	7%	18%	11%	18%	12%

Data on time spent fetching water every week collected via the General Household Survey thus indicate a persisting burden for women, esp. in poor provinces. However, literature in this area argues that measurements of the time taken to collect water can be seen to be unreliable or the interpretation of this data can be misleading. Common reasons why the perceptions may not change/or even got worse (even if things have actually improved) include: if piped services are unreliable, people overemphasise the challenges when the water is not available; the piped water pressure level (i.e. the pressure may

fluctuate which gives the impression things have got worse, when in fact previously there was no water at all).²⁷⁹

Assessment of determining factors

Moreover, although data used to measure burden on women should be considered with care, the burden on women seems to have increased together with the deterioration of the quality and quantity of the services in the most vulnerable provinces (see above section related to JC7.2). Interviews with CSOs, provincial officials in DWA, and other key respondents noted that there are a number of factors that could explain the situation in this area.

Whilst access to water infrastructure has improved, the quality and quantity of the services have deteriorated (primarily operation and maintenance has failed to keep up with the installation of services), particularly in provinces such as Limpopo²⁸⁰. As one respondent noted “*municipalities were incentivised politically and by capital grants to focus on expanding coverage, and radically under-estimating what it takes to keep services working*”. Thus both old and new infrastructure is breaking down due to neglected maintenance. As the system has expanded rapidly this has not been matched by a comparable expansion of operational staff with the necessary skills²⁸¹.

With respect to Limpopo, as an example of a province where the burden for women has increased, it is important to note that Limpopo is regarded as one of South Africa’s poorest provinces with the highest proportion of rural dwellers, local stakeholders. Those interviewed in the province mentioned highlighted the fact that the province has a specific historical legacy, namely it is made of three ex-homeland administrations and always lacked certain key technical competences of some of the other provinces making the area more prone to failure in the water system. Moreover, due to poor water resources in much of the province, there is a widespread reliance on boreholes and groundwater, which generally means lots of discrete installations requiring regular servicing (delivery of diesel, parts and so on) and vulnerable to breakdown (cable theft / copper theft, vandalism, mechanical failure and a dearth of electricians in rural areas). Thus, as services have deteriorated, this has increased the burden on women in certain areas.²⁸²

8 EQ8 - Access to Justice / legislative

Evaluation Question 8: To what extent, in the sub-sectors of Access to Justice and legislative, have the development outcomes targeted by the policies and programmes supported by SBS been or are being achieved? And which have been the determining factors of their achievement?

Evaluation Question 8a: To what extent the main development outcomes identified as SBS targets have been achieved?

8.1 JC8.1 In the areas of implementation of the Access to Justice and Constitutional Rights programme, in the period of time covered by the programme (including its preparation and its follow up), Access to Justice

²⁷⁹ See *Estimation of Water Demand in Developing Countries: An Overview*. Céline Nauges Dale Whittington (2009), World Bank Res Obs (2010) 25 (2): 263-294. First published online: November 11, 2009. <http://wbro.oxfordjournals.org/content/25/2/263>

²⁸⁰ South African Institution of Civil Engineering. Infrastructure report card for South Africa 2011 has also emphasized this point. See also ‘Challenges in small municipalities’ (March 2013) available at [infrastructurene.ws](http://www.infrastructurene.ws) and service delivery, <http://www.infrastructurene.ws/2013/03/11/challenges-in-smaller-municipalities/> (accessed in June 2013).

²⁸¹ Other challenges mentioned in the literature can be found in Centre for Environmental Rights (2012) ‘Stop Treading Water: What civil society can do to get water governance in South Africa back on Track’.

²⁸² Although outside the scope of this indicator, poor service delivery has not only increased the burden on women, but it has sparked an ever growing number of public protests. Not only the ongoing ‘bucket – toilet saga’ in the Western Cape (<http://www.iol.co.za/news/crime-courts/nine-held-for-airport-faeces-dumping-1.1537654#.Uc0wivHQSQ>), but across the country. See also Tapela, Barbara (2012) ‘Social water scarcity and water use’, Report to the Water Research Commission, WRC Report No. 1940/1/11 who argues that “*Inequitable access to water has since 2004 become juxtaposed with an exponential increase in social protests*”. Also, Alexander, P. 2010. Rebellion of the poor: South Africa’s service delivery protests – a preliminary analysis. Review of African Political Economy 37(123):25–40; Habib, A. 2010. The state of the nation and its public service in contemporary South Africa: A critical reflection. *Administratio Publica* 18(3):2–24.

improved including restorative justice mechanisms for vulnerable and marginalised groups

8.1.1 I-811 The access to the newly established justice instances (Community Advice Offices in rural/township areas; Alternative Dispute Resolution; Equality Courts for prevention of unfair discrimination) is significant in quantitative terms (according to the national averages and targets)

Since 2006, the DoJCD has been working to increase the proximity of service delivery points to the people, especially to rural and township communities and to ensure *Access to Justice* for marginalised and vulnerable groups. These goals were reflected e.g. in the Medium Term Strategic Framework 2006-2009 and its successor. The priorities in this area have been to build new courts, to provide mobile courts where there are infrastructure shortages, to expand services in the existing courts, to improve quality of services provided and re-define magisterial jurisdiction. In addition, increasing emphasis has been also put on redirecting courts cases through alternative dispute resolution (ADR).

In these areas of the DoJCD programme, all targets have been met or surpassed²⁸³:

The objective of strengthening the capacity of civil society organisations to carry out their *Access to Justice* and human rights programmes, was pursued through the establishment of **Community Advice Offices** in historically disadvantaged and underserved rural/township areas – in 2012, 46 offices were established, meeting the programme target and up from 18 established offices in 2011. The programme target to sign 50 **service level agreements** with community-based advice offices for capacity-building programmes was also achieved (up from 15 in 2011). These programmes included identifying, mentoring and transferring skills to CSOs. In addition, skills such as administration, fundraising and paralegal skills were covered.

The DoJCD has promoted the Equality and Prevention of Unfair Discrimination Act (PEPUDA) and progressed significantly in implementation of its provisions – by 2012 all magistrates' courts were designated as **Equality courts**. This has improved access to Equality courts as the public can now lodge complaints of unfair discrimination at the magistrate's court nearest to their community. In 2012, 382 courts sit as Equality courts, increase from 220 in 2007. In parallel, **awareness programmes** and the training of Equality Court personnel were carried out. The awareness programmes were extended to the legal fraternity, legal resources centres, advice offices and civil society organisations, and a presentation was prepared for the SAPS Head Office. Radio programmes and the print media were used to strengthen physical contact programmes. Consequently, the DoJCD has seen an increase in cases enrolled at these courts from 169 in 2006/07 and 447 in 2008/09 to 508 in 2009/10.²⁸⁴

Interestingly, case management by all courts dropped by 5.7% in the year 2010/11. Yet this was compensated by the considerable increase of justice served by means of **alternative resolution mechanisms** (ADRM). In 2011/12 a total of 10 600 cases were converted to ADRM, against a target of 7 600. Such ADRM includes diversions after enrolment, matters diverted in terms of the *Child Justice Act*, and informal mediations. In this respect, there was an increase of 9.5% in cases finalised over the same period. DoJCD works on a draft *Restorative Justice Strategy* for the *Justice, Crime Prevention and Security Cluster* to promote co-operation, to align programmes and processes, and to coordinate reporting.

In the efforts to improve the civil justice system, establishment of small claims courts serves as another mechanism to provide a better *Access to Justice*, especially for the poor. The number of **small claims courts** in 2011/12 increased to 247 by the end of March 2012, up from 156 in 2007 and 202 in 2010. The target is to establish a small claims court for each of the 384 magisterial districts by 2014, subject to the rationalisation of the areas of jurisdiction of the lower courts.

²⁸³ Sources for this indicator: 2nd Tranche Payment Request: *Access to Justice and Promotion of Constitutional Rights (September 2009)*, 3rd Tranche Payment Request: *Access to Justice and Promotion of Constitutional Rights (May 2011)*, DoJ&CD Annual Reports (2006/07, 2007/08, 2008/09, 2009/10, 2010/11, 2011/12), DoJ&CD Medium Term Strategic Framework 2011-2016, DoJ&CD Strategic Plan 2012-2017

²⁸⁴ Most of such achievements are not yet full development outcomes, as they do not show a change in the status of the beneficiaries, but they are more than just outputs of a government policy, as their achievement implies a contribution of CSOs, which organize and represent large groups of citizens in the targeted areas. Here they are considered as intermediate outcomes.

Box 24 *Narrative 1 - Restorative justice: FHR contribution to co-operation on policy innovation between government departments*

Various departments and agencies are involved in activities and policy processes related to restorative justice. The Department of Correctional Services is required to encourage restoration between victims, offenders and the communities. The National Prosecuting Authority is tasked to see to it that number of awaiting trial detainees are kept to a minimum. The Department of Social Development is tasked to provide for programmes aimed at preserving the family structure, or provide for prevention and early intervention services. Restorative Justice is also applied in informal institutions such as the customary law and traditional justice practices in which Traditional Authorities play important roles, as do CSOs that provide related services at community level. The DoJCD and FHR held regular meetings on restorative justice and diversion in order to find ways of exploring more coherent approaches among the myriad of actors, stakeholders, institutions and organisations. Both agreed for FHR to set up a *Reference Group on Restorative Justice* with participation from the departments of Correctional Services, Education, Social Development, the South African Police Service, the National House of Traditional Leaders with FHR also inviting three specialised CSOs. FHR commissioned research on the existing work on diversion and restorative justice practices to produce evidence of what has been tried, and what practices work, or don't work in different contexts in the country. 10194 cases were reviewed, and a well-attended National Workshop on Diversion and Restorative Justice was held in May 2011. This policy process further forked out into other initiatives to improve outcomes in this key performance area, including piloting of capacity strengthening and skills development through specialised CSOs, multi-stakeholder (state-non-state) training workshops, and a policy framework by the Department of Social Development for the accreditation of service providers in this area.

Source: report on Restorative Justice Activities and Collaborative Work with Inter-sectoral Government Departments (FHR note, 2012)

In conclusion, the access to the newly established justice instances (Community Advice Offices in rural/township areas; Alternative Dispute Resolution; Equality courts for prevention of unfair discrimination) is significant in terms of the set targets.

8.1.2 I-812 The access to the newly established justice instances is also scored positively by the beneficiaries

Little information is available on how different categories of beneficiaries appreciate these interventions. In order to fill that gap, FHR has produced additional diagnostics and sampled experiences from its work with poor and underserved communities. It contains information on both process and on the various types of outcomes and responses from different stakeholders, including the target audience, the weak and the vulnerable. Such diagnostics are used for sensitisation, for strengthening the voice of the marginalised and the poor, for capacity development of community based and other civil society organisations, for inputs in policy processes and policy piloting, but also for informing FHR and stakeholders about the *road to impact*.

One telling example is the publication on FHR's *Small Grants Project*, a rather popular grant facility that between 2010 and 2011 provided small grants (up to maximum 10,000 EUR) to 144 grantees for Human Rights Education Projects, with a focus on events such as Africa Day, Soweto Day, 16 Days of Activism against Violence against Women and Children and Women's Day²⁸⁵.

FHR also carries out qualitative monitoring through individual story telling from a "spokesperson" with a powerful message on how the CSO intervention through the Small Grants Project has affected his or her life in one of the eight themes that had been identified (ranging from discrimination against widows, gender-based and domestic violence, xenophobia, child abuse, etc.). The "living stories" that emerged in interviews in which the *Most Significant Change* technique was applied with beneficiaries and with project managers, are illustrative of the types and the extent of changes that were induced by the projects.

Box 25 *Narrative 2 - "story telling" as means of assessing impact at individual level*

FHR collaborators sampled stories with grantees through interviews. These stories highlight the impact on people's lives. In numerous cases seemingly small inputs have fundamental and lasting effects on emotional and cognitive resilience. Trauma counselling, for example, in a society that is deeply affected by gender based and other forms of violence²⁸⁶ can have a lasting imprint. Sometimes it involves mediation by civil society on the provision of services that citizens had given up on (pensions, social benefit schemes, or employment opportunities). These stories will be published. Here are a few (all names have been altered):

- "I was injured in 1997. My boyfriend cut my throat". Nonhlanhla Mfuzi was injured in 1997. In 2003 she went to the Kwamashu Community Resource Centre which managed to get her a *Disability Grant*. As it is government

²⁸⁵ Foundation for Human Rights (2013, forthcoming), *Small Grants Project. Bit Results for Small Grants*

²⁸⁶ According to the Survey of Race Relations, the accidence of murders per 100 000 people was 31 in the 2011/12 financial year, and 128 sexual offences per 100 000 people in that seem year (South Africa Institute of Race Relations (2012), 2012 South Africa Survey).

policy not to extend such grants beyond two years, the grant was discontinued, despite the serious disability of Nonhlanhla. The centre lobbied the Department for Social Development and managed to get her a permanent grant in 2012.

- “My husband was shot in 1993 and my three kids were very small. My youngest was one year old. I was a participant of the workshop for women and girls [run by the Greater Molweni Advice Office]. I don’t know how to explain what happened in the workshop. I found that I was able to talk about my husband’s shooting for the first time, without crying. (..) After that, I was free. There were other women in the group who talked and experienced the same kind of healing.”
- Ntombi Ncgwensa, Councillor of Greater Molweni Advice Office: “We were trained on ‘present trauma healing’ by people from Diakona Council of Churches²⁸⁷. We know how to create a safe space for people to face their traumas.”
- “There was a great deal of activity in the town when the Women on Farm Project’s Health Team distributed pamphlets with information about the Sexual Offences Act. They don’t just hand out the pamphlets. They encourage the farmwomen to ask questions. (..) There was a lot of discussion; in the case of the farmwoman in Overberg who was advised to take out an interdict [against her husband who was beating their three year-old daughter], her mother also became involved”. Glynis Rhodes, WFP Project Manager.

In South Africa, traditional customs are often at odds with the progressive rights culture that the Constitution seeks to promote. The example of treatment of widows and their lower social status is telling and illustrative for the multiple challenges that DoJCD and other departments face in implementing the rights principles. Almost half of women over the age of 60 years are widowed. Less than 15% of men are widowed in the same age category. The status of women can change radically after the death of their husbands, which may carry serious negative implications on their livelihood, may render the widowed women more vulnerable and usually affects their cultural status negatively. New legislation (*Reform of Customary Law of Succession and Regulation of Related Matters Act, 2009*) tackled these issues by reforming the customary law of succession. It prohibited primogeniture and recognised that widows and children of customary marriage ought to be adequately protected under the customary laws of succession.

The *Khulumani Support Group* is a social movement that receives grants from FHR. It operates rights education workshops for widows by trained widows and marriage counsellors. Trainers sensitise widows about their rights to equality (this is also part of the sensitisation of the equality clauses in the *Promotion of Equality and Prevention of Unfair Discrimination Act, 2000*). Rebecca M’s husband died, and she attended one of Khulumani’s workshops on the rights of widows. One of the trainers, Lobeko, explains the difficulties in sensitising victims. After the death of Rebecca’s husband, the benefits from the Rustenberg mine where he had worked had been given to another woman, also called Rebecca. The second Rebecca was born into the same family as the first Rebecca and bore her identical surname. But, according to Lobeko, the first Rebecca M, lost everything to her namesake. Initially, Rebecca M. had no interest in learning about her rights. Lobeko explains, “I am dealing with some people who are illiterate, who do not want to raise their voices. They are afraid to speak out. When I talk to them, some will tell you, ‘This is an old story, I am trying to forget.’ And so they are cross with you. People are tired and we are busy telling them not to be tired and not to forget until they speak out. (..) “In my training sessions, I am talking about the skills so someday someone will say, ‘here are my papers’ — and I am able to help them with the assistance of Khulumani Support Group’s head office. They don’t want to... I don’t know what they are afraid of. (..) In the training workshops, we tell the widows what they must look out for. Before you marry a man, let them tell you what is going to happen after he has died. It is not easy because everyone is afraid of dying and they will wonder what you are talking about. I tell them to learn to write a will and that they must get their husbands to write a will. We tell them, your in-laws don’t tell you the whole story of what will happen after your husband has died. It is torture. They don’t regard you as a person. They force you to wear black attire according to tradition. For one year – in some cases for six months – you wear black and stay there at home in his house or yours deprived of many things.”

Source: FHR (2013), forthcoming

In summary, while information of beneficiaries’ perceptions and attitudes is not always available, there are documented cases that confirm that across different types of services delivered (such as trauma counselling, alternative dispute resolution, etc.) marginalised citizens who have gained access to such newly established justice instances appreciate these positively.

²⁸⁷ The *Diakonia Council of Churches* is also a grantee of FHR

8.2 JC8.2 In the areas of implementation of the Access to Justice and Constitutional Rights programme, in the period of time covered by the programme (including its preparation and its follow up), awareness and knowledge of constitutional rights in South Africa improved for vulnerable and marginalised groups

8.2.1 I-821 The level of awareness on constitutional rights in the communities covered by the programme, compared to other communities has increased

The awareness-raising on constitutional rights in South African communities is managed by the DoJCD under the programme State Legal Services. The strategic objective is the “*promotion of constitutional development and the strengthening of participatory democracy to ensure respect for fundamental human rights*”.

One can broadly distinguish two types of initiatives undertaken by the DoJCD within the SBS to improve the awareness on constitutional rights. There are those initiatives *broadcasted* to the wider audience of viewers and listeners, largely through the public broadcaster. Secondly, there are smaller scale projects initiated and implemented by a host of usually smaller CSOs and targeted to communities.

A partnership between FHR, the Department and the public broadcaster resulted in an educational radio programme (Justice on the Airwaves), which reached a wide audience. The target for this KPI was reached. FHR undertook an audit on available material on constitutional rights awareness, and produced a baseline survey in 2010 on attitudes to and knowledge about core constitutional principles and provisions²⁸⁸. In future, this baseline study may help assess changes in attitude or awareness about constitutional rights. No follow-up surveys have been undertaken so far.

Under the second small-grants component 169 CSOs had received grants for all sorts of outreach or sensitisation activities on constitutional rights, as well as the new *Promotion of Equality and Prevention of Unfair Discrimination Act*. Other initiatives included public policy dialogues on various human rights issues, a research programme on refugee women and unaccompanied minors, dialogues on immigration rights with CSOs, and a workshop of donors and CSOs to discuss co-ordination on refugee issues²⁸⁹. The Orange Farm Human Rights Advice Centre illustrates well the range of social actions and initiatives that are developed by such community-based organisations (see narrative 3). Sensitisation on constitutional rights is embedded in an action portfolio stretching from environment, informal economy, social and cultural resilience, service delivery, child care, and advocacy through networking and civic activism.

According to the DoJCD annual report 2011/12, over a two-year period some 3.5 million people were reached through constitutional awareness programmes, against the target of 2 million. One hundred service level agreements were signed with civil-based organisations to implement a constitutional rights programme over two years, against a target of 120. Through its work with specialised NGOs and academia and its work on *people's stories* FHR tried and tries to gain better insight into the nature of change processes through (organised) citizens' engagement with public authorities, and the role that knowledge about rights plays. It will, however, remain difficult to measure the level of awareness on constitutional rights or to capture changes in perceptions and attitudes, and contribute eventual changes to particular variables (such as the media campaigns launched to implement the sector policy on human rights).

8.2.2 I-822 The number of refugees, asylum seekers and undocumented migrants having benefited from community support services in the areas has increased

The department seeks to promote and protect the rights of refugees, undocumented migrants and asylum seekers in accordance with the Constitution.

The Department's objective is to ensure that people classified as refugees, asylum seekers and undocumented migrants benefit from community support services. According to the DoJCD annual report 2009/10, the project could not commence on time during the period under review because of the delay with the payment of the first tranche from the EU. After receipt of the first tranche, the department issued calls for expressions of interest to service providers, including interested CSOs, to apply. FHR issued calls inviting applications from organisations that work in the field of *Access to Justice* and whose mandate includes the following:

²⁸⁸ Foundation for Human Rights. *Baseline Survey. Awareness, Attitudes and Access to Human Rights. August – September 2010.*

²⁸⁹ See the footnote above on the intermediate outcomes and the nature of the grantees CSOs.

- Promoting and protecting the rights of refugees, undocumented migrants and asylum seekers in accordance with the Constitution;
- Conducting applied research that advances the rights of this vulnerable group; and
- Presenting education and awareness programmes, as well as advocacy initiatives, that advance the rights of these vulnerable groups.

According to the follow-up annual report of 2011/12, over a two-year period a total of 32,000 refugees and asylum seekers benefited from community support services, against a target of 30,000.

FHR also supported *Immigration Dialogues* with CSOs through a Consortium for Refugees and Migrants in South Africa. These dialogues were concentrated in high concentration areas, and each time involved specialised CSOs so as to gather experiences and provide policy inputs (see also narrative 3).

The number of refugees, asylum seekers and undocumented migrants that have benefited from community support services has increased and surpassed the targets set by DoJCD.

8.3 JC8.3 In the areas of implementation of the Access to Justice and Constitutional Rights programme, in the period of time covered by the programme (including its preparation and its follow up), participatory democracy has been enhanced through public policy dialogue and strengthening the capacity of Civil Society Organisations (CSOs)

8.3.1 I-831 The number of CSOs having participated in public policy dialogue at community level has increased

The DoJCD, in partnership with FHR initiated a programme in order to achieve results of the *Access to Justice* Programme that directly involves CSOs.

Achievements include:

- public policy dialogues in collaboration with public broadcaster (5);²⁹⁰
- public policy dialogues on various human rights issues (6);
- workshops on hate speech and the National Action Plan to Combat Racism (5);
- workshops on national sustainability survey of CBOs and CSOs in South Africa (3);
- workshops with CBOs on various gender-related issues (5);
- support initiatives that advance women's rights (2);
- pilot programmes to test new implementation models for capacity building (1);
- number of CSOs participating in pilot capacity building programmes (10).

These initiatives in support of "participatory democracy" have been undertaken by different categories of civil society actors, ranging from the very sophisticated (operating usually with multiple levels of government) to the more localised community based organisations. FHR has specialised itself in screening CSOs, and has special panels to vet the quality and strengths of the project proposals (Discussion Group, FHR 25 January 2013). Most often, the first category of CSOs consists of well organised, specialised and well-connected CSOs that operate on a not-for profit basis, can undertake policy relevant research, and provide organisational, leadership or even technical capacity strengthening services. FHR often combines the different categories, and engages with specialised civil society service providers to capacitate the broader and more fragmented category of smaller and less well organised CSOs.

According to the DoJCD annual report 2011/12, a total of 9 **provincial CSO forums** were held. The key issues that arose from the provincial forums included service delivery protests, discrimination, the brain

²⁹⁰ On 16 February FHR and the public broadcaster (SABC2) launched *The Big Debate*, a series of ten weekly one hour public debates that spill over into radio the next day. The show featured a town hall format with a panel of top decision-makers that were held accountable by the "local teacher, or activist or any other person in the community" according to the Executive Director of the Series. The Minister of Public Health, who was in one of the shows commented: "We commend the SABC and the Foundation for Human Rights for this initiative." ("FHR hosts launch of the Big Debate Series", 16 February 2013 www.fhr.org).

drain, civil society and Chapter 9 institutions, mining and human rights, access to courts and funding challenges.

In summary, the number of CSOs having participated in public policy dialogue at community level has – in all likelihood – increased through the implementation of the Department’s policy. As the team has not found quantitative baseline data on the number of such meetings, it is hard to state this increase with certainty.

Box 26 Narrative 3 - The level of Community Based Organisations – Orange Farm Human Rights Advice Centre

Richard – “Bricks” – Mokolo accompanies me through the front yard to a corrugated container in which the Advice Centre of Orange Farm is housed. Orange Farm is a sprawling black township of about 1,5 million inhabitants south of Johannesburg. In the yard, twelve women recycle plastic, aluminium cans, paper and glass, and distribute it over large container bags. Squashed aluminium cans and plastic can get 50c a kilogram. Recycling is one income generating activity for the advice office. Generated income will complement the stipends that the women get from the Department of Social Welfare.

Twenty years into the New South Africa, Bricks is still passionate, but now about the human rights’ promises that have insufficiently been fulfilled. Back in the eighties, he was a community organiser and activist against the injustices of the apartheid system. Now, he coordinates the various activities of the advice centre: recycling, maintaining a day-care centre, providing advisory and para-legal services, giving citizens access to information, and mobilising residents around particular rights. Bricks interrupts the interview (23 May 2013) regularly to answer calls for advice or help (a go-slow action is in the making in protest against the e-toll system that will be introduced in some parts of Gauteng).

The advice office received a grant from FHR, with which the organisation was able to pay the salaries for paralegals who could do referral duties. Bricks shows a pile of manuals from the training workshops and the legal clinics he has followed, some provided by FHR, others by specialised civil society organisations, by various departments or by the Wits Law Centre. The topics range from labour law, mediation, to restorative justice and diversion. He is very well networked with “activist lawyers” and with the protestant and catholic churches. Legal and other advice services to citizens relate to evictions, domestic violence, asylum seekers, and social services. Orange Farm has over the last decade attracted large numbers of migrants, a trend that is accompanied with an increase in xenophobia.

When Members of Parliament (i.e. the *National Council of Provinces*) contacted the advice centre to help organise public consultations in Orange Farm on the controversial *Protection of Public Information Bill* (see also I-84*), Bricks took up the challenge. He organised information sessions for the community with the specialised NGO *Right2Know* in preparation of the consultation. Parliament is obliged to organise such consultations when preparing legislation. “Alone we cannot make it”, Bricks says. So the advice centre is member of the *National Alliance for the Development of Community Advice Offices*, and is well networked with FHR (that acts as a grantor, but also as a connector, and a service provider), with specialised NGOs, with academic expertise centres, churches, etc. So when the National Council of Provinces held its consultation on the so-called *Secrecy Bill*, they interacted with well-prepared citizens who dared to ask critical questions and provide comments.

When escorting me out, Bricks takes me to Theta FM, the community radio station, which is housed at the nearby school. The Advice Centre has a one hour slot every week, which it uses for communicating on rights issues. Bricks hops in to have a chat with the journalists, reminding them of Africa Day (25 May 2013) and asking how they will “celebrate” it. Before they can answer, he already has ready-made suggestions: why not ask the African migrants here? Why not air their music, listen to their stories and celebrate diversity?

8.3.2 I-832 The capacities of the key stakeholders have been enhanced, and the quality of their participation is scored positively by the key stakeholders, namely the communities

According to the DoJCD annual report 2011/12, some 5 438 staff members of civil-based organisations benefited from **capacity-building**, a total of 150 community-based organisations participated in **public policy dialogues** and approximately 1 547 community service officers participated in activities related to these projects. Such capacity development as promoted, facilitated and funded through the FHR is particularly difficult as the CSP environment is characterised by a wide variety of civil society actors. Based on two diagnostics (on the perceived needs in the CSO sector²⁹¹, as well as a post-training survey²⁹²) FHR adapted its capacity training roll-out programme with sixteen project partners with whom FHR had service agreements for capacity strengthening to a broader group of CSOs.

²⁹¹ McKinley, D.T. (2012) *Analysis and Research Support in Phase 2 of Implementation (2011-2012) – Capacity Building of CSOs*.

²⁹² McKinley, D.T. (2012) *Post-Training Survey: Capacity Building for CSOs*

A strong, recurrent characteristic with all the surveyed CSOs²⁹³ was that despite numerous practical problems (including language) and a range of critical comments as to the pertinence of some of the services provided, “almost all participating organisations and individuals warmly embraced and greatly appreciated the opportunity to be part of these capacity building projects” (McKinley, Post Training Survey: 6). This statement reflects a positive appreciation on an intermediate outcome of the *Access to Justice* programme (see narrative 4).

Box 27 Narrative 4: voices of CSOs about capacity development provided through FHR

Some of the responses of participating organisations and individual participants are illustrative of how end-users of the training offer, funded through FHR and provided by specialised service providers (usually well established NGOs with a certain *pedigree*), appreciate the capacity building²⁹⁴ services.

Participating CSOs commented as follows on the training provided by the *Black Sash*:

- there is much greater community awareness of rights and associated mobilisation; there is now better access to social grants and more state responsiveness to the requests of the trainee; there are better CSO networks but these do need to be consolidated at local levels
- Individual participants reacted as follows: now they are able to take back training and teach/share with community; more practical success in getting benefits and answers for specific individuals and groups; it still remains difficult to get information out to people in rural areas

CSOs commented on the training provided by the *Southern Cape Land Committee* as follows:

- the education levels have increased, farm owners are more responsive and accountable; more farm committees are established; greater confidence and solidarity amongst farm workers in raising issues and speaking out.
- Assessment by individual participants: farm committees are now better run and more knowledgeable which makes a huge difference in committee members lives and working conditions; less fear of farm owners; still need for more book-keeping skills training and litigation support.

Citizen satisfaction about opportunities for and the quality of participation and (policy) dialogue as such has not been monitored by DoJCD. One can appreciate the difficulties in monitoring and measuring such outcomes when one takes into consideration the highly diversified nature of civil society, or broader of non-state actors in general (including the well-established and connected socio-economic stakeholders such as the trade unions, business associations, specialised interest groups, etc.). Moreover, the range of social actions and the combinations of civil society interventions can vary substantially.

“Participation” in South Africa’s democracy takes on many forms, ranging from well-structured state-society exchanges in well-orchestrated forums along fairly transparent rules of the game to the *hustle and bustle* of social activism in cities, townships and (less in) rural areas increasingly involving charged notions of injustice, inequality, and citizen discontent about the lack of *responsiveness* of public authorities, and the unequal or insufficient provision of public goods.

Sophisticated CSOs, social movements, community-based organisations, lobby groups tend to combine different stratagems and action models, and usually engage at multiple levels with state and non-state actors, including media. Depending on the leadership, network and organisational capacity, such organisations may mobilise citizens as voters or consumers²⁹⁵ thereby creating political incentives at different policy and political levels. FHR provided a range of support services: funding to grantees, capacity development, networking facilities, and the conduit for policy feedback loops to key departments on policy implementation challenges and experiences. The example of the Orange Farm Human Rights Advice Office illustrates the contribution of such support in terms of participation and enhanced capacities. The examples of Equal Education (a membership-based civil society organisation that receives support from FHR and from other donors) and Righ2Know (see narrative 6) provide further evidence of the types of demands side pressures that have resulted in tangible outcomes (policy promises on the right to decent basic education standards by the Minister of Basic Education, and changes on substance to draft legislation on secrecy of public information). Despite the tensions that

²⁹³ Twelve-thirteen individuals, drawn from a cross-section of those who attended one or more of the capacity building interventions were asked to fill in a questionnaire. A total of 163 questionnaires were completed and returned.

²⁹⁴ See the considerations on the intermediate outcomes.

²⁹⁵ Both dimensions are likely to create tensions and risks for citizens and often also for public service providers involved. One of the most repeated external or contextual challenges raised by project partners in the McKinley post-training survey (see note 8) is the pervasive climate of fear and intimidation – whether from the private or public sectors and individuals) especially but not exclusively in activities related to human rights, to “voice” and to advocacy activities of rural and farm dwellers.

such CSO stratagems may create with public authorities, the DoJCD and the IDC during the interviews have not indicated dissatisfaction with these manifestations of *participatory democracy*.

Box 28 *Narrative 5: Equal Education – “participatory democracy” and new models of creating political incentives on Government*

Equal Education is a telling example of the diversity of action models when seeking to influence a particular policy process or development outcome (better basic education). This membership-based grassroots movement consists of learners, parents, teachers and community members. It is partly funded by FHR, by the EUD and other donors. *Equal Education* takes the constitutional right to education as its starting point, and campaigns for equality in education and improving education quality in township schools. *Equal Education* – with head offices in the township of Khayelitsha – calls itself a “*movement* that builds an understanding of the educational system, whilst drawing attention to problems faced by schools and their communities. Equipped with this knowledge, *Equal Education* offers a new way for people to participate in the democratic system and bring change to education and society”. Led by young activists, the organisation researched and documented the anomalies in basic education, mobilised different stakeholders in the education sector (learners, teachers, parents) around a common platform through public meetings, talk radio shows, marches (with thousands of pupils wearing the Minister of Basic Education face masks), inventive and mediated actions such as the mock mud school outside parliament, a virtual picket line, powerful video messages²⁹⁶. In November 2012, *Equal Education*, represented by the Legal Resources Centre (another grantee of FHR), secured an important victory in the campaign for *Minimum Norms and Standards for School Infrastructure*. In an out of court settlement, recorded by the Bisho Court in the Eastern Cape, the Minister of Basic Education agreed to promulgate regulations to create binding *Minimum Norms and Standards for School Infrastructure*.

Yoliswa Dwane, chairperson of EE: “We will be holding a huge celebration in Khayelitsha, and also in Tembisa, Thohoyandou, Bisho, and everywhere that EE is active. This is a victory, first and foremost, for the members of *Equal Education* who have marched, fasted, slept outside Parliament, and studied long and hard to understand the issues. It is also a victory for our legal team, of which the anchor has been Cameron McConnachie of the Legal Resources Centre. As soon as the celebration ends the work will begin again. We will now intensify our efforts, double our activism and triple the pressure. Vigilance is necessary to ensure that the Minister now passes very serious Norms and Standards, and not a substandard document. And beyond that we will need to ensure that implementation happens countrywide, which won't happen without mobilised communities.” (Equal Education, press release, 18 November 2012, <http://www.equaleducation.org.za/article/equal-education-with-lrc-support-secures-a-victory-in-the-campaign-for-school-infrastructure>).

In January, well before the agreed deadline, the Minister published the norms and standards for public comment.

In conclusion, there are some documented cases of strengthened capacities of stakeholders, and there is also a degree of satisfaction with the capacity services delivered. Some CSOs have benefited from – or actively used – the improved opportunities for public participation.

8.4 JC8.4 In the period of time covered by the Legislative Sector Policy Support programme (including its preparation and its follow up), public participation has deepened and representation in Parliament and Provincial Legislatures has improved

8.4.1 I-841 The Legislatures have held women’s and youth parliaments and people’s assemblies as established and the quality of the participation is scored positively by the stakeholders

Given South Africa’s challenges of reaching large numbers of population and meaningfully engage them in public discussion and policy participation (lack of access to information technology, illiteracy, large number of official and unofficial languages, high levels of poverty), the legislative sector started to shift towards increased and non-conventional public participation initiatives. Parliament and legislatures started with initiatives to “Take Parliament/the Legislature to the People”, holding sittings and committee meetings outside the normal precinct of the institutions and holding sectoral mock parliaments since 2004.

SALS organised a range of public participation initiatives on a regular (usually yearly) basis. Over the period 2010-2011 19 out of 20 Women’s Parliaments were organised, 17 out of 20 Youth Parliaments, and 28 “Taking Parliament to the People/People’s Assembly” events. Over the same two years, an additional 31 other Sectoral Parliaments were organised (Senior Citizens, Workers’ Parliament, Parliament for People with disabilities, Children’s Parliament, etc.).

²⁹⁶ a powerful and effective visual of the state of the infrastructure in basic education at: <http://www.youtube.com/watch?v=zJ1Xxg0kghg>

Additional information on these so-called “sectoral parliaments” was sampled for two studies in preparation of the new Public Participation Framework as requested by the Speakers’ Forum (comprising of the Speaker of the National Assembly and the Chairperson of the National Council of Provinces, plus the Speakers of Provincial Legislatures). One study²⁹⁷ confirmed that platforms had been created for citizen engagement through sectoral parliaments, or through the Taking Parliament to the People sessions. It added that the last category “promotes engagement at grassroots level, promotes co-operative governance by bringing the three levels of government together, promotes visibility of Parliament in the provinces and empower local communities”. This positive appreciation was echoed by the Secretaries of the Provincial Legislatures who participated in the Discussion Group [SALSA, 1 February 2013]. Participants expressed their general satisfaction of the levels of participation and the quality of the exchanges with the public, and about the opportunities that have been created to engage with the public. The study, however, also pointed out that “there is little or no feedback or follow-up to the public following public engagements as Youth Parliament, Women’s Parliament and the People’s Assembly respectively. There is no formal procedure to process the reports from these assemblies”.

The second study²⁹⁸ refers to the findings of a survey of public hearings at the level of the provincial legislatures (see also I-842), which confirmed at one level some degree of satisfaction among citizens, but at another level displayed multiple dysfunctions, including in the way these hearings were organised and reported on: “the public hearing reports are themselves reflective of a general lack of attention to process in planning, executing and documenting public inputs. The lack of structure to the reports also makes it difficult to get a sense of how discussions were framed and guided (if at all) by facilitators. This, too, is revealing and further illustrates the need for a much more coherent and structured approach to conducting public hearings, as well as the need for dedicated public participation facilitators” (Public Participation Report: 32).

The Legislatures have organised women’s, youth parliaments and people’s assemblies. There are, however, no data on the quality of the participation, as scored by stakeholders. In the next section (I-842) the issue of strategic coherence of public participation approaches is further dealt with, as this links up more clearly with the outcome level of “deepening and entrenching people-centred democracy”.

8.4.2 I-842 In general the public participation has improved on a non-occasional base and the feedback by the stakeholders (including press, CSOs, communities) is positive. The petition process starts being accessible to the marginalised communities

Legislatures conducted more than 56 public hearings during the 2010/11 financial year, up from 29 in 2009/2010. Numerous public education initiatives were undertaken during this period – including two community readiness workshops ahead of a “Taking Legislature to the People” workshop in order to stimulate more meaningful interaction (Tranche Payment Request, 2012).

It remains, however, much harder to assess how these efforts are appreciated and what their effects are in terms of the intended outcomes: deepening and entrenching democracy through participation. This concern was already expressed by the Report of the Independent Panel Assessment of Parliament, in which the Panel referred to public participation initiatives that would “appear to have become increasingly event-oriented” and recommended to carefully consider the constituency system and its incentives (Independent Panel: 64). The Speakers’ Forum plays a central role in promoting public participation. It too, had raised concerns and found itself confronted with a number of challenges. Some of the challenges resulted from diverging practices, methods and systems by the different legislatures in terms of organising public participation and the fragmented approaches. Parliament was also put under pressure by civil society. A few cases were introduced to the Constitutional Court in order to test the validity of particular legislation. In the case *Doctors for Life International versus the Speaker of the National Assembly* (2006) the Constitutional Court ruled that Parliament had failed to take “reasonable” steps to enable public involvement, and declared the legislation invalid. This judicial sanction has helped clarify the constitutional obligation to provide for specific forms of participation with respect to law-making processes. Furthermore, this legal imperative has given a strong impetus for the Speakers’ Forum to take public participation in law-making processes more serious²⁹⁹.

²⁹⁷ SALS (2012), *Towards the Development of a Public Participation Model for Parliament: A Report on Parliament’s Current Public Participation Practices*,

²⁹⁸ SALS (2013), *Public Participation Report. Current and Best Public Participation Practices in the South African Legislative Sector*. Synthesis Report. Commissioned by the SA Legislative Sector and Prepared by the Legislative Sector Support

²⁹⁹ Already in 2006, the *Birchwood Conference* brought together stakeholders from SALS, academia and civil society to find responses to the repeated constitutional challenges by civil society to public participation.

As a consequence, the Speakers' Forum asked for a study³⁰⁰ that would review current public participation systems and practices and set in motion a process of developing a Public Participation Framework. The review was based on comparative analysis, on a survey of perceptions of Members and Officials of Parliament and provincial legislatures, and on public perceptions or public participation at provincial level. The perceptions of the public were sampled through public hearings in six provinces. The reporting was "*varied in their format as well as in the breadth and depth of information supplied*". It is not possible to obtain unfiltered views from the report, but it does confirm some of the concerns about the lack of preparation, management of information, transparency, and discipline in ensuring that public participation becomes more than a "*mere exercise in consultation and information sharing*" (Public Participation Report: 33). The survey among members and officials confirms this reductionist interpretation of public participation as "consultation" rather than one of "*deliberation and power sharing*" (Public Participation Report: 28). Asked about the perceptions of the objectives of public participation, a large share of respondents (40%) indicated "*opportunity for discussion*", while a minority (17%) felt it to be to "*help resolve problems*"³⁰¹.

The study deals with different forms of public participation, including the Sectoral Parliaments, National and Provincial Standing and Portfolio Committees, Constituency Offices, Public Participation Units and Petitions. Additional elements for the purpose of this indicator include:

- National and Provincial Standing and Portfolio Committees: citizens have access to all sittings of the House as well as standing and portfolio committee meetings. Yet, the report makes a distinction between merely attending, and being invited to present views or ask questions. This last approach seems current practice, and "*represents a very limited form of participation, as it relates mostly to information sharing.*" But there are positive examples of creative solutions to help bring *parliament to the people*. The legislature of Gauteng had organised committee meetings in places where communities meet³⁰². The views from citizens who participated in the hearings on public participation pointed to the difficulties they experienced of being informed about important bills "*thus preventing communities from making meaningful inputs into the legislative process.*" These findings are "particularly noteworthy", the report pointed out, "*taking into consideration the constitutional obligation imposed on legislatures (and affirmed by subsequent court rulings) to ensure a comprehensive and inclusive system of public participation.*" (Public Participation Report: 35).
- Petitions are also a recognised means for the public to register dissatisfaction with the implementation of legislation through legislatures. The application process has been regulated through legislation or internal processes in all legislatures. The LS has finalised a Petitions Framework providing guidelines to legislatures on how to organise petitions (endorsed in November 2010), with further refinements in the process of implementation. All legislatures have now a system in place, with a generic petitions form for application/adaptation by all the legislatures and which is available in all eleven official languages. Still, the Public Participation Report notes that while petitions remain a "potentially powerful form of direct democracy", it also states that this form of participation is "limited to the educated and articulate elite of society or to NGOs and other organized interest groups" and that there is no standardized format for submitting and processing petitions (Public Participation Report: 24).

Generally speaking opportunities for regular public participation have been created, although insufficient data has been systematically sampled and analysed to allow for reliable assessment of the quality of the public participation. Independent studies have queried the quality of such forms of public participation, as these tend to become "ritualistic". Mechanisms have been put in place for improved petitioning by citizens, or are being put in place to improve public participation.

³⁰⁰ SALS (2013), *Public Participation Report. Current and Best Public Participation Practices in the South African Legislative Sector*. Synthesis Report. Commissioned by the SA Legislative Sector and Prepared by the Legislative Sector Support

³⁰¹ SALS (2012), *Public Participation Survey and Data Analysis Report for the South African Legislative Sector*, Commissioned by the SA Legislative Sector and Prepared by the Legislative Sector Support

³⁰² Gauteng Provincial Legislature (2012), *Third Annual Report of the Fourth Term of the Gauteng Provincial Legislature. 2011/12*.

8.5 JC8.5 In the period of time covered by the Legislative Sector Policy Support programme (including its preparation and its follow up), oversight skills and law-making roles of National and Provincial parliaments have improved.

8.5.1 I-851 Oversight skills and law-making roles of the parliaments are being acquired and applied at the different levels, with an improved oversight role of the parliaments, as documented by the Parliamentary records and suggested by the key stakeholders

In terms of law-making, procedural advice and oversight in committee meetings in the National Assembly and the National Council of Provinces these are a few of the counted results:

- Period March 2010-February 2011: 16 new Bills were introduced in committees and 39 Bills were passed in Parliament. In Parliament alone, 1,679 committee meetings were held. (The Annual Report of Parliament 2010/11 does not make reference to number of questions and answers in Parliament).
- Period March 2011-February 2012: the NA passed 27 bills; 1,400 committee meetings debated, reported and processed on 47 bills, the NCOP wrote 58 reports. Number of questions and answers for this period total:

Questions NA	Written	Oral	Total
Total questions put	3596	537	4133
Replies received	3325	505	3830
Questions NCOP	Written	Oral	Total
Total questions put	664	123	786
Replies received	637	103	740

These figures, however, don't speak for themselves, can hardly be compared over time, and are hard to interpret anyhow. Therefore, it is important to assess a number of processes that may provide additional insights on oversight skills and law-making roles: the following processes provide some pointers:

- During 2010, the Legislative Sector finalised an *Oversight Model for the Legislative Sector*, which provides guidelines for legislature oversight. Information workshops were conducted with the Members of Parliament and of the Provincial Legislatures on the oversight model. A total of 335 members attended the course on *Democratic Governance and Legislative Processes (2010/11)* and the chairpersons of the various *Standing Committees* completed an induction programme, which included oversight training.
- The Money Bills Amendment Procedure and Related Matters Act (2009) is an important oversight tool that was introduced to enable Parliament and the Provincial Legislatures to hold the Executive effectively accountable on budget planning and execution. As of 26 February 2013 a dedicated research office has been officially created within the LS, the Parliament Budget Review Office, and Members of the legislatures have been trained in the assessment of procedures to amend Money Bills and the compilation of quarterly reviews and recommendations. It is anticipated that such roles, new (research) functions of the Parliament Budget Review Office, strengthened capacities and the promotion by the National Treasury and the South African Local Government Association of the Municipal Accounts Committees may energize the oversight functions of the Legislatures at different levels of governance. Moreover, performance targets are now to be monitored on a quarterly basis (with departments being required to fill in quarterly targets and having to report against them).
- The introduction and shift since the 2011 *Medium Term Expenditure Framework* towards including a functional classification of the budget with the rest of the budget documentation "*is believed to have led to increased budget credibility, improved transparency and accountability as well as a stronger political oversight and efficiencies in allocations*" (Tranche Payment Request 2012, p. 19). Government and departments are now expected to submit information with regards to donor funding (both financial and in-kind) as part of their annual reports, creating thus new incentives and possibilities for improved oversight by the legislatures.

Measures have been taken to improve oversight skills of Parliament and provincial legislatures, and to ameliorate law-making roles. Yet insufficient data or evidence could be collected to make reliable statements about actual improved outcomes on these highly politically sensitive functions of oversight over the Executive by the legislatures and deliberative and of participatory processes required for effective law-making.

8.5.2 I-852 Evidence of improved oversight and law-making roles of the parliaments as documented by Parliamentary records and views of key stakeholders

Parliamentary records are such that it is hard to draw insights from it on improvements over time in terms of improved oversight and law-making, although some of the diagnostics that are commissioned by SALS³⁰³ are solid, critical and of a quality that stimulates discussion or dialogue. Three additional sources of quality information on the legislatures and views of key stakeholders include the Parliamentary Monitoring Group (PMG), Afrobarometer and the African Legislatures Project (ALP):

- PMG is an NGO (since 2009), and was established in 1995 as an information service through a partnership between Black Sash, Human Rights Committee and the Institute for Democracy in Africa³⁰⁴. It wanted to provide a type of readily available Hansard for the proceedings of the more than fifty South African Parliamentary Committees. There is no official record publicly available of the committee proceedings, which is not conducive to participatory, democratic processes such as law-making, committee deliberations, and oversight functions.
- Afrobarometer is a comparative series of public attitude surveys of up to 35 countries. Based on representative national samples the surveys assess citizen attitudes to democracy (including parliaments) and governance, markets and civil society since 1991.
- The Africa Legislatures Project has measured the performance of the legislatures in about 20 African countries, including South Africa. It studies three basic functions that are common to all democratic legislatures: making laws, overseeing the executive and representation. In 2010, the Africa Legislatures Project has produced a first study of data collected on a) national political institutions, b) formal rules and organisational structure of legislatures, financial and other resources and political dynamics as well as legislative performance, c) individual attributes of members of parliament, and d) data about public opinion about legislators and legislatures. The project relies on data from past Afrobarometer surveys. While most data are available from the 2010 survey and study, the next round of data has not yet been processed and analysed properly during the SBS evaluation [R. Mattes, telephone interview, 19 June 2013]. The First Findings³⁰⁵ of ALP provides pertinent insights through its comparative framework with other democratic legislatures in Africa, and will allow for appreciating trends in time. It confirms that the electoral design influences attitudes and behaviour of members of the legislatures, as well as citizens.

In the context of this evaluation, views were solicited from key civil society actors, which echoed some of the key findings from the Independent Panel Assessment of Parliament (see also I-842). CSO interviewees confirmed that parliament had taken measures to enable engagement with the public, but they also pointed to two types of persistent flaws:

- One relates to organisational matters such as transparency and problems of reliability and predictability in the agenda setting (for example last minute changes).
- A second type of hurdles is more systemic in that it relates to the institutional incentives that militate against an assertive oversight role by legislatures. Indeed, its members rely heavily on the endorsement of political parties in the context of an electoral system with closed lists and proportional representation. This places “tremendous power with the leadership of all parties”³⁰⁶ and reduces incentives for accountability towards citizens.

CSO interviewees also pointed to the multiple strategies Civil Society pursues to have their voices heard in policy processes such as law-making. In fact, they suggested that their advocacy and lobbying efforts were primarily targeted at the Executive and the courts: “undoubtedly, parliament’s uneven political clout has contributed to this patchy track record”³⁰⁷. A number of CSOs and UNICEF hosted a roundtable (8 February 2012) to take stock of experiences of citizen and CSO engagement with parliament. The summary document was appropriately titled “Not Waiting for an Invitation”, and reminded that the purpose of civil society engagement with legislatures is not merely to present

³⁰³ including: *Report of the Independent Panel Assessment of Parliament (2009), Oversight and Accountability Model. Asserting Parliament’s Oversight Role in Enhancing Democracy (2009), Public Participation ** (2013), etc.*

³⁰⁴ IDASA also had a strong branch that worked on different aspects of the legislative sector (including budget transparency and literacy) but had to close down in March 2013.

³⁰⁵ Barkan, J.D., Mattes, R., Mozaffar S., Smiddy, K. (2010), *The African Legislatures Project: First Findings*. Centre for Social Science Research Working Paper 2010

³⁰⁶ Barkan, J.D., Mattes, R., Mozaffar, S., Smiddy, K. (2010), *The African Legislatures Project: First Findings*. CSSR Working Paper No 277

³⁰⁷ Ben-Zeev, K. and Waterhouse, S. in the introduction of *Not Waiting for an Invitation. Lessons from South African Civil Society Engagement with National Parliament in 2011* (2012).

information but to put forward findings that will impact on decision-making. This is not merely a technical matter of finding entry points for *making contact*, but a deeply political process, involving “politics *within* different political parties and those *between* different political parties, as well as other stakeholders and power brokers in society” (Not Waiting for an Invitation: 6)³⁰⁸.

One illustrative and concrete case that helps understand what drives behaviour in law-making processes points in the direction of societal pressures, i.e. a combination of media coverage, eminent persons pressure and the organised opposition of well networked CSOs. Initially, the *Protection of Information Bill* did not stir that much opposition, but this changed after vocal criticism from media, academia, cultural highflyers such as Nobel Prize winner for literature Nadine Gordimer and the persistent campaigning of the Rights2Know campaign. After numerous amendments and public hearings (see also I-831) the latest version of this bill – the Protection of State Information Bill – has been voted by the National Assembly. While there is still strong opposition against some of the legal clauses most agree that in the process, the bill has improved. But the pressures have been largely external (only two ANC members abstained from the vote on the initial Protection of Information Bill in 2011).

Evidence of improved oversight and law-making roles of the legislatures is illustrated and documented through a few concrete cases. Some of these cases involve outside pressures and demands from civil society and citizens, rather than autonomous or sector generated improvements. Other cases – such as the strengthened roles for oversight over the Executive in budget matters – indicate the incentives created through a stronger institutionalisation of the legislative sector. This improved institutionalisation involves or includes, inter alia, an improved regulatory and legal framework and arrangements for oversight and strengthened relations with the Auditor General of South Africa.

8.6 JC8.6 In the period of time covered by the Legislative Sector Policy Support programme (including its preparation and its follow up), human and financial resource management has become more efficient and effective

8.6.1 I-861 The Legislatures administer the human and financial resources available, according to criteria of transparency and efficiency (Job description of staff and annual performance assessment, adoption of Treasury rules) and are accountable to the public for the results of their activity

The Legislative Sector has realised a number of achievements in the area of financial and human resource management during the period covered by the *LSPSP*, which include:

- A participatory sector wide revision of the Sector Action Plan (2012-2015), with a sector co-ordination and governance model that ensure broad consultation and clarify the relations between the Speakers’ Forum, the Secretaries Association of the Legislatures of South Africa, the Legislative Sector Support and the Secretariat of the Speakers’ Forum
- A Sector Human Resources Management Strategic Framework was envisaged to be finalised during 2013. This will address the competency framework for job categories in in the sector as well as the orientation framework for Members of Parliament and the Provincial Legislatures. Meanwhile, capacity building for members and staff has been addressed. Members can opt for a three-phase training programme. A first phase contains the introductory programme (335 members enrolled and participated in the year 2010-2011). The second phase is the Postgraduate Certificate in Governance and Leadership. This programme began early 2012, and the certificates were handed to almost 400 members during a ceremony in May 2013 at the occasion of the International Seminar in Cape Town, which the President of the European Parliament and African members of parliament attended. Those interested in phase 3 may register for a Masters in Public administration programme. Capacity building opportunities for staff have also been identified and utilised.
- SALS developed a generic *Legislative Sector Performance Appraisal Framework* during 2010. This framework was adopted by performance managers of the legislatures at a workshop and has been further refined for implementation by the Secretaries Association of the Legislature of South Africa. As of 2011, nine out of ten legislatures had performance appraisal documents

³⁰⁸ The three interviewees were positive about the type of participation of members of the legislatures to this CSO organised event.

(policies and procedures), though they were not all standardised or uniform (Tranche Payment Request, 2012).

- Public finance management in the dynamic Legislative Sector has improved due to a number of steps that were taken during the last couple of years, and that are still ongoing. The 2010/11 audits present a “significantly improved” financial management environment relative to the previous year (Tranche Payment Request 2012: 25). No legislature received a disclaimer or adverse audit findings. Five of the ten legislatures obtained an unqualified audit with no findings and five other, including the Parliament, obtained unqualified audit reports with findings. This was seen as an encouraging realisation since this was the first Auditor General report in which the Legislative Sector was also audited on performance [interviews]. In the year 2009/10 eight legislatures, including the National Parliament, obtained audit opinions of “financially unqualified, with matters of emphasis”, one Provincial Legislature obtained an audit opinion of “financially unqualified with no findings on predetermined objectives or compliance with laws and regulations” and one Provincial Legislature obtained a qualified audit.
- There is also a closer working relationship between Legislative Sector and the Auditor General since the start of the 4th Parliament, resulting in assistance to the Speakers’ Forum to exercise close oversight over the administration of the legislatures. Financial management and audit matters have become standing matters on the agenda of the Speakers’ Forum (Tranche Payment Request, 2012).
- The *Financial Management of Parliament Act* was enacted in April 2009, and aims to regulate the financial management of Parliament in a way that is consistent with the terms of the Constitution. The Provincial Legislatures proceeded to develop their own legislation in line with the norms, standards and regulations of the FMPA. But after a Constitutional Court challenged one of the *Provincial Legislature Bills*, the Legislative Sector is now developing a draft amendment to the FMPA to incorporate all Provincial Legislatures into the national legislation before the deadline of 9 September 2013. In the interim, Provincial Legislatures operate under the current legislation relevant to them.

A number of conditions have been created for the Legislative Sector for improved management of the human and financial resources according to criteria of transparency and efficiency. Reports of the Auditor General reflect improvements in terms of public finance management and transparency and accountability to the public.

8.7 JC8.7 In the period of time covered by the Legislative Sector Policy Support programme (including its preparation and its follow up), the Parliament has strengthened its role for strategic and democratic guidance

8.7.1 I-871 The Legislatures have been enabled to strengthen their information, consultation and analytical base when addressing strategic discussions on key human rights and economic and social development matters.

On the basis of the outputs monitored by the Legislative Sector or the parliamentary records (annual reports, etc.) it is hard to make an informed judgement on whether parliament has strengthened its “democratic mandate” or improved on democratic guidance. In the context of this evaluation, evidence or examples of improved sector performance that hold the promise of strengthening the legislatures’ role for democratic guidance includes:

- Public participation: more systems have been put in place to facilitate such participation, and a number of manifestations of more strategic engagement with civil society actors. Positive appreciation of this potential by CSOs. New Public Participation Framework and model may further contribute to harmonisation of approaches and peer learning. The EUD’s Variable 2nd Tranche Payment Request positively appreciates judges that the “strengthening of relations between the Legislative Sector and civil society” is “another positive development”.
- Law-making: There is a stronger drive for Parliament to ensure that the minimum requirements to implement the constitutional principle for public participation in law-making is guaranteed, as the Constitutional Court has already ruled against legislation that failed to provide evidence of “reasonable” steps enabling public participation.
- Oversight function: As the Commissioner for the Legislative Sector (Financial and Fiscal Commission) indicated, the potential of Parliament to provide more effective check and balance function in the budget oversight (with a “credible threat”) has been strengthened by a) the legal framework of the Money Bills Amendment Procedure and Related Matters Act (2009), and on the other hand the enhanced, b) the newly created research capacity of the Parliament Budget

Review Office (February 2013), and the targeted capacity development programmes of Members of Parliament as the “terminology and concepts around fiscal policy and public finance management underpinning the budget is often very technical and can be quite intimidating”.³⁰⁹

- International outreach and co-operation: In terms of the international mandate of Parliament and its integration of new indicators and targets in the *LSPSP*, there is a clear structuring and deepening of this function (between the EU and South Africa this has resulted in high profiled visit of a delegation of South Africa’s Parliament to the European Parliament and vice versa).

The legislatures have been enabled to strengthen their information, consultation and analytical base, for example in the strategically important area of oversight over budget processes. It is much harder to make affirmative statements about improvements in strategic discussions on human rights and what has contributed to such improvements. The case of the constitutional right of citizens to information clearly demonstrates that the improvements to the *Protection of State Information Bill* as introduced in the new version were introduced after and because of pressures of the media, citizens, and the groundswell that was mobilised by specialised civil society organisations such as the Right2Know. (see also I-852)

³⁰⁹ The Commissioner also provides such capacity training. Financial and Fiscal Commission (2012), *Budget Analysis for Effective Fiscal Oversight. A Training Workshop*.